

SYLLABUS :

Nature of Management: Meaning, Definition, it's nature purpose, importance & Functions, Management as Art. Science & Profession- Management as social System Concepts of management- Administration-Organization, Management Skills. Levels of Management. Evolution of Management 'thought. Business Ethics & Social Responsibility.

Concept of Management, Nature and Scope of management.

Every business requires planning for the future to find a way to successful business for which the person in the helm of affairs has to take decisions and is responsible for the consequences for his decision making whether favourable or unfavorable.

In short this is the crux of the science of management. According to Bradford and Johnson, "Management is an intangible part of production which develops within the lives of men. It is first a mental process, a concentration of desires, a will power.

In economic terms management is one of the factors of production together with land, labour and capital.

According to specialists in administration and organization, management is a system of authority.

In view of sociologists, management is a class and status system. A manager should be a person elite of brains and education.

According to Newman and Summer, management is considered to be a process consisting of organizing, planning, leading and controlling.

Organization deals with assigning various tasks to different people and coordinating their efforts as well maintaining a careful balance between different parts of the enterprise. Planning is concerned with setting goals, objectives and targets and delineating mechanisms for attaining them at various levels throughout the organization as well as for the total organization.

Leading is concerned with the manner in which the manager integrates the needs of the employee with those of the departments or total organization. Leading necessitates clear direction, coupled with a spirit of cooperation. Leadership is also concerned with the maintenance of high standards, discipline and occasionally the judicious mix of authority, power and influence in order to attain target objectives.

Controlling is concerned with measuring and narrowing the gap between planned performance and actual performance, and with the monitoring of performances, as well as, taking corrective actions wherever necessary. Management is thus a complex, integrated and ongoing dynamic process.

The management is viewed as:

1. An economic resource.
2. A system of authority.
3. A class or elite.

Nature of Management

(i) Universal Process: Wherever there is human activity, there is management. Without efficient management, objectives of the company can not be achieved.

(ii) Factor of Production: Qualified and efficient managers are essential to utilization of labor and capital.

(iii) Goal Oriented: The most important goal of all management activity is to accomplish the objectives of an enterprise. The goals should be realistic and attainable.

(iv) Supreme in Thought and Action: Managers set realizable objectives and then mastermind action on all fronts to accomplish them. For this, they require full support from middle and lower levels of management.

(v) Group activity: All human and physical resources should be efficiently coordinated to attain maximum levels of combined productivity. Without coordination, no work would be accomplished and there would be chaos and retention.

(vi) Dynamic Function: Management should be equipped to face the changes in business environment brought about by economic, social, political, technological or human factors. They must be adequately trained so that they can enable them to perform well even in critical situations.

(vii) Social Science: All individuals that a manager deals with, have different levels of sensitivity, understanding and dynamism.

(viii) Important Organ of Society: Society influences managerial action and managerial actions influence society. It is the manager's responsibility that they should also contribute towards the society by organizing charity functions, sports competition, donation to NGO's etc.

(ix) System of Authority: Well-defined lines of command, delegation of suitable authority and responsibility at all levels of decision-making. This is necessary so that each individual should know what is expected from him and to whom he needs to report to.

(x) Profession: Managers need to possess managerial knowledge and training, and have to conform to a recognized code of conduct and remain conscious of their social and human obligations.

(xi) Process: The management process comprises a series of actions or operations conducted towards an end.

MANAGEMENT AS A PROCESS

As a process, management refers to a series of inter-related functions. It is the process by which management creates, operates and directs purposive organization through systematic, coordinated and co-operated human efforts, according to George R. Terry, “Management is a distinct process consisting of planning, organizing, actuating and controlling, performed to determine and accomplish stated objective by the use of human beings and other resources”. As a process, management consists of three aspects:-

(i) Management is a social process: Since human factor is most important among the other factors, therefore management is concerned with developing relationship among people. It is the duty of management to make interaction between people – productive and useful for obtaining organizational goals.

(ii) Management is an integrating process: Management undertakes the job of bringing together human physical and financial resources so as to achieve organizational purpose. Therefore, is an important function to bring harmony between various factors.

(iii) Management is a continuous process: It is a never ending process. It is concerned with constantly identifying the problem and solving them by taking adequate steps. It is an on-going process.

SIGNIFICANCE OF MANAGEMENT

(i) It helps in Achieving Group Goals: It arranges the factors of production, assembles and organizes the resources, integrates the resources in effective manner to achieve goals. It directs group efforts towards achievement of pre-determined goals. By defining objective of organization clearly there would be no wastage of time, money and effort. Management converts disorganized resources of men, machines, money etc. into useful enterprise. These resources are coordinated, directed and controlled in such a manner that enterprise work towards attainment of goals.

(ii) Optimum Utilization of Resources: Management utilizes all the physical & human resources productively. This leads to efficacy in management. Management provides maximum utilization of scarce resources by selecting its best possible alternate use in industry from out of various uses. It makes use of experts, professional and these services leads to use of their skills, knowledge, and proper utilization and avoids wastage. If employees and machines are producing its maximum there is no under employment of any resources.

(iii) Reduces Costs: It gets maximum results through minimum input by proper planning and by using minimum input & getting maximum output. Management uses physical, human and financial resources in such a manner which results in best combination. This helps in cost reduction.

(iv) Establishes Sound Organization: No overlapping of efforts (smooth and coordinated functions). To establish sound organizational structure is one of the objective of management which is in tune with objective of organization and for fulfillment of this, it establishes effective authority & responsibility relationship i.e. who is accountable to whom, who can give instructions to whom, who are superiors &

who are subordinates. Management fills up various positions with right persons, having right skills, training and qualification. All jobs should be cleared to everyone.

(v) Establishes Equilibrium: It enables the organization to survive in changing environment. It keeps in touch with the changing environment. With the change in external environment, the initial co-ordination of organization must be changed. So it adapts organization to changing demand of market / changing needs of societies. It is responsible for growth and survival of organization.

