THE MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE

Ternopil Ivan Puluj National Technical University

The department of management

in manufacturing sphere

The course of lectures on discipline

**history of management**

for the 1st year students

of the specialty 073 “Management”



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**INTRODUCTION**

The success of management is dependent upon the understanding and knowledgeof diverse and complex issues and theories. Management and organizations are products of their historical and social times and places. Thus, we can understand the evolution of management theory interms of how people have wrestled with matters of relationships at particular time’s in history. The course “History of management” will examine the development of theories and approaches to management in a historical context. It will acquaint you with the political, economic and social contexts within which ideas about management developed historically. The course will also address the contribution of individual theorists to the development of management ideas, the nature of that contribution and the way these ideas might be used in contemporary organizations.

**Main tasks:**

- to identify major theories of management and discuss their elements clearly and coherently;

- to understand and explain the historical context to current management theories and practice;

- to understand and discuss cultural factors which give rise to particular management theories at a particular time and how those theories evolve over time;

- to develop the basic structure of a conceptual framework to enable you to integrate your studies of management;

- to write clearly, present a logical argument, and use conventional academic referencing schemes.

**As a result student must be able:**

-to explain the role of the Industrial Revolution in the development of managerial thought and identify the captains of industry and their role in management’s evolution;

- to deﬁne scientiﬁc management, and outline the role Frederick W. Taylor played in its development;

- to identify and explain the human relations movement;

- to explain the systems approach;

- to explain the differences between Theory X, Theory Y, and Theory Z;

- to deﬁne the contingency approach to management;

- to explain the concepts of the search for excellence and the emphasis on quality;

- to understand what is required for an organization to move from good to great.

**LECTURE 1. The establishment and development history of management**

*1.The historical perspective of management.*

*2. The intellectual heritage of management.*

*3.Management in early civilizations.*

*4.Early management concepts and influences.*

1. ***The historical perspective of management***

As long as there have been human endeavors, there have been people willing to take charge — people willing to plan, organize, staff, and control the work.1 One might say that nature abhors a vacuum and thus someone will always step forward to fill a leadership void.

Probably the natural emergence of leadership grew out of our instinct for survival. In the hostile world of early humankind, food, shelter, and safety needs usually required cooperative efforts, and cooperative efforts required some form of leadership. Certainly leadership was vested in the heads of early families via the patriarchal system. The oldest member of the family was the most experienced and was presumed to be the wisest member of the family and thus was the natural leader.

As families grew into tribes and tribes evolved into nations, more complex forms of leadership were required and did evolve.Division of labor and supervision practices are recorded on the earliest written record, the clay tablets of the Sumerians. In Sumerian society, as in many others since, the wisest and best leaders were thought to be the priests and other religious leaders.

Likewise, the ancient Babylonian cities developed very strict codes, such as the code of Hammurabi. King Nebuchadnezzar used color codes to control production of the hanging gardens, and there were weekly and annual reports, norms for productivity, and rewards for piecework.

The Egyptians organized their people and their slaves to build their cities and pyramids. Construction of one pyramid, around 5000 BC., required the labor of 100,000 people working for approximately 20 years. Planning, organizing, and controlling were essential elements of that and other feats, many of them long term. The ancient Egyptian Pharaohs had long-term planners and advisors, as did their contemporaries in China. China perfected military organization based on line and staff principles and used these same principles in the early Chinese dynasties. Confucius wrote parables that offered practical suggestions for public administration.

In the Old Testament, Moses led a group of Jewish slaves out of Egypt and then organized them into a nation. Exodus, Chapter 18, describes how Moses “chose able men out of all Israel and made them heads over the people, and differentiated between rulers of thousands, rulers of hundreds, rulers of fifties and rulers of tens.” A system of judges also evolved, with only the hard cases coming to Moses.

The city-states of Greece were commonwealths, with councils, courts, admin instructive officials, and boards of generals. Socrates talked about management as a skill separate from technical knowledge and experience. Plato wrote about specialization and proposed notions of a healthy republic.

The Roman Empire is thought by many to have been so successful because of the Romans’ great ability to organize the military and conquer new lands. Those sent to govern the far-flung parts of the empire were effective administrators and were able to maintain relationships with leaders from other provinces and across the empire as a whole.

There are numerous other ancient leaders who were skillful organizers, at least as indicated by their accomplishments, such as Hannibal, who shepherded an army across the Alps, and the first emperor of China, who built the Great Wall. Many of the practices employed today in leading, managing, and administering modern organizations have their origins in antiquity.

Many concepts of authority developed in a religious context. One example is the Roman Catholic Church with its efficient formal organization and management techniques. The chain of command or path of authority, including the concept of specialization, was a most important contribution to management theory. Machiavelli also wrote about authority, stressing that it comes from the consent of the masses. However, the ideas Machiavelli expressed in The Prince are more often viewed as mainly concerned with leadership and communication.

Much management theory has military origins, probably because efficiency and effectiveness are essential for success in warfare. The concepts of unity of command, line of command, staff advisors, and division of work all can be traced back at least to Alexander the Great, or even earlier, to Lao Tzu.

The twentieth century is a special period in the history of management. It is characterized by an extraordinary dissemination and diversification of management. However, the era consists of different phases.

Many of the practices employed today in leading, managing, and administering modern organizations have their origins in antiquity.

The Industrial Revolution created a need for new thinking and the refinement of old thinking. Time and motion studies intensified the division of work, as did centralized production and research and development.

Modern management theory is discussed in the next section. The preceding historical review indicates that thinking about management and leadership is in large part situational and that practices evolved to deal with new situations that arose. It also indicates that yesterday’s principles and theories are surprisingly contemporary and surprisingly sophisticated. Some overlap occurs, of course, and some gaps. Today’s theorists have attempted to fill in the gaps and adapt the theories to current situations. Yet, like in other areas of thought, not much is of recent origin in the field of management theory.

The literature review conducted for this paper covers the broad spectrum of western publications that relate to the evolution of management theories, from the early ground breaking theory on the nature and causes of wealth generation (Adam Smith, David Ricardo, Jeremy Bentham) to the times of the industrial revolution that led to the development of traditional management theories (Henry Towne, Max Weber, Frederick Winslow Taylor, Henry Gantt, Henri Fayol), which evolved into the behavioural management theories that blossomed in the 1920s and 1930s and further developed into the mid to late 20th century (Mary Parker Follet, Chester Barnard, Elton

Mayo, Abraham Maslow, Douglas McGregor, Rensis Likert, Frederick Herzberg, David McGregor, Chris Argyris). Systems viewpoints supported by contingency theories gained prominence in the 1990s when it was recognised that complex and rapidly changing business environments requires sophisticated systems to help managers make decisions. The late 20th century saw a further shift to the quality management approach which focused on customer satisfaction through the provision of high-quality goods and services. Rapid globalisation in the late 20th century necessitates the development of new theories that address cross-cultural issues in managemen.

*The early thinkers and philosophers*

The search to improve manufacturing methods in order to produce a superior product or increase profits is as old as time. It can be argued that Adam Smith (1723 – 1790) pioneered the concept of labour management by advocating making work efficient by means of specialisation. He proposed breaking the work down into simple tasks and argued that division of labour will result in development of skills, saving of time and possibility of using specialised tools. Smith’s “An Inquiry into the Nature and Causes of the Wealth of Nations” (1776) advocated the following viewpoints: (i) each individual strives to become wealthy; (ii) productivity will increase with division of labour; (iii) the free market provides the best environment for wealth accumulation; and (iv) property rights are vital to the concept of free market.

David Ricardo (1772 – 1823) in his “Letter to T. R. Malthus, October 9, 1820” observed that “Political Economy … should be called an enquiry into the laws which determine the division of produce of industry amongst the classes that concur in its formation. No law can be laid down respecting quantity, but a tolerably correct one can be laid down respecting proportions.”

Jeremy Bentham (1748 – 1832) wrote in his “Introduction to the Principles of Morals” (1789) that (i) a law is good or bad depending upon whether or not it increased general happiness of the population; (ii) the wealthier a person is, the greater the happiness he can attain; (iii) actions are to be judged strictly on the basis of how their outcomes affect general utility; (iv) individuals are the best judges of their won happiness; and (v) whether the unhindered pursuit of individual happiness could be reconciled with morality.

Unlike Smith and Bentham who had a strong belief in the capitalistic principle of the individual pursuit of wealth and happiness, Karl Marx (1818 – 1883) argued that the economic breakdown of capitalism was inevitable, which would be replaced by the doctrine of socialism where the individual’s interests will give way to the state’s interests, and the free market system will yield to the controlled market system for the benefit of the society as a whole.

In 1832, Charles Babbage, an engineer, philosopher and researcher, examined the division of labour in his book “On the Economy of Machinery and Manufacturers” and raised important questions about production, organisations and economics. He advocated breaking down jobs into elements and costing each element individually. In this way, potential savings from investments in training, process and methods could be quantified. Henry R. Towne (1844 – 1924), also an engineer, proposed the concept of “shop management” and “shop accounting” to the American Society of Mechanical Engineers. Both Babbage and Towne paved the way for the development of scientific management theories that flourished during the industrial revolution.

***2. The intellectual heritage of management***

Both theory and history are indispensable tools for managing contemporary organizations. A theory is a conceptual framework for organizing knowledge that provides a blueprint for various courses of action

Organized endeavors directed by people responsible for planning, organizing, leading, and controlling activities have existed for thousands of years. The Egyptian pyramids and the Great Wall of China, forinstance, are tangible evidence that projects of tremendous scope, employing tens of thousands of people, were undertaken well before modern times. The pyramids are a particularly interesting example. The construction of a single pyramid occupied more than 100,000 workers for 20 years. Who told each worker what to do? Who ensured that there would be enough stones at the site to keep workers busy? The answer to such questions is managers. Regardless of what managers were called at the time, someone had to plan what was to be done, how to organize people and materials to do it, lead and direct the workers, and imposesome controls to ensure that everything was done as planned.

It is not very difficult for us to imagine modern management techniques in the days of the pharaohs. True, we can get a laugh or two thinking of profit sharing and other twentieth-century terms appearing in the ancient land of the Nile, but the generic relationships of people managing people must have borne a great many similarities. In fact, many ancient documents have been translated to reveal that, through the ages, wherever people have worked together to accomplish their goals, many of the same phenomena have prevailed.

Most scholars suggest that management, in its most basic format, has existed since one person persuaded another whether with club or carrot to do something. Frequently, management is defined as the challenge of creating as environment where people can work together to achieve a mutual objective. While this is true for managers in business, government, and other organizations. Each management student will recognize the opportunities for applying management concepts to personal challenges. For that purpose,management can be defined as the concepts, techniques, and processes that enable goals to be achievedefficiently and effectively.

*The Egyptian Pyramid:*

Approximately four thousand years B.C., the Egyptians were building a civilization edge on the rest of the world. Very few of us can comprehend the extent to which this culture zoomed ahead of its times. If it were possible to make a reliable comparison, we would probably find that no nation in our time is as far ahead of its contemporaries as the land of the Pharaohs was between 4000 B.C. and 525 B.C.

The most obvious demonstration of Egyptian power is the construction projects that remain even today. Without the service of cranes, bulldozers, or tea/coffee breaks, the Egyptians constructed mammoth structures of admirable precision. The great pyramid of Cheops, for example, covers thirteen acres and contains 2,300,000 stone blocks. The blocks weigh about two and a half tons each and were cut to size many miles away. The stones were transported and set in place by slave labor and precision planning. Themen who built the enduring structures of ancient Egypt not only knew how to use of human resourcesefficiently but also knew how to manage 100,000 workers in a twenty-year project.

In their business and governmental affairs, the Egyptians kept documents to show exactly how much material was received and from whom, when it came in, and exactly how it was used. The military, social, religious, and governmental aspects of Egyptian life were highly organized. There were much inefficiency, but the final task was accomplished. Three commodities, which virtually rule modern efforts, seem to have been only minor considerations along the Nile: time, money, and the satisfaction of the worker.

*Great China Wall:*

The Great China Wall built in the time period of 956 years (688 BC ­ 1644 AD). It is 6000 Km long. Its base is 20 feet wide and top 11 feet wide. The height of China Wall is from 7 to 37 feet. The whole China wall is made by hands. Working as united for 956 years, there should be some purposes due to which people worked for a long time.

According to history, the purpose of china wall was:

•To mark territories

•To defend the area

•To protect silk road

These examples from the past demonstrate that organizations have been around for thousands of years andthat management has been practiced for an equivalent period.

*The Wealth of Nations*

One of the classic books on economic philosophy was written by Adam Smith, an eighteenth-century professor at Glasgow, Scotland. In 1776, Adam Smith published a classical economics doctrine, The Wealth of Nations, in which he argued the economic advantages that organizations and society would gain form the division of labor, the breakdown of jobs into narrow and repetitive tasks. Using the pin manufacturing industry as an example, Smith claimed that 10 individuals, each doing a specialized task, could produce about 48,000 pints a day among them. However, if each person worked separately and had to perform each task, it would be quite an accomplishment to produce even 10 pins a day!

Smith concluded that division of labor increases productivity by increasing each worker's skill and dexterity, by saving time lost in changing tasks, and by creating laborsaving inventions and machinery. The continued popularity of job specialization-

for example, specific tasks performed by members of a hospital surgery team, specific meal preparationtasks done by workers in restaurant kitchens, or specific positions played by players on a football or cricketteam­is undoubtedly due to the economic advantages cited by Adam Smith.

Smith's emphasis on the principle of specialization showed him to be ahead of his time. He believed that increasing specialization was the key to productivity. Productivity would produce more income, higher wages, larger families, increased demand, and further division of labor and . . . the cycle would never stop.

*The Pleasures of Productivity*

As we look briefly at the development of the intellectual heritage of management through the ages, we can see a consistent correlation of productive periods with times of capitalismand individual competition. The concepts are for managers and prospective managers in both nonprofit and for-profit organizations.

Is it degrading to the profession of management to suggest that effective management practice is primarilycommon sense and was utilized by primitive people? It is no insult . . . because common sense is such anuncommon quality in most generations. In fact, some of the most disappointed students ever to emerge from learning institutions are those who think that, by taking a degree in management, they will receive inside knowledge of the secret words and formulas for manipulating people.

*Management in Twentieth Century:*

The major contribution of the Industrial Revolution was the substitution of machine power for human power, which, in turn, made it more economical to manufacture goods in factories rather than at home.

These large, efficient factories using power-driven equipment required managerial skills. Why? Managers were needed to forecast demand, ensure that enough material was on hand to make products, assign tasks to people, direct daily activities, coordinate the various tasks, ensure that the machines were kept in good working condition and work standards were maintained, find markets for the finished products, and soforth. Planning, organizing, leading, and controlling became necessary, and the development of largecorporations would require formal management practices. The need for a formal theory to guide managersin running these organizations had arrived. However, it wasn't until the early 1900s that the first major steptoward developing such a theory was taken.

The development of management theories has been characterized by differing beliefs about what managers do and how they should do it. In the next sections we present the contributions of four approaches.

Scientific management looked at management from the perspective of improving the productivity and efficiency of manual workers. General administrative theorists were concerned with the overall organization and how to make it more effective. Then a group of theorists focused on developing and applying quantitative models to management practices. Finally, a group of researchers emphasized human behavior in organizations, or the "people" side of management.

*Professional Managerial Era (1950- )*

In our present age of market driven capitalism and futuristic knowledge driven economic markets, thedecisions are made and the trends are set by the professional managers. Unlike their predecessors, thecaptains of today's business do not own their own companies. They must know the whole business but have control over only one small part. They must be product oriented, process conscious, financially responsible and public spirited. They must know all things, yet still function as only one cog in the wheel.

If the history of management tells us anything, it is that, no matter

What happens; peace or war, prosperity or famine, this world will always be in need of good managers . . . the kind who can get society from "where it is" to "where it wants to be." Can you be one?

*Sydney Opera House:*

Sydney Opera Hall is the milestone of the modern age situated in Sydney, Australia which was completed in a time period of 33 years (1940 ­ 1973). Sydney Opera hall consists of following:

•1000 rooms

•5 theaters

•Hall for 2679 persons

Sydney Opera Hall is 183 meter tall and 120 meter wide and its roof carries1, 056,000 tiles which were imported from Sweden and it coasted $ 102 million. What is the purpose to build such a unique hall? They used people and technology to achieve that purpose. The main purpose is to provide entertainment to public.

1. **Management in early civilizations**

Management has moved a great distance along the continuum of development. The journey began at the very beginning of human civilization and even before that. From Historical theories managers now practices the Modern Management Theories.

Today, as an area of knowledge, management has a unique position that its influence is felt in all activities of our life. In this post we will see the Management’s practice in Ancient times and its journey to the Modern Management Theories.

The need for the systematic study of management was not realized till the beginning of the 20th century and the study of management as a distinct discipline is a product of the twentieth century.

However; management practice in some forms did exist among human in early generations. Actually “Management” is as old as human civilization itself. But the need of studying management and developing the theories is relatively new.

We can see management or management methods are being using in the history of many great civilizations. The Egyptians applied the management functions of planning, organizing, leading and controlling to construct the pyramids.

Alexander, the great; employed staffs to organize and co-ordinate activities during the military campaign.

The Roman Empire developed a well-defined organizational structure that greatly aided communication and control. Management practices and concepts were discussed by Socrates in 400 B.C. Plato described job specialization in 350 B.C. and Al-farabi listed several leadership traits in 900 A.D..

In addition to this, management thoughts have come from the Roman Catholic Church, military organizations and “Cameralists” of the sixteenth to eighteenth centuries.

These contributions centered on the fields of principles of specialization, selection and training of subordinates and effective use of staff in the performance of major activities.

During 3000 B.C. to 150 A.D many civilization contribute to development of the human society to today we know. Management is no doubt a part of society, its universal in society. Let’s see in brief what the great civilizations from past contributed in management;

Sumerians civilization introduced written rules and regulations for governance.

Egyptians used management practices to construct pyramids.

Babylonians used extensive set of laws and policies for governance.

Different governing systems for cities and states were used by the Greeks.

Chinese civilization made organization structure for communication and control.

Romans are the one to use extensive organization structure for government agencies and the arts.

Venetians used organization design and planning concepts to control the seas. Although the management function was practiced thousands of years.

But management was never considered as an important field of study for several centuries. Earlier management functions were centered around political activities leading to expansion of empire and its maintenance.

The Roman Empire was for example, essentially a governmental organization and had unlimited power of taxation. But it was not interested in maximizing sales or minimizing cost.

Business management was then practically absent because, in the early days, there was hardly a large business organization until 18th century when family business, first emerged.

In the later periods of 19th century, a few people began to concern themselves with business management.

The pioneers in this respect are James Watt, Mathew R. Boulton, Robert Owen and Charles Babbage.

The real development of management as a science was the work of Frederick Winslow Taylor and his associates during the Scientific Management movement that developed around 1900.

*Reasons for Late Development of Management Thoughts*

The basic reasons for slow development of management thought and practice are:

Non-recognition of business as an occupation until recently.

Management was not considered as a subject worthy of theoretical analysis by well-known economists.

A wrong notion about the concept of management that ‘managers are born and not made.

Even businessmen did not develop a body of principles to guide management practice.

Failure to treat management as a science and not merely an art by economists, psychologists and sociologists.

The development of management theory has been noteworthy only in the past eight decades. The main reasons were for this; attainment of an effective enterprise system, proper handling of human factor was essential.

Labor unrest at industries, trade union, manipulation of resources and the attack by government and other social groups on free private enterprises played an instrumental part in forcing managers to examine the nature of their job.

