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DIPLOMA IN MANAGEMENT

DIM-2

**Management Principles
and Applications**

Block

1

MANAGEMENT CONCEPTS: AN OVERVIEW

Unit – 1

Nature and Significance of Management

Unit – 2

Managerial Skills and Roles of Managers

Unit – 3

Evolution of Management Thoughts

Unit – 1

Nature and Significance of Management



Nature and Significance of Management

Learning Objectives

After completion of the unit, you should be able to:

- Explain the meaning, concept and definition of management.
- Describe scope and importance of management.
- Know the nature and characteristics of management.
- Also understand whether management is a science or an art or a profession.

Structure

- 1.1 Introduction
- 1.2 Definitions
- 1.3 Nature of Management
- 1.4 Scope and Importance of Management
- 1.5 Levels of Management
- 1.6 Management as an Art
- 1.7 Management as a Science
- 1.8 Management as a Profession
- 1.9 Let's Sum-up
- 1.10 Key Terms
- 1.11 Self-Assessment Questions
- 1.12 Further Readings
- 1.13 Model Questions

1.1 Introduction

Take a close look at the society around you. You would find the existence of several organizations. To mention a few, the business organizations that produce goods or services, hospitals, religious and social institutions like charities, schools, colleges and universities. All these organizations exist to achieve pre-determined objectives. They affect our lives in many ways. Though there are vast differences in their functioning and approaches, they all strive to achieve certain objectives. It must also be noted that organizations cannot achieve the objectives effortlessly. They are achieved through systematic effort. Several activities have to be performed in a cohesive way. In the absence of systematic and cohesive performance of the activities to achieve the objectives,

it is no wonder that the resources of organizations would be underutilized. As such it is the function of the management to facilitate the performance of activities such that the accomplishment of the objectives becomes possible.

1.2 Definitions

Management is understood in different ways by different people. Economists regard it as a factor of production. Sociologists see it as a class or group of persons while practitioners of management treat it as a process. For our understanding, management may be viewed as what a manager does in a formal organization to achieve the objectives. In the words of Mary Parker Follet management is “*the art of getting things done through people*”. This definition throws light on the fact that managers achieve organizational goals by enabling others to perform rather than performing the tasks themselves.

Peter F. Drucker defines, "Management is an organ; organs can be described and defined only through their functions".

According to Terry, "Management is not people; it is an activity like walking, reading, swimming or running. People who perform Management can be designated as members, members of Management or executive leaders."

Ralph C. Davis has defined Management as, "Management is the function of executive leadership anywhere."

Management encompasses a wide variety of activities that no one single definition can capture all the facets of management. That is why, it is often said that there are as many definitions of management as there are authors in the field. However, the definition given by James A.F. Stoner covers all the important facets of management.

According to him:

“Management is the process of planning, organizing, leading and controlling the efforts of organization members and of using all other organizational resources to achieve stated organizational goals”.

The above definitions suggest:

- ❖ Management is a continuous process;
- ❖ Several interrelated activities have to be performed by managers irrespective of their levels to achieve the desired goals;
- ❖ Managers use the resources of the organization, both physical as well as human, to achieve the goals;
- ❖ Management aims at achieving the organisation’s goals by ensuring effective use of resources in the best interests of the society.

1.3 Nature of Management

The salient features which highlight the nature of management are as follows:

- **Management is goal-oriented:** Management is not an end in itself. It is a means to achieve certain goals. Management has no justification to exist without goals. Management goals are called group goals or organisational goals. The basic goal of management is to ensure efficiency and economy in the utilisation of human, physical and financial resources. The success of management is measured by the extent to which the established goals are achieved. Thus, management is purposeful.
- **Management is universal:** Management is an essential element of every organised activity irrespective of the size or type of activity. Persons are engaged in working for a common goal, management is necessary. All types of organisations, e.g., family, club, university, government, army, cricket team or business, require management. Thus, management is a pervasive activity. The fundamental principles of management are applicable in all areas of organised effort. Managers at all levels perform the same basic functions.
- **Management is an Integrative Force:** The essence of management lies in the coordination of individual efforts into a team. Management reconciles the individual goals with organisational goals. As a unifying force, management creates a whole that is more than the sum of individual parts. It integrates human and other resources.
- **Management is a Social Process:** Management is done by people, through people and for people. It is a social process because it is concerned with interpersonal relations. Human factor is the most important element in management. According to Appleby, "Management is the development of people not the direction of things. A good manager is a leader not a boss. It is the pervasiveness of human element which gives management its special character as a social process".
- **Management is multidisciplinary:** Management has to deal with human behaviour under dynamic conditions. Therefore, it depends upon wide knowledge derived from several disciplines like engineering, sociology, psychology, economics, anthropology, etc. The vast body of knowledge in management draws heavily upon other fields of study.
- **Management is a continuous Process:** Management is a dynamic and an on-going process. The cycle of management continues to operate so long as there is organised action for the achievement of group goals.
- **Management is Intangible:** Management is an unseen or invisible force. It cannot be seen but its presence can be felt everywhere in the form of results. However, the managers who perform the functions of management

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are very much tangible and visible.

- **Management is an Art as well as Science:** It contains a systematic body of theoretical knowledge and it also involves the practical application of such knowledge. Management is also a discipline involving specialised training and an ethical code arising out of its social obligations.

On the basis of these characteristics, management may be defined as a continuous social process involving the coordination of human and material resources in order to accomplish desired objectives. It involves both the determination and the accomplishment of organisational goals.

1.4 Scope and Importance of Management

Management is indispensable for the successful functioning of every organisation. It is all the more important in business enterprises. No business runs in itself, even on momentum. Every business needs repeated stimulus which can only be provided by management. According to Peter Drucker, “Management is a dynamic life-giving element in an organisation, without it the resources of production remain mere resources and never become production”.

The scope and importance of management has been highlighted clearly in the following points:

- **Achievement of group goals:**
A human group consists of several persons, each specialising in doing a part of the total task. Each person may be working efficiently, but the group as a whole cannot realise its objectives unless there is mutual cooperation and coordination among the members of the group. Management creates team-work and coordination in the group. He reconciles the objectives of the group with those of its members so that each one of them is motivated to make his best contribution towards the accomplishment of group goals. Managers provide inspiring leadership to keep the members of the group working hard.
- **Optimum utilisation of resources:**
Managers forecast the need for materials, machinery, money and manpower. They ensure that the organisation has adequate resources and at the same time does not have idle resources. They create and maintain an environment conducive to highest productivity. Managers make sure that workers know their jobs well and use the most efficient methods of work. They provide training and guidance to employers so that they can make the best use of the available resources.

- **Minimisation of cost:**

In the modern era of cut-throat competition no business can succeed unless it is able to supply the required goods and services at the lowest possible cost per unit. Management directs day-to-day operations in such a manner that all wastage and extravagance are avoided. By reducing costs and improving efficiency, managers enable an enterprise to be competent to face competitors and earn profits.

- **Survival and growth:**

Modern business operates in a rapidly changing environment. An enterprise has to adapt itself to the changing demands of the market and society. Management keeps in touch with the existing business environment and draws its predictions about the trends in future. It takes steps in advance to meet the challenges of changing environment. Changes in business environment create risks as well as opportunities. Managers enable the enterprise to minimise the risks and maximise the benefits of opportunities. In this way, managers facilitate the continuity and prosperity of business.

- **Generation of employment:**

By setting up and expanding business enterprises, managers create jobs for the people. People earn their livelihood by working in these organisations. Managers also create such an environment that people working in enterprise can get job satisfaction and happiness. In this way managers help to satisfy the economic and social needs of the employees.

- **Development of the nation:**

Efficient management is equally important at the national level. Management is the most crucial factor in economic and social development. The development of a country largely depends on the quality of the management of its resources. Capital investment and import of technical knowhow cannot lead to economic growth unless wealth producing resources are managed efficiently. By producing wealth, management increases the national income and the living standards of people. That is why management is regarded as a key to the economic growth of a nation and all the nations which make up the world.

1.5 Levels of Management

Every business organisation, irrespective of its size, has many managerial positions in its structure. These positions are created through the process of delegation of authority from top to lower levels. Each position is marked by authority, responsibility, functions, roles and relationships. The contents and nature vary, depending in the level at which the position lies. As one moves upward in the organisation, the managerial position plays an important role, larger the contribution, greater the authority and higher the responsibility. These managerial positions lying in the chain of command may be classified

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into various groups or levels of management. Broadly speaking, an organization has two important levels of management, namely functional and operative. The functional level is concerned with the process of determining primary objectives, formulating basic policies, making vital decisions and controlling and coordinating activities of personnel. The operative level of management is related to implementation of plans and decisions, and pursuit of basic policies for achieving the objectives of the organisation.



(Levels of Management)

Generally, the levels of management consisting of various managerial positions in the structure of an organisation, differ from one organisation to another, depending on the size of business activity, philosophy of management, span of control and other related factors. But, in a joint stock company, for conducting its business efficiently, managerial personnel may be placed in three levels, that is, top, middle and lower or supervisory level.

Top Level Management

The top level management is generally occupied by the ownership group. In a joint stock company, equity shareholders are the real owners of the company. Thus, they elect their representatives as directors, form a board, known as board of directors, which constitutes the top level of management. Besides the board, other functionaries including managing director, general manager or Chief executive to help directors, are included in this level. It is the highest level in the managerial hierarchy and the ultimate source of authority in the organisation. The top level managers are accountable to the owners and responsible for overall management of the organisation.

The major functions of the top level management are as under:

- i. To make a corporate plan for the entire organisation covering all areas of operations.

- ii. To decide upon the matters which are vital for the survival, profitability and growth of the organisation such as introduction of new product, shifting to new technology and opening new plant etc.
- iii. To decide corporate goals.
- iv. To decide structure of organisation, creating various positions there in.
- v. To exercise overall managerial control through the process of reviewing over all financial and operating results.
- vi. To make decisions regarding disposal and distribution of profits.
- vii. To select key officials and executives for the company.
- viii. To coordinate various sub-systems of the organisation.
- ix. To maintain liaison with outside parties having a stake in business such as government, trade union and trade associations etc.
- x. To formulate basic policies and providing direction and leadership to the organisation as a whole.

