

UNIT-I
HISTORY OF MANAGEMENT

Introduction:

Companies of the same industry are being affected by the same environmental factors. Some companies attract a number of customers while some other companies repel them. Employees prefer to be identified with some companies while they prefer to be unemployed in case of some other companies. Why do companies perform differently when they operate under the same environmental conditions, serve the same customer, and use the same raw material and technology and employ the people with similar skills? The answer for this question, invariably, is management practices. Thus 'Management' makes remarkable difference between the companies regarding their performance in terms of productivity, products, sales, profitability, service to the customer, employee welfare etc.

Definition of management: - **Mary Parker** defines the term management as -the art of getting things done through others.||

Ivancerich, Donnelly and Gibson, defines the term management as —the process undertaken by one or more persons to coordinate the activities of other persons to achieve results not attainable by any one person acting alone.||

John A. Pearce and Richard B. Robinson included all kinds of resources in their definition on management. According to them, -Management is the process of optimizing human, material and financial contribution for the achievement of organizational goals.||

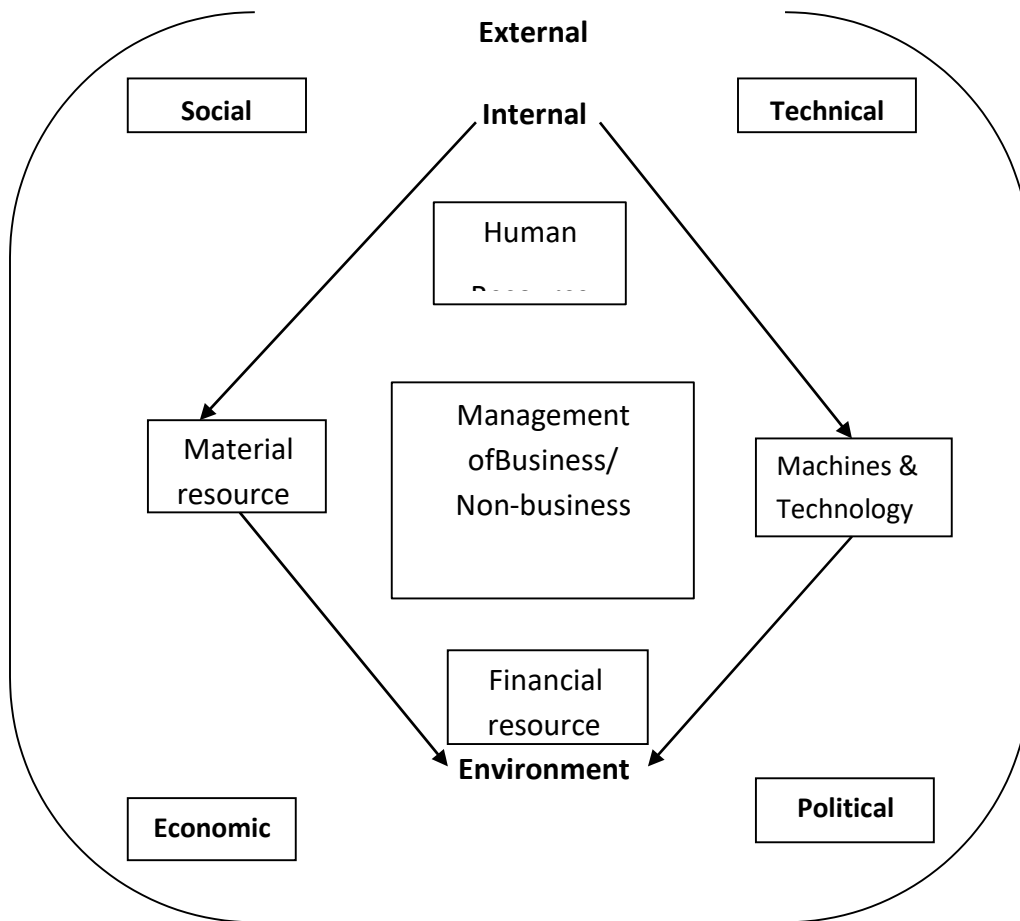
The analysis of the above definitions provides the following aspects of management.

The purpose of management is to formulate effective (right) organizational strategies and to achieve them efficiently (productively) based on the missions objectives and goals.

- Management functions include: planning, organizing, directing and controlling.
- Managers should possess varied skills in order to play a variety of roles.
- It applies to managers at all levels in an organization.
- Management vs. Administration.

- Management is an art and a science in order to create a surplus.
- Management need to be a profession to achieve goals continuously with an
- Incremental efficiency.