The Second World War and the subsequent defiance and space programs also contributed to the development of management theories. Most of the theories emphasized upon the best use of limited resources to accomplish the goals.

The changing commercial environment, increasing complexities of business activities, regional integration and strategic alliances and also growing competition further provided the force for developing of the management concepts and principles.

In addition to this, enterprises have been faced with the problem of cost-price squeezes.

Businesses which failed to use modern techniques of management were not in a position to cope up with this problem.

The evolution and growth of management thought, theories and principles can be divided into three well-defined channels. These are:

Investigation of shop level and workshop efficiency and industrial productivity: The pioneer in this field was F. W. Taylor in the USA.

Developing management as a body of organized knowledge, Systematic principles and conduct of universal applicability in industry, office and administration. The undoubted leader in this field was C. I. Barnerd and Henri Fayol in France.

The third branch devoted itself to the study of the behavioral part of management and the control and motivation of the human resources for securing sustained and high level efficiency. This aspect of management shot into prominence with the now famous Hawthorne Experiments during the 1930s. The pioneer in this field was Mary Parker Follett who was working in the U.S.A. during 1920s—long before the Hawthorne experiments were being conducted by Elton Mayo.

Development of Modern Management Theories

Both theory and history of management are useful for practicing manager. Theories help us by organizing information and providing a systematic framework for action. A theory is also works as a blue print or a road map for guiding the manager towards achieving goals.

The history of management theories can help a manager to be aware of the many insights, ideas and scientific underpinnings that have gone into the making of modern management and the burgeoning of writings on management at the present day.

We have already seen that although the practice of management started when man first attempted to accomplish goals by working together in groups, the systematic study of management began at the age of the Industrial Revolution which ushered in a new era of serious thinking and theorizing the management.

At this stage it is considered important and worthwhile to have some knowledge of the background of the evolution of modern management thought, for then the growth of modem thinking on management can be appreciated as the fruit of a long-going historical process and development.

For the beginning there is no single universally accepted or practiced management theory. Because management is not a knowledge body like physics, chemistry.

The wild array of management theories could even look like a “jungle” as Koontz says. However, to help put the different theories in perspective, we shall discuss them as representing different schools of management thought.

The present status of Modern Management Theories is not a sudden attainment. It has come through a process of evolution when a lot of changes have occurred in the nature and approaches and even in the understanding of Modern Management Theories.

In fact a host of scholars from various disciplines have profusely contributed towards the development of Modern Management Theories.

It has reached its position through the efforts of men working on its behalf over centuries. It stands tall because it stands on the shoulders of past theoreticians and scholars of various fields.

In the contemporary arena of management, every manager faces the challenges of the globalization of business, the importance of quality and productivity, ownership issues, ethics and social responsibility, workforce diversity, change, and improvement.

1. **Early management concepts and influences**

The field of management grew in its formalization during the latter part of the Nineteenth Century and throughout the Twentieth Century along with the rise of the industrial revolution. The growth of management concepts was needed to guide the growth of industrial manufacturing in the United States and Europe. A similar growth in emergency management theory also evolved in response to the need for theory, concepts and proven practices in response to the devastating impacts of hurricanes, floods, earthquakes, and chemical spills. Our current focus on homeland security is also driving the development of even more concepts in this area.

Management theory provides a sound basis for supporting the emergence of emergency management theory utilizing the management process from planning, organizing, leading and controlling (Fayol 1916, Mintzbert 1973, Katz 1974, Koontz 1984). Taylor (1911) considered management a process and one that “if approached scientifically” would lead to success. His principles of scientific management initiated a revolution in how we viewed both the process and position of the manager. Many of the early writers in management contended that there was a right way of organizing work and accomplishing tasks (Gilbreth 1911). Others built on the engineering approaches to acknowledge the impacts of bureaucracies (Weber 1947). Mintzbert explained the role of the “manager” in directing the organization to achieving goals in a rational manner (1971). The interpersonal, informational, and decisional roles he characterized are mutually applicable to the emergency manager in the public, private and non-profit organizational setting.

The theory of management has grown over the past one-hundred years evolving from the time and motion studies of engineers to contributions from social scientists, the Hawthorne studies and a behavioral approach to more quantitative approaches that look for the “best” or optimum functioning of an organization or “total quality management (TQM)” (Gabor 1990). Emergency management has been influenced by the same developments in management theory in utilizing engineering to design the most efficient emergency operations center or emergency response routing for emergency services. The selection of emergency medical and law-enforcement units in response to 911 communication calls and the most recent traffic hurricane evacuation planning suggest that scientific management is applicable to problems today. The ongoing assessment of disaster response programs using quantitative measurement criteria demonstrates that TQM can be used in emergency management.

The behavior scientists have also been involved suggesting the necessity of involving community organizations in planning and mitigation strategies. Finally, emergency management has been influenced by those who stress the need for quality management and the efficient use of resources, even in a disaster.

The development of principles and concepts of management encouraged the formalization of schools of business during the Twentieth Century. We currently see the establishment of academic programs in emergency management from concentrations, minors, certificates, and even majors from the associate to the advanced doctoral degree programs. The school of hard knocks is quickly evolving into formal academic programs in emergency management and homeland security. One wonders if the future has academic departments or schools of emergency management and homeland security. The key is that the development of professionals in emergency management requires a formal educational process and an intentional exposure to emergency management theory and concepts. Today over one hundred colleges and universities offer some program in emergency management. The standardization of these curriculums will evolve just as similar initiatives grew in response to a need for quality instructional programs.

The contribution of organizational culture theory and the impact of environmental constraints is an important part of the growth of management theory over the past fifty years (Kotter 1992, Schien 1985). The impact of changes in organizational culture is so well illustrated in the Federal arena during the tenure of James Lee Witt. He led a charge to change FEMA’s culture to one of responsive service delivery and proactive emergency response. The changing environment and the impact of the external environment on organizations is fundamental to business as well as government operations and so important in preparedness and mitigation of hazards / disaster (Tapscott 1998).

Finally, management has stressed the need to be aware of managing in a global environment (Adler 1996). Today, we see emergency management emerging from a local approach to one that examines on a regional basis and with the notion of national and international linkages. The need to monitor the external environment not only locally but on an international scale is becoming a more critical element of the emergency management literature.

Communication and transportation constraints hindered the growth of earlier businesses. Therefore, improvements in management techniques did not substantially improve performance. However, the industrial revolution changed that. As companies grew and became more complex, minor improvements in management tactics produced overwhelming increases in production quantity and quality.

The emergence of economies of scale - redactions in the average cost of a unit of production as the total volume produced increases - drove managers to strive for further growth.The opportunities for mass production created by the industrial revolution spawned intense and systematic thought about management problems and issues - particularly efficiency, production processes, and cost savings.

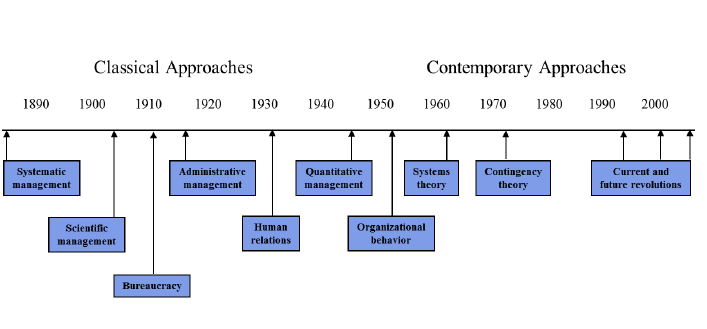
So, The Industrial Revolution provided the impetus for developing various management theories and principles. Preclassical theorists like Robert Owen, Charles Babbage, Andrew Ure, Charles Dupin, and Henry R. Towne made some initial contributions that eventually led to the identification of management as an important field of inquiry.

Figure 1 provides a timeline depicting the evolution of management thought the decades. This historical perspective is divided into two major sections: classical approaches and contemporary approaches. Many of these approaches developed simultaneously, and they often had a significant impact on one another. Some approaches were a direct reaction to the perceived deficiencies of previous approaches. Others developed as the needs and issues confronting managers changed over the years.All the approaches attempted to explain the real issues facing managers and provide them tools to solve future problems.

Figure 1 as you read the descriptions of each approach. It will reinforce your understanding of the key relationships among the approaches and place each perspective in its historical context.

The classical period extended from the mid-19th century through the early 1950s. The major approaches that emerged during this period were systematic management, scientific management, administrative management, human relations and bureaucracy.

***Evolution of Management***



Management theory concerning appropriate management practices has evolved in modern times. The so-called classical management theories emerged around the start of the twentieth century. These include scientific management, which focuses on matching people and tasks to maximize efficiency, and administrative management, which focuses on identifying the principles that will lead to the creation of the most efficient system of organization and management. Behavioral management theories, developed both before and after the Second World War, focus on how managers should lead and control their workforces to increase performance. Management science theory, developed during the Second World War, has become more important as researchers have developed rigorous analytical and quantitative techniques to help managers measure and control organizational performance. Finally, theories were developed during the 1960s and 1970s to help explain how the external environment affects the way organizations and managers operate.

***Conclusion***

*The Role of Theory and History in Management:*Theory helps in the provision of a simple conceptual framework for the purpose of organizing knowledge and for the provision of a blueprint for action which could help in guiding organizations towards their goals and objectives.  
Contributions from industrialists in the past have mounded the organizational culture and managers can benefit from an awareness of these contributions. Management theories are the set of general rules that guide the managers to manage an organization.

Theories are an explanation to assist employees to effectively relate to the business goals and implement effective means to achieve the same.

Earlier, workers were permitted to be treated poorly on account of social forces. However, more recently, social forces have provided for more acceptable, better working conditions for workers. These forces have influenced management theory in areas like motivation and leadership.

Economic forces are the ideas behind the concept of a market economy, for example, private ownership of property, economic freedom, competitive markets and a limited role for government. Political forces like governmental regulations play a significant role in how organizations choose to manage themselves. Political forces have influenced management theory in the areas of environmental analysis, planning, control, and organizational design and employee rights.

The early pioneers include the following:

• Robert Owen was one of the first managers to show respect and dignity to workers in his factory. He implemented better working conditions, raised the minimum age for child labour, reduced working hoursand supplied meals to his workers.

• Charles Babbage applied mathematical principles to find ways of making the most efficient use of facilities and materials. He was also a pioneer advocate of profit-sharing plans.

• Andrew Ure was one of the first professors in the world to teach management principles at Anderson’s College in Glasgow, Scotland.

There is no single universally accepted or practiced management theory. Because management is not a knowledge body like physics, chemistry.

However, to help put the different theories in perspective, we shall discuss them as representing different schools of management thought.

The systematic study of management began at the age of the Industrial Revolution which ushered in a new era of serious thinking and theorizing the management.

The major contribution of the Industrial Revolution was the substitution of machine power for human power, which, in turn, made it more economical to manufacture goods in factories rather than at home.

Industrial revolution

– minor improvements in management tactics produced

impressive increases in production quantity and quality

– economies of scale - reductions in the average cost of a unit of

production as the total volume produced increases

– opportunities for mass production created by the industrial

revolution spawned intense and systematic thought about management problems and issues

• efficiency

• production processes

• cost savings.

**LECTURE 2. The modern management theories**

*1. Quantitative approach or Mathematical approach.*

*2. System approach.*

*3. Contingency approach.*

1. **Quantitative approachor Mathematical approach**

The Modern Period (1960 to present). After, 1960 management thought has been turning somewhat away from the extreme human relations ideas particularly regarding the direct relation between morale and productivity. Present management thinking wishes equal emphasis on man and machine.

The modern business ideologists have recognized the social responsibilities of business activities and thinking on similar lines. During the period, the principles of management reached a stage of refinement and perfection. The formation of big companies resulted in the separation of ownership and management.

This change in ownership pattern inevitably brought in ‘salaried and professional managers’ in place of ‘owner managers’. The giving of control to the hired management resulted in the wider use of scientific methods of management. But at the same time the professional management has become socially responsible to various sections of society such as customers, shareholders, suppliers, employees, trade unions and other Government agencies.

Under modern management thought three streams of thinking have beers noticed since 1960:

***(i) Quantitative or Mathematical Approach***

***(ii) Systems Approach.***

***(iii) Contingency Approach.***

*Quantitative or Mathematical Approach or Management Science Approach:*

Mathematics has made inroads into all disciplines. It has been universally recognised as an important tool of analysis and a language for precise expression of concept and relationship.

Evolving from the Decision Theory School, the Mathematical School gives a quantitative basis for decision-making and considers management as a system of mathematical models and processes. This school is also sometimes called, ‘ Operations Research” or “Management Science School’. The main feature of this school is the use of mixed teams of scientists from several disciplines. It uses scientific techniques for providing quantitative base for managerial decisions. The exponents of this school view management as a system of logical process.

It can be expressed in terms of mathematical symbols and relationships or models. Different mathematical and quantitative techniques or tools, such as linear programming, simulation and queuing, are being increasingly used in almost all the areas of management for studying a wide range of problems.

The exponents of this school believe that all the phases of management can be expressed in quantitative terms for analysis. However, it is to be noted that mathematical models do help in the systematic analysis of problems, but models are no substitute for sound judgement.

Moreover, mathematics quantitative techniques provide tools for analysis but they cannot be treated an independent system of management thought. A lot of mathematics is used in the field of physical sciences and engineering but mathematics has never been considered as separate school even in these fields.

The contributions of mathematicians in the field of management are significant. This has contributed impressively in developing orderly thinking amongst managers. It has given exactness to the management discipline. Its contributions and usefulness could hardly be over-emphasized. However, it can only be treated as a tool in managerial practice.

*Limitations:*

There is no doubt that this approach helps in defining and solving complex problems resulting in orderly thinking. But the critics of this approach regard it as too narrow since it is concerned merely with the development of mathematical models and solutions for certain managerial problems.

**This approach suffers from the following drawbacks:**

(i) This approach does not give any weight age to human element which plays a dominant role in all organisations.

(ii) In actual life executives have to take decisions quickly without waiting for full information to develop models.

(iii) The various mathematical tools help in decision making. But decision­ making is one part of managerial activities. Management has many other functions than decision-making.

(iv) This approach supposes that all variables to decision-making are measurable and inter-dependent. This assumption is not realistic.

(v) Sometimes, the information available in the business for developing mathematical models are not upto date and may lead to wrong decision-making.

Harold Knootz. Also observes that “it is too hard to see mathematics as a separate approach to management theory. Mathematics is a tool rather than a school.”

One answer to this was to create the systems approach to management which attempts to synthesize and integrate the various schools of management into one coherent and cohesive management theory. Systems theory blends many different theories into one common functional system where all of the activities of the organization are grouped into processes such as inputs, homeostasis, parameters, processing, outputs and feedback.

Systems theorists emphasize that every system has interacting and interrelated subsystems. These systemic interactions with other systems are continually adapting to dynamically changing internal and external environmental processes. Systems exist within a continuum of change.

Organizational systems can be analyzed in terms of their subsystems such as operations, production, finance, marketing, personnel etc. These organizational subsystems are further analyzed in terms of their interactional processing with their internal subsystems and external systems.

Systems theory provides the manager with a tool for analyzing organizational dynamics without providing a specific theory about how an organization should be managed. The recognition of systems theory that all organizations consist of processing inputs and outputs with internal and external systems and subsystems is helpful in providing a functional overview of any organization.

1. **Systems Approach**

In the 1960, an approach to management appeared which tried to unify the prior schools of thought. This approach is commonly known as ‘Systems Approach’. Its early contributors include Ludwing Von Bertalanffy, Lawrence J. Henderson, W.G. Scott, Deniel Katz, Robert L. Kahn, W. Buckley and J.D. Thompson.

They viewed organization as an organic and open system, which is composed of interacting and interdependent parts, called subsystems. The system approach is to look upon management as a system or as “an organised whole” made up of sub­systems integrated into a unity or orderly totality.

System approach is based on the generalization that everything is inter-related and inter-dependent. A system is composed of related and dependent element which, when in interaction, forms a unitary whole. A system is simply an assemblage or combination of things or parts forming a complex whole.

One of its most important characteristic is that it is composed of hierarchy of sub-systems. That is the parts forming the major systems and so on. For example, the world can be considered to be a system in which various national economies are sub-systems.

In turn, each national economy is composed of its various industries, each industry is composed of firms; and of course, a firm can be considered a system composed of sub-systems such as production, marketing, finance, accounting and so on.

**The basic features of systems approach are as under:**

(i) A system consists of interacting elements. It is set of inter related and inter­dependent parts arranged in a manner that produces a unified whole.

(ii) The various sub-systems should be studied in their inter- relationships rather, than in isolation from each other.

(iii) An organisational system has a boundary that determines which parts are internal and which are external.

(iv) A system does not exist in a vaccum. It receives information, material and energy from other systems as inputs. These inputs undergo a transformation process within the system and leave the system as output to other systems.

(v) An organisation is a dynamic system as it is responsive to its environment. It is vulnerable to change in its environment.

In the systems approach, attention is paid towards the overall effectiveness of the system rather than the effectiveness of the sub-systems. The interdependence of the sub-systems is taken into account. The idea of systems can be applied at an organizational level. In applying system concepts, organizations are taken into account and not only the objectives and performances of different departments (sub­systems).

The systems approach is considered both general and specialized systems. The general systems approach to management is mainly concerned with formal organizations and the concepts are relating to technique of sociology, psychology and philosophy. The specific management system includes the analysis of organisational structure, information, planning and control mechanism and job design, etc.

As discussed earlier, system approach has immense possibilities, “A system view point may provide the impetus to unify management theory. By definitions, it could treat the various approaches such as the process of quantitative and behavioural ones as sub-systems in an overall theory of management. Thus, the systems approach may succeed where the process approach has failed to lead management out of the theory of jungle. ”

Systems theory is useful to management because it aims at achieving the objectives and it views organization as an open system. Chester Barnard was the first person to utilise the systems approach in the field of management.

He feels that the executive must steer through by keeping a balance between conflicting forces and events. A high order of responsible leadership makes the executives effective. H. Simon viewed organization as a complex system of decision making process.

*Evaluation of System Approach:*

The systems approach assists in studying the functions of complex organisations and has been utilised as the base for the new kinds of organisations like project management organisation. It is possible to bring out the inter-relations in various functions like planning, organising, directing and controlling. This approach has an edge over the other approaches because it is very close to reality.

This approach is called abstract and vague. It cannot be easily applied to large and complex organisations. Moreover, it does not provide any tool and technique for managers.

Systems theory is an approach based on the notion that organizations can be visualized as systems. A system is a set of interrelated parts that operate as a whole in pursuit of common goals. Every system has four major components:

1. Inputs are the various resources required to produce goods and services (financial, human, informational, technological).

2. Transformation processes are the organization managerial and technological abilities that are applied to convert inputs into outputs.

3. Outputs are the products, services and other outcomes produced by the organization.

4. Feedback is information about results and organizational status relative to the environment.

Resources: (1) Human (2) Materials (3) Equipment (4) Financial (5) Informational

Managerial and Technological Abilities: (1) Planning (2) Organizing (3) Leading (4) Controlling (5) Technology

Outcomes: (1) product and services (2) Profits and losses (3) Employee growth and satisfaction.

An organization is a system consisting four subsystems namely task, structure, people and environment. The subsystems are interconnected and interdepended one another. Maintaining the balance. An organization is an open adaptive system which continuously interacts with its environment. Management regulates and modifies the system to optimize performance. An organization is more than just the aggregate of various parts. This is called “synergy”. Focus on the system.