Middle Level Management

In order to fill up the gap which exists between functional and operative level, some managerial positions are created at the middle level of management. Middle level management consists of departmental managers, deputy managers, foreman and administrative officers etc. These executives are mainly concerned with the overall functioning of their respective departments. They act as a link between top and lower level managers. The activities of middle level managers' centres around determining departmental goals and devising ways and means for accomplishing them.

The main functions performed by these managers are as under:

- i. To prepare departmental plan covering all activities of the department within the basic framework of the corporate plan.
- ii. To establish departmental goals and to decide upon various ways and means for achieving these goals to contribute to organizational goals.
- iii. To perform all other managerial functions with regard to departmental activities for securing smooth functioning of the entire department.
- iv. To issue detailed orders and instructions to lower level managers and coordinate the activities of various work units at lower level.
- v. Middle level managers explain and interpret policy decisions made at the top level to lower level managers.

Lower Level or Supervisory Level Management

Lower-level management is known as supervisory management, because it is concerned mainly with personal oversight and direction of operative employees. It consists of factory supervisors, superintendents, foremen, sales

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supervisors, accounts officers etc. They directly guide and control the performance of rank and file workers. They issue orders and instructions and guide day to-day activities. They also represent the grievances of the workers to the higher levels of management.

Supervisory management performs the following functions:

- i. Planning of day to day work
- ii. Assignment of jobs and issuing orders and instructions
- iii. Supervising and guiding workers
- iv. Maintaining close personal contacts with workers to ensure discipline and team-work
- v. Evaluating operating performance
- vi. Sending reports and statements to higher authorities
- vii. Communicating the grievances and suggestions of workers to higher authorities.

1.6 Management as an Art

Art refers to the ‘know-how’ – the ways of doing things to accomplish a desired result. The focus is on the skill with which the activities are performed. As the saying goes ‘*practice makes a man perfect*’, constant practice of the theoretical concepts (knowledge) contributes for the formation and sharpening of the skills. Therefore, what is required is the right blend of the theory and practice. In a way, the attributes of science and art are the two sides of a coin. Medicine, engineering, accountancy and the like require skills on the part of the practitioners and can only be acquired through practice. Management is no exception. As a university gold medalist in surgery may not necessarily turn out to be a good surgeon, similarly a management graduate from the best of the institutes may not necessarily be very effective in practice. In both the cases, the application of the knowledge acquired through formal education, requires ingenuity and creativity on the part of the practitioner. Correct understanding of the variables of the situation calls for pragmatism and resourcefulness.

Effective practice of any art requires a thorough understanding of the science underlying it. Thus science and art are not mutually exclusive, but are complementary. Executives who attempt to manage without the conceptual understanding of the management principles and techniques have to depend on luck and intuition. With a sound knowledge and the necessary skills to use such knowledge, they stand a better chance to succeed. Therefore, it may be concluded that ‘*management is both a science and an art*’.

1.7 Management as a Science

To gain a correct perspective as to what management is, let us examine the exact nature of management – whether it is a science or an art? An understanding, therefore, of the exact nature of science as well as art may help in understanding the discipline in a better. Any branch of knowledge to be considered a science, (like the ones we have – physics, chemistry, engineering, etc.) should fulfil the following conditions:

- ❖ the existence of a systematic body of knowledge encompassing a wide array of principles;
- ❖ principles have to be evolved on the basis of constant enquiry and examination;
- ❖ principles must explain a phenomenon by establishing cause effect relationship;
- ❖ the principles should be amenable for verification in order to ensure accuracy and universal applicability.

Looked at from this angle, management as a discipline fulfils the above criterion. Over the years, thanks to the contributions of many thinkers and practitioners, management has emerged as a systematic body of knowledge with its own principles and concepts. Principles help any practicing manager to achieve the desired goals. However, while applying the principles, one should not lose sight of the variables in the situation, since situations differ from one to another. Thus, the importance of personal judgment cannot be undermined in the application of principles. Further, management is a dynamic subject in that, it has drawn heavily from economics, psychology, sociology, engineering and mathematics, to mention a few. It is multi-disciplinary in nature, but a word of caution. Though management considering its subject matter and the practical utility may be considered as ‘science’, for reason discussed below, it cannot be viewed as an ‘*exact science*’. In other words, it is a science, but an ‘*inexact science*’ because:

- ❖ *Firstly*, management by definition involves getting the things done through people. Compared to the other inputs, ‘*people*’, who constitute the human resource of any organization are unique in respect of their aspirations, attitudes, perceptions and the like. Dissimilarities in the behaviour pattern are so obvious that standard research may not be obtained in otherwise similar conditions.
- ❖ *Secondly*, the behaviour of the human beings cannot be accurately predicted. Hence, readymade and standard solutions cannot be prescribed.
- ❖ *Thirdly*, management is more concerned with future which is complex and unpredictable. As the saying goes, ‘many a slip between the cup and the lip’, changes in the environment may affect the plans and render even the

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- most well drawn plans ineffective.
- ❖ *Lastly*, since a business organization exists in an environment, it has a two way interaction with the environment. The organization influences the environment by its several decisions and in turn is influenced by the various elements of the environment.

Important among these are technological, economic, socio cultural and political factors. The whole thing is so complex that however effective the plans are, one is prone to be taken over by the unexpected changes in the environment.

Unlike the pure or exact sciences where the results are accurate in the case of management, the various factors discussed above may force even the excellent plans and the strategies go haywire. Too many complexities and uncertainties render management an '*inexact science*'

1.8 Management as Profession

McFarland gives the following characteristics of a profession:

- ❖ existence of an organized and systematic body of knowledge,
- ❖ formalized methods of acquiring knowledge and skills,
- ❖ existence of an apex level body with professionalization as its goal,
- ❖ existence of an ethical code to regulate the behaviour of the members of the profession,
- ❖ charging of fees based on service, and
- ❖ concern for social responsibilities.

A closer examination of management as a profession reveals that unlike medicine or law, management has to go a long way to attain universally acceptable norms of behaviour. There is no uniform code of conduct that governs the behaviour of managers. The apex level body, the All India Management Association (AIMA) or NIPM [National Institute of Personnel Management] provides only guidelines and does not have any controlling power over the erring members. Managers also differ widely in respect of their concern for the ethics and values of the society in which they function. Many a time, in their obsession with profit, the societal interests are either neglected or compromised. However, as in the case of other professions, it is implied that managers are expected to set an example in doing good to the society. While making decisions, they should be conscious of the impact of their decisions on the society. The larger interests of the society must be given top priority rather than short-term temptations. After all, given the enormous resources they have at their command, the expectation that managers should address themselves to the problems of society is not unnatural.

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It must, however, be remembered that unlike professions like engineering, medicine, law, accountancy, etc., the entry to management profession is not restricted to individuals with a special degree. In other words, one need not necessarily possess M.B.A or any other management degree or diploma to practice management. To quote Peter Drucker, “no greater damage could be done to an economy or to any society than to attempt to professionalize management by licensing managers or by limiting access to management to people with a special academic degree”.

At the same time, it may be realized that the achievements of the pioneers of the industrial development need not shadow the importance of management as a profession. In arguing for and against, we must not ignore the context of the business. There has been a sea change in the environment of the business. The modern business has become more complex due to the uncertainties arising mainly from:

Ever increasing competition for the markets not only domestic but international as well;

- ❖ Rapid technological changes affecting all facets of human life;
- ❖ Increased sophistication and rapid obsolescence of technology;
- ❖ Expansion in the size of organizations and consequently the market, and
- ❖ The unexpected changes in the socio-cultural and political factors influencing the business.

All these variables which have a significant bearing on the functioning of a business point to the need for formal training and acquisition of skills by pursuing management education. More so, at a time when people are talking about “borderless management” in the context of globalization of business.

**MANAGEMENT:
A TRINITY OF ART, SCIENCE AND PROFESSION**

As a Science: Systematised body of knowledge and principles, cause and effect relationship, predictable results, universal application.

As an Art: Practical Knowledge and skills, concrete results, creative, personalised skills.

As a Profession: Specialized body knowledge, formal education and training, professional body, code of conduct, social status.

1.9 Let's Sum-up

Management principles and applications is quite exiting, challenging and rewarding indeed. The module is carefully crafted for you to present the basic concepts and overview of management for clarity in understanding organizations

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of 21st century. Organizations exist in the society to achieve pre-determined objectives. They affect our lives in many ways. Through there are vast differences in their functioning and approaches, they all strive to achieve certain goals/objectives. In the most fundamental way management is described as the art of getting the things done through others in order to accomplish the stated organizational objectives both efficiently and effectively. Basically there are three important levels of management such as front-line managers, middle level managers and top level managers. Managers in order to discharge their responsibilities need to be equipped with various important skill such as conceptual skill, human skills, technical skills, analytical skills besides sound communication skills. At different levels of management managers do play various important roles i.e. informational roles, interpersonal roles and decisional roles.

1.10 Key Terms

- **Art:** It is the bringing about a desired result through the application of skills.
- **Administration:** It is a higher-level function concerned with the determination of policies.
- **Code of conduct:** It prescribed the norms of professional ethics for its members.
- **Economic Resource:** Management, land, labour and capital.
- **Goal-oriented:** Purposeful activity towards achieving the goals of the organisation.
- **Management:** The art of getting things done.
- **Process:** A series of functions that lead to the achievement of certain objectives.
- **Professionalisation:** It means defining the duties and responsibilities of the managers to improve the quality of management education and training.
- **Science:** A systematically organised body of knowledge including concepts, principles and theories.
- **Top management:** Managers who are higher up in the hierarchy devoting more time on administrative functions.

1.11 Self-Assessment Questions

1. Select a hypothetical organization and try to understand by yourself how the nature and characteristics of management that you have learnt in this unit is practised.