Management deals with internal and external environment



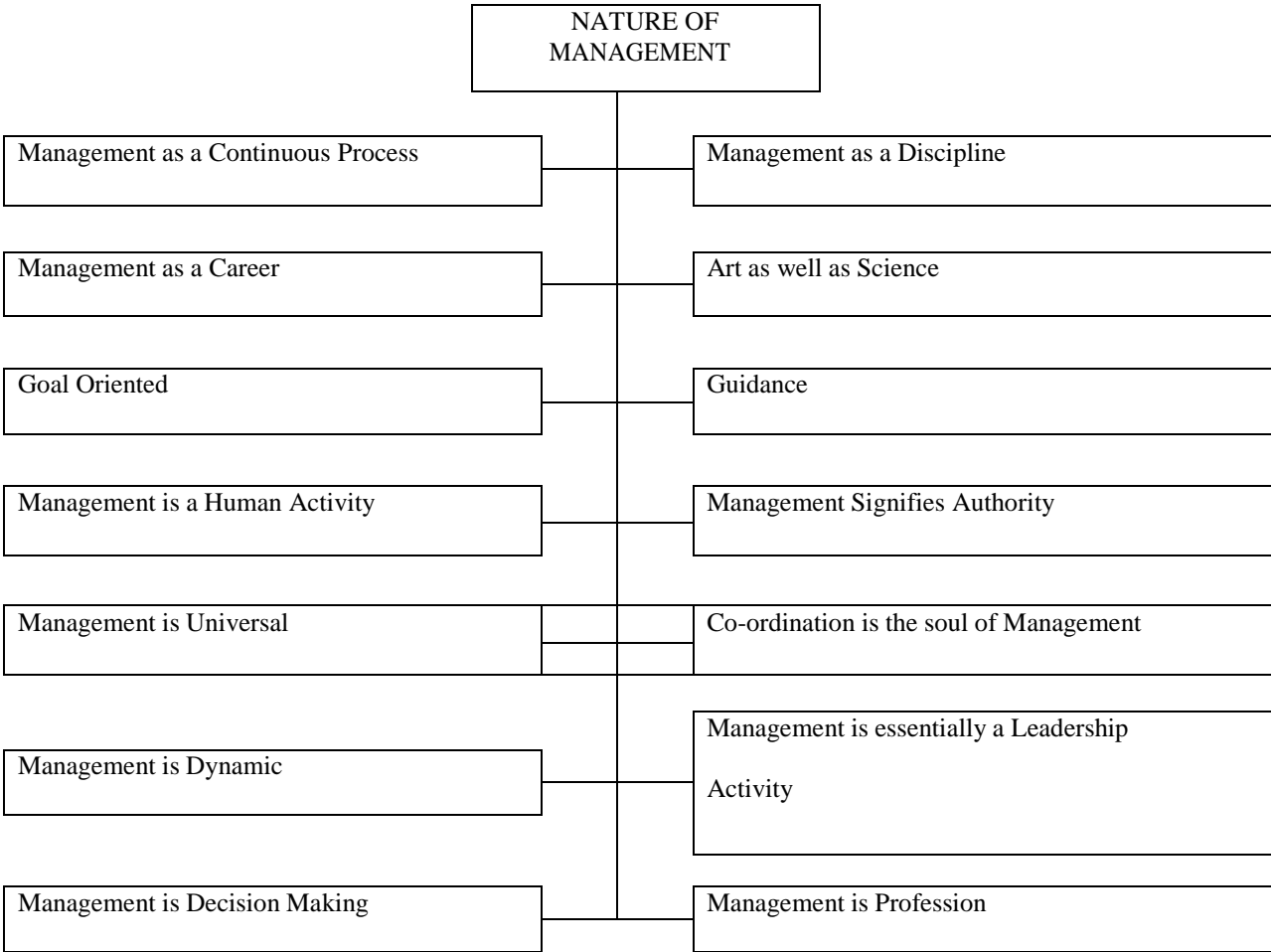
Environment :

Management: A Science or an art? We should know what is science and what is a before discussing whether management is a science or an art?