(vi) Essentials for Prosperity of Society: Efficient management leads to better economical production which helps in turn to increase the welfare of people. Good management makes a difficult task easier by avoiding wastage of scarce resource. It improves standard of living. It increases the profit which is beneficial to business and society will get maximum output at minimum cost by creating employment opportunities which generate income in hands. Organization comes with new products and researches beneficial for society.

SCOPE OR BRANCHES OF MANAGEMENT:

Management is an all pervasive function since it is required in all types of organized endeavour. Thus, its scope is very large.

The following activities are covered under the scope of management:

- (i) Planning,
- (ii) Organization
- (iii) Staffing.
- (iv) Directing,
- (v) Coordinating, and
- (vi) Controlling.

The operational aspects of business management, called the branches of management, are as follows:

1. Production Management
2. Marketing Management
3. Financial Management.
4. Personnel Management and
5. Office Management.

1. Production Management:

Production means creation of utilities. This creation of utilities takes place when raw materials are converted into finished products. Production management, then, is that branch of management 'which by scientific planning and regulation sets into motion that part of enterprise to which has been entrusted the task of actual translation of raw material into finished product.'

It is a very important field of management, 'for every production activity which has not been hammered on the anvil of effective planning and regulation will not reach the goal, it will not meet the customers and ultimately will force a business enterprise to close its doors of activities which will give birth to so many social evils'.

Plant location and layout, production policy, type of production, plant facilities, material handling, production planning and control, repair and maintenance, research and development, simplification and standardization, quality control and value analysis, etc., are the main problems involved in production management.

2. Marketing Management:

Marketing is a sum total of physical activities which are involved in the transfer of goods and services and which provide for their physical distribution. Marketing management refers to the planning, organizing, directing and controlling the activities of the persons working in the market division of a business enterprise with the aim of achieving the organization objectives.

It can be regarded as a process of identifying and assessing the consumer needs with a view to first converting them into products or services and then involving the same to the final consumer or user so as to satisfy their wants with a stress on profitability that ensures the optimum use of the resources available to the enterprise. Market analysis, marketing policy, brand name, pricing, channels of distribution, sales promotion, sale-mix, after sales service, market research, etc. are the problems of marketing management.

3. Financial Management:

Finance is viewed as one of the most important factors in every enterprise. Financial management is concerned with the managerial activities pertaining to the procurement and utilization of funds or finance for business purposes.

The main functions of financial management include:

- (i) Estimation of capital requirements;
- (ii) Ensuring a fair return to investors;
- (iii) Determining the suitable sources of funds;
- (iv) Laying down the optimum and suitable capital

Structure for the enterprise:

- (i) Co-coordinating the operations of various departments;
- (ii) Preparation, analysis and interpretation of financial statements;
- (iii) Laying down a proper dividend policy; and
- (iv) Negotiating for outside financing.

4. Personnel Management:

Personnel Management is that phase of management which deals with the effective control and use of manpower. Effective management of human resources is one of the most crucial factors associated with the success of an enterprise. Personnel management is concerned with managerial and operative functions.

Managerial functions of personnel management include:

- (i) Personnel planning;
- (ii) Organizing by setting up the structure of relationship among jobs, personnel and physical factors to contribute towards organization goals;
- (iii) Directing the employees; and
- (iv) Controlling.

The operating functions of personnel management are:

- (i) Procurement of right kind and number of persons;
- (ii) Training and development of employees;
- (iii) Determination of adequate and equitable compensation of employees;
- (iv) Integration of the interests of the personnel with that of the enterprise; and
- (v) Providing good working conditions and welfare services to the employees.

5. Office Management:

The concept of management when applied to office is called 'office management'. Office management is the technique of planning, coordinating and controlling office activities with a view to achieve common business objectives. One of the functions of management is to organize the office work in such a way that it helps the management in attaining its goals. It works as a service department for other departments.

The success of a business depends upon the efficiency of its administration. The efficiency of the administration depends upon the information supplied to it by the office. The volume of paper work in office has increased manifold in these days due to industrial revolution, population explosion, increased interference by government and complexities of taxation and other laws.

Harry H. Wylie defines office management as “the manipulation and control of men, methods, machines and material to achieve the best possible results—results of the highest possible quality with the expenditure of least possible effect and expense, in the shortest practicable time, and in a manner acceptable to the top management.”

Functions of Management:

[Management](#) in some form or another is an integral part of living and is essential wherever human efforts are to be undertaken to achieve desired objectives. The basic ingredients of management are always at play, whether we manage our lives or business.

“Management is a set of principles relating to the functions of planning, organizing, directing, and controlling, and the applications of these principles in harnessing physical, financial, human, and informational resources efficiently and effectively to achieve organizational goals”.



Management is essential for an organized life and necessary to run all types of organizations. Managing life means getting things done to achieve life's objectives and managing an organization means getting things done with and through other people to achieve its objectives.

There are basically five primary functions of management. These are:

1. Planning
2. Organizing
3. Staffing
4. Directing
5. Controlling

The controlling function comprises coordination, reporting, and budgeting, and hence the controlling function can be broken into these three separate functions. Based upon these seven functions, Luther Gulick coined the word **POSDCORB**, which generally represents the initials of these seven functions i.e.

P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for reporting & B for Budgeting.

But, **Planning, Organizing, Staffing, Directing, and Controlling** are widely recognized functions of management.

FIVE FUNCTIONS OF MANAGEMENT

1. Planning

Planning is future-oriented and determines an organization's direction. It is a rational and systematic way of making decisions today that will affect the future of the company. It is a kind of organized foresight as well as corrective hindsight. It involves predicting of the future as well as attempting to control the events. It involves the ability to foresee the effects of current actions in the long run in the future.

Peter Drucker has defined planning as follows:

“Planning is the continuous process of making present entrepreneurial decisions systematically and with best possible knowledge of their futurity, organizing systematically the efforts needed to carry out these decisions and measuring the results of these decisions against the expectations through organized and systematic feedback”.

An effective planning program incorporates the effect of both external as well as internal factors. The external factors are shortages of resources; both capital and material, general economic trend as far as interest rates and inflation are concerned, dynamic technological advancements, increased governmental regulation regarding community interests, unstable international political environments, etc.

