

UNIT- I

INTRODUCTION TO MANAGEMENT

Management is what managers do. It also refers to people at the top level, in the organization, concerned with decision-making. In the present context, managing has become one of the most important areas of human activity because of increasing role of large and complex organisations in the society. Because of their increasing role, the organisations have attracted the attention of both practitioners and academicians to find out the solutions for business problems.

M

A --- The Manager

N

A

G --- Knowledge

E

M

E --- The People

N

T --- Technology/Techniques/Tactics

CONCEPT OF MANAGEMENT

In the above, Man refers to the manager who leads the groups and organisation and is responsible for the performance of other activities. Here age does not means chronological age, it refers to the knowledge to be possessed by a manager to operate the organisation successfully. Knowledge can be secured through experience, study and exposure.

The word men stands for the term people, i.e the team of subordinates working under the supervision and control of the managers. They achieve the objectives with the assistance of subordinates. T denotes technology, it means know how. Managers should also possess skills, techniques and tactics to win the game and to achieve the objects.

DEFINITIONS

“Management is the art of getting things done through and with people in formally organized groups” --- **Koontz**

“Management is the art of getting things done through and with people” ----- **Mary Parker**

“Management is the art of knowing what you want to do and then seeing that it is done in the best and cheapest way”
– **F.W. Taylor**

“Management is the accomplishment of results through the efforts of other people”
-- **Lawrence**

“Management is to manage is to forecast and plan, to organize, to command, to coordinate and control”.
--**Henry Fayol (1916)**

“Management is a process involving planning, organizing, staffing, directing and controlling human efforts to achieve stated objectives in an organization.”

From the above definitions, the following **features** are identified:-

- Organised Activities
- Existence of objectives
- Relationship among resources
- Working with and through people
- Decision Making

NATURE OF MANAGEMENT

The study and application of management techniques in managing the affairs of the organization have changed its nature over a period of time. The following points will describe the nature of management

- **Multidisciplinary**

- **Dynamic nature of Principles**
- **Relative, Not absolute Principles**
- **Management: Science or Art**
- **Management as profession**
- **Universality of management**
- **Management is a Situational in Nature**

1. Multidisciplinary:

Management has been developed as a separate discipline, but it draws knowledge and concepts from various disciplines like psychology, sociology, anthropology, economics, statistics, operations research etc.,. Management integrates the idea and concepts taken from these disciplines and presents newer concepts which can be put into practice for managing the organisations

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 organization exists.

3. Relative, Not absolute Principles:

Management principles are relative, not absolute, and they should be applied according to the need of the organization. Each organization may be different from others. The difference may exist because of time, place, socio-cultural factors, etc.,

4. Management: Science or Art:

There is a controversy whether management is science or art.

An **art** is personal skill of business affairs. Art is characterized by practical knowledge, personal creativity and skill. The more one practices an art, the more professional one becomes. Management can be considered as an art because it satisfies all these criterion of an art.

A **science** is a systematized body of knowledge of facts. It can establish cause-and-effect relationships among various factors. It involves basic principles, which are capable of universal

application. Management can be considered as science because it satisfies all these criterion of a science.

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. Profession refers to a vocation or a branch of advanced learning such as engineering or medicine.

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.

7. Management is a Situational in Nature:

The same style of management cannot work for the same situation every time. The changes in situation may call for a change in the style of functioning of manager.

IMPORTANCE OF MANAGEMENT

Management has been important to the daily lives of people and to the organisations. The importance of management may be traces with the following.

- **Effective utilisation of Resources**
- **Development of Resources**
- **It ensures continuity in the organization**
- **Integrating various interest groups**
- **Stability in the society**

1. Effective utilisation of Resources:

Management tries to make effective utilisation of various resources. The resources are scarce in nature and to meet the demand of the society, their contribution should be more for the general interests of the society. Management not only decides in which particular alternative a particular resource should be used, but also takes actions to utilize it in that particular alternative in the best way.

2. Development of Resources:

Management develops various resources. This is true with human as well as non-human factors. Most of the researchers for resource development are carried on in an organized way and management is involved in these organized activities.

