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PART I

INTRODUCTION

1

Nature of Management

During the last five-six decades, management as a discipline has attracted the attention of academicians and practitioners to a very great extent. The basic reason behind this phenomenon is the growing importance of management in day-to-day life of people. Today, the society has large and complex institutions with many people working together. The relationship between managers and managed has changed as compared to the older master-servant relationship making it more complex. People have greater expectations from their jobs. In order to make all these things function properly, people have been trying to evolve some methods and techniques. Such attempts have given the birth of management as a separate discipline. It has been grown over the period of time making itself one of the most respected disciplines. Today, the study of management has become an important facet of human life.

Definition of Management

The study of any discipline should start with its working definition delineating properly its contents and characteristics, defining its scope and boundary, and prescribing the objectives for which it stands. From this point of view, we can proceed only when we define management. However, the precise definition of management bringing all its characteristics is not so simple because of non-standardised use of the term management. Being a new discipline, it has drawn concepts and principles from economics, sociology, psychology, anthropology, history, statistics, and so on. The result is that each group of contributors has treated management differently. For example, economists see management as a factor of production; sociologists see it as a class or group of persons; practitioners of management treat it as a process. Naturally, all these divergent groups view the nature and scope of management from their own point of view. Thus taking all these

points of view together, it becomes difficult to define management in a comprehensive way. However, much problems can be solved if management is taken as a process which is a practitioners' view and is most prevalent. For example, while taking management as a process, Terry has observed that "the word managing is probably a more descriptive and precise term than management. Popular usage, however, has made management the widely accepted term. It is, therefore, erroneous to refer to an economic class, social class, or a political class as management, although this usage has popular appeal. Management is not people; it is an activity like walking, reading, swimming, or running. People who perform management can be designated as managers, members of management, or executive leaders." [1] Thus management can be studied as a process.

In studying management as a process, various managerial activities can be taken as basis for defining management. Thus management is what a manager does. However, this defintion, though simple, suffers from two serious limitations. *First*, there is a problem in identifying the people in the organisation who can be called as managers because there is no uniformity in the titles given to the people. For example, people may be called as president, chief executive or managing director at the top level. Similarly at the middle level, they can be called as executive or accountant, and at lower level as supervisors. Therefore, it becomes difficult to identify who is a manager and who is not; whose activities should be treated as managerial and whose activities as non-managerial. Thus what should be studied is not clear. *Second*, even if the problem of identifying people as managers is solved, the problem of identifying managerial activities remains because people known as managers may perform different kinds of activities some of which may not really be managerial. Therefore, unless some yardsticks are prescribed to distinguish between managerial and non-managerial activities, managerial activities cannot be identified. For this purpose, the total activities of an organisation can be divided into two groups: operational and managerial. Those activities which are of operative nature through which actual work is accomplished such as handling a machine by workers, putting the materials into godown, etc., are called operational activities. As against this, some activities are performed to get things done like a supervisor instructing a worker to do a particular job, or marketing manager instructing his salesmen to contact the customers to sell the product, etc. Such activities are different from the first group and are known as managerial activities. Thus management can be defined as the process of getting things done by others. Management is invariably defined as the process of 'getting things done through the efforts of others', 'getting from where we are to where we want to be with the least expenditure of time, money, and efforts', or 'coordinating individual and group efforts toward superordinate goals'. Though these definitions of

1. George R. Terry, *Principles of Management*, Homewood Ill.: Richard D. Irwin, 1978, pp. 5-6.

management as process use different statements, all of them convey the same set of meanings in their final analysis. Two definitions of management quoted here throw light on the nature of management. Though both of them define management differently, their basic orientation remains the same. Koontz defines management in a very simple form when he states that:

> "Management is the art of getting things done through and with the people in formally organised groups."[2]

McFarland defines management in more elaborate form. According to him,

> "Management is defined for conceptual, theoretical and analytical purposes as that process by which managers create, direct, maintain, and operate purposive organisation through systematic, coordinated co-operative human effort."[3]

Both of these definitions point to the activities which relate to getting things done by others. Thus management is the sum total of activities which lay down plans, policies, purposes and secure men, machine, money and materials required for the completion of these purposes, put all of them into operation, supervise and check their performance and provide incentives and satisfaction to men for the execution of these desired operations.

Features of Management

In the light of the above definitions and discussions, following characteristics of management as process can be identified:

1. *Organised Activities.* Management is a process of organised activities. Without organised activities, two groups of people cannot be involved in the performance of activities. Where a group of people are involved in working towards a common objective, management comes into existence. The organised activities may take a variety of forms ranging from a tightly structured organisation to a very loosely-knit organisation. It can be a company like Tata Iron and Steel Company or a local social club. But all organisations have one thing in common; they want to progress efficiently towards the achievement of their objectives, through the coordinated efforts of people. This is done by management process. Therefore, where a single individual pursues his personal objectives, management has no operational meaning. However, when an attempt is made to channel the individual's quest for personal objectives along the lines that contribute to the overall objectives of the group, management becomes the means by which the random action is controlled.

2. *Existence of Objectives.* An objective or set of objectives should exist

2. Harold Koontz, 'The Management Theory Jungle', *Journal of Academy of Management*, Dec. 1961, p. 174.

3. Dalton E. McFarland, *Management Principles and Practice*, New York: Macmillan, 1974, p. 6.

towards which the organised group activities are directed. Without objectives, it becomes difficult to define the direction where organised group activities would lead to. The existence of objectives is a basic criterion of every human organisation because all organisations are deliberate and purposive creation and, therefore, they should have some objectives. The objectives are agreed upon by the members of the group or the organisation. The organisational objectives are the desired state of affairs which an organisation attempts to realise. This realisation of objectives is sought through the coordinated efforts of the people constituting an organisation.

3. *Relationship Among Resources.* Organised activities meant to achieve common goals are brought about to establish certain relationships among the available resources. Resources include money, machine, materials, and people. All these resources are made available to those who manage; they apply knowledge, experience, principles for getting desired results. Thus the essence of management is integration of various organisational resources. However, since people at operative level do the things by the use of various physical and other resources, it is more important for the management to take care of integration of human resources. Thus management is concerned with the proper utilisation of human resources which, in turn, utilise other resources.

4. *Working with and Through People.* Management involves working with people and getting organisational objectives achieved through them. The idea of working through people is interpreted in terms of assigning activities to subordinates. The superior-subordinate relationships are created because of organised activities. Through the process of assignment and reassignment of activities, the actual work is performed by people at the operative level which is the lowest level in an organisation. Thus a sizeable proportion of management principles relates to how human beings can be put for better efforts in the organisation.

5. *Decision-Making.* Management process involves decision-making at various levels for getting things done by others. Decision-making basically involves selecting the most appropriate alternative out of the several. If there is only one alternative, the question of decision-making does not arise. The quality of alternative which a manager selects determines the organisation's performance, and the entire future of the organisation rests on the degree to which the right decisions are made by managers. Therefore, the success or failure of managers can be judged by the quality of decisions that they make.

There are various elements of management process. These are generally classified as planning, organising, staffing, directing and controlling. The coordinated performance of these leads to the realisation of organisational objectives. This aspect of management process will be discussed in a separate chapter.

NATURE OF MANAGEMENT

The study and application of management techniques in managing the affairs of the organisation have changed its nature over the period of time. Though management as a practice came long ago, in fact, with the existence of human groups themselves, its impact as a formal body of knowledge has been felt much later, particularly during the last five-six decades. Various contributions to the field of management have changed its nature, for example, from merely a practice to science also. Similarly, other changes have also occurred. Thus the nature of management can be described as follows:

1. *Multidisciplinary.* Management is basically multidisciplinary. This implies that, although management has been developed as a separate discipline, it draws knowledge and concepts from various disciplines. It draws freely ideas and concepts from such disciplines as psychology, sociology, anthropology, economics, ecology, statistics, operations research, history, etc. Management integrates the ideas and concepts taken from these disciplines and presents newer concepts which can be put in practice for managing the organisations. In fact, the integration of knowledge of various disciplines is the major contribution of management and this integrated discipline is known as management. Therefore, the contributions in the field can be expected from any discipline which deals with some aspects of human beings.

2. *Dynamic Nature of Principles.* Principle is a fundamental truth which establishes cause and effect relationships of a function. Based on integration and supported by practical evidences, management has framed certain principles. However, these principles are flexible in nature and change with the changes in the environment in which an organisation exists. Because of the continuous development in the field, many older principles are being changed by new principles. Continuous researches are being carried on to establish principles in changing society and no principles can be regarded as a final truth. In fact, there is nothing permanent in the landslide of management.

3. *Relative, Not Absolute Principles.* Management principles are relative, not absolute and they should be applied according to the need of the organisation. Each organisation may be different from others. The difference may exist because of time, place, socio-cultural factors, etc. However, individuals working within the same organisation may also differ. Thus a particular management principle has different strength in different conditions. Therefore, principles of management should be applied in the light of prevailing conditions. Allowance must be made for different changing environment.

4. *Management Science or Art.* There is a controversy whether management is science or art. However, management is both a science and an art. This will be elaborated later.

5. *Management as Profession.* Management has been regarded as a

profession by many while many have suggested that it has not achieved the status of a profession. This aspect has been discussed in detail later.

6. *Universality of Management.* Management is a universal phenomenon. However, management principles are not universally applicable but are to be modified according to the needs of the situation. Universality of management will be discussed later in this chapter.

The nature of management suggests that it is a multidisciplinary phenomenon; its principles are flexible, relative and not absolute. It is both science and art; it can be taken as a profession and finally it is universal. However, the last three aspects need further elaboration because of differing views over these aspects of management.

MANAGEMENT: SCIENCE OR ART

The controversy with regard to the nature of management, as to whether it is a science or art, is very old. This controversy, however, is not very much in the air though the controversy is yet to be settled. Specification of exact nature of management as science or art or both is necessary to specify the process of learning of management. It is to be noted that learning process in science differs from that of art. Learning of science basically involves the assimilation of principles while learning of art involves its continuous practice.

Much of the controversy of management as science or art is on account of the fact that the earlier captains of the industry and managers have used intuition, hunches, commonsense, and experience in managing organisations. They were not trained professional managers, although they were very brilliant and had developed commonsense through which they managed well. Commonsense and science differ in the following ways:

1. Commonsense is vague as compared to scientific knowledge.
2. Flagrant inconsistency often appears in commonsense whereas logical consistency is the basic of science.
3. Science systematically seeks to explain the events with which it deals; commonsense ignores the need for explanation.
4. The scientific method deliberately exposes claims to the critical evaluation of experimental analysis; commonsense method fails to test conclusions in any scientific fashion.

Science is based on logical consistency, systematic explanation, critical evaluation and experimental analysis. Thus science can be defined as follows:

Science is a body of systematized knowledge accumulated and accepted with reference to the understanding of general truths concerning a particular phenomenon, subject, or object of study.

