

Management: An Introduction

Definitions-

Hennery Fayol-“To manage is to forecast and to plan, to organize, to command, to coordinate and to control.”

George R. Terry- “ Management is a distinct process consisting of planning, organizing, actuating and controlling, performed to determine and accomplish stated objectives by the use of human beings and other resources.”

Peter Drucker- “ Management is a multi-purpose organ that manages business and manages managers and manages workers and work.”

Marry Parker Follet- “Art of getting things done through people.”

Characteristics / Nature of Management

1. Management is a process- Management is a process. It involves planning, organizing, directing and unifying human efforts for the accomplishment of given tasks.
2. Management is continuous process- The managerial functions are performed continuously in the conduct of the affairs of an organisation. The performance of these functions continues so long as enterprise is in existence.
3. Management is a social process- It is a social process in the sense that management functions are basically concerned with human relations. It directs co-ordinates and controls the human efforts so as to make optimum utilization of scarce resources for satisfying human wants.
4. Management is an integrating process- Management integrates the functioning of human and non-human resources. In other sense, it seeks to reconcile the individual goals of employees with the organizational goals.

5. Management is concerned with group activity- In an organisation most of the activities are to be performed in a group. Success of any activity depends upon the performance and co-ordination amongst the group.
6. Management is a purposeful activity- Management is not an accidental or aimless activity. It is mainly concerned with rational utilization of available resources to maximize the profit and productivity of an enterprise.
7. Management is universal phenomenon- management is concerned with human activity and human activities are carried on in all kinds of organisation. The principles of management can be applied in all sorts of organizations.
8. Management is a goal oriented activity- Authority is the right to give orders and power to get them executed. Since management is mainly concerned with directing the efforts concerned with directing the efforts of other personnel towards the accomplishment of common goals.
9. Management is needed at different levels of organisation-Management functions are performed not only by the top executives or owner of business but even the departmental managers in the middle level as well as supervisors at lowest level. They have to plan their work, organize the efforts of their subordinate workers and have to control their activities.
10. Management is a system of authority- Authority is the right to give orders and power to get them executed. Since management is mainly concerned with directing the efforts of other personnel towards the accomplishment of common goals.
11. Managers are not necessarily owners- Due to the big size and complexity of modern business, the owners do not participate in day-to-day management of the enterprise. Hence, most of the business is managed by paid employees who are experienced and sometimes professionally trained.
12. Management is a unique and distinct process- Management differs from all other activities of business. It consists of planning, organizing, actuating and controlling of organizational activities for optimum utilization of its resources.
13. Management is a science as well as an art- As a science; Management lays down certain general principles and mathematical models for some of its aspects which can guide management. It is systematic body of knowledge like any other science.

Management is an art because the managers have to use their skill and experience while applying the principles of management in solving the organizations problem.

Importance\ Significance of Management

1. Improves Image- A well managed organizations are perceived very positively by the people in general e.g Infosys. If the image of the organization is positive then it helps the organisation to grow quickly.
2. Better Co-ordination- Proper management ensures that there is proper delegation of work, authority and responsibility is clearly defined and so on. This leads to better co-ordination amongst employees from different departments.
3. Optimum use of Resources-Management sees that the resources are utilized in an optimum manner. Unity of command and unity of direction etc. ensure that there is no duplication of work. Employees know what is expected from them thereby making optimum use of resources.
4. Facilitates Growth- the chances of a well managed company to grow are very high. It is likely to take timely and accurate decision.
5. Reduces wastages- Lack of direction, lack of cooperation, etc. may lead to wastage of resources. This may be due to improper management. Efficient management reduces the wastages
6. Optimum Productivity- Proper management often leads to optimum productivity. Activities are arranged properly. Schedule is prepared; work is allocated after considering the individual preferences. This will increase productivity.
7. Motivated labour force-Effective management ensures proper co-ordination, co-operation, communication, quick decision making and so on. This motivates the employees. The productivity of motivated employees is generally high.
8. Exploiting opportunities- Success of any organisation depends upon making most of a given opportunity. A well managed organisation is always well prepared to meet any challenges and make most of the changes.
9. Raise funds easily- A well managed organisation can raise funds easily and quickly. The organisation has a reasonable idea as to the trends prevailing in the market and can issue the type of securities accordingly.
10. Effective Control- Management leads to better control over the organization. Controls leads to timely production and distribution of goods.

