

UNIT- I

HISTORY OF MANAGEMENT

The history of management can be traced back to 5000 B.C. when the agriculture revolution was at the initial stage. In Egypt, in 2900 B.C., the pyramids were built in a highly organised and coordinated manner. These pyramids have become a classic example of management. Apart from this, management skills can also be found in the suave cities of Mohan-jo-Daro in India. Another great example of management was shown in the organised military of Alexander the Great during his military conquests in 336 to 323 B.C. Management was also a part of the Roman Empire, which organised its general administration and controlled its political, military and judgmental issues by using effective communication. Management that we observe in organisations is attributed to the industrial revolution in the late eighteenth century. Let us discuss about management and the industrial revolution.

EVOLUTION OF MANAGEMENT THOUGHTS

The concept of management is not new and has emerged as a result of a complex evolutionary process. Management has been practiced for many years right from the time of The Sumerians, Babylonians, and Romans. However, it gained importance during the industrial revolution and was backed by many forces. The main forces of management:

Let us study these forces in detail.

□ **Political forces:** Political forces, such as government regulations, political institutions, and trade policies affect in the areas of environmental analysis, organisational design and structure, and employee rights. Political pressure has a major impact on organisations' management as the rights of customers, suppliers, labour, creditors, owners, and other segments keep changing with respect to changes in the political environment of a country.

□ **Social forces:** These forces can be in the form of social norms arising from the values and beliefs of people in a society. These forces help in the formation of social contracts, wherein no particular sets are mutually understood. People interact with each other on the basis of these norms. Similarly, social contracts are also formed between organisations and their labour, creditors, investors, and customers. School for Continuing Education

□ **Economic forces:** These forces are responsible for the formation of base market economy and other concepts, such as private ownership of property, economic freedom, and competitive markets. These forces also play an important role in determining the distribution of goods and services in a society.

Management- Definitions

*Management as how the mind controls the human body and its function similar management (mind) controls the various activities (human body) in the Organisation

*Collection of physical equipments, 4 M's in Organisation – Men, Machine, Materials, Money, and leads to nothing. For efficient and profitable functioning it is necessary that all these factors are put to work in a co-ordinated manner.

Management Definition

*****Management is a multipurpose organ that manage a business and manages Managers and manages Workers and work. —Peter Drucker***

*****According to George R. Terry, "Management Is a distinct process consisting of planning, organising, actuating and controlling; utilising in each both science and art, and followed in order to accomplish pre- determined objectives."***

*****According to Peterson and Plowman, "Management may be defined as the process by means of which the purpose and objectives of a particular human group are determined, clarified and effectuated"***

_**One popular definition is by Mary Parker Follett. Management, she says, is the "art of getting things done through people."

*****According to Harold Koontz, "Management is the art of getting things done through others and with formally organised groups."***

*****According to F.W. Taylor, "Management is the art of knowing what you want to do and then seeing that they do it in the best and the cheapest may."***

Various dimensions / Scope of management

Functional concept:

1. Management is that function of an enterprise which concerns itself with the direction and control of various activities to attain the business activities.---William Spiegel

2. Management is the planning, organizing, command, coordination and control of the technical, financial security and accounting activities.-----Louis A Allen

3. Management is the process by which a cooperative group directs towards a common goal---Joseph Messie

4. To manage is to forecast and plan to organize, to command, to coordinate and to control.-----Henry Fayol

Human Relations concept:

1. Management is the art of directing and inspiring people.-----Mooney and Railey.

2. Management is getting things done through the efforts of other people.----Lawrence A Appley.

3. Management consists of getting things done through others. Manager is one who accomplishes the objectives by directing the efforts of others.---S.George.

Leadership and decision making concept:

1. Management is the art and science of decision making and leadership.----Donald J Clough

2. Management is the function of executive leadership anywhere.----Ralph C Davis.

3. Management means decision making.-----Ross Moore.

Productivity concept:

1. Management is the art of knowing what you want to doin the cheapest way.-----F.W.Taylor.

2.

Integration concept:

1. Management is the force that integrates men and physical plant into an effective operating unit---Keith

2. Management is the total task of welding in to a single working force men, money, machinery and methods.-M.Benergee

3. Management is a coordination of the human and material resource essentially in the effective and efficient attainment of objectives.---Robert.

Nature/Characteristics of Management

- Management is Universal
- Management is dynamic
- Management is a group of managers
- Management is attainment of predetermined objectives
- Management is goal oriented
- Management is integrative Function
- Management is a Social process
- Management is a Multi-faceted discipline
- Management is a continuous process
- Management is a system of authority
- Management is a resource
- Management is intangible
- Management is profession
- Management is an art as well as a science

ADMINISTRATION VS MANAGEMENT

Basis of Distinction	Administration	Management
Policy and objectives	Determination of objectives & policies	Implementation of Policies
Main Functions	Legislative & determination function	Executive Function
	Planning, Organizing, staffing	Directing, Motivating, Coordinating, Controlling
Scope	Major decisions about the enterprise as a whole	Decisions within the framework set by administration