Thus science is a systematized body of knowledge. The process of scientific theory construction and confirmation can be viewed as involving the following

steps:

1. The formulation of a problem or complex of problems based on observation;
2. The construction of theory to provide answers to the problem or problems based on inductions from observations;
3. The deduction of specific hypotheses from the theory;
4. The recasting of the hypotheses in terms of specific measures and the operations required to test the hypotheses;
5. The devising of actual situation to test the theorem; and
6. The actual testing in which confirmation does or does not occur.

Management as Science

Judging from the above features of formulation of theory in science, management cannot be regarded as science because it is only half-way. It may be called 'inexact science' or 'pseudo-science'. Perhaps this is true for all social sciences of which management is a branch. Management is not as exact as natural or physical sciences are. This phenomenon can be explained as follows:

1. Science may be viewed in terms of its structure, its goals, and its methods. In terms of its structure, it is a number of scientific disciplines: physics, biology, psychology, economics, management and many others. Each of these sciences attempts to provide a set of internally consistent hypotheses, principles, laws, and theories dealing with an aspect of total knowledge. To the extent a science is mature, such internal consistency may be attained but there are many young sciences like management that only approximate this state.

2. One of the most important rules of science is that concepts have to be defined clearly in terms of the procedures involved in their measurement. One has to know exactly what one is talking about while using a particular term. Meanings have to be clear and unambiguous to avoid confusion and erroneous classification. However, in management, various terms are not used in the same way and giving same meaning. Even the major terms like management and organistion are used in different ways. The reason for this phenomenon is quite simple. Since the second decade of this century, a number of disciplines have claimed to contribute to human knowledge of managing. These disciplines have been immature to be a science. The consequence has been almost unfathomable confusion over the various terms, a confusion in which ambivalence in using the various terms has played a conspicuous part.

3. In science, observations must be controlled so that causation may be imputed correctly. The most common method of eliminating a given factor as possible cause of an event is to hold it constant — to keep it from varying so that it cannot operate as a source of change. This is a difficult rule to follow, specially in studying organisational phenomena. Various research studies in management have suffered

because of the bias of researchers. In many studies, for example, a variable that was thought to be irrelevant was found to exert a causal influence. However, the effort to identify factors that must be controlled and to develop procedures to accomplish this is a continuing one. To the extent that this effort is successful, reliability of perception and reasoning, and hence valid explanation, is possible.

4. Theories in science are in terms that permit empirical confirmation. Scientific statements are testable and the tests are capable of repetition with same result. Furthermore, explanatory statements are logically consistent with other explanatory statements that have been frequently confirmed. Thus rationality of total scientific system is maintained. However, this does not happen in management exactly. Many of the management principles lack empirical evidences and are not testable. Further, these principles do not give the similar results under varying conditions and, therefore, lack universal application. No doublt, attempts are being made to evolve principles in management on the basis of scientific observations which may have universal application, but still the process is in evolutionary stage. Until such principles are not evolved, management cannot be called a science in its true sense.

The various factors analysed above suggest that management is not a pure science but it can be simply called 'inexact science'. Ths is so because management also makes use of scientific methods in evolving principles. Therefore, it bears partial characteristics of science. In fact, many people have suggested that with greater use of mathematics and statistics in management, the direction is toward more and more use of true science in management. This is true but it must be remembered that management is not becoming mathematics, rather mathematics is being used to explain, codify, and help to decide issues in management. Mathematics is a basic abstract science. It is fundamental to other sciences. For example, it is basic to the study of physics. But it is not the mathematics that is the science of management but the use of mathematics in relating and understanding the activity of management. The knowledge consists in how and where to use mathematics in solving issues of managerial difficulty. Science may contribute to the solution of managerial problems in two ways: *(i)* existing research and theory relevant to the problem may be brought to bear on its solution; and *(ii)* where sufficient time is available, research may be conducted to provide information not previously available and to guide solution accordingly. As the body of scientific knowledge bearing on management process increases, the first approach may receive wider application. However, second approach may have limited application because of the widespread time pressure on decision-making for problem solution. The observation of E.F.L. Brech is quite relevant in this context:

> 'That a systematic body of knowledge underlies the competent practice of management, hardly anyone today would deny; and much of that knowledge lies in various fields which are of themselves academic disciplines. The

summation of such parts cannot constitute a new science. What the advocate really means is that competence in management necessitates both an adequate basis of knowledge and a mature scientific approach; they do not mean that management is on all fours with nuclear physics.'[4]

Management as an Art

Management can be regarded as an art also. The meaning of art is related with the bringing of a desired result through the application of skills. Whereas under science, one learns the 'why' of a phenomenon, under art, one learns the 'how' of it. Art is thus concerned with the understanding of how particular work can be established. That is, art has to do with applying of knowledge or science or of expertness in performance. This is specially important in management because in many instances much creativeness and adroitness in applying the managerial efforts are necessary to achieve the desired results. Furthermore, the adequate consideration of people involved in managerial action is vital and adds to the concept of art of managing.

Science and art are complementary fields of endeavour; they are not mutually exclusive. The medical doctor requires the knowledge or science of chemistry, biology, and anatomy. But excellence in absorbing these funds of knowledge does no make him an excellent physician. He has to apply his wealth of knowledge expertly, and his skill in perceiving how and when to use his knowledge is essential to his success in preventing and controlling diseases of mankind. Therefore, knowledge is not sole qualification. Similarly in management if one student scores *A* grade and another scores *B* grade, it does not mean that the former would be better manager than the latter. This is so because management is an art and a better manager is one who knows how to apply the knowledge in solving a particular problem. Management is an art can be seen from the following facts:

1. The process of management does involve the use of know-how and skills like any other art such as music, painting, sculpture, etc.
2. The process of management is directed to achieve certain concrete results as other fields of art do.
3. Management is creative like any other art. Creativity is major dimension in managerial success. It creates new situations for further improvement.
4. Management is personalised meaning thereby that there is no "one best way of managing'. Every man in his profession has individual approach and technique in solving the problems. The success of managerial task is related with the personality of the man apart from the character and quality of general body of knowledge.

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4. E.F.L. Brech, *Principles and Practice of Management*, London: Longmans, 1972, pp. 26-27.

Management: Both Science and Art

Thus to be a successful manager, a person requires the knowledge of management principles and also the skills of how the knowledge can be utilised. Absence of either will result into inefficiency. A comparison between science and art can be presented below which suggests that a manager requires both aspects of management to be successful.

Science	Art
Advances by knowledge	Advances by practice
Proves	Feels
Predicts	Guesses
Defines	Describes
Measures	Opines
Impresses	Expresses

Fig. 1.1. Comparison between science and art as used in management.

It can be seen that management uses both scientific knowledge and art in managing an organisation. As the science of management increases so should the art of management. A balance between the two is needed. Neither should be overweighed or slighted. Some feel that further gains in science of management will restrict art more and more. This is true to a limited extent only. The fact remains that to be useful, knowledge or science must be applied, that is, art must be present. Therefore, the old saying that 'knowledge is power' is partially true. The correct saying should be 'applied knowledge is power.' People having abundant knowledge may have little use if they do not know how to use knowledge. This is particularly true for management which is a situational phenomenon.

MANAGEMENT AS PROFESSION

Management is regarded as profession by many, although it does not possess all the features of a profession. Therefore, it is desirable to find out whether management is a profession. The word profession has been given a variety of meanings, and different people attach different characteristics to it. For example, in an early definition, Carr-Saunders claims that a profession "may perhaps be defined as an occupation based upon specialised intellectual study and training, the purpose of which is to supply skilled service or advice to others for a definite fee or salary."[5] In a comparatively recent definition, Cogan suggests that a profession is "a vocation whose practice is founded upon an understanding of a theoretical

5. A.M. Carr-Saunders, *The Professions: Their Organisation and Place in Society*, Oxford: Clarenden Press, 1928.

structure of some department of learning of science."[6] Both of these definitions merely imply that professions are, in some manner, service occupations and, therefore, valuable to society. However, these definitions do not bring out the characteristics of a profession. Houle has suggested that there are atleast fourteen characteristics that can be associated with the dynamic process of corporate improvement within the occupation (professionalisation). These characteristics are: defintion of the occupation's functions, mastery of theoretical knowledge, capacity to solve problems, use of knowledge, self-enhancement, public acceptance, ethical practice, penalties, relations to other vocations, relations to the users of the service.[7] While Houle places these characteristics along a number of different axes — conceptual, performance and collective identity characteristics — he does not really define the concept of profession itself. As against these characteristics, McFarland has given five characteristics of profession. These are: the existence of a body of knowledge or techniques, formalised methods of acquiring training and experience, the establishment of a representative organisation with professionalisation as its goal, the formation of ethical codes for the guidance of conduct, and the charging of fees based on services, but with due regard for priority of service over the desire for monetary reward.[8]

The various approaches of defining the characteristics of profession without really defining it is dangerous because characteristics may be added to or subtracted from any existing list by any author without any theoretical rationale. Therefore, an operational definition of profession may be given as follows:

> Profession is an occupation for which specialised knowledge, skills and training are required and the use of these skills is not meant for self-satisfaction but these are used for larger interests of the society and the success of these skills is measured not in terms of money alone.

Thus all professions are occupations in the sense that they provide means of livelihood; however, all occupations are not professions because some of them lack certain characteristics of a profession. The various characteristics of profession may be: *(i)* existence of an organised and systematised body of knowledge; *(ii)* formal method of acquisition of knowledge; *(iii)* existence of an association with professionalisation as its goals; *(iv)* formulation of ethical codes; and *(v)* service motives. Let us discuss the extent to which all these characteristics are found in management to determine whether management is profession or not.

1. *Existence of Knowledge*. Profession emerges from the establishment of fact that there is a body of knowledge which cannot be skirted around but has to

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6. M.L. Cogan, "Toward a Definition of Profession," *Harvard Educational Review*, Winter 1953.

7. C.O. Houle, *Continuing Learning in the Professions*, Santransisco: Jossey Bass Publishers, 1980.

8. McFarland, Op. cit., p. 22.

be studied for being a successful professional. This is true for all professions including management. Management has been developed as a distinct body of knowledge over the last five-six decades. The development of knowledge in management field has been due to the need for managing complex and large organisations in a better way. Thus management satisfies the requirement of a profession in the form of existence of knowledge. However, the concept of management is still evolving and continuously new principles are being developed though this does not affect its status as being a profession.

2. *Acquisition of Knowledge.* An individual can enter a profession only after acquiring knowledge and skills through formal training. For example, only law graduates can enter the profession of legal practice. A professional is one who practises a profession and is regarded as an expert since he has mastery of a specific branch of learning upon which his occupation is based so that he may offer a service to his client. However, the emphasis is put on the initial acquisition of knowledge through some formal method. From this point of view, management cannot be regarded as a profession because the entry to the managerial cadre in an organisation is not limited to management graduates only, though it can be said that management graduates can put better performance in the organisation because of their familiarity with the various techniques of management.

