

Directing

Directing refers to a process or technique of instructing, guiding, inspiring, counseling, overseeing and leading people towards the accomplishment of organizational goals.

It is a continuous managerial process that goes on throughout the life of the organization. Main characteristics of Directing are as follows:

1. Initiates Action

A directing function is performed by the managers along with [planning](#), staffing, organizing and controlling in order to discharge their duties in the organization. While other functions prepare a platform for action, directing initiates action.

3. Pervasive Function

Directing takes place at every level of the organization. Wherever there is a superior-subordinate relationship, directing exists as every manager provides guidance and inspiration to his subordinates.

4. Continuous Activity

It is a continuous function as it continues throughout the life of organization irrespective of the changes in the managers or employees.

5. Descending Order of Hierarchy

Directing flows from a top level of management to the bottom level. Every manager exercises this function on his immediate subordinate.

6. Human Factor

Since all employees are different and behave differently in different situations, it becomes important for the managers to tackle the situations appropriately. Thus, directing is a significant function that gets the work done by the employees and increases the growth of the organization.

Importance of Directing

1. Initiates Action

Each and every action in an organization is initiated only through directing. The managers direct the subordinates about what to do, how to do when to do and also see to it that their instructions are properly followed.

2. Ingrates Efforts

Directing integrates the efforts of all the employees and departments through persuasive leadership and effective communication towards the accomplishment of organizational goals.

3. Motivates Employees

A manager identifies the potential and abilities of its subordinates and helps them to give their best. He also motivates them by offering them financial and non-financial incentives to improve their performance.

4. Provides Stability

Stability is significant in the growth of any organization. Effective directing develops co-operation and commitment among the employees and creates a balance among various departments and groups.

5. Coping up with the Changes

Employees have a tendency to resist any kind of change in the organization. But, adapting the environmental changes is necessary for the growth of the organization.

A manager through motivation, proper communication and leadership can make the employees understand the nature and contents of change and also the positive aftermaths of the change.

This will help in a smooth adaptation of the changes without any friction between the management and employees.

6. Effective Utilization of Resources

It involves defining the duties and responsibilities of every subordinate clearly thereby avoiding wastages, duplication of efforts, etc. and utilizing the resources of men, machine, materials, and money in the maximum possible way.

It helps in reducing costs and increasing profits.

Principles of Directing

1. Maximum Individual Contribution

One of the main principles of directing is the contribution of individuals. Management should **adopt such directing policies that motivate the employees** to contribute their maximum potential for the attainment of organizational goals.

2. Harmony of Objectives

Sometimes there is a conflict between the organizational objectives and individual objectives.

For example, the organization wants profits to increase and to retain its major share, whereas, the employees may perceive that they should get a major share as a bonus as they have worked really hard for it.

Here, directing has an important role to play in establishing harmony and coordination between the objectives of both the parties.

3. Unity of Command

This principle states that a subordinate should receive instructions from only one superior at a time. If he receives instructions from more than one superiors at the same time, it will create confusion, conflict, and disorder in the organization and also he will not be able to prioritize his work.

4. Appropriate Direction Technique

Among the principles of directing, this one states that appropriate direction techniques should be used to **supervise, lead, communicate and motivate** the employees based on their **needs, capabilities, attitudes and other situational variables.**

5. Managerial Communication

According to this principle, it should be seen that the instructions are clearly conveyed to the employees and it should be ensured that they have understood the same meaning as was intended to be communicated.

6. Use of Informal Organization

Within every formal organization, there exists an informal group or organization. The manager should identify those groups and use them to communicate information.

There should be a free flow of information among the seniors and the subordinates as an effective exchange of information are really important for the growth of an organization.

7. Leadership

Managers should possess a good leadership quality to **influence** the subordinates and make them work according to their wish. It is one of the important principles of directing.

8. Follow Through

As per this principle, managers are required to monitor the extent to which the policies, procedures, and instructions are followed by the subordinates. If there is any problem in implementation, then the suitable modifications can be made.

Unit-1 Introduction to Management

Meaning: - Management is an essential part of any group activity. It is a primary force within the group or organization which tends to lead it towards the group goal. Management is required to plan; organize; co-ordinate & control the affairs of the organization. It brings the human & material resource together & motivates people for the achievement of the objective of the organization. Without management; resources of production remain resources merely & never become production. Management is a universal process in all organized, social & economic activities. Wherever there is human activity there is management.

Definition: -

1. Mary Parker Follett, "Management is the art of getting things done through others." Follett describes management as an art of directing the activities of other persons for reaching enterprise goals. It also suggests that a manager carries only a directing function.
2. Henry Fayol, "To manage is to forecast and plan, to organize, to command, to co-ordinate, and control." Fayol describes management as a process of five functions such as planning, organizing, commanding, co-ordinating & controlling. Modern authors, however, do not view co-ordination as a separate function of management.

3. Louis Allen, "Management is what a manager does." This is a broad definition linking all the activities of the manager to the concept of management. Whatever work is undertaken by a manager forms a part of management.

Nature & Characteristics: -

- 1) Multidisciplinary- Through management has developed as a separate discipline but it draws knowledge and concept from disciplines such as sociology, psychology, economics, statistics, operations research etc. Management integrates ideas and concepts from these disciplines and uses them for improving the efficiency of the organization.
- 2) Management is a group activity- Management is an essential part of a group activity. As an individual can satisfy all his desires himself he unites with his fellow beings and works in an organized group to achieve what he cannot achieve individually. Wherever there is an organized group of people working towards a common goal, some types of management become essential. It makes the people realize the objective of the group and directs their efforts towards the achievement of these objectives.
- 3) Management is goal oriented- Management aims to achieve economic and social objectives. It exists to achieve some definite goals or objectives. Group efforts in management are always directed towards the achievement of some pre-

determined goals. It is concerned with the establishment and accomplishment of these objectives. To quote Theo Haimann, “effective management is always management by objectives.”

- 4) Management is a factor of production- It is not an end in itself but a means to achieve the group objectives, just as land, labour and capital are factors of production and are essential for the production of goods & services, management is a factor of production that is required to co-ordinate the other factors of production for the accomplishment of pre-determined goals.
- 5) Management is universal in character- Management is applicable in all types' organization. Wherever there is human activity, there is management. The basic principles of management are of universal application and can be applied in all organization are whether they are business, social, religious, cultural, sports, educational, politics or military. As Socrates has put it, “Over whatever a man may preside, he will be a good president if he knows what he needs and is able to provide it whether he has the direction of a chorus, a family, a city or an army.”
- 6) Management is a social process- Management consists of getting things done through others. This involves dealing with people. The efforts of the human beings have to be directed, co-ordinate and regulated by management in

order to achieve the desired results. It is in this sense that management is regarded as a social process. Moreover, management has a social obligation to make optimum use of scarce resources for the benefit of the community as a whole. In the words of Breech, "Management is a social process entailing responsibility for the effective and economical planning and the regulation of the operation of an enterprise, in fulfillment of a given purpose or task."

