

MANAGEMENT CONCEPTS AND STRATEGIES

Module-1

Definition

- “Management is an art of knowing what is to be done and seeing that it is done in the best possible manner. F.W. Taylor (father of scientific management)
- “Management is to forecast, to plan, to organize, to command, to coordinate and control activities of others.” Henri Fayol (father of modern management)

Basic Concepts Of Management

Some of the common definition of management given by famous writers and thinkers are:

- According to Harold Koontz and Heinz Weihrich, Management is the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims.
- According to Robert L. Trewelly and M. Gene Newport, Management is defined as the process of planning, organising, actuating and controlling an organisation’s operations in order to achieve coordination of the human and material resources essential in the effective and efficient attainment of objectives.
- According to Kreitner, “Management is the process of working with and through others to effectively achieve organisational objectives by efficiently using limited resources in the changing environment.



- According to George R Terry, Management consists of planning, organising, actuating and controlling, performed to determine and accomplish the objectives by the use of people and resources.

So management can be defined as a process of getting things done with the aim of achieving goals effectively and efficiently. Basic concepts of management are:

1. **Process:** Process means the primary functions or activities that management performs to get things done. These functions are planning, organising, staffing, directing and controlling.
2. **Effectiveness:** Effectiveness is concerned with the end result. It basically means finishing the given task. Thus Effectiveness in management is concerned with doing the right task, completing activities and achieving goals
3. **Efficient:** Efficiency means doing the task correctly and with minimum cost. Management is concerned with the efficient use of input resources which ultimately reduce costs and lead to higher profits.

It is important for management to achieve goals (effectiveness) with minimum resources i.e., as efficiently as possible while maintaining a balance between effectiveness and efficiency.

Development Of Management Thought

The requirement for the Development of Management Theories came up with the requirement for professional management in an organisation. A thorough study and analysis of the management of business operations along with performance management has been contributing towards the running of an organisation in accordance with its objectives and goals. A detailed study of various Management Theories and approaches has been presented below.

1. Scientific Management Theory by Frederick Taylor

In his attempt to use the systematic study as a part of his theory, Frederick Taylor found a developmental approach towards professional management. His theory known as the scientific Management Theory is based on 5 principles as stated below.

- ❑ Developing scientific techniques to analyse and determine the best methods of doing a particular job.
- ❑ scientific management in selecting and training workers for maximum productivity.
- ❑ Creation of an organisational cooperative environment to avoid discord in group action.
- ❑ Ensuring an equal distribution of work and responsibilities to achieve maximum cooperation and zero individualism.
- ❑ Working towards ensuring maximum output.

2. Bureaucracy Theory by Max Weber

The idea of organisations to be bureaucratic was brought forward by Max Weber. This ensured control on the basis of knowledge, work experience, and expertise. His theory represents a hierarchical pyramid where rules and regulations are defined and promotions are based on qualifications. Here are the principles guiding the Max Weber theory:

- ❑ The hiring of staff is based on educational and technical qualifications.
- ❑ It is the task of the manager to decide on the promotions based on achievements or experience.
- ❑ There should be a chain of command in the organisational structure, along with a grievance reporting process for securing employee rights.
- ❑ Equal distribution of labour.

- ② Impartial management.
- ② Everything has to be kept recorded in writing.
- ② The management concept and process should let the managers manage the company. Management should not be the responsibility of the owners.

3. General Management Theory by Henri Fayol, the Father of Modern Management Theory

Henri Fayol, often regarded as the 'Father of Modern Management Theory,' created the general Management Theory that can be applied in every field of work and administration. In this theory, the manager's responsibilities were categorised by Fayol on the basis of the management tasks to plan, to organise, to command, to coordinate, and to control. His 14 management principles are hereby stated.

- ② Division and distribution of work aimed at reaching maximum output with the minimum effort possible.
- ② Responsibilities come with authority.
- ② There should be discipline amongst employees.
- ② There should be a unity of command where an employee receives orders and reports to only one superior.
- ② There should be a unity of direction aimed at the fulfilment of the primary organisational goal.

- ❑ Subordination brings up the preference for the general interest in comparison to individual interest.
- ❑ Remuneration should be satisfying for the employees as well as the firm.
- ❑ Centralization should be practised within the organisation along with the delegation of authority and determining managerial responsibilities.
- ❑ The order should be kept intact with an appointed place for employees and processes.
- ❑ There should be a scalar chain determining the relationship between employees and their superiors.
- ❑ Equal treatment of employees.
- ❑ Stable tenure of the personnel.
- ❑ Managers must be bold enough to take and implement initiatives.
- ❑ Esprit de Corps should be maintained with proper teamwork being emphasised along with sound communication.

