

Unit 2: Introduction to Management

The term “management” origins from the French “Management” which means, the directing and from the Latin “menu agree”, this means to lead by the hand. This clearly indicates that management is necessary to direct and lead organization. It directs, coordinates and integrates the individual activities of group and secure teamwork to accomplish organizational goal.

According to Ricky W. Griffen, “Management is a set of activities (including planning, organizing, leading and controlling) directed at an organization’s resources (human, financial, physical and informational) with the aim of achieving organizational goals effectively and efficiently in a changing environment.

Similarly, according to Sherlekar and Sherlekar, “Management is a process involving coordination of human and material resources through the functions of planning, organizing, staffing, leading and controlling in order to accomplish stated objectives.”

Thus, management is what manager does in an organization to accomplish the pre- determined goal in the changing environment.

Characteristics of Management:

The various characteristics of management are:

a. Management is universal: It means that management is required for every type of organization. It may be a business organization or social or political. It may be a small firm or a large one. Management is required by a school or a college or university or a hospital or a big firm like Reliance Industries Limited or a small variety store in your locality. Thus, it is a universal phenomenon and is common and essential element in all organizations.

(b) Management is goal directed: Every organization is created to achieve certain goals. For example, for a business firm it may be to make maximum profit and/or to provide quality products and services. Management of an organization is always aimed at achievement of the organizational goals. Success of management is determined by the extent to which these goals are achieved.

(c) Management is a continuous process: Management is an ongoing process. It continues as long as the organization exists. No activity can take place without management. To perform all activities like production, sale, storage, operation etc. management is required. So, as long as these activities continue the process of management also continues to operate.

(d) Management is an integrating process: All the functions, activities, processes and operations are intermixed among themselves. It is the task of management to bring them together and proceed in a coordinated manner to achieve desired result. In fact, without integration of men, machine and material and coordination of individual efforts to contribute successfully as a team, it will be difficult to achieve organizational goals.

(e) Management is intangible: Management is not a place like a graphic showing Board meeting or a graphic showing a school Principal at her office desk which can be seen .It is an unseen force and you can feel its presence in the form of rules, regulation, output, work climate, etc.

(f) Management is multi-disciplinary: Management of an organization requires wide knowledge about various disciplines as it covers handling of man, machine, and material and looking after production, distribution, accounting and many other functions. Thus, we find the principles and techniques of management are mostly drawn from almost all fields of study like – Engineering, Economics, Sociology, Psychology, Anthropology, Mathematics, Statistics etc.

(g) **Management is a social process:** The most important aspect of management is handling people organized in work groups. This involves developing and motivating people at work and taking care of their satisfaction as social beings. All managerial actions are primarily concerned with relations between people and so it is treated as a social process.

(h) **Management is situational:** The success of management depends on, and varies from, situation to situation. There is no best way of managing. The techniques and principles of management are relative, and do not hold good for all situations to come.

Management as a Science as well as an Art

Management is regarded as a science as well as an art. Science refers to a systematic body of knowledge with reference to understanding of some phenomenon or subject or object of study. It establishes a cause and effect relationship between variables. It is based on systematic explanation, experimental analysis, critical evaluation and logical consistency. In science we learn the 'why' of a phenomenon. For example, two molecules/atoms of hydrogen and one molecule/atom of oxygen makes water (H₂O). Similarly we can say earth moves round the sun. Any subject of study to be called a science should have the following characteristics:

- (i) There must be a systematized body of knowledge that includes concepts, people and theories.
- (ii) We should be able to establish a cause and effect relationship.
- (iii) Its principles should be verifiable.
- (iv) It should ensure predictable results.
- (v) It should have universal application.

