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Industrial Management (NHU-601)

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Study Material

Meaning of Management:

Management is a continuous, lively and fast developing science. Management is needed to convert the disorganized resources of men, machines, materials and methods into a useful and effective enterprise. Management is a pipeline, the inputs are fed at the end and they are proceeded through management functions and ultimately we get the end results or inputs in the form of goods, services, productivity, information and satisfaction. Management is a comprehensive word which is used in different sciences in the modern business and industrial world. In the narrow sense, it signifies the technique of taking work from others. In this way a person who can take work from others is called manager. In the wide sense, the management is an art, as well as science, which is concerned with the different human efforts so as achieve the desired objective.

Definitions of Management:

1. **According the Kimball**, “Management may be broadly defined as the art of applying the economic principles that underlie the control of men and materials in the enterprise under consideration.”
2. **According to Koontz**, “Management is the art of getting things done through and with people in formally organized groups.”
3. **According to Sisks**, “Management is the process of working of with and other to effectively achieve organizational objectives by efficiently using limited resources in changing environment.”
4. **According to Theo Haimann**, “Management is the function of getting things done through people and directing the efforts of individuals towards a common objective.”

Different concepts of Management:

1. **Management as an Activity:** According to this approach management consists of those activities, which are performed by managers in attaining the predetermined objectives of the

business. This approach may be referred to Henry Fayol, who classified management activities into the following categories:

- Technical – referred to production department.
 - Commercial – relates to buying, selling and exchange.
 - Financial concerned with maximum utilization of capital.
 - Security concurred with protection of property and person.
 - Accounting concerned with maintenance of accounts, presentation and statistics and
 - Management concerned to planning, organizing, commanding, coordinating and controlling.
2. **Management as a group of personnel:** According to this approach human factor plays an important role in accomplishing business objectives. Management is concerned with those who have been managing the affairs of the business. Managers are assigned duties and are also granted requisite authority to perform their duties efficiently and thus, management is effective direction, coordination and control of individual and group efforts to accomplish business objective. This approach is advocated by management authorities like Taylor, Wilson and others. They have defined management as following. As per F.W. Taylor's approach, "Management is the art of knowing exactly what you want your men to do and then seeing that they do it in the best and cheapest way."
3. **Management as a discipline:** Some times the term 'Management' is used to connote neither the activity nor the personnel who exercise it, but as a substantive describes the subject, the body of knowledge and practices of management as a subject of study. Management is being taught in different college and universities as a district subject. Thus, management, as such is a process, an activity, a discipline and as effort to coordination, control and direct individual and group efforts towards desired goal of the business.

Characteristics / Nature / Features of Management:

1. **Management is an activity:** Management is an activity which is concerned with the efficient utilization of human and non-human resources of production.
2. **Invisible Force:** Management is an invisible force. Its existence can be felt through the enterprise or institution it is managing.
3. **Goal Oriented:** Management is goal oriented as it aims to achieve some definite goals and objectives. According to the Haimann, "Effective management is always management by objectives". Managers and other personnel officers apply their knowledge, experience and skills to achieve the desired objectives.
4. **Accomplishment through the efforts of Others:** Managers cannot do everything themselves. They must have the necessary ability and skills to get work accomplished through the efforts of others.
5. **Universal activity:** Management is universal. Management is required in all types or organizations. Wherever there are some activities, there is management. The basic principles of management are universal and can be applied anywhere and in every field, such as business, social, religious, cultural, sports, administration, educational, politics or military.

6. **Art as well as Science:** Management is both an art and a science. It is a science as it has an organized body of knowledge which contains certain universal truths and an art as managing requires certain skills which apply more or less in every situation.
7. **Multidisciplinary Knowledge:** Though management is a distinct discipline, it contains principles drawn from many social sciences like psychology, sociology etc.
8. **Management is distinct from ownership:** In modern times, there is a divorce of management from ownership. Today, big corporations are owned by a vast number of shareholders while their management is in the hands of paid qualified, competent and experienced managerial personnel.
9. **Need at all levels:** According to the nature of task and scope of authority, management is needed at all levels of the organization, i.e., top level, middle and lower level.
10. **Integrated process:** Management is an integrated process. It integrates the men, machine and material to carryout the operations of the enterprise efficiently and successfully. This integrating process is result oriented.

