

FYBMS

SEMESTER I

PRINCIPLES OF MANAGEMENT

UNIT I

Management

Definition: Management can be defined as the process of administering and controlling the affairs of the organization, irrespective of its nature, type, structure and size. It is an act of creating and maintaining such a business environment wherein the members of the organization can work together, and achieve business objectives efficiently and effectively.

Management acts as a guide to a group of people working in the organization and coordinating their efforts, towards the attainment of the common objective.

In other words, it is concerned with optimally using 5M's, i.e. men, machine, material, money and methods and, this is possible only when there proper direction, coordination and integration of the processes and activities, to achieve the desired results.

Characteristics of Management



- Universal: All the organizations, whether it is profit-making or not, they require management, for managing their activities. Hence it is universal in nature.
- Goal-Oriented: Every organization is set up with a predetermined objective and management helps in reaching those goals timely, and smoothly.

- **Continuous Process:** It is an ongoing process which tends to persist as long as the organization exists. It is required in every sphere of the organization whether it is production, human resource, finance or marketing.
- **Multi-dimensional:** Management is not confined to the administration of people only, but it also manages work, processes and operations, which makes it a multi-disciplinary activity.
- **Group activity:** An organization consists of various members who have different needs, expectations and beliefs. Every person joins the organization with a different motive, but after becoming a part of the organization they work for achieving the same goal. It requires supervision, teamwork and coordination, and in this way, management comes into the picture.
- **Dynamic function:** An organization exists in a business environment that has various factors like social, political, legal, technological and economic. A slight change in any of these factors will affect the organization's growth and performance. So, to overcome these changes management formulates strategies and implements them.
- **Intangible force:** Management can neither be seen nor touched but one can feel its existence, in the way the organization functions.

Precisely, all the functions, activities and processes of the organization are interconnected to one another. And it is the task of the management to bring them together in such a way that they help in reaching the intended result.

Levels of Management



1. **Top-Level Management:** This is the highest level in the organizational hierarchy, which includes Board of Directors and Chief Executives. They are responsible for defining the objectives, formulating plans, strategies and policies.
2. **Middle-Level Management:** It is the second and most important level in the corporate ladder, as it creates a link between the top and lower-level management. It includes departmental and division heads and managers who are responsible for implementing and controlling plans and strategies which are formulated by the top executives.
3. **Lower Level Management:** Otherwise called as functional or operational level management. It includes first-line managers, foreman, supervisors. As lower-level management directly interacts with the workers, it plays a crucial role in the organization because it helps in reducing wastage and idle time of the workers, improving the quality and quantity of output.

The three management levels form the management hierarchy that represents the position and rank of executives and managers in the chart.

ADDITIONAL READING FOR SKILLS REQUIREMENT:

<http://uru.ac.in/uruonlinelibrary/Banking/Nature%20of%20Management.pdf>

Functions of Management

- **Planning:** It is the first and foremost function of management, i.e. to decide beforehand what is to be done in future. It encompasses formulating policies, establishing targets, scheduling actions and so forth.
- **Organizing:** Once the plans are formulated, the next step is to organise the activities and resources, as in identifying the tasks, classifying them, assigning duties to subordinates and allocating the resources.
- **Staffing:** It involves hiring personnel for carrying out various activities of the organization. It is to ensure that the right person is appointed to the right job.
- **Directing:** It is the task of the manager to guide, supervise, lead and motivate the subordinates, to ensure that they work in the right direction, so far as the objectives of the organization are concerned.
- **Controlling:** The controlling function of management involves a number of steps to be taken to make sure that the performance of the employees is as per the plans. It involves establishing performance standards and comparing them with the actual performance. In case of any variations, necessary steps are to be taken for its correction.
- **Coordination** is an important feature of management which means the integration of the activities, processes and operations of the organization and synchronisation of efforts, to ensure that every element of the organization contributes to its success.

What is Management?

Management is essential for an organized life and necessary to run all types of management. Good management is the backbone of successful organizations. Managing life means getting things done to achieve life's objectives and managing an organization means getting things done with and through other people to achieve its objectives.

Whether management is an art or science, will continue to be a subject of debate. However, most management thinkers agree that some form of formal academic management background helps in managing successfully. Practically, all CEO's are university graduates. Hence, the reason for including business degree programs in all academic institutions.

Management is a set of principles relating to the functions of planning, organizing, directing and controlling, and the application of these principles in harnessing physical, financial, human, and informational resources efficiently and effectively to achieve organizational goals.

Definition of Management

Many management thinkers have defined management in their own ways. For example, 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.’*

Meggison, 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’*.

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.’

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’*.

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.’*

A leader has certain inherent qualities and traits which assist him in playing a directing role and wielding commanding influence which others. Leadership is an integral part of management and plays a vital role in managerial operations, while management is an integral component of technical as well as social processes. The practice of management is as old as human civilization. However, the study of management in a systematic and scientific way as a distinct body of knowledge is only of recent origin.

Management in some form or another is an integral part of living and is essential wherever human efforts are to be undertaken to achieve desired objectives. The basic ingredients of management are always at play, whether we manage our lives or our business.