Management as a subject of study fulfils almost all the above characteristics. Theories and techniques like scientific management, PERT and CPM, break even analysis, budgeting etc. are all scientific in nature. However, since it deals with human beings, we cannot predict a definite cause - effect relationships. Hence management is not treated as a pure or full-fledged science. As for the art, you know that it refers to bringing about the desired result through application of skill. It is a personalized process and states that there is no best way of doing a thing. Thus, it is creative and it improves by practice. In art we learn about the 'how' of a phenomenon. For example, take the case of painting. There is nothing called the best way of painting. More one paints, the more he improves and learns how to paint. Now look at management. Here also we apply a lot of skill (like technical, conceptual, human etc.) and it is also creative in nature. Nobody can say that this is the best way of managing. It varies from one manager to another. The more one manages, the more experienced and expert he becomes. Thus, management is a combination of both science and art.

Management as Profession

In the first lesson you had learnt that profession is an occupation. To be precise, any occupation that satisfies the following requirements is called a profession.

- (i) It must be an organized and systematized body of knowledge. Take for example professions like engineering or chartered accountancy. These require a specialized knowledge.
- (ii) There is always a formal method of acquisition of such knowledge. In other words, individuals, to pursue a specific profession, must acquire the specialized knowledge through some formal institutions. For example, you need to get a degree in law or engineering to pursue the profession of a lawyer or engineer.

(iii) There exists an association to devise certain code of conduct for the professionals. This code of conduct lays down norms to be observed by the professionals while doing their job. Violation of the prescribed code can lead to derecognizing the professional to practice.

(iv) A profession is no doubt an occupation to earn one's livelihood but the financial reward is not the main measure of their success. The professional use their specialized knowledge to serve the long-run interests of the society and are also conscious of their social responsibility. Though management may not meet all the requirements of a profession in strict sense of the term, but it meets most of the above requirements and is, now a days, regarded a fully fledged profession. A number of institutions have come up to teach management in a formal way and train future managers. Various associations like American Management Association in USA, All India Management Association in India have been functioning as representative bodies of managers and have duly devised codes of conduct for managers. Many more organizations have come up in the specialized fields of management.

Principle of Management

Following are the fourteen principles of management developed by the Henry Fayol:

1. Division of Work

According to Henry Fayol under division of work, "The worker always on the same post, the manager always concerned with the same matters, acquire an ability, sureness and accuracy which increases their output. In other words, division of work means specialization. According to this principle, a person is not capable of doing all types of work. Each job and work should be assigned to the specialist of his job. Division of work promotes efficiency because it permits an organizational member to work in a limited area reducing the scope of his responsibility. Fayol wanted the division of work not only at factory but at management levels also.

2. Authority and Responsibility

Authority and responsibility go together or co-existing. Both authority and responsible are the two sides of a coin. In this way, if anybody is made responsible for any job, he should also have the concerned authority. Fayol's principle of management in this regard is that an efficient manager makes best possible use of his authority and does not escape from the responsibility. In other words when the authority is exercised the responsibility is automatically generated.

3. Discipline

According to Henry Fayol discipline means sincerity about the work and enterprise, carrying out orders and instructions of superiors and to have faith in the policies and programs of the business enterprise, in other sense, discipline in terms of obedience, application, energy and respect to superior. However, Fayol does not advocate warning, fines, suspension and dismissals of worker for maintaining discipline. These punishments are rarely awarded. A well disciplined working force is essential for improving the quality and quantity of the production.

4. Unity of Command

A subordinate should take order from only one boss and he should be responsible and accountable to him. Further he claimed that if the unit of command is violated, authority is undermined, disciplined in danger, order disturbed and stability threatened. The violation of this principle will face some serious consequences. In this way, the principle of unity of command provides the enterprise disciplined stable and orderly existence. It creates harmonious relationship between officers and subordinates, congenial (pleasant) atmosphere at work. It is one of the Fayol's important essential principles of management.

5. Unity of direction

Fayol advocates "One head and one plan" which means that group efforts on a particular plan be led and directed by a single person. This enables effective co-ordination of individual efforts and energy. This fulfils the principles of unity of command and brings uniformity in the work of same nature. In this way the principle of direction create dedication to purpose and loyalty. It emphasizes the attainment of common goal under one head.

