

UNIT I

NATURE AND THEORIES OF MANAGEMENT

MEANING OF MANAGEMENT

Management is understood in different ways by different people. Economists regard it as a factor of production. Sociologists see it as a class or group of persons while practitioners of management treat it as a process. For our understanding, management may be viewed as what a manager does in a formal organization to achieve the objectives. In the words of Mary Parker Follet management is “the art of getting things done through people”. This definition throws light on the fact that managers achieve organizational goals by enabling others to perform rather than performing the tasks themselves. Management encompasses a wide variety of activities that no one single definition can capture all the facets of management. That is why, it is often said that there are as many definitions of management as there are authors in the field. However, the definition given by James A.F. Stoner covers all the important facets of management.

According to him:

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

Management: A Science or an art ?

We should know what is science and what is a before discussing whether management is a science or an art? What is science? Science is a body of knowledge developed systematically, based on observation, measurement, and experimentation and drawing inferences based on data. The knowledge can be verified through cause- effect relationship. The knowledge provides principles, theory and laws. Management satisfies the characteristics of science like.

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

MANAGEMENT AS SCIENCE

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

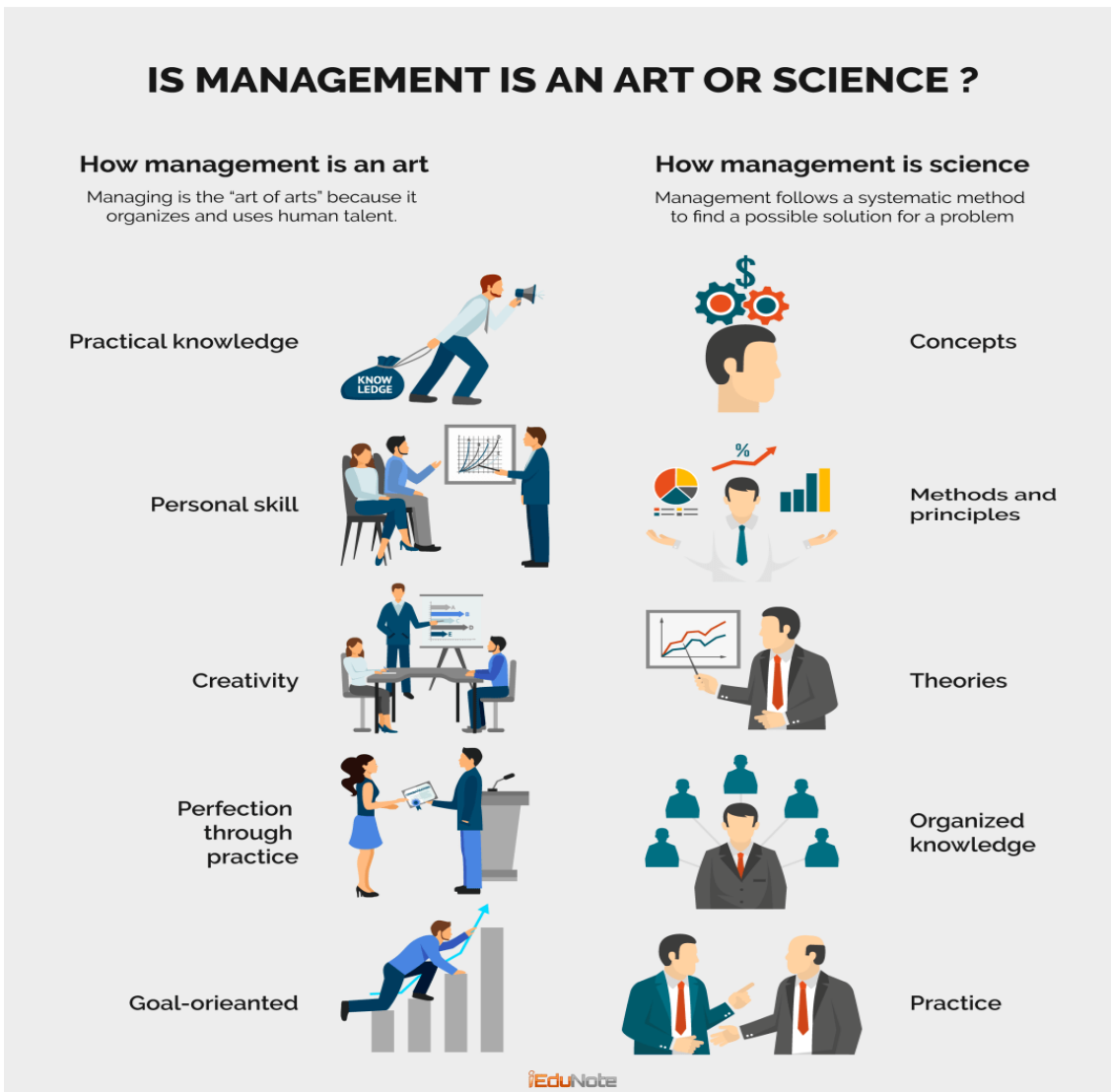
The existence of a systematic body of knowledge encompassing a wide array of principles;