For example, let us look at the managerial role of a simple housewife and how she uses the managerial ingredients in managing the home. First, she appraises her household and its needs. She forecasts the needs of the household for a period of a week or a month or longer. She takes stock of her resources and any constraints on these resources. She plans and organizes her resources to obtain the maximum benefits out of these resources. She monitors and controls the household budget and expenses and other activities. In a large household, she divides the work among other members and coordinates their activities. She encourages and motivates them to do their best in completing their activities. She is always in search of improving, mention goals, resources, and in means to attain these goals. These ingredients, generally, are the basic functions of management.

Management Can Be Defined In Detail In The Following Categories:

- Management as a Process
- Management as an Activity
- Management as a Discipline
- Management as a Group

- Management as a Science
- Management as an Art
- Management as a Profession

The concept of management is as old as the human race itself. The concept of 'family' itself required that life be organized and resources of food are apportioned in a manner so as to maximize the utility of such resources. Taking proper steps to safeguard the family from attacks by wild animals, planning on where to go fishing and hunting and whom to go with, organizing these groups into chiefs and hunting and fishing bands where chiefs gave directions, and so on, are all subtle ingredients of management and organization.

A study of various people around the world shows good examples of organizational structures and organizational evolution over the years. A village open market in a tribe and a large department store in a modern city serves the same needs in a similar fashion, which is putting things together that people need.

While the tribal organization was simple in nature, the modern organization is much more sophisticated and complex with many technological innovations. However, the basic form of management and organizational structure seems to have existed since the beginning of an organized human activity.

Even the recorded history shows the application of some current management techniques as far back as 5000 BC. When the ancient Sumerians used written records in assisting governmental operations. The Egyptian pyramids, built as early as 3000 BC., required the organized efforts of over 1,00,000 workers. It would be natural to assume that all functions of modern management, namely, planning, organizing, directing, and controlling played a significant role in the construction of these monuments. Similarly, the early civilization of India bears witness to organized living.

Management, as a system, is not only an essential element of an organized society but also an integral part of life when we talk about managing our lives. Managing life is not much different from managing an organization and this 'art' of management has been with us from time immemorial. Just as a well-managed life is much better organized, goal-oriented, and successful, 'good' management of an organization makes the difference between the success and the failure of the organization.

Perhaps, the importance of management was highlighted by the late President of the United States, John F. Kennedy when he said that, the role of management in our society is critical in human progress. It serves to identify a great need of our time: to improve standards of living for all people through the effective utilization of human and material sources.

Similarly, Peter F. Drucker, a noted management authority has emphasized the importance of management to social living. He proclaimed nearly 25 years ago that, 'effective management was becoming the main resource of developed nations and that it was the most needed resource for developing nations.'

A manager's job is highly crucial to the success of any organization. The more complex the organization, the more crucial is to the manager's role in it. A good manager makes things

happen. The importance of management in any organization was emphasized by Professor Leonard R. Sayles in his address to a group of management development specialists, as follows:

‘We must find ways of convincing society as a whole, and those who train managers in particular, that the real leadership problems of our institutions-the getting things done, the implementation, the evolving of a consensus, the making of the right decisions at the right time with the right people is where the action is. Although we as a society haven’t learned to give much credit to managers, I hope we can move toward recognizing that managerial and leadership jobs are among the most critical tasks of our society. As such, they deserve the professional status that we give to more traditional fields of knowledge.’

There Are Basically Five Primary Functions of Management. These Are:

1. Planning
2. Organizing
3. Staffing
4. Directing
5. Controlling

The controlling function comprises coordination, reporting, and budgeting, and hence the controlling function can be broken into these three separate functions. Based upon these seven functions, Luther Gulick coined the word POSDCORB, which generally represents the initials of these seven functions i.e. P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for reporting & B for Budgeting.

But, Planning, Organizing, Staffing, Directing, and Controlling are widely recognized functions of management.



(1) Planning

Planning is future-oriented and determines an organization's direction. It is a rational and systematic way of making decisions today that will affect the future of the company. It is a kind of organized foresight as well as corrective hindsight. It involves predicting of the future as well as attempting to control the events. It involves the ability to foresee the effects of current actions in the long run in the future.

Peter Drucker has defined planning as follows:

“Planning is the continuous process of making present entrepreneurial decisions systematically and with best possible knowledge of their futurity, organizing systematically the efforts needed to carry out these decisions and measuring the results of these decisions against the expectations through organized and systematic feedback”.

An effective planning program incorporates the effect of both external as well as internal factors. The external factors are shortages of resources; both capital and material, general economic trend as far as interest rates and inflation are concerned, dynamic technological advancements, increased governmental regulation regarding community interests, unstable international political environments, etc.

The internal factors that affect planning are limited growth opportunities due to saturation requiring diversification, changing patterns of the workforce, more complex organizational structures, decentralization, etc

(2) Organizing

Organizing requires a formal structure of authority and the direction and flow of such authority through which work subdivisions are defined, arranged and coordinated so that each part relates to the other part in a united and coherent manner so as to attain the prescribed objectives.