Ans: _____

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2. Identify an organization that you know and describe what kind of managerial skills are most importantly required by a marketing managers to discharge his duties and responsibilities.

Ans:

3. You can spend sufficient time with a manager of any organization of your choice and try to figure out the routine and practices adopted and role performed by him/her. Your observation can be brought for further discussion in the class room.

Ans:

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1.12 Further Readings

1. Prasad, L M, *Principles and Practice of Management*, SChand & Sons, New Delhi
2. Chhabra, T N, *Principles and Practice of Management*, Dhanpat Rai & Co, New Delhi
3. Ghuman, K and Aswathappa, K, *Management*, Tata McGraw Hill, New Delhi
4. Koontz, H, O'Donnell and Woihrich, H, *Essentials of Management*, Tata McGraw Hill, New Delhi

1.13 Model Questions

1. Explain the concept of Management. Is management science or art? Defend your answer with example.
2. Discuss the nature and scope of management and relate it to the changing business of today.
3. What do you understand by the term 'Levels of Management'? Briefly describe the different levels of management.

Unit – 2

Managerial Skills and Role of Managers

Managerial Skills and Roles of Managers

Learning Objectives

After completion of the unit, you should be able to:

- Understand the nature and various types of skills required by managers
- Explain the nature of managerial roles and skills
- Appreciate the evolution of management thoughts

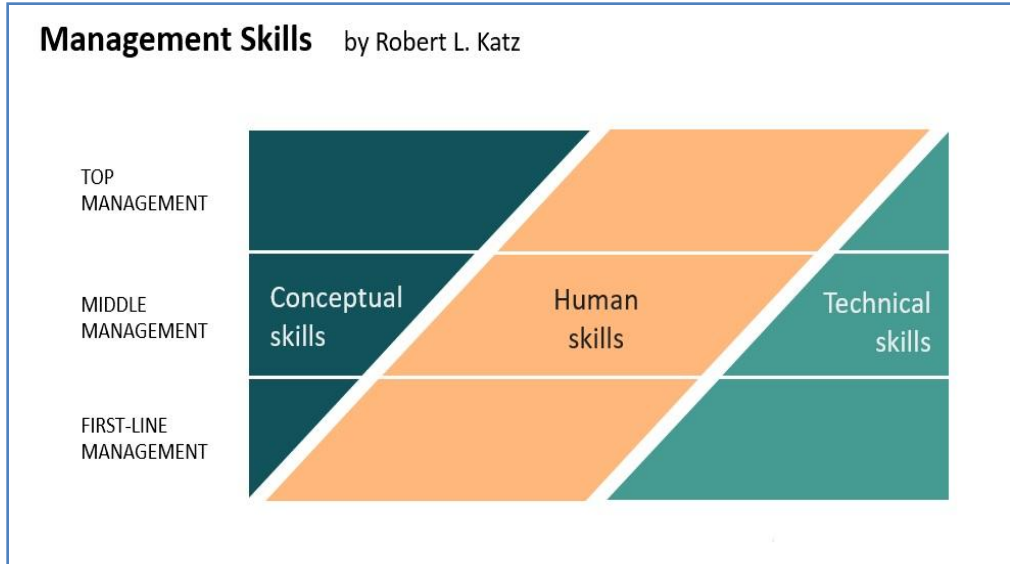
Structure

- 2.1 Introduction: Managerial Skills
- 2.2 Technical Skills
- 2.3 Human Skills
- 2.4 Conceptual Skills
- 2.5 Let's Sum-up
- 2.6 Key Terms
- 2.7 Self-Assessment Questions
- 2.8 Introduction: Role of Managers
- 2.9 Interpersonal Roles
- 2.10 Informational Roles
- 2.11 Decisional Roles
- 2.12 Let's Sum-up
- 2.13 Key Terms
- 2.14 Self-Assessment Questions
- 2.15 Further Readings
- 2.16 Model Questions

2.1 Introduction: Managerial Skills

Management job is different from other jobs. It requires elements of stewardship and commitment to the purpose. It involves the obligation to make prudent use of human and material resources. It requires sound judgment to handle complex situations. Further, the nature of the job becomes increasingly complex at each higher level because of the increase in the scope of authority and responsibility. Therefore, each higher level requires increased knowledge, broader perspective and greater skills. For the purpose of analysis, skills required of a manager are classified under three heads – *technical*, *human* (employee relations skill) and *conceptual* skills as shown in Figure 2.2. The exhibit helps in understanding the levels of management responsibility, the principal skill requirements, and the extent to which each kind of skill is required at each level.

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2.2 Technical Skills

Technical skills refer to the ability to use the tools, equipment, procedures, techniques and knowledge of a specialized field. It is primarily concerned with the ways of doing the things. It implies proficiency in a specific field of activity. Technical skills are most important for the lower level managers, because by nature their job involves supervision of the workers. Effective supervision and coordination of the work of the subordinates, therefore, depends on the technical skill possessed by the lower level manager. Any supervisor without a sound knowledge of the job cannot make an effective supervisor. Such supervisors are not respected by the subordinates at the shop floor. The relative importance of the technical skills as compared to the other skills diminishes as one move up to higher levels of management.

2.3 Human Skills

Human skills are primarily concerned with “*persons*” in contrast to “*things*”. When a manager is highly skilled in employee relations, he is aware of their attitudes, assumptions, and beliefs and recognizes their limitations as well as their usefulness. He accepts as an important fact of life, the existence of viewpoints and feelings, different from his own. Thus, human skills refer to the ability of the manager to work effectively as a group member and to build cooperative effort in the team he leads. It is the ability to work with, understand and motivate people. He understands why people behave as they do and is able to make his own behavior understandable to them. He can foresee their reactions to possible courses of action. His skill in working with others is natural and continuous. He does not apply it in random or in inconsistent fashion. It is a natural ingredient of his every action. The flair for understanding, empathizing and working with people is central to the human skills.

2.4 Conceptual Skills

Conceptual skills also called design and problem-solving skills involve the ability to:

- ❖ see the organization and the various components of it as a whole;
- ❖ understand how its various parts and functions are related in a network fashion; and
- ❖ to foresee how changes in any one of these may affect the others.

Conceptual skills extend to visualizing the relation of the organization to industry, to the community and to the political, economic and social forces of the nation as a whole and even to forces which operate beyond the national boundaries. It is the creative force within the organization. A high degree of conceptual skill helps in analyzing the environment and in identifying the opportunities and threats. Managements of companies like ITC, Larsen & Toubro, Asian Paints, Bajaj Auto, Bharthi Telecom in the private sector and National Dairy Development Board, Bharat Heavy Electricals (BHEL) in the public sector, to mention a few, have amply demonstrated this skill in gaining a competitive edge over their competitors. As you have understood by now – the three types of skills discussed so far are not mutually exclusive. In other words, management job always requires all the three skills, but in different proportions depending upon the level of management. There is a gradual shift in the emphasis from the bottom to the top of the pyramid. Technical skills and human skill are always in great demand at the lower level of management for it is there the productive processes and operations are carried out. It is there where you find most of the people. It is there where the action takes place. In contrast, the need for conceptual skill is greatest at the top level of management. Obviously, top managers are not often involved in the direct application of specific methods, procedures and techniques, compared to those at the lower echelons of management.

As evident from the foregoing discussion, at the entry level of the management job, that is, at the supervisory level, besides technical skills, a manager has to process human skills and the problem-solving skills (conceptual). To climb up the organizational ladder, one must not only be good at the skills required for the present job, but also learn and acquaint with the skills required at the next level. As result, in the event of promotion to the next higher levels, he/she would feel at home and discharge the responsibilities with ease.

Based on the differences in the type of skills required, organizations assess the training needs of the managers. Accordingly, appropriate training, development methods and programs are designed to equip them with the skills required at the respective levels. Although, each of these skills is needed in some degree at

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every level of management, there are successful executives who have no great amount of technical skills. But they are able to compensate the lack of that skill through superior creative ability and skill in identifying the talent and empowering the people through effective human resources development practices and good leadership.

2.5 Let's Sum-up

Assuming that a manager is one who directs the activities of other persons and undertakes the responsibility for achievement of objectives through such efforts, successful management seems to rest on three basic developable skills: technical, human and conceptual. The relative importance of these three skills varies with the level of managerial responsibility.

The technical skill implies an understanding of and proficiency in a specific kind of activity, particularly one involving methods, processes, procedures, or techniques; it involves specialised knowledge, analytical ability within that specialty, and facility in the use of the tools and techniques of the specific discipline. Human skills could be usefully divided into (a) leadership ability within the manager's own unit and (b) skill in intergroup relationships. Experience shows that outstanding capability in one of these roles is frequently accompanied by mediocre performance in the other. Intragroup skills are essential in lower and middle management roles and intergroup skills become increasingly important in successively higher levels of management. Conceptual skill involves the ability to see the enterprise as a whole; it includes recognising how the various functions of the organisation depend on one another, and how changes in any one part affect all the others; and it extends to visualising the relationship of the individual business to the industry, the community, and the political, social and economic forces of the nation as a whole.

2.6 Key Terms

- **Skill:** An ability and capacity acquired through deliberate, systematic, and sustained effort to smoothly carry out an activity / task / job.
- **Technical Skill:** It refers to the specialised knowledge and proficiency in handling specific job.
- **Human Skill:** It is the ability to interact and resolve conflict situation for enhancing organizational performance and productivity through cooperation and coordination.
- **Conceptual Skill:** It is the ability to see the organization as a whole, to recognise inter-relationship among different functions of business effectively and efficiently.

2.7 Self-Assessment Questions

1. What types of skills are required at different levels of management? Examine why human skills are considered most significant at all levels of management.