1. **Contingency or Situational Approach**

The contingency approach is the latest approach to the existing management approaches. During the 1970’s, contingency theory was developed by J.W. Lorsch and P.R. Lawrence, who were critical of other approaches presupposing one best way to manage. Management problems are different under different situations and require to be tackled as per the demand of the situation.

One best way of doing may be useful for repetitive things but not for managerial problems. The contingency theory aims at integrating theory with practice in systems framework. The behaviour of an organisation is said to be contingent on forces of environment. “Hence, a contingency approach is an approach, where behaviour of one sub-unit is dependent on its environment and relationship to other units or sub-units that have some control over the sequences desired by that sub- unit.”

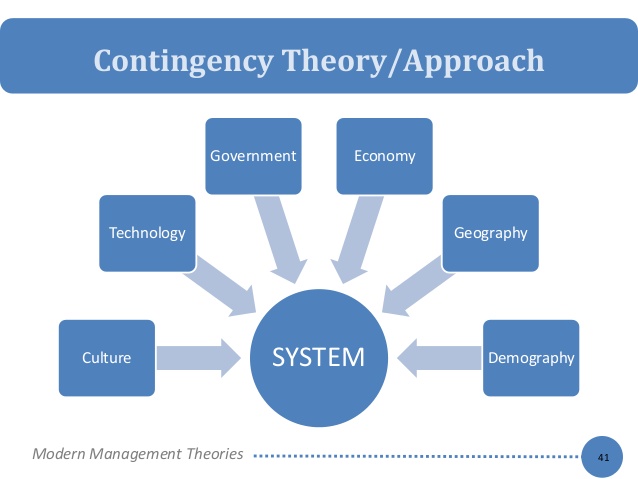
Thus behaviour within an organisation is contingent on environment, and if a manager wants to change the behaviour of any part of the organization, he must try to change the situation influencing it. Tosi and Hammer tell that organization system is not a matter of managerial choice, but contingent upon its external environment.

Contingency approach is an improvement over the systems approach. The interactions between the sub-systems of an organisation have long been recognised by the systems approach. Contingency approach also recognises that organisational system is the product of the interaction of the sub systems and the environment. Besides, it seeks to identify exact nature of inter-actions and inter-relationships.

This approach calls for an identification of the internal and external variables that critically influence managerial revolution and organisational performance. According to this, internal and external environment of the organisation is made up of the organisational sub-systems. Thus, the contingency approach provides a pragmatic method of analysing organisational sub-systems and tries to integrate these with the environment.

Contingency views are ultimately directed towards suggesting organisational designs situations. Therefore, this approach is also called situational approach. This approach helps us to evolve practical answers to the problems remanding solutions.

Kast and Rosenzweig give a broader view of the contingency approach. They say, “The contingency view seeks to understand the inter-relationships within and among sub-systems as well as between the organization and its environment and to define patterns of relationships or configurations of variables contingency views are ultimately directed toward suggesting organization designs and managerial actions most appropriate for specific situations.



**Features of Contingency Approach:**

Firstly, the contingency approach does not accept the universality of management theory. It stresses that there is no one best way of doing things. Management is situation, and managers should explain objectives, design organisations and prepare strategies, policies and plans according to prevailing circumstances. Secondly, managerial policies and practices to be effective, must adjust to changes in environment.

Thirdly, it should improve diagnostic skills so as to anticipate and ready for environmental changes. Fourthly, managers should have sufficient human relations skill to accommodate and stabilise change.

Finally, it should apply the contingency model in designing the organization, developing its information and communication system, following proper leadership styles and preparing suitable objectives, policies, strategies, programmes and practices. Thus, contingency approach looks to hold a great deal of promise for the future development of management theory and practice.

*Evaluation:*

This approach takes a realistic view in management and organisation. It discards the universal validity of principles. Executives are advised to be situation oriented and not stereo-typed. So executives become innovative and creative.

On the other hands, this approach does not have theoretical base. An executive is expected to know all the alternative courses of action before taking action in a situation which is not always feasible.

***Conclusion***

**Quantitative approach** also called Operation Research. Quantitative approach is a scientific method. It emphasizes the use of statistical model and systematic mathematical techniques to solving complex management problems. Its helps the management to making decisions in operations. It can only suggest the alternatives based on statistical data. It cannot take final decision.

Management = decision-making. Organization = decision – making unit.

Organizational efficiency depends upon the quality of managerial decisions.  
A problem is expressed in the form of a quantitative or mathematical model.  
The different variables in management can be quantified and expressed in the form of an equation.

It helps the management for improving their decision making by increasing the number of alternatives and giving faster decisions on any problem. Management can easily calculate the risk and benefit of various actions.

Major contributors in Quantitative Approach are:

Johan MacDonald,

George R. Terry,

Andrew Szilagyi.

**System approach** was developed in late 1960s. Herbert A. Simon is the father of system theory. A System is defined as a set of regularly interacting or inter - dependent components that create as a whole unit.

Many management theorists sought to use a systems approach to integrate the various management schools.

A system is a set of connected elements that function as a whole.

The systems approach to management was viewed as “a way of thinking about the job of managing . . . [which] provides a framework for visualizing internal and external environmental factors as an integrated whole.”

Characteristics of system approach:

A system must have some specific components, units or sub units.

A Change in one system affects the other subsystems.

Every system is influenced by super system.

All systems along their subsystem must have some common objectives.

A system is a goal-oriented.

A system cannot survive in isolation.

Under this approach, the organization can be seen as either and open system where it interacts with its external environment or a closed system where it has no interaction with its external environment.

Most organizations are run as open systems, but even then they can make the mistake of ignoring their environment and acting as though they can operate independently of the world around them.

Major contributors in system theories are:

Daniel Katz,

Robert L. Khan,

Richard A. Johnson.

**Contingency Approach** also knows as situational approach. In 1980s, it is recognized as a key to effective management. This approach accepts the dynamics and complexities of the organization structure. An organization is affected by its environment and environment is composed by physical resources, climate, persons, culture, economic and market conditions and their laws.

This approach argues that there is no one universally applicable set of rules by which to manage organization.

A view point which believes that appropriate managerial action depends on the peculiar nature of every situation.

Managerial action depends on the particular situation. Hence, rather than seeking universal principles that apply to every situation, this theory attempts to identify contingency principles that prescribe actions to take depending on the situation.

Major contributors in the contingency theories are-

G.M. Stalker,

Joan Woodward,

Tom Burns,

Paul R. Lawrence,

L.W. Lorsch.

So, modern management theory depends upon System approach and Contingency approach. Management is influenced by Internal and external environment. Appropriate techniques are determined by situation and Environmental factors of an organization.

Thus the conclusion is that there cannot be any fixed universal principles of management and organizations.

**LECTURE 3. Scientific management and Frederic Winslow Taylor**

*1.The development of a scientific method.*

*2. Scientific management pioneers.*

*3. Taylor’s theory of management.*

1. **The development of a scientific method**

The evolution of modern management began in the closing decades of the nineteenth century, after the Industrial Revolution had swept through Europe, Canada, and the United States. Small workshops run by skilled workers who produced hand-manufactured products (a system called crafts-style production) were replaced by large factories. In these factories, hundreds or even thousands of unskilled or semi-skilled employees controlled the sophisticated machines that made products.

Many of the managers and supervisors had only technical knowledge and were unprepared for the social problems that occur when people work together in large groups (as in a factory or shop system). Managers began to search for new ways to manage their organizations’ resources, and soon they began to focus on how to increase the efficiency of the employee–task mix.*Job Specialization and the Division of Labour*

The famous Scottish economist Adam Smith was one of the first to look at the effects of different manufacturing systems.1 He compared the relative performances of two different manufacturing methods. The first was similar to crafts-style production, in which each employee was responsible for all of the 18 tasks involved in producing a pin. The other had each employee performing only one or a few of the 18 tasks that go into making a completed pin.

Smith found that factories in which employees specialized in only one or a few tasks had greater performance than factories in which each employee performed all 18 pin-making tasks. In fact, Smith found that 10 employees specializing ina particular task could, between them, make 48 000 pins a day, whereas those employees who performed all the tasks could make only a few thousand at most.

Smith reasoned that this difference in performance occurred because the employees who specialized became much more skilled at their specific tasks, and, as a group, were thus able to produce a product faster than the group of employees in which everyone had to perform many tasks. Smith concluded that increasing the level of job specialization—the process by which a division of labour occurs as different employees specialize in different tasks over time—increases efficiency and leads to higher organizational performance.

Based on Adam Smith’s observations, early management practitioners and theorists focused on how managers should organize and control the work process to maximize the advantages of job specialization and the division of labour.*Scientific management is probably the most well-known among the traditional theories, and comprises four basic objectives, as follows:*

 The development of a science for each element of a man’s work to replace the old rule-of-thumb methods.

 The scientific selection, training and development of workers instead of allowing them to choose their own tasks and train themselves as best they could.

 The development of a spirit of hearty cooperation between workers and management to ensure that work could be carried out in accordance with scientifically devised procedures.

 The division of work between workers and the management in almost equal shares, each group taking over the work for which it is best fitted instead of the former condition in which responsibility largely rested with the workers (Accel Team (2004), Motivation in the workplace – theory and practice).

1. **Scientific management pioneers**

Another branch of the classical school of management is the scientific management approach. The scientific management approach emphasized empirical research for developing a comprehensive management solution.

Scientific management principles are to be applied by managers in a very specific fashion. A fundamental implication of scientific management is the manager is primarily responsible for increasing an organization’s productivity.

This has major implications for the American economy in the face of a consistent lack of competitive productivity and GNP growth. The major representatives of this school of thought are Frederick Winslow Taylor and Frank and Lillian Gilbreth.

Scientific Management theory arose in part from the need to increase productivity. In the United States especially, skilled labor was in short supply at the beginning of the twentieth century. The only way to expand productivity was to raise the efficiency of workers. Therefore, Frederick W. Taylor,

Henry L. Gantt, and Frank and Lillian Gilbreth devised the body of principles known as scientific management theory.

**FREDERICK W. TAYLOR**

Taylor contended that the success of these principles required "a complete mental revolution" on the part of management and labor. Rather than quarrel over profits, both sides should try to increase production; by so doing, he believed, profits would rise to such an extent that labor and management would no longer have to fight over them. In short, Taylor believed that management and labor had a common interest in increasing productivity.

Taylor based his management system on production‐line time studies. Instead of relying on traditional work methods, he analyzed and timed steel workers' movements on a series of jobs. Using time study as his base, he broke each job down into its components and designed the quickest and best methods of performing each component. In this way he established how much workers should be able to do with the equipment and materials at hand. He also encouraged employers to pay more productive workers at a higher rate than others, using a "scientifically correct" rate that would benefit both company and worker. Thus, workers were urged to surpass their previous performance standards to earn more pay Taylor called his plan the differential rate system.

CONTRIBUTIONS OF SCIENTIFIC MANAGEMENT THEORY

The modem assembly line pours out finished products faster than Taylor could ever have imagined.

This production "miracle" is just one legacy of scientific management. In addition, its efficiency techniques have been applied to many tasks in non‐industrial organizations, ranging from fast‐food service to the training of surgeons.    LIMITATIONS OF SCIENTIFIC MANAGEMENT THEORY

Although Taylor's method led to dramatic increases in productivity and to higher pay in a number of instances, workers and unions began to oppose his approach because they feared that working harder or faster would exhaust whatever work was available, causing layoffs.

Moreover, Taylor's system clearly meant that time was of the essence. His critics objected to the "speed up" conditions that placed undue pressures on employees to perform at faster and faster levels. The emphasis on productivity—and, by extension, profitability—led some managers to exploit both workers and customers. As a result, more workers joined unions and thus reinforced a pattern of suspicion and mistrust that shaded labor‐management relations for decades.

**HENRY L. GANTT**

Henry L. Gantt (1861‐1919) worked with Taylor on several projects. But when he went out on his own as a consulting industrial engineer, Gantt began to reconsider Taylor's incentive system.

Abandoning the differential rate system as having too little motivational impact, Gantt came up with a new idea. Every worker who finished a day's assigned work load would win a 50‐cent bonus. Then he added a secon motivation. The supervisor would earn a bonus for each worker who reached the daily standard, plus an extra bonus if all the workers reached it. This, Gantt reasoned, would spur supervisors to train their workers to do a better job.

Every worker's progress was rated publicly and recorded on individual bar charts,‐‐in black on days the worker made the standard, in red when he or she fell below it. Going beyond this, Gantt originated a charting system for production scheduling; the "Gantt chart" is still in use today. In fact, the Gantt Chart was translated into eight languages and used throughout the world. Starting in the

1920s, it was in use in Japan, Spain, and the Soviet Union. It also formed the basis for two charting devices which were developed to assist in planning, managing, and controlling complex organizations:

the Critical Path Method (CPM), originated by Du Pont, and Program Evaluation and Review

Technique (PERT), developed by the Navy. Lotus 1‐2‐3 is a creative application of the Gantt Chart.

**Frank (1868-1924) and Lillian (1878-1972) Gilbreth**

The Gilbreths were strong advocates of scientific management. Frank Gilbreth made his first management studies of bricklayers. After extensive studies of bricklayers, he was able to reduce the motions in bricklaying from 18 1/2 to 4. This produced an almost 170% increase in the bricklayer’s productivity while not increasing the amount of effort needed.

Gilbreth was interested in developing the one best way of doing work. His system later became known as“speed work” which was achieved by eliminating unnecessary motions.

Frank, working with his wife, Lillian, subsequently became heavily involved in time and motion studies isolating 17 basic work motions that they termed therbligs (therblig is Gilbreth spelled backwards). Their studies of work included the use of a cyclograph, a form of stereoscopic movie camera, whereby the time and motions of a worker could be carefully studied.

Lillian Gilbreth published one of the earliest works on the psychological study of management, The Psychology of Management. She was also the earliest female pioneer in scientific management.

The Gilbreths were immortalized by two of their children who wrote Cheaper by the Dozen chronicalling life under the scientific management method of their parents.

**3.Taylor’s theory of management**

Frederick Winslow Taylor (1856-1915)

Frederick Taylor is known as the “father of scientific management.” Taylor began work at the age of 18 as an apprentice to a pattern-maker, and as a machinist. He later joined the Midvale Steel Company as a labourer rising in eight years to chief engineer. During this period at the steel mill he performed exhaustive experimentson worker productivity and tested what he called the “task system,” later developing into the Taylor System and eventually progressing into scientific management. His experiments involved determining the best way ofperforming each work operation, the time it required, materials needed and the work sequence. He sought toestablish a clear division of labor between management and employees.

Frederick W. Taylor saw workers soldiering or deliberately working beneath their potential and designed a four-step method to overcome this problem:

1. It begins with breaking the job into its smallest pieces.

2. The second step is to select the most qualified employees to perform the job and train them to do it.

3. Next, supervisors are used to monitor the employees to be sure they are following the methods prescribed.

4. Finally, continue in this fashion, but only use employees who are getting the work done.

Taylor’s task management methodology rests on a fundamental belief that management, the entrepreneurs in Taylor’s day, were not only superior intellectually to the average employee, but had a positive duty to supervisethem and organize their work activities. This would eliminate what Taylor called “the natural tendency of workers to soldier” on the job.

In 1911 a paper Taylor originally prepared for presentation to the American Society of Mechanical Engineers was published as The Principles of Scientific Management. Taylor positioned scientific management as the best management approach for achieving productivity increases. It rested on the manager’s superior ability andresponsibility to apply systematic knowledge to the organizational work setting.

Taylor developed four principles of scientific management:

1. A scientific management methodology be developed.

2. Managers should assume the responsibility for selecting, training and developing the employee.

3. Managers should fully cooperate with employees to insure the proper application of the scientific management method.

4. Management should become involved with the work of their employees as much as possible.

By 1910, Taylor’s system of scientific management had become known and, in many instances, faithfully and fully practised. However, managers in many organizations chose to use the new principles of scientific management selectively. This decision ultimately resulted in problems. For example, some managers using scientific management saw increases in performance, but rather than sharing performance gains with employees through bonuses as Taylor had advocated, they simply increased the amount of work that each employee was expected to do. Thus, employees found they were required to do more work for the same pay. Employees also learned that increases in performance often resulted in layoffs because fewer employees were needed. In addition, the specialized, simplified jobs were often monotonous and repetitive, and many employees became dissatisfied with their jobs.

Scientific management brought many employees more hardship than gain and left them with a distrust of managers who did not seem to care about their well-being.

These dissatisfied employees resisted attempts to use the new scientific management techniques and at times even withheld their job knowledge from managers to protect their jobs and pay.

Taylor’s work has had an enduring effect on the management of production systems. Managers in every organization, whether it produces goods or services, now carefully analyse the basic tasks that must be performed and try to create work systems that will allow their organizations to operate most efficiently.Scientific management consisted of a system for supervising employees, improving work methods, and providing incentives to employees through the piece rate system. While Taylor assumed there was an unquestioned necessity to supervise employees, he also sought the best way of performing a job as well as to provide financial incentives for increased productivity by paying employees by the piece through the piece rate system.

Taylor’s Principles became enormously popular in America as well as in Europe providing organizational theory an aura of science. Scientific management led to time and motion studies, efficiency experts and others spreading the gospel. Taylor’s optimistic belief that study of the organization through his scientific method would provide the answers necessary to resolve the most difficult productivity problems is extremely important to contemporary management. He is the first to point out that it is management’s primary responsibility to make an organization productive.

However, other areas of his methodology have proven to be flawed. In particular, Taylor’s insistence on close supervision flies in the face of all contemporary organizational research demonstrating close supervision is counterproductive. Additionally, the piece rate system all too often is either inapplicable in today’s computerized assembly lines or is compromised by management continually raising the quota.

Taylor developed the following techniques of Scientific Management for the purpose of implementing the above principles:

*Work Study*: Taylor suggested that work should be studied for the purpose of simplification of work so that efficiency should be increased. He stressed the need for a scientific determination of remuneration for workers.

For determining the remuneration of workers, Taylor suggested that a direct link should be created between remuneration and productivity so that workers could be motivated. For this, he developed a differential piece rate system, of wage payment, in which two piece rates are laid down: one low rate for those failing to achieve the standard output and the second, a higher rate for those achieving or exceeding the standard output.

*Time Study*: Time study or work measurement was specifically designed to establish the standard time required to perform a job under specified conditions. It involves analysis of a job into its constituent elements and recording the time taken in performing each of them.

*Motion Study*: It is a systematic and critical study of the movement of both the workers and the machines for the purpose of identifying and eliminating unnecessary and wasteful movements.

*Scientific Task Setting to Determine a Fair Day’s Work*: It is the technique of forecasting every step in a long series of separate operations, such that each step can be taken in the right place, of the right degree and in the right time, and each operation can be performed at the optimum efficiency. This scientific task planning resulted in development of a more efficient routing system and scheduling of work.

*Standardization and Simplification*: Predetermined standards are laid down regarding the task, material, methods, time, quality, cost and working conditions, under Scientific Management. It helps to simplify work, to ensure interchangeability of parts, to ensure uniformity of operations and to facilitate comparison of efficiency.

*Functional foremanship*: According to Taylor, it is not feasible that one superior can be an expert in all aspects of work supervision. He suggested the system of functional foremanship in which eight foremen supervise a worker’s job. Four of them would be concerned with the planning of work in the factory office and the other four would be involved in the execution of work at the shop floor.

Even though Scientific Management led to a tremendous increase in productivity and wages, his approach to every aspect of management created fear in the minds of workers that working harder and faster may lead to exhaustion of all available jobs.

So, Frederick W. Taylor believed that it was management’s task to design jobs properly and to provide incentives to motivate workers to achieve higher productivity.

