

Management Theory and Practice



**NMIMS GLOBAL ACCESS
SCHOOL FOR
CONTINUING EDUCATION**

MANAGEMENT THEORY AND PRACTICE

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Managerial Decision Making: Types of Managerial Decisions- Decision Making Process - Importance of the Decision - Time Pressures - Group Decision Making - Techniques for Stimulating Creativity - Information Technology and Decision Making

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C H A P T E R

EVOLUTION OF MANAGEMENT

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INTRODUCTORY CASELET

MANAGEMENT AT TRUELOCAL

TrueLocal is one of the leading online business directories in Australia. It mainly provides information on all types of businesses in Australia. Its head office is located in Sydney, while sales offices are located in Brisbane and Melbourne. TrueLocal was established by NDM in 2005. Initially, at the time of establishment, TrueLocal aligned its culture, values, and structure with NDM so that strategic goals defined by TrueLocal can be achieved. The aim of TrueLocal was to emerge as the top most provider of online information in Australia. Consequently, NDM merged all the operations of its other subsidiaries with TrueLocal and redesigned the organisation structure by flattening it out under a newly created management team and CEO.

The new management team modified the existing management structure and policies. Because of this change, most of the staff members were dissatisfied as they were clueless as to whom they had to report. They were also unaware of reporting channels, processes, and goals due to ineffective communication from the management. As a result, many of the staff members left the organisation as they felt confused and disappointed.

Witnessing the new distressed situation, the management decided to offer new career proposals to its experienced staff. The organisation also hired fresh talents, who were more cooperative and encouraging about the improvements that were to be made in the organisation.

LEARNING OBJECTIVES

After completing the chapter, you will be able to:

- Explain the history of management
- Discuss the approaches to management
- Describe the contributions of leading scholars
- State the recent development in management

1.1 INTRODUCTION

Since time immemorial, managing has been the most imperative activity as the society has continuously relied on group efforts. Moreover, it has always been crucial to ensure the coordination of individual efforts right from the time people engaged socially. Well-coordinated efforts are pivotal for achieving the aims and objectives that cannot be realised individually. Management is an act of achieving results by coordinating individual efforts. Different management experts have defined management differently. Some of the definitions are given as follows:

According to **FW Taylor**, “Management is the art of knowing what you want to do and then seeing that it is done in the best and cheapest way.”

According to **Harold Koontz and Cyril O’ Donnell**, “Management is the creation and maintenance of an internal environment in an *enterprise where individuals, working in groups, can perform efficiently and effectively towards the attainment of group goals.*”

The above definitions provide the traditional view of management. However, the meaning of management is ever expanding. As organised groups have become enormous over the years, the role of management has also been increasing in importance and complexity. Organisations nowadays have become more global; employee groups are more diverse; and organisation structures do not contain large hierarchies rather focus on a collaborative approach. To tackle these new challenges, organisations are adopting new methods and philosophies of management. In this chapter, let us study the concept, meaning, and evolution of management in detail.

1.2 HISTORY OF MANAGEMENT

The history of management can be traced back to 5000 B.C. when the agriculture revolution was at the initial stage. In Egypt, in 2900 B.C., the pyramids were built in a highly organised and coordinated manner. These pyramids have become a classic example of management.

Apart from this, management skills can also be found in the suave cities of Mohan-jo-Daro in India. Another great example of management

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was shown in the organised military of Alexander the Great during his military conquests in 336 to 323 B.C. Management was also a part of the Roman Empire, which organised its general administration and controlled its political, military and judgmental issues by using effective communication.

Management that we observe in organisations is attributed to the industrial revolution in the late eighteenth century. Let us discuss about management and the industrial revolution.

1.2.1 INDUSTRIAL REVOLUTION

Management practices that have been followed in organisations emerged as a result of the industrial revolution in the late eighteenth century. Industrial revolution was a period of transition from manual production methods to new manufacturing processes in the late eighteenth century. Prior to this period, only small-scale industries were present for the survival of the world's vast population. After the industrial revolution, people began to shift their base to urban cities. As these cities were witnessing the emergence of factories, there were a large number of employment opportunities.

