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GROUP-A

CHAPTER -2 (Topic: Management Process.)

2.0 Management Process

2.1 What is Management?

Management is the science and art of getting people together to accomplish desired goals and objectives by coordinating and integrating all available resources efficiently and effectively.

Evolution:

Evolution of Management Concept

The evolution of management thought is a process that started in the early days of man. It began since the period man saw the need to live in groups. Mighty men were able to organize the masses, share them into various groups. The sharing was done according to the masses' strength, mental capacities, and intelligence.

The point is that management has been practiced in one way or the other since civilization began. If you want a good example where advanced management principles were applied, consider the organization of the olden days Roman Catholic Church, military forces as well as ancient Greece. These are all excellent examples. But the industrial revolution brought drastic change. And suddenly, the need to develop a more holistic and formal management theory became a necessity.

Explain the Evolution of Management

Thought Stages of the evolution of management thought

This topic is broad, and it also requires careful explanation and thought process. One cannot understand what it entails or appreciate how it happened without looking at the various areas where the said evolution occurred. For better understanding, the evolution of management thought will be shared into four different stages. These include:

- **Pre-scientific management period**
- Classical theory
- Neo-classical theory or behavior approach
- Bureaucratic Model of Max Weber

The Pre-Scientific Management Period:

The industrial revolution that took place in the 18th century had a significant impact on management as a whole. It changed how businesses, as well as individuals, raised capitals; organize labor and the production of goods. Entrepreneurs had access to all the factors of production such as land, labor, and capital. Theirs was to make an effort to combine these factors to achieve a targeted goal successfully.

However, the new dimension that management took following the industrial revolution cannot be discussed without mentioning notable personalities who contributed their quarter. They were able to introduce useful ideas and approaches to give management a precise and universally acceptable direction. Here are some of them.

- **Professor Charles Babbage – United Kingdom (1729 –1871)**

Prof Babbage, a renowned professor in mathematics at Cambridge University discovered that manufacturers were relying on guesswork and suggestions and urged them to utilize mathematics and science to be more accurate and productive.

- **Robert Owens – United Kingdom (1771 –1858)**

Robert was regarded as the father of personnel management because of his approach and focus on employee welfare. He introduced co-operation and trade unions. Robert believed that employee welfare could determine their performance to a large extent. He encouraged the training of workers, education for their children, canteens in the workplace, shorter working hours, among others.

The Classical Theory:

Prof Babbage, Robert Owens, and other names earlier mentioned can be regarded as the pioneers of management. But their contribution to the evolution of management is little. The beginning of what is known as the science of management started in the last decade of the 19th century. Names like Emerson, F.W. Taylor, H.L. Grant, and others, paved the way for the establishment of what is called scientific management.

During the classical period, management thought was focused on job content, standardization, the division of labor, and a scientific approach toward the organization. It also was closely related to the industrial revolution as well as the rise of large-scale enterprises.

The Neo-Classical Theory:

This period of evolution of management thought is an improvement of the classical theory. In other words, it modified and improved upon the classical theory. For instance, Classical theory focused more on the area of job content, including the management of physical resources, while the neo-classical theory gave more profound emphasis on employee relationships in the work environment.

The Bureaucratic Model:

A German Sociologist called Max Weber proposed this model. And it includes a system of rules, division of labor hinged on functional specialization, legal authority, and power, the hierarchy of authority and placement of employees based on their technical competence.



The Evolution of Management Theories:

Organizations have been shaped and through the writings of several writers. Their write-up consisted of governance of kingdoms and management of humans. And these formed the literature that helped in the development of management theories. And these management models were also offered by the military, political and religious organizations.

For instance, Sun Tzu's book "The Art of War" was written in the 16th century BC. Sun was also a Chinese army general. However, the writings in Sun's book were also used for managerial purposes.

The book highlights that it's possible to achieve success by using the strength of the organization to exploit the weakness of rivals. Another great book was Chanakya's Arthashastra. It was written in the third century BC and focused on the governance of the kingdom concerning the formulation of policies of governance and management of people.

