

INTRODUCTION TO MANAGEMENT

Management is the process of planning and organizing the resources and activities of a business to achieve specific goals in the most effective and efficient manner possible. Efficiency in management refers to the completion of tasks correctly and at minimal costs. Effectiveness in management relates to the completion of tasks within specific timelines to yield tangible results.

Management includes the activities of setting the strategy of an organization and coordinating the efforts of its employees (or of volunteers) to accomplish its objectives through the application of available resources, such as financial, natural, technological, and human resources

Definitions of Management

- 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 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”.

OR

- “getting from what we are to where we want to be with the least expenditure of time, money, and effort”

OR

- “Coordinating individual and group efforts towards completion of goals”

- **Koontz** defines management in a very simple form **“Management is the art of getting things done through and with the people in formally organized group”**
- **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 organization through systematic, coordinated co-operative human effort”**
- Thus we can say that Management in all business and organizational activities is the act of getting people together to accomplish desired goals and objectives using available resources efficiently and effectively.

Features of Management

By seeing various definition of management we can point out certain characteristics or features of management which are as follows:-

1. **Organized Activities:-** Without organized activities two group of people will not be involved in working towards a common objective.
2. **Existence of Objectives:-** Without objective it becomes difficult to define direction where organized group activities would lead to.
3. **Relationship among Resources:-** Essence of management is integration of various organizational resources such as man, material, money, etc.
4. **Working with and through People:-** Management involves working with people and getting organizational objectives achieved through them.
5. **Decision Making:-** Decision making basically involves selecting the most appropriate alternative out of the several. It is involved at various levels of organisation.

Nature of Management

- The study and application of management techniques in managing the affairs of the organization have changed its nature over the period of time, as various contributions to this field have changed its nature. The nature of management is as follows:-
- Multidisciplinary
- Dynamic
- Relative, not Absolute
- Management as Science or Art
- Management as Profession
- Universality of Management.

Multidisciplinary

- It draws the knowledge from various disciplines.
- It integrates the ideas and concepts taken from different disciplines and presents newer concepts which can put into practice for managing the organization.
- It draws ideas from economics, statistics, psychology, sociology etc.
- In fact, Integration of knowledge of various discipline is the major contribution of Management.
- Therefore, the contribution on the field can be expected from any disciplines which deals with some aspects of human beings.

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 changes in the environment in which an organization exists.
- Because of the continuous development in the field, many 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.

Relative, not Absolute

- Management principles are relative, not absolute, and they should be applied according to the need of the organizations.
- Each organization is different than others because of time, place, socio-cultural factors, etc.
- However, individual working within the same organizations may also differ.
- Particular management principle has different strengths in different conditions.
- Therefore, principles of management should be applied in the light of prevailing conditions.

Management as Science or Art

- **There is controversy whether management is science or Art**
- Learning in science basically involves the assimilation of principles while learning of art involves its continuous practice.
- **Management as Science:**
 1. Management may be viewed as science in terms of its structures, goals, and its methods.
 2. One of the important rules of science is that concepts have to be defined clearly in terms of the procedure involved in their measurement.
 3. In science, observations must be controlled so that causation may be imputed correctly. (by holding constant)
 4. Theories in science are in terms that permit empirical confirmation. Scientific statements are testable and the tests are capable of repetition with same results.

- **Management as 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.
- Where as under science, one learns “why” phenomenon and under arts, one learns the “how” of it.
- Art is thus understanding of how particular work can be accomplished.
- That is, art has to do with applying of knowledge or science or of expertness in performance.
- 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 other art such as music, painting, etc.
 2. The process of management is directed to achieve certain concrete results as other field of art also.
 3. Management is creative like any other art.
 4. Management is personalized meaning thereby that there is no ‘one best way of managing’.

- **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 utilized.
- Absence of either will result inefficiency.
- It can be concluded that management uses science and art both in managing an organization.
- A balance between two is needed. Neither should be overweighed nor slighted.
- Therefore, the **old** saying that “**Knowledge is power**” is partly true.
- The **correct** saying should be “**Applied knowledge is power.**”
- This is particularly true for management phenomenon which is a situational phenomenon.

Management as Profession

- These are certain characteristics to see if Management can be Profession:-
 1. Existence of Knowledge
 2. Formal method of Acquisition of Knowledge
 3. Professional Association
 4. Ethical codes
 5. Service Motives
- Thus, based on discussion we can conclude that above all characteristics are found in management. Hence, Management can be regarded as Profession.