3. *Professional Association.* An occupation which claims to be a profession should have an association. A professional association consists of firms and individuals whose membership is based on common professional, scientific, or technical aims. The representative body of professionals is needed to regulate and develop the professional activities. The body may also prescribe the criteria for individuals who want to enter a profession. In the field of management, there are associations at various levels. For example, in India, there is All India Management Association with its local chapters in most of the cities. Similarly in foreign countries also, there are associations of managers. However, managers do not belong to a single, unified professional group like Indian Medical Council for medical practitioners or Bar Council of India for legal practitioners. Instead, individuals and firms affiliate with a variety of interest groups falling into two categories: the trade associations, and the professional, occupational, scientific, or technical interest. This is true throughout the world. From this point of view, management cannot be termed as true profession.

4. *Ethical Codes.* For every profession, some ethical standards are provided and every individual of the profession is expected to maintain conformity with these standards. The need for ethical codes arises because of the fact that occupations whose practitioners have mastery over an area of knowledge have a degree of power by virtue of their expertise and this power can be used for the benefit of the professionals at the cost of the society. This has resulted many occupations issuing a code of ethics of professional practice so that clients may know the

standard and commitment that they should receive from a professional. In management also, code of conduct has been formulated to suggest the behavioural pattern for professional managers. Though there is a lack of universally accepted ethical codes for managers throughout the world, in most of the countries, managers are supposed to be socially responsible, and it is their duty to protect the interest of all parties associated with an organisation. These parties may be customers, suppliers, employees, financiers, creditors, government, and general public. However, the practice of ethical codes in management is not much prevalent in the absence of any controlling body as the management association is not fully representative of the professional managers. In fact, in India, many professional managers are not even aware about the code of conduct formulated by the All India Management Association.

5. *Service Motive.* While ethical code provides the behavioural pattern for professionals, service motive concept suggests that professionals should keep social interest in their mind while charging fees for their professional services. It is essential because the monetary value of professional service cannot be measured easily in the absence of market mechanism except the competition among the professionals themselves. Since the professionals are in a position to charge higher fees by virtue of their expert knowledge, hence associating high monetary value for their service, the success of any profession is measured not in terms of money it earns but by the amount of social service it provides. This is true for management also. Management is an integrating agency and its contribution in the society by way of integrating various resources into productive units is very important for the stability of the society. This important contribution of management cannot be measured in terms of money alone because without the integrating effort of management, resources worth millions of rupees may be useless.

Management as Emerging Profession

The above discussion shows that management possesses certain characteristics of profession while others are missing. Therefore, it cannot be said to be a profession, though it is emerging as a profession and the move is towards management as profession. For example, Reiss has classified profession into five categories and has suggested management as would be profession. According to him, five different types of professions in contemporary industrial society are as follows:

1. Old established professions — founded on the study of a branch of learning, *e.g.*, medicine.
2. New professions — founded upon new disciplines, *e.g.*, chemists, social scientists.
3. Semi-professions — based upon technical practice and knowledge, *e.g.*, nurses, teachers, social workers.
4. Would be professions — familiarity with modern practices in

business etc. and aspiring to achieve professional status, *e.g.*, personnel directors, sales directors, engineers, etc.

5. Marginal professions —based upon technical skill, *e.g.*, technicians, draughtsmen.[9]

Management is being professionalised. The concept of professionalisation may be used to refer to the dynamic process whereby many occupations can be observed to change crucial characteristics in the direction of a profession even though these may not move very far in this direction. There are certain stages in the transition of an occupation into profession. Caplow has suggested that the first stage in this transition is the establishment of a professional association, followed by a change in occupational title. A code of ethics is published which portrays the social utility of the occupation, which is followed by legislation restricting specific practices to the occupation. He points out that concurrently with this go the development of training facilities and the control of admission to training and entry into the profession. Thus the occupation controls every aspect of training and practice through various sub-committees of its professional association.[10] From this point of view, management is fast moving towards professional status. The main implications of professionalisation in management are found in five areas of development: *(i)* the growth of organised, systematised body of knowledge; *(ii)* the evolution of professional schools of management; *(iii)* a growing emphasis on the ethical behaviour of managers; *(iv)* the increasing number and use of management consultants; and *(v)* the large number of management associations.

Management, however, does not control entry in the manner as many of the old established professions do but the educational requirement of future managers may provide a similar consequence. Moreover, the professional status of management should not be viewed in the context of controlled entry. This may be against the development of management itself. For example, Drucker has observed that, "No greater damage could be done to our economy or to our society than to attempt to professionalise management by licensing managers or by limiting access to management to people with a special academic degree. Any serious attempt to make management scientific or a profession is bound to lead to the attempt to eliminate those disturbing nuisances, the unpredictability of business life — its risks, its ups and downs, its wasteful competition, the irrational choices of consumer — and, in the process, the economy's freedom and its ability to grow."[11] Drucker believes that economic performance and achievement are the proper aims of management and since a manager's primary responsibility is to manage, he should

9. A.J. Reiss, *Occupations and Social Status*, Glancoe: Free Press, 1955.

10. T. Caplow, *The Sociology of Work*, Minneapolis: University of Minnesota Press, 1954.

11. Peter F. Drucker, *Management—Tasks, Responsibilities and Practices*, New York: Harper & Row, 1974, pp. 9-10.

not devote time to activities such as professionalisation which lie outside, rather than within, the organisation. While this has certain merit, Drucker has used the concept of management as profession in a very strict sense. At the centre of professional aspect of management are the attitudes of managers toward their work. For example, professionalism is constituted by commitment to occupationally defined knowledge and technique and occupationally defined public service. Additionally, it must be recognised that the term professionalism may be used to relate the level of proficiency of the practitioner rather than to this ideology. Indeed this latter usage of the word is much more in accordance with the definition of profession. The level of proficiency may result from the individual practitioner's commitment to being the master of the knowledge upon which his occupation is founded and to providing an effective service to his client. Nevertheless, this proficiency reflects an attitude towards his occupation which demands that practitioner continues to learn about recent developments in both the knowledge and application of that knowledge to the occupational setting. It is an attitude that enjoins the practitioner to be a lifelong learner rather than a reluctant recruit to continuing education provided by either the occupational profession or by an institution of learning. Management as profession should be seen in this perspective and licensing with formal education should not be seen as a requisite for management profession.

PROFESSIONALISATION OF MANAGEMENT IN INDIA

The term 'professional management' has become a glamorous expression in corporate management in India. There is so much fascination that every company takes pride of pleasure in decorating itself as professionally-managed even though sometimes in total disregard to its professional attainment. The concept of professional management has become synonym of progressive and efficient management and since no one likes to be backward and inefficient, there is obvious craze for the adoption of professional management title. However, the question arises: to what extent has Indian management been professionalised? To assess the present status of professionalisation of Indian management, not much studies have been conducted. The research is required to find out the extent to which Indian management has been professionalised. The basic characteristics of management as a profession are found in Indian management in varying degrees. Facilities of formal education in management, establishment of All India Management Association, growing divorce of ownership and management, and formulation of code of conduct by All India Management Association suggest that there is professionalisation of management in India. However, this is not the total picture of Indian management. At the same time, it is labelled as traditional management. These two contrasting views need further elaboration. From this point of view, Indian management can be divided into two parts: traditionally-managed sector and professionally-managed sector.

Traditionally-managed Sector

In common paralance, Indian management is described as 'family management' with 'traditional values'. The two distinguished features of family management are: *(i)* both ownership and control of the organisation are in the hands of the members of the family, and *(ii)* organisational objective is to maximise profit even if it necessitates exploitation of the weaker sections of the society. This type of management maintains the control of the organisation by value system of the family and often, there is great variation between the management styles of two organisations controlled by two different families. Organisational and managerial style has been retained by the family structure at the peak of the organisational pyramid and relative organisational positions of the family members are determined in accordance with their positions in the family. In majority of cases, power is personalised in a close-knit group tied with familiar relationship. Even in the areas where professionals manage to percolate, the managers are allowed to play only a secondary role because of the limitations posed by the decision-making process. In this context, P.L. Tandon, an eminent management expert, observes that, "In a family business, you have professional engineers, accountants and marketers, but all decision-making is centralised at the top, with the head of the family, who has no professionalism, but perhaps only experience and intuition, the decisions are not likely to be as good as that of a modern professional board."[12]

The claim of some organisations that they have professionalised their management is not true because the mere appointment of some persons with professional degrees will not necessarily lead to professionalisation of management unless there is a change in management process. In this context, L.C. Gupta, a management educationist, observes as follows:

> "Professionalisation does not come automatically by employment of people with professional degrees, unless the professionals have the necessary authority and use their professionalism in decision-making. We may employ MBAs and other technocrats in the purchase and sales departments, but if buying and selling are to be done through family firms, where is the scope of professionalism? More than professional degrees what matters is professional ethics."[13]

In this context, he has given four features of a professional management style: *(i)* team approach in place of master-servant approach; *(ii)* the firm being treated as a 'social institution' belonging to nobody in particular and requiring a balancing of the various stakeholders' interests so that business philosophy

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12. P.L. Tandon, *Professional Management in India*, Ludhiana: Department of Business Management, Punjab Agricultural Unviersity, 1974.

13. L.C. Gupta, "Pseudo-pros, Feudal Ways", *Economic Times*, May 31, 1986.

becomes one of 'doing it right' from the stand-point of all their constituents; *(iii)* open communication up and down the organisation to promote utmost objectivity in analysing problems and considerable delegation of authority; and *(iv)* meritocracy in appointments and promotion.[14] Such features are absent in many private sector organisations claiming to have professional management merely by appointing professional managers. This is true not only for higher levels but even for lower levels where professionally-qualified managers are left with hardly any initiative for action.

In many public sector organisations, the situation is no better. It is an accepted fact that managers in many public sector organisations, particularly at higher levels, often greatly borrow the traits of bureaucracy, just as the top level private sector managers carry a family or business house traits, even though they have the facade of professionalisation. Many top level public sector managers have worked, lived and imbibed the government way of working. This seriously comes in the way of initiative, innovativeness and flexibility so essential for public sector organisations. Sometimes, civil servants, military personnel, and politicians who do not have commensurate professional competence are appointed to head public sector organisations. In such a case, one hardly expects any professionalisation at the lower levels also. Therefore, it can be suggested that in many private sector and public sector organisations, there is lack of professionalisation of management. Management, being a key factor in the economic development of the country and development of individual organisations, lack of professional content in it has been one of the main reasons for the unsatisfactory performance of these organisations. The technology which has been so frequently imported could not be put to the best possible use in the absence of commensurate professional management support. The basic reasons for lack of professional management are as follows:

1. There appears to be attitudinal conservatism which checks the emergence of professional management. The popular belief that business is a matter of common sense and luck reflects this attitude. This attitude has paid good dividend in the past because of controlled economy and lack of competition, and profit, a major yardstick of business success, has been assured. However, the situation is changing fast with increasing size of organisations, complexity of managing business, and more competitive environment. But very few business owners have realised this fact and others are clinging to the old concept of managing business.

2. Most of the organisations in the private sector are generally one-man shows. Often owner also performs the functions of a manager. This is true not only for the small scale organisations but also for the large ones even though they might have been organised as joint stock company form of organisations. Generally the board is constituted to fulfil the legal requirement but real control lies in a single

14. *Ibid.*

person. The owner who is an entrepreneur conceives the enterprise and builds it brick by brick. When he performs managerial functions, his perspective is quite different from the professional manager. Owner-manager's style of functioning is normally centralised and he believes in more direct control and often discourages professionalisation of management.