3. It ensures continuity in the organization:

Continuity is very important in the organisations. Where there are no proper guidelines for decision making continuity can not be guaranteed. It is quite natural that new people join while some others retire or leave the organization. It is only management that keeps the organization continuing.

4. Integrating various interest groups:

In the organized efforts, there are various interest groups and they put pressure over other groups for maximum share in the combined output. For example, in case of a business organization, there are various pressure groups such as shareholders, employees, govt. etc. these interest groups have pressure on an organization. Management has to balance these pressures from various interest groups.

5. Stability in the society:

Management provides stability in the society by changing and modifying the resources in accordance with the changing environment of the society. In the modern age, more emphasis is on new inventions for the betterment of human beings. These inventions make old systems and factors mostly obsolete and inefficient. Management provides integration between traditions and new inventions, and safeguards society from the unfavorable impact of these inventions so that continuity in social process is maintained.

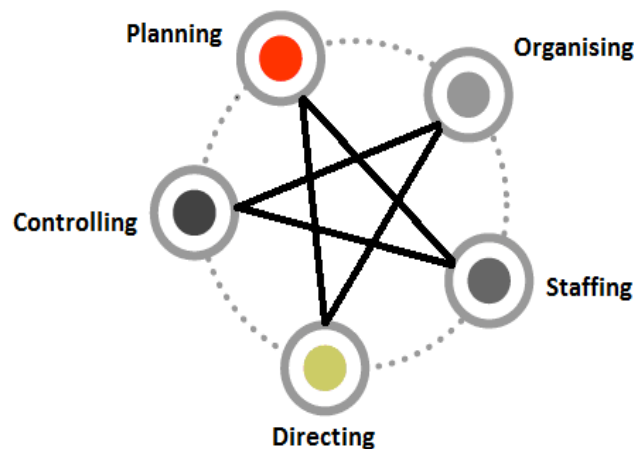
Functions of Management:-

To achieve the organisational objectives managers at all levels of organization should perform different functions. A function is a group of similar activities.

The list of management functions varies from author to author with the number of functions varying from three to eight.

Writers	Management Functions
Henry Fayol	Planning, Organizing, Commanding, Coordinating, Controlling
Luther Gullick	POSDCORB- Planning, Organising, Staffing, Directing, Coordinating, Reporting, Budgeting
R. Davis	Planning , Organising, Controlling
E.F.L. Breech	Planning, Organising, Motivating, Coordinating, Controlling
Koontz	Planning, Organising, Staffing, Leading, Controlling

Different authors presented different variations. By combining some of functions, these are broadly grouped into Planning, Organising, Staffing, Directing, and Controlling.



1. Planning:

Planning is the conscious determination of future course of action. This involves why an action, what action, how to take action, and when to take action. Thus, planning includes

determination of specific objectives, determining projects and programs, setting policies and strategies, setting rules and procedures and preparing budgets.

2. Organising:

Organising is the process of dividing work into convenient tasks or duties, grouping of such duties in the form of positions, grouping of various positions into departments and sections, assigning duties to individual positions, and delegating authority to each positions so that the work is carried out as planned. It is viewed as a bridge connecting the conceptual idea developed in creating and planning to the specific means for accomplishment these ideas.

3. Staffing:

Staffing involves manning the various positions created by the organizing process. The main purpose of staffing is to put right man on right job. It includes preparing inventory of personnel available and identifying the sources of people, selecting people, training and developing them, fixing financial compensation, appraising them periodically etc.

4. Directing:

When people are available in the organization, they must know what they are expected to do in the organization. Superior managers fulfill this requirement by communicating to subordinates about their expected behavior. Once subordinates are oriented, the superiors have continuous responsibility of guiding and leading them for better work performance and motivating them to work with zeal and enthusiasm. Thus, directing includes communicating, motivating and leading.

Supervision-implies overseeing the work of subordinates by their superiors. It is the act of watching & directing work & workers.