Universality of Management

- Management is a universal phenomenon.
- However, management principles are not universally applicable but are to be modified as according to the needs of organization.
- Experts subscribing to the concept suggest that the basics of management are universal and can be found in all types of organisation situated in any country or culture.

Functions of Management

- The general approach of studying management is to treat as a process. Management as process may involve a number of activities or elements.
- Management process suggest that all the managers in the organization perform certain functions to get things done by others.
- Management functions varies from author to author.
- **Henry Fayol**
Planning, Organizing, Commanding, Coordinating
- **Gullick & Urwick**
POSDCORB (Planning, Organizing, Staffing, Directing, Coordinating, Reporting, and Budgeting)
- **Davis**
Planning, Organizing, and Controlling
- **Brech**
Planning, Organizing, Motivating, Coordinating, and Controlling)
- Thus, Managerial functions may broadly be grouped into **planning, organizing, staffing, directing, and controlling.**

1. Planning

- Planning as a process involves the determination of future course of actions.
- In planning, a manager uses facts, reasonable premises, and constraints, and from all these he visualizes and formulates what necessary activities are, how they will be conducted, and what will be their contribution to achieve desired results.
- Planning makes sure that there is an objective which an organisation wants to achieve then what actions are undertaken to achieve it, how and when to generate policies, programs, procedure for achieving that objective or end result.

2. Organizing

- Dividing work into convenient tasks or duties.
- Grouping of such duties in the form of positions.
- Grouping of various positions into Departments and Sections which is called “Departmentalization”.
- Delegating authority to each position. So, that work is carried out as planned.
- It contributes to the efficiency of the organization by ensuring that all necessary activities will be performed and objectives are achieved.

3. Staffing

- Manning various positions created by organizing process
- Preparing inventory of personnel available and Identifying the gap between manpower required and available.
- Identifying sources of recruitment, selecting people, training & developing them, fixing financial compensation, appraising them periodically, etc...
- Performed by individual manager Vs. Personnel department
- Ex: Performance appraisal system

4. Directing

- People must know, what they are expected to do in the organization.
- Superior has to communicate to Subordinate about expected behavior.
- Superiors should give a proper orientation to subordinate.
- Superiors have continuous responsibility of guiding them to give better work performance & motivating them to work with zeal & enthusiasm.
- Thus it includes communicating, motivating and leading.

5. Controlling

- Controlling involves Identifications of actual results.
- Comparisons of actual Vs. expected results as set by planning process.
- Identifying deviations between planned and actual result, if any.
- Taking corrective actions, so that actual match with expected results.

DEVELOPMENT OF MANAGEMENT THOUGHT

**CONTRIBUTION
OF
FREDERICK WINSLOW TAYLOR**

Taylor and Scientific Management

- Taylor has defined scientific management as **“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 known as **“Father of Scientific Management”**
- **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 completed his ME. Subsequently he joined Bethlehem Steel company. At both places he carried out some experiments, how to increase human efficiency.
- Even after his retirement, he continued to develop scientific management. On the basis of his experiments many papers and books were published and his all contributions compiled in a book **“Scientific Management”**.