3. The emergence and development of public sector enterprises have put pressure on the government to find out suitable managers for these enterprises. These managers were originally deputed from the civil services who had altogether different perspective and style of functioning. This style percolated throughout the organisation and public sector could not develop right type of managerial culture. This has also worked against the professionalisation of management in public sector. The situation in this respect is changing because the government has now realised the need for a suitable management cadre for this sector.

4. Business in India has not yet reached the level of sophistication as in the developed countries requiring the use of sophisticated tools and techniques. By Western standard, the Indian business is still in its infancy. In the absence of proper development of business, the management pattern has also not developed. In fact, many sectors are still under-managed. In such a case, there is very little scope for professionalisation of management in these sectors.

Professionally-managed Sector

As against traditionally-managed sector, there are various organisations, both in private sector as well as in public sector, whose management is highly professionalised. There are numerous such companies like Hindustan Lever Limited, I T C Limited, Indian Oxygen Limited, Tata Iron and Steel Company, TELCO, and so on in private sector and Bharat Heavy Electricals Limited, Oil and Natural Gas Commission, Indian Oil Corporation, etc., in public sector. These companies have inducted management graduates at various levels of management, introduced modern concepts of management, set organisational objectives conducive to social needs, and motivated their personnel to achieve high level of professional competence. The number of organisations falling in this category is increasing day by day. In fact, managers in this sector can be compared with their counterpart in the Western countries in terms of application of modern management techniques, attitudes towards management practices, and developing management concepts suitable for the country. In fact, one expert of management has commented long back that "There are very few success stories that can be told since the achievement of Indian Independence. If one among these exceptions is the record of the farmer, another is the story of the manager."[15] The main reasons for the professionalisation in this sector are as follows:

1. The most important factor contributing to professionalisation of

15. Minoo Masani, "Indian Management has Come to Age, "*The Illustrated Weekly of India*, November 1971, p. 15.

Indian management is the international impact. It can be observed that modern management concepts were first introduced by the subsidiaries and associates of multinationals operating in India. However, adoption of such techniques evoked mixed reactions in Indian corporate sector. While there was considerable admiration of the systems, there were many who believed that they were not in tune with Indian context. They questioned the validity of these Western concepts in Indian business and social context. However, since many of these subsidiaries and associates were quite successful in terms of their growth and profitability, it was assumed that the success was partly at least because of the application of such systems. With the increase of size and complexity of business organisations of Indian origin, many of them also adopted the sophisticated management techniques. The sheer necessities of managing large and complex business resulted in the re-examination of the traditional way of managing these businesses.

2. Professionalisation of management in certain sector has been because of compulsion. For example, the public sector increased manifold during the plan periods. With the failure of the initial attempt of inducting non-professional managers in the public sector enterprises, the government took a decision to induct professional managers in these enterprises with the responsibility of professionalisation of entire managerial cadre and process. This has paved the way for professionalisation of management in many public sector enterprises. In the same way, when the owner-managers were not able to manage the organisations because of increasing competition and consequently complexity of management, they yielded way to the professional managers. Over the periods, there has been transformation of Indian business. The market has not remained protective and competitition-free. The technology has gone to a sea-change. It may be observed that family management is effective in the early stages of economic development. However, once an organisation grows beyond certain size, changes in the nature of managerial process in it demand that ownership and management should be divorced; that management positions should be held by persons who have professional skills and adequate training.

3. While the above two factors have generated the need for professionalisation, availability of trained and educated professional managers has facilitated the process of professionalisation of management. After the Second Five Year Plan, there has been increasing emphasis on management education. Today, there are four Institutes of Management at Ahmedabad, Calcutta, Bangalore and Lucknow which impart full time management education. There are about forty management departments at various universities offering full-time management courses. Besides, there are many institutions and organisations which run short-term management development courses. Prominent among these are Administrative College of India, Management Development Institute, National Institute of Bank Management, National Productivity Council with local

Productivity Councils, All India Management Association with local chapters at about forty places, National Institute for Training in Industrial Engineering (NITIE), etc. These bodies organise management development programmes of the duration ranging from 2 days to 12 weeks. In addition, many business organisations have also established their management development centres. Prominent among these are: Steel Authority of India, Life Insurance Corporation, most of the commercial banks, Rashtriya Chemicals and Fertilizers Limited in public sector and Tata Iron and Steel, TELCO, Hindustal Lever, ITC Limited, etc., in private sector. In fact, development of managers through some form of external exposure is given high importance in many organisations. Even comparatively smaller organisations are also sending their managers in short-term management development programmes. This has resulted into a change in the perspective of old owner-managers.

The above discussion suggests that management in India is fast marching towards professionalisation, though a large part of it is still traditional. However, in the time to come, the process of professionalisation of management is likely to be faster because of the increasing complexity of managing business which is not possible for traditional management and also because of increasing availability of professionally-trained managers.

UNIVERSALITY OF MANAGEMENT

Another controversy which exists in management is about the unviersality of management. As the area of management has increasingly commanded worldwide interest and recognition, the question whether it is a science with universal application has concerned scholars and practitioners alike. Settlement of this controversy is necessary to determine the extent to which managerial knowledge developed in one country can be transmitted to other countries. If it is universal, there is no problem in transferability of management knowledge. However, in its absence, there is serious question on the universal use of management knowledge developed in a country.

The concept of universality of management suggests that transmission of management knowledge may be undertaken *(i)* by a manager from one country to another country; *(ii)* by people from a developing country coming to study and work in an industrially advanced country and returning back to their own country; or *(iii)* through training and development programmes for managers in developing countries. Thus managerial knowledge may be transferred from *(i)* one person to another person, *(ii)* one firm to another firm in the same country, and *(iii)* from one country to another country. However, some people do not agree about the universal nature of management. Therefore, there are two sets of views: one which does not support the concept of unviersality and another which supports this view. An analysis of both these views will make the status of management more clear.

Arguments against Universality

According to this view, management is entirely situational and there is nothing like universal principles of management. Therefore, there is no such way as the right for a manager to operate or behave. There are only ways that are appropriate for specific tasks of specific enterprises under specific conditions, faced by managers of specific temperaments and styles. Thus what managers do depends on the circumstances. For example, Robbins says that:

> "The key words that exclude administration (management) from qualifying as a true science are 'universal' and 'unvarying uniformity'. Although we have concepts that have application under certain qualifications, they are not universal. There are more than five dozen 'principles', yet even though these may apply most of the time, in most organisations, they cannot be correctly classified as fundamental or universal truths because many of them fail the test of universality."[16]

This statement shows that management principles are not universal and will have to be changed according to the needs. Even some research studies have also suggested the similar views. For example, the findings of Gonzalez and McMillan suggest that 'management is culture bound.' These scholars, on the basis of a two-year study in Brazil, have concluded that:

> "American management philosophy abroad provides evidence that our uniquely American philosophy of management is not universally applicable but is rather special case."[17]

On the basis of similar research, Oberg also agrees with the above view. He expresses doubt that the 'game' of management in Brazil, being so different from that played in the United States, would permit application of management principles, useful in the United States to Brazil. It is Oberg's belief that the applicability of management principles may be limited to a particular culture or situation and that it may be fruitless to search for a common set of 'principles', 'absolutes', or 'determinate solution'. It is even argued that since management principles appear not to be adaptable between cultures, they may not be even applicable between sub cultures such as those of a rural business owner *versus* the manager of a large corporation within the United States.[18] The arguments against universality of management are based on the following factors:

1. *Management is Culture-bound.* There is an argument that applicability of management principles may be limited to a particular situation or

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16. Stephen P. Robbins, *The Administrative Process*, Englewood Cliffs.: Prentice-Hall, 1976, p. 21.

17. R.F. Gonzalez and C. McMillan, "The Universality of American Management Philosophy", *Journal of Academy of Management*, April 1961, pp. 33-41.

18. W. Oberg, "Cross-Cultural Perspectives on Management Principles," *Academy of Management Journal*, June 1963, pp. 129-143.

culture. Culture consists of attitudes, beliefs, and values of a society. These include individual psychological differences, such as personality traits, society's varying educational, social and politicial systems. Since management is basically people-oriented, there is always a possibility that application of management principles will be affected by these factors. For example, Farmer and Richman have suggested that if a country has a strong traditional, cultural and religious bias towards non-scientific behaviour, it will be difficult to introduce modern management methods which are based on purely technical devices.[19] Thus cultural factors will affect the degree of applicability of management principles and these will have to be modified accordingly.

2. *Objective of an Enterprise.* The objective of an enterprise determines the type of management required. Peter Drucker feels that the skills, competence and experience of a management cannot as such be transferred and applied to the business organisation and running of other institutions. The basis of his view is that business organisations exist for economic ends and management consists of skills and techniques for attaining these ends. Since the main objective of the business — profit consistent with security and welfare of the business — differs from that of non-business organisation, management can transfer only analytical and administrative types of skills, abilities, and experience.[20] Transferability of management is determined by the extent of difference between two types of industries. Thus further away a manager moves in terms of organisation and industry characteristics, the longer is the learning period and lower is the extent of transferability. Therefore, it implies that a person cannot demonstrate equal effectiveness in different types of organisations.

3. *Differences in Philosophies.* Differences in philosophies of various organisations put a limit on the person being a good manager in all types of organisations. Philosophy can mean an attitude toward certain activities as in a person's philosophy of doing business. It may be an evaluation or interpretation of what is important or meaningful in life. Every organisation, like an individual, has philosophy of doing business. Differences in philosophy of various organisations require different kinds of managerial techniques. Even two business organisations having different philosophy may require different types of managerial approaches. Negandhi and Estafen have given an example from the findings of researches in two textile mills in India. One mill had a philosophy of quick profit and the other a philosophy of long-term profit. These philosophies exerted different influence on morale of the employees, productivity, organisation structure, delegation of authority, span of management, and communication patterns.[21]

19. R.N. Farmer and B.M. Richman, *Comparative Management and Economic Progress*, Homewood, Ill.: Richard D. Irwin, 1965.

20. Peter F. Drucker, *The Practice of Management*, New York: Harper & Row, 1954.

21. A.R. Negandhi and B.D. Estafen, 'A Research Model to Determine the Applicability of American Management Know-how in Differing Cultures and/or Environments', *Academy of Management Journal*, Dec. 1967, pp. 309-318.

Arguments for the Universality

Experts subscribing to the concept of universality of management suggest that the basics of management are universal and can be found in all types of organisations situated in any country or culture. For example, Harbinson and Myers, in their study of management in a number of countries of the world, have concluded that there is a "logic of industrialisation and organisation building has its logic too, which rests upon the development of management. This brings us the fundamental premise of our study: there is a general logic of management development which has applicability both to advanced and industrialising countries in the modern world."[22] While offered as a premise, their study of management in twelve countries supports it. Another study of 3600 managers in fourteen countries by Haire, Ghiselli, and Porter supports this view. They have found that there was a high degree of similarity in managerial behaviour patterns and many of the variations disclosed were due to identifiable cultural dimensions.[23] Richman has found that the evolving Soviet approach to management utilises the management functions — planning, organising, coordination, control, direction, leadership, motivation, and staffing — which have been essentially the same as long-held American concepts.[24] Similarly many other studies also the support the view that management fundamentals throughout the world are almost the same, only their applications may differ because of various factors. Thus management can be treated as a universal phenomenon. Following arguments can be advanced to suggest the view of universality of management.