Motivation- means inspiring, stimulating or encouraging the sub-ordinates with zeal to work. Positive, negative, monetary, non-monetary incentives may be used for this purpose.

Leadership- may be defined as a process by which manager guides and influences the work of subordinates in desired direction.

Communications- is the process of passing information, experience, opinion etc from one person to another. It is a bridge of understanding

5. Controlling: Controlling involves identification of actual results, comparison of actual results with expected results as set by planning process, identification of deviations between the two, if any, and taking of corrective action so that actual results match with expected results.

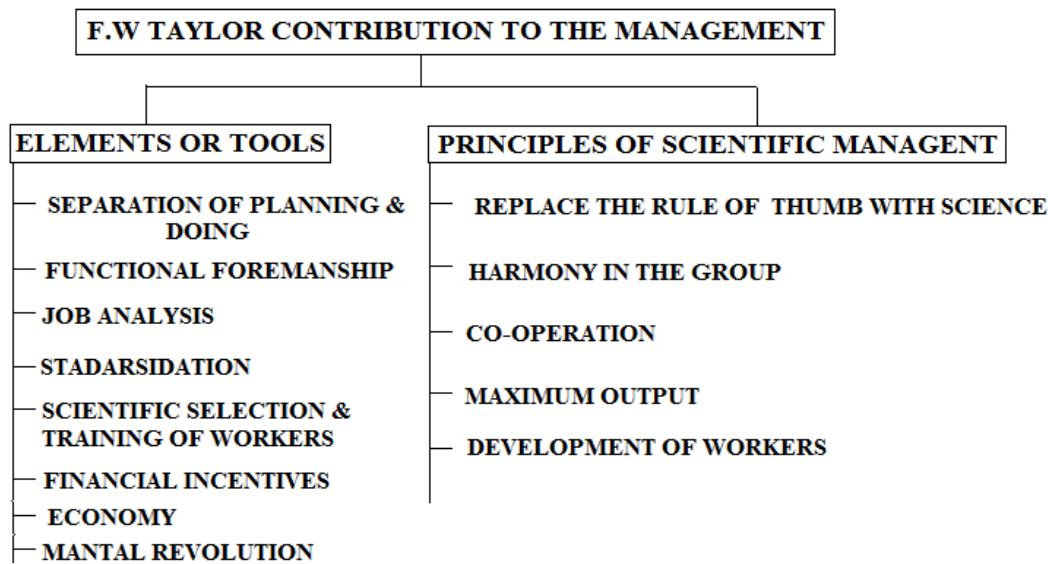
SCIENTIFIC MANAGEMENT PERIOD

The scientific management period hold prominently two greatest exponents of classical theories. They are Henry Fayol (1841-1925), who was a French Industrialist (a mining engineer), and F.W.Taylor (1856-1915) who started his carrier as an apprentice in engineering and later rose to the level of a ship superintendent.

TAYLOR & SCIENTIFIC MANAGEMENT

The concept of scientific management was introduced by **Frederick Winslow Taylor** in USA in the beginning of 20th century. He is **Father of Scientific Management**. Taylor spent grater part of his life on finding solutions to the problems of achieving grater efficiency on the ship floor. Taylor suggestions were the outcomes of his own experience at work initially as a shop floor worker himself and later as a manager. He observed the workers and working environment in the company. On the basis of his observation he found easiest ways to give more output to the organisation.

“Scientific management is concerned with knowing exactly what you want to do and then see in that they do it in the best and cheapest way.” Since Taylor has put the emphasis on solving managerial problems in a scientific way, often, he is called as father of scientific management and his contributions as the principles of scientific management. Taylor carried experiments about how to increase the efficiency of people. On the basis of experiments, he published many papers and books and all his contributions were compiled in his book “scientific management”. His contributions are divided into two parts.