Ans: _____

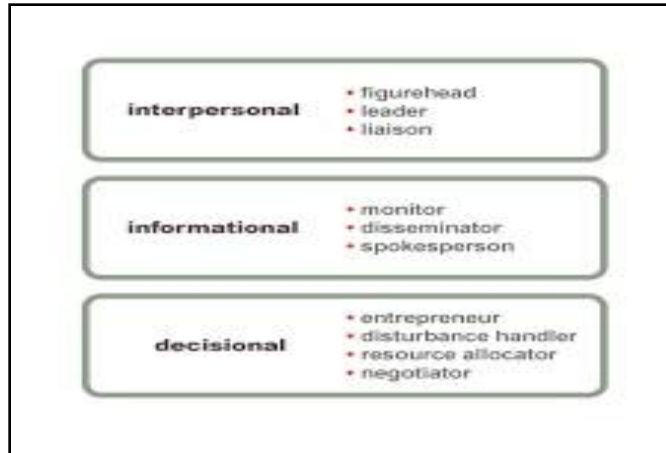
2. Who introduced the concept of managerial skills? Do you agree that lot of technical skill is required by the top management of an organization? Why or why not?

Ans: _____

2.8 Introduction: Role of Managers

Henery Mintzberg, a contemporary management thinker has done lot of research on the various roles performed by a manager. A role, according to him, “*Is an organized set of behaviors belonging to an identifiable office or position.*” Just as characters in a play have specific roles, managers also play different roles. Through his studies, Mintzberg identified ten roles that managers play at various times to varying degrees. He classified them under three broad categories; interpersonal roles, informational roles, and decisional roles.

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 Roles of Managers**



The following summaries ten roles by category with examples of each:

ROLE	DESCRIPTION	Identifiable activities from the study of Chief Executives
Interpersonal		
Figure head	Symbolic head; obligated to perform routine duties of a legal or social nature.	Ceremony, status requests, solicitations.
Leader	Responsible for the motivation and activation of subordinates; responsible for staffing, training and associative duties.	Virtually all managerial activities involving subordinates.
Liaison	Nurtures and maintains network of outside contacts. The liaison role involves interface activities with environment.	Acknowledgement of mail, authorizing communication with external world.
Informational		
Monitor	Seeks and receives wide variety of special information from different sources. Thorough understanding of organization and environment; emerges as nerve centre of internal and external information of the organization.	All activities concerned primarily with receiving and processing information.
Disseminator	Transmits information received from both within and outside the organization to members of the organization; some information factual, some involving interpretation and integration of diverse value positions of organizational influencers.	Forwarding mail for informational purposes, verbal contacts involving information flow to subordinates(eg; review sessions, instant communication flows)

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Spokesperson	transmits information to stake holders about external environment and organization's plans, policies, actions, results, etc;	Board meetings; handling contacts involving transmission of information to outsiders.
Decisional		
Entrepreneur	Searches the environment for opportunities and initiates action to bring about changes; supervises design of strategy and review sessions involving initiation or improvement of projects.	Takes initiation for accepting risk and challenges for launching of new products/services.
Disturbance Handler	Responsible for corrective action when organization faces unexpected disturbances and turbulence.	Strategy and review sessions involving disturbances and crises.
Resource Allocator	Responsible for the allocation of organization's resources of all kinds; making or approval of all significant organizational decisions.	Scheduling requests for authorization; and activities involving budgeting and the programming of subordinates work.
Negotiator	Responsible for representing the organizations at major negotiations	Negotiation.

As Mintzberg points out, these roles are not independent of one another. Instead, they are interdependent. The interpersonal roles arise out of the manager's authority and status in the organization and involve interactions with people. These interpersonal roles make the manager a focal point of information, enabling and compelling the manager to assume and play the informational roles as an information processing centre. By playing interpersonal and informational roles, the manager is able to play the decisional roles; allocating resources, resolving conflict, seeking out opportunities for the organization, and negotiation on behalf of the organization. Taken together the ten roles comprise and define the work of the manager, whatever the organizations size and nature of the business.

2.9 Interpersonal Roles

Three interpersonal roles help the manager keep the organization running smoothly. Managers play the figurehead role when they perform duties that are ceremonial and symbolic in nature. These include greeting the visitors, attending social functions involving their subordinates (like weddings, funerals), handing out merit certificates to workers showing promise etc. The leadership role includes hiring, training, motivating and disciplining employees. Managers play the liaison role when they serve as a connecting link between their organisation and others or between their units and other organisational units. Mintzberg described this activity as contacting outsiders who provide the manager with information. Such activities like acknowledgements of mail, external board work, etc., are included in this category.

2.10 Informational Roles

Mintzberg mentioned that receiving and communicating information are perhaps the most important aspects of a manager's job. In order to make the right decisions, managers need information from various sources. Typically, this activity is done through reading magazines and talking with others to learn about changes in the customers' tastes, competitors' moves and the like. Mintzberg called this the monitor role. In the disseminator role, the manager distributes important information to subordinates that would otherwise be inaccessible to them. Managers also perform the spokesperson role when they represent the organisation to outsiders.

2.11 Decisional Roles

There are four decision roles that the manager adopts. In the role of entrepreneur, the manager tries to improve the unit. He initiates planned changes to adapt to environmental challenges. As disturbance handlers, managers respond to situations that are beyond their control such as strikes, shortages of materials, complaints, grievances, etc. In the role of a resource allocator, managers are responsible for allocating human, physical and monetary resources. As negotiators, managers not only mediate in internal conflicts but also carry out negotiations with other units to gain advantages for their own unit.

2.12 Let's Sum-up

To meet the many demands of performing their functions, managers assume multiple roles. A role is an organized set of behaviors. Henry Mintzberg has identified ten roles common to the work of all managers. The ten roles are divided into three groups: interpersonal, informational, and decisional. The *informational roles* link all managerial work together. The *interpersonal roles* ensure that information is provided. The *decisional roles* make significant use of the information. The performance of managerial roles and the requirements of these roles can be played at different times by the same manager and to different degrees depending on the level and function of management. The ten roles are described individually, but they form an integrated whole.

2.13 Key Terms

- **Figure head:** This refers to the managerial position held as a symbol and position occupied in an organisation.
- **Leader:** This role enables a manager to influence the behaviour of others for accomplishment of group / organizational goals and objectives.

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- **Liaison:** This refers to interacting with peers and individuals both inside and outside the organization.
- **Monitor:** The manager receives and collects information to examine whether the performance of desired tasks is accomplished as per predetermined standard.
- **Disseminator:** The manger transmits the required information to different constituent members within the organization.
- **Spokesperson:** Manager disseminates the company’s vision, mission, objectives and information to its external stakeholders in the environment.
- **Entrepreneur:** The manager, like an entrepreneur initiates change and takes decisions to align all business activities with the ever-changing environment.
- **Disturbance handler:** Manager deals with the problems facing the organization and tries to resolve the conflicts.
- **Resource allocator:** Manager takes judicious decisions regarding limited resources available and its optimal use possible.
- **Negotiator:** Manager negotiates with outside agencies as well as within the organization by acting as a mediator.

2.14 Self-Assessment Questions

1. Do you feel that all managers across the organisation discharge all the above mentioned roles in the same proportion? Give your reasons with examples.

Ans: _____

2. Explain why managers need to play the role as resource allocator. Why should you consider this to be important in any organisation?

Ans: _____

**Managerial Skills
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2.15 Further Readings

1. Katz, R., *Skills of an Effective Administrator*, Harvard Business Review, September-October 1974, pp. 90-101.
2. Mintzberg, H., *The Nature of Managerial Work*, Prentice Hall
3. McGrath, E. H., S. J., *Basic Managerial Skills for All*, PHI Learning.

2.16 Model Questions

1. Examine the different skills required by a manager in the modern organizations.
2. Discuss Henry Mintzberg’s classification of different roles performed by managers in business organizations.

Unit – 3

Evolution of Management Thoughts



Evolution of Management Thoughts

Learning Objectives

After completion of the unit, you should be able to:

- Appreciate the evolution of management thoughts over the years
- Understand different schools of thought and their contributions

Structure

- 3.1 Introduction
- 3.2 Pre-Scientific Era
- 3.3 Classical School of Thought
 - 3.3.1 Scientific Management
 - 3.3.2 Administrative / Process School
 - 3.3.3 Bureaucracy Model
- 3.4 Neo Classical School of Thought
 - 3.4.1 Human Relations School
 - 3.4.2 Behavioural School
- 3.5 Quantitative / Operations School
- 3.6 Systems Approach
- 3.7 Contingency Approach
- 3.8 Let's Sum-up
- 3.9 Key Terms
- 3.10 Self-Assessment Questions
- 3.11 Further Readings
- 3.12 Model Questions

3.1 Introduction

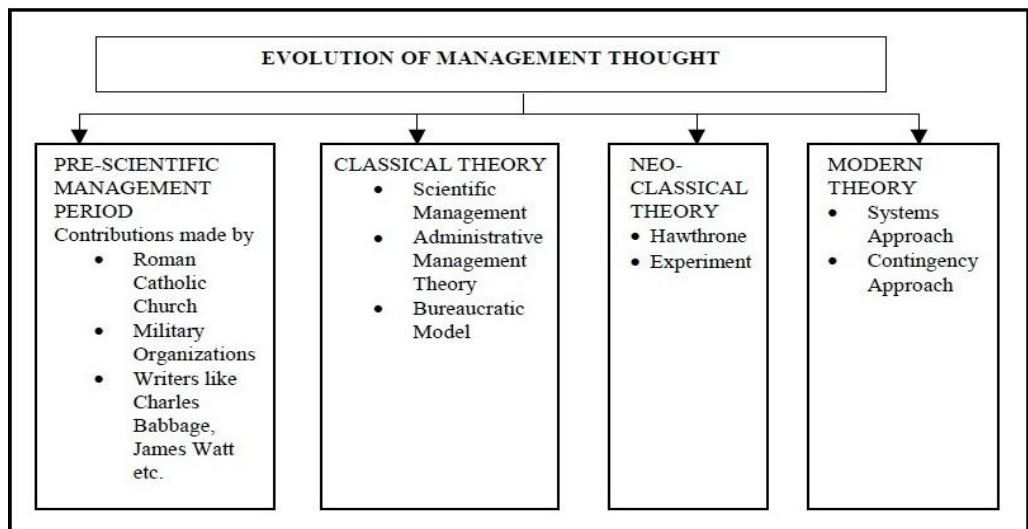
The origin of management can be traced back to the days when man started living in groups. History reveals that strong men organized the masses into groups according to their intelligence, physical and mental capabilities. Evidence of the use of the well recognized principles of management is to be found in the organization of public life in ancient Greece, the organization of the Roman Catholic Church and the organization of military forces. Thus management in some form or the other has been practiced in the various parts of the world since the dawn of civilization. With the onset of Industrial Revolution, however, the position underwent a radical change. The structure of industry became extremely complex. At this stage, the development of a formal theory of management became absolutely necessary. It was against this background that the pioneers of modern management thought laid the

foundations of modern management theory and practice.