7) Management is a system of authority- Since management is a process of directing men to perform a task, authority to accomplish the work from others is implied in the very concept of management. Authority is the power to get the work done from others and to compel them to work in a certain manner. Management cannot perform in the absence of authority. In the sense, management is a rule-making and rule-enforcing body. There is a chain of authority and responsibility among the people working at different levels of the organization.

8) Management is a dynamic function- Management is a dynamic function and is has to be performed continuously. It is constantly engaged in the moulding of the enterprise but also the alteration of the environment itself so as to ensure the success of the enterprise. In real sense, it is never-ending function.

- 9) Management is an art as well as a science- Management is a science because it has developed certain principles which are of universal application. But the result of management depends upon the personal skills of managers and in this sense management is an art. The art of management is essential to make the best use of management science. Thus, management is both science and art. It should, however, be noted that the science of management is not as exact the physical science. It is still in the evolutionary stage, may be called as an inexact science or social science.
- 10) Management is a profession- In the present days, management is recognized as a profession. It has a systematic and specialized body of knowledge consisting of principles, a techniques and laws and can be taught as a separate discipline or subject. This has also divorced ownership from management is entrusted in the hands of professional managers.

Objectives of Management: -

How effectively an organization achieves its objectives (profit or services) depends upon how effectively it is managed.

Management serves the following objectives to help organizations meet their goals:

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1. Helps organization achieve its objective- Management helps in managing the organizations' to their objectives at minimum cost. It enables managers to work efficiently, that is, achieve maximum output at minimum cost. It also aims to coordinate the organizational resources(physical, financial & human) so that human knowledge and expertise can be geared towards optimum utilization of non-human resources.
2. Promotes effectiveness- Efficiency means “doing things right” and effectiveness means “doing the right things.” It means choosing the most appropriate organizational objectives out of multiple objectives. Lack of effectiveness or choosing wrong objectives will result in inefficiency, howsoever hard managers may work. Management thus, helps to find out the right thing to do and to concentrate on those things efficiently.
3. Develops the ability of managers- Managers should not only be skilled in problem-solving, they should anticipate problems before they arise. They should take advantage of opportunities to make their organizations competitive in the market. Management develops analytical of managers (problem solving) and the ability to find problems and exploit gainful business opportunities.
4. Human Welfare- Employees want to satisfy their physiological (food, clothing, shelter) social and security

needs. Management helps in knowing these needs and satisfies them through suitable motivators.

5. Social Welfare- Organizations operate in the larger social system. The performance of business organization largely affects the welfare of society and through it, the welfare of the nation. Management develops business organization as socially acceptable institutions which give gainful employment to people.
6. Interaction with environment- Business operates in the larger environment that consists of economic and non-economic variables. Firms secure inputs from the environment transform them into output and gives them back to the environment. They survive if they adapt their plans and policies to the environmental requirements and change their business operations according to changes in the environment. Management helps firms to successfully frame and alter their policies to profitably interact with the larger environment.

Importance of Management: -

1. Achievement of Organizational Goals- Management helps organizations to effectively design their goals and frame plans and policies to achieve them efficiently.
2. Optimum Utilization of Organizational resources- Management helps the organization utilize its scarce

resources (human, physical and financial resources) efficiently.

HUMAN RESOURCES are the people with their talent, skill, knowledge, abilities etc.

PHYSICAL RESOURCES are the raw material, plant and machinery required for producing goods and services.

FINANCIAL RESOURCES are the money, funds needed for meeting short-term & long-term requirements of raw materials, labour, machinery, add other current and fixed assets.

3. Develop Analytical and Conceptual Ability of Managers- It helps to analyze the organizational problem, link them, with other organizational matters and arrive at solutions geared towards organizational goals.
4. Balance between Multiple Goals- At a point of time, managers faces multiple goals which cannot be simultaneously achieved. Deciding about what is more important so that scarce organizational resources can be optimally allocated to different organizational goals, is facilitated through management.
5. Economic and Social Development- Drucker asserts that “Developing countries are not underdevelopment, they are

undermanaged.” If knowledge of management is transferred from developed to developing countries, developing countries will develop their entrepreneurial ability, managerial excellence, rate of savings, capital formation and thus, economic and social development.

“Savings and Capital investment do not produce management and economic development. On the contrary, management produces economic and social development, and with it savings and capital investment.”- Drucker.

6. Coordination between Individual & Organizational Goals- Effective management coordinates individual goals of people with formal goals of the people with formal goal of the organization. It motivates employees to put their best efforts to contribute to organizational goals and through it, achieve their personal goals.
7. Face Competition- Management helps firms face tough competition in the contemporary business environment. Effectively managed business firms outperform those which are not effectively managed and, thus, capture bigger share of the market. It helps the organizations adopt the complex environmental changes and promote their level of competence.
8. Social Upliftment- Management promotes social development by generating and directing human energies

towards the needs of the society such as health care,. Education, clean environment etc.

9. Reforms Government & Society- Management teaches respect for individual values, tradition and social culture. The more the management of an organization believes in traditions, customs, values and beliefs of the society, the more that organization is accepted by the society and the government.

“Management will increasingly be concerned as with the expression of the basic beliefs and values as with the accomplishment of measurable results.” — Drucker

10. Social Innovation- The social & economical development is more a result of social innovation than technical innovation. The needs of our society, educare, health care, clean environment, entrepreneurship, productivity etc. are fulfilled through role in the social upliftment of society.
11. Foundation to Organization- Clearly defined tasks; their distribution to people with authority provides foundation to the organization. It assign right task to the right person to avoid duplication and confusion in organizational activities.
12. Environment Analysis- management enables an organization to analyze its strengths and weakness and relate them with environmental threats and opportunities. (This is done with the help of SWOT analysis). It helps

managers to minimize risks and maximize environmental opportunities and business gains.

Scope or Branches of Management: -

Management is an all pervasive function since it is required in all types of organized Endeavour. Thus, its scope is very large. The following activities are covered under this scope.