1. *Management as Process.* Management as a process is universal. It is argued that management as a process is found in all organised activities irrespective of country, culture, or size. The various elements of management process — planning, organising, staffing, directing, and controlling — are universal for all organisations and as a manager each one must, at one time or another, carry all these duty characteristic of managers. Only the intensity of a particular element may differ depending on the variables affecting management practices. This is the principle of universality of management. It implies that any theory or principle about a particular managerial function will apply to all managers irrespective of their level in the organisation, culture or country.

2. *Distinction Between Management Fundamentals and Techniques.* In order to ascertain the universality of management, it is proper to make distinction between management fundamentals and management techniques because it is the

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22. F. Herbinson and C.A. Myers, *Management in the Industrial World*, New York: McGraw-Hill, 1959, p. 117.

23. M. Haire, E.E. Ghiselli, and L.W. Porter, *Managerial Thinking: An International Study*, New York: John Wiley, 1966.

24. B.M. Richman, "The Soviet Educational and Research Revolution: Implications for Management Development," *California Management Review*, Summer 1967, p. 12.

specific technique which varies according to the needs of the situation. Management fundamentals are the basic principles and theories while management techniques are the tools for performing managerial functions. Whereas management techniques may differ from country to country, management fundamentals will remain the same. In fact those who claim that management is not universal refer to management philosophy and not the management fundamentals. Gonzalez and McMillan who have found lack of universality of management have emphasised that aspect of management which lacks universality has to do with interpersonal relationships, including those between management and workers, management and suppliers, management and the customer, the community, competititon and government.[25] Naturally all these factors may affect the application of techniques of management rather than principles and theory of management themselves.

3. *Distinction Between Management Fundamentals and Practices.* Universality of management suggests that management fundamentals are the same, only practices differ. This is so because management is both science and art. The most productive art is always based on an understanding of the science underlying it. Thus science and art are complementary. The art of managing or the practice of managing makes use of organised knowledge, that is science. However, its practice is subject to variation under different conditions. This may be true even with science also. For example, Koontz and O'Donnell suggest that "one would not necessarily expect an automobile designed for use in deserts or jungles to be the same as one planned for high-speed super highways, even though the physical science which underpins both remains the same."[26] Same is the case with management also. While the practice may differ according to the nature of the organisation, the basic fundamentals of management will remain the same.

Conclusion

The various arguments for and against the universality of management concept should be analysed in an integrated way so as to arrive at a particular conclusion. This conclusion is important because developing countries can import managerial know-how and principles developed by the advanced countries if they are universal. An integrated analysis suggests that there are certain management principles which are universal though their practices may differ from country to country or from organisation to organisation even within the same country. Therefore, the knowledge of management can be transferred from one country to another country. In fact this has happened. Bulk of management knowledge has been developed in the United States from where other countries have borrowed. The process of management transfer has been undertaken in the following ways:

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25. Gonzalez and McMillan, *Op. cit.*

26. Harold Koontz, Cyril O'Donnell, and Heinz Weihrich, *Management*, New York: McGraw-Hill, 1980, pp. 115-116.

1. Though the use of American linterature in the curriculum of management education in various countries;
2. Through training of managerial personnel of developing countries in the United States;
3. Through the consultancy assignment undertaken by management experts from the United States in developing countries; and
4. Through the management practices adopted by multinationals operating in the developing countries.

However, it should not be taken that managers educated in the United States will be effective in all countries but factors limiting the application of management principles should be taken into account. In order to understand the factors affecting management practices, some models have been constructed, prominent among them are the models developed by Farmer and Richman[27] and Koontz[28] Though there are some differences between the two models, both emphasise the factors and processes affecting differences in management practices. For example, model of Farmer and Richman can be presented below:

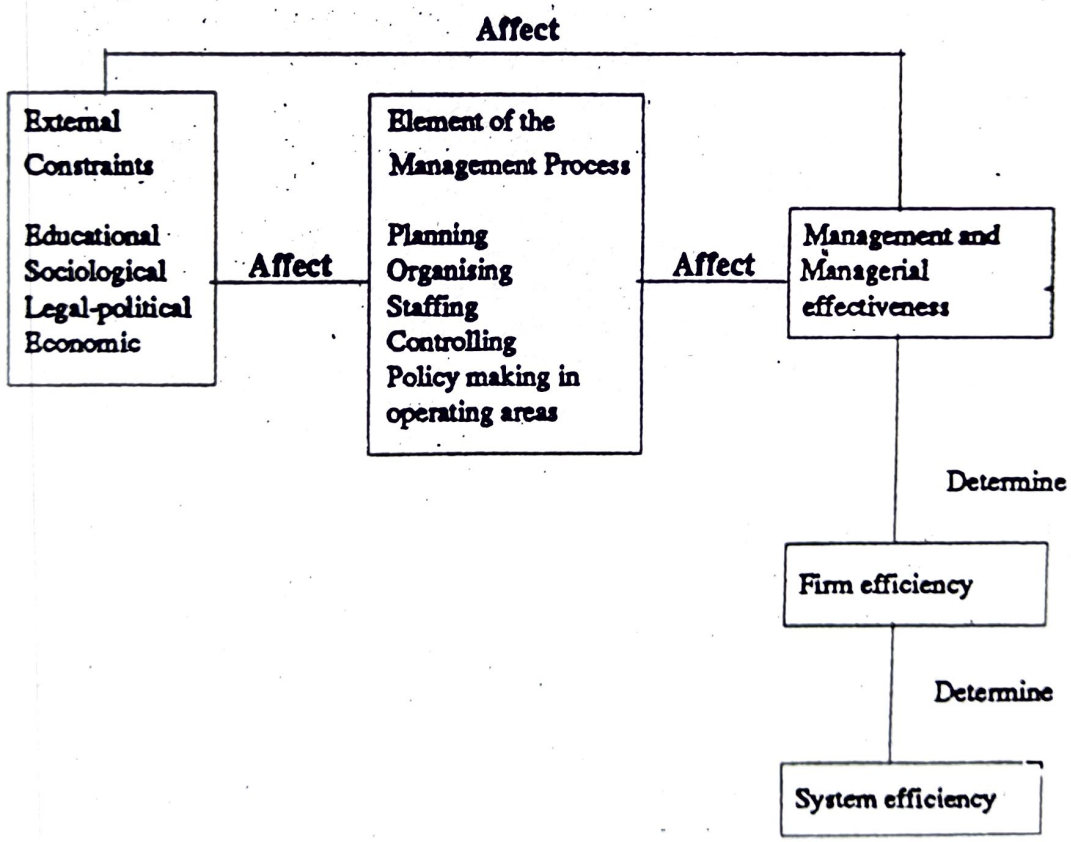

Fig. 1.2. Farmer-Richman model for analysing comparative management.

27. Farmer and Richman, *Op. cit.*

28. Harold Koontz, "Models for Analysing the Universality and Transferability of Management," *Academy of Management ournal*, Dec. 1969, pp. 415-629.

According to this model, there are four basic factors which affect the adoption of management practices in a country or in an organisation. These are educational, sociological, legal-political, and economic. Some other factors which affect the management practices are culture, technology, life stage of the organisation, and position location of managers (model of Ajiferuke and Boddewyn).[29] Thus the total system of the country through the efficiency of individual firms will be affected by the practices of management. It has been suggested that there is often management gap in developing countries and because of this factor these countries are poor.[30] Therefore, there is a need for adopting suitable management practices in these countries. However, such practices cannot be developed unless there is a developed body of knowledge of management. The development of such a body of knowledge is a long process. Therefore, the knowledge developed in advanced countries can be imported. However, while importing the knowledge, due consideration has to be given to the factors which affect management practices enumerated above. Thus the total knowledge of management can be classified in three parts: *(i)* that aspect of knowledge which can be adopted in total, the adoptable; *(ii)* that knowledge which can be adopted with some modifications, the adaptable; *(iii)* and that aspect of knowledge which is inapplicable. The distinction among these is necessary because only first category of knowledge can be imported as such while some modifications are required in others. Generally the knowledge which is impersonal is adoptable in total but the knowledge which deals with human factor has to be modified. This modification can be brought about by suitable research, observation, and practice.

MANAGEMENT AND ADMINISTRATION

There is often a terminological conflict between management and administration. Some authors suggest that there is no fundamental difference between management and administration; whatever the difference between the two terms, it exists only in terms of usage in differnt walks of life. Other authors suggest that there is difference between these two terms because both of them represent different activities. Therefore, it is desirable to resolve terminological conflict between management and administration.

At the initial level of development of management thought, no distinction between management and administration was made and both the terms were used interchangeably. In 1923, the terminological conflict between the two was raised by Oliver Sheldon when he emphasised administration as decision-making function and management as execution function.[31] After that there have been lot of

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29. M. Ajiferuke and J. Boddewyn, "Culture and Other Explanatory Variables in Comparative Management Studies," *Academy of Management Journal*, June 1970, pp. 153-163.

30. A.N. Agarwala, *Emerging Dimensions of Indian Management*, Bombay: Asia Publishing, [illegible]

31. Oliver Sheldon, *The Philosophy of Management*, London: Sir Issac Pitman, 1923.

controversies between these terms. These controversies have resulted into three different approaches: *(i)* administration is above management; *(ii)* administration is a part of management; and *(iii)* administration and management are the same.

Administration is Above Management

According to many classical thinkers, administration is above management so far as different functions in the organisation are concerned. They perceive that both administration and management activities are different though both of them may be performed by a single individual in an organisation. Prominent among them are Oliver Sheldon, William Spriegel, Milward, Lansberg, Ordway Tead, Florence, etc. The general view is that administration relates to policy formulation and management relates to policy exectuion and these two activities are not the same. For example, according to Milward, "administration is primarily the process and agency used to establish the objective or purpose which an undertaking and its staff are to achieve; secondly, administration has to plan and to stabilise the broad lines or principles which will govern action. These broad lines are usually called policies. Management is the process and agency through which execution of policy is planned and supervised."[32] Similar view has been expressed by William Spriegel when he says that "Administration is that phase of a business enterprise that concerns itself with the overall determination of institutional objectives and the policies necessary to be followed in achieving those objectives. Management, on the other hand, is an executive function which is primarily concerned with carrying out broad policies laid down by the administration."[33]

The basic approach of these authors is that administration determines the basic framework of the organisation within which managerial functions are taken. Since these sets of functions are different, different types of persons with different qualities are required. However, such early authors on management appear to be influenced by the fact that administrative process in non-business activities was well developed as compared to management. It can be seen in the next chapter that most of the early contributors to management thought studied managerial process in the business organisations comparatively at lower levels whose primary responsibility was to execute what was decided by higher-level management. Therefore, they could perceive the functions of management as limited to lower levels only. The only exception came from Henry Fayol who studied the entire management functions and never distinguished between management and administration.