During industrial revolution, management was based on two main propositions, which are:

Firstly, labour was perceived as a bunch of lethargic people who work only when controlled and supervised.

Secondly, labour was the only factor that could bring reduction in costs. Therefore, all the efforts were made to reduce labour costs and increase production.

There were many characteristics of the industrial revolution. Some of the important characteristics are:

- ❑ **Specialisation:** During the industrial revolution, the principle of division of labour was followed wherein each worker was allotted a particular job with the purpose of achieving specialisation in that job. The specialisation of labour led to assembly line production.
- ❑ **Standardisation:** During the industrial revolution, the main focus was laid on standardisation wherein identical products were produced in huge quantities. Standardisation led to the same level of quality across organisations, which helped customers in acquiring the same type of products from anywhere in the market.
- ❑ **Synchronisation:** It refers to the blending of all different elements at one place. These elements were raw materials, semi-finished goods, machines and equipment, and labour force. Synchronisation generally took place in the assembly line where all the parts were assembled to produce the final output.

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- ❑ **Maximisation:** Here, it refers to the maximisation of production. During the industrial revolution, the focus was on increasing the level of production by optimising capital, time, and labour. This promoted the philosophy of **survival of the fittest**, which led to mergers and acquisitions.
- ❑ **Centralisation:** During the industrial revolution, all controlling powers were in the hands of top management. All policy-related decisions were taken by the top management, while operational decisions were decentralised.

1.2.2 FORCES BEHIND MANAGEMENT THOUGHTS

The concept of management is not new and has emerged as a result of a complex evolutionary process. Management has been practiced for many years right from the time of The Sumerians, Babylonians, and Romans. However, it gained importance during the industrial revolution era and was backed by many forces. Figure 1.1 shows the three main forces of management:

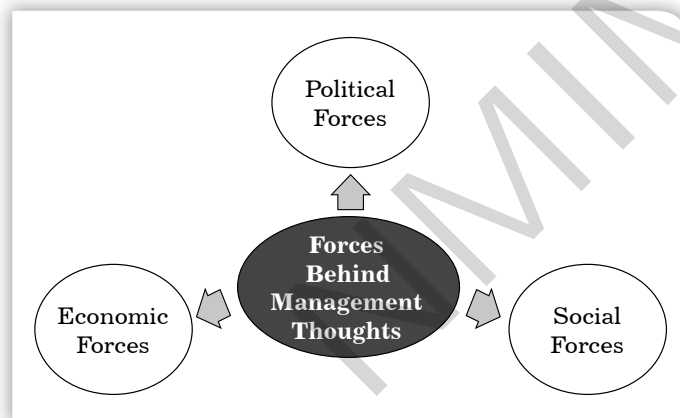


Figure 1.1: Forces of Management Thoughts

Let us study these forces in detail.

- ❑ **Political forces:** Political forces, such as government regulations, political institutions, and trade policies affect in the areas of environmental analysis, organisational design and structure, and employee rights. Political pressure has a major impact on organisations' management as the rights of customers, suppliers, labour, creditors, owners, and other segments keep changing with respect to changes in the political environment of a country.
- ❑ **Social forces:** These forces can be in the form of social norms arising from the values and beliefs of people in a society. These forces help in the formation of social contracts, wherein no particular sets are mutually understood. People interact with each other on the basis of these norms. Similarly, social contracts are also formed between organisations and their labour, creditors, investors, and customers.

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- ❑ **Economic forces:** These forces are responsible for the formation of base market economy and other concepts, such as private ownership of property, economic freedom, and competitive markets. These forces also play an important role in determining the distribution of goods and services in a society.



SELF ASSESSMENT QUESTIONS

1. In which empire, management organised general administration and controlled its political, military, and judgmental issues by using effective communication?
 - a. Roman Empire
 - b. Mughal Empire
 - c. Ottoman Empire
 - d. Russian Empire
2. _____ was a period of transition from manual production methods to new manufacturing processes in the late eighteenth century
3. Name the characteristic of the industrial revolution that is all the maximisation of production.
4. Political forces can be in the form of social norms arising from the values and beliefs of people in a society. (True/False)



ACTIVITY

Find out major developments that took place during the industrial revolution through magazines, books, CDs, etc. Compare these developments to the management practices of the present era.