- Planning
- Organization
- Staffing
- Directing
- Co-coordinating and
- Controlling.

The operational aspects of business of management, called the branches of management, are as follows:

1. Production Management- Production means creation of utilities. This creation of utilities takes place when raw materials are converted into finished products. Production management, then, is that branch of management “Which by scientific planning and regulation sets into motion that part of enterprise to which has been entrusted the task of actual translation of raw material into finished products.”
2. Marketing Management- Marketing is a sum total of physical activities which are involved in the transfer of goods and services and which provides for their physical distribution. Marketing Management refers to the planning,

organizing, directing & controlling the activities of the persons working in the market division of a business enterprise with the aim of achieving the organization objectives.

3. Financial Management – Financial Management is concerned with managerial activities pertaining to the procurement and utilization of funds or finance for business purpose. The main function of financial management include:

- Estimation of capital requirements;
- Ensuring a fair return to investors;
- Determining the suitable sources of funds;
- Laying down the optimum & suitable capital structure for the enterprise;
- Coordinating the operations of various departments;
- Preparation, analysis and interpretation of financial statements;
- Laying down a proper dividend policy; and
- Negotiating for outside financing.

4. Personnel Management- It is that phase of management which deals with the effective control and use of manpower. Effective management of human resources is one of the most crucial factors associated with the success of an enterprise. Personnel Management is concerned with

managerial and operative functions. Managerial functions of personnel management includes:

- i. Personnel planning;
- ii. Organizing by setting up the structure of relationship among jobs, personnel and physical factors to contribute towards organization goals;
- iii. Directing the employees; and
- iv. Controlling.

The operating functions of personnel management are:

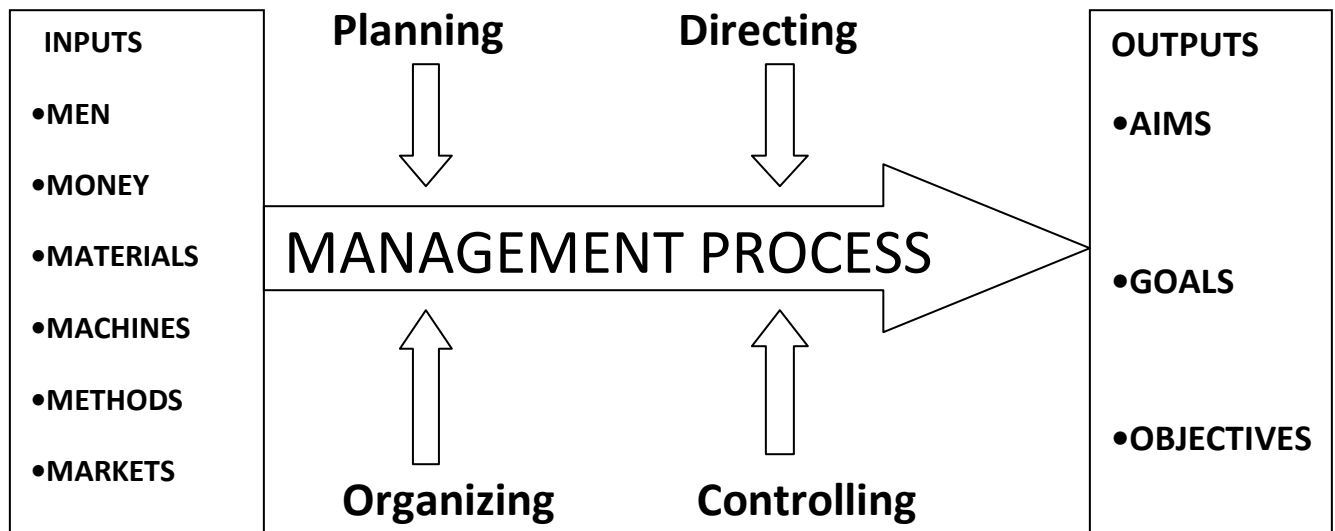
- i. Procurement of right kind & number of persons;
 - ii. Training & development of employees;
 - iii. Determining of adequate and equitable compensation of employees;
 - iv. Integration of the interest of the personnel with that of the enterprise; and
 - v. Providing good working conditions & welfare services to the employees.
5. Office Management- The concept of management when applied to office is called "Office Management". It is the technique of planning, coordinating and controlling office activities with a view to achieve common business objective. One of the functions of management is to organize the office work in such a way that it helps the

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management in attaining its goals. It works as a service department for other departments.

Concept of Management: -

The concept of management is as old as human civilization. Management in today's context has the most significant influence on modern life, giving a strong essence to the very purpose of management. The concept of management is useful and applicable to all types of organizations, whether profit-making or service-oriented. Therefore, it is said that management is a universal enterprise, educational and health institution, military organizations, gymkhanas and clubs, trade associations and chambers of commerce , etc.



The traditional concept of management was restricted to the art of getting things done through others. However,

according to modern view management is not merely an art of getting things done through others, but it also covers a wide spectrum of business related activities.

Management as a Science as well as an Art: -

The controversy with regards to the nature of management as to whether it is an art or science is very old and has created a lot of confusion. It is necessary to understand the real nature of management.

It is an art as it involves an application of knowledge & skills for the solution of management problems. It is a science as it is a systematized body of knowledge, consisting of generally accepted principles.

As an Art: - As art is often regarded as the systematic application of skill or knowledge in effecting accomplishment of results. It represents the methods or ways of doing specific things & indicates how an objective is to be achieved.

The Main Element is:

- a. Personal skills
- b. Practical knowledge
- c. Result-oriented approach
- d. Regular practice
- e. Creativity.

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1. Management is an art of dealing with people to accomplish desired results.
2. Management is concerned with the application of knowledge & skills
3. Management is result oriented because it is concerned with accomplishment of objective.
4. Like an artist, Management always tries to attain higher and higher goals in order to reach the state of absolute perfection.
5. Management is one of the most creative arts as it is concerned with getting work done through others.

As a Science: - The word science literally means knowledge. It is a systematized body of knowledge acquired by mankind through observation & experimentation which is capable of verification.

The Essential Features of Science are as follows:

1. It is a systematized body of knowledge that uses scientific methods for observations.
2. The principles are evolved on the basis of continued observations.
3. The principles are exact and have universal applicability to without any limitations.

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4. The principles establish a cause and effect relationship between various factors.
5. The validity of scientific principles can be verified & they provide a reliable basis for predicting future events.