On a larger scale, he revolutionized managerial thought and laid the foundation for the formation of many other management systems in decades to come.

***Conclusion***

After the Industrial Revolution small workshops run by skilled workers who produced hand-manufactured products were replaced by large factories. Many of the managers and supervisors had only technical knowledge and were unprepared for the social problems that occur when people work together in large groups.

Managers began to search for new ways to manage their organizations’ resources, and soon they began to focus on how to increase the efficiency of the employee–task mix.

Fredrick Winslow Taylor (1856-1915), regarded as the “father of scientific management”, was a brilliant engineer and management scientist in the USA. He laid down a detailed scientific study of each job in order to determine which the best way of doing it was. He believed that management is a science based on well-recognised and clearly-defined principles. He tried to convince managers to adopt a scientific and systematic approach to managerial problems rather than using the rule-of-the-thumb or trial and error methods.

The key to Taylor’s thinking was that he saw scientific management as benefiting management and employees equally: Management could achieve more work in a given amount of time; the employee could produce more—and hence earn more—with little or no additional effort. In summary, Taylor and other scientific management pioneers believed employees could be motivated by economic rewards, provided those rewards were related to individual performance.

Scientific management, as developed by Taylor, was based on four main principles:

1. The development of a scientific method of designing jobs to replace the old rule-of-thumb methods . This involved gathering, classifying and tabulating data to arrive at the “one best way” to perform a task or a series of tasks.

2. The scientific selection and progressive teaching and development of employees. Taylor saw the value of matching the job to the worker. He also emphasized the need to study worker strengths and weaknesses and to provide training to improve employee performance.

3. The bringing together of scientifically selected employees and scientifically developed methods for designing jobs. He believed employees would show little resistance to changes in methods if they understood the reasons for the changes and saw a chance for greater earnings for themselves.

4. A division of work resulting in interdependence between management and workers. Taylor believed if they were truly dependent on each other, cooperation would naturally follow.

The classical scientific branch arose as a result of a need to increase productivity.

1. The emphasis was to try to find the one best way of getting work done by examining the way work was accomplished, the sequence of steps, and the skills of the workers in order to increase efficiency.

2. Major contributions include Frederick Taylor, Gilbreths, Frank and Lillian, Henry Gantt.

3. The emphasis on job specialization and time and motion studies are the foundations for efficiency in work.

4. These theorists provided a rational approach for examining work-related problems.

5. Assessment: many of the school’s theories, principles, and methods (such as time and motion study) are with us today, but have been modified to include other things such as people skills.

**LECTURE 4. Administrative management theory**

*1. The meaning of administrative management theory.*

*2. Administrative management theorists.*

*3. Fayola’s principles and elements of management.*

1. **The meaning of administrative management theory**

According to Julian Paul Sidin, administrative management examines an organization from the perspective of the managers and executives responsible for coordinating the activities of diverse groups and units across the entire organization. Administrative management focus on how and what managers should do in their jobs. Administrative management also seeks to create an organization that leads to both efficiency and effectiveness.

The first expert of Administrative management theory was Henri Fayol (1841-1925). Fayol is called the "Father of modern management". Henri Fayol was a French industrialist and a management consultant. He started the functional approach to management. In 1916, he wrote a book titled "Administration Industrialle et Generalle". (Principles and Practices of Management, Julian Paul Sidin, 2011 Pearson).

The primary purpose of the administrative management theory is to find a good balance between the structure of the administration and the mission of the organization. It emphasizes the importance of organizational effectiveness. According to this theory, administrative efficiency is improved when defined lines of authority are present and those at the top of administration have the most responsibility for the organization. Administrative efficiency is correlated with departments being divided by a clear separation of labor and administrators with the most responsibilities serving as organizational authority figures.

Administrative management also can be seen as managing information through people. The administrative function is that section in an organization that is responsible for the orderly collection, processing, storing, and distributing of information to decision makers and managers within the organization to enable them to execute their tasks as well as other role players outside the organization.

Administrative management is one of the functions, departments or sections existing in any organization. The aim of the administrative function is to manage the information needs of the organization so that timely, relevant and accurate information can be given to managers at all the different levels, so enabling them to take meaningful decisions. Without such information it is not possible to manage any organization, function or process.

Administrative managers are middle and senior managers and leaders who make certain that information flows and resources are employed efficiently across the whole organization. They ensure that all operations and system run smoothly and in the most effective manner.

Administrative management theory is identified on the following:

Management Oriented Theory: The management oriented theory does not give many attentions to the problems of the workers.

Lack of Important to Informal Organization: The administrative management theory gives importance only to the formal organization structure. It does not give any importance to informal organization or groups.

Concept Borrowed From Military Science: Administrative management theories were borrowed from military science. They tried to apply these concepts to the social and business organization.

Mechanical Approach: Administrative management theory has a mechanical approach. It does not deal to the important aspects of management such as motivation, communication and leading.

The four primary scholars associated with the administrative management theory include Henri Fayol, James D. Mooney, Alan C. Reiley and Luther Gulick. Each of these important individuals have had a strong influence on the development of this theory. Rather than focusing on the “human factor,” these theorists emphasized structural variables. They thought that in order to obtain individual and organizational objectives, a well-developed administrative structure must be present.

1. **Administrative management theorists**

*James D. Mooney and Alan C. Reiley’s Theory of Organization*

James D. Mooney and Alan C. Reiley are also contributors to the administrative management theory. Although Fayol’s 14 principles dealt with psychological, behavioral, and structural issues, the primary focus in the U.S. needed to focused more specifically on organizational structure. Their primary piece of literature is entitled Onward Industry! The Principles of Organization and Their Significance to Modern Industry, which was published in 1931. They emphasized the importance of organizational structure being governed by universal principles. According to Mooney and Reiley, orderly correlation of these principles would lead to more efficient applicability to all areas of collective human effort. They created three universal principles: coordinative, scalar, and functional (Tompkins, 2005).

The coordinative principle, known as the master principle, involves an organization coordinating the tasks of multiple workers in order to accomplish their organizational objectives. According to Mooney and Reiley, authority figures should be responsible for coordinating power. This is done by managing formal authority up and down the chain of command (Tompkins, 2005).

The scalar principle refers to the principle of hierarchy, which was a term first utilized by Fayol. Tasks are assigned based on levels of authority arranged vertically in the organization. It is created by delegating, which entails authority from a higher official to a lower official. According to these two theorists, a true leader should be distinguished based on their method of delegation.

According to Mooney and Reiley, “The subordinate is always responsible to his immediate supervisor for doing the job, the superior remains responsible for getting it done, and this same relationship, based on coordinated responsibility, is repeated up to the top leader, whose authority makes him responsible for the whole” (p. 104). These theorists emphasized a principle governing the superior-subordinate relationship identified as the “exception principle.” It states, “Subordinates should refer only the few unusual and difficult problems to their superiors while handling all easy and routine problems themselves” (p. 105). Frederick Taylor, another theorist, is associated with favoring this exception principle (Tompkins, 2005).

According to Mooney and Reiley, the functional principle focuses on horizontal differences based on types of tasks. It identifies the method of each individual’s work duties and how they contribute to the organization’s goals. One area of functional differentiation is the line and staff principle, which “refers to the creation of staff units to advise or support line authorities in the performance of their duties” (p.105). They emphasized that staff units should not be delegated to command authority over the line units. Although they were not familiar with Fayol’s work, they developed some similar ideas. They both believed that “coordination, hierarchy, and functional differentiation may be universal principles but their application is not” (p.106). These theorists emphasized how principles should never be responsible for solving all of the issues present in an organization (Tompkins, 2005).

*Luther Gulick’s administrative management theory*

Luther Gulick is known for applying administrative principles to government. In the early 1900s, the movement to reform the government structure and utilize business methods in public administration was initiated, which had a great influence on Gulick’s role. Although Fayol, Mooney, and Reiley had some great theoretical contributions, Gulick expand upon their basic theoretical framework and added his own conceptual distinctions. One example is his idea that government agencies can be departmentalized based on the process, individuals, place, or purpose. He emphasized the importance of chief executives implementing closer supervision over administrative departments than the heads of holding companies. He also saw a larger need for coordinating due to a greater level of interaction between government departments than between corporate divisions. According to Gulick, all organizations should divide labor no matter what their size or level of complexity. He analyzed how coordination can be accomplished through applying the functional and scalar principle. He emphasized departmentalization, which describes the scalar principle. It is presented by an organization chart demonstrating the level of control each manager has and describes reporting within the organizational hierarchy (Tompkins, 2005).

Gulick thought that an organization’s design should be developed by various principles. The span of control principle states, “The number of individuals reporting to a superior should be limited to the number he or she can supervise effectively, given limited time and energy” (p. 110). He pointed out that there is not one correct span of control for all superior-subordinate relationships. Gulick also valued the unity of command principle, which is when each worker takes orders from one superior. He emphasized the homogeneity principle which states, “Work should be divided so that the work of a single organizational unit is as homogeneous in character as possible” (p.110). He valued he line-staff principle; however, he disagreed with the traditional definition that staff agencies are made to guide line agencies and are never allowed to give commands (Tompkins, 2005).

*Chester Barnard (1886-1961)*

Another strong member of the administrative management school is Chester Barnard. Barnard led a highly successful management career rising to the position of the President of New Jersey Bell Telephone Company. He was also very active professionally including acting as the head of the Rockefeller Foundation. After giving a series of lectures on management, Barnard published his only book, The Functions of the Executive, in 1938.

Basically, Barnard feels organizations are communication systems. He feels it is particularly important for managers to develop a sense of common purpose where a willingness to cooperate is strongly encouraged. He is credited with developing the acceptance theory of management emphasizing the willingness of people to accept those having authority to act. He feels the manager’s ability to exercise authority is strongly determined by the employee’s “zone of indifference” where orders are accepted without undue question.

Contrary to Weber beliefs that communication flows from the top of the organization to the bottom, Barnard feels organizational communication flows from the bottom to the top.

He states there are four factors affecting the willingness of employees to accept authority:

1. The employees must understand the communication.

2. The employees accept the communication as being consistent with the organization’s purposes.

3. The employees feel their actions will be consistent with the needs and desires of the other employees.

4. The employees feel they are mentally and physically carry out the order from the higher authority.

Barnard also feels informal organizations within formal organizations perform necessary and vital communication functions for the overall organization. This is consistent with his belief that the executive’s main organizational function is acting as a channel of communication and maintaining the organization in operation.

Barnard’s sympathy for and understanding of employee needs in the dynamics of the organizational communication process positions him as a bridge to the behavioral school of management many of whose early members were his contemporaries.

1. **Fayol’s Principles of Management**

Henri Fayol, a French industrialist, (1841 - 1925), was one of the foremost contributors to Administrative Management Theory. In 1949, he published a famous book “General and Industrial Management.” Fayol’s theory may be analysed as follows:

Fayol classified all business activities into six categories as follows:

*(i) Technical (ii) Commercial (iii) Financial (iv) Security (v) Accounting (vi) Managerial*

The first five are known as the opening activities of business. The technical category deals with the production function. The commercial category is concerned with purchases and sales. The financial category deals with the function of funding and controlling capital. The security category is concerned with protection.

The accounting category is concerned with balance sheets, costing records, statistics and so on.

The last category, the managerial category, is concerned with planning, organizing, commanding, coordinating and controlling. Fayol was of the opinion that this category was neglected the most. Therefore, he began the analysis of the managerial functions.

Working at the same time as Weber but independently of him, Frenchman Henri Fayol (1841–1925), the CEO of Comambault Mining, identified 14 principles, that he believed to be essential to increasing the efficiency of the management process. Some of the principles that Fayol outlined have faded from contemporary management practices, but most have endured.

The principles that Fayol and Weber set forth still provide a clear and appropriate set of guidelines that managers can use to create a work setting that makes efficient and effective use of organizational resources. These principles remain the foundation of modern management theory; recent researchers have refined or developed them to suit modern conditions. For example, Weber’s and Fayol’s concerns for equity and for establishing appropriate links between performance and reward are central themes in contemporary theories of motivation and leadership.Henri Fayol belongs to the administrative management branch of the classical school. His entire working careerwas spent with a mining company, Commentary-Fourchambault Company, where he rose from an apprentice toGeneral Manager in 1888 remaining there until his retirement in 1918. He is credited with turning the companyaround from a threatened bankruptcy into a strong financial position by the time of his retirement at age 77.

As a result of his management experience, Fayol strongly believed management theories could be developed and taught to others. His first writing on administration, Administration Industrielleet Generale, was publishedin 1916 in the Bulletin of the Society of Mineral Industries and later appeared as a book. The book becameprominent in the United States after a second English translation appeared in 1949 under the title General andIndustrial Management.

***Henri Fayol*** (1841-1925)

As a result of his long management career, Fayol developed fourteen management principles:

1. Division of Work. Division of work, specialization, produces more and better work with the same effort. It focuses effort while maximizing employee efforts. It is applicable to all work including technical applications.

There are limitations to specialization which are determined by its application.

2. Authority and responsibility. Authority is the right to give orders and the power to exact obedience. Distinction must be made between a manager’s official authority deriving from office and personal authority created through individual personality, intelligence and experience. Authority creates responsibility.

3. Discipline. Obedience and respect between a firm and its employees based on clear and fair agreements is absolutely essential to the functioning of any organization. Good discipline requires managers to apply sanctions whenever violations become apparent.

4. Unity of command. An employee should receive orders from only one superior. Employees cannot adapt to dual command.

5. Unity of direction. Organizational activities must have one central authority and one plan of action.

6. Subordination of Individual Interest to General Interest. The interests of one employee or group of employees are subordinate to the interests and goals of the organization and cannot prevail over it.

7. Remuneration of Personnel. Salaries are the price of services rendered by employees. It should be fair and provide satisfaction both to the employee and employer. The rate of remuneration is dependent on the value of the services rendered as determined by the employment market.

8. Centralization. The optimum degree of centralization varies according to the dynamics of each organization.

The objective of centralization is the best utilization of personnel.

9. Scalar chain. A chain of authority exists from the highest organizational authority to the lowest ranks. Whileneedless departure from the chain of command should be discouraged, using the “gang plank” principle of direct communication between employees can be extremely expeditious and increase the effectiveness of organizational communication.

10. Order. Organizational order for materials and personnel is essential. The right materials and the right employees are necessary for each organizational function and activity.

11. Equity. In organizations equity is a combination of kindliness and justice. The desire for equity and equalityof treatment are aspirations to be taken into account in dealing with employees.

12. Stability of Tenure of Personnel. In order to attain the maximum productivity of personnel, it is essential tomaintain a stable work force. Management insecurity produces undesirable consequences. Generally the managerial personnel of prosperous concerns is stable, that of unsuccessful ones is unstable.

13. Initiative. Thinking out a plan and ensuring its success is an extremely strong motivator. At all levels of theorganizational ladder zeal and energy on t he part of employees are augmented by initiative.

14. Esprit de Corps. Teamwork is fundamentally important to an organization. Creating work teams and using extensive face-to-face verbal communication encourages this.

While subsequent organizational research has created controversy over many of Fayol’s principles, they are stillwidely used in management theory.

Within his theory, Fayol outlined ***five elements of management*** that depict the kinds of behaviors managers should engage in so that the goals and objectives of an organization are effectively met. The five elements of management are:

***Planning:*** creating a plan of action for the future, determining the stages of the plan and the technology necessary to implement it. Deciding in advance what to do, how to do it, when to do it, and who should do it. It maps the path from where the organization is to where it wants to be. The planning function involves establishing goals and arranging them in a logical order. Administrators engage in both short-range and long-range planning.

***Organizing:*** Once a plan of action is designed, managers need to provide everything necessary to carry it out; including raw materials, tools, capital and human resources. Identifying responsibilities, grouping them into departments or divisions, and specifying organizational relationships.

***Command:*** Managers need to implement the plan. They must have an understanding of the strengths and weaknesses of their personnel. Leading people in a manner that achieves the goals of the organization requires proper allocation of resources and an effective support system. Directing requires exceptional interpersonal skills and the ability to motivate people. One of the crucial issues in directing is the correct balance between staff needs and production.

***Coordination:*** High-level managers must work to "harmonize" all the activities to facilitate organizational success. Communication is the prime coordinating mechanism. Synchronizes the elements of the organization and must take into account delegation of authority and responsibility and span of control within units.

***Control:*** The final element of management involves the comparison of the activities of the personnel to the plan of action, it is the evaluation component of management. Monitoring function that evaluates quality in all areas and detects potential or actual deviations from the organization's plan, ensuring high-quality performance and satisfactory results while maintaining an orderly and problem-free environment. Controlling includes information management, measurement of performance, and institution of corrective actions.

Fayol was the first person to identify the qualities required in a manager. According to him, there are six types of qualities that a manager requires these are as follows:

1. Physical [health, vigour and address];

2. Mental [ability to understand and learn, judgement, mental vigour, and adaptability;

3. Moral [energy, firmness, initiative, loyalty, tact, and dignity];

4. Educational [general acquaintance with matters not belonging exclusively to the function performed];

5. Technical [peculiar to the function being performed];

6. Experience [arising from the work].

***Conclusion***

Managers were more bothered about the management of the organizations instead of focusing on improving the efficiency of individual jobs, with the growth of organizations which became more complex. There was recognition of the requirement of an understanding of the overall process of management. Managers began by trying to identify the functions of a manager with a strong emphasis on coordination of resources so as to achieve the predetermined goals and objectives.

Whereas scientific management focused on the productivity of the individual worker, the administrative principles approach focused on the total organization.

The classical administrative branch grew out of the need for guidelines to manage the complex organizations that emerged from the Industrial Revolution. It focused on productivity also.

1. The emphasis was on the development of managerial principles rather than work methods.

2. This school accommodates a belief in studying the flow of information.

3. These theorists aimed at understanding how an organization operated.

The contributors to this approach included Henri Fayol, Mary Parker Follett, and Chester I. Barnard.

Henri Fayol, a French industrialist, (1841 - 1925), was one of the foremost contributors to Administrative Management Theory. Fayol has given fourteen principles of management. He has made distinction between management principles and management elements. While management principle is a fundamental truth and establishes cause-effect relationship, management element denotes the function performed by a manager.

Fayol made it clear that these principles can be applied to most organizations, but these are not absolute principles. Organizations are at liberty to adopt those which suit them or to delete a few according to their needs.

**LECTURE 5. Behavioural management theory**

*1. The theory of bureaucracy.*

*2. The behavioural theorists.*

*3. Max Weber and his principles of bureaucracy.*

*4. Theory X and Theory Y.*

1. **The theory of bureaucracy**

Bureaucratic management, as depicted by its name, focuses on a rigid system which has a set hierarchy, a clear division of labour, and detailed rules and procedures. It provides a blueprint of how an organisation should operate in the most efficient manner. The bureaucratic approach is most effective when the organisation is required to handle large quantities of standard information, the needs of the customer are known and not likely to change, the technology is routine and stable, and the organisation has to coordinate the activities of numerous employees in order to deliver a standardised service or product to the customer.

The scientific management movement focused primarily on production, management, organisation, technology and science, but little attention was paid to how people might be impacted, the way in which they react and are likely to react to future. As long ago as the 1920s there was opposition to the scientific principles as discretion was removed from individuals as a way of centralising control and authority into specialised functions. The focus of attention had been almost exclusively on the jobs which individuals performed and how they could be improved. Benefits went disproportionately to the company and the individual’s work experience was dehumanizing as they were treated as extensions to the machines.