1.3 APPROACHES TO MANAGEMENT

The industrial revolution laid the foundation for various management approaches. Each approach has attempted to explain the concept of management from different aspects. The two most common approaches to management are listed in Figure 1.2:

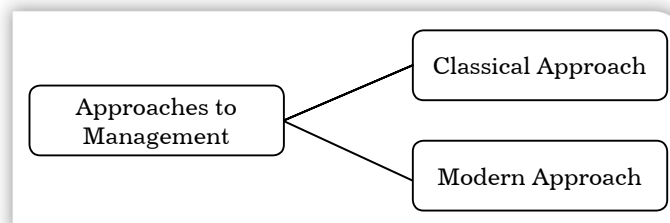


Figure 1.2: Approaches to Management

Let us study the two approaches in detail in the subsequent sections.

1.3.1 CLASSICAL APPROACH

The classical approach to management was developed in the period between the 1880s to the 1920s. In this approach, it was recommended that production can be increased by improving the efficiency of an organisation. Thus, managers must focus on determining the best ways to perform jobs. The classical approach to management can be studied under three main areas, which are shown in Figure 1.3:

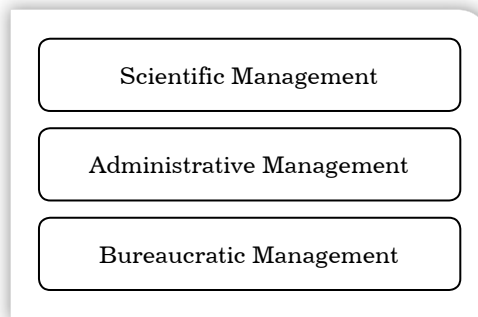


Figure 1.3: Classical Approach to Management

Let us discuss these three areas in detail in the subsequent sections.

SCIENTIFIC MANAGEMENT

The scientific management approach was developed by Frederick Winslow Taylor (1856-1915), who was an American engineer. Thus, scientific management is also popular by the name of **Taylorism**. He conducted a series of experiments in three organisations that greatly influenced management thoughts. His contribution in scientific management can be studied under the following categories:

- ❑ **Time and motion study:** It is a technique of scientific management that was developed to define employee productivity standards. In this technique, a complex job is first divided into a series of simple tasks. After that, the way these tasks are performed is observed to determine and eliminate waste motions. In this way, the precise time taken to complete the job is determined, which further helps in developing delivery schedules and incentive schemes. Time and motion study is most appropriate for repetitive jobs.
- ❑ **Differential piece rate plan:** This plan was developed by Taylor on the assumption that all the workers have different capabilities and must be paid accordingly. This plan is also based on an assumption that the production system is based on piece rates. Under the plan, time and motion study is used to estimate the standard time of completing a job. Based on the standard time, two piece rates are devised, namely higher and lower. The workers who exceed the standard time are given higher piece rates as wages. On the other hand, lower piece rates are given to those workers who do not meet the standard.

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- ❑ **Supervision:** Taylor suggested that work in an organisation must be planned and assigned to the workers by foremen. Foremen should assign work on the basis of workers' specialty and supervise the performance of workers. For that, an organisation should hire adequate number of foremen.
- ❑ **Scientific recruitment and training:** Taylor laid emphasis on training workers and developing their skills so that they can efficiently perform more than one type of job.
- ❑ **Friendly cooperation between management and workers:** Taylor believed that both management and workers have one common goal, i.e. increase in production. Therefore, both management and workers must work together in harmony to achieve the common goal.