Let us now apply these features of science to management to determine whether it qualifies as science?

1. Systematized body of knowledge- Management is viewed as a science as it is an organized body of knowledge built up by management practitioners, thinkers and philosophers over a period of years.
2. Continued Observation- As applied to management, the principle of management has been developed after continued observations.
3. Universal Application- In the field of management there are certain fundamental principles of management which can be universally applied. In word of Taylor, "The fundamental principles of management are applicable to all human activities from our simplest individual acts to the working of our great corporations."
4. Cause & Effect Relationship- The principle of management also establish cause & effect relationship, e.g., poor planning & plant layout cause low productivity.
5. Validity & Predictability- The principle of management can also be verified for their validity. The principle of

management have been put to several tests & found to be valid.

Conclusion:-We have seen above that management has elements of both art & science. It may not be proper to term it as pure science or pure art. In fact, it is a science as well as an art because science and art both complementary to each other. It may be concluded that management is a mixture of art and science....

Management-As a Profession:-

Another question that arises in regard to the nature of management is whether management can be regarded as a profession or not. To determine this, we must understand the meaning and special attributes of profession.

Prof. Dalton E. McFarland lays down the following criteria or special attributes in a profession:

- The existence of body of specialized knowledge or techniques.
- Formalized method of acquiring training and experience.
- The establishment of representative organization with professionalism as its goal.
- The formation of ethical codes for the guidance of conduct.

- The charging of fees, based on services, but with due regards for the priority or service over the desire for monetary reward.

Let us now apply the above-mentioned attributes to ascertain the status of management as a profession.

1. Body of specialized knowledge and techniques:-

When applied to management, it has an organized body of knowledge built up by management practitioners, thinkers and philosophers over the period of years.

2. Formalized method of acquiring training and techniques:-

The management science, today, is fully equipped with formalized method of acquiring the body of knowledge in theory and practice.

3. Establishment of profession association:-

Professional Management Association is being established in most of the countries. In India, there is All India Management Association with many local associations affiliated to this. But the main function of this association is to manage and co-ordinate the research works in the various areas of management.

4. Code of conduct:- But in the sphere of management, there exists no uniform code of conduct. There are no

restrictions of licensing on the entry of management profession and judge from this standpoint, management cannot be regarded as a profession.

5. Priority of service over economic considerations:-

Management aims at providing maximum efficiency at the lowest cost so as to serve the interests of employers, workers, consumers, society and the nation at large.

Conclusion:- The above discussion shows that management in some respects qualifies as a profession but it does not have certain features which generally constitute a recognized profession. The saying is that “managers are born, and not made” is no longer valid in the present days.

ADMINISTRATION V/S MANAGEMENT

There are persons who feel that administration is a part of management. Various views point as discussed as such:

1. Administration is different from management:-

As per this view administration is a higher level activity while management is a lower level activity. Administration is concerned with the determination of overall objectives and policies of an enterprise while

management is concerned with planning, coordinating and controlling of business activities for attaining the enterprise objective.

2. Administration is a part of management:-

Another view is that administration and organization are a part of management. Administration is that part of management which is concerned with the installation and carrying out of the procedures by which the programme is laid down and communicated and the progress of activity is regulated and checked against plans.

3. Administration and Management are one:-

Some authors are of the view that administration and management are used interchangeably and there is no distinction between the two. In the words of Newman, “management and administration is a guidance, leadership and control of the efforts of a group of individuals towards some common goods.

ORGANIZATION AND MANAGEMENT

According to C.H. Northcott, organization can be defined as “ the arrangement by which the tasks are assigned to men and women so that their individual efforts contribute effectively to some and less clearly

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defines purpose for which they have been brought together.”

Management is a very wide term and includes organization. Organization is a part of a management, an essential part. In essence, organization is a foundation upon which the whole management structure is built. It has been rightly said, “If management is the brain, organization is a body of an enterprise.”

Differences between Administration, Management and Organization.

Administration	Management	Organization
a) <u>Meaning:-</u> Administration is concerned with determination of objectives and major policies of the enterprises.	Management is concerned with implementation of policies laid down by the administration.	Organization is concerned with classification of the activities of the enterprises.
b) <u>Components:-</u> Administrative staff includes board of directors or chief executive officers (CEO) or managing director (MD) or president.	Management includes various sectional heads viz., production managers, sales managers, public relation officers, etc.	Organization refers to the enterprise as a whole, i.e., it consists of administrative and managerial staffs of the organization.
c) <u>Anatomy:-</u> It resembles	It resembles the entire	It resembles the nervous

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draftsman.	body of human being.	system of human body.
<p>d) <u>Factors influencing functions:-</u> Administrative functions are influenced by factors like public opinion, government policies as also social and religious factors.</p>	<p>Management functions are influenced by factors like organizational policies, degree of delegation and values and beliefs of managers.</p>	<p>Organization is influenced by factors like nature and size of organization, grouping of activities, nature of workflow and formal authorities.</p>
<p>e) <u>Nature of functions:-</u> It deals with determination of major organizational objectives.</p>	<p>It is the executive function of getting things done through others.</p>	<p>It is an organic function putting together different parts of an enterprise.</p>
<p>f) <u>Factors influencing decisions:-</u> Administrative decisions are influenced by external factors like social, economical and governmental factors.</p>	<p>Management decisions are influenced by values, beliefs and opinions of managers at the different managerial levels.</p>	<p>Organizational decisions are taken by managers in their official capacities, as decided by the top level authority.</p>
<p>g) <u>Objectives:-</u> It aims at the formulation of overall goals and objectives, programmes policies and other plans of the organization.</p>	<p>It is concerned with the performance aspects of work and aims at getting things done through others.</p>	<p>It provides the mechanism for cooperative and integrated action by two or more persons in any enterprise.</p>
<p>h) <u>Set-up:-</u></p>		

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Administrative work is mainly looked after by the top level executives in the organizational set-up.	Managerial work is delegated to the middle and lower level executive.	Organization sets up a machinery for effecting delegation and securing coordination in the organization.
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SCIENCE MANAGEMENT WHICH IS A COMBINATION OF SCIENCE AND MANAGEMENT

(i) Human Relations Movement. Human relations movement deals with the factors which encourage higher performance on the part of workers. The improvement of working conditions, lowering of hours of work, improvement of

social relations of workers, besides monetary gains help in increasing productivity. The contributions of some thinkers in this area are discussed here:

□ ELTON MAYO (1880-1949)

Elton Mayo, an Australian by birth went to United States and joined the staff of Harvard University. He later on became Professor of Industrial Research at the Harvard Graduate School of Business Studies. His interest was primarily in people in organisations. His widely read books are : The Human Problems of an Industrial Civilisation and The Social Problems of an Industrial Civilisation. Elton Mayo and his associates greatly contributed to the human relations approach and Mayo is rightly called as father of Human Relations Movement.