Conclusion:

The evolution of management started from civilization. So, what we have now is refined and improved management thoughts and theories. But knowing how this evolution came about is vital. It will help to improve one's knowledge of the process and effectively utilize management principles for the betterment of the organization.

Various definitions of Management:

Many management thinkers have defined management in their own ways.

1) Van Fleet and Peterson define management, '***as a set of activities directed at the efficient and effective utilization of resources in the pursuit of one or more goals.***'

2) Megginson, Mosley and Pietri define management as '***working with human, financial and physical resources to achieve organizational objectives by performing the planning, organizing, leading and controlling functions.***'

3) Kreitner's definition of management:

'Management is a problem-solving process of effectively achieving organizational objectives through the efficient use of scarce resources in a changing environment.' 4) According to F.W. Taylor, '**Management is an art of knowing what to do, when to do and see that it is done in the best and cheapest way.**'

5) According to Harold Koontz, '***Management is an art of getting things done through and with the people in formally organized groups. It is an art of creating an environment in which people can perform and individuals can co-operate towards attainment of group goals.***'

Administration & management:

According to *Theo Haimann*, "Administration means overall determination of policies, setting of major objectives, the identification of general purposes and laying down of broad programmes and projects". It refers to the activities of higher level. It lays down basic principles of the enterprise. According to Newman, "Administration means guidance, leadership & control of the efforts of the groups towards some common goals".

Whereas, management involves conceiving, initiating and bringing together the various elements; coordinating, actuating, integrating the diverse organizational components while sustaining the



viability of the organization towards some pre-determined goals. In other words, it is an art of getting things done through & with the people in formally organized groups.

The difference between Management and Administration can be summarized under 2 categories:

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1. Functions
2. Usage /Applicability

On the Basis of Functions:-

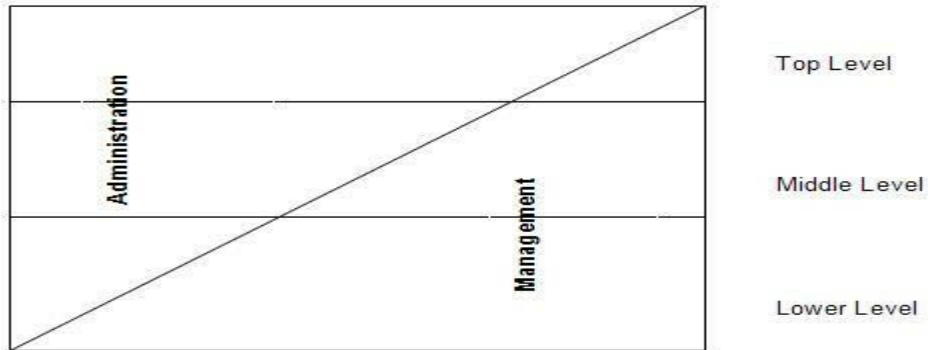
Basis	Management	Administration
Meaning	Management is an art of getting things done through others by directing their efforts towards achievement of pre-determined goals.	It is concerned with formulation of broad objectives, plans & policies.
Nature	Management is an executing function.	Administration is a decision-making function.
Process	Management decides who should do it & how should he do it.	Administration decides what is to be done & when it is to be done.
Function	Management is a doing function because managers get work done under their supervision.	Administration is a thinking function because plans & policies are determined under it.
Skills	Technical and Human skills	Conceptual and Human skills
Level	Middle & lower level function	Top level function

On the Basis of Usage:-

Basis	Management	Administration
Applicability	It is applicable to business concerns i.e. profit-making organization.	It is applicable to non-business concerns i.e. clubs, schools, hospitals etc.
Influence	The management decisions are influenced by the values, opinions, beliefs & decisions of the managers.	The administration is influenced by public opinion, govt. policies, religious organizations, customs etc.
Status	Management constitutes the employees of the organization who are paid remuneration (in the form of salaries & wages).	Administration represents owners of the enterprise who earn return on their capital invested & profits in the form of dividend.



Practically, there is no difference between management & administration. Every manager is concerned with both - administrative management function and operative management function as shown in the figure. However, the managers who are higher up in the hierarchy denote more time on administrative function & the lower level denote more time on directing and controlling worker's performance i.e. management.