During the radical social and cultural changes that occurred in the 1920s and 1930s, the behavioural theories emerged that stresses the importance of group dynamics, complex humanmotivations and the manager’s leadership style. It also emphasizesthe employee’s social and economic needs and the influence of the organisation’s social setting on the quantity and quality of work produced, and its focuses on two competencies – communication and teamwork. This increase in attention to the human factors has become known as the ‘human relations school of management’. Some of the more prominent theorists in this field included Elton Mayo (1880 – 1949), Mary Parker Follett (1868 – 1933), Chester Barnard (1886 – 1961), Abraham Maslow (1908 – 1970), Douglas McGregor (1906 – 1964), Rensis Likert (1903 – 1981), Frederick Herzberg (1923 – 2000), David McClelland (1917 – 1998) and Chris Argyris (1923 – present).

Side by side with scientific managers studying the person–task mix to increase efficiency, other researchers were focusing on administrative management—the study of creating an organizational structure that leads to high efficiency and effectiveness. Organizational structure is the system of task and authority relationships that control how employees use resources to achieve the organization’s goals. Two of the most influential views regarding the creation of efficient systems of organizational administration were developed in Europe. Max Weber, a German professorof sociology, developed one theory. Henri Fayol, the French manager, developed the other.

Max Weber (1864 – 1920) identified seven *characteristics of bureaucratic management:*

(i) rules (formal guidelines for the behaviour of employees while they are on the job);

(ii) impersonality (all employees are evaluated according to rules and objective data);

(iii) division of labour (the process of dividing duties into simpler, more specialized tasks);

(iv) hierarchical structure (helps control the behaviour of employees by making clear to each exactly where he or she stands in relation to everyone else in the organization);

(v) authority structure (determines who has the right to make decisions of varying importance at different levels within the organization);

(vi) life-long career commitment (job security is guaranteed as long as the employees is technically qualified and performs satisfactorily;

(vii) rationality (managers operate logically and scientifically with all decisions leading directly to achieving the organization's goals).

***Advantages of bureaucracy***:

(i) Specialization: In a bureaucratic organization because every member is assigned a specialized task to perform, it enjoys the advantages of specialization.

(ii) Democracy: An organization becomes democratic when emphasis is laid on qualifications and technical competence. Officials have the prescribed rules, policies and practices to guide them rather than by patronage or other privilege treatment which results in favoritism.

(iii) Structure: A form is created by specifying the duties and responsibilities of each employee and the reporting relationships in a command hierarchy. This form or structure will set the pace and the framework so that there will be smooth functioning within the business organization.

(iv) Predictability: The rules, regulations, specializations, structure, and training impart predictability. When individuals conform to the rules and the roles in the structural framework it results in order and thereby ensures stability in the organization.

(v) Rationality: Since the decision making criteria is predetermined and laid down well in advance, it ensures a measure of objectivity in routine situations.

***Disadvantages of bureaucracy***:

(i) Goal Displacement: Rules which are framed to achieve organizational objectives at each level can become an end in themselves. The objectives of the organization may be neglected in the pursuit of personal objectives.

(ii) Red Tapism: Bureaucratic procedures entail unnecessary delays and frustration in the performance of tasks.

(iii) Rigidity: Rules and regulations which are laid down in a bureaucratic organization often become rigid and inflexible. They can breed resistance to change. They can sap the initiative and the creativity of the employees. They can also result in an excuse for taking responsibility for failure.

(iv) Impersonality: A bureaucratic organization lays stress on a mechanical way of doing things.

(v) Paperwork: Bureaucracy involves excessive paperwork. Every decision must be put in writing. All documents have to be maintained in their draft and original forms. This leads to a great wastage of time, space and stationery.

(vi) Empire Building: People in a bureaucracy tend to use their positions and resources to perpetuate their own interests or the interests of their sub-units.

(vii) Compartmentalization of Activities: Jobs are divided into water-tight compartments which restrict people from performing tasks that they are capable of performing.

1. **The behavioural theorists**

The behavioral school emerged partly because the classical approach did not achieve sufficient production efficiency and workplace harmony. To managers frustration, people did not always follow predicted or expected patterns of behavior. Thus there was increased interest in helping managers deal more effectively with the "people side" of their organizations. Several theorists tried to strengthen classical organization theory with the insights of sociology and psychology.

The behavioural management theorists writing in the first half of the twentieth century all chose a theme that focused on how managers should personally behave in order to motivate employees and encourage them to perform at high levels and be committed to the achievement of organizational goals.

The main contributors of the Behavioural theory are: Elton Mayo (1880 – 1949), Mary Parker Follett (1868 – 1933), Chester Barnard (1886 – 1961), Abraham Maslow (1908 – 1970), Douglas McGregor (1906 – 1964), Rensis Likert (1903 – 1981), Frederick Herzberg (1923 – 2000), David McClelland (1917 – 1998) and Chris Argyris.

***Elton Mayo***

One of the most prominent behavioural theorists is Elton Mayo and his ground breaking study of Western Electric Company’s Hawthorne Plant in Chicago which he conducted with Fritz Roethlisberger and William Dickson between 1924 and 1933. During the course of Mayo’s studies, he managed to switch the focus of attention away from the individual and physical considerations to the importance of groups at work requiring sociological and psychological consideration.

Some of his major findings included: (i) workers thought and acted not as individuals but as a group; (ii) workers should sacrifice their self-interest in the face of group pressure; (iii) money is not the sole motivator; (iv) supervisors have significant influence on output; (v) the social world of the adult is patterned around work activity; (vi) the need for recognition, security and sense of belonging is more important in determining workers’ morale and productivity than the physical conditions under which he works; (vii) a complaint is not necessarily an objective recital of facts; it is commonly a symptom manifesting disturbance of an individual’s status position; (viii) the worker is a person whose attitudes and effectiveness are conditioned by social demands from both inside and outside the work plant; (ix) informal groups within the work plant exercise strong social controls over the work habits and attitudes of the individual worker; and (x) group collaboration does not occur by accident; it must be planned and developed.

He therefore recommended that: (i) managers must not ignore the informal organisation but ensure that its norms are in harmony with organisational goals; (ii) man is basically motivated by social needs, not economic ones; (iii) work is rationalised by employees and meanings are sought in social relationships at work; (iv) managers must focus on the work group rather than individuals, but workers should be considered in a personal context in order to understand each employee’s unique needs and sources satisfaction; and (v) effective supervisors are those who satisfy subordinate’s social needs. Mayo’s work is now part of the management folklore which has led to the movement to reject the views of the traditionalists to the school of ‘human relations’ management.

***Mary Parker Follett***

Mary Parker Follett was touted as one of the first management theorists to give recognition to the importance of involving workers in solving problems and that management is a dynamic, not static, process. She defined management as “getting things done through people” and noted that: (i) people closest to the action make the best decisions; (ii) subordinates should be involved in the decision-making process; (iii) coordination is vital to effective management; (iv) communication between managers and employers improves decisions; and (v) managers should find ways to resolve the interdepartmental conflict.

***Abraham Maslow***

Abraham Maslow’s pioneering work on human behaviour laid the foundations for the later development of behaviour management theories. He suggested that there are five sets of human goals which may be called basic needs. These are: (i) physiological; (ii) safety; (iii) love/sense of belonging; (iv) self-esteem; and (v) self-actualisation or self-fulfilment, and they are arranged in order of importance. Man’s basic needs are physiological, for example, hunger, thirst, sleep, etc.

When these are satisfied they are replaced by safety needs reflecting his desire for protection against danger or deprivation. These in turn, when satisfied, are replaced by the need for love or belonging to, which are functions of man’s gregariousness and his desire to belong to a group and to associate with people. When these needs have been satisfied, there are the esteem needs, i.e. the desire for self-esteem and self-respect, which are affected by a person’s standing reputation, and his need for recognition and appreciation. Finally, individuals have a need for self-actualisation or a desire for self-fulfilment, which is an urge by individuals for self-development, creativity and job satisfaction.

***Clayton Alderfer***

Clayton Alderfer further expended Maslow’s hierarchy of needs by categorising the hierarchy into the ERG theory (Existence, Relatedness and Growth) (ERG, Human Needs in Organisational Settings, New York, Free Press, 1972). Alderfer further proposed a regression theory to go with the ERG theory. He hypothesised that if needs in a higher category are not met then individuals redouble the efforts invested in a lower category instead. Both Maslow and

Alderfer’s theory can be labelled as the ‘push’ theory which concludes that an individual is pushed or motivated by some inner condition or drive or need.

***Victor Vroom***

Victor Vroom on the other hand proposed the ‘Expectancy Theory’ (1964) which is about the processes that an individual undergoes to make choices. Expectancy theory predicts that employees in an organisation will become motivated when they believe that (i) putting in more effort will yield better job performance; (ii) better job performance will lead to organisational rewards, such as an increase in salary or benefits; and (iii) these organisational rewards are valued by the employees in question. Vroom’s theory assumes that behaviour results in conscious choices among alternatives whose purpose is to maximise pleasure and minimise pain.

He introduced three variables in his theory – Valance (V), Expectancy (E) and Instrumentality (I) which are important behind choosing one element over another. The Expectancy Theory issometimes known as the ‘pull theory’ since it predicts that behaviour will tend to respond to the relative attractiveness (valence) of different outcomes of behaviour. In fact, behaviour might reflect the individual’s ‘considered response’ to stimuli located in the environment, rather than his or her blind reaction to internal drives, wants or needs – choice making attributes of humans rather than animal instinct.

***Rensis Likert***

Rensis Likert has conducted much research on human behaviour within organisations, particularly in the industrial situation. He has examined different types of organisations and leadership styles, and he asserts that, to achieve maximum profitability, good labour relations and high productivity, every organisation must have optimum use of their human assets. He contends that “highly effective work groups linked together in an overlapping pattern by other similarly effective groups” will make greatest use of the human capacity. Likert also identified four main management styles: (i) the exploitive-authoritative system; (ii) the benevolent – authoritative system; (iii) the consultative system; and (iv) the participative group system which is considered to be the optimum solution where leadership is by superiors who have completeconfidence in their subordinates, where motivation is by economic rewards based on goals which have been set in participation, where personnel at all levels feel real responsibility for the organisational goals, where there is much communication, and a substantial amount of cooperative work.

***Frederick Herzberg***

Frederick Herzberg was responsible for the two-factor Hygiene and Motivation Theory. Hygiene factors are related to the work and organisational environment and include the organisation, its policies and its administration, the kind of supervision (leadership and management, including perceptions) which people receive while on the job, working conditions, interpersonal relations, salary, status and job security. These factors do not lead to higher levels of motivation but without them there is dissatisfaction. The second component to Herzberg’s motivation theory involves what people actually do on the job and should be engineered into the jobs of the employees in order to develop intrinsic motivation with the workforce. The motivators are achievement, recognition, growth/advancement and interests in the job.

***David McClelland***

David McClelland was noted for his work on achievement motivation and the consciousness.

His research led him to believe that the need for achievement is a distinct human motive that can be distinguished from other needs. More important, the achievement motive can be isolated and assessed in any group. People with a high need for achievement tend to set moderately difficult but potentially achievable goals. In biology, this is known as the overload principle. Another characteristic of achievement-motivated people is that they seem to be more concerned with personal achievement than with the rewards of success. They do not reject rewards, but the rewards are not as essential as the accomplishment itself.

***Chris Argyris***

Chris Argyris compared bureaucratic/pyramidal values (the organisational counterpart to Theory X assumptions) with a more humanistic/democratic value system (the organisational counterpart to Theory Y assumptions) and concluded that the former leads to poor, shallow and mistrustful relationships and is a “`breeding ground for mistrust, inter-group conflict, rigidity and so on which in turn lead to a decrease in organisational success in problem solving”. On the other hand, if humanistic or democratic values are adhered to in an organisation, trusting, authentic relationships will develop among people and will result in increased interpersonal competence, inter-group cooperation, flexibility and the like and should result in increases in organisational effectiveness.

1. **Max Weber and his principles of bureaucracy**

Max Weber (1864–1920) wrote his work at the start of the twentieth century, when Germany was undergoing its Industrial Revolution. To help Germany manage its growing industrial enterprises at a time when it was striving to become a world power, Weber developed the principles of bureaucracy—a formal system of organization and administration designed to ensure efficiency and effectiveness.

* Principle 1. In a bureaucracy, a manager’s formal authority derives from the position he or she holds in the organization.

In a bureaucratic system of administration, obedience is owed to a manager, not because of any personal qualities that he or she might possess—such as personality, wealth, or social status—but because the manager occupies a position that is associated with a certain level of authority and responsibility.10

• Principle 2. In a bureaucracy, people should occupy positions because of their performance, not because of their social standing or personal contacts.

This principle was not always followed in Weber’s time and is often ignored today.

Some organizations and industries are still affected by social networks in which personal contacts and relations, not job-related skills, influence hiring and promotional decisions.

• Principle 3. The extent of each position’s formal authority and task responsibilities, and its relationship to other positions in an organization, should be clearly specified.

When the tasks and authority associated with various positions in the organization are clearly specified, managers and employees know what is expected of them andwhat to expect from each other. Moreover, an organization can hold all its employees strictly accountable for their actions when each person is completely familiar with his or her responsibilities.

• Principle 4. For authority to be exercised effectively in an organization, positions should be arranged hierarchically. This helps employees know whom to report to and who reports to them.

Managers must create an organizational hierarchy of authority that makes it clear (a) who reports to whom and (b) to whom managers and employees should go if conflicts or problems arise. This principle is especially important in the Armed Forces, Canadian Security Intelligence Service (CSIS), Royal Canadian Mounted Police (RCMP), and other organizations that deal with sensitive issues where there could be major repercussions.

• Principle 5. Managers must create a well-defined system of rules, standard operating procedures (SOPs), and norms so that they can effectively control behaviour within an organization.

Rules, SOPs, and norms provide behavioural guidelines that improve the performance of a bureaucratic system because they specify the best ways to accomplish organizational tasks. Rules are formal written instructions that specify actions to be taken under different situations to achieve specific goals. SOPs are specific sets of written instructions on how to perform a certain aspect of a task. Norms are unwritten rules and informal codes of conduct on how to act in particular situations.

Companies such as McDonald’s and Wal-Mart have developed extensive rules and procedures to specify the types of behaviours that are required of their employees, such as, “Always greet the customer with a smile.”

Weber believed that organizations that implement all five principles will establish a bureaucratic system that will improve organizational performance. The specifications of positions and the use of rules and SOPs to regulate how tasks are performed make it easier for managers to organize and control the work of subordinates. Similarly, fair and equitable selection and promotion systems improve managers’ feelings of security, reduce stress, and encourage organizational members to act ethically and further promote the interests of the organization.

If bureaucracies are not managed well, however, many problems can result Sometimes, managers allow rules and SOPs—“bureaucratic red tape”—to become so cumbersome that decision making becomes slow and inefficient and organizations are unable to change. When managers rely too much on rules to solve problems and not enough on their own skills and judgment, their behaviour becomes inflexible. A key challenge for managers is to use bureaucratic principles to benefit, rather than harm, an organization.

1. **Theory X and Theory Y**

Several studies after the Second World War revealed how assumptions about workers’ attitudes and behaviour affect managers’ behaviour. Perhaps the most inﬂuential approach was developed by Douglas McGregor. He proposed that two different sets of assumptions about work attitudes and behaviours dominate the way managers think and affect how they behave in organizations. McGregor named these two contrasting sets of assumptions Theory X and Theory Y.

**THEORY X** According to the assumptions of Theory X, the average worker is lazy, dislikes work, and will try to do as little as possible. Moreover, workers have little ambition and wish to avoid responsibility. Thus, the manager’s task is to counteract workers’ natural tendencies to avoid work. To keep workers’ performance at a high level, the manager must supervise them closely and control their behaviour by means of “the carrot and stick”—rewards and punishments.

Managers who accept the assumptions of Theory X design and shape the work setting to maximize their control over workers’ behaviours and minimize workers’ control over the pace of work. These managers believe that workers must be made to do what is necessary for the success of the organization, and they focus on developing rules, SOPs, and a well-deﬁned system of rewards and punishments to control behaviour. They see little point in giving workers autonomy to solve their own problems because they think that the workforce neither expects nor desires cooperation. Theory X managers see their role as to closely monitor workers to ensure that they contribute to the production process and do not threaten product quality. Henry Ford, who closely supervised and managed his workforce, ﬁts McGregor’s description of a manager who holds Theory X assumptions.

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| --- | --- |
| **THEORY X** | **THEORY Y** |
| The average employee is lazy, dislikes  work, and will try to do as little as possible. | Employees are not inherently lazy. Given the chance, employees will do what is good for the organization. |
| To ensure that employees work hard, managers should closely supervise employees. | To allow employees to work in the organization's interest, managers must create a work setting that provides opportunities for workers to exercise initiative and self-direction. |
| Managers should create strict work rules and implement a well-defined system of rewards and punishments to control employees | Managers should decentralize authority to employees and make sure employees have the resources necessary to achieve organizational goals. |

**THEORY Y** In contrast, Theory Y assumes that workers are not inherently lazy, do not naturally dislike work, and, if given the opportunity, will do what isgood for the organization. According to Theory Y, the characteristics of the work setting determine whether workers consider work to be a source of satisfaction or punishment; and managers do not need to control workers’ behaviour closely in order to make them perform at a high level, because workers will exercise self-control when they are committed to organizational goals. The implication of

Theory Y, according to McGregor, is that “the limits of collaboration in the organizational setting are not limits of human nature but of management’s ingenuity in discovering how to realize the potential represented by its human resources.” It is the manager’s task to create a work setting that encourages commitment toorganizational goals and provides opportunities for workers to be imaginative and to exercise initiative and self-direction.

When managers design the organizational setting to reﬂect the assumptions about attitudes and behaviour suggested by Theory Y, the characteristics of the organization are quite different from those of an organizational setting based on Theory X. Managers who believe that workers are motivated to help the organization reach its goals can decentralize authority and give more control over the job to workers, both as individuals and in groups. In this setting, individuals and groups are still accountable for their activities, but the manager’s role is not to control employees but to provide support and advice, to make sure employees have the resources they need to perform their jobs, and to evaluate them on their ability to help the organization meet its goals. Henri Fayol’s approach to administration more closely reﬂects the assumptions of Theory Y, rather than Theory X.

**LECTURE 6. The growth of management disciplines**

*1. Management: meaning and definition.*

*2. Concept, purpose and objectives of management.*

*3. Management process.*

1. **Management: meaning and definition**

Managing is essential in all organized co-operation, as well as at all levels of organization in an enterprise. It is the function performed not only by corporation President and the army general but also of the shop supervisors and the company commander. Managing is equally important in business as well as non business organizations. During the last few decades, Management as a discipline has attracted the attention of academicians and practitioners to a very great extent. The basic reason behind this phenomenon is the growing importance of management in day to day life of the people.

Because of the divergent views, it is very difficult to give a precise definition to the term ―Management. It has drawn concepts and Principles from economics, sociology, psychology, anthropology, history, and statistics and so on. The result is that each group of contributors has treated Management differently. Management is invariably defined as the process of ―getting things done through the effort of others‖, getting from where we are to where we want to be with the least expenditure of time, money and efforts, or co-ordinating individual and group efforts, or co-ordinating individual and group efforts towards super-ordinate goals.

Harold Koontz defines management in a very simple form where he states that

―Management is the art of getting things done through and with the people in formally organized groups‖.

Dalton E. McFarland defines Management as ―Management is defined for conceptual, theoretical and analytical purposes as that process by which Managers create direct, maintain and operate purposive organization through systematic co-ordinated co-operative human effort.

To sum up, we can say that management is the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims.