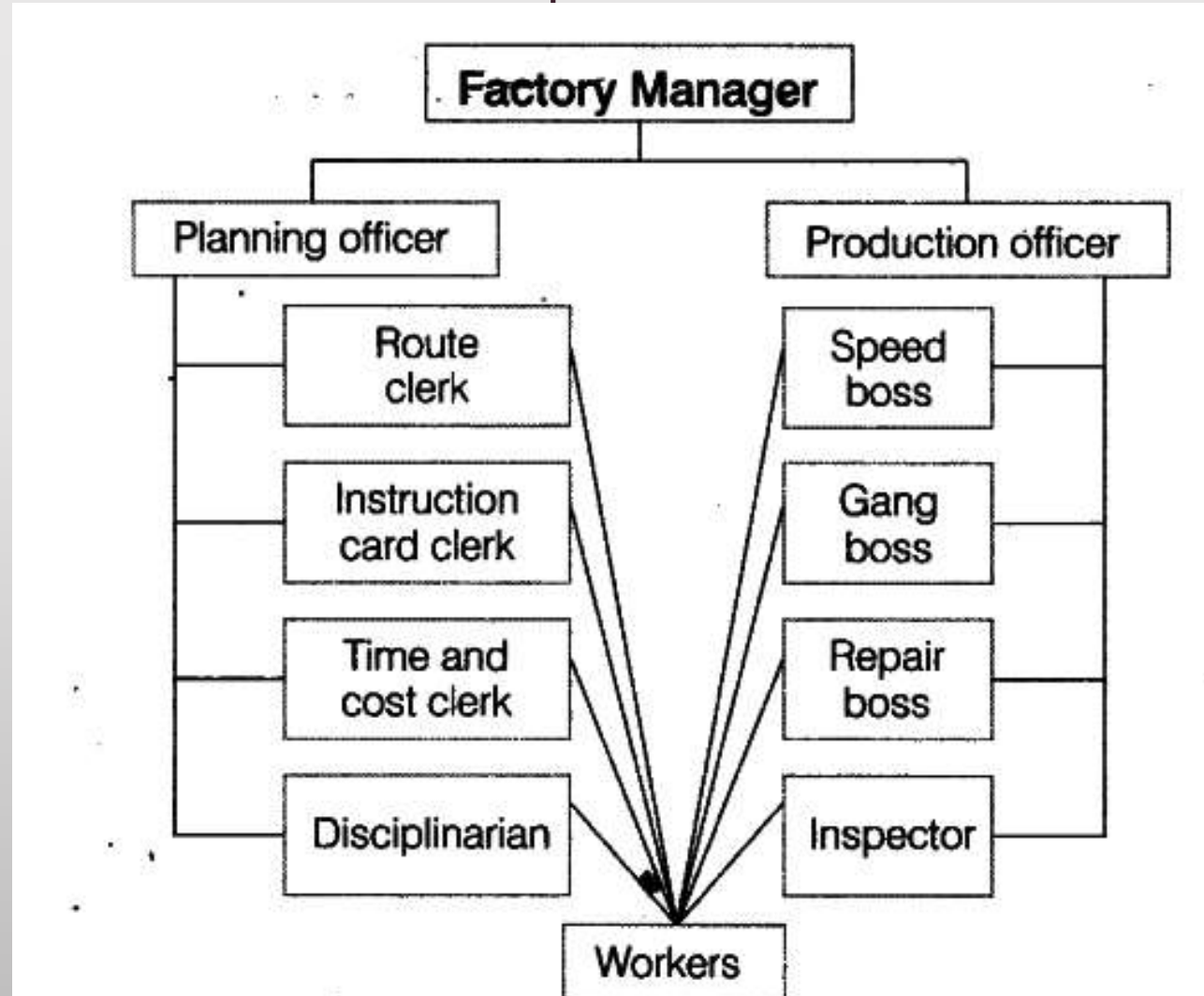
Main Features of Scientific Management

1. Separations of Planning and Doing

- The separation of planning aspects from actual doing of work.
- Before this concept, Worker used to plan about how he had to work and what instruments were necessary for that.
- The worker was put under supervision of a supervisor commonly known as Gang Boss.
- The supervisor's job was merely to see how the workers were performing. This was creating a lot of problems.
- Hence, he emphasized planning should be left to supervisor and the worker should emphasize only operational work.

2. Functional Foremanship

- On the basis of different functions 8 persons are involved in directing activities of workers



3. Job Analysis

- It is undertaken to find out one best way of doing the thing.
 - Time Study
 - Motion Study
 - Fatigue Study
- **Time – Motion – Fatigue Study**

4. Standardization

- Standardisation should be maintained in respect of Instruments and tools, Period of works, Amount of work, Working conditions, Cost of productions, 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 Worker

- 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 Incentive

- Taylor has suggested that wages should be based on individual performance and not on the position which he occupies.
- That's why he introduced Differential Piece Rate System

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

- Mutual co-operations between management and workers.
- Shift must taken place from Conflict to Co-operations.
- In the absence of this, no principles of scientific management can be applied.

Principles of Scientific Management

1. Replacing Rule of Thumb with Science

- Organized knowledge should be applied which replace rule of thumb.
- Scientific method denotes precisions in determining any aspects of work, rule of thumb emphasis on estimation.
- Various aspects of work like –
 - Differential piece rate system
 - Day's fair work
 - Amount of work, etc...
- These should not be based on estimation.

2. Harmony in Group Action

- Harmony in group action rather than discord (Conflict)
- Mutual give and take situation and proper understanding so that the group as a whole contributes to the maximum.