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”.*

Thus the function of organizing involves the determination of activities that need to be done in order to reach the company goals, assigning these activities to the proper personnel, and delegating the necessary authority to carry out these activities in a coordinated and cohesive manner.

It follows, therefore, that the function of organizing is concerned with:

1. Identifying the tasks that must be performed and grouping them whenever necessary
2. Assigning these tasks to the personnel while defining their authority and responsibility.
3. Delegating this authority to these employees
4. Establishing a relationship between authority and responsibility

5. Coordinating these activities

(3) Staffing

Staffing is the function of hiring and retaining a suitable work-force for the enterprise both at managerial as well as non-managerial levels. It involves the process of recruiting, training, developing, compensating, and evaluating employees and maintaining this workforce with proper incentives and motivations. Since the human element is the most vital factor in the process of management, it is important to recruit the right personnel.

According to Kootz & O'Donnell, "*Managerial function of staffing involves manning the organization structure through the proper and effective selection, appraisal & development of personnel to fill the roles designed in the structure*".

This function is even more critically important since people differ in their intelligence, knowledge, skills, experience, physical condition, age, and attitudes, and this complicates the function. Hence, management must understand, in addition to the technical and operational competence, the sociological and psychological structure of the workforce.

(4) Directing

The directing function is concerned with leadership, communication, motivation, and supervision so that the employees perform their activities in the most efficient manner possible, in order to achieve the desired goals.

The leadership element involves issuing of instructions and guiding the subordinates about procedures and methods.

The communication must be open both ways so that the information can be passed on to the subordinates and the feedback received from them.

Motivation is very important since highly motivated people show excellent performance with less direction from superiors.

Supervising subordinates would lead to continuous progress reports as well as assure the superiors that the directions are being properly carried out.

(5) Controlling

The function of control consists of those activities that are undertaken to ensure that the events do not deviate from the pre-arranged plans. The activities consist of establishing standards for work performance, measuring performance and comparing it to these set standards and taking corrective actions as and when needed, to correct any deviations.

According to Koontz & O'Donnell, "*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*".

The controlling function involves:

- a. Establishment of standard performance.
- b. Measurement of actual performance.
- c. Measuring actual performance with the pre-determined standard and finding out the deviations.
- d. Taking corrective action.

All these five functions of management are closely interrelated. However, these functions are highly indistinguishable and virtually unrecognizable on the job. It is necessary, though, to put each function separately into focus and deal with it.

The salient features which highlight the nature of management is as follows:

1. Universal Process
2. Factor of Production
3. Goal-Oriented
4. Supreme in Thought and Action
5. Group Activity
6. Dynamic Function
7. Social Science
8. Important Organ of Society
9. System of Authority
10. Profession
11. Process

- Universal Process

Wherever there is human activity, there is management. Without efficient management, the objectives of the company can not be achieved.

- Factor of Production

Qualified and efficient managers are essential to the utilization of labor and capital.

- Goal-Oriented

The most important goal of all management activities is to accomplish the objectives of an enterprise. The goals should be realistic and attainable. The success of management is measured by the extent to which the established goals are achieved. Thus, management is purposeful.

- Supreme in Thought and Action

Managers set realizable objectives and then mastermind action on all fronts to accomplish them. For this, they require full support from middle and lower levels of management.

- Group Activity

All human and physical resources should be efficiently coordinated to attain maximum levels of combined productivity. Without coordination, no work would be accomplished and there would be chaos and retention.

- Dynamic Function

Management should be equipped to face the changes in the business environment brought about by economic, social, political, technological or human factors. They must be adequately trained so that they can enable them to perform well even in critical situations.

- Social Science

All individuals that a manager deals with, have different levels of sensitivity, understanding, and dynamism.

- Important Organ of Society

Society influences managerial action and managerial actions influence society. It is a manager's responsibility that they should also contribute towards the society by organizing charity functions, sports competitions, a donation to NGOs, etc.

- System of Authority

Well-defined lines of command, the delegation of suitable authority and responsibility at all levels of decision-making. This is necessary so that each individual should know what is expected from him and to whom he needs to report.

- Profession

Managers need to possess managerial knowledge and training and have to conform to a recognized code of conduct and remain conscious of their social and human obligations.

- Process

The management process comprises a series of actions or operations conducted towards an end.

Scope of Management

Although it is difficult to precisely define the scope of management, yet the following areas are included in it:

- Subject-Matter of Management

Planning, organizing, directing, coordinating and controlling are the activities included in the subject matter of management.

- Functional Areas of Management

These include:

Financial Management includes accounting, budgetary control, quality control, financial planning and managing the overall finances of an organization.

Personnel Management includes recruitment, training, transfer promotion, demotion, retirement, termination, labor-welfare and social security industrial relations.

Purchasing management includes inviting tenders for raw materials, placing orders, entering into contracts and materials control.

Production Management includes production planning, production control techniques, quality control and inspection and time and motion studies.

Maintenance Management involves proper care and maintenance of the buildings, plants, and machinery.

Transport Management includes packing, warehousing and transportation by rail, road, and air.

Distribution Management includes marketing, market research, price-determination, taking market risk and advertising, publicity and sales promotion.