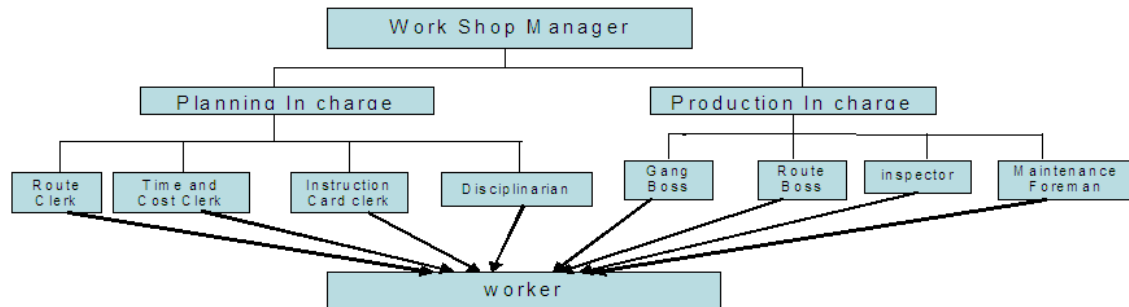
FEATURES / ELEMENTS AND TOOLS OF SCIENTIFIC MANAGEMENT

1) Separation of planning & doing:

Taylor emphasized the separation of planning aspect from actual doing of the work. In other words planning should be left to the supervisor and the worker should concentrate only operational work.

2) Functional Foremanship:

Taylor introduced the concept of functional foremanship based on specialization of functions. In this system, eight persons are involved to direct the activities of workers. Out of these four persons are concerned with planning viz., route clerk, instruction card clerk, time and cost clerk and disciplinarian. The remaining four persons are concerned with doing aspect of the job, viz., speed boss, inspector, gang boss and maintenance foreman. It is against to the principle of unity of command.



3) Job Analysis:

It is useful to find out the one best way of doing the things. 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.

- ❖ **Time study:** Time study involves the determination of time a movement takes to complete.
- ❖ **Motion study:** Motion study involves the study of movements in parts which are involved in doing a job and thereby eliminating the wasteful movements.
- ❖ **Fatigue study:** Fatigue study shows the amount and frequency of rest required in completing the work.

Thus, job analysis identifies the fair amount of a day's work requiring certain movements and rest periods to complete it.

4) Standardization:

As far as possible, standardization 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 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 training should be provided to workers to make them more effective and efficient.

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 rate per piece and one who does not complete gets at lower rate.

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. The economy and profit can be achieved by making the resources more productive as well as by eliminating the wastages.

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.

PRINCIPLES OF SCIENTIFIC MANAGEMENT

Taylor has given certain basic principles of scientific management.

1) Replacing rule of thumb with science:

According to Taylor, exactness of various aspects of work like day's fair work, standardization 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.

2) Harmony in group action:

Taylor has pointed out 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 cooperation rather than chaotic individualism. It is based on mutual confidence, co-operation and goodwill. Co-operation between management and workers can be developed through mutual understanding and a change in thinking.

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. In his opinion, "there is no worse crime to my mind than that of deliberately restricting output"

5) Development of workers:

All workers should be developed to the fullest extent possible for their own and for the company's highest prosperity. Training should be provided to the workers to keep them fully fit according to the requirement of new methods of working which may be different from non-scientific methods.

Benefits from Scientific Management:

- It improved working methods and brought enormous increase in productivity.
- It developed rational approach to measure tasks and processes with a considerable degree of accuracy

- Physical working conditions for the employees underwent a big changes
- Piece rate wage system was introduced and incentive systems were evolved
- It laid the foundation for work study and other related techniques
- It initiated certain improvements in working methods, plant design and other things in the organisation

Criticism of Scientific Management:

The theory of Scientific Management was heavily criticised by the employers, the workers, and psychologists. Employers criticised the process of scientific approach as costly and unworkable

- It ignores the functional areas of management such as marketing, finance and so on
- Individual creativity is ignored by favouring one best way
- Workers is reduced to a cog in the machines
- Mobility among workers gets restricted because of narrow specialisation
- Workers are not involved in the planning part of the job which was controlled by the management.

FAYOL'S ADMINISTRATIVE MANAGEMENT

Henry Fayol is a French Industrialist and the father of modern operational management theory. Fayol recognized the following organizational activities.