Administration is a Part of Management

This approach holds the view that management is a comprehensive term and administration is its part. For example, Brech has taken management "as the generic

32. G.R. Milward, *An Approach to Management*, New York: John Wiley, 1960, p. 34.
33. William R. Spriegel, *Principles of Business Organisation and Operation*, 1957, p. 548.

name for the total process of executive control in industry or commerce." He defines management as "a social process entailing responsibility for the effective and economical planning and the regulation of the operation of an enterprise, in the fulfilment of a given purpose or task." On the other hand, he defines administration as "that part of management which is concerned with the installation and carrying out of the procedures by which it is laid down and communicated and the process of activities regulated and checked against plans."[34] If this view is accepted, administration becomes a subordinate function to overall management function and branch administration which concerned with day-to-day executive routine work is a part of management. Thus the previous analysis of distinction between management and administration stands completely revised if this view is accepted.

Management and Administration are Same

According to the third approach which is the most popular and practical one, management and administration are same. Both involve the same functions, principles and objectives. For example, while speaking at the Second International Congress of Administrative Science, Fayol, one of the most important early writers on management thought, has said, "all undertakings require planning, organisation, command, coordinationa and control, and in order to function properly, all must observe the same general principles. We are no longer confronted with several administrative sciences but with one which can be applied equally well to public and private affairs." Thus there is no difference between management and administration. Whatever the difference between the two lies is mostly in their use in different fields of human activities.

The distinction between the two terms may be drawn by analysing the origin of the word administration. Its origin is found in the bureaucratic structure of government or in regulation of some laws. The government often uses the word administrator, instead of manager, to handle and manage its affairs. In law also, administrators are appointed to look after the estate of a deceased person. While handling the government affairs, administrators are to execute the broad policies laid down by the government, though they may also participate in policy formulation. Similarly, the estate administrators keep intact the property and manage the estate according to some specific mandates of law. On the other hand, management is normally used in business sphere. However, whether administration is used in non-business fields and management is used in business fields does not make a fundamental distinction between the two because of similarity of the process involved in these. In fact, even this distinction is also disappearing. For example, many authors have written books under the title "Business Administration" which implies that these books would be used by persons acquiring knowledge to be utilised in handling business affairs. Similarly, many institutions

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34. Brech, *Op. cit.*, pp. 26-27.

offering management courses offer M.P.A. degrees for their management graduates while others offer M.B.M. degrees for the similar type of students. Thus, in practice, the difference between the two is disappearing fast.

The basic point of controversy between management and administration lies in terms of coverage of activities. The controversy arises because people call the various level management functions differently. For example, the contents of management functions in terms of policy formulation and execution can be presented as follows. Some call the formulation function as administration others call it management. However, both are management functions.

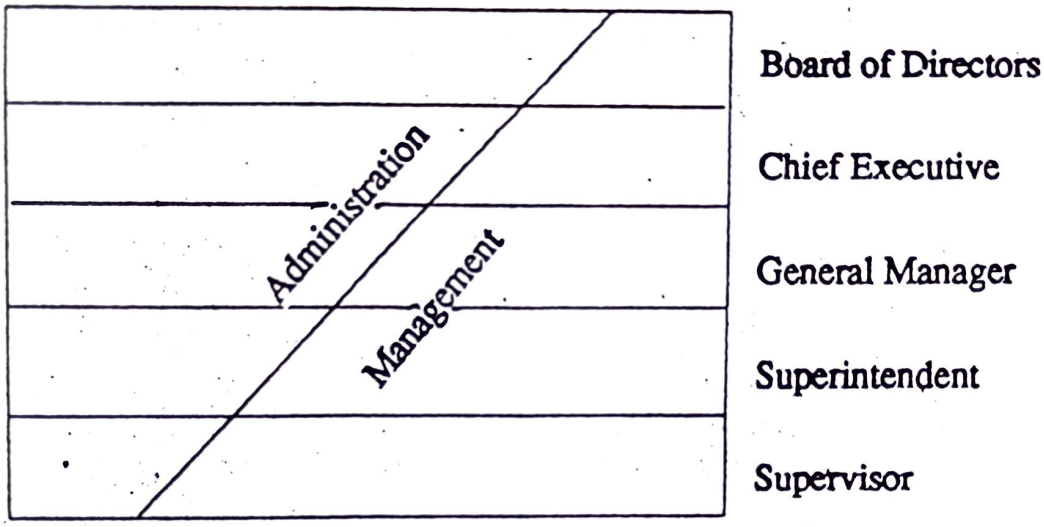

Fig. 1.3. Management functions at various levels of management.

It may be suggested that two sets of people may not be required to perform two sets of management functions. Every one performs all managerial functions, only relative importance of these functions varies. The content of policy formulation is higher at higher levels, it is lower at lower levels while execution is otherwise. Therefore, it becomes unimportant whether policy formulation function is known as administration or management. This is the reason why most of the contemporary authors try to avoid this age-old controversy.

EFFECTIVE MANAGEMENT

The basic objective of management functions and techniques is to make one an effective manager. The organisations require effective managers because these bear costs for employing them. However, the basic question is: Who is an effective manager? From this point of view, one must identify the various characteristics of effective managers so that attempts are made to correlate the various functions of management for achieving effectiveness.

Truly speaking, the concept and criteria of effectiveness are quite debatable points in management. Effectiveness is not one-dimensional concept that can be

technical aspect of business. For example, early management thougts have come from Roman Catholic Church, military organisations, and Cameralists, a group of Austrian and German public administrators and intellectuals from sixteenth to eighteenth centuries. Such contributions have been in the field of principles of specialisation, selection of subordinates and their training, simplification of administrative procedures, unity of doctrine, and the use of staff in the performance of major activities. In later period, some stray contributions have come from James Watt, Robert Owen, Charles Babbage, Henry Poor, and Henry Towen. The contributions of these thinkers were limited mostly to the field of developing concepts to make resources more effective at the shop floor levels. These contributions were made bit by bit and in haphazard manner and have failed to stimulate management as distinct discipline for further study. However, their ideas created an awareness about managerial problems. By the end of the nineteenth century, a stage was set for taking systematic study of management and the beginning was made by Taylor in the early part of the present century. During the last three-four decades, there has been enormous development of thoughts in management. In fact today, the volume of research in management far exceeds any area of social science.

TAYLOR AND SCIENTIFIC MANAGEMENT

Frederick Winslow Taylor and other contributors notably Frank Gilbreth, Lillian Gilbreth, and Henry Gantt, investigated the effective use of human beings in industrial organisations, particularly at shop floor levels. Taylor has defined the basic problem of managing as the art of "knowing exactly what you want men to do and then see in that they do it in the best and cheapest way." Since Taylor has put the problem of managing on a scientific way, he is often called as the father of scientific managemet and his contributions as the principles of scientific management. Though his contributions have become traditional in present-day context, still the label scientific management is used for his contributions. It does not mean that present-day management thoughts and practices are not scientific. In fact, management as a science has been taken much later than the contributions of Taylor.

Taylor joined Midvale Steel Company in U.S.A. as a worker and later on became supervisor. During this period, he continued his studies and eventually completed his M.E. (Master of Engineering). Subsequently, he joined Bethlehem Steel Company. At both these places, he carried experiments about how to increase the efficiency of people. Even after his retirement, he continued to develop scientific management. On the basis of his experiments, he published many papers and books and all his contributions were compiled in his book 'Scientific Management'. Taylor's contributions can be described in two parts: main features of scientific management and principles of scientific management.

Main Features of Scientific Management

Taylor conducted various experiments at his work places to find out how

human beings could be made more efficient by standardising the work and better method of doing the work. These experiments have provided the following features of scientific management.

1. *Separation of Planning and Doing.* Taylor emphasised the separation of planning aspect from actual doing the work. Before Taylor's scientific management, a worker used to plan about how he had to work and what instruments were necessary for that. The worker was put under the supervision of a supervisor commonly known as gang boss. Thus supervisor's job was merely to see how the workers were performing. This was creating lot of problems, and Taylor emphasised that planning should be left to supervisor and worker should emphasise only operational work.

2. *Functional Foremanship.* Separation of planning from doing resulted into development of supervision system which could take planning work adequately besides keeping supervision on workers. For this purpose, Taylor evolved the concept of functional foremanship based on specialisation of functions. In this system, eight persons are involved to direct the activities of workers. Out of these, four persons are concerned with planning: *(i)* route clerk, *(ii)* instruction card clerk, *(iii)* time and cost clerk, *(iv)* disciplinarian. The remaining four persons are concerned with doing aspect of the work. These are: *(i)* speed boss, *(ii)* inspector, *(iii)* maintenance foreman, and *(iv)* gang boss. All of them give directions to workers on different aspects of work. This is against unity of command principle as shown in the following figure.

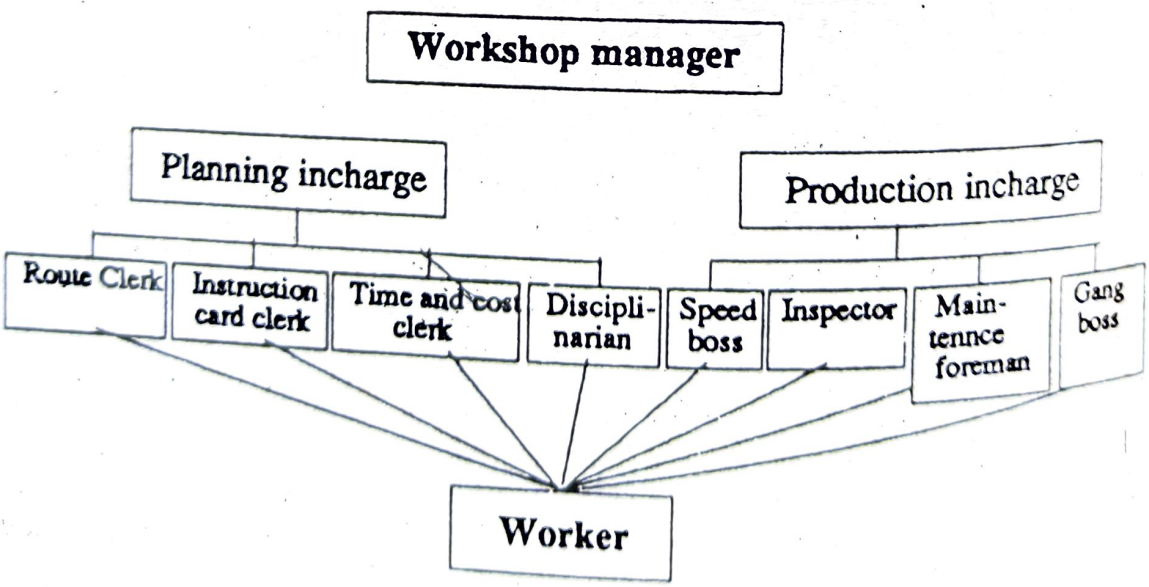

Fig. 2.1. Functional foremanship.