The figure above clearly shows the degree of administration and management performed by the different levels of management.

Levels of Management:

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

1. Top level / Administrative level
2. Middle level / Executors
3. Low level / Supervisory / Operative / First-line managers

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



1. Top Level of Management

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

2. Middle Level of Management

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

3. Lower Level of Management

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

Scientific management by F.W.Taylor:

Frederick W. Taylor, in full **Frederick Winslow Taylor**, (born March 20, 1856, Philadelphia, Pennsylvania, U.S.—died March 21, 1915, Philadelphia), American inventor and engineer who is known as the father of scientific management.

Some of the major techniques of scientific management are as follows: 1. Work Study 2. Standardisation of Tools and Equipment's 3. Scientific Task Setting 4. Scientific Setting of Wage Rates 5. Scientific Selection and Training 6. Functional Foremanship 7. Differential Piece-Rate Plan.

1. Work Study:

Work study implies an organized, objective, systematic, analytical and critical assessment of the efficiency of various operations in an enterprise.

It is a generic term for those techniques which are used in the examination of human work in all its context and which lead systematically to the investigation of all factors which affect the efficiency and economy of operations.

Work-Study includes the following techniques:

(a) Method Study:

This study is conducted to know the best method of doing a particular job. It helps in reducing the distance travelled by materials, and brings improvement in handling, transporting, inspection and storage of raw materials and goods.

(b) Motion Study:

Motion study is a technique which involves close observations of the movement of body and limbs of an individual required to perform a job. It is the study of the movement of an operator or a machine to eliminate useless motions and find out the best method of doing a particular job. By



undertaking motion study, an attempt is made to know whether some elements of a job can be eliminated, combined or their sequence changed to achieve the necessary rhythm.

The purpose of motion study is (i) to find and eliminate wasteful motions among the workers, and

(a) to design the best methods of doing various operations. It leads to increase the efficiency of workers by reducing fatigue and manual labour. It results in higher production and productivity.

(c) Time Study or Work Measurement:

Time study is the technique of observing and recording the time required by a workman of reasonable skills and ability to perform each element of the tasks in a job. Through time study, the precise time required for each element of a man's work is determined. It helps in fixing the standard time required to do a particular job.

The purpose of time study is to scientifically determine the standard time for doing a job under given condition. It helps to measure the efficiency of workers. It creates time consciousness among workers. Saving in time leads to cost reduction and increased efficiency.

(d) Fatigue Study:

Fatigue, physical or mental, has an adverse effect on the worker's health and efficiency. Fatigue study helps in reducing fatigue among the workers. Fatigue is generally caused by long working hours without rest pauses, repetitive operations, excessive specialisation, and poor working conditions. The purpose of fatigue study is to maintain the operational efficiency of the workers.

2. Standardisation of Tools and Equipments:

Taylor advocated standardisation of tools and couplings, cost system and several other items. Effort should be made to provide standardised working environment and methods of production to the workers. Standardisation would help to reduce spoilage and wastage of materials, improve quality of work, reduce cost of production and reduce fatigue among the workers.

3. Scientific Task Setting:

It is essential to set a standard task which an average worker can do during a working day. Taylor called it a fair day's work. He emphasized the need for fixing a fair day's work because it will prevent the workers from doing work much below their capacity. The standard task will act as a norm before the workers. If no standard is set, the workers will work below their capacity.

4. Scientific Setting of Wage Rates:

Wage rates should be fixed in such a way that the average worker is induced to attain a standard output. Taylor suggested the differential piece-wage system. Under this system, higher rates are offered to those workers who produce more than the standard quantity. Taylor was of the view that the efficient workers should be paid, from 30% to 100% more than the average workers.

5. Scientific Selection and Training:

The management should design scientific selection procedure so that right men are selected for the right jobs. The first step in scientific selection is determining the jobs for which workers are required. After that the most appropriate qualification, training, experience and the level of efficiency for the requisite post are determined. Employees are selected according to pre-determined standards in an impartial way.

6. Functional Foremanship:

Taylor advocated that specialization must be introduced in a factory. He advocated 'functional foremanship' for this purpose. Functional foremanship is a form of organisation which involves supervision of a worker by several specialist foremen. For instance, matters relating to speed of



work and repairs of machinery will be supervised by the speed boss and the repair boss respectively.