Influence	Influenced mainly by public opinion & other outside force	Influenced mainly by administrative function
Levels of Management	Mainly top level function involves thinking & planning	Mainly middle level function involves doing and acting
Nature of status	Consists of owners who invest capital	Employees with specialized knowledge
Level of Executives	Owners/ Board of Directors	MD, GM & Managers
Position	Acts as a principal	Acts as an agency
Knowledge	Requires more admin ability than technical ability	Requires more technical ability than admin ability
Nature of organization usage	Govt, Military, Educational, Religious	Business enterprises

Management as an Art

The main elements of an art are –

- Personal Skills
- Practical know-how
- Application of knowledge
- Result orientation
- Creativity
- Constant practice aimed at perfection

Management is basically an art because of the following reasons –

- A manager applies his knowledge and skills to coordinate the efforts of his people
- Mgt seeks to achieve concrete practical results
- Mgt is creative. It brings out new situation and converts into output
- Effective Mgt lead to realization of Organizational and other goals. Mastery in Mgt requires a sufficiently long period of experience in, managing.

Management as Science

The essential elements of Science

- Systematized body of Knowledge
- Underlying principles and theories developed through continuous observation, inquiry, experimentation and research.
- Universal truth and applicability.
- Organized body of knowledge can be taught and learnt in class room and outside.
- Mgt is a social science. It contains all the essentials of science. It is an inexact science.
- PERT, CPM, Cost A/C, Finance, MBO etc

Thus, the theory (Science) and practice (art) of Mgt go side by side for the efficient functioning of an organisation.

Management as a Profession

The essential attribute of a profession

- A well-defined and organised body of knowledge
- Learning and Experience
- Entry restricted by qualification
- Recognised national body
- Ethical code of conduct
- Dominance of service motive

Mgt is not a full-fledged profession now due to the following shortcomings

- Skills not fully developed
- No uniform method of entry
- Objective is monetary rather than service
- Ethical code is not strict
- Associations are not statutory bodies

But in India it is developing into a profession and it will be achieved in due course.

Managerial Skills/ Management skills/Qualities of manager

Conceptual skills

Human Skills

Technical Skills

Design Skills – Decision making includes the following

Knowledge of the organization

Technical knowledge

Ability to communicate

Ability to listen

Sharp memory

. Ability to secure cooperation

Orderly thinking

Ability to judge subordinates

Emotional stability

10. Ability to inspire and motivate
11. Physically fit and mentally health
12. Great patience
13. Grievances settlement ability
14. No favoritism

Importance of Management/ Need for Management/significance of management:

Management is the dynamic life –giving element in every business. Without it the resources of production remain resources and never become production. Sound Management provides the following benefits.

1. To achieve group goals
2. Optimum utilization of resources
3. To attain social goals
4. Minimization of cost
5. Provides opportunities for change and growth/meets the challenge of change
6. Efficient and smooth running of business
7. To earn high profits
8. To provide innovation
9. Useful for developing countries/Economic growth
10. Sound organization structure
11. For social benefits/ Fulfillment of social obligations
12. Human development
13. Stability

Levels of Management

1. Top Level Mgt –(Board of Directors, MD, Owners, Chief Executives)

- To analyse, evaluate and deal with the environmental forces
- To establish overall long term goals and broad policies of the company including the master budget
- To appoint departmental and other key executives
- To represent the company to the outside world
- To coordinate the activities and efforts of different department

2. Middle Level Mgt –(Sales Executives, Production Executives, Production executives etc.)

- To interpret and explain the policies framed by top management
- To compile and issue detailed instruction regarding operations
- To Cooperate among themselves so as to integrate various parts of the Division or a department
- To motivate supervisory personnel to work for Orgn goals
- To develop and train supervisory and operative personnel.

3. Supervisory / Operating / Lower Level Mgt – (Superintendents, Branch managers, General Foremen)

- To plan day to day production within the goals lay down by higher authority
- To assign jobs to workers and to make arrangement for their training and development
- To supervise and control workers and to maintain personal contact with them.

characteristics	Top management	Middle management	Lower management
1.stress on policy formulation	Much	moderate	minimum
2.Time span	Long range	intermediate	Short range
3.skill required	Creative	persuasive	technical
4.scope	Very large	Large functional	Small sub functional
5.Number of persons	Few	moderate	many
6.evaluation	Difficult	Less difficult	easy
7.nature	Complex	Less complex	simple

Functions of management

1. **Interpersonal Role** - Interacting with people inside and outside the Orgn
 - **Figurehead** – as a symbolic head of an organisation, the manager performs routine duties of a legal nature
 - **Leader** – Hiring, Training, motivating and guiding subordinates
 - **Liason**- Interacting with other managers outside the orgn to obtain favours and information
2. **Informational Role** – Serving as a focal point for exchange of Information
 - **Monitor** – Seeks and receive information concerning internal and external events so as to gain understanding of the Orgn and its environment.
 - **Disseminator** – Transmits information to subordinates, peers and superiors within the Organisation
 - **Spokesperson** – Speaking on behalf of the Orgn and transmitting information on Orgn plans, policies and actions to outsiders.
3. **Decisional Role** – Makes important decision
 - **Entrepreneur** – Initiating changes or improvements in the activities of the Orgn
 - **Disturbance handler**- Taking charge and corrective action when Orgn faces unexpected crises

- **Resource allocator** – Distributing Orgn’s resources like money, time, equipment and labour
- **Negotiator** – Representing the Orgn in bargaining and negotiations with outsiders and insiders

Functions of Management	
Operational functions	Managerial functions
Production Management Marketing Management Financial Management Marketing Management Personnel Management Purchase Management Material Management Office Management	Planning Organizing Staffing Directing Coordinating controlling

“P.O.S.D.CO.R.B” was designed by LUTHER GULLICK.