Office Management includes activities to properly manage the layout, staffing, and equipment of the office.

Development Management involves experimentation and research of production techniques, markets, etc.

- Management is an Inter-Disciplinary Approach

For the correct implementation of the management, it is important to have knowledge of commerce, economics, sociology, psychology, and mathematics.

- Universal Application

The principles of management can be applied to all types of organizations irrespective of the nature of tasks that they perform.

- Essentials of Management

Three essentials of management are:

- Scientific method
- Human relations
- Quantitative technique

- Modern Management is an Agent of Change

The management techniques can be modified by proper research and development to improve the performance of an organization.

POSDCORB stands for?

It was the American political scientist Luther Gulick and the British management consultant Lyndall Urwick who elaborated Henri Fayol's management ideas in their management paper *Notes on theory of Organisations*, which they published in 1937.

Their result was the acronym POSDCORB, which stands for Planning, Organising, Staffing, Directing, Coordinating, Reporting and Budgeting. In doing so, they built on Fayol's previous 14 management principles. It should be noted that, in 1937, prevailing thinking still dictated a separation between politics and policy. Gulick and Urwick realised that governments were gaining an increased role in the public sphere at this time. With the POSDCORB concept, they demarcated the various important tasks of supervisors, managers and directors. The concept lists all the tasks that managers have to deal with on a daily basis. As such, POSDCORB is still relevant today.

Coordination

With the POSDCORB concept, Gulick and Urwick took a number of facets within organisational structure and coordination into account. In their opinion, one is advised not to lose sight of the following:

1. Span of control

This entails the number of employees a manager actually manages. The greater the scope of control, the more the manager has to supervise his/her employees' work. If the manager also has employees who are unable to work independently, then it becomes quite the job to manage all employees in the right way. Which is why Gulick and Urwick stated that the most effective way is to assign 3 to 6 employees to each manager?

2. Unity of command

Just Fayol, Gulick and Urwick also touched upon the 'unity of command'. This allows an organisation to function smoothly. The concept is simple: every employee has 1 manager who gives him/her assignments and supervises him/her. In all hierarchical levels of an organisation, this concept should serve as the yardstick. In practice, this means that each employee receives his/her assignments from only 1 manager. Directions from multiple managers can lead to confusion among staff.

3. Distinguish between line and staff functions

The POSDCORB concept recommends a delineation between the functions 'line' and 'staff'. This means that a line manager focuses on his/ her 'unity of command' and is the only one who gives orders to his/her employees. Conversely, he/she is solely responsible for the performance of his/her employees. As soon as there is an advisory staff department, with specialist knowledge, it should become clear to employees how the role of these staff managers is arranged. In the case of 'functional authority', these staff managers also have the opportunity to get involved in departmental policy and support line managers. This must be clear to employees, otherwise the 'unity in command' will be compromised.

What is the POSDCORB concept

The POSDCORB concept consists of tasks, which Henri Fayol developed at the beginning of the 20th century. Below all tasks are briefly explained as Gulick and Urwick interpreted them:

Planning

It is the task of managers not only to decide what to do, but also to plan this in the agenda. Planning has to do with foresight. This includes short-term planning (weekly, monthly and quarterly), medium-term planning (annual) and long-term planning (looking ahead with a timeline of 3 years). Planning determines the direction of the organisation. On the other hand, a predetermined timespan means that when time runs out, whatever result one has at the time must suffice. The development of this timeline must be closely monitored.

Organising

Managers not only have the task of assigning activities, but also have the task of allocating these tasks to their respective departments and employees. To achieve an end result, the manager needs the necessary resources, including budget, raw materials, personnel and their expertise, technology and machines. He/she will have to organise all sorts of things to achieve the end result. To get started as efficiently as possible, it is important that the employees' division of labour suits the end goal and end result as well as possible.

Staffing

This section relates to the personnel policy and all related activities within an organisation. Good and competent personnel is crucial for an organisation to function optimally. It is the task of the manager to first identify the expertise, skills and experiences required for certain positions. Based on this, job profiles are drawn up and personnel can be recruited. The entire recruitment, selection and training procedure falls under this staff policy and ensures that the right type of employee is in the right place.

Directing

Direction, of course, lies in the hands of the manager; he/she is the person with final responsibility and is held accountable for this. In practice, this means that the manager maintains control over all functions. In addition, the manager monitors but also motivates his

employees. He/ she tells them how best to do their work, encourages them and drives them to take on certain challenges.

Coordinating

With this concept, it is the task of the manager to connect different sections and to achieve cooperation. A good manager has a so-called helicopter view, which gives him/her an overview of what is happening and what still needs to be done. From this perspective, he/ she is able to coordinate tasks and manage his employees. It is his/her task to synchronise different departments and to bring them together with the right end goal in mind.

Reporting

Without reporting, there is no evidence. A clear report keeps communication open throughout the entire organisation. Managers are the linking pin between the management team and their own employees, who form the constituency. Reporting provides insight into the progress and agreements can also be recorded in this way. Other essential information—such as problems with employees, new processes, performances interviews and sales figures—is also made transparent through reporting. Involved parties can also quickly find archived reports.