3. Co-operations

- Mutual confidence, co-operations & Goodwill
- Co-operations between Management and Workers
- It can be developed through mutual understanding and a change in thinking
- Substitution of war for peace, healthy & brotherly co-operations, becoming friends instead of enemies.

4. Maximum Output

- Continuous increase in production and productivity must be focused instead of restricted production.
- He advised the management and workers to increase the size of output until it becomes so large that it becomes necessary to quarrel over how production shall be divided.

5. Development of Worker

- All workers should be developed to the fullest level
- Scientific Selection
- Providing training at Work-place
- Training may be through non scientific methods.

CONTRIBUTION 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 looked at the problem of managing organization from the top management point of view.
- He emphasized that principles of management are flexible and not absolute and are usable regardless of changing and special conditions.

General Principles of Management

- Management principle is a fundamental truth and establishes cause-effect relationship.
- Management elements denotes the function performed by a manager.
- He has emphasized on two things:
 1. The list of principles is not exhaustive (complete) but suggestive and has discussed only those principles which he followed on most occasions.
 2. Principles of management are not rigid, but flexible.

1. Division of Work

- Dividing the full work of the organization among individuals and creating departments is called the division of work.
- Division of work leads to specialization, and specialization helps to increase efficiency and productivity which results in improvements in the productivity and profitability of the organization.
- Acquire an ability, sureness, accuracy which increases their output due to specialization.
- It can be applied at all levels of organization.

2. Authority and Responsibility

- According to Henri Fayol, there should be a balance between Authority (Power) and Responsibility (Duties). The right to give orders should not be considered without reference to responsibility.
- If the authority is more than responsibility then chances are that a manager may misuse it. If responsibility is more than authority then he may feel frustrated.
- Official authority derives from the manager position.
- Personal authority is derived from personal qualities such as intelligence, experience, morality, etc.
- Responsibility arrives out of assignment of activity.

3. Discipline

- Discipline is obedience behaviors and outward mark of respect shown by employees.
- Discipline means respect for the rules and regulations of the organization. Discipline may be Self-discipline, or it may be Enforced discipline.
- Self imposed discipline springs from the within the individual.
- Command discipline is in form of remunerations, warnings, suspensions, and dismissals, etc.
- To establish discipline, good supervision and impartial judgment are needed.

4. Unity of Command

- According to this principle, a subordinate (employee) must have and receive orders from only one superior (boss or manager).
- To put it another way, a subordinate must report to only one superior. It helps in preventing dual subordination. This decreases the possibilities of “Dual subordination” which creates a problem is a function of managers.
- Less number of problem in conflicts in instructions and greater is the feeling of personal responsibilities for results.
- Contrary to Taylor’s Functional Foremanship.

5. Unity of Direction

- One head and one plan for a group of activities with the same objective. All activities which have the same objective must be directed by one manager, and he must use one plan.
- For example, all marketing activities such as advertising, sales promotion, pricing policy, etc., must be directed by only one manager.
- He must use only one plan for all the marketing activities. Unity of direction means activities aimed at the same objective should be organized so that there are one plan and one person in charge.
- It improves coordination among various activities.

6. Subordination of Individual Interests to the General Interest

- The interest of one individual or one group should not prevail over the general good. The individual interest should be given less importance, while the general interest should be given the most importance.
- If not, the organization will collapse. The interest of the organizational goal should not be sabotaged by the interest of an individual or on the group.
- Individual interest must be subordinate to general interest when there is conflict between two.
- Ambition, laziness, weakness, etc... tend to reduce the importance of general interest.
- Continuous vigilance (watchfulness for danger) and supervision is desired.

7. Remuneration

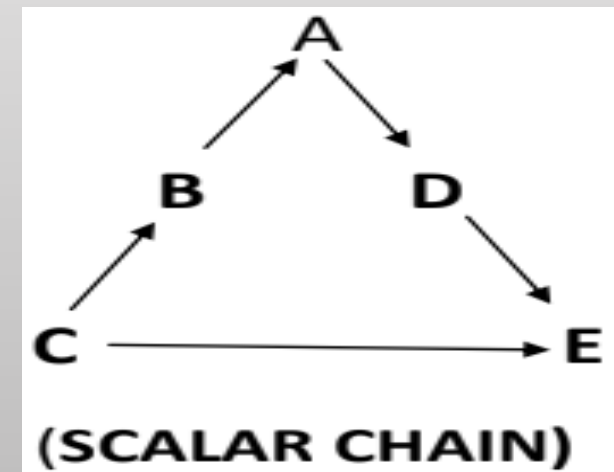
- Remuneration is the price for services received. Pay should be fair to both the employee and the firm.
- If an organization wants efficient employees and best performance, then it should have a good remuneration policy.
- It must be fair & Provide maximum satisfaction to employee & Employers.
- Fayol did not favour profit-sharing plan for worker but advocated it for managers.
- Non-financial benefits must be given.
- Compensation should be based on a systematic attempt to reward good performance.