The study and application of Management techniques in managing the affairs of the organization have changed it‘s nature over the period of time. The nature of Management can be described as

1. Multi disciplinary

Management integrates the ideas and concepts taken from disciplines such as psychology, sociology, anthropology, economics, ecology, statistics, operation research, history etc. and presents newer concepts which can be put in practice for managing the organizations.

Contributions to the field of management can be expected from any discipline which deals with some aspects of human beings. 2. Dynamic Nature of Principles

Principles are a fundamental truth which establish cause and effect relationship of a function. Based on practical evidences, management has framed certain principles, but these principles are flexible in nature and change with the changes in the environment in which an organization exists. In the field of Management, organization researches are being carried on to establish principles in changing society and no principles can be regarded as a final truth.

3. Relative, Not Absolute Principles

Management Principles are relative, not absolute and they should be applied according to the need of the organization. Each organization may be different from others. The difference may exist because of time, place, socio-cultural factors etc. A particular management Principles has different strength in different conditions and therefore Principles of Management should be applied in the light of the prevailing conditions.

4. Management, science or Art

Science is based on logical consistency, systematic explanation, critical evaluation and experimental analysis. It is a systematized body of knowledge. Management, being a social science may be called as an inexact or pseudo science. The meaning of art is related with the bringing of desired result through the application of skills. It has to do with applying of knowledge or science or of expertness in performance. Management can be considered as an art and a better manager is one who knows how to apply the knowledge in solving a particular problem.

5. Management as a Profession

The word profession may perhaps be defined as an occupation based upon specialized intellectual study and training, the purpose of which is to supply skilled service or advice to others for a definite fee or salary. Profession is an occupation for which specialized knowledge, skills and training are required and the use of these skills is not meant for self satisfaction , but these are used for the larger interests of the society and the success of these skills is measured not in terms of money alone. Management possess certain characteristics of profession, while others are missing. Therefore, it cannot be said to be a profession, though it is emerging as a profession and the move is towards management as a profession.

6. Universality of Management

There are arguments in favour and against the concept of universality. The arguments in favour of universality are:-

[a]management as a process and the various process of management are universal for all organizations

[b]distinction between management fundamentals and techniques

[c]distinction between management fundamentals and practices. Management is a universal phenomenon. It is a very popular and widely used term. All organizations - business, political, cultural or social are involved in management because it is the management which helps and directs the various efforts towards a definite purpose. According to Harold Koontz, “Management is an art of getting things done through and with the people in formally organized groups. It is an art of creating an environment in which people can perform and individuals and can co-operate towards attainment of group goals”. According to F.W. Taylor, “Management is an art of knowing what to do, when to do and see that it is done in the best and cheapest way”.

Management is a purposive activity. It is something that directs group efforts towards the attainment of certain pre - determined goals. It is the process of working with and through others to effectively achieve the goals of the organization, by efficiently using limited resources in the changing world. Of course, these goals may vary from one enterprise to another. E.g.: For one enterprise it may be launching of new products by conducting market surveys and for other it may be profit maximization by minimizing cost.

Management involves creating an internal environment: - It is the management which puts into use the various factors of production. Therefore, it is the responsibility of management to create such conditions which are conducive to maximum efforts so that people are able to perform their task efficiently and effectively. It includes ensuring availability of raw materials, determination of wages and salaries, formulation of rules & regulations etc.

Therefore, we can say that good management includes both being effective and efficient. Being effective means doing the appropriate task i.e, fitting the square pegs in square holes and round pegs in round holes.Being efficient means doing the task correctly, at least possible cost with minimum wastage of resources.

Management is like investment: its goal is to get the most out of resources, add the most value or get the best return. Management can be defined as: achieving goals in a way that makes the best use of all resources.

This definition covers self-management as well as managing people, being a manager. Whenever you prioritize, you are managing your time. You manage yourself and all other resources at your disposal in order to do a good job.

Leadership, by contrast, is about influencing people to change direction. When senior executives decide to change direction, this is seen as leadership. But because it is a decision, it is a management act - not leadership. Decisions flow from authority, leadership is an act of influence. Leadership is an attempt to influence followers. It's never a decision of any sort. All decisions made by executives are managerial actions.

This is not the conventional view of leadership and management but, if leadership is an influence process, one implication is that there can be no such thing as autocratic leadership. Decisions can be made autocratically, but deciding for people is not a type of influence so it shouldn't be classed as leadership.

***The Meaning of Management***

We need to understand the meaning of management in order to know what management skills to develop. Think of what is means to be an investor - someone with money to invest and wanting the best return. Such a person shifts his or her money around regularly to improve return.

Similarly, managers have resources at their disposal to invest - people, material and a budget, in addition to their own time and energy. Smart managers think carefully on a regular basis about how to get the best return on these resources. When managing people, it is not just a matter of having the right employee in the right place at the right time, it is also about developing and improving that resource.

Effective managers are catalysts, brokers, facilitators, coaches and people developers. Because thinking is the most important work we do today, managers need to ask stimulating questions to draw new solutions out of people, to get mental work done through them. This makes managers faciltators more than decision makers as they were thought of in the old days.

Certainly they still make decisions, but ineffective managers do too much of their own thinking, hence not reaping the fullest possible return of all resources at their disposal. They are poor investors as a result.

Effective managers know that delegation is not enough in today's knowledge driven world to get work done through people. This is because most of the critical work we do today is to make decisions, solve problems and think creatively. This is mental work. Smart managers get this kind of work done through people by asking them the sorts of questions that stimulate people to think, to draw solutions out of people.

Ineffective managers may delegate a lot but this is so they can be free to do most of their own thinking and problem solving. They fail to work with and through people when it comes to this mental work. Skilled managers know how to get the best out of people by asking them the right questions - those that make them think differently, not simply fact-gathering questions.

Management needs to be upgraded for the 21st century. It needs to cast off its negative image as mechanistic, controlling and task oriented. We need a concept of management that makes it nurturing, supportive, coaching and developmental. This is essential to divide the load between leadership and management more equally.

***Importance of Management:***

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

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

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

4. Establishes Sound Organization - No overlapping of efforts (smooth and coordinated functions). To establish sound organizational structure is one of the objective of management which is in tune with objective of organization and for fulfillment of this, it establishes effective authority & responsibility relationship i.e. who is accountable to whom, who can give instructions to whom, who are superiors & who are subordinates. Management fills up various positions with right persons, having right skills, training and qualification. All jobs should be cleared to everyone.

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

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

1. **Concept, purpose and objectives of management**

The controversy with regard to management, as to whether it is a science or art is very old. Specification of exact nature of management as science or art or both is necessary to specify the process of learning of management. Management is not easy. It is not an exact science. In fact, it is seen as an art that people master with experience..When viewed as an art, management is remarkable, but natural expression of human behavior. It is intuitive, creative and flexible. Managers are leaders and artists who are able to develop unique alternatives and novel ideas about their organizations needs. They are attuned to people and events around them and learn to anticipate the turbulent twists and turns around them.

However, artistry in management is neither exact nor precise. Artists interpret experience and express it in forms that can be felt, understood and appreciated by others. Art allows for emotion, subtlety and ambiguity. An artist frames the world so that others can see new possibilities.

Science is extraordinary. It is a method of doing things. It is the organized systematic expertise that gathers knowledge about the world and condenses the knowledge into testable laws and principles. When science is done correctly, it can advice us in all of our day to day decisions and actions. The process of scientific theory construction and confirmation can be viewed as involving the following steps:-

1. The formulation of a problem or complex of problems based on observation.

2. The construction of theory to provide answers to the problem or problems based on inductions from observations

3. The deduction of specific hypothesis from the theory.

4. The recasting of the hypothesis in terms of specific measures and the operations required to test the hypothesis.

5. The devising of the actual situation to test the theorem; and

6. The actual testing in which confirmation does or does not occur*Management as an* art

The artistic talents of the manager can be enriched by the usage of scientific tools. The artist in any manager definitely has an edge. His creativity and productivity can be magnified by using the correct scientific methods. The art of management existed long before automation.

Without doubt, the science has made the management easier. But focusing only on the science may lead to shift of focus of the entire team and create overheads. Success of managers depends on how effectively they can use the scientific aid to enhance their artistic skills. 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

Art is concerned with particle knowledge and personal skill for doing out the desired results. In management, a manager should have practical knowledge & skill. Otherwise hisperformance will be adversely affected.

Management is a way of doing a specific action while doing the function of an art is to achieve the success in a given action.

According to George R. Terry, "Art is bringing about of a desired result through application of skill." Thus, art has 5 essential features.

i. Practical Knowledge

ii. Personal Skill

iii. Concrete Result

iv. Constructive Skill

v. Improvement through practice

These 5 functions of art also belong to the management. When a manager uses his management skill then he must have practical knowledge for solving managerial problem. A manager also has power to face the problem to find out the result, which is only possible when he/she has constructive skills. To improve the managerial skill, managerial work should be done on regular basis because regularity and practice make the work effective. So, we can say that manager is an artist since he/she posses the skill of getting the work done through and with the people. Therefore, it can be concluded that manager is an artist and management is bound to be an art.

*Management as a Science*

Science refers to an organized and systematic body of knowledge acquired by mankind though observation, experimentation and also based on some universal principles, concepts, and theories. Principles of science are developed through testing & observation. With the help of concept of science it can safely be concluded that management is also a science because it is based upon certain principle and concerned as a systematized body of knowledge, observation, test and experiment is a science, however it is not exact as physics, chemistry, biology, etc. Before ·trying to examine whether the management. is a science or not we have to understand the nature of science. Science may be a described as a systematized body of knowledge pertaining to an act of study and contains some general truths explaining past events or phenomena. It is Systematized in the sense that relationships between variables and limit have been ascertained and underlying principal discovered. Three important characteristics of science are.

1. It is a systematized body of knowledge and uses scientific methods for Observation;

2. Its principles are evolved on the basis of continued observation and experiment; and

3. Its principles are exact and have universal applicability without any limitations

Judging from these criteria, it may be observed that management too is a systematized body of knowledge and its principles have evolved on the basis of observation not necessarily through the use of scientific methods. However, if we consider science a discipline in the senseof our natural science one is able to experiment by keeping allfactors and varying one at a time. In the natural science it is not only possible to repeat the same conditions over and over again, which enables the scientist to experiment and to obtain a proof. This kind of experimentation-cannot be accompanied in the art of management since we are dealing with the human element. This puts a limitation on management as a science. It may be designated as 'inexact' or 'soft science‘

***The main objectives of management are:***

1. *Getting Maximum Results with Minimum Efforts* - The main objective of management is to secure maximum outputs with minimum efforts & resources. Management is basically concerned with thinking & utilizing human, material & financial resources in such a manner that would result in best combination. This combination results in reduction of various costs.

2. *Increasing the Efficiency of factors of Production* - Through proper utilization of various factors of production, their efficiency can be increased to a great extent which can be obtained by reducing spoilage, wastages and breakage of all kinds, this in turn leads to saving of time, effort and money which is essential for the growth & prosperity of the enterprise.

3. *Maximum Prosperity for Employer & Employees* - Management ensures smooth and coordinated functioning of the enterprise. This in turn helps in providing maximum benefits to the employee in the shape of good working condition, suitable wage system, incentive plans on the one hand and higher profits to the employer on the other hand.

4. *Human betterment & Social Justice* - Management serves as a tool for the upliftment as well as betterment of the society. Through increased productivity & employment, management ensures better standards of living for the society. It provides justice through its uniform policies.

The nature, main ***characteristics or features of management***:

 Continuous and never ending process.

 Getting things done through people.

 Result oriented science and art.

 Multidisciplinary in nature.

 A group and not an individual activity.

 Follows established principles or rules.

 Aided but not replaced by computers.

 Situational in nature.

 Need not be an ownership.

 Both an art and science.

 Management is all pervasive.

 Management is intangible.

 Uses a professional approach in work.

 Dynamic in nature.

1. Continuous and never ending process

Management is a Process. It includes four main functions, viz., Planning, Organising, Directing and Controlling. The manager has to Plan and Organise all the activities. He had to give proper Directions to his subordinates. He also has to Control all the activities. The manager has to perform these functions continuously. Therefore, management is a continuous and never ending process.

2. Getting things done through people

The managers do not do the work themselves. They get the work done through the workers. The workers should not be treated like slaves. They should not be tricked, threatened or forced to do the work. A favourable work environment should be created and maintained.

3. Result oriented science and art

Management is result oriented because it gives a lot of importance to "Results". Examples of Results like, increase in market share, increase in profits, etc. Management always wants to get the best results at all times.

4. Multidisciplinary in nature

Management has to get the work done through people. It has to manage people. This is a very difficult job because different people have different emotions, feelings, aspirations, etc. Similarly, the same person may have different emotions at different times. So, management is a very complex job. Therefore, management uses knowledge from many different subjects such as Economics, Information Technology, Psychology, Sociology, etc. Therefore, it is multidisciplinary in nature.

5. A group and not an individual activity

Management is not an individual activity. It is a group activity. It uses group (employees) efforts to achieve group (owners) objectives. It tries to satisfy the needs and wants of a group (consumers). Nowadays, importance is given to the team (group) and not to individuals.

6. Follows established principles or rules

Management follows established principles, such as division of work, discipline, unity of command, etc. These principles help to prevent and solve the problems in the organisation.

7. Aided but not replaced by computers

Now-a-days, all managers use computers. Computers help the managers to take accurate decisions. However, computers can only help management. Computers cannot replace management. This is because management takes the final responsibility. Thus Management is aided (helped) but not replaced by computers.

8. Situational in nature

Management makes plans, policies and decisions according to the situation. It changes its style according to the situation. It uses different plans, policies, decisions and styles for different situations.

The manager first studies the full present situation. Then he draws conclusions about the situation. Then he makes plans, decisions, etc., which are best for the present situation. This is called Situational Management.

9. Need not be an ownership

In small organisations, management and ownership are one and the same. However, in large organisations, management is separate from ownership. The managers are highly qualified professionals who are hired from outside. The owners are the shareholders of the company.

10. Both an art and science

Management is result-oriented. Therefore, it is an Art. Management conducts continuous research. Thus, it is also a Science.

11. Management is all pervasive

Management is necessary for running a business. It is also essential for running business, educational, charitable and religious institutions. Management is a must for all activities, and therefore, it is all pervasive.

12. Management is intangible

Management is intangible, i.e. it cannot be seen and touched, but it can be felt and realised by its results. The success or failure of management can be judged only by its results. If there is good discipline, good productivity, good profits, etc., then the management is successful and vice-versa.

13. Uses a professional approach in work

Managers use a professional approach for getting the work done from their subordinates. They delegate (i.e. give) authority to their subordinates. They ask their subordinates to give suggestions for improving their work. They also encourage subordinates to take the initiative. Initiative means to do the right thing at the right time without being guided or helped by the superior.

14. Dynamic in nature

Management is dynamic in nature. That is, management is creative and innovative. An organisation will survive and succeed only if it is dynamic. It must continuously bring in new and creative ideas, new products, new product features, new ads, new marketing techniques, etc.

1. **Management process**

Briefly, there are 5 core functions that constitute Scope of Management functions or the process of management. They are Planning, Organizing, Staffing, Directing and Controlling.

***1. Planning***

The first management function in scope of management functions that managers must perform is PLANNING. Within this function plan is created to accomplish the mission and vision of the business entity. Under the mission is considered the reason for the establishment, while under the vision is considered where business entity is aiming. The plan must define the time component and to plan necessary resources to fulfill the plan. Accordingly plan of organization is developed together with required personnel; method of leading people is defined and controlling instruments for monitoring the realization of plans. The guiding idea in the making of mentioned items is the realization of the objectives and fulfilling the mission and vision of the business entity. Planning may be broadly defined as a concept of executive action that embodies the skills of anticipating, influencing and controlling the nature and direction of change.

Each organization should make a good first step, a good plan, because without it the organization takes a great risk of mistakes and thus compromising their business.

***2. Organizing***

Organizing is the second function manager, where he had previously prepared plan, establish an appropriate organizational structure in business organization. In part, it determines the ranges of management, type of organizational structure, authority in the organization, types and ways of delegating and developing lines of communication. The organization and its subsystems are placed under the plan, which was created as part of functions, ie planning. Organizing basically involves analysis of activities to be performed for achieving organizational objectives, grouping them into various departments and sections so that these can be assigned to various individuals and delegating them appropriate authority so that they can carry their work properly. In performing construction and organization in particular must pay attention to formal and informal lines of communication, because if these lines are not adequately monitored the possibility of collision between them, resulting in delays and / or even failure to achieve the goal.

***3. Staffing***

Staffing, as the next function of management, consists of a selection of appropriate staff for the organization to reach a goal / goals easier and more efficient. According to today‘s experience is well known that it is difficult to financially evaluate, quality and efficient staff. Staff is one of the more valuable, if not the most valuable resource in any successful organization. For this reason, good planning of personnel policies, as a function of management, and corresponding execution of that selection of high quality people is becoming increasingly important. The task of this management function is to set rules related to employment and personnel policies. Staffing basically involves matching jobs and individuals. This may require a number of functions like manpower planning, recruitment, selection, training and development, performance appraisal, promotion transfer, etc. The responsibility for staffing rests on all managers at all levels of the organization. It increases as one goes up in the organizational hierarchy. In order to facilitate the effective performance of staffing function, personnel department is created in large organizations.

***4. Directing***

Direction is an important managerial function through which management initiates actions in the organization. It is a function of management which is related with instructing, guiding and inspiring human factor in the organization to achieve organization objectives. It is a function to be performed at every level of management. Direction is a continuous process and it continues throughout the life of the organization It initiates at the top level in the organization and follows to the bottom through the hierarchy. It emphasizes that a subordinate is to be directed by his own superior only. Direction has dual objectives. On the one hand, it aims in getting things done by subordinates and, on the other, to provide superiors opportunities for some more important work which their subordinates cannot do.

***5. Controlling***

Control is any process that guides activity towards some pre-determined goals. It can be applied in any field such as price control, distribution control, pollution control etc. It is an element of management process and is defined as the process of analyzing whether actions are being taken as planned and taking corrective actions to make these to conform to planning.

Control process tries to find out deviations between planed performance and actual performance and to suggest corrective actions wherever these are needed. Controlling is a forward looking function as one can control the future happenings and not the past. Every manager has to perform the control function in the organization. It is a continuous process and control system is a co-ordinate integrated system.

Performance of various managerial functions in an integrated way ensures fair degree of co-ordination among individuals and departments. Co-ordination is related with the synchronization of efforts which have amount, time and direction attributes. Co-ordination is thus treated as the essence of management.

**LECTURE 7. Basic fundamentals of management**

*1.Management levels.*

*2. Management styles.*

*3. Manager and leader.*

1. **Management levels**

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

***1. Top level / Administrative level***

***2. Middle level / Executory***

***3. Low level / Supervisory / Operative / First-line managers***

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

**1. Top Level of Management**

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

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

a. Top management lays down the objectives and broad policies of the enterprise.

b. It issues necessary instructions for preparation of department budgets, procedures, schedules etc.

c. It prepares strategic plans & policies for the enterprise.

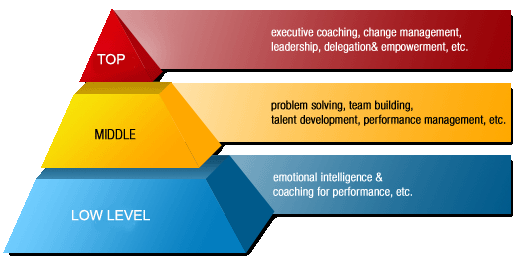
d. It appoints the executive for middle level i.e. departmental managers.

e. It controls & coordinates the activities of all the departments.

f. It is also responsible for maintaining a contact with the outside world.

g. It provides guidance and direction.

h. The top management is also responsible towards the shareholders for the performance of the enterprise.