Budgeting

Finance is the lifeblood of any organisation. The manager is responsible for the management, expenditure and control of the department's budget and also has to keep an eye on tax details. In addition to employee wages, it is the task of the manager to also properly monitor other expenditures such as materials and investments. If wasteful spending, overruns, errors or even fraud are discovered, the manager is responsible for taking action.

Organisational structure

According to Gulik and Urwick, the design of an organisation is very important. A poorly-organised structure leads to dysfunctional departments and, by extension, organisation. This is why different activities must be grouped together in the right way, so that departments can be created, each with their own specialisms. If tasks overlap, this is indicative of an illogical, wasteful and inefficient design. There must also be clarity about responsibilities and hierarchical layers.

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 accord 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 advance 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

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.

Other Contributors to the Pre-Scientific Management Period Include:

- Henry Robson Towne – USA
- James Watt Junior – United Kingdom
- Seebohm Rowntree – United Kingdom

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 towards 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.

Scientific Management Theory by Taylor

This article will describe Frederick Taylor's Scientific Management Theory. At first, we know about Taylor and his contributions. Frederick Winslow Taylor was born on March 20, 1856, in Germantown, Philadelphia, Pennsylvania, USA. He was a mechanical engineer. He is a Father of Scientific Management Approach. And also, he popularized as Father of Industrial Engineering and Efficiency Movement. Besides, he contributed to the different

works, for example, managers and workers, rhetorical techniques, scholarly debate about increased efficiency moving pig iron at Bethlehem's Iron and Steel, management theory, relations with ASME (American Society of Mechanical Engineers). He published several books, for instance,

1. Shop Management (1903),
2. The Principles of Scientific Management (1911),
3. A Treatise on Concrete, Plain, and Reinforced: Materials, Construction, and Design of Concrete and Reinforced Concrete (1911)
4. Concrete costs (1912)

And wrote some of the articles, such as

1. Notes on Belting (1894) in *Transactions of the American Society of Mechanical Engineers, Vol. XV*
2. A Piece-rate System (1895) in *The Adjustment of Wages to Efficiency*
3. Shop management (1903) in *Transactions of the American Society of Mechanical Engineers 24*
4. On the Art of Cutting Metals (1906) in *Transactions of the American Society of Mechanical Engineers, Vol. XXVIII*

Finally, he died on March 21, 1915 (aged 59) in Philadelphia, Pennsylvania, USA.

What is Scientific Management Definition?

Frederick Taylor theory is a theory of management. It synthesizes and analyzes workflows. Its major purpose is improving especially labor productivity, economic efficiency. It was an old effort which is to apply science to the engineering of the procedure and to management. However, there is given a definition. For example:

Scientific Management approach is an art of knowing exactly what you want your men to do and seeing that they do it in the best and cheapest way.
— Frederick W. Taylor

Firstly, its name adopted as “shop management” and “process management”, then took this name. Its other name is Taylorism or Scientific Process. Although Taylor is a pioneer of this theory, another seven leaders extended Taylor's effort. They were Henry Laurence Gantt, Carl Georg Lange Barth, Horace King Hathaway, Morris Llewellyn Cooke, Sanford Eleazer Thompson, Frank Bunker Gilbreth, and Harrington Emerson.

Objectives of Frederick Taylor Theory :

The major objectives of Frederick Taylor's contribution to management; are the maximum improvement of workers. This improvement shows on efficiency and effectiveness performance. Such development is the revolution in management procedure and employee's actual performance.

If the procedures and scientific theory of management examples apply, it can hugely change the following things. For instance:-

- Prevent the wastage of time.

- Reduce the cost of production.
- Secure the labor in industry.
- Increase the efficiency of the workers.
- Develop the relationship between workers and managers.

Frederick Taylor's Scientific Management Principles:

Frederick Winslow Taylor mentioned the core principles of management in his *Principles of Scientific Management* book. These principles refer to Frederick Taylor theory. Such as:-

1. Science, not the Rule of Thumb: The basic principles of scientific management theory by Taylor is the adoption of a scientific approach to decision making. Even abandons the all unscientific approach from managerial activities. So, we can say that these principles suggest *thinking* before *doing*.
2. Harmony, not Discord: An organization constitutes by two groups i.e. 'workers' and 'management'. They must create the 'Give and Take' relationship in the workplace. Therefore, Taylor emphasized on Mental Revolution which means a change of attitude of both groups based on this principle. They should share the opinions and ideas of each other.
3. Co-operation, not Individualism: It shows the importance of each other (management and workers). Management should reward and appreciate the employees for their helpful suggestions. At the same time, employees also cooperate with the management for the improvement of the organization.
4. Development of Each and Every Person to his/her Greatest Efficiency and Prosperity: Employees should be properly trained and selected in a scientific manner. And it is essential for each organization. For implementing this task, Taylor arranged some techniques, for instance, work-study, time study, motion study, fatigue study, and method study.
5. Maximum, not Restricted Output: Maximum productivity is the basic purpose of an organization. In this case, Taylor has emphasized the production maximization in his principles.