Classification of managerial Functions

Functions	Sub Functions
Planning	Forecasting, decision making, strategy formulation, policy making, programming, scheduling, budgeting, problem-solving, innovation, investigation and research.
Organising	Grouping of Functions, Departmentation, delegation, decentralisation, activity analysis, task allocation
Staffing	Manpower planning, job analysis, Recruitment, Selection, Training, Placement, Compensation, Promotion, appraisal, etc.
Directing	Supervision, Motivation, communication, Leadership, etc
Controlling	Fixation of standard, recording, measurement, reporting corrective action.

Planning

Planning in simple is looking ahead. It is preparing for the future. It involves outlining a future course of action. Planning makes the things to happen. Therefore, it is needless to say that in the absence of planning, things are left to chance. Planning is unique in that it precedes all the other managerial functions. It involves deciding the objectives and formulating the policies and procedures to achieve them. Effective planning provides answers to questions like – what to do? How to do? Who is to do? And when to do? Planning is a function performed by managers at all levels. Though every manager plans, the plans developed by different managers may vary in respect of scope and importance. For example, plans made by top managers have a wider scope with a focus on the organization as a whole and normally cover a longer period. On the other hand, plans developed by middle and lower level managers relate to the divisions or departments and usually cover a short period. Systematic planning helps in facing the uncertainties of future with less embarrassment. It helps in making things happen in the expected way.

Organizing

Organizations achieve objectives by using physical and human resources. When people work in groups, everyone in the group should know what he/she is expected to achieve and with what resources. In other words, organizing involves establishing authority – responsibility relationships among people working in groups and creating a structural framework. Thus, the manager's task in organizing aims at creating a structure that facilitates the achievement of goals. Organizing therefore involves:

- *determination of activities required to achieve goals;
- *grouping of these activities into departments;
- *assignment of such groups of activities to a manager;
- *delegation of authority to carry them out; and
- *provision for coordination horizontally and vertically in the organization.

The managerial function of organizing involves designing the structure and establishing functional and operational relationships. The resulting structure varies with the task. A large organization with huge market needs a different structure compared to a small organization. Similarly, structure of an organization operating in a stable environment may be different from the one operating in a dynamic environment.

Staffing

Organising process results in the creation of a structure with various positions. Staffing involves manning the various positions of the organisation. It includes manpower planning, recruitment and selection of the right people, training and developing them, deciding financial compensation, appraising their performance periodically. There is a debate whether staffing function is to be performed by all managers in the organisation or handled by human resources department alone. However, some processes of staffing are performed by personnel department only. For example recruitment and selection, training, fixation of salary, etc. Performance appraisal, on the other hand, may be done by all managers.

Directing

Once plans are made and the organisation is created, the focus shifts to the achievement of objectives. This function is called by various names: directing, leading, motivating, actuating and so on. It basically involves directing or leading the activities of the people. The manager directs the activities of his subordinates by explaining what they have to do and by helping them

perform it to the best of their ability. In leading the people, the manager performs the following three distinct tasks:

Communication: the process of information flow from one person to another and across the organization;

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

Motivation: the act of stimulating the people so that they give their best to the organisation.

Leading is a function predominantly interpersonal in nature. In the organizational context many problems arise because of the failure of managers to understand the people, their aspirations, attitudes, and behaviour as individuals and in groups. If the manager fails in leading the people towards better performance, any amount of planning and organizing, however effective they are, may not help the organisation.

Controlling

Planning and controlling – the two functions are closely interrelated in that while plans specify the objectives to be achieved, control as a managerial function facilitates to know whether the actual performance is in conformity with the planned one. So that, in the event of deviations, appropriate corrective measures could be taken. In the absence of adequate control mechanism, unexpected changes in the environment may push the organisation off the track. Thus, controlling implies measuring and correcting the activities to ensure that events conform to plans. That is why planning and controlling are often described as the ‘Siamese’ twins of management. It involves four main elements:

- * Establishing standards of performance;
- * Measuring the actual performance and comparing it against the standard performance;
- * Detecting deviations, if any, in order to make corrections before it is too late; and
- * Taking appropriate corrective measures.