3. *Job Analsysis.* Job analysis is undertaken to find out the one best way of doing the thing. The best way of doing a job is one which requires the least movements, consequently less time and cost. The best way of doing the thing can

be determined by taking up time-motion-fatigue studies. *(i)* Time study involves the determination of time a movement takes to complete. The movement which takes minimum time is the best one. This helps in fixing the fair work for a period. *(ii)* Motion study involves the study of movements in parts which are involved in doing a job and thereby eliminating the wasteful movements and performing only necessary movements. Elimination of unnecessary movements in doing a work reduces time taken in performing a work and also the fatigue of workers. *(iii)* Fatigue study shows the amount and frequency of rest required in completing the work. After certain period of time, workers feel fatigue and cannot work with full capacity. Therefore, they require rest in between. When the rest is allowed, they start working with full capacity. Thus job analysis, as given by Taylor, suggests the fair amount of a day's work requiring certain movements and rest periods to complete it.

4. *Standardisation.* As far as possible, standardisation should be maintained in respect of instruments and tools, period of work, amount of work, working conditions, cost of production, etc. These things should be fixed in advance on the basis of job analysis and various elements of costs that go in performing a work.

5. *Scientific Selection and Training of Workers.* Taylor has suggested that workers should be selected on scientific basis taking into account their education, work experience, aptitude, physical strength, etc. A worker should be given work for which he is physically and technically most suitable. Apart from selection, proper emphasis should be given on the training of workers which makes them more efficient and effective.

6. *Financial Incentives.* Financial incentives can motivate workers to put in their maximum efforts. If provisions exist to earn higher wages by putting in extra effort, workers will be motivated to earn more. Taylor himself applied the concept of differential piece rate system which was highly motivating. According to this scheme, a worker who completes the normal work gets wages at higher per piece and one who does not complete gets at lower rate. Thus, there is considerable difference in wages between those who complete the work and those who do not complete. To make the differential piece rate system work, Taylor has suggested that wages should be based on individual performance and not on the position which he occupies. Further, the wage rate should be fixed on accurate knowledge and not on estimates.

7. *Economy.* While applying scientific management, not only scientific and technical aspects should be considered but adequate consideration should be given to economy and profit. For this purpose, techniques of cost estimates and control should be adopted. The economy and profit can be achieved by making the resources more productive as well as by eliminating the wastages. Taylor has clarified by giving examples of how resources are wasted by not following scientific management.

8. *Mental Revolution.* Scientific management depends on the mutual co-operation between management and workers. For this co-operation, there should be mental change in both parties from conflict to co-operation. Taylor feels that this is the most important feature of scientific management because in its absence, no principle of scientific management can be applied. In this regard, Taylor has observed as follow:

> "Scientific management is not any efficiency device, not a device of any kind for securing efficiency; nor is it bunch or group of efficiency devices. It is not a new system of figuring costs; it is not a new scheme of paying men; it is not a piecework system; it is not a bonus system; it is not a premium system; it is no scheme of paying men.... It is not divided foremanship or functional foremanship; it is not any of the devices which the average man calls to mind when scientific management is spoken of.....
> Now, in its essence, scientific management involves a complete mental revolution on the part of the working man engaged in any particular establishment or industry — a complete mental revolution on the part of these men as to their duties toward their work, toward their fellowmen, and toward their employers. And it involves the equally complete mental revolution on the part of those on the management's side — the foreman, the superintendent, the owner of the business, the board of directors — a complete mental revolution on thier part as to their duties toward their fellow workers in the management, toward their workman and toward all of their daily problems."[1]

Principles of Scientific Management

Taylor has given certain basic principles of scientific management. The fundamental principles that Taylor saw underlying the scientific management may be given below:

1. *Replacing Rule of Thumb with Science.* Taylor has emphasised that in scientific management, organised knowledge should be applied which will replace rule of thumb. While the use of scientific method denotes precision in determining any aspect of work, rule of thumb emphasises estimation. Since exactness of various aspects of work like day's fair work, standardisation in work, differential piece rate for payment, etc., is the basic core of scientific management, it is essential that all these are measured precisely and should not be based on mere estimates. This approach can be adopted in all aspects of managing.

2. *Harmony in Group Action.* Taylor has emphasised that attempts should be made to obtain harmony in group action rather than discord. Group harmony suggests that there should be mutual give and take situation and proper understanding so that group as a whole contributes to the maximum.

3. *Co-operation.* Scientific management involves achieving co-operation rather than chaotic individualism. Scientific management is based on

1. Frederick W. Taylor, *Scientific Management*, New York: Harper & Brothers, 1947.

mutual confidence, cooperation and goodwill. Cooperation between management and workers can be developed through mutual understanding and a change in thinking. Taylor has suggested "substitution of war for peace, hearty and brotherly cooperation for contentment and strife, replacement of suspicious watchfulness with mutual confidence, of becoming friends instead of enemies. It is along this line, I say, that scientific management must be developed."[2]

4. *Maximum Output.* Scientific management involves continuous increase in production and productivity instead of restricted production either by management or by worker. Taylor hated inefficiency and deliberate curtailment of production. His concern was with the large size of the cake. In this opinion, "there is hardly any worse crime to my mind than that of deliberately restricting output."[3] He decried quarrel over production but welcomed quarrel over distribution, provided the product to be distributed had outgrown the size. Therefore, he advised the management and workers to "turn their attention towards increasing the size of the surplus until the size of the surplus becomes so large that it is necessary to quarrel over how it shall be divided."[4]

5. *Development of Workers.* In scientific management, all workers should be developed to the fullest extent possible for their own and for the company's highest prosperity. Development of workers requires their scientific selection and providing them training at the workplace. Training should be provided to workers to keep them fully fit according to the requirement of new methods of working which may be different than the non-scientific methods.

FOLLOWERS OF SCIENTIFIC MANAGEMENT

Taylor's contribution to management invited mixed reactions. There were many of his disciples who took aggressive, mechanical view of production and invited the opposition from trade unions. Besides, opposition also came from management and general public. The opposition was so grave that Taylor had to defend his scientific management before a special Congressional Committee in 1912. However, Taylor's thinking created an awareness among various managers and thinkers to bring change in the old method of working. Although his message could not reign supreme in his life-time, the foundations of scientific management were well laid and restructure was bound to come

Other persons who worked to develop scientific management were Carl Georg Berth, Henry Gantt, Frank and Lillian Gilbreth, and Edward Felene to mention a few important. Berth worked with Taylor and later developed many mathematical techniques and formulae that made it possible to put Taylor's ideas into practice. Gantt developed graphic methods of depicting plans and making possible better managerial control He emphasised the importance of time as well as cost in planning and controlling work. This eventually led to the development

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2. Ibid.
3. Ibid.
4. Ibid.

of famous Gantt Chart which is in wide use today and was the forerunner of such modern technique as PERT (Programme Evaluation and Review Technique). Frank and Lillian Gilbreth, a team of husband and wife, also tried to find out 'one best way of doing' under the given set of realities. They also tried to look at the problems of workers from social and psychological point of view. Felene invited Gilbreth to apply scientific management to manage his departmental store. The major areas of concern were employee training and evaluation and human element in business. Later, he created Twentieth Century Fund, a famous research organisation still in existence.

The principles of scientific management were more concerned with problems at the operating levels and did not emphasise management of an organisation from the manager's point of view. Therefore, it was more relevant from engineering point of view rather than management point of view. In fact, one author has later suggested that Taylor can be regarded as the father of industrial engineering rather than the father of scientific management. Similarly, persons advocating scientific management have physiological variables affecting human behaviour at workplace, both in terms of work efficiency and methods of motivating the workers. As such, the scientific management is more relevant to mechanisation and automation — technical aspect of efficiency — than the broader aspects of management of an organisation.

CONTRIBUTIONS OF HENRY FAYOL

Perhaps the real father of modern management theory is the French industrialist Henry Fayol. His contributions are generally termed as operational management or administrative management. Fayol's contributions were first published in the book form titled as 'Administration Industrielle at Generale' in French language, in 1916. However, the book was not made available outside France and was not translated until 1929. Its English translation was published in 1949 only in the United States of America. Therefore, in the early period, Fayol's contributions could not make much impact on the development of management thought. However, after the publication of his book in English, he got prominence in the field of management very quickly.

Fayol looked at the problems of managing an organisation from top management point of view. He has used the term 'administration' instead of 'management' emphasising that there is unity of science of administration. For him, administration was a common activity and administrative doctrine was universally applicable. From administrative point of view, he placed commerce, industry, religion, philanthropy and the State on equal footing. His administrative science can be applied equally well to public and private affairs. Therefore, management is a universal phenomenon. However, he has emphasised that principles of management are flexible and not absolute and are usable regardless of changing and special conditions.

Fayol found that activities of an industrial organisation could be divided into

six groups:

1. Technical (relating to production);
2. Commercial (buying, selling and exchange);
3. Financial (search for capital and its optimum use);
4. Security (protection of property and person);
5. Accounting (including statistics); and
6. Managerial (planning, organisation, command, coordination, and control).

Pointing out that these activities exist in business of every size, Fayol observed that the first five were well known, and consequently he devoted most of his book to analyse the sixth one, that is, managerial activity. Fayol has divided his approach of studying management into three parts: *(i)* managerial qualities and training, *(ii)* general principles of management, and *(iii)* elements of management.

Managerial Qualities and Training

Fayol was the first person to identify the qualities required in a manager. According to him, there are six types of qualities that a manager requires. These are as follows:

(i) Physical (health, vigour, and address);

(ii) Mental (ability to understand and learn, judgment, mental vigour, and adaptability);

(iii) Moral (energy, firmness, initiative, loyalty, tact, and dignity);

(iv) Educational (general acquintance with matters not belonging exclusively to the function performed);

(v) Technical (peculiar to the function being performed); and

(vi) Experience (arising from the work).

Fayol has observed that the most important ability for a worker is technical; the relative importance of managerial ability increases as one goes up the scalar chain, with insight becoming the most important ability for top level executives. On the basis of this conclusion, Fayol recognised a widespread need for principles of management and for management teaching. He held that managerial ability should be acquired first in school and later in the workshop. In order to acquire managerial knowledge, he developed principles of management to be taught in academic institutions.

General Principles of Management

Fayol has given fourteen principles of management. He has made distinction between management principles and managment elements. While management principle is a fundamental truth and establishes cause-effect relationship, management element denotes the function performed by a manager. While giving the management principles, Fayol has emphasised two things: *(i)* The list of management principles is not exhaustive but suggestive and has discussed only those principles which he followed on most occasions. *(ii)* Principles of management are not rigid but flexible. According to him, "there is nothing rigid or

absolute in management affairs; it is all a question of proportion. Therefore, principles are flexible and capable of adopting to every need. It is matter of knowing how to make use of them which is a difficult art requiring intelligence, experience, and proportion."[5] Various principles of management are as follows:

1. *Division of work.* Fayol has advocated division of work to take the advantages of specialisation. According to him, "specialisation belongs to natural order. The workers always work on the same part, the manager concerned always with the same matters, acquire an ability, sureness, and accuracy which increase their output. Each change of work brings in it training and adaptation which reduces output.... yet division of work has its limits which experience and a sense of proportion teach us may not be exceeded."[6] This division of work can be applied at all levels of the organisation.