8. Centralization

- It is always present to a greater or lesser extent, depending on the size of the company and the quality of its managers. In centralization, the authority is concentrated only in a few hands.
- However, in decentralization, the authority is distributed to all the levels of management. No organization can be completely centralized or decentralized.
- If there is complete centralization, then the subordinates will have no authority (power) to carry out their responsibility (duties). Similarly, if there is complete decentralization, then the superior will have no authority to control the organization.
- In small firm, centralization is the natural, but in large scale firm, series of intermediaries are required.
- Degree of centralization and decentralization is desirable, it may vary constantly.

9. Scalar Chain

- The chain of command, sometimes called the scalar chain, is the formal line of authority, communication, and responsibility within an organization.
- The chain of command is usually depicted on an organizational chart, which identifies the superior and subordinate relationships in the organizational structure.
- Or it is the line of authority from top to bottom of the organization. This chain implements the unity-of-command principle and allows the orderly flow of information.
- Communication going up or down, must flow through each position, in the line of authority.



10. Order

- A place for everything and everything in its place' the right man in the right place. There should be an Order for material/things and people in the organization.
- There must be an orderly placement of the resources such as Men and Women, Money, Materials, etc. Human and material resources must be in the right place at the right time. Misplacement will lead to misuse and disorder.
- Order for things is called Material Order and order for people is called 'Social Order'. Material Order refers to "a place for everything and everything in its place."
- Social Order refers to the selection of the "right man in the right place".

11. Equity

- While dealing with the employees a manager should use kindness and justice towards employees equally. Equity is a combination of kindness and justice.
- It creates loyalty and devotion in the employees toward the organization. The equity principle suggests that the managers must be kind as well as equally fair to the subordinates.

12. Stability of Tenure

- Although it could take a lot of time, Employees need to be given fair enough time to settle into their jobs. An employee needs time to learn his job and to become efficient.
- The employees should have job security because instability leads to inefficiency. Successful firms usually had a stable group of employees.
- No employee should remove in short time.
- Reasonable security of job.
- Avoid unnecessary tenure.

13. Initiative

- Management should encourage initiative.
- That is, they should encourage the employees to make their own plans and to execute these plans. This is because an initiative gives satisfaction to the employees and brings success to the organization.
- It allows the subordinates to think out a plan and do what it takes to make it happen.
- It increases Zeal and Energy of employees.

14. Esprit de Corps

- Esprit de Corps means “Team Spirit”. Therefore, the management should create unity, co-operation, and team-spirit among the employees.
- They should avoid dividing and rule policy. Harmony, cohesion among personnel. It's a great source of strength in the organization. It is a quality in every successful business.

**CENTRALIZATION
AND
DECENTRALIZATION
OF
AUTHORITY**

- **Centralization:** Concentration of Authority
- **Decentralization:** Dispersion of Authority
- “Centralization is the systematic and consistent reservation of authority at central point within an organization.”
- “Decentralization applies to the systematic delegation of authority in an organization”

Factors determining Degree of Decentralization:

1. Size of the organization
2. History of the organization
3. Management Philosophy
4. Availability of Managers
5. Patterns of Planning
6. Control Techniques
7. Decentralized activities
8. Rate of change in the organization
9. Environment Influences

Benefits of Centralization:

- Opportunity for Personal Leadership
- Integration of Efforts
- Quick Decision
- It makes communication and control easier in the organization
- It helps in reducing wastages of efforts by avoiding duplication
- Uniformity in actions

Benefits of Decentralization:

- It reduces burden of top management, they spend more time in strategic management
- It facilitates growth and expansion
- It is a good philosophy to motivate managers
- Encourages development of managers by providing opportunities to their shoulder more responsibility
- More result oriented approach