APPROACHES TO MANAGEMENT

The industrial revolution laid the foundation for various management approaches. Each approach has attempted to explain the concept of management from different aspects. The two most common approaches to management are listed in Figure

Approaches to Management: Classical Approach, Neo Classical Approach, Modern Approach

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CLASSICAL APPROACH

The classical approach to management was developed in the period between the 1880s to the 1920s. In this approach, it was recommended that production can be increased by improving the efficiency of an organisation. Thus, managers must focus on determining the best ways to perform jobs. The classical approach to management can be studied under three main areas, which are shown as follows:

BUREAUCRATIC MANAGEMENT

SCIENTIFIC MANAGEMENT

ADMINISTRATIVE MANAGEMENT

Let us discuss these three areas in detail in the subsequent sections.

BUREAUCRATIC MANAGEMENT

Bureaucratic management was promoted by Max Webber (1864-1920), who was a German sociologist. According to Webber, bureaucratic management is the most appropriate administration. Some of the important characteristics of bureaucratic management are:

□ **Management by standard rules:** According to Webber, an organisation must be governed by a set of rules. Upper level managers must follow these rules while controlling lower level workers.

MANAGEMENT THEORY AND PRACTICE

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□ **Division of labour:** Webber promoted the principle of division of labour while assigning the work to all employees. According to him, the division of labour results in saving a lot of time consumed during changing over from one job to another.

□ **Selection of personnel having technical skills:** Employees having required technical skills must be hired in order to perform their jobs efficiently.

□ **Hierarchical organisational structure:** In order to be successful, an organisation must adopt a hierarchical structure wherein lower level employees must be under the supervision of higher level managers.

□ **Record of all administrative acts, decisions, and rules:** An organisation must keep a record of all its administrative activities including policies, rules, and decisions. The record can be used in the future for studying the nature of activities and people in the organisation.

SCIENTIFIC MANAGEMENT

The scientific management approach was developed by Frederick Winslow Taylor (1856-1915), who was an American engineer. Thus, scientific management is also popular by the name of **Taylorism**. He conducted a series of experiments in three organisations that greatly influenced management thoughts. His contribution in scientific management can be studied under the following categories:

Principles of Scientific Management

- ◆ Science not rule of thumb
- ◆ Harmony not discord
- ◆ Co-operation not individualism
- ◆ Maximum output in place of restricted output
- ◆ Development of each individual to his greatest efficiency and prosperity
- ◆ Mental Revolution – Workers and Management, Workmen towards their work, their fellowmen and towards their employees. Mental attitude of the two parties.

Techniques of Scientific Management

1. Time and motion study: It is a technique of scientific management that was developed to define employee productivity standards. In this technique, a complex job is first divided into a series of simple tasks. After that, the way these tasks are performed is observed to determine and eliminate waste motions. In this way, the precise time taken to complete the job is determined, which further helps in developing delivery schedules and incentive schemes. Time and motion study is most appropriate for repetitive jobs.

2. Differential piece rate plan: This plan was developed by Taylor on the assumption that all the workers have different capabilities and must be paid accordingly. This plan is also based on

an assumption that the production system is based on piece rates. Under the plan, time and motion study is used to estimate the standard time of completing a job. Based on the standard time, two piece rates are devised, namely higher and lower. The workers who exceed the standard time are given higher piece rates as wages. On the other hand, lower piece rates are given to those workers who do not meet the standard.

3. **Supervision:** Taylor suggested that work in an organisation must be planned and assigned to the workers by foremen. Foremen should assign work on the basis of workers' specialty and supervise the performance of workers. For that, an organization should hire adequate number of foremen.

4. **Scientific recruitment and training:** Taylor laid emphasis on training workers and developing their skills so that they can efficiently perform more than one type of job.

5. **Friendly cooperation between management and workers:** Taylor believed that both management and workers have one common goal, i.e. increase in production. Therefore, both management and workers must work together in harmony to achieve the common goal.

6. Standardization and simplification

7. **Functional foremanship** – According to Taylor, one supervisor cannot be an expert in all aspects of work supervision. In system of Functional Foremanship in which eight supervisors supervise a workers job.

- i. Route Clerk
- ii. Instruction card clerk
- iii. Time and cost clerk
- iv. Shop disciplinarian
- v. Gang boss
- vi. Speed boss
- vii. Repair boss
- viii. Inspector

Critical Evaluation of scientific management

- Mechanistic Approach
- Unrealistic Assumptions
- Narrow View
- Impracticable
- Exploitation of Labour

ADMINISTRATIVE MANAGEMENT

Henri Fayol (1841-1925), a French mining engineer, promoted the concept of administrative management. He focussed on developing administrative principles that could be applicable to both general and higher managerial levels. Fayol presented 14 principles of management, which act as a guide for developing management practices.

These principles are explained as follows:

1. **Division of work:** According to this principle, work should be divided among individuals and groups according to their skills and knowledge. This helps in completing the work with greater efficiency.

2. **Authority and responsibility:** Authority is a right of an individual to give orders and instructions. The right of authority arises from the position, intelligence, experience, and skills of a manager. On the other hand, responsibility is a state of being accountable for the consequences

of the decisions taken by an individual. Managers should be responsible for the actions taken by them.

3. **Discipline:** Discipline in an organisation refers to the obedience to authority. Employees must obey and respect the governing policies and rules of the organisation. In order to maintain good discipline in an organisation, there is a need for good supervision at all levels; clear understanding between management and workers; and rational use of penalties.