6. Subordination of individual interests to general interests

The interest of the business enterprise ought to come before the interests of the praise individual workers. In other words, principle of management states that employees should surrender their personnel interest before the general interest of the enterprise. Sometimes, employees overlook the interest of the organization due to ignorance, selfishness, laziness, carelessness and emotional pleasure. This attitude proves to be very harmful to the enterprise.

7. Fair Remuneration to employees

According to Fayol wage-rates and method of their payment should be fair, proper and satisfactory. Both employees and ex-employers should agree to it. Logical and appropriate wage-rate and methods of their payment reduces tension and differences between workers and management, create harmonious relationship and a pleasing atmosphere of work. Further, Fayol, recommends that residential facilities be provided including arrangement of electricity, water and facilities.

8. Centralization and Decentralization

There should be one central point in the organization which exercises overall direction and control of all the parts. But the degree of centralization of authority should vary according to the needs of situation. According to Fayol there should be centralization in small units and proper decentralization in big organization. Further, Fayol does not favor centralization or decentralization of authorities but suggests that these should be proper and effective adjustment between centralization and decentralization in order to achieve maximum objectives of the business. The choice between centralization and decentralization should be made after taking into consideration the nature of work and the efficiency, experience and decision-making capacity of the executives.

9. Scalar chain

The scalar chain is a chain of supervisors from the highest to the lowest rank. It should be short-circuited. An employee should feel the necessity to contact his superior through the scalar chain. The authority and responsibility is communicated through this scalar chain. Fayol defines scalar chain as "the chain of superiors ranging from the ultimate authority to the lowest rank."

10. Order:

According to Fayol there should be proper, systematic and orderly arrangement of physical and social factors, such as land, raw materials, tools and equipments and employees respectively. As per view, there should be safe, appropriate and specific place for every article and every place to be used effectively for a particular activity and commodity. There should be selection and appointment of the most suitable person to every job. There should be specific place for everyone and everyone should have specific place. This principle also stresses scientific selection and appointment of employees on every job.

11. Equity

The principle of equality should be followed and applicable at every level of management. There should not be any discrimination as regards caste, sex and religion. An effective management always does sympathetic and human treatment. The management should be kind, honest and impartial with the employees. In other words, kindness and justice should be exercised by management in dealing with their subordinates. This will create loyalty and devotion among the employees. Thus, workers should be treated at par at every level.

12. Stability of use of personnel

Principle of stability is linked with long tenure of personnel in the organization. This means production being a team work, an efficient management always builds a team of good workers. If the members of the team go on changing, the entire process of production will be disturbed. It is always in the interest of the enterprise that its trusted, experienced and trained employees do not leave the

organization. Stability of job creates a sense of belongingness among workers who with this feeling are encouraged to improve the quality and quantity of work.

13. Initiative

Under this principle, the successful management provides an opportunity to its employees to suggest their new ideas, experiences and more convenient methods of work. The employees, who has been working on the specific job since long discover now, better alternative approach and technique of work. It will be more useful, if initiative to do so is provided to employees. In simple, to ensure success, plans should be well formulated before they are implemented.

14. Spirit of Co-operation (Spirit de crops)

In order to achieve the best possible results, individual and group efforts are to be effectively integrated and coordinated. Production is a team work for which the whole-hearted support and co-operation of the members at all levels is required. Everyone should sacrifice his personal interest and contribute his best energies to achieve the best results. It refers to the spirit of loyalty, faithfulness on the part of the members of the group which can be achieved by strong motivating recognition and importance of the members for their valuable contribution, effective coordination, informal mutual social relationship between members of the group and positive and constructive approach of the management towards workers' welfare.

Functions of Management:

In every organisation, the managers perform certain basic functions. These are broadly divided into six categories viz., planning, organising, staffing, directing, coordinating and controlling. These are discussed basically hereunder. You will learn about all these functions in detail in the lessons to follow.