ADMINISTRATIVE MANAGEMENT

Henri Fayol (1841-1925), a French mining engineer, promoted the concept of administrative management. He focussed on developing administrative principles that could be applicable to both general and higher managerial levels. Fayol presented 14 principles of management, which act as a guide for developing management practices. These principles are explained as follows:

1. **Division of work:** According to this principle, work should be divided among individuals and groups according to their skills and knowledge. This helps in completing the work with greater efficiency.
2. **Authority and responsibility:** Authority is a right of an individual to give orders and instructions. The right of authority arises from the position, intelligence, experience, and skills of a manager. On the other hand, responsibility is a state of being accountable for the consequences of the decisions taken by an individual. Managers should be responsible for the actions taken by them.
3. **Discipline:** Discipline in an organisation refers to the obedience to authority. Employees must obey and respect the governing policies and rules of the organisation. In order to maintain good discipline in an organisation, there is a need for good supervision at all levels; clear understanding between management and workers; and rational use of penalties.
4. **Unity of command:** According to this principle, employees associated with a particular type of work should report to one superior only. This helps in avoiding confusions in the role of the employees.
5. **Unity of direction:** It means that there should be one direction in which employees must move to achieve a particular objective. If employees get pulled into different directions, it may be difficult for them to achieve the objective.

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6. **Subordination of individual interest to general interest:** In this principle, Fayol laid emphasis on aligning individuals' personal goals to organisational goals.
7. **Remuneration:** There should be provision of fair wages for workers. The calculation of wages should be done by considering various factors, such as business environment, cost of living, capacity of organisation to pay, and productivity of employees.
8. **Centralisation:** According to Fayol, the degree of centralisation should be decided to make the optimum utilisation of employees' skills.
9. **Scalar chain:** Scalar chain refers to the hierarchy followed in an organisation from top managers to employees working at lower levels. According to the principle of scalar chain, all communication should pass through proper channels of hierarchy. However, in case there are any delays in communication due to hierarchy, there must be provision of cross communication. According to Fayol, scalar chain is vital to the success of organisations.
10. **Order:** Order is required for the efficient coordination of all the elements in an organisation. Management must follow the principle of the right place for everything and every man.
11. **Equity:** The principle of equity means fair treatment of all employees. Management must treat all employees equally and should be free from biases and prejudices.
12. **Stability of tenure of personnel:** Management must strive to stabilise the tenure of employees by providing them job security. Increased turnover always results in inefficient production; therefore, organisations must attempt to reduce it by improving employee morale and motivation.
13. **Initiative:** Management must provide freedom to employees so that they can carry out orders effectively. Employees should be encouraged to take initiatives in their respective fields in order to perform their jobs efficiently.
14. **Esprit de corps:** It refers to team spirit. Management must adopt new ways to improve team spirit among employees. This helps employees to work in harmony.

BUREAUCRATIC MANAGEMENT

Bureaucratic management was promoted by Max Webber (1864-1920), who was a German sociologist. According to Webber, bureaucratic management is the most appropriate administration. Some of the important characteristics of bureaucratic management are:

- ❑ **Management by standard rules:** According to Webber, an organisation must be governed by a set of rules. Upper level managers must follow these rules while controlling lower level workers.

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- ❑ **Division of labour:** Webber promoted the principle of division of labour while assigning the work to all employees. According to him, the division of labour results in saving a lot of time consumed during changing over from one job to another.
- ❑ **Selection of personnel having technical skills:** Employees having required technical skills must be hired in order to perform their jobs efficiently.
- ❑ **Hierarchical organisational structure:** In order to be successful, an organisation must adopt a hierarchical structure wherein lower level employees must be under the supervision of higher level managers.
- ❑ **Record of all administrative acts, decisions, and rules:** An organisation must keep a record of all its administrative activities including policies, rules, and decisions. The record can be used in the future for studying the nature of activities and people in the organisation.

1.3.2 MODERN APPROACH

The modern approach to management was given in the 1950s. The approach focused mainly on employee satisfaction. According to this approach, employees do not necessarily work for money and they like to receive affection and respect of co-workers, which further increases their productivity. This helps an employee to contribute more towards the success of an organisation. Modern approaches can be classified under the following three categories:

- ❑ **Quantitative approach:** The quantitative approach focused on managerial decision making. This approach is also known as management science approach. It was developed during World War II to find the problems of warfare. The quantitative approach can be studied under three areas, which are:
 - ❑ **Operations research:** It is a discipline that lays emphasis on improving the effectiveness of management decisions by using advanced analytical techniques. It is sometimes considered to be a subfield of mathematics as it involves extensive calculations. Some of the commonly used operations research techniques are linear programming, querying, waiting line, routing and distribution models, etc.
 - ❑ **Operations management:** It is an area of management that involves supervising and controlling the production process. For this, various techniques are used, such as inventory analysis, statistical quality control, and networking.
 - ❑ **Management information system (MIS):** This is a computerised management system used to provide information required by organisations for their effective management. MIS facilitates the decision making process of an organisation by providing meaningful information about its business processes.