The internal [factors that affect planning](#) are limited growth opportunities due to saturation requiring diversification, changing patterns of the workforce, more complex organizational structures, decentralization, etc

2. Organizing

Organizing requires a formal structure of authority and the direction and flow of such authority through which work subdivisions are defined, arranged and coordinated so that each part relates to the other part in a united and coherent manner so as to attain the prescribed objectives.

According to [Henry Fayol](#), ***“To organize a business is to provide it with everything useful or its functioning i.e. raw material, tools, capital and personnel’s”.***

Thus the function [of organizing](#) involves the determination of activities that need to be done in order to reach the company goals, assigning these activities to the proper personnel, and delegating the necessary authority to carry out these activities in a coordinated and cohesive manner.

It follows, therefore, that the function of organizing is concerned with:

1. Identifying the tasks that must be performed and grouping them whenever necessary
2. Assigning these tasks to the personnel while defining their [authority and responsibility](#).
3. [Delegating this authority](#) to these employees
4. Establishing a relationship between authority and responsibility
5. Coordinating these activities

3. Staffing

Staffing is the function of hiring and retaining a suitable work-force for the enterprise both at managerial as well as non-managerial levels. It involves the [process of recruiting](#), training, developing, compensating and evaluating employees and maintaining this workforce with proper incentives and motivations. Since the human element is the most vital factor in the [process of management](#), it is important to recruit the right personnel.

According to Kootz & O'Donnell, ***“Managerial function of staffing involves manning the [organization structure](#) through the proper and effective selection, appraisal & development of personnel to fill the roles designed in the structure”.***

This function is even more critically important since people differ in their intelligence, knowledge, skills, experience, physical condition, age and attitudes, and this complicates the function. Hence, management must understand, in addition to the technical and operational competence, the sociological and psychological structure of the workforce.

4. Directing

The directing function is concerned with [leadership](#), [communication](#), [motivation](#), and supervision so that the employees perform their activities in the most efficient manner possible, in order to achieve the desired goals.

The [leadership](#) element involves issuing of instructions and guiding the subordinates about procedures and methods.

The [communication](#) must be open both ways so that the information can be passed on to the subordinates and the feedback received from them.

[Motivation](#) is very important since highly motivated people show excellent performance with less direction from superiors.

Supervising subordinates would lead to continuous progress reports as well as assure the superiors that the directions are being properly carried out.

5. Controlling

The [function of control](#) consists of those activities that are undertaken to ensure that the events do not deviate from the pre-arranged plans. The activities consist of establishing standards for work performance, measuring performance and comparing it to these set standards and taking corrective actions as and when needed, to correct any deviations.

According to Koontz & O'Donnell, ***“Controlling is the measurement & correction of performance activities of subordinates in order to make sure that the enterprise objectives and plans desired to obtain them as being accomplished”.***

The controlling function involves:

- a. Establishment of standard performance.
- b. Measurement of actual performance.
- c. Measuring actual performance with the pre-determined standard and finding out the deviations.
- d. Taking corrective action.

All these five [functions of management](#) are closely interrelated. However, these functions are highly indistinguishable and virtually unrecognizable on the job. It is necessary, though, to put each function separately into focus and deal with it.

Management: Management as a Science, Arts and Profession

Some authors regard management as science because there are well tested and experimented principles of management, some authors describe management as an art because more practice is required in management and some authors consider that management is going towards the paths of profession.

To conclude whether management is science, art or profession, we must understand the features and meanings of science, art and profession and compare them with management meaning and features.

Management as a Science:

Science can be defined as a systematic and organised body of knowledge based on logically observed findings, facts and events.

Science comprises of exact principles which can be verified and it can establish cause and effect relations.

Main characteristics/features of science are:

1. Systematic body of knowledge:

In science organised and systematic study material is available which is used to acquire the knowledge of science. Like science in management also there is availability of systematic and organised study material. So first feature of science is present in management.

2. Scientific principles are derived on the basis of logical and scientific observations:

The scientists perform logical observation before deriving any principle or theory. They are very objective while doing the observations. But when managers are observing they have to observe human beings and observation of human being cannot be purely logical and objective.

Some kind of subjectivity enters in the observations so this feature of science is not present in management. All the scientific principles have same effect, wherever we try them whereas effect of management principles varies from one situation to other.

3. Principles are based on repeated experiments:

Before developing scientific principles scientists test these principles under different conditions and places. Similarly, managers also test and experiment managerial principles under different conditions in different organisations. So this feature of science is present in management.

4. Universal Validity:

Scientific principles have universal application and validity. Management principles are not exact like scientific principles so their application and use is not universal. They have to be modified according to the given situation. So this feature of science is not present in management.

5. Replication is possible:

In science replication is possible as when two scientists are undertaking the same investigation working independently and treating the same data under the same conditions may desire or obtain the identical or exactly same result.

But in management managers have to conduct research or experiments on human beings. So if two managers are investigating same data, on different sets of human beings they will not get identical or same result because human beings never respond in exactly identical manner. So this feature of science is also not present in management.

Management as an Art:

Art can be defined as systematic body of knowledge which requires skill, creativity and practice to get perfection.

The main features of art are:

1. Systematic body of knowledge/Existence of theoretical knowledge:

In every art there is systematic and organized study material available to acquire theoretical knowledge of the art. For example, various books on different ragas are available in music. In management also there is systematic and organised body of knowledge available which can help in acquiring managerial studies. So this feature of art is present in management also.

2. Personalised application:

In the field of art only theoretical knowledge is not enough. Every artist must have personal skill and creativity to apply that knowledge. For example, all musicians learn same ragas but they apply these ragas according to their personal skill and creativity which makes them different.

In management also all managers learn same management theories and principles. But their efficiency depends on how well they use these principles under different situations by applying personal skills and creativity so this feature of art is also present in management.

3. Based on Practice and creativity:

The artist requires regular practice of art to become more fine and perfect. Without practice artists lose their perfection. Art requires creative practice, i.e., artist must add his creativity to the theoretical knowledge he has learned. Same way with experience managers also improves their managerial skills and efficiency. So this feature of art is also present in management.