**2. Middle Level of Management**

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

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

b. They make plans for the sub-units of the organization.

c. They participate in employment & training of lower level management.

d. They interpret and explain policies from top level management to lower level.

e. They are responsible for coordinating the activities within the division or department.

f. It also sends important reports and other important data to top level management.

g. They evaluate performance of junior managers.

h. They are also responsible for inspiring lower level managers towards better performance.

**3.** **Lower Level of Management**

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

a. Assigning of jobs and tasks to various workers.

b. They guide and instruct workers for day to day activities.

c. They are responsible for the quality as well as quantity of production.

d. They are also entrusted with the responsibility of maintaining good relation in the organization.

e. They communicate workers problems, suggestions, and recommendatory appeals etc to the higher level and higher level goals and objectives to the workers.

f. They help to solve the grievances of the workers.

g. They supervise & guide the sub-ordinates.

h. They are responsible for providing training to the workers.

i. They arrange necessary materials, machines, tools etc for getting the things done.

j. They prepare periodical reports about the performance of the workers.

k. They ensure discipline in the enterprise.

l. They motivate workers.

m. They are the image builders of the enterprise because they are in direct contact with the workers.

1. **Management styles**

Managers have to perform many roles in an organization and how they handle various situations will depend on their style of management. A management style is an overall method of leadership used by a manager.

Management style is so hard to put your finger on, but I think in general a good manager gives clear directions and actually stays pretty hands-off, but is ready and available to jump in to offer guidance, expertise, and help when needed. I try my best to make that my management style.

The method of leadership that an administrator usually employs when running a business. Depending on business circumstances, a manager might need to employ more than one management style in a more or less formal way to achieve the highest degree of effectiveness in their role.

There are three traditiolally main categories of leadership styles: ***autocratic, paternalistic and democratic.***

***Autocratic (or authoritarian) managers*** like to make all the important decisions and closely supervise and control workers. Managers do not trust workers and simply give orders (one-way communication) that they expect to be obeyed. This approach derives from the views of Taylor as to how to motivate workers and relates to McGregor's theory X view of workers. This approach has limitations (as highlighted by other motivational theorists such as Mayo and Herzberg) but it can be effective in certain situations. For example:

When quick decisions are needed in a company (e.g. in a time of crises)

When controlling large numbers of low skilled workers.

*So, Autocratic Style of Working:*

In such a style of working, the superiors do not take into consideration the ideas and suggestions of the subordinates.

The managers, leaders and superiors have the sole responsibility of taking decisions without bothering much about the subordinates.

The employees are totally dependent on their bosses and do not have the liberty to take decisions on their own.

The subordinates in such a style of working simply adhere to the guidelines and policies formulated by their bosses. They do not have a say in management’s decisions.

Whatever the superiors feel is right for the organization eventually becomes the company’s policies.

Employees lack motivation in autocratic style of working.

***Paternalistic managers*** give more attention to the social needs and views of their workers. Managers are interested in how happy workers feel and in many ways they act as a father figure (pater means father in Latin). They consult employees over issues and listen to their feedback or opinions. The manager will however make the actual decisions (in the best interests of the workers) as they believe the staff still need direction and in this way it is still somewhat of an autocratic approach. The style is closely linked with Mayo's Human Relation view of motivation and also the social needs of Maslow.

*Paternalistic Style of Working:*

In paternalistic style of working, the leaders decide what is best for the employees as well as the organization.

Policies are devised to benefit the employees and the organization.

The suggestions and feedback of the subordinates are taken into consideration before deciding something.

In such a style of working, employees feel attached and loyal towards their organization.

Employees stay motivated and enjoy their work rather than treating it as a burden.

***A democratic style of management*** will put trust in employees and encourage them to make decisions. They will delegate to them the authority to do this (empowerment) and listen to their advice. This requires good two-way communication and often involves democratic discussion groups, which can offer useful suggestions and ideas. Managers must be willing to encourage leadership skills in subordinates.

The ultimate democratic system occurs when decisions are made based on the majority view of all workers. However, this is not feasible for the majority of decisions taken by a business- indeed one of the criticisms of this style is that it can take longer to reach a decision. This style has close links with Herzberg's motivators and Maslow's higher order skills and also applies to McGregor's theory Y view of workers.

*Democratic Style of Working:*

In such a style of working, superiors welcome the feedback of the subordinates.

Employees are invited on an open forum to discuss the pros and cons of plans and ideas.

Democratic style of working ensures effective and healthy communication between the management and the employees.

The superiors listen to what the employees have to say before finalizing on something.

Some researchers have distinguished two additional management style:Laissez-Faire Style of Working and Management by Walking Around Style of Working.

*Laissez-Faire Style of Working*

In such a style of working, managers are employed just for the sake of it and do not contribute much to the organization.

The employees take decisions and manage work on their own.

Individuals who have the dream of making it big in the organization and desire to do something innovative every time outshine others who attend office for fun.

Employees are not dependent on the managers and know what is right or wrong for them.

*Management by Walking Around Style of Working*

In the above style of working, managers treat themselves as an essential part of the team and are efficient listeners.

The superiors interact with the employees more often to find out their concerns and suggestions.

In such a style of working, the leader is more of a mentor to its employees and guides them whenever needed.

The managers don’t lock themselves in cabins; instead walk around to find out what is happening around them.

According to Hay-McBer there are six key leadership or management styles.

DIRECTIVE

The DIRECTIVE (Coercive) style has the primary objective of immediate compliance from employees:

* The “do it the way I tell you” manager
* Closely controls employees
* Motivates by threats and discipline

Effective when:

* There is a crisis
* When deviations are risky

Not effective when:

* Employees are underdeveloped – little learning happens with this style
* Employees are highly skilled – they become frustrated and resentful at the micromanaging.

AUTHORITATIVE

The AUTHORITATIVE (Visionary) style has the primary objective of providing long-term direction and vision for employees:

* The “firm but fair” manager
* Gives employees clear direction
* Motivates by persuasion and feedback on task performance

Effective when:

* Clear directions and standards needed
* The leader is credible

Ineffective when:

* Employees are underdeveloped – they need guidance on what to do
* The leader is not credible – people won’t follow your vision if they don’t believe in it

AFFILIATIVE

The AFFILIATIVE style has the primary objective of creating harmony among employees and between manager and employees:

* The “people first, task second” manager
* Avoids conflict and emphasizes good personal relationships among employees
* Motivates by trying to keep people happy

Effective when:

* Used with other styles
* Tasks routine, performance adequate
* Counselling, helping
* [Managing conflict](http://leadersinheels.com/career/lets-get-emotional-dealing-confrontation/)

Least effective when:

* Performance is inadequate – affiliation does not emphasise performance
* There are crisis situations needing direction

PARTICIPATIVE

The PARTICIPATIVE (Democratic) style has the primary objective of building commitment and consensus among employees:

* The “everyone has input” manager
* Encourages employee input in decision making
* [Motivates by rewarding team effort](http://leadersinheels.com/business/3-ways-of-getting-your-team-to-perform-their-best/)

Effective when:

* Employees working together
* Staff have experience and credibility
* Steady working environment

Least effective when:

* Employees must be coordinated
* There is a crisis – no time for meetings
* There is a lack of competency – close supervision required

PACESETTING

The PACESETTING style has the primary objective of accomplishing tasks to a high standard of excellence:

* The “do it myself” manager
* Performs many tasks personally and expects employees to follow his/her example
* Motivates by setting high standards and expects self-direction from employees

Effective when:

* People are highly motivated, competent
* Little direction/coordination required
* When managing experts

Least effective when:

* When workload requires assistance from others
* When development, coaching & coordination required

COACHING

The COACHING style has the primary objective of long-term professional development of employees:

* The “developmental” manager
* Helps and encourages employees to develop their strengths and improve their performance
* Motivates by providing opportunities for professional development

Effective when:

* Skill needs to be developed
* Employees are motivated and wanting development

Ineffective when:

* The leader lacks expertise
* When performance discrepancy is too great – coaching managers may persist rather than exit a poor performer
* [In a crisis](http://leadersinheels.com/business/tips-on-crisis-management/)

*The key to being an effective leader is to have a broad repertoire of styles and to use them appropriately.*

When I run a program on the six styles, I like to use an activity to demonstrate the styles in action. The group is divided into 6 teams and a volunteer leader comes in to lead each team using just one of the styles. I set them a task that takes 30-40 minutes and then we debrief how it felt and what outcomes were achieved. The task is easy, so people are skilled. This is what happens:

The DIRECTIVE leader orders the team around, sets high standards and disciplines those who don’t meet the standard. I brief the leader beforehand to change his / her mind several times during the activity and also to take a phone call and leave the room. When the leader is out of the room, the team usually stops work – concerned about the consequences of continuing without the micromanagement. After the activity the team reports that they are [frustrated, angry and disengaged](http://leadersinheels.com/career/lets-get-emotional-dealing-confrontation/). It is interesting how quickly the team loses enthusiasm and initiative under the directive leader. The leader reports that the style is “high maintenance – I felt like I had to be everywhere, watching everyone, it was exhausting”!

The AUTHORITATIVE (Visionary) leader [sets the vision for the team](http://leadersinheels.com/career/your-daughter-is-not-bossy-shes-a-leader-in-mary-janes/), clearly and compellingly, then steps back and allows the team to work. The leader steps in from time to time to reiterate the vision if required, but that is all he / she does. The leader reports that the style was “easy – I didn’t have to do much and I could see how the style would free me up to operate strategically”. The team report enjoying the activity, and feel enormously proud of the work they have done, often getting out their smart phones to take pictures posing with their creation.

The AFFILIATIVE leader takes time helping the team to bond. They often sit down for a cup of tea and a round table sharing of stories. Often the activity is not even commenced as the team gets caught up in getting to know each other. More task focused team members often look around and get anxious when they can see other teams working. Sometimes one of those people will leap in and take control, effectively “sacking” the leader. The team reports that they enjoyed the sharing and relaxed atmosphere, but that they started to wonder when they would start work. The leader often reports that it was “challenging keeping the focus on team bonding – they started to get sick of me after a while”

The PARTICIPATIVE (Democratic) leader starts by asking all the team members what they would like to do, then voting on the options. They start in the car park, and I have on occasion seen the team vote to get a coffee and disappear. They are then startled to find when they return that there was an activity to do that they missed! Even when the team votes to come inside and do the activity the progress is slow as everything has to be agreed before action happens. Team members report that they [enjoyed being consulted](http://leadersinheels.com/career/agreeable-7-strategies-push-back-without-pushy/) and having a voice in the decision making, but got anxious when they could see lack of progress compared with other teams. The leader reports that “it was easy – I didn’t have to make any decisions”.

The PACESETTING leader sets a cracking pace from the beginning. The team operates with high energy, engagement and motivation. The leader sets members tasks, but then takes the task off them if they are “not performing” and gives it to someone else. Despite this, the team members remain engaged, seeing this as a consequence of the high standards set by the leader. At the end of the task the team reports that they enjoyed the experience, are proud of what they achieved, but are exhausted. The leader is often exhausted too, saying “it was fantastic, but really challenging to maintain the pace and focus. I am glad we only had to do it for 40 minutes”!

The COACHING leader focusses on the learning experience. When a team member proves to be particularly good at an aspect of the task, the leader has them demonstrate and teach the others. The team gets absorbed in the learning and people are often surprised to hear that the time is up. They are [engaged with and proud of their achievements](http://leadersinheels.com/career/lead-within-7-acts-courage-women-leaders/), even though they often don’t fully complete the task. The leader often reports that they “really enjoyed working with the team and I’d love to have had more time so we could finish because we were doing a great job”.

It is a fascinating exercise that demonstrates clearly that there is no best style. The most appropriate style will depend on the people (their experience, values, motives) and the situation (stable/changing, new/seasonal team, short/long term focus). The key to being an effective leader is to have a broad repertoire of styles and to use them appropriately.

1. **Manager and leader**

***Manager***

A Manager is the person responsible for planning and directing the work of a group of individuals, monitoring their work, and taking corrective action when necessary. For many people, this is their first step into a management career.

Managers may direct workers directly or they may direct several supervisors who direct the workers. The manager must be familiar with the work of all the groups he/she supervises, but does not need to be the best in any or all of the areas. It is more important for the manager to know how to manage the workers than to know how to do their work well.

A manager may have the power to hire or fire employees or to promote them. In larger companies, a manager may only recommend such action to the next level of management. The manager has the authority to change the work assignments of team members.

***Leader***

A leader is someone who has the capacity to create a compelling vision that takes people to a new place, andf to translate that vision into action. Leaders draw other people to them by enrolling them in their vision. What a leader does is inspire people and empower them. Thus a leader is a person who has a vision, a drive and a commitment to achieve that vision, and theskills to make it happen.

*Differences between Manager and Leader*

When you are promoted into a role where you are managing people, you don’t automatically become a leader. There are important distinctions between managing and leading people. Here are nine of the most important differences that set leaders apart:

1. ***Leaders create a vision, managers create goals***.

Leaders paint a picture of what they see as possible and inspire and engage their people in turning that vision into reality. They think beyond what individuals do. They activate people to be part of something bigger. They know that high-functioning teams can accomplish a lot more working together than individuals working autonomously. Managers focus on setting, measuring and achieving goals. They control situations to reach or exceed their objectives.

***2. Leaders are change agents, managers maintain the status quo.***

Leaders are proud disrupters. Innovation is their mantra. They embrace change and know that even if things are working, there could be a better way forward. And they understand and accept the fact that changes to the system often create waves. Managers stick with what works, refining systems, structures and processes to make them better.

***3. Leaders are unique, managers copy.***

Leaders are willing to be themselves. They are self-aware and work actively to build their unique and differentiated personal brand. They are comfortable in their own shoes and willing to stand out. They’re authentic and transparent. Managers mimic the competencies and behaviors they learn from others and adopt their leadership style rather than defining it.

***4. Leaders take risks, managers control risk.***

Leaders are willing to try new things even if they may fail miserably. They know that failure is often a step on the path to success. Managers work to minimize risk. They seek to avoid or control problems rather than embracing them.

***5. Leaders are in it for the long haul, managers think short-term.***

Leaders have intentionality. They do what they say they are going to do and stay motivated toward a big, often very distant goal. They remain motivated without receiving regular rewards. Managers work on shorter-term goals, seeking more regular acknowledgment or accolades.

***6. Leaders grow personally, managers rely on existing, proven skills.***

Leaders know if they aren’t learning something new every day, they aren’t standing still, they’re falling behind. They remain curious and seek to remain relevant in an ever-changing world of work. They seek out people and information that will expand their thinking. Managers often double down on what made them successful, perfecting existing skills and adopting proven behaviors.

***7. Leaders build relationships, managers build systems and processes***.

Leaders focus on people – all the stakeholders they need to influence in order to realize their vision. They know who their stakeholders are and spend most of their time with them. They build loyalty and trust by consistently delivering on their promise. Managers focus on the structures necessary to set and achieve goals. They focus on the analytical and ensure systems are in place to attain desired outcomes. They work with individuals and their goals and objectives

***8. Leaders coach, managers direct.***

Leaders know that people who work for them have the answers or are able to find them. They see their people as competent and are optimistic about their potential. They resist the temptation to tell their people what to do and how to do it. Managers assign tasks and provide guidance on how to accomplish them.

|  |  |  |
| --- | --- | --- |
| Basis | Manager | Leader |
| Origin | A person becomes a manager by virtue of his position. | A person becomes a leader on basis of his personal qualities. |
| Formal Rights | Manager has got formal rights in an organization because of his status. | Rights are not available to a leader. |
| Followers | The subordinates are the followers of managers. | The group of employees whom the  leaders lead is his followers. |
| Functions | A manager performs all five functions of management. | Leader influences people to work  willingly for group objectives. |
| Necessity | A manager is very essential to a concern. | A leader is required to create cordial  relation between person working in  and for organization. |
| Stability | It is more stable | Leadership is temporary. |
| Mutual  Relationship | All managers are leaders. | All leaders are not managers. |
| Accountability | Manager is accountable for self and subordinates behaviour and performance. | Leaders have no well defined accountability. |
| Concern | A manager‘s concern is organizational goals. | A leader‘s concern is group goals and  member‘s satisfaction. |
| Followers | People follow manager by virtue of job description. | People follow them on voluntary basis. |
| Role  continuation | A manager can continue in office  till he performs his duties satisfactorily in consistent with organizational goals. | A leader can maintain his position only through day to day wishes of  followers. |
| Sanctions | Manager has command over allocation and distribution of sanctions. | A leader has command over different  sanctions and related task records.  These sanctions are essentially of  informal nature. |

**9. Leaders create fans, managers have employees.**

Leaders have people who go beyond following them; their followers become their raving fans and fervent promoters – helping them build their brand and achieve their goals. Their fans help them increase their visibility and credibility. Managers have staff who follow directions and seek to please the boss.

Leadership and management must go hand in hand. They are not the same thing. But they are necessarily linked, and complementary. Any effort to separate the two is likely to cause more problems than it solves. The important differences between manager and leader can be discussed on the following basis.

**LEADERSHIP**

Leadership is an activity on the part of the managers to get something done by others, willingly and not by compulsion. Leadership is a process of influence on a group. Leadership is the ability of a manager to induce subordinates to work with confidence.

In the words of Koontz and O‘ Donnel, ―leadership is the ability of a manager to induce subordinates to work with confidence and zeal.‖

According to Chester I Bernard, ―leadership refers to the quality of the behavior of individual whereby they guide people on their activities in organized efforts‖

According to Luis A Allen, ―a leader is one who guides and directs other people. He gives the efforts to his followers a direction and purpose by influencing their behavior‖

Thus leadership is a psychological process of influencing followers and providing guidance, directing and leading the people in an organization towards attainment of the objectives of the enterprise.

***Nature or Characteristics of Leadership***

1. A leader should have followers

2. leadership is basically a personal quality

3. leadership involves a community of interest between the leader and his followers

4. leadership is a process of influence

5. leadership is the function of stimulation

6. A leader ensures absolute justice

7. Leadership is a continuous, dynamic and ever evolving process.

***Importance of Leadership***

Without a good leader, organization cannot function efficiently and effectively. The leader guides the action of others in accomplishing the organizational goals. A good leader motivates his subordinates, creates confidence and increases the morale of workers. The importance of leadership can be discussed as follows:

1. Leadership is the process of influencing the activities of an individual or a group towards the achievement of a goal.

2. An effective leader motivates the subordinates for higher level performance.

3. Leadership promotes team spirit and team work which is quite essential for the success of any organization

4. Leadership is an aid to authority as it helps in the effective use of formal authority.

5. Leadership creates confidence in the subordinates by giving them proper guidance and advice.

***Functions of a Leader***

The functions of a leader can be detailed as follows

1. Taking the initiative – A leader initiates all the measures which are necessary for the purpose of ensuring the health and progress of the undertaking in a competitive economy.

2. He identifies group goals

3. He represents the organization

4. He acts as an arbitrator

5. To assign reasons for his actions

6. To interpret the objectives of organization

7. To guide and direct the organization

8. To encourage team work

9. He manages the organization

***Leadership Styles***

The term leadership styles can be defined as a leader‘s behavior towards group members. It refer to the pattern of behavior which a leader adopts in influencing the behavior of his subordinates in the organizational context. Different leadership styles can be categorized as follows:

1. *Autocratic Leadership*

Autocratic leadership is also known as authoritarian, directive, leader centered or monothetic style. Under this style, leader concentrates all authority in himself, instructs a subordinate as to what to do, how to do it, when to do it etc. He also exercises close supervision and control over his subordinates. There are three categories of autocratic leaders

a. Strict Autocrat – A strict autocrat relies on negative influence and gives orders which the subordinates must accept. He may also use his powers to disperse rewards to his group.

b. Benevolent Autocrat – The benevolent is effected in getting high productivity in many situations and he can develop effective human relationship. His motivational style is usually positive.

c. Manipulative Autocrat – A manipulative autocrat leader is one who makes the subordinates feel that they are participating in decision making process even though he has already taken the decisions.