Functions of Scientific Management Approach:

From Taylorism, we can find some significant functions. These functions help positively the administrators in their organization's leading. Such as:-

- According to the skills and abilities, an employee must be selected.
- Incentives and wages have to install for enhancing their output and encouraging them.
- Implemented those methods which are based on scientific tasks.
- Carefully observe on eradicating interruptions when plan runs.
- In an organization, leadership should develop and standard.

Features of Frederick Taylor Theory:

According to Taylor, we can find some important features in Scientific Management Theory. Here has described those important features. Such as:

- Universal: Its principles are applicable to all kinds of organizations, business, non-business, all levels of management. Therefore, they are all-pervasive or universal.

- Flexible: Here available some flexible features. For example, dynamic guidelines, non-static rules, sufficient room for managerial discretion, Modification and improvement
- Cause & Effect Relationship: It indicates what will be the result of particular actions. So, if one is known, the other can be detected.
- Aims at Influencing Human Behavior: Human behavior is not simple and predictable. It always tries to deal with human behavior so that employe can able to give the best result.
- Equal Importance: For achieving the goal of the organization, we have to give equal priorities to all things. These principles are the best examples of equal importance.
- Scientific Selection, Training, and Development of Workers: In the organization, workers must select, train, and develop through the scientific way.
- Equal Division of Responsibility between Management and Workers: Each business environment has to ensure the equal division of responsibility between management and workers.

Techniques of Frederick Taylor Theory:

For ensuring any method or process, need proper technique. Principles of scientific management theory by Traylor has effective techniques to implement. There are included those techniques. Such as:-

1. Work-Study (time study, method study, motion study, and fatigue study)
2. Development of Functional Foremanship
3. Standardization of Tools and Equipment
4. Scientific Selection, Placement, and Training
5. Introducing Costing System
6. Mental Revolution

Criticism of Scientific Management Theory by Taylor:

Although it appreciates in the organizational process, yet it has not spared of severe criticism. The criticism of Frederick Taylor theory divide into two categories. Such as:-

1. Workers Viewpoint
 - For increasing productivity, replace the machine instead of the man. Therefore, it may be an unemployment tool.
 - Exploitation thinking arises in workers. So, they are not engaged in creative work.
 - These principles enforce on over speeding in the work. So, These have an adverse effect on the health of employees.
 - Due to extreme specialization, the employees are not capable to take a drive on their own. Their position decreases mere cogs in the wheel. As a result, the job becomes dull. Employees disappoint in working.
 - Workers feel that these principles make to weak of the Trade Union. So, workers don't attract these principles.
2. Employer's Viewpoint
 - It is an expensive system.
 - Here enforces on the work, study, standardization, and specialization. As a result, it is a time-consuming process.
 - This procedure is one kind of deterioration of quality.

Importance of Scientific Management Theory in Office:

Taylorism by Taylor is perfectly suitable in an office. It can change dramatically the office environment in positive mode. So, every office should adopt this theory for its actual success. However, there are mentioned some important reasons why taken this theory in office. For example:-

- Planning or Deciding the work in advance.
- Posting the right man for the right job.
- Initiating of incentive or reward wage plan.
- Confirmation of ideal of performance.
- Advise the right development of work.
- The removal of de trop flow of work.
- The upgrade of the worker-management affair.

Henri Fayol's Principles of Management

Early Management Theory

Today's managers have access to an amazing array of resources which they can use to improve their skills. But what about those managers who were leading the way forward 100 years ago?

Managers in the early 1900s had very few external resources to draw upon to guide and develop their management practice. But thanks to early theorists like Henri Fayol (1841-1925), managers began to get the tools they needed to lead and manage more effectively. Fayol, and others like him, are responsible for building the foundations of modern management theory.

Background

Henri Fayol was born in Istanbul in 1841. When he was 19, he began working as an engineer at a large mining company in France. He eventually became the director, at a time when the mining company employed more than 1,000 people.

Through the years, Fayol began to develop what he considered to be the 14 most important principles of management. Essentially, these explained how managers should organize and interact with staff.

In 1916, two years before he stepped down as director, he published his "14 Principles of Management" in the book "Administration Industrielle et Générale." Fayol also created a list of the six primary functions of management, which go hand in hand with the Principles. Fayol's "14 Principles" was one of the earliest theories of management to be created, and remains one of the most comprehensive. He's considered to be among the most influential contributors to the modern concept of management, even though people don't refer to "The 14 Principles" often today.

The theory falls under the Administrative Management school of thought (as opposed to the Scientific Management school, led by Fredrick Taylor).