- Principles have to be evolved on the basis of constant enquiry and examination;

- Principles must explain a phenomenon by establishing cause effect relationship;

The principles should be amenable for verification in order to ensure accuracy and universal applicability.

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



MANAGEMENT AS AN ART

Art refers to the 'know-how' – the ways of doing things to accomplish a desired result. The focus is on the skill with which the activities are performed. As the saying goes 'practice makes a man perfect', constant practice of the theoretical concepts (knowledge) contributes for the formation and sharpening of the skills. Therefore, what is required is the right blend of the theory and practice. In a way, the attributes of science

FUNCTIONS OF MANAGEMENT

Among the various approaches to the study of management, the process approach has gained wider acceptance. It is because this approach lays emphasis on what a manager does. A manager no matter his level in the organization performs several functions. There is no consensus among the management thinkers on the classification of management functions. The number of functions as well as the terminology used to describe them is not alike. Henry Fayol identifies five functions, viz., planning, organizing, commanding, co-coordinating and controlling. Newman and Summer recognize only four functions, namely – planning, organizing, staffing, and directing. Koontz and O'Donnel classify the functions into planning, organizing, staffing, directing, and controlling. For the purpose of our study, we shall confine the discussion to the following five functions of management – planning, organizing, staffing, directing and controlling.

PLANNING

Planning in simple is looking ahead. It is preparing for the future. It involves outlining a future course of action. Planning makes the things to happen. Therefore, it is needless to say that in the absence of planning, things are left to chance. Planning is unique in that it precedes all the other managerial functions. It involves deciding the objectives and formulating the policies and procedures to achieve them. Effective planning provides answers to questions like – what to do? How to do? Who is to do? And when to do? Planning is a function performed by managers at all levels. Though every manager plans, the plans developed by different managers may vary in respect of scope and importance. For example, plans made by top managers have a wider scope with a focus on the organization as a whole and normally cover a longer period. On the other hand, plans developed by middle and lower-level managers relate to the divisions or departments and usually cover a short period. Systematic planning helps in facing the uncertainties of future with less embarrassment. It helps in making things happen in the expected way.

ORGANIZING

Organizations achieve objectives by using physical and human resources. When people work in groups, everyone in the group should know what he/she is expected to achieve and with what resources. In other words, organizing involves establishing authority – responsibility relationships among people working in groups and creating a structural framework. Thus, the manager's task in organizing aims at creating a structure that facilitates the achievement of goals. Organizing therefore involves:

- ✓ Determination of activities required to achieve goals;

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- ✓ Grouping of these activities into departments;
- ✓ Assignment of such groups of activities to a manager;
- ✓ Delegation of authority to carry them out; and
- ✓ Provision for coordination horizontally and vertically in the organization.