□ HAWTHORNE STUDIES

Mayo is known for his work on the project which is commonly referred to as the Hawthorne studies. An extensive investigation was started in 1927 at the Hawthorne plant, near Chicago, of the Western Electric Company. These studies were conducted to determine the effect of better physical facilities on workers' output. A number of experiments were conducted on the workers to find out the impact of different situations on their efficiency.

- (i) The first phase of these experiments involve five girls engaged in electrical assembly testing. These girls were separated from the rest and placed in a separate room known as Relay Assembly Test Room. A supervisor was attached to them to maintain a record of their performance and maintain a friendly atmosphere. This experiment continued for over $1\frac{1}{2}$ years and changes like : extended rest periods, reducing working week from 48 to 42 hours. Every change showed an improvement in performance.
- (ii) All the improvements introduced earlier were systematically removed. Though the output fell a little but still it was more than it was before the experiments.
- (iii) The improvements were reintroduced. The output roared and even working for 42 hours it was more than the previous records. The researches were baffled and could not explain the reasons for such changes. It was later pointed out that morale of employees improved because of their recognition for experiments and hence their performance was better. The girls became a closely knit group and co-operated happily with researches. They were made to feel that they were governing their own fate. The attention they received from others, for being part of research, also acted as a motivating factor.
- (iv) The last phase of these studies consisted of an investigation into the work practices on non-experimental group, consisting of fourteen men and four supervisors, working in the Bank Wiring Observation Room. It was noticed that there was a definite code of conduct operating among

employees and they restricted their output between 'rate-busting' (producing too much) and chiselling (producing too little). It was clear that attachment to this 'informal' organisation was stronger than both the individual's desire for greater earnings and the company's formal requirements.

Hawthorne studies revealed that an organisation is not only a formal arrangement of men and functions, but also a social system which can be operated successfully only with the application of the principles of psychology and other behaviour sciences.

Mayo was of the view that cause of increase in productivity of the workers is not a single factor of changing hours of work and working conditions but a combination of several other factors such as : (i) less restrictive methods of supervision ; (ii) giving autonomy to workers ; (iii) allowing the formation of small cohesive sub-groups of the workers ; (iv) creating conditions which encourage and support the growth of these groups and (v) co-operation between management and workers.

Mayo was the first person to advocate for the understanding of workers problems in the context of growth of science and technology. He wanted the management to understand the problems of workers and make efforts to redress them. He and his associates pointed out that :

- (i) Workers were not simply 'Cogs in the machinery'.
- (ii) The employee morale—both individually and in groups could have significant effects on productivity.
- (iii) Managers should adopt a more 'people oriented' approach to management by recognising that people are essentially social beings and not merely economic beings.
- (iv) As social beings, they are the members of a group and hence the management should understand the group attitude and psychology also while finding solutions to its routine problems.

Hawthorne's experiments were criticised for lack of scientific and vigorous research. The experiments were too narrow to warrant generalisations. Despite these observations Mayo's work was a turning point in the development of management thought.

- (v) The data available in the business may not always be upto date and it may lead to wrong decision-making.

(II) SYSTEMS APPROACH

The systems approach looks upon the management as a 'System' or as an 'Organised whole' made up of sub-systems integrated into a unity or orderly totality. The attention must be given to the overall effectiveness of the system rather than the effectiveness of any one sub-system in isolation. The main thrust of this approach is on the interdependence and inter-relatedness of the various sub-systems from the point of view of the effectiveness of a larger system. According to traditional approach every function of management was viewed separately but in systems approach the whole organisation is viewed as a system.

□ Features

The features of this approach are :

1. An organisation consists of many sub-systems.
2. All the sub-systems are mutually related to each other.
3. The sub-parts should be studied in their inter-relationship rather than in isolation from each other.
4. The organisation provides a boundary which separates it from other systems. It determines which parts are internal and which parts are external. For example, employees in the organisation are within the boundary and customers are outside it.
5. The organisation is responsive to environmental effect. It is vulnerable to the changes in environment.

Chester Bernard was the first to see management in the context of a system. Other contributors to this thought are Kenneth, Boulding, Johnson, Rosen, Zweig, Martin etc.

□ USES AND LIMITATIONS

The systems approach helps in studying the functions of complex organisations and has been utilised as the base for the new kind of organisation like project management organisation. It is possible to bring out the inter-relationships in the various functions like planning, organising, directing and controlling. This approach is better than others because it is close to reality.

This approach is often called abstract and vague. It cannot easily be applied to practical problems. Moreover, it does not provide any tools and techniques for executives.

(III) CONTINGENCY OR SITUATIONAL APPROACH

Contingency or situational approach was developed by J.W. Lorsch and P.R. Lawrence in 1970 who were critical of other approaches presupposing 'one best way to manage'. Management problems are different under different situations

and need 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 or situational approach emphasises the fact that what managers do in practice depends upon a given set of circumstances (a contingency & situation). This approach not only takes into account only given situations but also the influence of given solution on behaviour patterns of an enterprise. As per this approach, managers should develop variable methods, tools or action plans as per the specific situation or contingencies as they develop. The type of motivation, communication system, type of leadership in an organisation will depend upon the circumstances prevailing in different enterprises at different times. Changes in organisation have to be made to face the contingencies that crop up from time to time. A manager should study to find out the method that fits into the situation and helps in precise realisation of goals of the enterprise.

□ Features

This approach has the following features :

- (i) Management is entirely situational. The conditions of the situation will determine which techniques and control systems should be designed to fit a particular situation.
- (ii) Management policies and procedures should respond to environmental conditions. Various techniques and control systems should be designed to fit a particular situation.
- (iii) Managers should understand that there is no one best way of managing. They should not treat management principles and techniques as universal. It will be the situation which will determine the techniques and methods of management.

□ USES AND LIMITATIONS

Contingency approach takes a realistic view in management and organisation. It dispels the universal validity of principles. Managers are advised to be situation oriented and not stereo-typed. So managers become innovative and creative.

This approach lacks theoretical base. A manager is expected to know all the alternative courses of action before taking action in a situation, it is not always possible.