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- ❑ **Systems approach:** It was developed in the late 1960s with an aim to provide an integrated approach to solve management problems. According to this approach, a system can be defined as a set of components that are interacting regularly or are interdependent, thus making a single unit. The systems approach focuses on the following points:

A system comprises units and sub-units.

- ◆ Each and every part of a system need to be thoroughly understood in order to analyse it.
 - ◆ A system always has boundaries to define its beginning and ending.
 - ◆ Every system is developed to achieve a specific goal.
 - ◆ No system can exist in isolation.
- ❑ **Contingency approach:** This approach is also known as situational approach wherein an organisation determines problems by analysing its conditions and environment. According to this approach, there is no single set of rules that is applicable in solving all types of problems in organisations. Therefore, managers need to analyse every problem and various aspects associated with it, and define different ways to solve the problem.



SELF ASSESSMENT QUESTIONS

5. Which approach of management was developed in 1800-1930?
6. _____ is also known as Taylorism.
 - a. Administrative management
 - b. Bureaucratic management
 - c. Scientific management
 - d. Traditional management
7. According to which principle, work should be divided among individuals and groups according to their skills and knowledge?
8. Who presented 14 principles of management?
9. Time and motion study is one of the important traits of bureaucratic management. (True/False)
10. Is the system approach a modern approach? (Yes/No)



ACTIVITY

Using the Internet, find out any three organisations that have incorporated modern approaches. Prepare a report on the advantages and limitations of the approaches followed in these organisations.

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1.4 MAJOR CONTRIBUTORS

The concept of management was not developed by a single individual. Many scholars have contributed to the development of management. Some of the major contributors are listed in Figure 1.4:

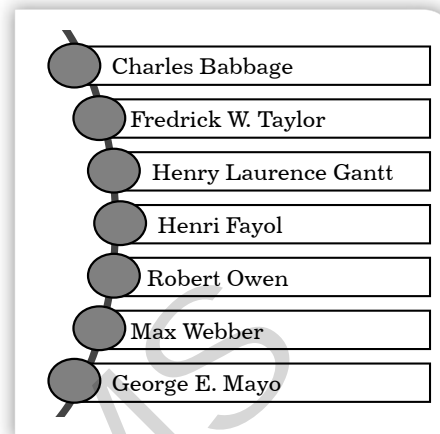


Figure 1.4: Major Contributors of Management

Let us study about these contributors in detail in the subsequent sections.

1.4.1 CHARLES BABBAGE

Charles Babbage (1792-1891) was a mathematician, philosopher, and a mechanical engineer. He taught maths at Cambridge University from 1828-1839. He is known as the father of computers. However, Charles Babbage also had a significant contribution to the field of management. In his view, the human factor plays a significant role in the success of an organisation; therefore, employees should be associated with the management in a manner that benefits both. Apart from this, Charles Babbage also developed the concept of profit sharing and participative decision making. He introduced the use of science and maths in the field of manufacturing operations. He advocated the use of division of labour to assign work in organisations. Moreover, he suggested that all management decisions must be based on accurate knowledge. Babbage advocated the use of quantitative methods and industrial engineering techniques to improve manufacturing.

1.4.2 FREDERICK W. TAYLOR

Fredrick Winslow Taylor is well known for developing the concept of scientific management; therefore, is known as the father of scientific management. Initially, he worked as an apprentice (in 1871) in a small machine shop in Philadelphia, US. In 1878, he joined Midvale Steel Works as a mechanist and went up to the position of chief engineer in 1884. After that, he joined Bethlehem Steel Works. During his career, Taylor conducted many experiments to understand the factors that

enhance productivity. Through these experiments, he developed the theory of scientific management (also known as scientific school of thought) that involves the application of scientific methods of study and analysis of various management problems. He developed the principles of scientific management with an aim of improving the productivity at the manufacturing plant. You have already studied about scientific management in the previous section. Apart from this, Taylor was also known for his contributions in the following areas:

- ❑ Use of descriptive cost accounting
- ❑ Concept of mutual understanding between workers and management
- ❑ Provision of bonus to workers for making suggestions for improvement in productivity
- ❑ Invention of an analytical machine, also known as differential machine.