(a) Planning

Planning is deciding in advance what is to be done, when it is to be done, how it is to be done. It is basically concerned with the selection of goals to be achieved and determining the effective course of action from among the various alternatives. This involves forecasting, establishing targets, developing the policies and programming and scheduling the action, procedure, etc., Thus, planning requires decisions to be made on what should be done, how it should be done, who will do it, where it will be done, and why it is to be done. The essential part of planning consists of setting goals and programmes of activities.

(b) Organizing

After the plans have been drawn, management has to organise the activities, and physical resources of the firm to carry out the selected programmes successfully. It also involves determining the authority and responsibility relationships among functions, departments and personnel at various levels to ensure smooth and effective function together in accomplishing the objective. Thus, the organising function of management is primarily concerned with identifying the tasks involved and grouping them into units and departments, and defining the duties and responsibilities of people in different positions within each department for well coordinated and cooperative effort in the organisation.

(c) Staffing

Staffing is concerned with employing people for the various activities to be performed. The objective of staffing is to ensure that suitable people have been appointed for different positions. It includes the functions of recruitment, training and development, placement and remuneration, and performance appraisal of the employees.

(d) Directing

The directing function of management includes guiding the subordinates, supervising their performance, communicating effectively and motivating them. A manager should be a good leader. He should be able

to command and issue instruction without arousing any resentment among the subordinates. He should keep a watch on the performance of his subordinates and help them out whenever they come across any difficulty. The communication system, i.e., exchange of information should take place regularly for building common understanding and clarity. The managers should also understand the needs of subordinates and inspire them to do their best and encourage initiative and creativity.

(e) Coordinating

Management has to ensure that all the activities contribute to the achievement of the objectives of the business as a whole. This requires integration of activities and synchronization of efforts. The heads of different departments should not treat each other as competitors but should work as organs of one body. As the proper functioning of every organ of a human body is important for a healthy body, the work of every department is important for the organisation as a whole. Managers should, therefore, see that everybody in the organisation understands its objectives and works in co-operation with others to achieve these objectives. This function of management is called co-ordination. It consists of harmonizing group effort so as to achieve common objectives.

(f) Controlling

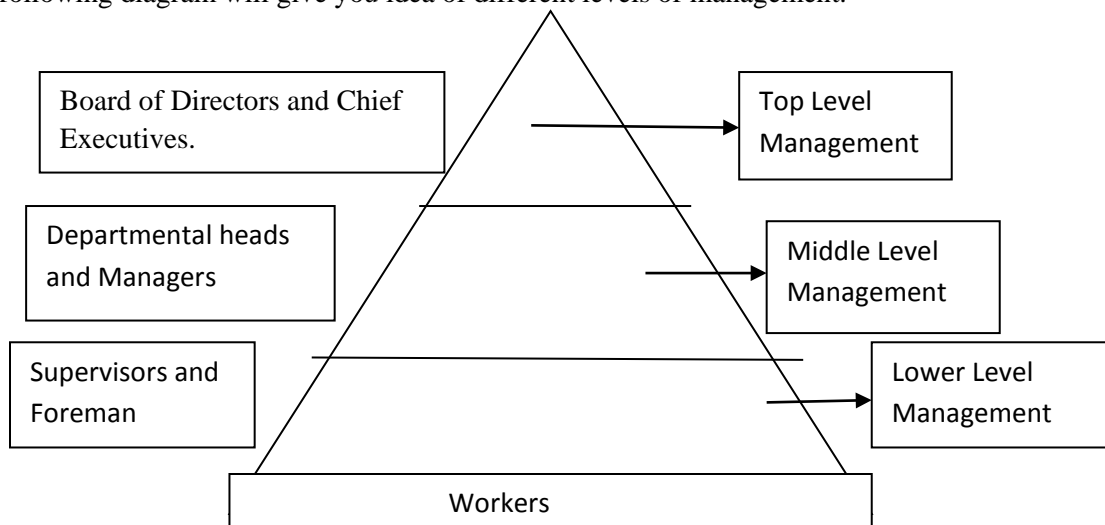
This function of management consists of the steps taken to ensure that the performance of work is in accordance with the plans. It involves establishing performance standards and measuring the actual performance with the standards set. If differences are noticed, corrective steps are taken which may include revision of standards, regulate operations, remove deficiencies and improve performance.