Functions of Management:

1. **Planning:** It is the basic function of management. It deals with chalking out a future course of action & deciding in advance the most appropriate course of actions for achievement of pre-determined goals. According to KOONTZ, "Planning is deciding in advance - what to do, when to do & how to do. It bridges the gap from where we are & where we want to be". A plan is a future course of actions. It is an exercise in problem solving & decision making. Planning is determination of courses of action to achieve desired goals. Thus, planning is a systematic thinking about ways & means for accomplishment of pre-determined goals. Planning is necessary to ensure proper utilization of human & non-human resources. It is all pervasive, it is an intellectual activity and it also helps in avoiding confusion, uncertainties, risks, wastages etc.
2. **Organizing:** It is the process of bringing together physical, financial and human resources and developing productive relationship amongst them for achievement of organizational goals. According to Henry Fayol, "To organize a business is to provide it with everything useful or its functioning i.e. raw material, tools, capital and personnel's". To organize a business involves determining & providing human and non-human resources to the organizational structure. Organizing as a process involves:
 - Identification of activities.
 - Classification of grouping of activities.
 - Assignment of duties.
 - Delegation of authority and creation of responsibility.
 - Coordinating authority and responsibility relationships.
3. **Staffing:** It is the function of manning the organization structure and keeping it manned. Staffing has assumed greater importance in the recent years due to advancement of technology, increase in size of business, complexity of human behavior etc. The main purpose of staffing is to put right man on right job i.e. square pegs in square holes and round pegs in round holes. According to Kootz & O'Donell, "Managerial function of staffing involves manning the organization structure through proper and effective selection, appraisal & development of personnel to fill the roles designed un the structure". Staffing involves:

- Manpower Planning (estimating man power in terms of searching, choose the person and giving the right place).
 - Recruitment, Selection & Placement.
 - Training & Development.
 - Remuneration.
 - Performance Appraisal.
 - Promotions & Transfer.
4. **Directing:** It is that part of managerial function which actuates the organizational methods to work efficiently for achievement of organizational purposes. It is considered life-spark of the enterprise which sets it in motion the action of people because planning, organizing and staffing are the mere preparations for doing the work. Direction is that inert-personnel aspect of management which deals directly with influencing, guiding, supervising, motivating sub-ordinate for the achievement of organizational goals. Direction has following elements:
- Supervision
 - Motivation
 - Leadership
 - Communication

Supervision- implies overseeing the work of subordinates by their superiors. It is the act of watching & directing work & workers.

Motivation- means inspiring, stimulating or encouraging the sub-ordinates with zeal to work. Positive, negative, monetary, non-monetary incentives may be used for this purpose.

Leadership- may be defined as a process by which manager guides and influences the work of subordinates in desired direction.

Communications- is the process of passing information, experience, opinion etc from one person to another. It is a bridge of understanding.

5. **Co-ordinating:** Coordination, as a separate function of management, has been advocated by many authorities including Henri Fayol. However, coordination, being all pervasive and encompassing every function of management, is considered to be more an important managerial essence than a separate management function. Poor coordination is attributed to failure in performance of all the above-listed management functions.

Coordination deals with harmonizing work relations and efforts at all levels for achieving some common purpose. It may be described as unifying and achieving harmony among individual efforts for the purpose of accomplishing group goals. The whole idea of coordination is to adjust, reconcile, and synchronize individual efforts so that group efforts become more effective and help to achieve some common objectives.

Sometimes coordination is confused with cooperation and it is considered, though erroneously, that if there is cooperation, coordination will automatically follow. Though cooperation helps to achieve coordination, it is by no means the sole factor that ensures the achievement of coordination.

Without coordinated efforts on the part of the players, it is difficult for the team to win a match. Coordination is not spontaneous. Differences in approach, understanding, timing, interest, or

efforts have to be reconciled with while synchronizing individual efforts. While managing, a manager coordinates the work of his or her subordinates.

6. **Controlling:** It implies measurement of accomplishment against the standards and correction of deviation if any to ensure achievement of organizational goals. The purpose of controlling is to ensure that everything occurs in conformities with the standards. An efficient system of control helps to predict deviations before they actually occur. According to *Theo Haimann*, “Controlling is the process of checking whether or not proper progress is being made towards the objectives and goals and acting if necessary, to correct any deviation”. According to Koontz & O’Donell “Controlling is the measurement & correction of performance activities of subordinates in order to make sure that the enterprise objectives and plans desired to obtain them as being accomplished”. Therefore controlling has following steps:
 - a. Establishment of standard performance.
 - b. Measurement of actual performance.
 - c. Comparison of actual performance with the standards and finding out deviation if any.
 - d. Corrective action.