Management: Both Science and Art:

Management is both science as well as art. Like science it has systematic and well-organised body of knowledge and like art it requires personal skill, creativity and practice to apply such knowledge in the best possible way. Science and art are not in contrast to each other; both exist together in every function of management.

Management as a Profession:

Profession can be defined as an occupation backed by specialised knowledge and training, in which entry is restricted.

The main features of profession are:

1. Well defined Body of knowledge:

In every profession there is practice of systematic body of knowledge which helps the professionals to gain specialised knowledge of that profession. In case of management also there is availability of systematic body of knowledge.

There are large numbers of books available on management studies. Scholars are studying various business situations and are trying to develop new principles to tackle these situations. So presently this feature of profession is present in management also.

2. Restricted Entry:

The entry to a profession is restricted through an examination or degree. For example a person can practice as Doctor only when he is having MBBS degree.

Whereas there is no legal restriction on appointment of a manager, anyone can become a manager irrespective of the educational qualification. But now many companies prefer to appoint managers only with MBA degree. So presently this feature of profession is not present in management but very soon it will be included with statutory backing.

3. Presence of professional associations:

For all the professions, special associations are established and every professional has to get himself registered with his association before practising that profession. For example, doctors have to get themselves registered with Medical Council of India, lawyers with Bar Council of India etc.

In case of management various management associations are set up at national and international levels which have some membership rules and set of ethical codes, for example, AIMA in New Delhi, National Institute of Personal Management at Calcutta etc., but legally it is not compulsory for managers to become a part of these organisations by registration. So presently this feature of profession is not present in management but very soon it will be included and get statutory backing also.

4. Existence of ethical codes:

For every profession there are set of ethical codes fixed by professional organisations and are binding on all the professionals of that profession. In case of management there is growing emphasis on ethical behaviour of managers. All India Management Association (AIMA) has devised a code of conduct for Indian managers. But legally it is not compulsory for all the managers to get registered with AIMA and abide by the ethical codes.

So presently this feature of profession is not present in management but very soon it will be included with statutory backing.

5. Service Motive:

The basic motive of every profession is to serve the clients with dedication. Whereas basic purpose of management is achievement of management goal, for example for a business organisation the goal can be profit maximisation.

But nowadays only profit maximisation cannot be the sole goal of an enterprise. To survive in market for a long period of time, a businessman must give due importance to social objectives along with economic objectives. So presently this feature of profession is not present but very soon it will be included.

Levels of Management - Top, Middle and Lower

The term “**Levels of Management**” refers to a line of demarcation between various managerial positions in an organization. The number of levels in management increases when the size of the business and work force increases and vice versa. The level of management determines a chain of command, the amount of authority & status enjoyed by any managerial position. The levels of management can be classified in three broad categories:

- **Top level/Administrative level**
- **Middle level/Executory**
- **Low level/Supervisory/Operative/First-line managers**

Managers at all these levels perform different functions. The role of managers at all the three levels is discussed below:



LEVELS OF MANAGEMENT

1. Top Level of Management

It consists of board of directors, chief executive or managing director. The top management is the ultimate source of authority and it manages goals and policies for an enterprise. It devotes more time on planning and coordinating functions.

The role of the top management can be summarized as follows -

- a. Top management lays down the objectives and broad policies of the enterprise.
- b. It issues necessary instructions for preparation of department budgets, procedures, schedules etc.
- c. It prepares strategic plans & policies for the enterprise.
- d. It appoints the executive for middle level i.e. departmental managers.
- e. It controls & coordinates the activities of all the departments.
- f. It is also responsible for maintaining a contact with the outside world.
- g. It provides guidance and direction.
- h. The top management is also responsible towards the shareholders for the performance of the enterprise.

2. Middle Level of Management

The branch managers and departmental managers constitute middle level. They are responsible to the top management for the functioning of their department. They devote more time to organizational and directional functions. In small organization, there is only one layer of middle level of management but in big enterprises, there may be senior and junior middle level management. Their role can be emphasized as -

- a. They execute the plans of the organization in accordance with the policies and directives of the top management.
- b. They make plans for the sub-units of the organization.
- c. They participate in employment & training of lower level management.
- d. They interpret and explain policies from top level management to lower level.
- e. They are responsible for coordinating the activities within the division or department.
- f. It also sends important reports and other important data to top level management.
- g. They evaluate performance of junior managers.
- h. They are also responsible for inspiring lower level managers towards better performance.

3. Lower Level of Management

Lower level is also known as supervisory/operative level of management. It consists of supervisors, foreman, section officers, superintendent etc. According to *R.C. Davis*, “Supervisory management refers to those executives whose work has to be largely with personal oversight and direction of operative employees”. In other words, they are concerned with direction and controlling function of management. Their activities include -

- a. Assigning of jobs and tasks to various workers.
- b. They guide and instruct workers for day to day activities.
- c. They are responsible for the quality as well as quantity of production.
- d. They are also entrusted with the responsibility of maintaining good relation in the organization.
- e. They communicate workers problems, suggestions, and recommendatory appeals etc to the higher level and higher level goals and objectives to the workers.
- f. They help to solve the grievances of the workers.
- g. They supervise & guide the sub-ordinates.
- h. They are responsible for providing training to the workers.
- i. They arrange necessary materials, machines, tools etc for getting the things done.
- j. They prepare periodical reports about the performance of the workers.
- k. They ensure discipline in the enterprise.
- l. They motivate workers.
- m. They are the image builders of the enterprise because they are in direct contact with the workers.

DEVELOPMENT OF MANAGEMENT THOUGHT

Management is defined as the art of getting things done by making the best use of available resources. Over the passing centuries, organizational structure has undergone radical changes, and simultaneously the process of management as well. Hence, several theories were propounded over centuries which were considered crucial for understanding business operations. These, when clubbed together, are called Management Thought.