Levels of Management:

There are certain levels of management with varying degree of authority and responsibilities. Some managers decide about the objectives of the business as a whole; some managers perform functions to achieve these objectives in different departments, like production, sales, etc, and some of the managers are concerned with the supervision of day-to-day activities of workers. Managers performing different types of duties may, thus, be divided into three categories:

1. Top-Level Management
2. Middle-Level Management
3. Lower-Level Management

The following diagram will give you idea of different levels of management.



The diagram shows that the top level management includes Board of Directors and the Chief Executive. The chief executive may have the designation of Chairman, Managing Director, President, Executive

Director or General Manager. This level determines the objectives of the business as a whole and lays down policies to achieve these objectives (making of policy means providing guidelines for actions and decision). The top management also exercises an overall control over the organisation.

The middle-level management includes heads of various departments, e.g., production, sales, etc., and other departmental managers. Sometimes senior departmental heads are included in the top management team. The objectives of the business as a whole are translated into departmental objectives for the middle level management. The heads of the departments then work out their own strategies so as to achieve these objectives. Middle level managers are particularly concerned with the activities of their respective departments.

The lower-level management consists of foremen and supervisors who look after the operative workers, and ensure that the work is carried out properly and on time. Thus, they have the primary responsibility for the actual production of goods and services in the organization.

These three levels of management taken together form the 'hierarchy of management'. It indicates the ranks and positions of managers in the hierarchy. It shows that the middle level management is subordinate to the top-level and that the lower-level is subordinate to the middle-level management.

Managerial Roles

Mintzbergs a management thinker identified ten roles and classified them within three broad categories.

1 .Interpersonal Roles 2.Informational Roles 3. Decisional Roles

1 .Interpersonal Roles:

a) Figure head role:

In this role a manager performs symbolic duties required by the status of his office. His activities include to greet the visitors attends the employee family functions.

b) Leader:

A Manager is responsible for the motivation and activation of subordinates. She/he is responsible for staffing, training and associated duties.

c) Liaison:

It describes a manager's relationship with the outsiders. A manager maintains smooth relation with other organization government's industry groups etc.

2. Informational Roles:

a) Monitor:

A manager scans the environment and collects internal and external information's.

b) Disseminator:

Manager distributes the information to his subordinates in order to achieve organizational objectives.

c) Spokes person:

A Manager transmits the information's to the outside of the organization.

3. Decision Role:

a) Entrepreneur:

Initiates and supervises design of organizational improvement projects.

b) Disturbance handler:

A manager is responsible for taking corrective action when organization faces problem.

c) Resource allocated:

Manager is responsible for allocation of human, monetary and material resources.

d) Negotiator:

As a manager he bargains with suppliers, dealers, trade union, agents etc.

Managerial Skills

Robert L. Katz identified three kinds of skills for administrators. To these may be added a fourth—the ability to design solutions.

1. Technical skill is knowledge of and proficiency in activities involving methods, processes, and procedures. Thus it involves working with tools and specific techniques. For example, mechanics work with tools, and their supervisors should have the ability to teach them how to use these tools. Similarly, accountants apply specific techniques in doing their job.

2. Human skill is the ability to work with people; it is cooperative effort; it is teamwork; it is the creation of an environment in which people feel secure and free to express their opinions.

3. Conceptual skill is the ability to see the "big picture," to recognize significant elements in a situation, and to understand the relationships among the elements.