The purpose of functional foremanship is to improve the quality of supervision of workers by employing specialist foremen. Taylor believed that a single foreman is not competent to supervise all functional matters.

In Taylor's functional foremanship, planning is separated from execution. He recommended eight foremen in all to control the various aspects of production. He suggested four foremen in the planning department, namely, route clerk, instruction card clerk, time and cost clerk and shop disciplinarian. The four foremen recommended for getting the required performance from the workers include gang boss, speed boss, repair boss and inspector.

7. Differential Piece-Rate Plan:

This plan was suggested by Taylor to attract highly efficient workers. Under this plan, there are two piecework rates, one is lower and another is higher. The standard of efficiency is determined in terms of number of units during a day or standard same. The worker who produces more than standard output within the standard time.

He will be given higher piece rate. On the other hand, if a worker is below the standard, he shall be given lower rate of wages. The slow worker is thus penalised as he gets wages at a lower piece rate. Thus Taylor's scheme of wage payment encourages the workers to attain higher standard of performance and earn wages at higher rate.

For example, the standard output for a worker is 20 units per day and the normal piece rate is Rs 10 per unit if the actual production is 20 units or more. But the differential piece rate is Rs. 9 per unit if the actual production is less than 20 units. If a worker produces 20 units. He will get Rs. 200 (i.e., 20×10) and if he produces 19 units, he will get Rs. 171 (i.e., 19×9). Thus, he is penalised by Rs. 29 if he produces one unit less than the standard output.

2.2 Principles of Management (14 principles of Henry Fayol):

History of the 14 principles of Management

In the last century, organizations already had to deal with management in practice. In the early 1900s, large organizations, such as production factories, had to be managed too. At the time there were only few (external) management tools, models and methods available.

Thanks to scientists like Henri Fayol (1841-1925) the first foundations were laid for modern scientific management. These first concepts, also called principles of management are the underlying factors for successful management. Henri Fayol explored this comprehensively and, as a result, he synthesized the 14 principles of management. Henri Fayol's principles of management and research were published in the book '*General and Industrial Management*' (1916).

14 Principles of Management of Henri Fayol

14 principles of Management are statements that are based on a fundamental truth. These principles of management serve as a guideline for decision-making and management actions.



They are drawn up by means of observations and analyses of events that managers encounter in practice. Henri Fayol was able to synthesize 14 principles of management after years of study. The 14 principles of Management are:

1. Division of Work
2. Authority and Responsibility
3. Discipline
4. Unity of Command
5. Unity of Direction
6. Subordination of Individual Interest
7. Remuneration
8. The Degree of Centralization
9. Scalar Chain
10. Order
11. Equity
12. Stability of Tenure of Personnel
13. Initiative
14. Esprit de Corps

This article explains the **administrative theory** of the **14 Principles of Management** by **Henri Fayol** in a practical way. After reading you will understand the basics of this powerful **management tool**.

1. Division of Work

In practice, employees are specialized in different areas and they have different skills. Different levels of expertise can be distinguished within the knowledge areas (from generalist to specialist). Personal and professional developments support this. According to Henri Fayol specialization promotes efficiency of the workforce and increases productivity. In addition, the specialization of the workforce increases their accuracy and speed. This management principle of the 14 principles of management is applicable to both technical and managerial activities.

2. Authority and Responsibility

In order to get things done in an organization, management has the authority to give orders to the employees. Of course with this authority comes responsibility. According to Henri Fayol, the accompanying power or authority gives the management the right to give orders to the subordinates. The responsibility can be traced back from performance and it is therefore necessary to make agreements about this. In other words, authority and responsibility go together and they are two sides of the same coin.

3. Discipline

This third principle of the 14 principles of management is about obedience. It is often a part of the core values of a mission and vision in the form of good conduct and respectful interactions. This management principle is essential and is seen as the oil to make the engine of an organization run smoothly.