11. Proper Planning- management leads to proper planning; proper planning ensures continuous production and makes it possible to achieve objectives.

Management and Administration

There has been controversy among the management scholars on the question whether there is a difference between the terms management and administration. We can examine the controversy from the following two perspectives-

1. Theoretical Distinction

2. Practical Distinction

1. Theoretical Distinction- From academic point of view there are 3 schools of thought holding 3 different views as under.

1.1 The American school of thought- According to this school administration is the term bigger than/superior to management. Administration is concerned with the determination of fundamental objectives of enterprise and formulation of policies. Management is the subordinate organ concerned with the directing and controlling of human efforts for achieving the objectives. Administration refers to the thinking agency and management is the executing agency. The figure below shows the American concept.

The management experts supporting this view point are Oliver Sheldon, William Spriegel, Orway, Tead, McFarlans, Theo Haiman, Milward, Lansberg & J.N. Schultz.

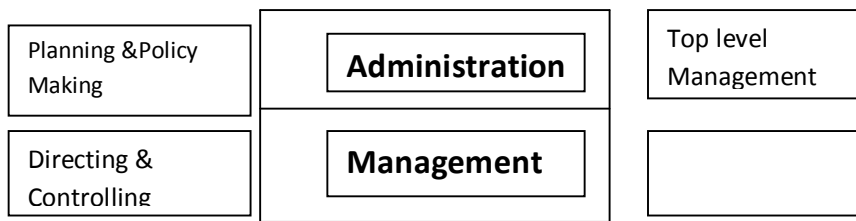
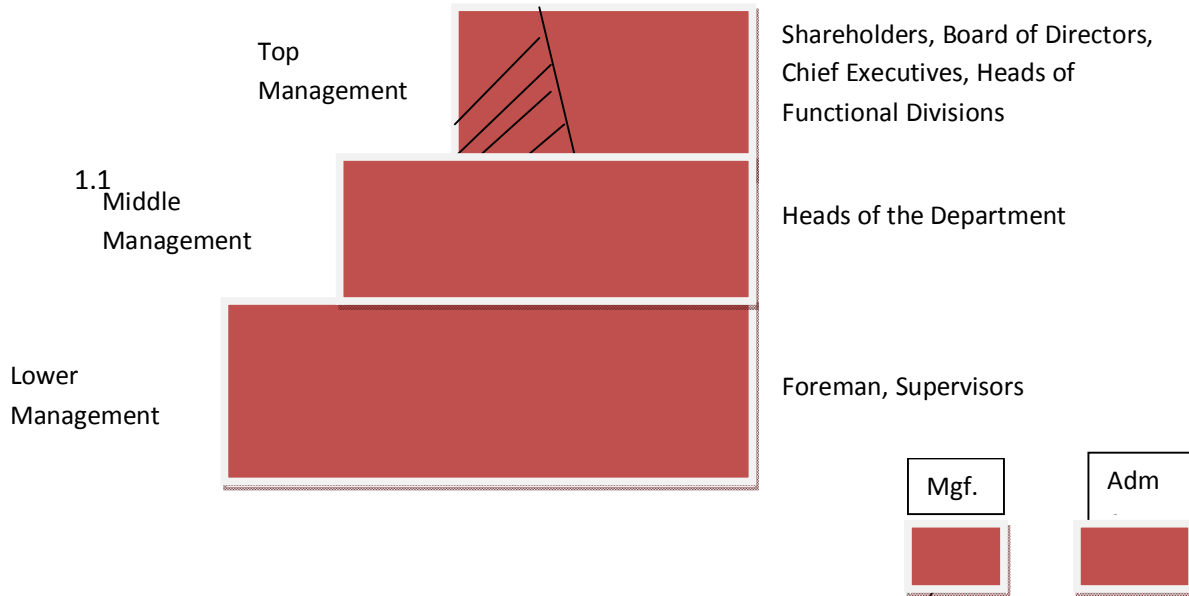


Fig.-1 American Concept

1.2 The British School of Thought-

According to this concept management is a comprehensive term, including administration as a part of it. It is shown in the below figure.



The Management experts supporting this view point are Brech, Kimbal & Kimbal, Bery Richman & Melvyn Copen.

1.3. The Modern school of Thought-

According to this concept there exists no distinction between management and administration, and the two terms can be used interchangeably. The management scholars supporting this point Louis A. Alien, Chester Bernad, George terry and Newman.