Organizational Activities: Fayol divided the activities of organization into six groups---

- Technical (related to production)
- Commercial (buying, selling and exchange)
- Financial (search for capital and its optimum use)

- Security (protection of property and person)
- Accounting
- Managerial (planning, organizing, commanding, coordinating and controlling)

Among the above activities Fayol considered managerial activities are the most important for the success of business and he concentrated more on that. His contributions are divided the following categories.

- Qualities of a manager
- General principles of management
- Elements of management

Managerial Qualities and Training: According to Fayol the following are the list of qualities required in a manager.

- Physical (Health, Vigor and Health)
- Mental (Ability to understand and learn, judgment , mental vigor and capability)
- Moral (energy, firmness, initiative, loyalty, tact etc.,)
- Educational
- Technical (peculiar to the function being performed)
- Experience

GENERAL PRINCIPLES OF MANAGEMENT:

Fayol has given 14 principles of management. He has made distinction between management principles and management elements. While management principles is a fundamental truth and establishes cause effect relationship, elements of management denotes the function performed by a manager.

Principles:-

- **Division of work**
- **Authority and Responsibility**
- **Discipline**

- **Unity of Command**
- **Unity of Direction**
- **Subordination of individual interest to general interest**
- **Remuneration**
- **Centralization**
- **Scalar Chain**
- **Order**
- **Equity**
- **Stability**
- **Initiative**
- **Esprit de corps**

1. Division of work:

It is helpful to take the advantage of specialization. Here, the work is divided among the members of the group based on the employees skills and talents. It can be applied at all levels of the organization.

2. Authority and Responsibility:

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 between authority and responsibility.

3. Discipline:

All the personal serving in an organization should be disciplined. Discipline is obedience, application, behavior and outward mark of respect shown by employees.

4. Unity of Command:

Unity of command means that a person should get orders from only one superior. Fayol has considered unity of command as an important aspect in managing an organization. He

says that “should it be violated, authority is undermined, discipline is in jeopardy, order disturbed, and stability threatened.”

5. Unity of Direction:

According to this principle, each group of activities with the same objective must have one head and one plan. It is concerned with functioning of the organization in respect of grouping of activities or planning. Unity of direction provides better coordination among various activities to be undertaken by an organization.

6. Subordination of individual interest to general interest:

Individual interest must be subordinate to general interest when there is conflict between the two. However factors like ambition, laziness, weakness, etc., tend to reduce the importance of general interest. Therefore, superiors should set an example in fairness and goodness.

7. Remuneration to Personnel:

Remuneration to employees should be fair and provide maximum possible satisfaction to employees and employers. Fayol did not favor profit sharing plan for workers but advocated it for managers. He was also in favor of non-financial benefits.

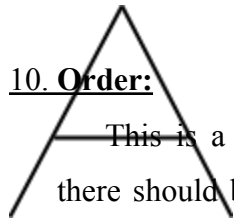
8. Centralization:

Everything which goes to increase the importance of subordinate's role is decentralization; every thing which goes to reduce it is centralization. The degree of centralization or decentralization is determined by the needs of the company.

9. Scalar Chain:

There should be a scalar chain of authority and of communication ranging from the highest to the lowest. It suggests that each communication going up or coming down must flow through each position in the line of authority. It can be short-circuited only in special circumstances. For this purpose, Fayol has suggested ‘gang plank’

Scalar chain and gang plank can be presented as follows



10. Order:

This is a principle relating to the arrangement of things and people. In material order, there should be a place for every thing and every thing should be in its place. Similarly, in social order, there should be the right man in the right place.

11. Equity:

Equity is the combination of justice and kindness. Equity in treatment and behavior is liked by everyone and it brings loyalty in the organization. The application of equity requires good sense, experience and good nature.