Management thought has evolved over the centuries and can be classified as follows:

1. Classical School
2. Behavioural School
3. Quantitative School
4. Systems School
5. Contingency School

1. CLASSICAL SCHOOL

The classical school is the oldest formal school of management thought. Its roots pre-date the twentieth century. The classical school of thought generally concerns ways to manage work and organizations more efficiently. Three areas of study that can be grouped under the classical school are scientific management, administrative management, and bureaucratic management.

(a) Scientific Management

In the late 19th century, management decisions were often arbitrary and workers often worked at an intentionally slow pace. There was little in the way of systematic management and workers and management were often in conflict. Scientific management was introduced in an attempt to create a mental revolution in the workplace. It can be defined as the systematic study of work methods in order to improve efficiency. Frederick W. Taylor was its main proponent. Other major contributors were Frank Gilbreth, Lillian Gilbreth, and Henry Gantt.

Scientific management has several major principles. First, it calls for the application of the scientific method to work in order to determine the best method for accomplishing each task. Second, scientific management suggests that workers should be scientifically selected based on their qualifications and trained to perform their jobs in the optimal manner. Third, scientific management advocates genuine cooperation between workers and management based on mutual self-interest. Finally, scientific management suggests that management should take complete responsibility for planning the work and that workers' primary responsibility should be implementing management's plans. Other important characteristics of scientific management include the scientific development of difficult but fair performance standards and the implementation of a pay-for-performance incentive plan based on work standards.

Scientific management had a tremendous influence on management practice in the early twentieth century. Although it does not represent a complete theory of management, it has contributed to the study of management and organizations in many areas, including human resource management and industrial engineering. Many of the tenets of scientific management are still valid today.

(b) Administrative Management

Administrative management focuses on the management process and principles of management. In contrast to scientific management, which deals largely with jobs and work at the individual level of analysis, administrative management provides a more general theory of management. Henri Fayol is the major contributor to this school of management thought.

Fayol was a management practitioner who brought his experience to bear on the subject of management functions and principles. He argued that management was a universal process consisting of functions, which he termed planning, organizing, commanding, coordinating, and controlling. Fayol believed that all managers performed these functions and that the functions distinguished management as a separate discipline of study apart from accounting, finance, and production. Fayol also presented fourteen principles of management, which included maxims related to the division of work, authority and responsibility, unity of command and direction, centralization, subordinate initiative, and team spirit.

Although administrative management has been criticized as being rigid and inflexible and the validity of the functional approach to management has been questioned, this school of thought still influences management theory and practice. The functional approach to management is still the dominant way of organizing management knowledge, and many of Fayol's principles of management, when applied with the flexibility that he advocated, are still considered relevant.

(c) Bureaucratic Management

Bureaucratic management focuses on the ideal form of organization. Max Weber was the major contributor to bureaucratic management. Based on observation, Weber concluded that many early organizations were inefficiently managed, with decisions based on personal relationships and loyalty. He proposed that a form of organization, called a bureaucracy, characterized by division of labor, hierarchy, formalized rules, impersonality, and the selection and promotion of employees based on ability, would lead to more efficient management. Weber also contended that managers' authority in an organization should be based not on tradition or charisma but on the position held by managers in the organizational hierarchy.

Bureaucracy has come to stand for inflexibility and waste, but Weber did not advocate or favor the excesses found in many bureaucratic organizations today. Weber's ideas formed the basis for modern organization theory and are still descriptive of some organizations.

2. BEHAVIORAL SCHOOL

The behavioral school of management thought developed, in part, because of perceived weaknesses in the assumptions of the classical school. The classical school emphasized efficiency, process, and principles. Some felt that this emphasis disregarded important aspects of organizational life, particularly as it related to human behavior. Thus, the behavioral school focused on trying to understand the factors that affect human behavior at work.

(a) Human Relations

The Hawthorne Experiments began in 1924 and continued through the early 1930s. A variety of researchers participated in the studies, including Clair Turner, Fritz J. Roethlisberger, and Elton Mayo, whose respective books on the studies are perhaps the best known. One of the major conclusions of the Hawthorne studies was that workers' attitudes are associated with productivity. Another was that the workplace is a social system and informal group influence could exert a powerful effect on individual behavior. A third was that the style of supervision is an important factor in increasing workers' job satisfaction. The studies also found that organizations should take steps to assist employees in adjusting to organizational life by fostering collaborative systems between labor and management. Such conclusions sparked increasing interest in the human element at work; today, the Hawthorne studies are generally credited as the impetus for the human relations school.

According to the human relations school, the manager should possess skills for diagnosing the causes of human behavior at work, interpersonal communication, and motivating and leading workers. The focus became satisfying worker needs. If worker needs were satisfied, wisdom held, the workers would in turn be more productive. Thus, the human relations school focuses on issues of communication, leadership, motivation, and group behavior. The individuals who contributed to the school are too numerous to mention, but some of the best-known contributors include Mary Parker Follett, Chester Barnard, Abraham Maslow, Kurt Lewin, Renais Likert, and Keith Davis. The human relations school of thought still influences management theory and practice, as contemporary management focuses much attention on human resource management, organizational behavior, and applied psychology in the workplace.

(b) Behavioral Science

Behavioral science and the study of organizational behavior emerged in the 1950s and 1960s. The behavioral science school was a natural progression of the human relations movement. It focused on applying conceptual and analytical tools to the problem of understanding and predicting behavior in the workplace. However, the study of behavioral science and organizational behavior was also a result of criticism of the human relations approach as simplistic and manipulative in its assumptions about the relationship between worker attitudes and productivity. The study of behavioral science in business schools was given increased credence by the 1959 Gordon and Howell report on higher education, which emphasized the importance to management practitioners of understanding human behavior.

The behavioral science school has contributed to the study of management through its focus on personality, attitudes, values, motivation, group behavior, leadership, communication, and conflict, among other issues. Some of the major contributors to this school include Douglas McGregor, Chris Argyris, Frederick Herzberg, Renais Likert, and Ralph Stogdill, although there are many others.

3. QUANTITATIVE SCHOOL

The quantitative school focuses on improving decision making via the application of quantitative techniques. Its roots can be traced back to scientific management.