After the Industrial revolution of the 18th century in England the manufacturing units developed into big industries. These industries increased the speed of production of various goods by employing a large body of workforce. Controlling and managing such a large body of organisation got difficult and complicated day by day. So many thinkers and industrialists tried to define a standard set of systems or rules to manage the process and workforce involved in the running of an enterprise. Many Scholars of those times, such as Henri Fayol, Max Weber, Robert Owen, have formulated different types of Management Theories to conduct the management of any organisation in a professional manner. Henry Fayol is regarded as the Father of Modern Management Theory. In later periods many professionals have tried to contribute to the existing Management Theories significantly and helped to develop the theories as we see today. Today Management Theories help not only in organising the workforce and controlling business units but also provide guidance for the management of performance of individuals contributing for the achievement of any goal by any organisation. Service sector enterprises or

organisations are the major players of the current economy of the world. These businesses require the most attention for running it along the management lines. Developing Scientific techniques to determine the methods and selecting workers is the main focus of the majority of Management Theories. They also emphasise organisational cooperation and correct distribution of work among employees. The ultimate goal of all these theories is to maximise the output and increase the profitability of the investors.

Scientific Management Theory

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Four principles Of Scientific Management

1 Select methods based on science, not "rule of thumb."

Rather than allowing each individual worker the freedom to use their own "rule of thumb" method to complete a task, you should instead use the scientific method to determine the "one best way" to do the job.

2 Assign workers jobs based on their aptitudes

Instead of randomly assigning workers to any open job, assess which ones are most capable of each specific job and train them to work at peak efficiency.

3 Monitor worker performance.

Assess your workers' efficiency and provide additional instruction when necessary to guarantee they are working productively.

4 Properly divide the workload between managers and workers.

Managers should plan and train, while workers should implement what they've been trained to do.

Functional Management

Functional Management is a management theory where the management tasks are divided into different functional areas, such as marketing, innovation, finance, production, and so on. Functional Management is not new in the world of business. In fact, it is one of the oldest and most popular theories of management. In this system, all of the company functions are assigned to a specific manager rather than being assigned to one person who oversees many functions. The two parts of an organization's management— general and functional, or administrative and managerial – should always be considered together.

Functional management is a managerial approach that focuses on the tasks and functions of the organization. It is commonly used in organizations with a functional organizational structure.

This approach uses a top-down communication strategy, where the manager delegates tasks and responsibilities to subordinates and provides guidance on their decisions but does not involve himself in daily operations. The theory behind functional management is that all parts of an organization perform separate functions, thus delegating these tasks will help increase the productivity and efficiency of an organization.

The functional management approach is often criticized for its inability to cope with change because it relies heavily on the standardization of processes and workflows.

Step wise approach

Firstly, it is important for managers to differentiate between functional and non-functional goals. Secondly, it is important for managers to identify which tasks are best suited to which employees.

Thirdly, it's essential for managers to recognize the different management styles and make decisions based on their preferences.

Fourthly, it's necessary for managers not to forget about recognizing employees in a way that motivates them individually.

Lastly, managers need to manage expectations with their employees and balance these expectations with what they can realistically offer at a given time or situation.

Traditional Vs Modern Management

Traditional Management

The structure of traditional organization like the military system, which is hierarchical, organized and disciplined. The power flows vertically and upward, the employees are departmentalised and follow a chain of command. Each department has its own rules and regulations, the superior of the department who is responsible to report to the managers. Every employee strictly follows the business strategies, has own job description and accountability to the superior, therefore traditional organisation structure is likely fixed and rigid in general.

For the traditional management model, it could be the advantage that structure of organisation is simple to design and operation, it is easy for the employees understand their authority and responsibility. Moreover, due to the chain of command from top level to subordinate level, the employees have fixed responsibility who are responsible to their direct superior, it could reduce the probability of conflict and maintain discipline in a line organization.

Modern Management

In order to suit for rapid innovation and growing technology industry, the modern organization management more focus on networking and collaborating, emphasized on dynamic nature of communication and importance of integration of individual and organizational interests, which largely depends on soft skill development such as consensus building, tacit knowledge, experience, learning, intuition, self-confidence, flexibility, prioritization of problems, working under pressure and ambiguity tolerance.

Basis Tradition Management Modern Management

1. Stability Traditional organizations usually are stable in business activities and progress
Modern organizations are more dynamic with multiple business strategy, which need multiple process to deal with constant changes.
2. Flexibility In traditional organization, its structure is usually fixed, the strategy is planned, and the management is inflexible Modern organization, they need always improve the workflow, update its competitive edges, and the employees are required to promote the skills and knowledge to connect with the market and changings.
4. Teamwork The flow of traditional business is 'tall hierarchy', which focus on individual responsibility and obey to his superior Modern one is 'flat hierarchy', which more focus on teamwork and cooperation, its collaborative working mode would more conducive to brainstorming and help the companies improve work efficiency and make marketing strategy
5. Stimulate morale Traditional organisation management enable employees less freedom and flexibility to fulfill their work. Modern organization management enable employees give more freedom and flexibility to fulfill their works, which are beneficial to mobilize enthusiasm of the staffs.
6. Management policy The management policies are conservative, which usually follow traditional rules and regulation, make static workflow model to maintain business strategy and employee management system. Modern management model would do modification such as rescheduling, flexible entity management, dynamic business strategy.