2 Practical Distinction- From practical point of view the distinction between administration and management could be based on two perspectives as under.

A. Traditional use- Traditionally, the governance of non business institution like the Govt, Army, and Education etc. has been called administration while the Governance of business enterprise has been called management.

B. Popular use- As per the popular view in the private sector business enterprises, the term administrator is used to refer to the owners of the enterprise and the paid employees of the enterprise engaged in managing the affairs of enterprise under the guidance and control of administrators are called managers.

Distinction between Administration and Management

Points	Administration	Management
1. Meaning	Administration is concerned with the formulation of long term objectives & framing of policies and plans to achieve those objectives.	Management is concerned with the implementations of the policies for the achievement of objectives of the enterprise.
2. Nature of work	It is a thinking or determinative function	It is a doing or an executive function.
3. Levels of authority	It is mainly a top level activity.	It is a middle and lower level activity.
4. Scope	It makes decisions concerning entire business enterprises	It makes decisions concerning a segment or a functional area of business such as marketing finance etc
5. Main functions	It deals with the planning and organization functions of an enterprise	It deals with direction and controlling functions of an enterprise.
6. Ability and qualification	It needs administrative abilities	It needs technical abilities
7. Nature of organization	Administration is related to non-business undertaking like Govt. military, religious, educational organizations who aim at public welfare.	It is related to commercial undertaking whose ultimate goal is profit maximization.
8. Nature of status	It is generally consists of the owner of enterprise who assume risk of business enterprise for profit.	It generally refers to the paid employees of the enterprise who manage the affairs of enterprise under the guidance of a administrators for salary
9. Co-ordination and control	It co-ordinates, finance, production, and the distribution, frames organizational structure and exercise control over the entire business.	It uses the organizational structure to achieve the target and objective etc. fixed by the administration.

Management- A Science or an Art?

It is said that 'Management is the oldest of art and youngest of sciences.' This explains the changing nature of management. Let us examine in details.

1. Management as an art-

Art is the most creative of all human pursuits. It is a technique of using, a) information, b) Knowledge, c) expertise, and d) experience for dealing with practical situations It is the creation of human skills.

The concept of management has various facets & interpretations. One such interpretation is that it is an art of using creative skills and talents in order to achieve certain well-defined objectives. Management is a creative art of great significance. It is useful for getting the things done through people.

Justification for treating management as an art

1. Management is creative- Management is a creative art. Management is an art of decision making. Every manager has to select the best decision out of many alternative decisions available.
2. Management is based on three factors- Just like art management is also based on three factors viz. a) Judgment, b) feeling, c) intuition. Management requires judgment in planning, forecasting, decision-making and in settling disputes, Management uses feeling in delegation of authority, exercising supervision and in handling employee grievances and intuition in leadership and on the spot decisions.
3. Managerial decisions are for the accomplishment of objectives- The managerial decisions are always for the accomplishment of certain goals. The outcome of managerial decisions is visible in terms of production, sales, profit, and so on.
4. Management involves the use of skills, knowledge and intelligence- the role of a manager is similar to the role of an artist. Managers like artists, do possess skills and intelligence. A manager uses his skills in appropriate decision making. A manager needs intelligence so as to get the work done form the subordinates.
5. Management is innovative- a manager should be dynamic and innovative in his approach. Like an artist, he should not be satisfied with the routine work, methods and decisions.

6. Individual approach- Every manager has his own style of administration. Like an artist, a manager practices the managerial skill in which he is best.

2. Management as a Science-

Science is defined as an organized body of knowledge pertaining to a specific area, critically tested and generalized into theories, laws and principles.

F.W.Taylor is the first to treat management as a science. He advocated that business activities should be conducted as per certain well- defined norms/standards based on systematic observation and experimentation. Management is a social science. The following points justify this argument.

Justification for treating management as a science

1. Scientific Methods for decision making-Manager use scientific methods while dealing with managerial problems. Manager collect information from different sources, analyze the same, draw conclusions and take appropriate decisions by using their knowledge and skills.
2. Management is a body of knowledge- Research in management facilitates scrutiny of existing principles, generalizations and replaces them in the light of present environment. Thus management is, now treated as a body of knowledge.
3. Universal application of management principles- There are certain well accepted principles of management. Such principles are used by organizations throughout the world.
4. Cause and Effect relationship- on the basis of experience, cause and effect relationship can be established and generalization drawn. In order to increase efficiency of labor, principles of motion and fatigue study are evolved.
5. Continued observations- principles of management have been developed through continuous observations and empirical verification. They are drawn from the experience of practicing executives over a period of years.