4. **Unity of command:** According to this principle, employees associated with a particular type of work should report to one superior only. This helps in avoiding confusions in the role of the employees.

5. **Unity of direction:** It means that there should be one direction in which employees must move to achieve a particular objective. If employees get pulled into different directions, it may be difficult for them to achieve the objective.

6. **Subordination of individual interest to general interest:** In this principle, Fayol laid emphasis on aligning individuals' personal goals to organisational goals.

7. **Remuneration:** There should be provision of fair wages for workers. The calculation of wages should be done by considering various factors, such as business environment, cost of living, capacity of organisation to pay, and productivity of employees.

8. **Centralisation:** According to Fayol, the degree of centralization should be decided to make the optimum utilisation of employees' skills.

9. **Scalar chain:** Scalar chain refers to the hierarchy followed in an organisation from top managers to employees working at lower levels. According to the principle of scalar chain, all communications should pass through proper channels of hierarchy. However, in case there are any delays in communication due to hierarchy, there must be provision of cross communication. According to Fayol, scalar chain is vital to the success of organisations.

10. **Order:** Order is required for the efficient coordination of all the elements in an organisation. Management must follow the principle of the right place for everything and every man.

11. **Equity:** The principle of equity means fair treatment of all employees. Management must treat all employees equally and should be free from biases and prejudices.

12. **Stability of tenure of personnel:** Management must strive to stabilise the tenure of employees by providing them job security. Increased turnover always results in inefficient production; therefore, organisations must attempt to reduce it by improving employee morale and motivation.

13. **Initiative:** Management must provide freedom to employees so that they can carry out orders effectively. Employees should be encouraged to take initiatives in their respective fields in order to perform their jobs efficiently.

14. **Esprit de corps:** It refers to team spirit. Management must adopt new ways to improve team spirit among employees. This helps employees to work in harmony.

Hawthorne Experiments

The Human Relations Movement began with the **Hawthorne Experiments**.

- They were conducted at **Western Electrical Works** in USA, b/w 1924-1932.
- It was initially designed by Western Electric Industrial engineers

Part I:: Illumination Experiments (1924-27)

- These experiments were performed to find out the effect of different levels of illumination (lighting) on productivity of labour. The brightness of the light was increased and decreased to find out the effect on the productivity of the test group. Surprisingly, the productivity increased even when the level of illumination was decreased. It was concluded that factors other than light were also important.

Part II - Relay Assembly Test Room Study (1927-1929)

- Under these test two small groups of six female telephone relay assemblers were selected. Each group was kept in separate rooms. From time to time, changes were made in working hours, rest periods, lunch breaks, etc. They were allowed to choose their own rest periods and to give suggestions. Output increased in both the control rooms. It was concluded that social relationship among workers, participation in decision-making, etc. had a greater effect on productivity than working conditions.

Part III - Mass Interviewing Programme (1928-1930)

- 21,000 employees were interviewed over a period of three years to find out reasons for increased productivity. It was concluded that productivity can be increased if workers are allowed to talk freely about matters that are important to them.

Part IV - Bank Wiring Observation Room Experiment (1932)

- A group of 14 male workers in the bank wiring room were placed under observation for six months. A worker's pay depended on the performance of the group as a whole. The researchers thought that the efficient workers would put pressure on the less efficient workers to complete the work. However, it was found that the group established its own standards of output, and social pressure was used to achieve the standards of output

Findings / Conclusions of Hawthorne Studies / Experiments

The conclusions derived from the **Hawthorne Studies** were as follows :-

1. The social and psychological factors are responsible for workers' productivity and job satisfaction. Only good physical working conditions are not enough to increase productivity.
2. The informal relations among workers influence the workers' behaviour and performance more than the formal relations in the organisation.
3. Employees will perform better if they are allowed to participate in decision-making affecting their interests. Employees will also work more efficiently, when they believe that the management is interested in their welfare.
4. When employees are treated with respect and dignity, their performance will improve.
5. Financial incentives alone cannot increase the performance. Social and Psychological needs must also be satisfied in order to increase productivity. Good communication between the superiors and subordinates can improve the relations and the productivity of the subordinates.
6. Special attention and freedom to express their views will improve the performance of

the workers.

NEO CLASSICAL APPROACH

Human relations Approach:

George Elton Mayo (1880 – 1949)

Hawthorne Experiments

1. **Illumination Experiments** (illumination affected Productivity)
2. **Relay assembly Test room Experiments** (Working conditions and Productivity), piece work, rest pauses, shorter working hours,
3. **Mass interviewing Programme** (Direct Questions), Grievances, deep rooted disturbance, satisfactory level
4. **The bank wiring observation room experiment**

Outcomes (contributions of human relations approach)

- Workers working in a group develop bond of relationships
- Behaviour at workplace depends on their mental state, emotions and prejudices
- Emotional factors play an important role in determining
- Human and liberal attitude of supervisor helps in improving performance
- Managerial skills and technical skills are not necessary to be a successful leader.
- Democratic style of supervision yields more benefits.
- Significance of management style and stressed training.
- Finally work led to new interest in group dynamics, group process and group reward rather than individual worker.
- Worker output is determined by the group norms but not by the time study and motion study.
- Workers are motivated not only by the money but also by non-financial rewards.