Evolution of management thought may be divided into four stages:

Evolution of Management Thoughts

1. Pre-scientific management period.
2. Classical Theory
 - (a) Scientific Management of Taylor
 - (b) Administrative Management of Fayol
 - (c) Bureaucratic Model of Max Weber
3. Neo-classical Theory or Behaviour Approach
4. Modern Theory or Systems Approach



(Evolution of Management Thought)

3.2 Pre-Scientific Era

The advent of industrial revolution in the middle of the 18th century had its impact on management. Industrial revolution brought about a complete change in the methods of production, tools and equipments, organization of labour and methods of raising capital. Employees went to their work instead of receiving it, and so, the factory system, as it is known today, become a dominant feature of the economy. Under this system, land and buildings, hired labour, and capital are made available to the entrepreneur, who strives to combine these factors in the efficient achievement of a particular goal. All these changes, in turn, brought about changes in the field of management. Traditional, conventional or customary ideas of management were slowly given up and management came to be based on scientific principles. In the words of L. F. Urwick - "Modern management has thrown open a new branch of human knowledge, a fresh universe of discourse". During the period following the industrial revolution, certain pioneers tried to challenge the traditional character of management by introducing new ideas and character of management by introducing new ideas and approaches. The notable contributors of this period are:

(A) Professor Charles Babbage (UK 1729 -1871): He was a Professor of Mathematics at Cambridge University. Prof Babbage found that manufacturers made little use of science and mathematics, and that they (manufacturers) relied upon opinions instead of investigations and accurate knowledge. He felt that the methods of science and mathematics could be applied to the solution of methods in the place of guess work for the solution of business problems. He advocated the use of accurate observations, measurement and precise knowledge for taking business decisions. He urged the management of an enterprise, on the basis of accurate data obtained through rigid investigation, the desirability of finding out the number of times each operation is repeated each hour, the dividing of work into mental and physical efforts, the determining of the precise cost for every process and the paying of a bonus to the workers in proportion to his own efficiency and the success of enterprise.

(B) James Watt Junior (UK 1796 - 1848) and Mathew Robinson Boulton (1770 - 1842): James Watt Junior and Mathew Robinson Boulton contributed to the development of management thought by following certain management techniques in their engineering factory at Soho in Birmingham. They are:-

- Production Planning
- Standardization of Components
- Maintenance
- Planned machine layout
- Provision of welfare for personnel
- Scheme for executive development
- Marketing Research and forecasting
- Elaborate statistical records

(C) Robert Owens (UK 1771 - 1858): Robert Owens, the promoter of co-operative and trade union movement in England, emphasized the recognition of human element in industry. He firmly believed that workers' performance in industry was influenced by the working conditions and treatment of workers. He introduced new ideas of human relations - shorter working hours, housing facilities, training of workers in hygiene, education of their children, provision of canteen etc. Robert Owen, managed a group of textile mills in Lanark, Scotland, where he used his ideas of human relations. Though his approach was paternalistic, he came to be regarded as the father of Personnel Management.

(D) Henry Towne (USA 1844 -1924): H.R Towne was the president of the famous lock manufacturing company "Yale and Town". He urged the combination of engineers and economists as industrial managers. This combination of qualities, together with at least some skill as an accountant, is essential to the successful management of industrial workers. He favoured

organized exchange of experience among managers and pleaded for an organized effort to pool the great fund of accumulated knowledge in the art of workshop management.

(E) Seebohm Rowntree (UK 1871- 1954): Rowntree created a public opinion on the need of labour welfare scheme and improvement in industrial relations. The Industrial Welfare Society, The Management Research Groups and the Oxford Lecture Conferences in the U.K owed their origin and progress to the interest and zeal of Rowntree.

3.3 Classical School of Thought

Prof. Charles Babbage, James Watt Junior and Mathew Robinson Boulton, Robert Owen, Henry Robinson Towne and Rowntree were, no doubt, pioneers of management thought. But, the impact of their contributions on the industry as a whole was meagre. The real beginning of the science of management did not occur until the last decade of the 19th century. During this period, stalwarts like F.W. Taylor, H.L. Gantt, Emerson, Frank and Lillian Gilberth etc., laid the foundation of management, which in due course, came to be known as scientific management. This epoch in the history of management will be remembered as an era in which traditional ways of managing were challenged, past management experience was scientifically systematized and principles of management were distilled and propagated. The contributions of the pioneers of this age have had a profound impact in furthering the management know-how and enriching the store of management principles. F.W. Taylor and Henry Fayol are generally regarded as the founders of scientific management and administrative management and both provided the bases for science and art of management.

Features of Management in the Classical Period:

1. It was closely associated with the industrial revolution and the rise of large-scale enterprise.
2. Classical organization and management theory is based on contributions from a number of sources. They are scientific management, Administrative management theory, bureaucratic model, and micro-economics and public administration.
3. Management thought focussed on job content division of labour, standardization, simplification and specialization and scientific approach towards organization.

3.3.1 Scientific Management

Taylor's Scientific Management: Started as an apprentice machinist in Philadelphia, USA. He rose to be the chief engineer at the Midvale Engineering

Works and later on served with the Bethlehem Works where he experimented with his ideas and made the contribution to the management theory for which he is so well known. Frederick Winslow Taylor well-known as the founder of scientific management was the first to recognize and emphasis the need for adopting a scientific approach to the task of managing an enterprise. He tried to diagnose the causes of low efficiency in industry and came to the conclusion that much of waste and inefficiency is due to the lack of order and system in the methods of management. He found that the management was usually ignorant of the amount of work that could be done by a worker in a day as also the best method of doing the job. As a result, it remained largely at the mercy of the workers who deliberately shirked work.

He therefore, suggested that those responsible for management should adopt a scientific approach in their work, and make use of "scientific method" for achieving higher efficiency. The scientific method consists essentially of

- (a) Observation
- (b) Measurement
- (c) Experimentation and
- (d) Inference.

He advocated a thorough planning of the job by the management and emphasized the necessity of perfect understanding and co-operation between the management and the workers both for the enlargement of profits and the use of scientific investigation and knowledge in industrial work. He summed up his approach in these words:

- Science, not rule of thumb
- Harmony, not discord
- Co-operation, not individualism
- Maximum output, in place of restricted output
- The development of each man to his greatest efficiency and prosperity.

Elements of Scientific Management: The techniques which Taylor regarded as its essential elements or features may be classified as under:

1. Scientific Task and Rate-setting, work improvement, etc.
2. Planning the Task.
3. Vocational Selection and Training
4. Standardization (of working conditions, material equipment etc.)
5. Specialization
6. Mental Revolution.

1. Scientific Task and Rate-Setting (work study): Work study may be defined as the systematic, objective and critical examination of all the factors governing the operational efficiency of any specified activity in order to effect improvement.

Work study includes:

- (a) **Methods Study:** The management should try to ensure that the plant is laid out in the best manner and is equipped with the best tools and machinery. The possibilities of eliminating or combining certain operations may be studied.
- (b) **Motion Study:** It is a study of the movement, of an operator (or even of a machine) in performing an operation with the purpose of eliminating useless motions.
- (c) **Time Study (work measurement):** The basic purpose of time study is to determine the proper time for performing the operation. Such study may be conducted after the motion study. Both time study and motion study help in determining the best method of doing a job and the standard time allowed for it.
- (d) **Fatigue Study:** If, a standard task is set without providing for measures to eliminate fatigue, it may either be beyond the workers or the workers may over strain themselves to attain it. It is necessary, therefore, to regulate the working hours and provide for rest pauses at scientifically determined intervals.
- (e) **Rate-setting:** Taylor recommended the differential piece wage system, under which workers performing the standard task within prescribed time are paid a much higher rate per unit than inefficient workers who are not able to come up to the standard set.

2. Planning the Task: Having set the task which an average worker must strive to perform to get wages at the higher piece-rate, necessary steps have to be taken to plan the production thoroughly so that there is no bottlenecks and the work goes on systematically.

3. Selection and Training: Scientific Management requires a radical change in the methods and procedures of selecting workers. It is therefore necessary to entrust the task of selection to a central personnel department. The procedure of selection will also have to be systematised. Proper attention has also to be devoted to the training of the workers in the correct methods of work.

4. Standardization: Standardization may be introduced in respect of the following:

- (a) **Tools and equipment:** By standardization is meant the process of bringing

about uniformity. The management must select and store standard tools and implements which will be nearly the best or the best of their kind.

(b) **Speed:** There is usually an optimum speed for every machine. If it is exceeded, it is likely to result in damage to machinery.

(c) **Conditions of Work:** To attain standard performance, the maintenance of standard conditions of ventilation, heating, cooling, humidity, floor space, safety etc., is very essential.

(d) **Materials:** The efficiency of a worker depends on the quality of materials and the method of handling materials.

5. Specialization: Scientific management will not be complete without the introduction of specialization. Under this plan, the two functions of 'planning' and 'doing' are separated in the organization of the plant. The 'functional foremen' are specialists who join their heads to give thought to the planning of the performance of operations in the workshop. Taylor suggested eight functional foremen under his scheme of functional foremanship.