Family Management Vs. Professional Management-

Family (Traditional) management-

In old days, Indian management was known and understood as a family management. It had traditional values and principles. In traditional management both the ownership and control are in the hands of the members of the family and the objective of the business is to maximize profits. The business was fully controlled by the members of the family, the management practice / style carried from family to family.

Characteristics of Family Management-

1. Decisions were not taken systematically. Inner voice and intuition played a vital part in decision making.
2. There was hardly any planning of the various activities.
3. New things and techniques were not introduced.
4. The employees were selected from according to friend's advice from the local area.
5. Training facility is not provided in family management.
6. Lack of co-ordination among employees as well as family members.
7. No professional approach.
8. The working conditions were poor.
9. Limited scope for expansion and growth.

Professional Management

As a result of industrial revolution the need for well-trained managers was felt. Various experts in the field evolved certain principles of the management through their knowledge and experience. This resulted in the creation of a separate class of professional managers.

Profession Definition

McFarland- "A Profession is a source of livelihood, based on a substantial body of knowledge and its formal acquisition and whose test of success is the services, not the profit earned thereon."

Characteristics of Professional Management

1. Existence of an organized and systematized body of knowledge.
2. Formal method of acquisition of knowledge.
3. A representative association or body of members.
4. Formulation of ethical codes
5. Services motives.

To decide whether the management is a profession, let us see whether the above attributes are applicable to management.

1. Body of Knowledge- Management has developed specialized body of management theory and philosophy. It has become a separate field of study. During the last five-six decades there has been a constant and steady growth of management techniques, principles and skills. To become a successful manager, one is required to acquire special knowledge of management.
2. Acquisition of Knowledge- An individual is required to acquire knowledge of the profession which he desired to practice. There is certainly a active programme of formal education for management in existence. e.g. school of business administration in U.S.A., Institute of Management in the U.K. etc. anyone can acquire the knowledge of management from the formal education programmes.
3. Professional Association- the representative body of professionals is needed to regulate and develop the professional activities. There are number of management associations to promote the spread of knowledge in all management consultants. e.g. All Indian Management Association, American Management Association etc.
4. Code of Ethics and Social Responsibilities- In profession ethical standard are provided and every individual of the profession is expected to maintain conformity with these standards. Management is compelled to evolve a code of ethics. In India there is a code for personal managers as evoked by Indian Institute for professional managers. Business management is social institution and it has social responsibilities in respect of employees, customers, Government and public.

5. Service Motive- service motive should prevail over the profit motive. It means professional should keep social interest in their mind while charging fees for their service. Business must support and contribute towards the activities and development of the community in which and for which it exists. It has to serve four great groups of people- the public, the customer, the employees and the owners.

From the above discussion it is clear that most of the attributes of profession are applicable to management and it can be called a profession. The main implications of professionalization in management are found in 5 areas of development.

1. The growth of organized, systematized body of knowledge
2. The evolution of professional schools of management.
3. A growing emphasis on the ethical behaviour of managers.
4. The increasing number of use of management consultants.
5. The large number of management associations.

Difference between Family management and Professional Management

Points	Family Management	Professional Management
1 Business ownership and control	In family management the ownership is in the hands of the members of family and the owner uses his own control method, which has no scientific base.	In professional management the members are the true owners of the company. And the Board of Directors exercise control more systematically.
2 Delegation of Authority	There is a Centralization of authority. All powers are concentrated in the hands of head of family.	The shareholders delegate their authority to the Board of Directors. The Board exercises such powers in the interest of the shareholders.
3 Scientific Approach	There is hardly any scientific approach.	There is scientific approach; the decisions are taken in objective and scientific manner.
4 Profit v/s service motive	Here more emphasis is on profit.	Here emphasis is on profit but at the same time gives importance to serving the society.
5	It is suitable for small size business.	It is suitable for large business.

Suitability		
6 Leadership Style	Autocratic leadership style is practiced.	Participative/democratic style of leadership is practiced.
7 Scope	The family management has a limited scope for expansion and growth of the business.	It has vast scope and bright future a global economy.