1.4.3 HENRY LAURENCE GANTT

Henry Laurence Gantt, (May 20, 1861 – November 23, 1919) was a management consultant. Initially, he worked as a mechanical engineer (1884) in Pool and Hunt of Baltimore. After that, he worked alongside Fredrick W. Taylor at Midvale Steel and Bethlehem Steel till 1973. Later on, he became a management consultant in the engineering industry. Gantt has been known for developing ‘Task and Bonus Plan.’ According to the plan, bonus must be paid to those managers who teach their employees to finish tasks efficiently in the given time period. He also promoted the concept of social responsibility of business. His best contribution emerged in the form of Gantt charts, which are visual-diagrammatic tools used for creating production schedules. The other variations of Gantt charts are Program Evaluation Review Technique (PERT) and Critical Path Method (CPM).

1.4.4 HENRI FAYOL

Henri Fayol was a French mining engineer and an industrialist. His main focus was on improving the efficiency of operations management in organisations. He developed the concept of administrative management, wherein he formulated several management principles that could be applied to all types of organisations. You have already studied about the theory of administrative management in detail. Henri Fayol is also considered as the father of modern management. He also laid down best practices for managers, which are as follows:

- ❑ Managers must be able to complete work within a specified period of time
- ❑ Managers must organise both human and non-human resources in order to carry out tasks effectively.
- ❑ Managers must take commands while selecting and assessing workers.

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- ❑ Managers must coordinate with all the workers for sharing information and problems.
- ❑ Managers must ensure that all the activities are carried out as planned.

1.4.5 ROBERT OWEN

Sir Robert Owen (1771-1858) was a Welsh social reformer and a proponent of human resource management. According to him, investing in human resource is better than investing in other assets. He advocated that employees should be working because they are interested in it rather than being forced. He also propounded that there should be a harmonious relationship between managers and employees in order to improve the efficacy of production. Managers must make workers aware of the organisation's expectations and support them in meeting those expectations. His philosophy and ideas are considered as a forerunner to the development of behavioural approach of management.

1.4.6 MAX WEBER

Max Weber is famous for developing the bureaucratic management theory in which he emphasised the requirement of a hierarchy in organisations. He also advocated that there should be well-defined regulations and authority in organisations. Weber perceived three types of administration, namely traditional, charismatic, and bureaucratic. In traditional organisations, managerial positions are handed down from one generation to the other irrespective of intelligence, knowledge, and experience. In charismatic organisations, management functions are not delegated and all the employees are considered to be the loyal subjects of a leader. In bureaucratic organisations, a person is given a managerial responsibility as per his/ her capability. In Weber's view, bureaucratic administration was the ideal one for all organisations.

1.4.7 GEORGE E. MAYO

George E. Mayo, also known as Elton Mayo (1880-1949), was an Australian psychologist. He is famous for his contribution in Hawthorne studies. Hawthorne studies were conducted to find the relation between physical environment and workers' output. Hawthorne experiments were conducted at Western Electric Plant at Chicago. Mayo was involved in the project in 1929 and 1930, and interviewed the workers involved in the experiments. Through these studies, Mayo concluded that workers become more productive if they receive attention from the management. The outcome of his findings in Hawthorne studies later gave way to the human relations movement. The movement focuses on the concept of job satisfaction, group norms, and leadership quality and their significance in the improvement of productivity.

**SELF ASSESSMENT QUESTIONS**

11. Who developed the concept of profit sharing and participative decision making?
 - a. Max Weber
 - b. Charles Babbage
 - c. George E. Mayo
 - d. Robert Owen
12. Contribution of Henry Laurence Gantt:
 - a. Task and bonus plan
 - b. Scientific management
 - c. Programmable computer
 - c. Human relations approach
13. In charismatic organisations, managerial positions are handed down from one generation to the other irrespective of intelligence, knowledge, and experience. (True/False)
14. Hawthorne studies were conducted to find the relation between physical environment and workers' output. (True False)

**ACTIVITY**

Using the Internet, prepare a draft on the Hawthorne experiments conducted at the Western Electric Plant and make an analysis of the findings.