- a) The Route Clerk: To lay down the sequence of operations and instruct the workers concerned about it.
- b) The Instruction Card Clerk: To prepare detailed instructions regarding different aspects of work.
- c) The Time and Cost Clerk: To send all information relating to their pay to the workers and to secure proper returns of work from them.
- d) The Shop Disciplinarian: To deal with cases of breach of discipline and absenteeism.
- e) The Gang Boss: To assemble and set up tools and machines and to teach the workers to make all their personal motions in the quickest and best way.
- f) The Speed Boss: To ensure that machines are run at their best speeds and proper tools are used by the workers.
- g) The Repair Boss: To ensure that each worker keeps his machine in good order and maintains cleanliness around him and his machines.
- h) The Inspector: To show to the worker how to do the work.

6. Mental Revolution: At present, industry is divided into two groups – management and labour. The major problem between these two groups is the division of surplus. The management wants the maximum possible share of the surplus as profit; the workers want, as large share in the form of wages. Taylor has in mind the enormous gain that arises from higher productivity. Such gains can be shared both by the management and workers in the form of increased profits and increased wages.

Evolution of Management Thoughts

Benefits of Scientific Management: Taylor's ideas, research and recommendations brought into focus technological, human and organizational issues in industrial management.

Benefits of Taylor's scientific management included wider scope for specialization, accurate planning, timely delivery, standardized methods, better quality, lesser costs, minimum wastage of materials, time and energy and cordial relations between management and workers. According to Gilbreths, the main benefits of scientific management are "conservation and savings, making an adequate use of every one's energy of any type that is expended". The benefits of scientific management are:-

- (a) Replacement of traditional rule of thumb method by scientific techniques.
- (b) Proper selection and training of workers.
- (c) Incentive wages to the workers for higher production.
- (d) Elimination of wastes and rationalization of system of control.
- (e) Standardization of tools, equipment, materials and work methods.
- (f) Detailed instructions and constant guidance of the workers.
- (g) Establishment of harmonious relationship between the workers.
- (h) Better utilization of various resources.
- (i) Satisfaction of the needs of the customers by providing higher quality products at lower prices.

Criticism

1. Worker's Criticism:

- (a) Speeding up of workers: Scientific Management is only a device to speed up the workers without much regard for their health and well-being.
- (b) Loss of individual worker's initiative: Scientific Management reduces workers to automatic machine by taking away from them the function of thinking.
- (c) Problem of monotony: By separating the function of planning and thinking from that of doing, Scientific Management reduces work to mere routine.
- (d) Reduction of Employment: Scientific Management creates unemployment and hits the workers hard.
- (e) Weakening of Trade Unions: Under Scientific Management, the important issues of wages and working conditions are decided by the management through scientific investigation and the trade unions may have little say in the matter.

(f) Exploitation of workers: Scientific Management improves productivity through the agency of workers and yet they are given a very small share of the benefit of such improvement.

2. Employer's Criticism:

(a) Heavy Investment: It requires too heavy an investment. The employer has to meet the extra cost of the planning department though the foreman in this department do not work in the workshop and directly contribute towards higher production.

(b) Loss due to re-organization: The introduction of Scientific Management requires a virtual reorganization of the whole set-up of the industrial unit. Work may have to be suspended to complete such re-organization.

(c) Unsuitable for small scale firms: various measures like the establishment of a separate personnel department and the conducting of time and motion studies are too expensive for a small or modest size industrial unit.

Contributions of Scientific Management:

Major contributions are:

1. Emphasis on rational thinking on the part of management.
2. Focus on the need for better methods of industrial work through systematic study and research.
3. Emphasis on planning and control of production.
4. Development of Cost Accounting.
5. Development of incentive plans of wage payment based on systematic study of work.
6. Focus on need for a separate Personnel Department.
7. Focus on the problem of fatigue and rest in industrial work.

Taylor was the pioneer in introducing scientific reasoning to the discipline of management. Many of the objections raised were later remedied by the other contributors to scientific management like Henry L Gantt, Frank and Lillian Gilbreth and Harrington Emerson.

Frank (USA, 1867 - 1924) and Lillian (U.S.A, 1878 - 1912): The ideas of Taylor were also strongly supported and developed by the famous husband and wife team of Frank and Lillian Gilbreth. They became interested in wasted motions in work. After meeting Taylor, they combined their ideas with Taylor's to put scientific management into effect. They made pioneering effort in the field of motion study and laid the entire foundation of our modern applications of job simplification, meaningful work standards and incentive wage plans.

Evolution of Management Thoughts

Mrs. Gilbreth had a unique background in psychology and management and the couple could embark on a quest for better work methods. Frank Gilbreth is regarded as the father of motion study. He is responsible for inculcating in the minds of managers the questioning frame of mind and the search for a better way of doing things.

Gilbreth's contributions to management thought are quite considerable. His main contributions are:

- (a) The one best way of doing a job is the way which involves the fewest motions performed in an accessible area and in the most comfortable position. The best way can be found out by the elimination of inefficient and wasteful motions involved in the work.
- (b) He emphasized that training should be given to workers from the very beginning so that they may achieve competence as early as possible.
- (c) He suggested that each worker should be considered to occupy three positions - (i) the job he held before promotion to his present position, (ii) his present position, and (iii) the next higher position. The part of a worker's time should be spent in teaching the man below him and learning from the man above him. This would help him qualify for promotion and help to provide a successor to his current job.
- (d) Frank and Lillian Gilbreth also gave a thought to the welfare of the individuals who work for the organization.
- (e) Gilbreth also devised methods for avoiding wasteful and unproductive movements.

He laid down how workers should stand, how his hands should move and so on.

Henry Lawrence Gantt (USA, 1861 - 1819): H.L Gantt was born in 1861. He graduated from John Hopkins College. For some time, he worked as a draftsman in an iron foundry.

In 1884, he qualified as a mechanical engineer at Stevens Institute. In 1887, he joined the Midvale Steel Company. Soon, he became an assistant to F.W Taylor. He worked with Taylor from 1887 - 1919 at Midvale Steel Company. He did much consulting work on scientific selection of workers and the development of incentive bonus systems. He emphasized the need for developing a mutuality of interest between management and labour. Gantt made four important contributions to the concepts of management:

1. Gantt chart to compare actual to planned performance. Gantt chart was a daily chart which graphically presented the process of work by showing machine operations, man hour performance, deliveries, effected and the work in arrears. This chart was intended to facilitate day-to-day production planning.

2. Task-and-bonus plan for remunerating workers indicating a more humanitarian approach. This plan was aimed at providing extra wages for extra work besides guarantee of minimum wages. Under this system of wage payment, if a worker completes the work laid out for him, he is paid a definite bonus in addition to his daily minimum wages. On the other hand, if a worker does not complete his work, he is paid only his daily minimum wages. There was a provision for giving bonus to supervisors, if workers under him were able to earn such bonus by extra work.

3. Psychology of employee relations indicating management responsibility to teach and train workers. In his paper "Training Workmen in Habits of Industry and Cooperation", Gantt pleaded for a policy of preaching and teaching workmen to do their work in the process evolved through pre-thinking of management.

4. Gantt laid great emphasis on leadership. He considered management as leadership function. He laid stress on the importance of acceptable leadership as the primary element in the success of any business.

Gantt's contributions were more in the nature of refinements rather than fundamental concepts. They made scientific management more humanized and meaningful to devotees of Taylor.

Harrington Emerson (USA, 1853 - 1931): Emerson was an American Engineer. He devoted his attention to efficiency in industry. He was the first to use the term 'efficiency engineering' to describe his brand of consulting. He called his philosophy "The Gospel of Efficiency". According to him, "efficiency means that the right thing is done in the rightmanner, by the right man, at the right place, in the right time".

Emerson laid down the following principles of efficiency to be observed by management:-

- Ideals
- Common Sense
- Competent Counsel
- Discipline
- Fair Deal
- Proper Records
- Dispatching
- Standards and Schedules
- Standard Conditions
- Standardized Operations
- Standard practice instructions and
- Efficiency Reward.

3.3.2 Administrative / Process School

Henry Fayol was the most important exponent of this theory. The pyramidal form, scalar principle, unity of command, exception principle, span of control and departmentalisation are some of the important concepts set forth by Fayol and his followers like Mooney and Reiley, Simon, Urwick, Gullick etc.

Henry Fayol (France, 1841 - 1925): Henry Fayol was born in 1841 at Constantinople in France. He graduated as a mining engineer in 1860 from the National School of Mining. After his graduation, he joined a French Coal Mining Company as an Engineer. After a couple of years, he was promoted as manager. He was appointed as General Manager of his company in 1888. At that time, the company suffered heavy losses and was nearly bankrupt. Henry Fayol succeeded in converting his company from near bankruptcy to a strong financial position and a record of profits and dividends over a long period.

Concept of Management: Henry Fayol is considered the father of modern theory of general and industrial management. He divided general and industrial management into six groups:

1. Technical activities - Production, manufacture, adaptation.
2. Commercial activities - buying, selling and exchange.
3. Financial activities - search for and optimum use of capital.
4. Security activities - protection of property and persons.
5. Accounting activities - stock-taking, balance sheet, cost, and statistics.
6. Managerial activities - planning, organization, command, co- ordination and control.

These six functions had to be performed to operate successfully any kind of business. He, however, pointed out that the last function i.e., ability to manage, was the most important for upper levels of managers.

The process of management as an ongoing managerial cycle involving planning, organizing, directing, co-ordination, and controlling, is actually based on the analysis of general management by Fayol. Hence, it is said that Fayol established the pattern of management thought and practice. Even today, management process has general recognition.

Fayol's Principles of Management: The principles of management are given below:

1. **Division of work:** Division of work or specialization alone can give maximum productivity and efficiency. Both technical and managerial activities can be performed in the best manner only through division of labour and specialization.