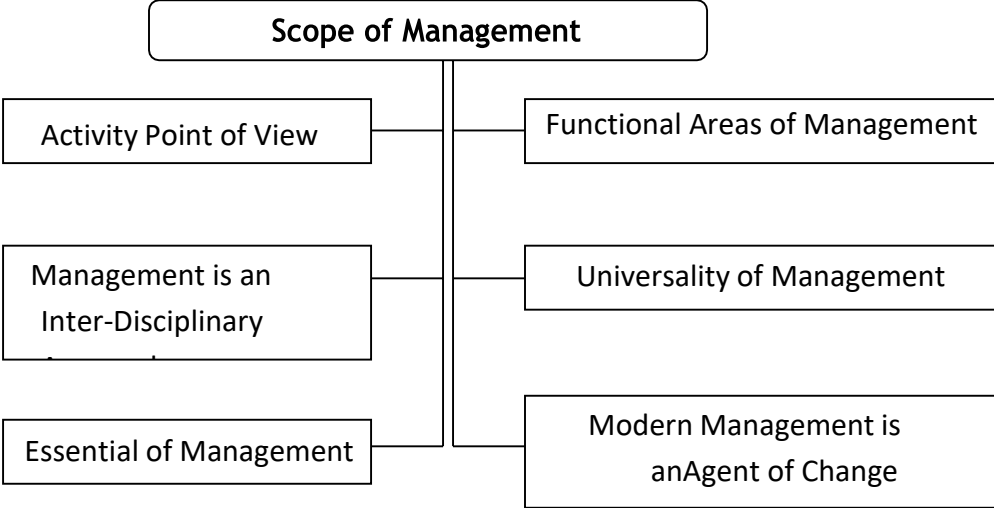
What is science? Science is a body of knowledge developed systematically, based on observation, measurement, and experimentation and drawing inferences based on data. The knowledge can be verified through cause- effect relationship. The knowledge provides principles, theory and laws. Management satisfies the characteristics of science like.

What is an art? Art understands how a particular activity can be done. Art can be acquired by conscious effort and practice. Management is getting things done by and through other people. They have to continuously analyze the environment and formulate the plans and strategies. They have to modify the strategies based on environmental changes. The principles of management cannot be implemented as learn, in the real world. They are to be applied after making necessary modifications based on the real life situations.

Nature of Management :



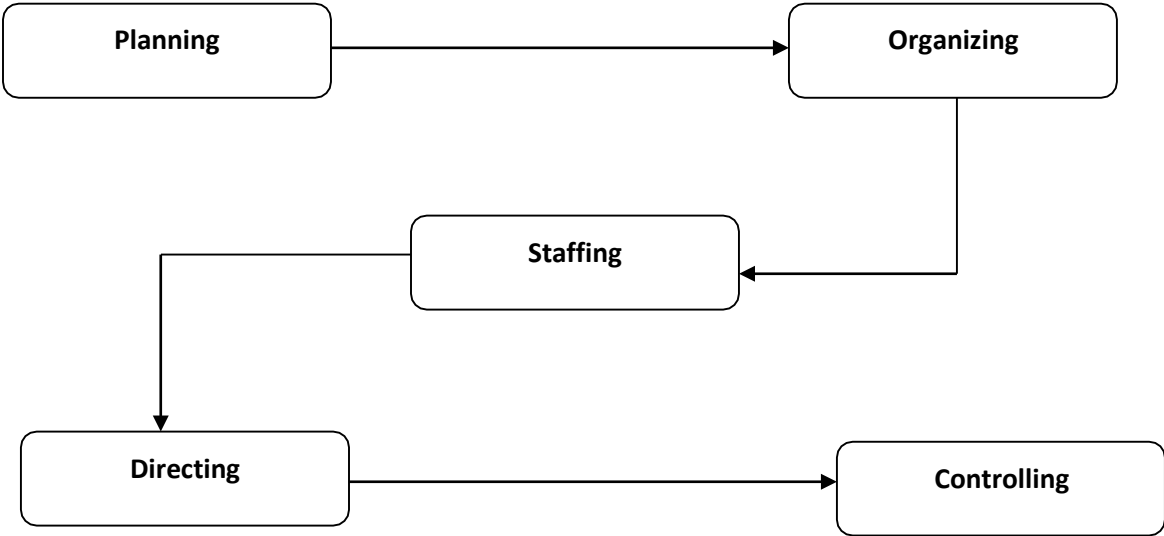
Scope of Management



Functions of management

As indicated earlier, management is the process of planning, organizing, staffing, directing and controlling the efforts of organization members in utilizing all resources to achieve organizational goals, objectives and mission. Management is a process as it operates the activities systematically.

The management process:



Planning:

- Planning consists of the activities involved in choosing courses of action to achieve organizational objectives.
- It is deciding in advance what to do, when to do, how to do and who will do it, in order to achieve these objectives.
- Both long- term and short- term plans are necessary to achieve goals.