1.5**RECENT DEVELOPMENTS
IN MANAGEMENT**

Organisations nowadays need to keep themselves updated with the latest trends in the business environment so as to better deal with competition. There have been numerous developments in the field of management. Let us study about some of these developments in detail in the subsequent sections.

1.5.1 JUST IN TIME AND LEAN PRODUCTION

Over the years, a number of management philosophies have emerged. These philosophies have changed the entire gamut of management. Two such important philosophies are just in time (JIT) and lean production. JIT is a philosophy of continuous improvement, wherein unused or waste resources are identified and removed. The technique of JIT was first used by an American organisation called Ford Motor

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Company during the 1920s. However, the technique is known as Japanese innovation because it was popularised by Toyota Motor

Corporation of Japan in 1954. JIT involves different disciplines, such as statistics, industrial engineering, production management, and behavioural science. JIT is also considered to be an inventory management system in which all waste elements that increase costs are removed.

On the other hand, lean manufacturing is a management philosophy that is based on eliminating the activities that do not add any value to the end product and finding efficiencies. In lean manufacturing, the approach of 'less is better' is adopted to produce goods on demand only. Production is based on customer requirements and not on quantity targets, thereby keeping the inventory to a minimum.

1.5.2 SOME OTHER IMPORTANT DEVELOPMENTS IN MANAGEMENT

Apart from JIT and lean manufacturing, there are some other management philosophies that have changed the business environment to a large extent. These philosophies are explained as follows:

- ❑ **5 S:** It is a waste eliminating technique used in organisations to improve production efficiency. This technique comprises Japanese words beginning with 'S.' These words are:
 - ❑ **Seiri (Sort):** It refers to organising the work area in such a manner that all the unnecessary items are eliminated. The work area should include only those tools, materials, and instructions that are necessary for production.
 - ❑ **Seiton (Straighten):** It refers to arranging all the required items in an accessible range for users and substitutes too. All the required tools, instructions, supplies must be kept at a place where they can easily locate and the work flow does not get disrupted.
 - ❑ **Seiso (Shine):** It refers to keeping machines, equipment, and tools clean. Clean items facilitate the use of work area on time.
 - ❑ **Seiketsu (Standardise):** It refers to standardising the practices so that they are similar across all the workstations that indulge in the same type of job. This helps employees to complete their jobs with the same type of tools and instructions across all workstations and avoid the chances of confusion.
 - ❑ **Shitsuke (Sustain):** It refers to continuing the process of improvement.
- ❑ **Six Sigma:** It is a technique that lays emphasis on measuring the quality to attain perfection. Six Sigma was developed at Motorola in 1986 for improving processes. It is employed by organisations to identify and eliminate the causes of defects in the current processes and reduce variations. In the process of Six Sigma, 99.99966% of the products manufactured are statistically expected to be free of defects (3.4 defective parts/million).

N O T E S

- ❑ **Kaizen:** It is a Japanese word which means ‘improvement’ or ‘change for the best.’ It can be described as a philosophy or practice that emphasises continuous improvement of processes in manufacturing, engineering, and business management. In order to implement kaizen successfully, all the employees must be involved from top management to lower level workers.



SELF ASSESSMENT QUESTIONS

15. Name the philosophy of continuous improvement, wherein unused or waste resources are identified and removed.
16. In 5S, which of the following refers to organising the work area in such a manner that all the unnecessary items are eliminated?
 - a. Seiri
 - b. Seiton
 - c. Seiso
 - d. Seiketsu
17. Name the organisation that developed Six Sigma for improving processes.



ACTIVITY

Find any two organisations where lean manufacturing is applied. Prepare a report on the practices used in those organisations.