4. Unity of Command

The management principle 'Unity of command' means that an individual employee should receive orders from one manager and that the employee is answerable to that manager. If tasks and related responsibilities are given to the employee by more than one manager, this may lead to confusion which may lead to possible conflicts for employees. By using this principle, the responsibility for mistakes can be established more easily.

5. Unity of Direction

This management principle of the 14 principles of management is all about focus and unity. All employees deliver the same activities that can be linked to the same objectives. All activities must be carried out by one group that forms a team. These activities must be described in a plan of action. The manager is ultimately responsible for this plan and he monitors the progress of the defined and planned activities. Focus areas are the efforts made by the employees and coordination.

6. Subordination of Individual Interest

There are always all kinds of interests in an organization. In order to have an organization function well, Henri Fayol indicated that personal interests are subordinate to the interests of the organization (ethics). The primary focus is on the organizational objectives and not on those of the individual. This applies to all levels of the entire organization, including the managers.

7. Remuneration

Motivation and productivity are close to one another as far as the smooth running of an organization is concerned. This management principle of the 14 principles of management argues that the remuneration should be sufficient to keep employees motivated and productive. There are two types of remuneration namely non-monetary (a compliment, more responsibilities, credits) and monetary (compensation, bonus or other financial compensation). Ultimately, it is about rewarding the efforts that have been made.

8. The Degree of Centralization

Management and authority for decision-making process must be properly balanced in an organization. This depends on the volume and size of an organization including its hierarchy. Centralization implies the concentration of decision making authority at the top management (executive board). Sharing of authorities for the decision-making process with lower levels (middle and lower management), is referred to as decentralization by Henri Fayol. Henri Fayol indicated that an organization should strive for a good balance in this.

9. Scalar Chain

Hierarchy presents itself in any given organization. This varies from senior management (executive board) to the lowest levels in the organization. Henri Fayol's "hierarchy" management principle states that there should be a clear line in the area of authority (from top to bottom and all managers at all levels). This can be seen as a type of management structure. Each employee can contact a manager or a superior in an emergency situation without challenging the hierarchy. Especially, when it concerns reports about calamities to the immediate managers/superiors.



10. Order

According to this principle of the 14 principles of management, employees in an organization must have the right resources at their disposal so that they can function properly in an organization. In addition to social order (responsibility of the managers) the work environment must be safe, clean and tidy.

11. Equity

The management principle of equity often occurs in the core values of an organization. According to Henri Fayol, employees must be treated kindly and equally. Employees must be in the right place in the organization to do things right. Managers should supervise and monitor this process and they should treat employees fairly and impartially.

12. Stability of Tenure of Personnel

This management principle of the 14 principles of management represents deployment and managing of personnel and this should be in balance with the service that is provided from the organization. Management strives to minimize employee turnover and to have the right staff in the right place. Focus areas such as frequent change of position and sufficient development must be managed well.

13. Initiative

Henri Fayol argued that with this management principle employees should be allowed to express new ideas. This encourages interest and involvement and creates added value for the company. Employee initiatives are a source of strength for the organization according to Henri Fayol. This encourages the employees to be involved and interested.

14. Esprit de Corps

The management principle 'esprit de corps' of the 14 principles of management stands for striving for the involvement and unity of the employees. Managers are responsible for the development of morale in the workplace; individually and in the area of communication. Esprit de corps contributes to the development of the culture and creates an atmosphere of mutual trust and understanding.

2.3 Functions of Management:

A manager is called upon to perform the following managerial functions:

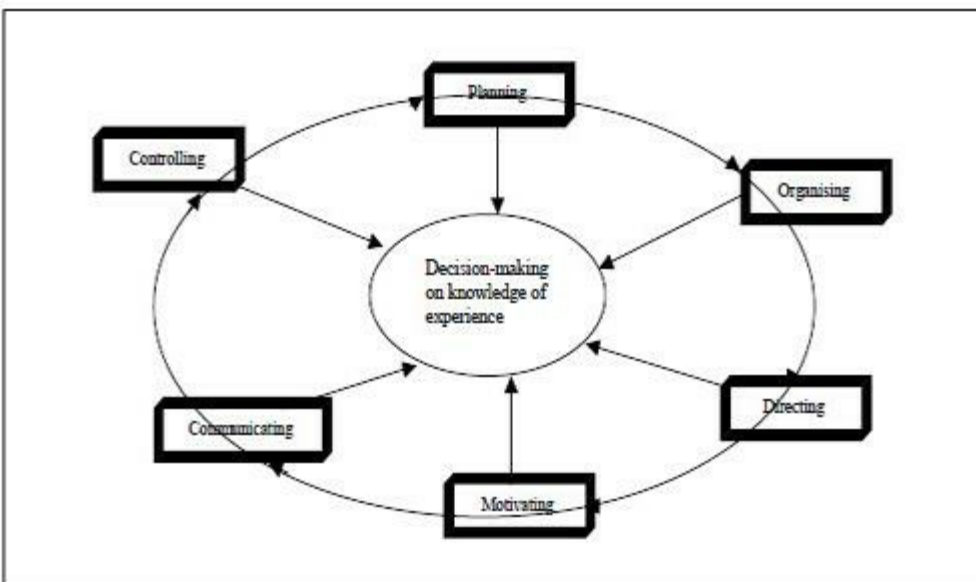
1. Planning
2. Organising
3. Staffing
4. Directing
5. Motivating
6. Controlling



7. Co-ordinating and
8. Communicating.



Functions of Management:



1. **Planning:** When management is reviewed as a process, planning is the first function performed by a manager. The work of a manager begins with the setting of objectives of the organisation and goals in each area of the business. This is done through planning. A plan is a predetermined course of action to accomplish the set objectives. It is today's projection for tomorrow's activity. Planning includes objectives, strategies, policies, procedures, programmes, etc. As it involves making choices, decision-making is the heart of planning.
2. **Organising:** Organising includes putting life into the plan by bringing together personnel, capital, machinery, materials etc., to execute the plans. While, planning decides what management wants to do, organising provides an effective machine for achieving the plans.
3. **Staffing:** Staffing involves filling the positions needed in the organisation structure by appointing competent and qualified persons for the job. This needs man power planning, scientific selection and training of personnel, suitable methods of remuneration and performance appraisal.
4. **Directing:** Direction involves managing managers, managing workers and the work through the means of motivation, proper leadership, effective communication as well as co-ordination. A manager must develop the ability to command and direct others.
5. **Motivating:** Motivation is a managerial function to inspire and encourage people to take required action. Motivation is the key to successful management of any enterprise. Motivation can set into motion a person to carry out certain activity.
6. **Controlling:** Control is the process of measuring actual results with some standard of performance, finding the reason for deviations of actual from desired result and taking

corrective action when necessary. Thus, controlling enables the realization of plans. A manager must adopt the following steps in controlling:

- o Identify potential problems.
 - o Select mode of control.
 - o Evaluate performance in terms of planning.
 - o Spot significant deviations.
 - o Ascertain causes of deviations.
 - o Take remedial measures.
7. **Co-ordination:** Co-ordination is concerned with harmonious and unified action directed toward a common objective. It ensures that all groups and persons work efficiently, economically and in harmony. Co-ordination requires effective channels of communication. Person-to-person communication is most effective for coordination.
8. **Communication:** It means transfer of information and understanding from person to person. Communication also leads to sharing of information, ideas and knowledge. It enables group to think together and act together.

2.4 Social responsibility and Environmental dimension of management. Traditionally, companies have had one responsibility: to make a profit. But the concept of corporate social responsibility holds that companies should be responsible to more than just their owners. Corporate social responsibility holds that there are multiple dimensions that should affect a company's actions. Understand these dimensions when planning your own company's corporate social responsibility efforts.

Social responsibility

The social dimension of corporate responsibility involves the relationship between your business and society as a whole. When addressing the social dimension, you should aim to use your business to benefit society as a whole. This could involve sourcing fair trade products, for example, or agreeing to pay your employees a livable wage. It could also involve taking on endeavors that benefit society, for instance using your resources to organize charitable fundraisers.

Environmental

The environmental dimension of corporate social responsibility refers to your business's impact on the environment. The goal, as a socially responsible company, is to engage in business practices that benefit the environment. For example, you might choose to use recycled materials in your packaging or add renewable energy sources like solar power to your factory.