*2. Participative Leadership*

This style is also called as democratic, consultative, group centered or ideographic style. A participative leader is one who consults and invites his subordinates to participate in decision making process. Under this style, subordinates are freely allowed to communicate with theleader and also with their fellow subordinates and take their own initiative.

*Laissez Faire or Free-rein Leadership*

Under this style of leadership, the leader largely depends upon the group and its members to establish their own goals and make their own decisions. The leader is passive and assumes the role of just another member in the group. Only very little control is exercised over group members. This style is also known permissive style of leadership. This style is suitable to certain situations where the manager can leave a choice to his groups.

***Qualities of a successful leader***

The following are the major innate qualities in a successful leader.

1. Physical features like height, weight, health and appearance

2. Intelligence

3. Emotional stability

4. Human relations

5. Empathy

6. Objectivity

7. Motivating skills

8. Technical skills

9. Communicative skills

10. Social skills.

**LECTURE 8. Modern trends of develop of management**

*1. The Japanese management.*

*2. Management science perspective.*

*3. Modern management in 21st century.*

**1. The Japanese management**

n the post-World War II era a set of Japanese cultural patterns and managerial practices came to be known collectively as the Japanese management style or Japanese management techniques. Many of these techniques were credited with helping vault the Japanese economy to its status as the world's second largest, behind only the United States, and with making Japanese businesses, particularly in the manufacturing sector, more competitive than their international counterparts. In the wake of Japan's prolonged and arduous struggle with recession throughout much of the 1990s, however, many observers—both inside and outside Japan—have called into question the effectiveness of some traditional Japanese management practices. As a result, at the dawn of the 21st century Japanese management techniques are more than ever in a state of flux, as scholars and business leaders alike reconsider which practices work and which don't.

HISTORICAL CONTEXT

Although Japanese management techniques and economic strategies came to be recognized in Western countries only during the postwar period, their origins are considerably older. Most directly, their origins can be traced to at least the latter part of the 19th century, when a Western influenced modernization program began under the new monarchy created in the 1868 Meiji restoration. In part as a response to the bitter European colonization experiences of its Asian neighbors, the new Japanese government began to open the Japanese economy and society to controlled outside influences in order to stave off any Western conquerors.

Some recognizably modern practices arose during the Meiji period. Even then, when the Japanese economy was still shedding the trappings of feudalism after centuries of closure to foreigners and slow technological development, heavy emphasis was placed on developing domestic imitations of—and innovations on—Western goods, rather than relying on imports. The practice was summarized well under a slogan of the era, "Japanese spirit, Western technology."

This ambition to preserve the character of the Japanese culture and the autonomy of the economy can be seen in 20th-century practices at both the macro- and microeconomic levels. In the national economy it is evidenced by long-standing restrictions (direct and indirect) on imports into Japan and the concomitant trade surplus Japan has maintained for years. At the company level, the same motive helps explain the prevalence of the Japanese keiretsu, the large and complex families of interdependent companies centered around their own banks (e.g., Sumitomo, Hitachi, Mitsubishi). In theory, at least, these firms can avoid "importing" their raw materials, components, or even capital from "foreign" (i.e., unaffiliated) companies by sourcing these goods from within their extensive organizations.

PROFILE OF TRADITIONAL JAPANESE

MANAGEMENT PRACTICES

Rooted in these and other historical traditions, some of the other key practices commonly associated with Japanese management techniques include:

in-house training of managers

consensual and decentralized decision-making

extensive use of quality control methods

carefully codified work standards

emphasis on creating harmonious relations among workers

lifetime employment and seniority-based compensation

It is important to note that these are generalizations according to a conventional formula. There have always been variations, and, as noted above, some aspects of these practices have been increasingly reconsidered in recent years.

MANAGEMENT EDUCATION.

The education of managers in Japan traditionally takes place on a relatively informal basis within firms. The percentage of Japanese chief executives who have attended university is high, similar to that in the United States and Western Europe. However, very few Japanese executives have attended graduate schools compared to their U.S. and European counterparts. In fact, only one Japanese university offers a degree analogous to an MBA, a key credential for managers in the United States.

Formal education for managers is also not well developed at the undergraduate level. Undergraduate education is not viewed by firms as a means of attaining business skills, and firms base their hiring decisions less on a recruit's knowledge than on general attributes such as character and ambition. Firms do not hire recruits to fill specific occupations. Rather, recruits are expected to be malleable, identifying with the general interests of the firm rather than with their specific role within it. The mentor system is widely used in the early training of management recruits and involves middle-level and senior managers serving as teachers and role models.

The emphasis on in-house education is related to the traditional lifetime employment system, in which management recruits are hired each April following university graduation; they typically would stay with the firm until retirement. The lifetime-employment system makes it probable that a firm will benefit from its investment in training, and also enables the firm to develop long-range plans for training recruits.

Management training is based on regular rotation through a broad range of a firm's operations. Management recruits also frequently begin their careers as ordinary workers on a production line. The pattern of regular rotation enables managers to develop a detailed understanding of a number of varied operations, and thus over time to attain a rich general knowledge of the firm.

Linked with the lifetime-employment system is the emphasis on seniority in compensation and promotion—often over what Americans would take to be "qualifications" for the job. This results in a higher average age and less variation in age among top executives in Japan. Compared to the United States and Europe, for instance, relatively few company presidents are under age 50. This practice is believed to equip Japanese executives with an intricate knowledge about their particular business.

Japanese managers typically take a more long-term interest in their firms than do their American counterparts, partly a result of the lifetime employment and seniority systems. In the United States, managers are typically compensated on the basis of their divisions' performance. This bonus system is not used for Japanese managers, as it is considered detrimental to a long-term perspective and an interest in the firm as a whole.

CAPITAL AND PRIORITIES.

The long-term view of Japanese managers is also based on sources of finance. While American firms rely heavily on capital from the stock markets, Japanese firms tend to rely more heavily on borrowing from banks and generally have much higher debt-to-equity ratios. Consequently, Japanese managers are under less pressure to maximize short-term earnings to please shareholders. By contrast, in the United States there is intense market pressure for companies to meet quarterly earnings expectations—even exceed them—or else face a sell-off of their shares. In general, Japanese firms are more likely to focus on productivity, growth, and market share, whereas U.S. firms are more inclined to concentrate first on profitability.

CORPORATE GOVERNANCE.

While directors from outside the company are common in the United States, they are rare in Japan. The decision-making process in Japanese firms is highly decentralized. In publicly held U.S. corporations, power is concentrated in a board of directors, with each director having one vote. In Japan, both middle and senior management serve as directors. Japanese directors typically retain production-line responsibilities. For example, in the early 1970s, 14 of Hitachi's 20 directors were engineers. This represents another facet of the strong production orientation of Japanese management.

A great deal of writing has occurred in recent years regarding the Japanese style of management. One of the principal writers is William Ouchi in his books Theory Z and The M-Form Society.

Japanese management has achieved respect because of its ability to increase productivity. This is the Achilles heel of American management. America’s productivity increase has seriously underperformed Japan’s. The principal villain is American management.This raises the question of why Japanese management has been so successful. One answer has been the high level of trust Japanese management has in its employees. This level of trust permits Japanese employees to have a great deal of decision-making authority. Japanese management also stresses the concept of intimacy in its managerial relationships where personal relationships are highly valued, respected and rewarded.

In organizational terms the large Japanese company has a balance between teamwork and individual effort. Ouchi calls this the M Form organization. It is a combination of a large decentralized organization where each unit competes with every other unit in order to obtain budgetary resources based upon earnings while at the same time having to draw upon the same centralized corporate services. It is essentially a “loose-tight organization” where individual initiative is rewarded while still being controlled through centralized corporate management systems.

Finally, Japanese organizations have what Ouchi terms a social memory. The past efforts of individual employees receive future rewards even though the employee may no longer be as productive. Their past contributions provide a form of organizational endowment. This insures their loyalty while acting as role models for present employees. This is somewhat similar to Weber’s concept of an organizational “memory”.

Essentially, the Japanese school of management argues that personnel policies provide for an investment in human capital endow the organization with the resources necessary to achieve increased productivity.

Japanese management shifted from an inspection-oriented approach to quality control, emphasizing employee involvement in the prevention of quality problems. The preventive approach to quality control infuses quality values throughout every activity, with front-line workers intimately involved in the process. There are four significant elements:

a. Employee involvement. TQM requires company-wide participation in quality control.

b. Focus on the customer. TQM companies find out what the customer wants.

c. Benchmarking. A process whereby companies find out how others do something better and imitate or improve it.

d. Continuous improvement.The implementation of small, incremental improvements in all areas of the organization on an ongoing basis.

**2. Management science perspective**

Everything is changing in the course of time, especially nowdays when the world is in the globalization process and all business processes are subject to turbulent conditions. Every organization in the market must adapt to the market conditions and the environment. As the economy has its own laws and market conditions thatare changing on a daily basis, di erent models of leadership and management are needed. So, this is the reason why management is the most important factor for managing and leading organizations and companies on market e ectively. Management faces the biggest challenges and obstacles that companies and organizations have in their work and must overcome in order to survive on the market in order to achieve successful growth and development. Management in the 21st century is probably in the most turbulent environmental conditions in the history of economics. This paper provides an overview of modern management in the conditions of the 21st century, as well as the factors that in uence the management in the process of creating successful companies and organizations, and the ways in which management companies adapt to market conditions and to the environment.The management science perspective emerged after World War II. It applied math, statistics, and other quantitative techniques to managerial problems.

***Operations research*** consists of mathematical model building and other applications of quantitative techniques to managerial problems.

***Operations management*** refers to the field of management that specializes in the physical production of goods and services using quantitative techniques to solve manufacturing problems.

Some of the more commonly used methods are forecasting, inventory modeling, linear and nonlinear programming, queuing theory, scheduling, simulation, and break-even analysis.

***Information Technology (IT)*** is the most recent subfield of the management science perspective, often reflected in management information systems. IT has evolved to include intranets and extranets, and software programs that help managers estimate costs, plan and track production, manage projects, and allocate resources. Most organizations have departments of information technology specialists to help them apply management science techniques to complex organizational problems. New ways of managing more adequately respond to the demands of today’s environment and customers. Two current directions in management thinking include a shift to the learning organization and managing the technology-driven workplace.

**A. The Learning Organization**

1. In a learning organization, everyone identifies and solves problems, enabling continuous experimentation, change, and improvement, thus increasing capability. The essential idea is problem solving, as opposed to efficiency; all employees look for problems, such as understanding special customer needs. To develop a learning organization, changes on all subsystems are made.

a. Team-based structure. Self-directed teams are the fundamental unit in a learning organization. People on the team are given the skills, information, tools, motivation, and authority central to the team’s performance and to respond creatively.

b. Employee Empowerment. Empowerment means unleashing the power and creativity of employees by giving them freedom, resources, information and skills to make decisions and perform effectively. Empowerment may be reflected in self-directed work teams, quality circles, job enrichment, and employee participation groups. Empowerment means decision-making authority, training, and information so that people can perform jobs without close supervision. In a learning organization, people a manager’s primary source of strength, not a cost to be minimized.

c. Open information. A learning organization is flooded with information. Formal data about budgets, profits, and departmental expenses are available to everyone.

**B. Managing the Technology-Driven Workplace**

1. The shift to the learning organization goes hand-in-hand with the current transition to a technology driven workplace. Our lives and our organizations have been engulfed by information technology.

Employees are being connected electronically, and may work in virtual teams. In many factories machines have taken over routine work, freeing workers to use their minds. Managers focus on opportunities rather than efficiencies, which requires that they be flexible, creative, and unconstrained by rigid rules and structured tasks.

2. Technology in the Workplace. Technology provides the architecture that supports and reinforces this new workplace.

a. Supply chain management refers to managing the sequence of suppliers and purchasers, covering all stages of processing from obtaining raw materials to distributing finished goods to consumers. A supply chain is a network of multiple businesses and individuals that are connected through the flow of products or services.

b. Customer relationship management (CRM) involves collecting and managing large amounts of data about customers and making them available to employees, enabling better decision making and superior customer service.

c. Outsourcing means contracting out selected functions or activities of an organization to other organizations that can do the work more cost-efficiently.

1. **Modern management in 21st century**

 The all areas in which the work of management is constantly changing, thus it is necessary that management and organization operate and adapt to the conditions and changes in the market. This includes monitoring of market trends and monitoring of all business factors.

Modern Management has grown with the growth of social-economics and scientic institution. Modern view consists that a worker does not work for onlymoney. They work for their satisfaction and happiness with good living style. Here Non-financial award is most important factor.

 There are many different aspects of performance management, but in most cases it can be broken down into a few simple steps. If you’re adopting a performance management process for the first time or want to modify your current one to maximize its effectiveness, there are three key aspects that are the most important in your performance management system. Obviously these are up for debate, but in most cases of performance management you can plan on these to have the most impact on the success or failure of your performance management efforts.

Three the most important aspects of management are:

*Planning;*

*Monitoring;*

*Rewards.*Planning monitoring and rewards are aspects which represent the most general management and implementation of processes and functions of organizations.

From the above we can see the most important backbone around which all processes are modeled management in the 21stcentury in which management operates.

According to the Scottish investors most detailed aspects of the management of modern management are:

1. Focus and clarity of vision

2. Good leadership

3. Communication

4. Involvement and collaboration

5. Manage your assets

6. Different reactions

7. Fundamental needs must be met

8. Loss curve

9. Expectations must be met

10. Fears must be dealt with

11. Create urgency

12. Form a coalition and create a dialogue

13. Remove obstacles

14. Build on the change

15. Anchor changes in culture

16. Incentives

17. Assess present situation clearly

18. Identify the current capabilities

19. Identify current mind sets that must change

20. Engage with the workforce at the earliest opportunity

21. Break down programs into initiatives

22. Leaders ensure that frontline sta feel ownership for change

All those detailed aspects are making a detailed focus and elaborate parts management and modeling of the organization for current market conditions in the 21st century.

Due to the world economy, which is in the process of globalization and recession management with all the detailed things to worry about unification and connecting all these work activities to a company or organization adapted to the market and adapt to any conditions on it.

For developing economies the development of enterprises should be a strategic goal, this way of thinking may become viable only as a result of a combination of judicious analysis based on specific local economic aspects and a set of actions to correct any slippage or amplify existing development trends taken by the managers.

A better leadership would unequivocally lead to a better strategy but sometimes the lack of information, first about the external environment, continuously undergoing quick and radical changes, the political problems and the complexity of the implementation of the strategy or the costs that it implies are not taken into consideration.

Therefore managers have two options: to establish strategies, which wouldlead to the achievement of the objectives; evaluate them on the basis of economicefficiency or to identify an already existent strategy and to adapt it to the environment changes in which the enterprise carries on its activity.

*ASPECTS AND STRATEGIES*

According to Jeremy C Bradley,( Demand Media) there are other four important aspects:

Strategic Analysis

Strategic Choice

Strategy Implementation

SWOT Analysis

***Strategic analysis*** is an idea used within the broader field of strategic management to help businesses understand where their companies fit into the broader marketplace. "This starts by looking inward -- evaluating the work environment, the availability of resources and the relationships between various levels of stakeholders. The aim of strategic analysis is to get you, the business owner or manager, to think about the key in# uences on the company’s present position and to begin thinking about how those in# uences can be manipulated to get the company where it wants or needs to go.

***Strategic Choice***

Once a strategic analysis of the company’s environment has been carried out, you can move onto listing the strategic choices your company can take to meet its objectives. If you need to increase revenue by 25 percent, for instance, over the next 12 months, listing your strategic choices will help you come up with ways to scale up resources, change company policy and reinvent business processes so as to reach the increased revenue goal. The key to this process is open communication.

Discussing your options with your stakeholders -- employees, customers, board members and concerned community members -- will give you a 360-degree view of where the company can tweak or modify its policies and processes to better position itself for success.

***Strategy Implementation***

Implementing the choices outlined in the strategic plan is likely to be a timeconsuming and, at times, frustrating endeavor. There are two things to keep in mind allocation of resources and the organizational structure. If the organization and its management are rigid and not very open to change, it will be much harder to implement your strategic plan. You also have to think about access to resources, such as manpower, money and tools. Implementing change within the business will require a balance between pouring money into a problem and e ectively using resources to change business policies and processes.

***SWOT Analysis***

One of the main tools that can be used in bringing together a strategic management plan is called a SWOT analysis. SWOT stands for strengths, weaknesses, opportunities and threats. The idea behind this tool is to list each of your organization’s attributes in each section. If you have strengths in customer service, list that here, but also don’t be shy about listing areas for improvement. If your facilities need to be revamped, list that as an opportunity to better your company. If there’s a competitor you can’t do much to control, list that as a weakness. Seeing all of your business’s pros and cons in one place can you help decide a strategic plan for accomplishing financial, operations and resource-based goals.

At the present stage of the economy development of the country in conditions of the crisis and the complex transformation processes, conditions of management of domestic enterprises significantly become more complex. The efectiveness of the economic subjects activity is caused mainly by their organizational and managerial structure, which leads to the necessity of consideration of the enterprise potential formation problem in the organizational and managerial aspects.

Businesses and organizations are in constant confrontation with improving their performance in an environment that provides them with all the guarantees. This improvement is increasingly sought through a decentralization of decision making to ensure appropriateness. In these circumstances, the firm’s manager will normally ask questions about the e ectiveness of the functioning of the organization, exercised by him and by his collaborators. In this context, communication betweenmanagement and audit committee, and internal auditor and external auditor could be strengthened and formalized.

The current crisis, more than any other disturbing factor, provoked a rough breach in the management’s daily routine, involving major transformations, especially in the enterprises’ strategic management.  e complex reality in which a modern company activates, its position, role and responsibilities, makes its strategic management an extremely complex one, a tridimensional process, its three dimensions being: rational and analytic (economic dimension); political (human dimension); bureaucratic (organizational dimension). the strategic management implies taking into consideration simultaneously the three dimensions, each dimension having its role and importance according to the respective context.

The current state of the recession and the current trends of globalization and management can show their best moves and the adjustment thereto may withdraw best moves and show o your most important aspects through which may lead the company in the most turbulent times and market conditions.

Specifically, cost management has been created as a source of information for managerial decision-making on matters of production. An increasing share of the costs arised out of production in the total costs of the company encouraged the process of developing instruments for managing costs that arise out of production, primarily in marketing and logistics activities. Therefore, cost management does not cover only the costs to the level of products and production departments, but also the cost per channel of distribution and individual customers. Thanks to the development of information technology and modern management methods, it ispossible to spread the areas in which cost management contributing to profitability of the whole business process of companies in production, trade and services.

Cost management must be the first item in the planning and a major factor by which will be modeled all business processes in a company or organization capabilities and there starts one of the most important items of management.

Aspects of modern management nowadays differ in economic activities and management styles. But the main postulates of management and management must be the basic principles of management and after them to specific areas can bemodeled and changed, and called aspects and attitudes by which the organization adapts to market conditions and consumer needs. Terefore, the conclusion is that the planning and development strategies must take the aspects that require current conditions and trends in the markets and the needs of consumers and customers.