1.6 SUMMARY

- ❑ Management is a process of defining and creating an environment where people can work together to achieve specified goals and objectives.
- ❑ The origin of the concept of management can be traced back to 5000 B.C. at the time of agricultural revolution.
- ❑ The emergence of the management concept is attributed to the industrial revolution which was a shift from manual production methods to new manufacturing processes.
- ❑ The five main characteristics of the industrial revolution are: specialisation, standardisation, synchronisation, maximisation, and centralisation.
- ❑ The forces that have been behind the evolution of management thought are political forces, social forces, and economic forces.
- ❑ In order to study management, two important approaches have been developed, namely classical approach and modern approach.

N O T E S

- ❑ The classical approach to management can be studied under three heads, namely scientific management, administrative management, and bureaucratic management.
- ❑ There are three approaches that fall under modern approach of management, namely the quantitative approach, systems approach, and contingency approach.
- ❑ There have been many contributions to the field of management. Some of the notable scholars who have developed different concepts in management are Charles Babbage, Fredrick W. Taylor, Henry Laurence Gantt, Henri Fayol, Robert Owen, Max Webber, and George E. Mayo.
- ❑ The latest trends in management have been the introduction of lean management and just in time concept. Other notable developments in management include 5S, Six sigma, and Kaizen.



KEY WORDS

- ❑ **Assembly Line Production:** It refers to the arrangement of machines, tools, and workers wherein different parts are added to semi-finished products from one stage to the other until the final product is received.
- ❑ **Synchronisation:** It refers to coordination between different events for the successful operation of a system.
- ❑ **Survival of the fittest:** It is a phrase or an expression which means that an element or system that adapts best to the environment will continue to exist.
- ❑ **Division of labour:** It refers to assigning various types of tasks to different people to increase efficiency.
- ❑ **Kaizen:** It is a Japanese philosophy that aims to improve work practices and the efficiencies of processes.

1.7 DESCRIPTIVE QUESTIONS

1. Discuss the characteristics of the industrial revolution.
2. What are the forces behind the development of management thoughts? Explain.
3. Explain the 14 principles of management presented by Henri Fayol.
4. Write a short note on the quantitative approach to management.
5. Discuss the contributions of Frederick W. Taylor in the field of management.

6. State the best practices laid down for managers by Henri Fayol.
7. What are the recent developments in management?

1.8 ANSWERS AND HINTS

ANSWERS FOR SELF ASSESSMENT QUESTIONS

Topic	Q.No.	Answers
History of Management	1.	a. Roman Empire
	2.	Industrial revolution
	3.	Maximisation
	4.	False
Approaches to Management	5.	Classical Approach
	6.	c. Scientific management
	7.	Division of work
	8.	Henri Fayol
	9.	False
	10.	Yes
Major Contributors	11.	b. Charles Babbage
	12.	a. Task and bonus plan
	13.	False
	14.	True
Recent Developments in Management	15.	Just in time
	16.	a. Seiri
	17.	Motorola

HINTS FOR DESCRIPTIVE QUESTIONS

1. The main characteristics of the industrial revolution are specialisation, standardisation, synchronisation, maximisation, and centralisation. Refer to section 1.4 History of Management.
2. The main forces behind the development of management of thought are political forces, economic forces, and social forces. Refer to section 1.4 History of Management.
3. The 14 principles of management presented by Henri Fayol includes division of work, authority and responsibility, discipline, unity in command, unity of direction, subordination of individual interest to general interest, remuneration, centralisation, scalar

N O T E S

- chain, order, equity, stability of tenure of personnel, initiative, and esprit de corps. Refer to section 1.5 Approaches to Management.
4. The quantitative approach is used for managerial decision making using quantitative tools. This approach is also known as management science approach. Refer to section 1.5 Approaches to Management.
 5. Frederick W. Taylor developed the concept of scientific management and is also known as the father of scientific management. Refer to section 1.6 Major Contributors.
 6. According to Henri Fayol, managers must be able to complete tasks in the given time and organise resources effectively. Refer to section 1.6 Major Contributors.
 7. There have been many important developments in the field of management such as just in time, lean manufacturing, 5S, Six Sigma, and Kaizen. Refer to section 1.7 Recent Developments in Management.

1.9 SUGGESTED READING FOR REFERENCE

SUGGESTED READINGS

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