(a) Management Science and MIS

Management science (also called operations research) uses mathematical and statistical approaches to solve management problems. It developed during World War II as strategists tried to apply scientific knowledge and methods to the complex problems of war. Industry began to apply management science after the war. George Dantzig developed linear programming, an algebraic method to determine the optimal allocation of scarce resources. Other tools used in industry include inventory control theory, goal programming, queuing models, and simulation. The advent of the computer made many management science tools and concepts more practical for industry. Increasingly, management science and management information systems (MIS) are intertwined. MIS focuses on providing needed information to managers in a useful format and at the proper time. Decision support systems (DSS) attempt to integrate decision models, data, and the decision maker into a system that supports better management decisions.

(b) Production and Operations Management

This school focuses on the operation and control of the production process that transforms resources into finished goods and services. It has its roots in scientific management but became an identifiable area of management study after World War II. It uses many of the tools of management science.

Operations management emphasizes productivity and quality of both manufacturing and service organizations. W. Edwards Deming exerted a tremendous influence in shaping modern ideas about improving productivity and quality. Major areas of study within operations management include capacity planning, facilities location, facilities layout, materials requirement planning, scheduling, purchasing and inventory control, quality control, computer integrated manufacturing, just-in-time inventory systems, and flexible manufacturing systems.

4. SYSTEMS SCHOOL

The systems school focuses on understanding the organization as an open system that transforms inputs into outputs. This school is based on the work of a biologist, Ludwig von

Bertalanffy, who believed that a general systems model could be used to unite science. Early contributors to this school included Kenneth Boulding, Richard Johnson, Fremont Kast, and James Rosenzweig.

The systems school began to have a strong impact on management thought in the 1960s as a way of thinking about managing techniques that would allow managers to relate different specialties and parts of the company to one another, as well as to external environmental factors. The systems school focuses on the organization as a whole, its interaction with the environment, and its need to achieve equilibrium. General systems theory received a great deal of attention in the 1960s, but its influence on management thought has diminished somewhat. It has been criticized as too abstract and too complex. However, many of the ideas inherent in the systems school formed the basis for the contingency school of management.

5. CONTINGENCY SCHOOL

The contingency school focuses on applying management principles and processes as dictated by the unique characteristics of each situation. It emphasizes that there is no one best way to manage and that it depends on various situational factors, such as the external environment, technology, organizational characteristics, characteristics of the manager, and characteristics of the subordinates. Contingency theorists often implicitly or explicitly criticize the classical school for its emphasis on the universality of management principles; however, most classical writers recognized the need to consider aspects of the situation when applying management principles.

The contingency school originated in the 1960s. It has been applied primarily to management issues such as organizational design, job design, motivation, and leadership style. For example, optimal organizational structure has been theorized to depend upon organizational size, technology, and environmental uncertainty; optimal leadership style, meanwhile, has been theorized to depend upon a variety of factors, including task structure, position power, characteristics of the work group, characteristics of individual subordinates, quality requirements, and problem structure, to name a few. A few of the major contributors to this school of management thought include Joan Woodward, Paul Lawrence, Jay Lorsch, and Fred Fiedler, among many others.

SCHOOLS OF MANAGEMENT THOUGHT

1. Scientific Management School:

This school envisages management to be a scientific management.

It means that, scientific methods and scientific principles are to be followed and applied in managing the affairs of an enterprise.

Frederick Winslow Taylor (1856-1915), popularly known as the 'Father of Scientific Management Movement', was the first to recognise and emphasise the need for adopting a systematic scientific approach to the task of managing an enterprise.

Taylor joined the Midvale Steel Company in the USA, as a worker and later on rose to the position of chief engineer. Subsequently he joined the Bethlehem Works where he experimented with his ideas and made his contribution to management theory for which he is so well-known.

He studied the causes of low efficiency in industry and came to the conclusion that much of the waste and inefficiency is due to the lack of order and system in the methods of management. He observed that the managers were usually ignorant of the amount of work that could be done by a worker in a day and had no clear notion of the best method of doing the work.

It was his realisation that there was lack of efficient work standard, absence of clear-cut division of works between the managers and workers, lack of incentive of the workers, unscientific selection and placement of workers. He, therefore, suggested that the managers should follow a 'scientific approach' in their work and apply scientific methods for achieving higher efficiency.

With a view to improving management practice, he conducted a series of experiments. On the basis of these experiments he developed his concepts and techniques into a philosophy which is known as 'Scientific Management'.

He published many papers and books and all his contributions were compiled in his book "The Principles of Scientific Management". Taylor's ideas on scientific management were greatly expanded by H. S. Person, Henry L. Gantt, and Lillian Gilbreth, Harrington Emerson and M. L. Cooke.

2. Management Process School:

This school builds up the idea that management is a process of getting things done through and with other people operating in organised groups. It analyses the management process by describing its functions like planning, organising, directing, coordinating and controlling. The executives perform this process. In this approach importance is given to the activities of the managers, the general principles and rules which they should follow.

Henry Fayol is considered to be the 'Founder of Management Process School'. He points out that management is a functional concept which is universal and applicable to any type of enterprise, be it a business enterprise or otherwise. Other persons who worked to develop this approach are J. D. Mooney, A. C. Reiley, Lyndall Urwick, Harold Koontz and O'Donnell, Newman, Luther Gullick, George Terry, E. F. L. Brech, Mcfarland, etc.

3. Human Relations School:

In scientific management, importance is given to its technical side to increase the efficiency of the organisations. On the other hand, 'Human Relations School' believes in the importance of human

resources in the management. This approach focuses attention on the relationship between the management authority and the working personnel.

The importance of working personnel in management is immense. If their mentality, aspirations, desires, wants and needs are properly looked into and satisfied by the managers, their activities become effective and meaningful. The main aspect of this approach is to treat the workers as human beings.

This school highlights the importance of informal social groups in the organisation, good human relations, the need for managerial motivation, greater recognition, participation, better communication and good leadership.

According to this school, an organisation is not merely a formal arrangement of men and functions, more than that, it is a social system, and the human factor is the most important element within it.