4. Design skill is the ability to solve problems in ways that will benefit the enterprise. To be effective, particularly at upper organizational levels, managers must be able to do more than see a problem. If managers merely see the problem and become "problem watchers," they will fail. They must have, in addition, the skill of a good design engineer in working out a practical solution to a problem.

The relative importance of these skills may differ at various levels in the organization hierarchy. Among these skills, technical skills are of greatest importance at the supervisory level. Human skills are also helpful in the frequent interactions with subordinates. Conceptual skills, on the other hand, are usually not critical for lower level supervisors. At the middle management level, the need for technical skills decreases; human skills are still essential; and the conceptual skills gain in importance. At the top management level, conceptual and design abilities and human skills are especially valuable, but there is relatively little need for technical abilities.

Emerging Challenges of Management:

The challenges of the management in the today's context are as follows:

- a. **Globalization of business:** Globalization means flow of goods, services, informations, manpower etc across nations without any restrictions. Due to globalization, world is consider as the small village. The time and the place gap have been almost overcome by the help of new technologies. There is continuous exchange of new ideas, innovations, methods and techniques across nations. This brings both opportunities and threat to the business organization. A part from this, the regional agreement and World Trade Organization (WTO) boost up the competitive market and added more complexity to the manager's job. Thus, managers need to understand the process of globalization and the competition it creates for them and should act effectively and efficiently to overcome such challenges.
- b. **Technology:** Technology is a major drive that changes the way the people think and act in their corresponding environment. Technological advancement in computers and other electronic data processing equipment have changed the whole system of managerial functions like planning, decision making, organizing, motivating, controlling. Thus, managers need to recognize and anticipate technological change and act according to capitalize the opportunities and neutralize the threats.
- c. **Quality Assurance and Productivity:** In today's context, quality is considered as the ability to satisfy the customer. However, the human wants are every growing and providing the goods and service to

satisfy their needs is bigger challenge for a today's manager. The product and services must meet the expectation of customer in terms cost, time, and services delivered within the product. To improve the quality Total Quality Management (TQM) is being used in most of the organization, targeting continuous improvement programs that include all the stakeholders together with suppliers and customers. A part from this productivity is also becoming a major issue for today's organization. Due to extreme competition managers are focusing in reducing the wastages in terms of materials, time and effort and thus enhancing the productivity.

- d. **Ethics and Social Responsibility:** Ethics is concerned with the moral principles or values that determine whether our action is right or wrong. Business must follow the ethics in their policies and practices. However, one of the major challenges for our managers is to decide on whether a certain behavior or action of employee is ethical or not. Thus, managers must understand the ethical norms and values and act accordingly.

Social Responsibility is the duty towards society. The society includes all the stakeholders such as customers, suppliers, creditors, employees, owners, government etc. So, management must address the expectation of these stakeholders and fulfill their wants. Similarly, environmental issues, such as global warming, pollution, ecology distortion etc are becoming major challenges to be addressed effectively in the strategy and practices by the manger in an organization.

- e. **Empowerment:** Delegating the power to the employees is a major challenge to mangers in today's context. People desire autonomy in their worksites, they want to take part in decision making and enhance their creativity in the organizations. However, ineffective handling of such delegation may de-motivate the employees and leads to employee turnover, absenteeism and stagnations in work. Thus managers should create self-managed teams or autonomous work groups to empower the employees.
- f. **Work-Force Diversity:** It refers to the mix of people from various backgrounds in terms of gender, race, ethnicity etc in today's labour force. The participation of women and minorities has been increasing. Thus, the challenge for a manager is to accommodate these diverse groups of people by addressing different lifestyles, family needs and work styles.
- g. **Learning Organization:** Organization must be able to learn from the past and present scenario and formulate policies and practices accordingly. A learning organization is one that had developed the capacity to continuously learn, adapt and change. The challenge for the managers is to change their behavioural style and transform from the bosses to the team leaders.