EMERGING MANAGEMENT CHALLENGES:

- Globalization
- Development of Environment
- Quality and Productivity
- Ethics and Social Responsibility
- Innovation and Change
- Technological Development
- Knowledge Management
- Work Force Diversity
- Multicultural Effects

- Empowerment of Employees
- Economic pressure
- Customer service
- Employee satisfaction
- Pressure from world organization

MAJOR CONTRIBUTORS

The concept of management was not developed by a single individual. Many scholars have contributed to the development of management. Some of the major contributors are listed as follows:

Charles Babbage

Fredrick W. Taylor

Henry Laurence Gantt

George E. Mayo

Max Webber

Robert Owen

Henri Fayol

PLANNING

Planning is the process of deciding in advance what is to be done, where, how and by whom it is to be done. Planning as a process involves anticipation of future course of events and deciding the best course of action. Thus, it is basically a process of ‘thinking before doing’. All these elements speak about the futurity of an action. Koontz and O’Donnell have defined planning in terms of future course of action. They state “that Planning is the selection from among alternatives for future courses of action for the enterprise as a whole and each department within it.

Nature / features of Planning

The nature of planning can be highlighted by studying its characteristics.

They are as follows:

(a) **Planning is a mental activity.** Planning is not a simple process. It is an intellectual exercise and involves thinking

and forethought on the part of the manager.

(b) **Planning is goal-oriented.** Every plan specifies the goals to be attained in the future and the steps necessary to reach them. A manager cannot do any planning, unless the goal s are known.

(c) **Planning is forward looking.** Planning is in keeping with the adage, “look before you leap”.

Thus planning means

Looking ahead. It is futuristic in nature since it is performed to accomplish some objectives in future.

(d) **Planning pervades all managerial activity.** Planning is the basic function of managers at all levels, although the nature and scope of planning will vary at each level.

(e) **Planning is the primary function.** Planning logically precedes the execution of all other managerial functions, Since managerial activities in organizing; staffing, directing and controlling

are designed to support the attainment of Organizational goals. Thus, management is a circular process beginning with planning and returning to planning for Revision and adjustment.

(f) **Planning is based on facts.** Planning is a conscious determination and projection of a course of action for the future. It is based on objectives, facts and considered forecasts. Thus planning is not a guess work.

(g) **Planning is flexible.** Planning is a dynamic process capable of adjustments in accordance with the needs and Requirements of the situations. Thus planning has to be flexible and cannot be rigid.

(h) **Planning is essentially decision making.** Planning is a choice activity as the planning process involves finding the Alternatives and the selection of the best. Thus decision making is the cardinal part of planning.

Steps In Planning

The various steps involved in the planning process are as follows

1. Establishing objectives. They should be established for the organization as a whole and then broken down into departmental and sectional objectives.
2. Identifying and defining the real problem. Every organization has to identify and define the problem which may arise in course of time.
3. Collecting and analyzing information. Before actual planning is initiated all relevant information and data relating to planning problems are collected and analyzed.
4. Determining planning premises (forecasting): The assumptions on which plan are based are known as planning premises. They are a forecast of future conditions. Assessment of future demand, customers taste, and competition in the market can be made with the help of forecasting.
5. Identifying alternative course of action: usually, there are several alternative plans. The planner should therefore try to find out all of the possible alternative and their probable consequence.
6. Evaluation of alternative courses of action: evaluation means the study of performance of various actions. Once alternative action plans have been decided they should be evaluated in the light of cost, speed, quality and so on.
7. Selecting the best course of action: at this stage, the manager selects the course of action which will prove to be the best in terms of achieving organizational objectives.
8. Follow up action: the last step in the planning process is to put the selected course into practice and develop its derivative plans such as policies, procedures, schedules, methods, budgets etc.

Types of plans

1. Mission Or Purpose

Identifies the basic function or task of an organization or any part of it. Mission can be to produce and distribution of goods and services or to serve a particular section of the society.

Eg. Mission of the oil company can be "To search for oil and to produce, refine and market petroleum and its related variety of products, from diesel fuel to chemicals.

2. Objective Or Goal

They are the ends toward which activity is aimed i.e. they are the results to be achieved.

Organization objectives are the basic plan of the firm where as dept. may also have their own objective, which are inline with organization objective. Objectives are a general declaration of purposes. They are the ends towards which the activities of an enterprise are directed. In the

words of Robert C. Appley, "Objectives are goals, they are aims which management and administration wish organisation to achieve." Objectives are a part of the planning process. Planning has no meaning unless it is related to objectives. P.F. Drucker states, "Objectives are important in every area where performance and results directly affect the survival and prosperity of business." He suggests eight specific areas in which objectives have to be set in terms of performance and results. These areas are: Market standing, innovation, productivity, physical and financial performance and development, workers performance and attitude, and public responsibility.