Organizing:

- Organizing involves the grouping of jobs into framework for coordination and direction.
- Formal organizations may be portrayed by use of an organization chart.
- Organizations are structured based on product, function, geography, customer and project.
- The matrix structure has evolved as a result of complex environments, markets and technology.

Staffing:

- Staffing is planning, organizing, directing and controlling of procurement, development, compensation, integration and maintenance of people for the purpose of contributing to individual, organizational and social goals.
- This process requires the performance of the functions like job analysis, human resources planning, recruitment, selection, induction, placement, training, execute development, wage and salary administration, leadership, teamwork, motivation, grievance procedure, disciplinary procedure act.

Directing:

- The important function of management at any level is directing the people by motivating, commanding, leading and activating them.
- The willing and effective cooperation of employees for the attainment of organizational goals is possible through direction.
- Tapping the maximum potentialities of the people is possible through and command.
- Thus, direction is an important managerial function in securing employee's contribution.

Controlling:

1. After planning, organizing, staffing and directing the various activities, the performance is to be verified in order to know whether the activities are performed in conformity with the plans and objectives or not.
2. Controlling also involves checking, verifying and comparing of actual performance with the

plans, identification of deviations, if any and correcting of identified deviations.

3. Thus, actions and operations are adjusted to predetermined plans and standards through control.
4. The purpose of control is to ensure the effective operation of an organization by focusing on all resources- human, material, finance and machines.

Management levels



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 –

They execute the plans of the organization in accordance with the policies and directives of the top management.

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

Fayal's principles of management: - In addition, Fayola listed out fourteen principles of management. They are:

1.Division of labor: - The more people specialize, the more efficiently they can perform their work. This principle is epitomized by the modern assembly line.

2.Authority: - Managers must give orders so that they can get things done. While their formal authority gives them the right to command, managers will not always compel obedience unless they have personal authority (such as relevant expertise) as well.

3.Discipline: - Members in an organization need to respect the rules and agreements that govern the organization. To Fayola, discipline results from good leadership at all levels of the organization, fair agreements.

4.Unity of command: - Each employee must receive instructions from only one person. Fayola belied that when an employee reported to more than one manager, conflicts in instructions and confusion of authority would ultimately result.

5.Unity of direction: - Those operations within the organization that have the same objective should be directed by only one manager using one plan.

6.Subordination of individual interest to the common goal: - In any undertaking, the interests of employees should not take precedence over the interests of the organization. As a whole.

7.Remuneration: - Compensation for work done should be fair to both employees and employers.

8.Centralization: - Decreasing the role of subordinates in decision making is centralization, increasing their roles is decentralization.

9.The hierarchy: - The lines of authority in an organization are often represented today by the neat boxes and lines of the organization chart that runs in order of rank from the top management to the lowest level of the enterprise.

10.Order: - Materials and people should be in the right place at the right time. People in particular, should be in the jobs or positions in which they are most suited.

11.Equity: - Manager should be both friendly and fair to their subordinates.

12.Stability of staff: - A high employee turnover rate undermines the efficient functioning of an organization.

13.Initiative: - Subordinates should be given the freedom to conceive and carry out their plans, even though some mistakes may result.

14.Esprit de corps: - Promoting team spirit will give the organization a sense of unity.

Taylor's scientific management

The concept of scientific management was introduced by Fredric Winslow Taylor in USA in the beginning of the 20th Century. —Scientific management is concerned with knowing exactly what you want men to do and then see in that they do it in the best and cheapest way.

Scientific management theory is important because its approach to management is found in almost every industrial business operation across the world. Its influence is also felt in general business practices such as planning, process design, quality control, cost accounting, and ergonomics. Your knowledge of the theory will give you a better understanding of industrial management. You'll also understand how a manager can use quantitative analysis, an examination of numbers and other measurable data, in management to improve the efficiency and effectiveness of business operations.