Fayol's 14 Principles of Management

1. Division of Work – When employees are specialized, output can increase because they become increasingly skilled and efficient.
2. Authority – Managers must have the authority to give orders, but they must also keep in mind that with authority comes responsibility.
3. Discipline – Discipline must be upheld in organizations, but methods for doing so can vary.
4. Unity of Command – Employees should have only one direct supervisor.
5. Unity of Direction – Teams with the same objective should be working under the direction of one manager, using one plan. This will ensure that action is properly coordinated.
6. Subordination of Individual Interests to the General Interest – The interests of one employee should not be allowed to become more important than those of the group. This includes managers.
7. Remuneration – Employee satisfaction depends on fair remuneration for everyone. This includes financial and non-financial compensation.
8. Centralization – This principle refers to how close employees are to the decision-making process. It is important to aim for an appropriate balance.
9. Scalar Chain – Employees should be aware of where they stand in the organization's hierarchy, or chain of command.
10. Order – The workplace facilities must be clean, tidy and safe for employees. Everything should have its place.
11. Equity – Managers should be fair to staff at all times, both maintaining discipline as necessary and acting with kindness where appropriate.
12. Stability of Tenure of Personnel – Managers should strive to minimize employee turnover. Personnel planning should be a priority.
13. Initiative – Employees should be given the necessary level of freedom to create and carry out plans.
14. Esprit de Corps – Organizations should strive to promote team spirit and unity.

Elton Mayo's Hawthorne Experiment and It's Contributions to Management

The term “Hawthorne” is a term used within several behavioral management theories and is originally derived from the western electric company's large factory complex named Hawthorne works. Starting in 1905 and operating until 1983, Hawthorne works had 45,000 employees and it produced a wide variety of consumer products, including telephone equipment, refrigerators and electric fans. As a result, Hawthorne works is well-known for its enormous output of telephone equipment and most importantly for its industrial experiments and studies carried out.

Hawthorne Experiment by Elton Mayo

In 1927, a group of researchers led by Elton Mayo and Fritz Roethlisberger of the Harvard Business School were invited to join in the studies at the Hawthorne Works of Western

Electric Company, Chicago. The experiment lasted up to 1932. The Hawthorne Experiment brought out that the productivity of the employees is not the function of only physical conditions of work and money wages paid to them. Productivity of employees depends heavily upon the satisfaction of the employees in their work situation. Mayo's idea was that logical factors were far less important than emotional factors in determining productivity efficiency. Furthermore, of all the human factors influencing employee behavior, the most powerful were those emanating from the worker's participation in social groups. Thus, Mayo concluded that work arrangements in addition to meeting the objective requirements of production must at the same time satisfy the employee's subjective requirement of social satisfaction at his work place.

The Hawthorne experiment consists of four parts. These parts are briefly described below:-

1. Illumination Experiment.
2. Relay Assembly Test Room Experiment.
3. Interviewing Programme.
4. Bank Wiring Test Room Experiment.

1. Illumination Experiment:

This experiment was conducted to establish relationship between output and illumination. When the intensity of light was increased, the output also increased. The output showed an upward trend even when the illumination was gradually brought down to the normal level. Therefore, it was concluded that there is no consistent relationship between output of workers and illumination in the factory. There must be some other factor which affected productivity.

2. Relay Assembly Test Room Experiment:

This phase aimed at knowing not only the impact of illumination on production but also other factors like length of the working day, rest hours, and other physical conditions. In this experiment, a small homogeneous work-group of six girls was constituted. These girls were friendly to each other and were asked to work in a very informal atmosphere under the supervision of a researcher. Productivity and morale increased considerably during the period of the experiment. Productivity went on increasing and stabilized at a high level even when all the improvements were taken away and the pre-test conditions were reintroduced. The researchers concluded that socio-psychological factors such as feeling of being important, recognition, attention, participation, cohesive work-group, and non-directive supervision held the key for higher productivity.

3. Mass Interview Programme:

The objective of this programme was to make a systematic study of the employees attitudes which would reveal the meaning which their "working situation" has for them. The researchers interviewed a large number of workers with regard to their opinions on work, working conditions and supervision. Initially, a direct approach was used whereby interviews asked questions considered important by managers and researchers. The researchers observed that the replies of the workmen were guarded. Therefore, this approach was replaced by an indirect technique, where the interviewer simply listened to what the workmen had to say. The findings confirmed the importance of social factors at work in the total work environment.

4. Bank Wiring Test Room Experiment:

This experiment was conducted by Roethlisberger and Dickson with a view to develop a new method of observation and obtaining more exact information about social groups within a company and also finding out the causes which restrict output. The experiment was conducted to study a group of workers under conditions which were as close as possible to normal. This group comprised of 14 workers. After the experiment, the production records of this group were compared with their earlier production records. It was observed that the group evolved its own production norms for each individual worker, which was made lower than those set by the management. Because of this, workers would produce only that much, thereby defeating the incentive system. Those workers who tried to produce more than the group norms were isolated, harassed or punished by the group. The findings of the study are:-

- Each individual was restricting output.
- The group had its own “unofficial” standards of performance.
- Individual output remained fairly constant over a period of time.
- Informal groups play an important role in the working of an organization.

Effect of Monotony and Fatigue on Productivity

Using a study group other experiments were conducted to examine what effect of monotony and fatigue on productivity and how to control those using variables such as rest breaks, work hours and incentives.