E.g. The objective of the business might be to make certain profit by producing a given line of home entertainment equipment, while the objective of manufacturing dept might be to produce the required no. of T.V. sets of a given design and quality at a given cost.

3. Strategies

The concept of strategy in business has been borrowed from military. Strategy is the general program of action and deployment of resources to attain the comprehensive objective. It means to counter the movements of the enemy forces. In modern times, the word strategy is also widely used in business for the accomplishment of enterprise goals. Strategies are single use plans as they change frequently in accordance with the market conditions. They are the plans made in the light of the plans of the competitors.

E.g. If the management sees the price cut by the competitor, it may decide upon a strategy of launching and advertisement campaign to educate the customer and to convince them of the better quality of their product.

Essentials of a sound Plan

An effective and sound plan should have the following features:

- (a) **Clear objective** The purpose of plans and their components is to develop and facilitate the realisation of organizational objectives. The statement on objectives should be clear, concise, definite and accurate. It should not be coloured by bias resulting from emphasis on personal objectives.
- (b) **Proper understanding.** A good plan is one which is well understood by those who have to execute it. It must be based on sound assumptions and sound reasoning.
- (c) **Flexible.** The principle of flexibility states that management should be able to change an existing plan because of change in environment without undue extra cost or delay so that activities keep moving towards the established goals. Thus, a good plan should be flexible to accommodate future uncertainties.
- (d) **Stable.** The principle of stability states that the basic feature of the plan should not be discarded or modified because of changes in external factors such as population trends, technological developments, or unemployment.
- (e) **Comprehensive.** A plan is said to be comprehensive when it covers each and every aspect of business. It should integrate the various administrative plans so that the whole organization operates at peak efficiency.
- (f) **Economical.** A plan is said to be good, if it is as economical as possible, depending upon the resources available with the organization.

MBO

Goal-setting theory has an impressive base of research support. But as a manager, how do you make goal setting operational?

The best answer to that question is: Install a management by objectives (MBO) program.

The concept of management by objectives was introduced by Peter Drucker in 1954 and later developed by various writers like John Humble, George Ordiorne and Douglas McGregor. It is also known as management by results and goal-setting approach. Management by objectives is a comprehensive management planning and control technique and calls for regulating the entire process of managing in terms of meaningful, specific and verifiable objectives at different levels of the management hierarchy. It is closely associated with the concept of decentralisation because decentralisation cannot work well without the support of management by objectives.

What Is MBO?

MBO is a technique and philosophy of management based on converting an organisational objective into a personal objective on the presumption that establishing personal objectives makes an employee committed, which leads to better performance.

Koontz and others have defined MBO as follows: “MBO is a comprehensive managerial system that integrates many key managerial activities in a systematic manner, consciously directed towards the effective and. Efficient achievement of organisational objectives.” Thus, MBO is a system for integrating managerial activities. As depicted in Figure A, the organization’s overall objectives are translated into specific objectives for each succeeding level (that is, divisional, departmental, individual) in the organization. But because lower-unit managers jointly participate in setting their own goals, MBO works from the “bottom up” as well as from the “top down.” The result is a hierarchy of objectives that links objectives at one level to those at the next level. And for the individual employee, MBO provides specific personal performance objectives. Each person, therefore, has an identified specific contribution to make to his or her unit’s performance. If all the individuals achieve their goals, then their unit’s goals will be attained and the organization’s overall objectives will become a reality.

There are four ingredients common to MBO programs:

Goal specificity, participative decision making, an explicit time period, and performance feedback. The objectives in MBO should be concise statements of expected accomplishments.

Features of MBO

In the light of the above definitions of MBO, the following features of it can be identified.

1. It is a technique and philosophy of management.
2. Objective setting and performance review are made by the participation of the concerned managers.
3. Objectives are established for all levels of the organization.
4. It is directed towards the effective and efficient accomplishment of organizational objectives.
5. It is concerned with converting an organizational objective into a personal objective on the presumption that establishing personal objectives makes an employee committed which leads to better performance.
6. The basic emphasis of MBO is on objectives. MBO tries to match objectives with resources.
7. Objectives in MBO provide guidelines for appropriate systems and procedures.
8. Periodic review of performance is an important feature of MBO.
9. MBO provides the means for integrating the organization with its environment, its sub-systems and people.

10. Employees are provided with feedback on actual performance as compared to planned performance.

Type of Decisions

Decisions taken by managers may be classified under various categories depending upon the scope, importance and the impact that they create in the organisation. The following are the different types of decisions:

1. Programmed and Non-programmed Decisions

Programmed decisions are normally repetitive in nature. They are the easiest to make. Usually these decisions are taken in consultation with the existing policy, rule or procedure which are already laid down in the organization. For example: making purchase orders, sanctioning of Different types of leave, increments in salary, settlement of normal disputes, etc. Managers in dealing with such issues of routine nature usually follow the established procedures.