Merits/Advantages/Importance/Significance of Management:

1. **It increases the efficiency of the management:** Principles of management provides guidelines to the manager for handling complex problems more effectively. It also facilitates managers in performing these duties smoothly. Thus the efficiency of the management is increased and the managers adopt systematic and scientific approach towards the solution of the problem.
2. **It helps in achieving social objective:** Management develops spirit of co-operation and co-ordination among workers and their employees. It also helps in the optimum utilization of social resources. It eliminates unnecessary wastage of resources. These days, principles of management are directed at maximum profit without loss of social values. Thus, the management must supply commodities at fair price, not including the adulteration and make payment of reasonable wages to their workers.
3. **It generates sound understanding:** The management principles generate sound understanding of the difficult problems of business enterprises. The management applies scientific approach for the solution of the complex problem. In this regard, managing the enterprise and incur wastage of resources.
4. **It directs the areas of training:** the principles of management identify the present and prospective areas of management. For this managers should be specially trained. Business situations are themselves difficult and they change considerably with the change in social, political and economic situations. So, the principles of management make significance in finding the areas and impart requisite training program to their executives.
5. **It guides to research work in management:** The management principles needed to make guidelines which requires necessary modifications with the changing situations. In order to make management meaningful and practical utility, researchers examine these principles justify this utility and suggest various modification, if necessary.

Limitations/Demerits/Disadvantages of Management:

1. **Changing nature:** The principles of management are not static; with the growth of science and technology, the concepts of management are also changing. Old ideas are being eliminated and new ideas being innovated, old products are being out and new products are being put on the market and now likes and dislikes are developing every year. Similarly, modern and scientific management is taking place of traditional management.
2. **Narrow concept:** The narrow outlook of managers is also an important limitation of management. The habit of getting work done by others develops dictatorship and authoritarian attitude among the managers. Moreover work load is unnecessarily increased due to concentration of power in few hands only.
3. **Flexibility in the principle:** The techniques and policies of management are to be adjusted according to specific circumstances. For example, one principle may be good for one enterprise, but it may not be suitable for another. Similarly, a technique may be suitable for developed countries like England, America, Japan and Germany, but it may be unworkable in developing countries like India, Pakistan and Srilanka.
4. **Effect of External factors:** Management is the process of decision-making. But it is influenced by external factors. It has to operate within the economic fluctuations, policies of ruling party, interventional relations and climate conditions.
5. **Changing social needs:** Management is a social science. It studies social needs which are always subject to change due to which the society becomes more extracting and demanding while the management fails to fulfill the society's changing needs. Therefore, management should change its principles and policies as the society dictates.
6. **Related to human behavior:** Management is related with human behavior and the same is changing. Different groups and different men, even in the same group of people behave differently under different circumstances. According to Oliver Sheldon, "Management principles may be waste paper, where human beings are concerned."

Henry Fayol's 14 Principles of Management:

1. **Division of Work:** According to Henry Fayol under division of work, "The worker always on the same post, the manager always concerned with the same matters, acquire an ability, sureness and accuracy which increases their output. In other words, division of work means specialization. According to this principle, a person is not capable of doing all types of work. Each job and work should be assigned to the specialist of his job. Division of work promotes efficiency because it permits an organizational member to work in a limited area reducing the scope of his responsibility. Fayol wanted the division of work not only at factory but at management levels also.
2. **Authority and Responsibility:** Authority and responsibility go together or co-existing. Both authority and responsible are the two sides of a coin. In this way, if anybody is made responsible for any job, he should also have the concerned authority. Fayol's principle of management in this regard is that an efficient manager makes best possible use of his authority and does not escape

from the responsibility. In other awards when the authority is exercised the responsibility is automatically generated. In other awards when the authority is exercised the responsibility is automatically generated.