(A) MOTIVATION AND MOTIVATION THEORIES

WHAT IS MOTIVATION?

Every human action is the result of a need or desire. One experiences a sort of mental discomfort as long as that need remains unsatisfied in him. The moment the action is initiated he makes an attempt to get over the discomfort. So what causes an action is the need or desire. What causes a need is called the stimulus. Therefore, the manager's duty is to create the stimulus that causes a need which initiates action that leads to satisfaction. This should be a repetitive process for the action to continue. All this is called 'motivation' in management.¹

Motivation is derived from the word motive. "A motive is an inner state that energizes, activates or moves and directs or channels behaviour toward goals."²

"Motivation represents an unsatisfied need which creates a state of tension or disequilibrium, causing the individual to move in a goal directed pattern towards restoring a state of equilibrium by satisfying the need."³ According to the Encyclopedia of Management, "motivation refers to the degree of readiness of an organisation to pursue some designated goal and implies the determination of the nature and locus of the forces, including the degree of readiness."⁴

Motivation is a process that starts with a physiological or psychological deficiency or need that activates behaviour or a drive that is aimed at a goal or 'incentive'. Thus, the process of motivation lies in the meaning of and relationship among needs, drives and incentives (Fig. 18.1).

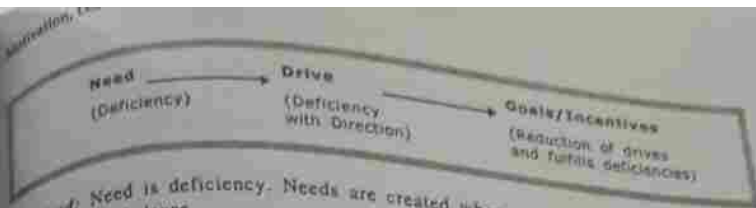


Fig. 18.1
The Basic Motivation Process

Need: Need is deficiency. Needs are created whenever there is a physiological or psychological imbalance.

Drive: Drive is a deficiency with direction. They are action-oriented and provide an emerging thrust toward goal accomplishment.

Incentives: Incentive is anything that will alleviate a need to reduce a drive.

TYPES OF MOTIVES

Motives are divided into three categories, viz., Primary Motives, General Motives and Secondary Motives.

Primary motives: These motives are unlearned and physiologically based. They include hunger, sleep, avoidance of pain, sex and maternal concern.

General motives: These motives are unlearned but not physiologically based. These motives include curiosity, manipulation and activity motives and the affection motive.

Secondary motives: Secondary motives are closely tied to the learning concept. A motive must be learned in order to be included in the secondary classification. Important among them are achievement, affiliation, power, security, status and immediate feedback.²

Motives: Primary, general and secondary

TYPES OF MOTIVATION

There are two ways by which people can be motivated. One is a positive approach or pull-mechanism and another is a negative approach or push-mechanism.

Positive Motivation

People are said to be motivated positively when they are shown a reward and the way to achieve it. Such reward may be financial or non-financial. Monetary motivation may include different incentives, wage plans, productive bonus schemes etc. Non-monetary motivation may include praise for the work, participation in management, social recognition etc. Monetary incentives provide the worker a better standard of life while non-monetary incentives satisfy the ego of a man. Positive motivation seeks to create an optimistic atmosphere in the enterprise.

Negative Motivation

By installing fear in the minds of people, one can get the desired work done. In this method of motivation, fear of consequences of doing something or not doing something keeps the worker in the desired direction. This method has got several limitations. Fear creates frustration, a hostile state of mind and an unfavourable attitude towards the job which hinders efficiency and productivity. So the use of it should be kept to its minimum.

STEPS IN MOTIVATION

According to Judious, the following are the steps that should be adopted in motivation.

- (1) Sizing up situations requiring motivation.
- (2) Preparing a set of motivating tools.
- (3) Selecting and applying an appropriate motivator.
- (4) Following up the results of the application.

Sizing up: This step mainly involves understanding of different needs of people. Having assessed the needs, one can determine what motivate them.

Preparing a Set of Motivating Tools: This list of motivators should be prepared based on the revealed need of the people.

Selecting and Applying Motivators: Out of the list of motivators, few should be selected and applied wherever and whenever they are needed.

Feedback: Having applied the motivators, it is important to find out how effective had a particular motivator been.

THEORIES OF MOTIVATION

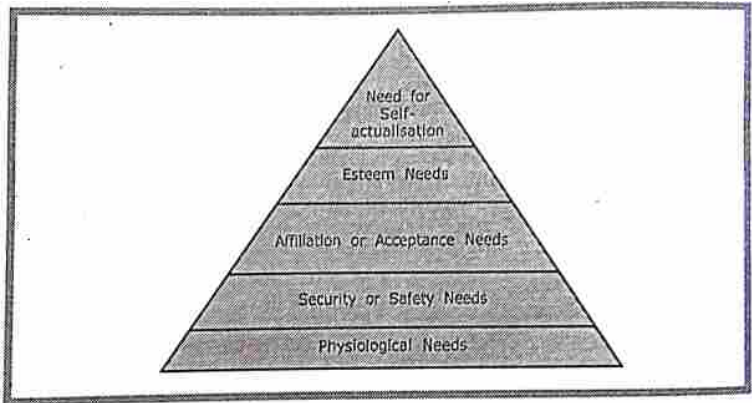
There are several theories on motivation. The significant among them are: Maslow's Hierarchy of Needs, Herzberg's Two-factor Theory, Vroom's Expectancy Theory, Alderfer's ERG Theory and the Porter and Lawler's Expectancy Theory and Equity Theory of Work Motivation.

(1) Maslow's Theory of Hierarchy of Needs

According to Maslow, human needs form a hierarchy, starting at the bottom with the physiological needs and ascending to the highest need of self-actualisation as shown in Fig. 18.2. He says when one set of needs are satisfied they no longer work as motivators as a man seeks to satisfy the next higher level needs.



Fig. 18.2
Hierarchy of Needs



THE NEED HIERARCHY

Physiological:
basic human
needs

(i) *Physiological needs*: These are the basic necessities of human life — food, water, warmth, shelter, sleep and sexual satisfaction. Maslow says that until these needs are satisfied to the required level the man does not aim for the satisfaction of the next higher level needs. As far as work organisation is concerned these needs include basic needs like pay, allowance, incentives and benefits.