In the early twentieth century **Elton Mayo, professor at the Harvard University**, could realise the importance of this thought by experiments and observations in the factory of the Western Electric Company at Hawthorne city in Chicago. **These experiments and observations of Prof. Elton Mayo are known as 'Hawthorne Experiment'.**

These experiments revealed that physical and environmental factors do not materially influence the workers' performance and attitude to work. Mayo realised first the necessity to consider and solve the problems of the workers with human relation approach.

He thought that the productivity of workers depends upon human relationship. Other important propagators of this school of management thought are—Roethlis Berger, William J. Dickson, Mary Parker Follet and A. F. Maslow.

4. Human Behavioural School:

The behavioural approach to management relates to the application of the methods and findings of psychology and sociology to the organisational behaviour. This school emphasises the actions and reactions of the human beings in group activity. Mental reactions like emotions, feelings, aims, instincts, hopes and desires regulate a man's behaviour or conduct.

'Human Behavioural School' believes that, unless these mental reactions of the workers are considered, and their problems are either solved or at least attempts are made to fulfill their needs and demands by the managers, effective and meaningful management is not possible.

Thus, according to this school, performance of managerial activities in consideration of the conduct or behaviour of working personnel is an effective and decent management.

As a result of the experiments, observations and researches of many psychologists and sociologists, and after the Hawthorne Experiment, 'Human Behaviour Management Thought' was evolved out. In this respect, the contribution of **Mary Parker Follet, a member of Human Behaviour School**, is particularly

mentionable. **Other notable propagators of this school are A. F. Maslow, F. H. Herzberg, McGregor, Keith Davis and Chrris Argrys.**

The following other schools of management thought are also important in modern management:

5. System Approach School:

According to this school, management is a 'system' of co-ordination of some different factors forming the parts of an overall management process, which are inter-related or inter-dependent. If the activities related to production of an enterprise are performed, giving much importance to one of its factors or parts, without considering its relationship and dependence on other factors, the desired result cannot be obtained.

For example, men, machine, money and raw materials are the factors of production in management. These elements are not isolated rather they are correlated and interdependent on one another. A perfect assemblage of these factors results in production. Efficient workers cannot perform their activities well with bad machines.

Good work cannot be expected of inefficient workers working with good machines. So, management is a system to assemble the different correlated and inter-dependent factors that are parts of the overall system. It must be viewed in the context of total environment, and the managers should take into account the various characteristics and changes therein in managing the organisation.

The major contributors to this school are Kenneth, Boulding, Johnson, F. E. Kast, J. E. Rosenzweig, Katz and Kahn, Forester and C. W. Churchman.

6. Decision Theory School:

The essence of management lies in decision-making. Whatever a manager does is the outcome of a decision made by him from several alternatives available to him. The 'Decision Theory School' of management thought concentrates its attention on decision-making and treats the various aspects of decision-making as constituting the scope of the study of management.

Advocates of this school opine that decision-making is the most critical function of management and any study of management should focus directly on the decision-making process. Rational approach to decision-making is the basis of this school.

To perform the managerial functions properly and effectively, one has to learn the procedures, techniques, causes and effects of taking decisions. Top level management authority has to take decisions at the stage of planning and the managers in charge of execution of plans have to take decisions at the stage of its implementation.

It becomes proper, meaningful and effective only if decisions are taken through a reasonable procedure.

Among the proponents of this theory, the names of Herbert Simon, Stephen Robins and Chester Barnard are especially mentionable.

7. Mathematical or Quantitative School:

This school views Management as a system of mathematical models and process. The exponents of this school of thought believe that effective solution of the intricate problems of management of an enterprise can be achieved through organising mathematical or quantitative model. Management or organisation, planning or decision-making, as a logical process, can be expressed in terms of mathematical symbols and relationships.

The contributors to this school of thought have been using mathematical and quantitative techniques in developing the models of various kinds of decision and problems involved in managing the organisations with a view to understanding them and also for finding out solutions to them.

This theory uses the techniques of Operation Research, Games Theory, Linear Programming, Queing Theory and Model Building. As proponents of this theory the names of L. Ackoff, C. W Churchman, Newman, Hicks and Joel Dean may be mentioned.

8. Contingency Approach School of Management:

According to this approach, management is a subject that is situational by nature. It has no hard and fast principle and theory. In one way, this is an extension of the system approach. The basic idea of the contingency approach is that there cannot be a particular management action which will be suitable for all situations.

Study of management, according to this approach, lies in identifying the important variables in the situation. An appropriate management action is one that is designed on the basis of external environment and internal states and needs. Management may be effective and fruitful, if its principles and procedures are appropriately followed and its techniques are intelligently applied according to the circumstances.

Contingency theorists suggest that the systems approach does not adequately spell out the precise relationship between the organisation and its environment. Contingency approach tries to fill this gap by suggesting what should be done in response to an event in the environment. **The supporters of this theory are mainly, Lorsch and Lawrence, John Woodward, Fiedler and H. M. Carlisle.**

MANAGEMENT PROCESS

Management process is a process of setting goals, planning and/or controlling the organizing and leading the execution of any type of activity, such as:

- A project (project management process) or
- A process (process management process, sometimes referred to as the process performance measurement and management system).

An organization's senior management is responsible for carrying out its management process. However, this is not always the case for all management processes, for example, it is the responsibility of the project manager to carry out a project management process.

Nature of Management Process

Management is a process which brings the scarce human and material resources together and motivates people for the achievement of objectives of the organization. Management is not a onetime act but an on-going series of interrelated activities. The sum total of these activities is known as management process. It consists of a set of interrelated operations or functions necessary to achieve desired organizational goals. A process is a systematic way of doing things. It is concerned with conversion of inputs into outputs. An analysis of management process will enable us to know the functions which managers perform.

FEATURES OF MANAGEMENT PROCESS

1. Social Process

The entire management process is regarded as a social process as the success of all organizational efforts depends upon the willing co-operation of people. Managers guide, direct, influence and control the actions of others to achieve stated goals. Even people outside the organization are influenced by the actions of managers.