3. **Discipline:** According to Henry Fayol discipline means sincerity about the work and enterprise, carrying out orders and instructions of superiors and to have faith in the policies and programmes of the business enterprise, in other sense, discipline in terms of obedience, application, energy and respect to superior. However, Fayol does not advocate warning, fines, suspension and dismissals of worker for maintaining discipline. These punishments are rarely awarded. A well disciplined working force is essential for improving the quality and quantity of the production.
4. **Unity of Command:** A subordinate should take order from only one boss and he should be responsible and accountable to him. Further he claimed that if the unit of command is violated, authority is undermined, discipline in danger, order disturbed and stability threatened. The violation of this principle will face some serious consequences. In this way, the principle of unity of command provides the enterprise disciplined, stable and orderly existence. It creates harmonious relationship between officers and subordinates, congenial atmosphere of work. It is one of the Fayol's important essential principle of management.
5. **Unity of Direction:** Fayol advocates "One head and one plan" which means that group efforts on a particular plan be led and directed by a single person. This enables effective co-ordination of individual efforts and energy. This fulfils the principles of unity of command and brings uniformity in the work of same nature. In this way the principle of direction create dedication to purpose and loyalty. It emphasizes the attainment of common goal under one head.
6. **Subordination of individual interest to general interest:** The interest of the business enterprise ought to come before the interests of the praise individual workers. In other words, principles of management state that employees should surrender their personnel interest before the general interest of the enterprise. Sometimes the employees due to this ignorance, selfishness, laziness, carelessness and emotional pleasure overlook the interest of the organization. This attitude proves to be very harmful to the enterprise.
7. **Remuneration:** According to Fayol wage-rates and method of their payment should be fair, proper and satisfactory. Both employees and ex-employers should agree to it. Logical and appropriate wage-rate and methods of their payment reduces tension and differences between workers and management, create harmonious relationship and a pleasing atmosphere of work. Further Fayol recommends that residential facilities be provided including arrangement of electricity, water and facilities.
8. **Centralization of Authority:** There should be one central point in the organisation which exercises overall direction and control of all the parts. But the degree of centralization of authority should vary according to the needs of situation. According to Fayol there should be centralization in small units and proper decentralization in big organisation. Further, Fayol does not favor centralization or decentralization of authorities but suggests that these should be proper and effective adjustment between centralization and decentralization in order to achieve maximum objectives of the business. The choice between centralization and decentralization be made after taking into consideration the nature of work and the efficiency, experience and decision-making capacity of the executives.
9. **Scalar Chain:** The scalar chain is a chain of supervisors from the highest to the lowest rank. It should be short-circuited. An employee should feel the necessity to contact his superior through the scalar chain. The authority and responsibility is communicated through this scalar chain.

Fayol defines scalar chain as “the chain of superiors ranging from the ultimate authority to the lowest rank.” The flow of information between management and workers is a must. Business opportunities must be immediately avoided of. so we must make direct contact with the concerned employee. Business problems need immediate solution, so we cannot always depend on the established scalar chain. It requires that direct contact should be established.

10. **Order:** According to Fayol there should be proper, systematic and orderly arrangement of physical and social factors, such as land, raw materials, tools and equipments and employees respectively. As per view, there should be safe, appropriate and specific place for every article and every place to be used effectively for a particular activity and commodity. In other words, principles that every piece of land and every article should be used properly, economically and in the best possible way. Selection and appointment of the most suitable person to every job. There should be specific place for every one and every one should have specific place. This principle also stresses scientific selection and appointment of employees on every job.
11. **Equity:** The principle of equality should be followed and applicable at every level of management. There should not be any discrimination as regards caste, sex and religion. An effective management always accords sympathetic and human treatment. The management should be kind, honest and impartial with the employees. In other words, kindness and justice should be exercised by management in dealing with their subordinates. This will create loyalty and devotion among the employees. Thus, workers should be treated at par at every level.
12. **Stability:** Principle of stability is linked with long tenure of personnel in the organization. This means production being a team work, an efficient management always builds a team of good workers. If the members of the team go on changing the entire process of production will be disturbed. It is always in the interest of the enterprise that its trusted, experienced and trained employees do not leave the organization. Stability of job creates a sense of belongingness among workers who with this feeling are encouraged to improve the quality and quantity of work.
13. **Initiative:** Under this principle, the successful management provides an opportunity to its employees to suggest their new ideas, experiences and more convenient methods of work. The employees, who has been working on the specific job since long discover now, better alternative approach and technique of work. It will be more useful, if initiative to do so is provided to employees. In simple, to ensure success, plans should be well formulated before they are implemented.
14. **Spirit de Corps:** In order to achieve the best possible results, individual and group efforts are to be effectively integrated and coordinated. Production is a team work for which the whole-hearted support and co-operation of the members at all levels is required. Everyone should sacrifice his personal interest and contribute his best energies to achieve the best results. It refers to the spirit of loyalty, faithfulness on the part of the members of the group which can be achieved by strong motivating recognition and importance of the members for their valuable contribution, effective coordination, informal mutual social relationship between members of the group and positive and constructive approach of the management towards workers’ welfare.