2. **Authority and Responsibility:** The right to give order is called authority. The obligation to accomplish is called responsibility. Authority and Responsibility are the two sides of the management coin. They exist together. They are complementary and mutually interdependent.
3. **Discipline:** The objectives, rules and regulations, the policies and procedures must be honoured by each member of an organization. There must be clear and fair agreement on the rules and objectives, on the policies and procedures. There must be penalties (punishment) for non-obedience or indiscipline. No organization can work smoothly without discipline - preferably voluntary discipline.
4. **Unity of Command:** In order to avoid any possible confusion and conflict, each member of an organization must receive orders and instructions only from one superior (boss).
5. **Unity of Direction:** All members of an organization must work together to accomplish common objectives.
6. **Emphasis on Subordination** of Personal Interest to General or Common Interest: This is also called principle of co-operation. Each shall work for all and all for each. General or common interest must be supreme in any joint enterprise.
7. **Remuneration:** Fair pay with non-financial rewards can act as the best incentive or motivator for good performance. Exploitation of employees in any manner must be eliminated. Sound scheme of remuneration includes adequate financial and nonfinancial incentives.
8. **Centralization:** There must be a good balance between centralization and decentralization of authority and power. Extreme centralization and decentralization must be avoided.
9. **Scalar Chain:** The unity of command brings about a chain or hierarchy of command linking all members of the organization from the top to the bottom. Scalar denotes steps.
10. **Order:** Fayol suggested that there is a place for everything. Order or system alone can create a sound organization and efficient management.
11. **Equity:** An organization consists of a group of people involved in joint effort. Hence, equity (i.e., justice) must be there. Without equity, we cannot have sustained and adequate joint collaboration.
12. **Stability of Tenure:** A person needs time to adjust himself with the new work and demonstrate efficiency in due course. Hence, employees and managers must have job security. Security of income and employment is a pre-requisite of sound organization and management.
13. **Initiative:** Creative thinking and capacity to take initiative can give us sound managerial planning and execution of predetermined plans.
14. **Esprit de corps:** Esprit of Co-operation is the foundation of a sound organization. Union is strength. But unity demands co-operation. Pride, loyalty and sense of belonging are responsible for good performance.

3.3.3 Bureaucracy Model

Max Weber, a German Sociologist developed the bureaucratic model. His model of bureaucracy include

- i. Hierarchy of authority.
- ii. Division of labour based upon functional specialization.
- iii. A system of rules.
- iv. Impersonality of interpersonal relationships.
- v. A system of work procedures.
- vi. Placement of employees based upon technical competence.
- vii. Legal authority and power.

Bureaucracy provides a rigid model of an organization. It does not account for important human elements. The features of Bureaucracy are:-

1. Rigidity, impersonality and higher cost of controls.
2. Anxiety due to pressure of conformity to rules and procedure.
3. Dependence on superior.
4. Tendency to forget ultimate goals of the organization.

Bureaucratic Model is preferred where change is not anticipated or where rate of change can be predicated. It is followed in government departments and in large business organizations.

3.4 Neo Classical School of Thought

Neo-classical Theory is built on the base of classical theory. It modified, improved and extended the classical theory. Classical theory concentrated on job content and management of physical resources whereas, neoclassical theory gave greater emphasis to individual and group relationship in the workplace. The neo- classical theory pointed out the role of psychology and sociology in the understanding of individual and group behaviour in an organization.

3.4.1 Human Relations School

George Elton Mayo (Australia, 1880 - 1949): Elton Mayo was born in Australia. He was educated in Logic and Philosophy at St. Peter's College, Adelaide. He led a team of researchers from Harvard University, which carried out investigation in human problems at the Hawthorne Plant of Western Electrical Company at Chicago. They conducted some experiments (known as Hawthorne Experiments) and investigated informal groupings, informal relationships, patterns of communication, patterns of informal leadership etc. Elton Mayo is generally recognized as the father of Human Relations School. Other prominent contributors to this school include Roethlisberger, Dickson, Dewey, Lewin etc.

Hawthorne Experiment: In 1927, a group of researchers led by Elton Mayo and Fritz Roethlisberger of the Harvard Business School were invited to join in the studies at the Hawthorne Works of Western Electric Company, Chicago. The experiment lasted up to 1932. The Hawthorne Experiments brought out that the productivity of the employees is not the function of only physical conditions of work and money wages paid to them.

Productivity of employees depends heavily upon the satisfaction of the employees in their work situation. Mayo's idea was that logical factors were far less important than emotional factors in determining productivity efficiency. Furthermore, of all the human factors influencing employee behaviour, the most powerful were those emanating from the worker's participation in social groups. Thus, Mayo concluded that work arrangements in addition to meeting the objective requirements of production must at the same time satisfy the employee's subjective requirement of social satisfaction at his work place.

The Hawthorne experiment consists of four parts. These parts are briefly described below:-

1. Illumination Experiment.
2. Relay Assembly Test Room Experiment.
3. Interviewing Programme.
4. Bank Wiring Test Room Experiment.

1. Illumination Experiment: This experiment was conducted to establish relationship between output and illumination. When the intensity of light was increased, the output also increased. The output showed an upward trend even when the illumination was gradually brought down to the normal level. Therefore, it was concluded that there is no consistent relationship between output of workers and illumination in the factory. There must be some other factor which affected productivity.

2. Relay Assembly Test Room Experiment: This phase aimed at knowing not only the impact of illumination on production but also other factors like length of the working day, rest hours, and other physical conditions. In this experiment, a small homogeneous work-group of six girls was constituted. These girls were friendly to each other and were asked to work in a very informal atmosphere under the supervision of a researcher. Productivity and morale increased considerably during the period of the experiment. Productivity went on increasing and stabilized at a high level even when all the improvements were taken away and the pre-test conditions were reintroduced. The researchers concluded that socio-psychological factors such as feeling of being important, recognition, attention, participation, cohesive work-group, and non-directive supervision held the key for higher productivity.

3. Mass Interview Programme: The objective of this programme was to make a systematic study of the employees' attitudes which would reveal the meaning which their "working situation" has for them. The researchers interviewed a large number of workers with regard to their opinions on work, working conditions and supervision. Initially, a direct approach was used whereby interviews asked questions considered important by managers and researchers. The researchers observed that the replies of the workmen were guarded. Therefore, this approach was replaced by an indirect technique, where the interviewer simply listened to what the workmen had to say. The findings confirmed the importance of social factors at work in the total work environment.

4. Bank Wiring Test Room Experiment: This experiment was conducted by Roethlisberger and Dickson with a view to develop a new method of observation and obtaining more exact information about social groups within a company and also finding out the causes which restrict output. The experiment was conducted to study a group of workers under conditions which were as close as possible to normal. This group comprised of 14 workers. After the experiment, the production records of this group were compared with their earlier production records. It was observed that the group evolved its own production norms for each individual worker, which was made lower than those set by the management. Because of this, workers would produce only that much, thereby defeating the incentive system. Those workers who tried to produce more than the group norms were isolated, harassed or punished by the group. The findings of the study are:-

- Each individual was restricting output.
- The group had its own "unofficial" standards of performance.
- Individual output remained fairly constant over a period of time.
- Informal groups play an important role in the working of an organization.

Contributions of the Hawthorne Experiment: Elton Mayo and his associates conducted their studies in the Hawthorne plant of the western electrical company, U.S.A., between 1927 and 1930. According to them, behavioural science methods have many areas of application in management. The important features of the Hawthorne Experiment are:-

1. A business organization is basically a social system. It is not just a techno-economic system.
2. The employer can be motivated by psychological and social wants because his behaviour is also influenced by feelings, emotions and attitudes. Thus economic incentives are not the only method to motivate people.

3. Management must learn to develop co-operative attitudes and not rely merely on command.
4. Participation becomes an important instrument in human relations movement. In order to achieve participation, effective two-way communication network is essential.
5. Productivity is linked with employee satisfaction in any business organization. Therefore management must take greater interest in employee satisfaction.
6. Group psychology plays an important role in any business organization. We must therefore rely more on informal group effort.
7. The neo-classical theory emphasizes that man is a living machine and he is far more important than the inanimate machine. Hence, the key to higher productivity lies in employee morale. High morale results in higher output.

3.4.2 Behavioural School

There are three distinct elements of behavioural school as mentioned below:

- 1. The Individual:** The neoclassical theory emphasized that individual differences must be recognised. An individual has feelings, emotions, perception and attitude. Each person is unique. He brings to the job situation certain attitudes, beliefs and ways of life, as well as skills. He has certain meaning of his job, his supervision, working conditions etc. The inner world of the worker is more important than the external reality in the determination of productivity. Thus human relations at work determine the rise or fall in productivity. Therefore human relationists advocate the adoption of multidimensional model of motivation which is based upon economic, individual and social factors.
- 2. Work Groups:** Workers are not isolated; they are social beings and should be treated as such by management. The existence of informal organization is natural. The neo-classical theory describes the vital effects of group psychology and behaviour on motivation and productivity.
- 3. Participative Management:** The emergence of participative management is inevitable when emphasis is laid on individual and work groups. Allowing labour to participate in decision making primarily to increase productivity was a new form of supervision.

Management now welcomes worker participation in planning job contents and job operations. Neoclassical theory focuses its attention on workers. Plant layout, machinery, tool etc., must offer employee convenience and facilities. Therefore, neoclassical approach is trying to satisfy personal security and social needs of workers.

Human relationists made very significant contribution to management thought by bringing into limelight human and social factors in organizations. But their concepts were carried beyond an appropriate limit. There are many other factors which influence productivity directly. Modern management thought wants equal emphasis on man and machine and we can evolve appropriate man- machine system to secure both goals – productivity and satisfaction.

Limitations of Human Relations Approach:-

1. The human relationists drew conclusions from Hawthorne studies. These conclusions are based on clinical insight rather than on scientific evidence.
2. The study tends to overemphasize the psychological aspects at the cost of the structural and technical aspects.
3. It is assumed that all organizational problems are amenable to solutions through human relations. This assumption does not hold good in practice.
4. The human relationists saw only the human variables as critical and ignored other variables.
5. The human relationists overemphasize the group and group decision-making. But in practice, groups may create problems and collective decision-making may not be possible.