Security for the
future earnings
and free from
physical danger

(ii) *Security/safety needs*: These refer to the need to be free of physical danger or the feeling of loss of food, job or shelter. When the physiological needs are satisfied man starts thinking of the way by which he can continue to satisfy these physiological needs. Security needs spring up the moment he makes an effort in the direction of providing himself the source of continuity of physiological needs. This is exactly the reason why attitude towards security is

Motivation, Leadership and Communication

an important consideration in choosing the job. These needs as far as work organisation is concerned include: conformity, security plans, membership in unions, severance pay etc.

(iii) *Social needs: (Affiliation or Acceptance Needs):* When the physiological and security needs are satisfied these social needs begin occupying the mind of a man. This is exactly why he looks for the association of other human beings and strives hard to be accepted by its group. Social needs at work place include: human relations, formal and informal work groups.

(iv) *Esteem needs:* These needs are power, prestige, status and self-confidence. Every man has a feeling of importance and he wants others to regard him highly. These needs make people aim high and make them achieve something great. These needs for employees include status symbols, awards, promotions, titles etc.

(v) *Self-actualization needs:* This is the highest need in the hierarchy. This refers to the desire to become what one is capable of becoming. Man tries to maximise his potential and accomplish something, when this need is activated in him.

CRITICAL ANALYSIS OF MALSOW'S THEORY

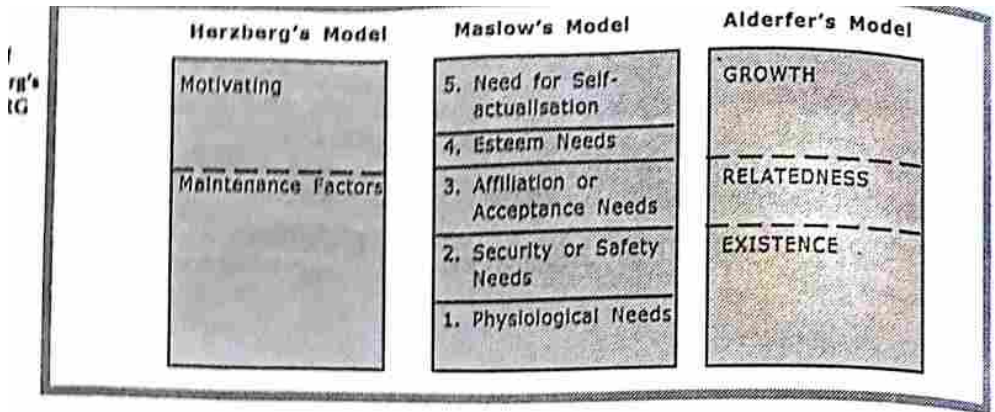
2) HERZBERG'S TWO-FACTOR THEORY

Malsow's theory has been modified by Herzberg and he called it two-factor theory of motivation. According to him the first group of needs is such things as company policy and administration, supervision, working conditions, interpersonnel relations, salary, status, job security and personal life. Herzberg called these factors as 'dissatisfiers' and not motivators. By this he means that their presence or existence does not motivate in the sense of yielding satisfaction, but their absence would result in dissatisfaction. These are also referred to as 'hygiene' factors (See Fig. 18.3).

Motivation is concerned with satisfiers

<i>Maintenance Factors or Dissatisfies or Hygiene Factors</i>	<i>Motivational Factors or Satisfiers</i>
Job Context	Job Content
Extrinsic Factor	Intrinsic Factors
Company Policy and Administration	Achievement
Quality of Supervision	Recognition
Relations with Supervisors	Advancement
Peer Relations	Work Itself
Relations with Subordinates	Possibility of Growth
Pay	Responsibility
Job Security	
Work Conditions	
Status	

Fig. 18.3
Herzberg's
Classification of
Maintenance and
Motivational Factors



(3) ALDERFER'S ERG THEORY

Alderfer also feels that needs should be categorised and that there is basic distinction between lower order needs and higher order needs. Alderfer identifies three groups of needs, viz., Existence, Relatedness and Growth and that is why his theory is called ERG theory. The existence needs are concerned with survival or physiological well-being. The relatedness needs talk of the importance of interpersonal and social relationships. The growth needs are concerned with the individual's intrinsic desire for personal development. This theory is somewhat similar to that of Maslow's and Herzberg's models. But unlike Maslow and Herzberg he does not assert that a lower level need has to be satisfied before a higher level need, nor does he say that deprivation is the only way to activate a need. So, a person's background and cultural environment may make him think of relatedness needs or growth needs though his existence needs are unfulfilled.

(4) VROOM'S EXPECTANCY THEORY OF MOTIVATION

Victor Vroom felt that content models were inadequate explanations of the complex process of work motivation and he developed relatively new theory of motivation. According to his theory, motivation of any individual depends on the desired goal and the strength of his expectation of achieving the goal. Vroom's model is built mainly on three concepts — balance instrumentality and expectancy (See Fig. 18.5).

Valance: Vroom says that valance is the strength of an individual's preference for a particular outcome. It can be taken as equivalent of value, incentive, attitude and expected utility. The

... developed countries. There are only under managed ones.

MANAGERIAL SKILLS

A skill is an acquired and learned ability to translate knowledge into performance. It is the competency of a person that allows his performance to be superior. A manager has to achieve organisational objectives through the proper use of available human and material resources. All managers need to possess various skills which are necessary to carry out their jobs successfully. Managerial skills are explained as follows :

1. Technical Skills. Technical skills basically involve the use of knowledge, methods and techniques in performing the job effectively. It is a specialised expertise which is used in dealing with day to day problems and activities. Technical skills are necessary to accomplish or understand the specific kind of working done in an organisation. Engineers, scientists, computer programmers etc. are the persons who have technical skills in their areas and these skills are acquired through education and training. Technical skills are essential for first line managers who spend their time in training their subordinates and clear their doubts regarding work. As one goes higher in managerial leader, the need of technical skill diminishes.

2. Human Skills. Human skill is the ability to work with other people in a co-operative manner. It involves patience, understanding, trust and genuine involvement in interpersonal relationships. Human relations skill is necessary at every level of management. The success of companies is linked to their success

in having excellent relationship with employees. A manager with good human skills can build trust and co-operation and can motivate others. The businesses are becoming multinational and global, managers are required to learn new ways of dealing with people in different countries with different cultures and value systems.

3. Analytical Skills. Analytical skills are also called diagnostic skills. Analytical skill refers to an ability of logically and objectively investigating and analysing a problem and reaching an appropriate decision. Analytical skills are approaches which are scientific to arrive at feasible and optimal solution. In essence, it is the ability of a person to identify key factors and understand as to how they interrelate and the roles they play in a given situation. Analytical skills help a manager to establish cause and effect relationship. These skills also help a manager for problem identifying, solving and decision making.