2. *Authority and Responsibility.* The authority and responsibility are related, with the latter the corollary of the former and arising from it. Fayol finds authority as a continuation of official and personal factors. Official authority is derived from the manager's position and personal authority is derived from personal qualities such as intelligence, experience, moral worth, past services, etc. Responsibility arises out of assignment of activity. In order to discharge the responsibility properly, there should be parity of authority and responsibility.

3. *Discipline.* All the personnel serving in an organisation should be disciplined. Discipline is obedience, application, energy, behaviour, and outward mark of respect shown by employees. Discipline may be of two types: self-imposed discipline and command discipline. Self-imposed discipline springs from within the individual and is in the nature of spontaneous response to a skilful leader. Command discipline stems from a recognised authority and utilises deterrents to secure compliance with a desired action, which is expressed by established customs, rules and regulations. The ultimate strength of command discipline lies in its certainty of application. Such a discipline can be obtained by sanctions in the forms of remuneration, warnings, suspension, demotion, dismissal, etc. However, while applying such sanctions, people and attendant circumstances must be taken into account. This can be learned by experience and tact of the managers.

4. *Unity of Command.* Unity of command means that a person should get orders and instructions from only one superior. The more completely an individual has a reporting relationship to a single superior, the less is the problem of conflict in instructions and the greater is the feeling of personal responsibility for results. This is contrary to Taylor's functional foremanship. On this conflicting view, Fayol suggested that, "I do not think that a shop can be well run in flagrant violation of this (unity of command). Nevertheless, Taylor successfully managed large-scale concerns. I imagine that, in practice, Taylor was able to reconcile

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5. Henry Fayol, *General and Industrial Administration*, London: Sir Issac Pitman, 1949, p. 55.
6. *Ibid.* p. 20.

[illegible]ism with the principle of unity of command, but this is the supposition [illegible] accuracy I am not in a position to verify."[7] Fayol has considered unity of [illegible] as an important aspect in managing an organisation. He says that "should [illegible] of command) be violated, authority is undermined, discipline is in [illegible], order disturbed, and stability threatened. This rule seems fundamental to [illegible] so I have put it to the rank of a principle."[8]

5. *Unity of Direction.* According to this principle, each group of [illegible] with the same objective must have one head and one plan. Unity of [illegible] is different from unity of command in the sense that former is concerned [illegible] functioning of the organisation in respect of its grouping of activities or [illegible] while latter is concerned with personnel at all levels in the organisation in [illegible] of reporting relationship. Unity of direction provides better coordination [illegible] various activities to be undertaken by an organisation.

6. *Subordination of Individual to General Interest.* Common interest [illegible] the individual interest. Individual interest must be subordinate to general [illegible] when there is conflict between the two. However, factors like ambition, [illegible], weakness, etc., tend to reduce the importance of general interest. [illegible], superiors should set an example in fairness and goodness. The [illegible] between employers and employees should be fair and there should be [illegible] vigilance and supervision.

7. *Remuneration of Personnel.* Remuneration of employees should be [illegible] and provide maximum possible satisfaction to employees and employers. [illegible] did not favour profit-sharing plan for workers but advocated it for managers. [illegible] also in favour of non-financial benefits though these were possible only in [illegible] of large-scale organisations.

8. *Centralisation.* Everything which goes to increase the importance of [illegible]'s role is decentralisation; every thing which goes to reduce it is [illegible]. Without using the term 'centralisation of authority', Fayol refers the [illegible] to which authority is centralised or decentralised. Centralisation and [illegible]sation are the question of proportion. In small firms, centralisation is the [illegible] order, but in large firms, a series of intermediaries is required. Share of [illegible] and initiative left to intermediaries depends on the personal character of [illegible], his moral worth, the reliability of his subordinates, and also on the [illegible] of the business. Since both absolute and relative values of managers and [illegible] are constantly changing, it is desirable that the degree of centralisation [illegible]lisation may itself vary constantly.

9. *Scalar Chain.* There should be a scalar chain of authority and of [illegible]ication ranging from highest to the lowest. It suggests that each [illegible]ication going up or coming down must flow through each position in the

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7. *Ibid*, p. 25.
8. *Ibid*, p. 35.

line of authority. It can be short-circuited only in special circumstances when its rigid following would be detrimental to the organisation. For this purpose, Fayol has suggested 'gang plank' which is used to prevent the scalar chain from bogging down action. His scalar chain and gang plank can be presented as follows:

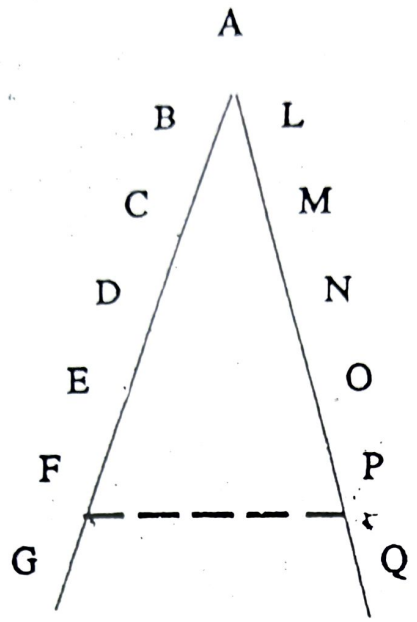

Fig. 2.2. Scalar chain and gang plank.

In fig. 2.2, A is the top man having immediate subordinates B and L. In turn B and L are having immediate subordinates C and M. This continues to the level of G and Q. Ordinarily, the communication must flow from A to B to C to D and so on while coming from top to down. Similarly, it must flow from G to F to E and so on while going up. It means if any communication is going from F to P, it will flow from F to A via E, D, C and B and coming down to P via L, M, N and O. Fayol suggests that this scalar chain system takes time, and therefore, can be substituted by gang plank (dotted line) without weakening the chain of command. In order to maintain authority, it is desirable that superiors of F and P authorise them to deal directly provided each informs his superior of any action taken. Fayol suggests that this system allows F and P to deal in a few hours with some questions or others which via the scalar chain would pass through twenty transmissions, inconvenience people, involve masses of paper, lose weeks or months to get to a conclusion less satisfactory than the one which could have been obtained via direct contact.

10. *Order*. This is a principle relating to the arrangement of things and people. In material order, there should be a place for everything and every thing should be in its place. Similarly, in social order, there should be right man in the right place. This kind of order demands precise knowledge of the human requirements and resources of the organisation and a constant balance between these requirements and resources. Normally, bigger is the size of the organisation, more difficult this balance is.

11. *Equity*. Equity is the combination of justice and kindness. Equity in treatment and behaviour is liked by every one and it brings loyalty in the organisation. The application of equity requires good sense, experience, and good nature for soliciting loyalty and devotion from subordinates.

12. *Stability of Tenure*. No employee should be removed within short time. There should be reasonable security of jobs. Stability of tenure is essential to get an employee accustomed to new work and succeeding in doing it well. Unnecessary turnover is both cause and effect of bad management.

13. *Initiative*. Within the limits of authority and discipline, managers should encourage their employees for taking initiative. Initiative is concerned with thinking out and execution of a plan. Initiative increases zeal and energy on the part of human beings.

14. *Esprit de Corps*. This is the principle of 'union is strength' and extension of unity of command for establishing team work. The manager should encourage esprit de corps among his employees. The erring employees should be set right by oral directions and not by demanding written explanations. Written explanations complicate the matters.

end

Elements of Management

Fayol holds that management should be viewed as a process consisting of five elements. He has regarded these elements as functions of management. These are planning, organisation, commanding, coordination, and controlling. He has regarded planning as the most important managerial function and failure to plan properly leads to hesitation, false steps, and untimely changes in directions which cause weakness in the organisation. Creation of organisation structure and commanding function is necessary to execute plans. Coordination is necessary to make sure that every one is working together, and control looks whether everything is proceeding according to plan. Fayol holds the view that these functions are required at all levels of management and in all types of organisations.

The contributions of Fayol have made the real beginning of development of management as a separate field of study. He wrote as the practical man of business reflecting on his long managerial career and setting down the principles he had observed. His principles of management hold good even today, though pronounced about six decades back. It was unfortunate that his contributions were not known to scholars in U.S.A., otherwise the development of management would have been much faster. In fact, many of the things were developed in management on the lines of Fayol much after his contributions.

Other Administrative Theorists

Besides Fayol, contributions have come from other adminsitrative theorists, prominent among them being Max Weber, Sheldon, Mooney, Reiley, Urwick, etc. Weber who analysed the functioning of church, government, military, and business organisations believed that bureaucratic structure is the most efficient form of structure for all types of organisations. It is the most rational means of carrying out

imperative control over human beings. He has given five features of bureaucracy: specialisation, hierarchy of authority, rules, impersonality, and trained personnel.[9] Oliver Sheldon has added the concept of ethics and social responsibility to the scientific study of management.[10] His normative approach was able to develop for the first time to view management both a science and a philosophy. Mooney and Reiley, both executives at General Motors, U.S.A., emphasised basic principles of organisation. These principles are: coordination principle, scalar principle, functional principle, and staff phase of functionalism.[11] They have also emphasised that all organisations, irrespective of the field of their operation, have common features requiring these principles. They all require coordination and have a system of hierarchy, and clearly defined duties and responsibilities for each job. Urwick, though not strictly an original thinker, has integrated the various views into a unified whole.[12] Apart from these people, contributions have come from Gullick, Sloan, Merriam, Stene and Dale.

BARNARD AND SOCIAL SYSTEMS THEORY

The contributions of Chester Barnard to the management are overwhelming. His book 'The Functions of the Executive' is regarded as the most influential book on the management during the pre-modern management era. His analysis of management is truly a social systems approach since, in order to comprehend and analyse the functions of executives, he has looked for their major tasks in the system in which they operate. In determining the tasks of executives, he has analysed the nature of cooperative social systems, as he found non-logical factors also influencing human behaviour in the organisation. This is a marked departure from the earlier approach. The major contributions of Barnard can be presented as follows:

1. *Concept of Organisation.* Barnard suggests that classical concept of organisation does not fully explain the features of an organisation. He has defined formal organisation as a system of consciously coordinated activities or courses of two or more persons. In his opinion, an organisation exists when the following three conditions are fulfilled: *(i)* there are persons able to communicate with each other; *(ii)* they are willing to contribute to the action; and *(iii)* they attempt to accomplish a common purpose.

2. *Formal and Informal Organisations.* Organisations can be divided into two parts: formal and informal. The formal organisation has consciously coordinated interactions which have a deliberate and a common purpose. On the other hand, the informal organisation refers to those social interactions which do not

9. Max Weber, *The Theory of Social and Economic Organisation*, New York: Free Press, 1947.

10. Oliver Sheldon, *The Philosophy of Management*, London: Sir Issac Pitman, 1923.

11. J.D. Mooney and A.C. Reiley, *The Principles of Organisation*, New York: Harper & Row, 1939.

12. L.F. Urwick, *The Elements of Administration*, New York: Harper & Row, 1944.