Elements and tools of scientific management

- 1. Separation of planning and doing:** - Taylor emphasized the separation of planning aspect from actual doing of the work. Before Taylor's scientific management, a worker used to plan about how he had to work and what instruments were necessary for that. The worker was put under the supervision of a supervisor commonly known as gang boss.
- 2. Functional foremanship:** - Separation of planning from doing resulted into development of supervision system which could take planning work adequately besides keeping supervisions on workers.
- 3. Job analysis:** - Job analysis is undertaken to find out the one best way of doing the thing. The best way of doing a job is one which requires the least movements, consequently less time and cost. The best way of doing the thing can be determined by taking up time- motion fatigue studies.
- 4. Standardization:-** As far as possible, standardization should be maintained in respect of instruments and tools, period of work, amount of work, work conditions, cost of production etc.
- 5. Scientific selection & Training of workers:** - Taylor has suggested that workers should be selected on scientific basis taking into account their education, work experience, aptitude, physical strength.
- 6. Financial incentives:** - Financial incentives can motivate workers to put in their maximum efforts. If provisions exist to earn higher wages by putting in extra effort, workers will be motivated to earn more.
- 6. Economy:** - While applying scientific management, not only scientific & technical aspects should be considered but adequate consideration should be given to economy & profit. For this purpose, techniques of cost estimates and control should be adopted.

TYPES OF LEADERSHIPS:

The total pattern of leaders' actions as perceived by their employees is called leadership style. It represents the leaders' philosophy, skills and attitudes in practice.

1. Autocratic or Authoritarian leadership

An autocratic leader centralizes power and decision-making in himself. He gives orders, assigns tasks and duties without consulting the employees. The leader takes full authority and assumes full responsibility.

Autocratic leadership is negative, based on threats and punishment. Subordinates act as he directs. He neither cares for their opinions nor permits them to influence the decision. He believes that because of his authority he alone can decide what is best in a given situation.

Autocratic leadership is based upon close supervision, clear-cut direction and commanding order of the superior. It facilitates quick decisions, prompt action and unity of direction. It depends on a lesser degree of delegation. But too much use of authority might result in strikes and industrial disputes. It is likely to produce frustration and retard the growth of the capacity of employees.

The employees work as hard as is necessary to avoid punishment. They will thus produce the minimum which will escape punishment.

This leadership style is less likely to be effective because (i) the new generation is more independent and less submissive and not amenable to rigid control; (ii) people look for ego satisfactions from their jobs and (iii) revolution of rising expectations changed the attitude of the people.

2. Democratic or Participative leadership

Participative or democratic leaders decentralise authority. It is characterised by consultation with the subordinates and their participation in the formulation of plans and policies. He encourages participation in decision-making.

He leads the subordinates mainly through persuasion and example rather than fear and force. Sometimes the leader serves as a moderator of the ideas and suggestions from his group. McGregor labels this style as Theory Y.

Taylor's scientific management was based on the inability of the ordinary employees to make effective decisions about their work. Hence the decision-making power was vested with the management. But recent studies indicate the need for participation by subordinates. The modern trend favours sharing the responsibility with the employees.

This will foster enthusiasm in them. The employees feel that management is interested in them as well as in their ideas and suggestions. They will, therefore, place their suggestions for improvement.

Advantages for democratic leadership are as follows: (i) higher motivation and improved morale; (ii) increased co-operation with the management; (iii) improved job performance; (iv) reduction of grievances and (v) reduction of absenteeism and employee turnover.

3. The Laissez-faire or Free-rein leadership

Free-rein leaders avoid power and responsibility. The laissez-faire or non-interfering type of leader passes on the responsibility for decision-making to his subordinates and takes a minimum of initiative in administration. He gives no direction and allows the group to establish its own goals and work out its own problems.

The leader plays only a minor role. His idea is that each member of the group when left to himself will put forth his best effort and the maximum results can be achieved in this way. The leader acts as an umpire. But as no direction or control is exercised over the people, the organisation is likely to flounder.

An experiment conducted among Boy Scout Clubs of the USA in 1940 shows autocratic leadership is likely to rouse antagonism in the group and produce hostility towards the leader. In democratic groups, the absence of the leader made little difference, while in autocratic groups productive work dropped to a minimum, when the leader was out of the room.

Democratic leadership is more likely to win the loyalty of the group. The laissez-faire groups also developed friendly approaches to the leader as in the democratic group. But suggestions from the groups were very low and they were also less productive.

4. Paternalistic leadership

Under this management style the leader assumes that his function is fatherly or paternal. Paternalism means papa knows best. The relationship between the leader and his group is the same as the relationship between the head of the family and the members of the family. The leader guides and protects his subordinates as members of his family.

As the head of the family he provides his subordinates with good working conditions and fringe benefits. It is assumed that workers will work harder out of gratitude. This leadership style was admirably successful in Japan with her peculiar social background.

This leadership style has still been widely prevalent in small firms in India. However, this paternalistic approach is unlikely to work with mature adult employees, many of whom do not like their interests to be looked after by a “godfather.” Instead of gratitude, it might generate antagonism and resentment in the subordinates.