3.5 Quantitative / Operations School

The quantitative approach to management, sometimes known as operations research or management science, uses quantitative techniques to improve decision making. This approach includes applications of statistics, optimization models, information models, and computer simulations. The quantitative approach originated during World War II as mathematical and statistical solutions to military problems were developed for wartime use.

The relevance of quantitative approach today is that it has contributed most directly to managerial decision making, particularly in planning and controlling. The availability of sophisticated computer software programs has made the use of quantitative techniques more feasible for managers.

This approach is also called ‘**Mathematical**’, ‘**Operations**’ Research of ‘**Management Science**’ approach. The basic feature of the quantitative management thought is the use of mixed teams of scientists from several disciplines. The school use scientific tools for providing a quantitative base for managerial decisions. Etc. The techniques commonly used for managerial decision-making include Linear Programming, Critical Path Method (CPM), Programme Evaluation Review Technique (PERT), Games Theory, Queuing Theory, Break-Even Analysis, etc.

The basic assumptions of quantitative approach are as follows:

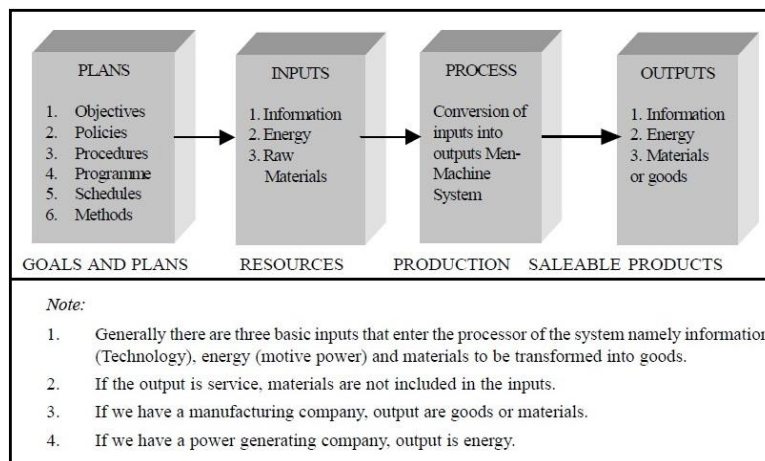
- i. Management is essentially decision-making and an organization is a decision-making unit.
- ii. Organizational efficiency is depends upon the quality of managerial decisions.
- iii. The problem is expressed in the form of a quantitative or mathematical model containing mathematical symbols and relationships.
- iv. The different variables in management can be quantified and expressed in the form of an equation.
- v. Development of decision-making models may require the skills of many disciplines such as mathematics, economics, statistics, physical sciences, behavioural sciences and cost accountancy.
- vi. The mathematical models enable the managers to discover significant relationship between variables that could be controlled.

3.6 Systems Approach

The systems approach to management indicates the fourth major theory of management thought called modern theory. Modern theory considers an organization as an adaptive system which has to adjust to changes in its environment. An organization is now defined as a structured process in which individuals interact for attaining objectives.

Meaning of "System": The word system is derived from the Greek word meaning to bring together or to combine. A system is a set of interconnected and inter-related elements or component parts to achieve certain goals. A system has three significant parts:

1. Every system is goal-oriented and it must have a purpose or objective to be attained.
2. In designing the system we must establish the necessary arrangement of components.
3. Inputs of information, material and energy are allocated for processing as per plan so that the outputs can achieve the objective of the system.



(Design of Basic Model)

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Systems Approach Applied to an Organization: When systems approach is applied to organization, we have the following features of an organization as an open adaptive system:-

1. It is a sub-system of its broader environment.
2. It is a goal-oriented – people with a purpose.
3. It is a technical subsystem – using knowledge, techniques, equipment and facilities.
4. It is a structural subsystem – people working together on interrelated activities.
5. It is a psychosocial system – people in social relationships.
6. It is co-ordinate by a managerial sub system, creating, planning, organizing, motivating, communicating and controlling the overall efforts directed towards set goals.

Characteristics of Modern Management Thought:

1. The Systems Approach: An organization as a system has five basic parts -

- 1) Input
- 2) Process
- 3) Output
- 4) Feedback and
- 5) Environment.

It draws upon the environment for inputs to produce certain desirable outputs. The success of these outputs can be judged by means of feedback. If necessary, we have to modify our mix of inputs to produce as per changing demands.

2. Dynamic: We have a dynamic process of interaction occurring within the structure of an organization. The equilibrium of an organization and its structure is itself dynamic or changing.

3. Multilevel and Multidimensional: Systems approach points out complex multilevel and multidimensional character. We have both a micro and macro approach. A company is micro within a business system. It is macro with respect to its own internal units. Within a company as a system we have:-

- i. Production subsystem
- ii. Finance subsystem
- iii. Marketing subsystem
- iv. Personnel subsystem.

All parts or components are interrelated. Both parts as well as the whole are equally important. At all levels, organizations interact in many ways.

4. Multimotivated: Classical theory assumed a single objective, for instance, profit. Systems approach recognizes that there may be several motivations behind our actions and behaviour. Management has to compromise these multiple objectives

eg: - economic objectives and social objectives.

5. Multidisciplinary: Systems approach integrates and uses with profit ideas emerging from different schools of thought. Management freely draws concepts and techniques from many fields of study such as psychology, social psychology, sociology, ecology, economics, mathematics, etc.

6. Multivariable: It is assumed that there is no simple cause-effect phenomenon. An event may be the result of so many factors which themselves are interrelated and interdependent. Some factors are controllable, some uncontrollable. Intelligent planning and control are necessary to face these variable factors.

7. Adaptive: The survival and growth of an organization in a dynamic environment demands an adaptive system which can continuously adjust to changing conditions. An organization is an open system adapting itself through the process of feedback.

8. Probabilistic: Management principles point out only probability and never the certainty of performance and the consequent results. We have to face so many variables simultaneously. Our forecasts are mere tendencies. Therefore, intelligent forecasting and planning can reduce the degree of uncertainty to a considerable extent.

3.7 Contingency Approach

Systems approach emphasizes that all sub- systems of an organization along with the super system of environment are interconnected and interrelated. Contingency approach analysis and understands these interrelationship so that managerial actions can be adjusted to demands of specific situations, circumstances or environment.

Thus the contingency approach enables us to evolve practical answers to problems demanding solutions. Organization design and managerial actions most appropriate to specific situations will have to be adopted to achieve the best possible result under the given situation. There is no one best way (as advocated by Taylor) to organize and manage. Thus, Contingency Approach to management emphasizes the fact that management is a highly practice-oriented discipline. It is the basic function of managers to analyse and understand the environments in which they function before adopting their techniques, processes

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and practices. The application of management principles and practices should therefore be contingent upon the existing circumstances.

Contingency approach guides the manager to be adaptive to environment. It tells the manager to be pragmatic and open minded. The contingency approach is an improvement over the systems approach. It not only examines the relationships between sub-systems of the organization, but also the relationship between the organization and its environment.

However, the contingency approach suffers from two limitations:-

1. It does not recognize the influence of management concepts and techniques on environment.
2. Literature on contingency management is yet not adequate.

3.8 Let's Sum-up

Management occupies such an important place in the modern world that the welfare of the people and the destiny of the country are very much influenced by it. It is an operative force in all complex organisations trying to achieve some stated objectives. Management is necessary for a business firm, government enterprises, education and health services, military organisations, trade associations and so on. The origin of management can be traced back to the days when man started living in groups. . During this period, stalwarts like F.W Taylor, H.L. Gantt, Emerson, Frank and Lillian Gilberth etc., laid the foundation of management, which in due course, came to be known as scientific management.

Henry Fayol is considered the father of modern theory of general and industrial management. The 14 principles of management given by fayol are the bases of the science of management. The neo- classical theory pointed out the role of psychology and sociology in the understanding of individual and group behaviour in an organization. The systems approach to management indicates the third major theory of management thought called modern theory. Modern theory considers an organization as an adaptive system which has to adjust to changes in its environment.

3.9 Key Terms

- **Scientific Management:** Scientific management, also called “Taylorism” is a theory of management that analyzes and synthesizes workflows.
- **Human Relations Theory:** It is essentially concerned with the recognition and importance of human elements in organizations that enhances workers’ productivity and efficiency.

- **Behavioural Theory:** It focuses on human behaviour in organizations and seeks to promote variable proportion for scientific understanding of human behaviour at work place.
- **Quantitative Approach:** This approach emphasizes the uses and applications of mathematical and statistical tools and techniques for managerial decision-making.
- **Systems Theory:** Systems theory is composed of related and dependent elements which, when in interaction, form a unitary whole. Hence all modern organizations in general are considered as open and dynamic system.
- **Contingency Theory:** It is an integration of various approaches of management and emphasizes those organizations continuously and constantly interacts with the environment.

3.10 Self-Assessment Questions

1. Give a comparative study on the work and contributions made by Henri Fayol and F. W. Taylor in the field of Management.

Ans: _____

2. What do you mean by ‘systems approach’? Describe organization as a system.

Ans: _____

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3.11 Further Readings

1. F.W. Taylor, *Principles of Scientific Management*, New York, Harper and Row.
2. Henry Fayol, *General and Industrial Management*, Sir Isaac Pitman and Sons Ltd.
3. J. Stoner, *Management*, Prentice-Hall of India, New Delhi.
4. Peter Drucker, *The Practice of Management*, New York, Harper.
5. W. J. Duncan, *Essentials of Management*, Illinois, The Dryden Press.

3.12 Model Questions

1. Explain the contingency approach to Management. How far do you agree it applies to all situations in the present day business environment context?
2. Outline the major contributions of ‘classical school of thought’ to the field of management.
3. Write short notes on:
 - i. Motion Study
 - ii. Division of labour