The managerial function of organizing involves designing the structure and establishing functional and operational relationships. The resulting structure varies with the task. A large organization with huge market needs a different structure compared to a small organization. Similarly, structure of an organization operating in a stable environment may be different from the one operating in a dynamic environment.

STAFFING

Organizing process results in the creation of a structure with various positions. Staffing involves manning the various positions of the organization. It includes manpower planning, recruitment and selection of the right people, training and developing them, deciding financial compensation, appraising their performance periodically. There is a debate whether staffing function is to be performed by all managers in the organization or handled by human resources department alone. However, some processes of staffing are performed by personnel department only. For example, recruitment and selection, training, fixation of salary, etc. Performance appraisal, on the other hand, may be done by all managers.

DIRECTING

Once plans are made and the organization is created, the focus shifts to the achievement of objectives. This function is called by various names: directing, leading, motivating, actuating and so on. It basically involves directing or leading the activities of the people. The manager directs the activities of his subordinates by explaining what they have to do and by helping them perform it to the best of their ability. In leading the people, the manager performs the following three distinct tasks:

- ✓ Communication: The process of information flow from one person to another and across the organization;
- ✓ Leadership: The process by which a manager guides and
- ✓ Motivation: the act of stimulating the people so that they give their best to the organization.

Leading is a function predominantly interpersonal in nature. In the organizational context many problems arise because of the failure of managers to understand the people, their aspirations, attitudes, and behavior as individuals and in groups. If the manager fails in leading the people towards better performance, any amount of planning and organizing, however effective they are, may not help the organization.

CONTROLLING

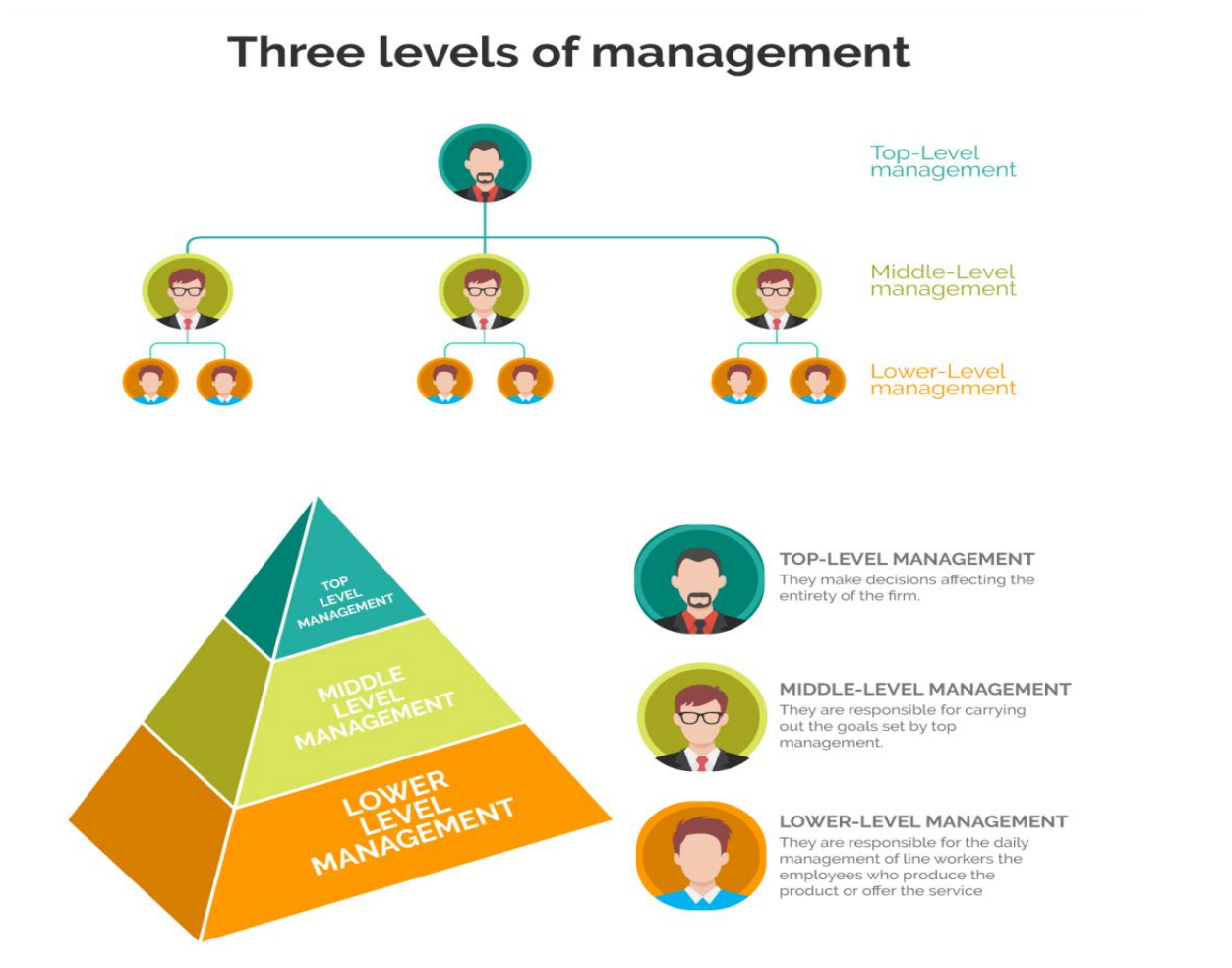
Planning and controlling – the two functions are closely interrelated in that while plans specify the objectives to be achieved, control as a managerial function facilitates to know whether the actual performance is in conformity with the planned one. So that, in the event of deviations, appropriate corrective measures could be taken. In the absence of adequate control mechanism, unexpected changes in the environment may push the organization off the track. Thus, controlling implies measuring and correcting the activities to ensure that events conform to plans. That is why planning and controlling are often described as the ‘Siamese’ twins of management. It involves four main elements:

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- ✓ Establishing standards of performance;
- ✓ Measuring the actual performance and comparing it against the standard performance;
- ✓ Detecting deviations, if any, in order to make corrections before it is too late; and
- ✓ Taking appropriate corrective measures.

LEVELS IN MANAGEMENT

The three levels of management that are commonly found in any organization are lower or front-line, middle and top management.



Top level Management

Top management constitutes the highest level in the management hierarchy. This is the policy making level in any organization. This level consists of a small

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group of executives. Board of Directors, Chairman, Managing Director and the top functional heads such as COO, CIO, and such other C-suite managers, and divisional managers comprise this level. Top managers are responsible for the overall management of the organization. They decide the enterprise objectives, policies and strategies to be pursued to achieve the objectives. They provide direction to the organization by guiding its interactions with the environment.

Middle level Management

Middle management level includes in many organizations more than one level. Managers who work at levels between the lower and top levels constitute the middle management. Departmental heads, Regional managers, Zonal managers and so on fall in this category. They report to top managers. Their principal responsibilities are to direct the activities of lower level managers who implement the organization's policies.

Lower Level Management

This is the lowest level in the hierarchy of management. Usually the jobs at this level are the entry level positions into management profession. Managers at this level direct the operating employees (workers). They are close to the action for their job involves supervising the activities of operatives. Front-Line managers in the production department are called foreman, supervisor, superintendent, and inspector and so on. For instance, in a manufacturing concern, in marketing, finance and others departments, they are called management trainees or junior executives. Similarly, in a government office, the term superintendent or section officer is preferred.

Conclusion

Top-level managers are responsible for setting goals, creating plans, and supervising the entire organization. Middle-level managers are engaged in diverting organizational activities to attain the goals set by top management. The lower-level managers run every organizational work unit and carry out the essential tasks. They are the foot soldiers of the company.