2. Continuous Process

The process of management is on-going and continuous. Managers continuously take up one or the other function. Management cycle is repeated over and over again, each managerial function is viewed as a sub-process of total management process.

3. Universal

Management functions are universal in the sense that a manager has to perform them irrespective of the size and nature of the organization. Each manager performs the same functions regardless of his rank or position in the organization. Even in a non-business organization managerial functions are the same.

4. Iterative

Managerial functions are contained within each other the performance of the next function does not start only when the earlier function is finished. Various functions are taken together. For example, planning, organizing, directing and controlling may occur within staffing function. Similarly, organizing may require planning, directing and controlling. So all functions can be thought of as sub-functions of each other.

5. Composite

All managerial functions are composite and integrated. There cannot be any sequence which can be strictly followed for performing various functions. The sequential concept may be true in a newly started business where functions may follow a particular sequence but the same will not apply to a going concern. Any function may be taken up first or many functions may be taken up at the same time.

Four Functions of Management Process: Planning, Organizing, Leading, Controlling

Functions of management is a systematic way of doing things. Management is a process to emphasize that all managers, irrespective of their aptitude or skill, engage in some inter-related functions to achieve their desired goals.

Planning, organizing, leading, and controlling are the 4 functions of management; which work as a continuous process. First; managers must set a plan, then organize resources according to the plan, lead employees to work towards the plan, and finally, control everything by monitoring and measuring the effectiveness of the plan.

Management process/functions involve 4 basic activities



Four Functions of Management Process

1. Planning and Decision Making: Determining Courses of Action

Looking ahead into the future and predict possible trends or occurrences which are likely to influence the working situation is the most vital quality as well as the job of a manager.

Planning means setting an organization's goal and deciding how best to achieve them. Planning is decision making, regarding the goals and setting the future course of action from a set of alternatives to reach them.

The plan helps to maintain managerial effectiveness as it works as a guide for the personnel for future activities. Selecting goals as well as the paths to achieve them is what planning involves.

Planning involves selecting missions and objectives and the actions to achieve them, it requires decision-making or choosing future courses of action from among alternatives.

In short, planning means determining what the organization's position and the situation should be at some time in the future and decide how best to bring about that situation.

Planning helps maintain managerial effectiveness by guiding future activities.

For a manager, planning and decision-making require an ability to foresee, to visualize, and to look ahead purposefully.

2. Organizing: Coordinating Activities and Resources

Organizing can be defined as the process by which the established plans are moved closer to realization.

Once a manager set goals and develops plans, his next managerial function is organizing human resource and other resources that are identified as necessary by the plan to reach the goal.

Organizing involves determining how activities and resources are to be assembled and coordinated.

The organization can also be defined as an intentionally formalized structure of positions or roles for people to fill in an organization.

Organizing produces a structure of relationships in an organization and it is through these structured relationships that plans are pursued.

Organizing, then, is that part of managing which involves: establishing an intentional structure of roles for people to fill in the organization.

It is intentional in the sense of making sure that all the tasks necessary to accomplish goals are assigned to people who can do the best.

The purpose of an organization structure is to create an environment for the best human performance.

The structure must define the task to be done. The rules so established must also be designed in light of the abilities and motivations of the people available.

Staffing is related to organizing and it involves filling and keeping filled, the positions in the organization structure.

This can be done by determining the positions to be filled, identifying the requirement of manpower, filling the vacancies and training employees so that the assigned tasks are accomplished effectively and efficiently.

The managerial functions of promotion, demotion, discharge, dismissal, transfer, etc. Are also included with the broad task “staffing.” staffing ensures the placement of the right person in the right position.

Organizing is deciding where decisions will be made, who will do what jobs and tasks, who will work for whom, and how resources will assemble.

3. Leading: Managing, Motivating and Directing People

The third basic managerial function is leading it is the skills of influencing people for a particular purpose or reason. Leading is considered to be the most important and challenging of all managerial activities.

Leading is influencing or prompting the member of the organization to work together with the interest of the organization.

Creating a positive attitude towards the work and goals among the members of the organization is called leading. It is required as it helps to serve the objective of effectiveness and efficiency by changing the behavior of the employees.

Leading involves several deferment processes and activates.

The functions of direction, motivation, communication, and coordination are considered a part of the leading processor system.

Coordinating is also essential in leading.

Most authors do not consider it a separate function of management.

Rather they regard coordinating as the essence of managership for achieving harmony among individual efforts towards accomplishing group targets.

Motivating is an essential quality for leading. Motivating is the function of the management process of influencing people’s behavior based on the knowledge of what cause and channel sustain human behavior in a particular committed direction.

Efficient managers need to be effective leaders.

Since leadership implies fellowship and people tend to follow those who offer a means of satisfying their own needs, hopes and aspirations, understandably, leading involves motivation leadership styles and approaches and communication.

4. Controlling: Monitoring and Evaluating Activities

Monitoring the organizational progress toward goal fulfillment is called controlling. Monitoring progress is essential to ensure the achievement of organizational goals.

Controlling is measuring, comparing, finding deviation and correcting the organizational activities which are performed for achieving the goals or objectives. Controlling consists of activities, like; measuring the performance, comparing with the existing standard and finding the deviations, and correcting the deviations.

Control activities generally relate to the measurement of achievement or results of actions that were taken to attain the goal.

Some means of controlling, like the budget for expenses, inspection records, and the record of labor hours lost, are generally familiar. Each measure also shows whether plans are working out.

If deviations persist, correction is indicated. Whenever results are found to differ from the planned action, persons responsible are to be identified and necessary actions are to be taken to improve performance.

Thus outcomes are controlled by controlling what people do. Controlling is the last but not the least important management function process.

It is rightly said, “planning without controlling is useless”. In short, we can say the controlling enables the accomplishment of the plan.

All the management functions of its process are inter-related and cannot be skipped.

The management process designs and maintains an environment in which personnel's, working together in groups, accomplish efficiently selected aims.

All managers carry out the main functions of management; planning, organizing, staffing, leading and controlling. But depending on the skills and position on an organizational level, the time and labor spent in each function will differ.