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

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:

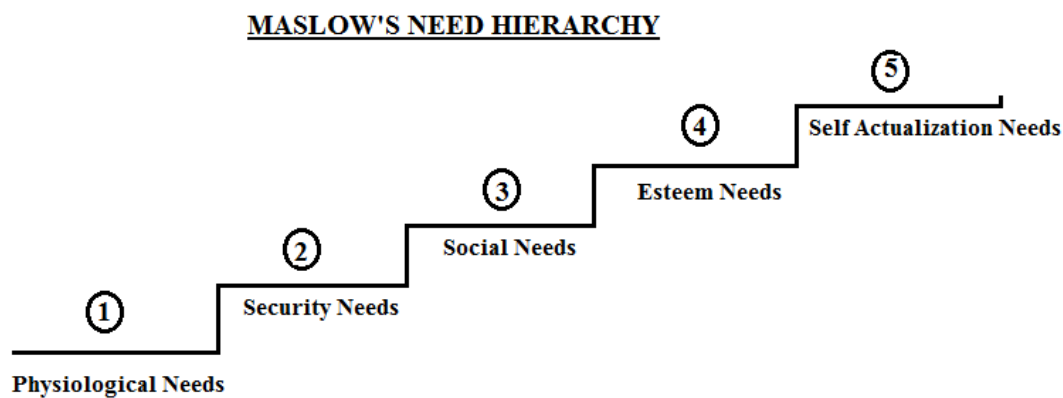
It is the principle of 'union is strength' and extension of unity of command for establishing team work. The manager should encourage esprit de corps among his employees.

These principles reflect how the organisation should be structured. They also explain how the managers and workers should be taken care of. Henry Fayol contributed immensely to the growth of professional management.

Motivational Theories

MASLOW'S NEED HIERARCHY

The behaviour of an individual at a particular movement is usually determined by his strongest need. Psychologist's claims that needs have a certain priority, as the more basic needs are satisfied, an individual seeks to satisfy the higher needs. If his basic needs are not met, efforts to satisfy the higher needs should be postponed. A.H. Maslow, a famous social scientist, has given a framework that helps to explain the strength of certain needs. According to him, there is hierarchy for need, which is presented in the following way.



- **Physiological needs:**

The Physiological needs are at the top of hierarchy because they tend to have the highest strength until they are reasonably satisfied. Until these needs are satisfied to the degree needed for the efficient operation of the body, the majority of a person's activities will probably at this level, and the other level will provide him with little motivation.

A famous saying 'man can live on bread alone if there is no bread' suggests that man first try to acquire necessities for their survival.

- **Safety Needs:**

Once physiological needs are satisfied to a reasonable level, the next level in the hierarchy is safety. Safety means being free of physical danger or self-preservation. In the

industrial society, employee can be motivated through either positive action like pension plan, insurance plan etc... Or negative actions like laid off or demotions.

- **Social needs:**

After the first two needs are satisfied, social needs become important in the need hierarchy. Since man is a social being, he has a need to belong and to be accepted by various groups. In the organisation, workers form informal group environment to support unfulfilled social needs such as affiliation.

- **Esteem needs:**

These needs are concerned with self respect, self confidence, a feeling of personal worth, feeling of being unique and recognition. Satisfaction of these needs produces feelings of self confidence, prestige, power and control. These needs are satisfied through adaptive behaviour, matured behaviour or with irresponsible actions.

- **Self actualization needs:**

It is the need to maximize ones potential, whatever it may be. It is related with the development of intrinsic capabilities which lead people to seek situations that can utilize their potential. This includes competence which implies control over environmental factors both physical and social and achievement.

- **Conclusion:**

Maslow suggest that the various levels are interdependent and overlapping, each higher level need emerging before the lower level need has been completely satisfied. Since one need does not disappear when another emerges, all needs tend to be partially satisfied in each area.