On the other hand, non-programmed decisions are different in that they are non-routine in nature. They are related to some exceptional situations for which there are no established methods of handling such things. For example: Issues related to handling a serious industrial relations Problem, declining market share, increasing competition, problems with the collaborator, growing public hostility towards the organisation fall in this category. Problems like these have to be handled in a different way. While different managers reach the same solution in the case of programmed decision because they are guided by the same policy or procedure, the Solutions may widely differ in the case of non-programmed decisions. As one moves up in the hierarchy, many of the decisions that managers make are non-programmed in nature.

It is important to note that the effectiveness of a manager lies in handling exceptional situations. Such situations call for ingenuity and sound judgment. Surprisingly, many managers get bogged down in the routine issues at the cost of the non-routine issues. The saying that “routine drives out the non-routine” instead of the other way round is true in many organizations. Such a tendency results in devoting less time for the important issues.

2. Operational and Strategic Decisions

Operational or tactical decisions relate to the present. The primary purpose is to achieve high degree of efficiency in the company’s ongoing operations. Better working conditions, effective supervision, prudent use of existing resources, better maintenance of the equipment, etc., fall in this category. On the other hand, expanding the scale of operations, entering new markets, changing the product mix, shifting the manufacturing facility from one place to the other, striking alliances with other companies, etc., are strategic in nature. Such decisions will have far reaching impact on the organization. Usually, operating decisions do not need intensive deliberations and huge resources and are taken by managers at the lower levels while strategic decisions require extensive deliberations and huge resources and are taken by top level managers. The focus in the operational decisions is on the short-run or immediate present, while it is on the long run in the case of strategic decisions.

3. Organizational and Personal Decisions

Decisions taken by managers in the ordinary course of business in their capacity as managers relating to the organizational issues are organizational decisions. For example: decisions regarding introducing a new incentive system, transferring an employee, reallocation or

Redeployment of employees etc. are taken by managers to achieve certain objectives. As against such decisions, managers do take some decisions which are purely personal in nature. However, their impact may not exactly confine to their selves and they may affect the organization also. For example: the manager's decision to quit the organization, though personal in nature, may impact for the organization.

4. Individual and Group Decisions

It is quite common that some decisions are taken by a manager individually while some decisions are taken collectively by a group of managers. Individual decisions are taken where the problem is of routine nature, whereas important and strategic decisions which have a bearing on many aspects of the organisation are generally taken by a group. Group decision making is preferred these days because it contributes for better coordination among the people concerned with the implementation of the decision. Decisions may also be further classified under major and minor decisions and simple and complex decisions. However, a detailed description of these types is not necessary because they are almost all similar to the already discussed programmed and non-programmed decisions in respect of importance and impact.

Techniques of Decision-Making

Now-a-days, different techniques are used by managers in making decisions. These techniques, if used properly, would contribute for the effectiveness of the decisions. Some of the important techniques are discussed below.

1. **Brainstorming:** Brainstorming is the oldest and widely followed technique for encouraging creative thinking. It was originally developed by A.F. Osborn. It involves the use of a group. The success of the technique lies in creating a free and open environment where members of the group participate without any inhibitions. It starts on the premise that when people interact in a free environment, the possibility for creative ideas to emerge to higher continuous interaction through free discussions may result in spontaneous and creative thinking. The larger are the number of solutions, the fairer are the chances in locating an acceptable solution. Established research proves that one hour brainstorming session is likely to generate 50-150 ideas. Of course most of them may be impracticable; at least, some of them merit serious consideration. This group process is not without limitations. It consumes lot of time and therefore is an expensive exercise. Secondly, it emphasizes only quantity of solutions, which more often than not prove to be superficial. By overcoming the above limitations, a modern manager can use this as an effective tool.

2. **Synectics:** Synectics is a new concept developed by William J.J. Gordon. The term 'synectics' is derived from a Greek word which means "Fitting together of diverse elements". It starts on the premise of encouraging that this concept encourages novel thinking for the development of alternatives through putting together different ideas which are distinct from each other. A given problem is presented to a group of people with different backgrounds and varied experiences. It is the responsibility of the group leader to present the problem and lead the discussion in order to stimulate creative solutions. This approach ensures on the spot evaluation of ideas. The leader who is a technical expert assists the group in evaluating the feasibility of their ideas. Experience shows that synectics is less widely used than *Brainstorming*. When the problem is tough and Challenging, this approach is used for effective decision-making.

3. **Operations Research:** The origin and development of operations research is attributed to military operations and applications during Second World War. The war put tremendous pressure on the use of available scarce resources for various strategic and tactical operations.

The success of operations research in developing effective option is instrumental in making this approach dependable in decision making process. Operations Research employs optimizing models like Linear Programming, Project Management, Inventory Control, Decision Theory and Waiting Line Theory. Operations Research is the systematic method of studying the basic structure, functions and relationships of an organization as an open system. It aims at developing optimal solution with limited resources in a given situation.

The six steps in its approach to problem solving are:

- (a) Identification of a problem;
- (b) Construction of a mathematical model to investigate the problem;
- (c) Developing a good solution;
- (d) Testing of the model in the light of the data available;
- (e) Identifying and setting up of control points;
- (f) Implementation of the option as a solution to a critical problem (putting a solution to work)