4. Decision-making Skills. Every manager is required to make decisions every day. Decision-making is an essential element of management. Decision making is the process of reaching a point. It is choosing the best alternative of doing a thing from the various choices available. A manager may make use of various techniques available for taking decisions. Manager's decisions can make or mark the future of the company. The quality of decisions will improve if possesses decision making skills.

5. Conceptual Skills. Conceptual skill is the ability to view the organisation as a whole and as a total entity as well as a system comprised of various parts and subsystems integrated into a single unit. Managers should have the ability to understand the overall working of the organisation and harmonise the working of the sub-systems for reaching the organisational objectives.

Conceptual skills are crucial for top level managers who must keep the whole system under focus. They must understand the complexities of overall organisation, including how each unit of the organisation contributes towards the overall success of the entire organisation. Conceptual skills will depend upon an organised thinking process which deals with understanding of various organisational functions, their interdependence and the relationship of the organisation with the outside environment in terms of threats and opportunities.

6. Communicational Skills. Communication skills are an important element of interpersonal skills. Communication is essential for proper implementation of orders. The best ideas of a manager may not be of any use if these are not properly communicated to be subordinates. Good communication is the foundation of sound management. Proper communication eliminate delays, misunderstanding, confusion, distortions and improves co-ordination and control. Communication skills are essential at every level of management. The communicational skills namely reading, writing, listening and non-verbal gestures are important ingredients of successful leadership.

7. Political Skills. Political skills can be described as the ability to get your own way without demonstrating selfish or self-oriented attitude. These are the skills to get your share of power and authority and use it without fear of losing it. It is an approach to establish right connections and impressing the right persons

and then using these connections for the full advantage of the organisation. These skills are important at the middle level of management because these level managers always aspire to reach the top level of management, right type of connections help such aspirants.

MANAGERIAL ROLES

A manager's job is very crucial in an organisation. The more complex the organisation, the more crucial his role. The success of an organisation will depend upon the calibre of a manager in utilising the resources for achieving enterprising objectives. A manager plays varied roles. In Henry Mintzberg's opinion, every manager plays roles in three areas : inter personal relationships, information processing, decision-making. These roles are discussed as follows:

□ I. INTERPERSONAL RELATIONSHIPS

A manager plays the following interpersonal roles.

1. As a Figure Head. A manager has to perform many symbolic functions as a figure head of the organisation. He has to sign various papers for the organisation, attend social functions of the subordinates, greet people, speak at functions etc.

2. Leadership Role. A manager is responsible for the activities of his subordinates. He has to act as a leader of the group. He has to set the example of hard work and dedication so that subordinates follow his directions with respect.

3. Liaison Officer. A manager has to maintain contact with higher management and subordinates. Similarly he has to keep a watch on external environment, competitor's strength, government policies etc. He has to maintain liaison by attending meetings, conferences, functions etc.

□ II. INFORMATION PROCESSING

A manager receives, analyses and transmits information to various people. In this context he performs the following roles :

1. Monitoring Information. A manager always collects information about his organisation and the outside environment affecting his business. This information is collected through reports, periodicals, personal contacts, etc.

2. Disseminating Information. The information is disseminated to those who need it. The subordinates may be informed about the change in policies of other manners concerning the organisation. He also meets the informational needs of other people in the organisation. This may be done through circulars, letters, phone calls or personal meetings.

3. Organisation's Spokesman. A manager acts as a spokesman of the enterprise while dealing with outsiders. Some information may be supplied to outsiders or make some demand from outsiders on behalf of the unit. This can be done through letters, telephone calls or personal meetings.

□ III. DECISION-MAKING

It is the primary function of a manager. He has to take decisions every day. He performs the roles as a decision-maker.

1. As an Entrepreneur. As an entrepreneur, a manager has to take many strategic decisions. He decides about expansion or diversification. The decisions such as sources of funds, arranging of various inputs, marketing strategies etc. are taken by the manager. He consults other persons in the organisation before taking important decisions. This can be done through meetings, asking for suggestions, telephone talks, etc.

2. As a Conflict Handler. There may be conflicts among employees or some grievances against management. A manager has to act as an arbitrator in resolving disputes of employees. He conveys management's views to the employees and takes notice of their grievances. The employees may demand higher wages, more bonus or other benefits. He tries to settle various disputes so that cordial relations are maintained in the organisation.

3. As a Resource Allocator. A manager makes budgetary allocations for different departments. He looks into the demands of various segments and takes necessary actions. There may be a demand for more personnel, more inputs or other resources. He allocates sources in such a way that these are used in a best possible way and no activity suffers for their inadequacy.

4. As a Negotiator. A manager has to negotiate with outsiders for taking certain decisions. The prices may be negotiated with suppliers, the rates may be fixed with customers, the purchase of various assets may be negotiated with manufacturers. He also deals with the trade unions on various issues. There may be many other issues which require negotiations by the manager.

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EVOLUTION OF MANAGEMENT THOUGHT

Management has always existed in some form or the other, probably as early as the beginning of human civilisation. The pattern of management has been undergoing change with the varying social and technological factors. Management has been growing with the development of social, economic, political and scientific institutions. The invent of Industrial Revolution brought out the necessity of developing a theory of management. The management thought has passed through various stages to reach its present level. So for the purpose of study, it is divided into three stages, each covering different period and ideology of the contributors.

STAGES IN MANAGEMENT THOUGHT

The evolution of management thought may be divided into three stages:

I. The Classical Theory of Management

In this stage three streams of thought are identified :

1. **Bureaucratic Model**– Max Webber introduced it around 1900.
2. **Scientific Management**– F.W. Taylor propounded this concept around 1910.
3. **Process Management**– Henry Fayol advocated functional or administrative or process management around 1910.

II. The Neo-Classical Theory

It consists of two streams of thought :

1. **Human Relations Movement**– Elton Mayo and Roethlisberger propagated it around 1930.
2. **Behavioural Sciences Movement** – Introduced by A. Maslow, McGregor around 1940.

□ **II. The Modern Management Theories**

It comprises of three streams of thought :

1. **Quantitative Approach**– Also known as Operations Research Analysis which was developed by Taylor around 1950.
2. **Systems Approach**– Developed after 1950 by Boulding, Johnson and others.
3. **Contingency Approach**–Developed by Lorsch, Lawrence and others.