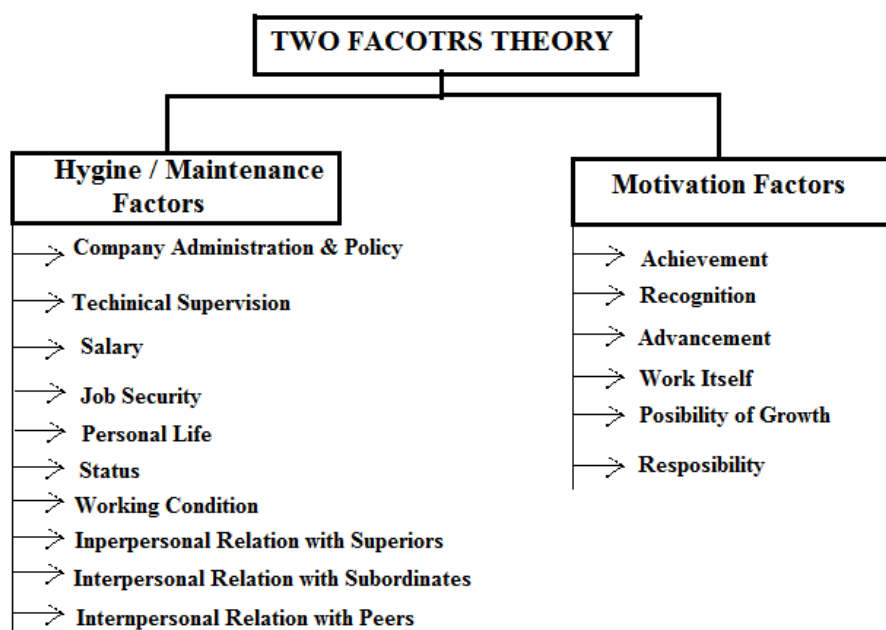
HERZBERG'S MOTIVATION – HYGIENE THEORY

Frederick Hertzberg conducted a structured interview programme to analyse the experience and feelings of 200 engineers and accountants in nine different companies in Pittsburg area, U.S.A during the structured interview, they were asked to describe a few previous job experiences in which they felt 'exceptionally good' or exceptionally bad about jobs.

In his analysis, he found that there are some job conditions which operate primarily to dissatisfy employees when the conditions are absent, however their presence does not motivate them in a strong way.

Another set of job conditions operates primarily to build strong motivation and high job satisfaction, but their absence rarely proves strongly dissatisfying.

The first set of job conditions has been referred to as maintenance or hygiene factors and second set of job conditions as motivational factors.



Hygiene Factors:

According to Hertzberg, there are 10 maintenance factors. These are company policy and administration, technical supervision, salary, job security, personal life, status, working

conditions, interpersonal relationship with superiors, interpersonal relationship with peers and interpersonal relationship with subordinates. These maintenance factors are necessary to maintain at a reasonable level of satisfaction in employees. Any increase beyond this level will not produce any satisfaction to the employees: however, any cut below this level will dissatisfy them.

Motivational Factors:

These factors are capable of having a positive effect on job satisfaction often resulting in an increase in ones total output. Herzberg includes six factors that motivate employees. These are achievement, recognition, advancement; work itself, possibility of growth and responsibility. Most of the above factors are related with job contents. An increase in these factors will satisfy the employees: however, any decrease in these factors will not affect their level of satisfaction. Since, these increased level of satisfaction in the employees, can be used in motivating them for higher output.

Theory “X” and Theory “Y”

Douglas McGregor in his books “The Human Side of the Enterprise” has pointed out two sharply opposite concepts of Management Styles for the Motivation of Human Behaviour. The two sets of assumptions managers make about the nature of their employees. These sets are names as theory X and Theory Y.

Under Theory **X**, it is assumed that

- Employees are inherently lazy
- They require constant guidance and support
- Some times they require even coercion and control
- Given an opportunity, they would like to avoid responsibility
- They do not show up any ambition but always seek security

Under Theory **Y** a totally different set of assumptions about the employees. Theory Y states that

- Some employees consider work as natural as play or rest
- These employees are capable of directing and controlling performance on their own.
They are much committed to the objectives of the organisation
- Higher rewards make these employees more committed to the organisation
- Given an opportunity, they not only accept responsibility but also look for opportunities to outperform others

- Most of them are highly imaginative, creative and display ingenuity in handling organizational issues