At normal conditions the work week was of 48 hours, including Saturdays, with no rest pauses. On the first experiment workers were put on piece-work salary where they were paid on each part they produced, as a result the output increased. On the second experiment the workers were given 2 rest pauses of 5 minutes each for 5 weeks and again output went up. The third experiment further increased the pauses to 10 min and the output went up sharply. For the fourth experiments a 6, 5 min breaks were given and output fell slightly as the workers complained that the work rhythm was broken. On the fifth experiments conditions for experiment three were repeated but this time a free hot meal was given by the company and output went up again. at the sixth experiment, workers were dismissed at 4.30p.m. Instead of 5.00p.m were an output increase was recorded.

The seventh experiment had the same results as experiments six even though the workers were dismissed at 4.00 p.m. on the eighth and final experiment, all improvements were taken away and workers returned to their original working conditions. Surprisingly, results concluded that output was the highest ever recorded!

Contributions of the Hawthorne Experiment to Management

Elton Mayo and his associates conducted their studies in the Hawthorne plant of the western electrical company, U.S.A., between 1927 and 1930. According to them, behavioral science methods have many areas of application in management. The important features of the Hawthorne Experiment are:

1. A business organization is basically a social system. It is not just a techno-economic system.

2. The employer can be motivated by psychological and social wants because his behavior is also influenced by feelings, emotions and attitudes. Thus economic incentives are not the only method to motivate people.
3. Management must learn to develop co-operative attitudes and not rely merely on command.
4. Participation becomes an important instrument in human relations movement. In order to achieve participation, effective two-way communication network is essential.
5. Productivity is linked with employee satisfaction in any business organization. Therefore management must take greater interest in employee satisfaction.
6. Group psychology plays an important role in any business organization. We must therefore rely more on informal group effort.
7. The neo-classical theory emphasizes that man is a living machine and he is far more important than the inanimate machine. Hence, the key to higher productivity lies in employee morale. High morale results in higher output.

A new milestone in organisational behavior was set and Elton Mayo and his team found a way to improve productivity by creating a healthy team spirit environment between workers and supervisors labelling it as The Hawthorne Effect.

The Hawthorne effect is a physiological phenomenon that produces an improvement in human behavior or performance as a result of increased attention of superiors and colleagues. As a combined effort, the effect can enhance results by creating sense of teamwork and a common purpose. As in many ways the Hawthorne effect is interpreted, it generates new ideas concerning importance of work groups and leadership, communication, motivation and job design, which brought forward emphasis on personnel management and human relations.

Although the Hawthorne effect tends to be an ideal contributor to organizational management, it contains a few flaws which such a study is criticized upon. Having the experiments being conducted in controlled environments, lack of validity may exist as the workers knew they were observed hence produced better performances. The human aspect in the Hawthorne experiments was given too much importance were it alone cannot improve production as other factors are a must. Group decision making might also evolve in a flaw as on occasions individual decision making is vital as it might be the way to prevent failures within a system. Another flaw contributes to the freedom given to the workers by the Hawthorne effect. The important constructive role of supervisors may be lost with excess informality within the groups and in fact such a flaw may result in lowering the performance and productivity.

The Hawthorne experiments marked a significant step forward in human behavior and are regarded as one of the most important social science investigations and said to be the foundations of relations approach to management and the development of organizational behavior. Managers are to be aware of the criticism evolved through years on such a study before adopting it. In my opinion, the Hawthorne effect is a validated theory and could be applied within the organisation, though care is to be taken and a limit is to be set. The use of team groups is acceptable as it creates a caring factor between workers and competitively amongst other teams. Supervisors are to keep their role and limit socializing with staff on the shop floor to always keep their role and hence standards are always kept to the maximum. Team meeting are to be held which allows the worker to give out his opinion and feel important by contributing his ideas to the organisation.

Whichever management structure an organisation is to adopt, regular reviews are to be carried out in order to keep a stable output and good standard in quality. Such a strategy will ensure continuous evolution of the organizational management and a successful organization producing maximum efficiency in its produce.

The following were the main conclusions drawn by Prof. Mayo on the basis of Hawthorne studies:

1. Social Unit:

A factory is not only a techno-economic unit, but also a social unit. Men are social beings. This social characteristic at work plays an important role in motivating people. The output increased in Relay Room due to effectively functioning of a social group with a warm relationship with its supervisors.

2. Group Influence:

The workers in a group develop a common psychological bond uniting them as a group in the form of informal organisation. Their behaviour is influenced by these groups. Pressure of a group, rather than management demands, frequently has the strongest influence on how productive workers would be.

3. Group Behaviour:

Management must understand that a typical group behaviour can dominate or even supersede individual propensities.

4. Motivation:

Human and social motivation can play even a greater role than mere monetary incentives in moving or motivating and managing employee group.

5. Supervision:

The style of supervision affects worker's attitude to work and his productivity. A supervisor who is friendly with his workers and takes interest in their social problems can get co-operation and better results from the subordinates.

6. Working Conditions:

Productivity increases as a result of improved working conditions in the organisation.

7. Employee Morale:

Mayo pointed out that workers were not simply cogs, in the machinery, instead the employee morale (both individual and in groups) can have profound effects on productivity.

8. Communication:

Experiments have shown that the output increases when workers are explained the logic behind various decisions and their participation in decision making brings better results.

9. Balanced Approach:

The problems of workers could not be solved by taking one factor i.e. management could not achieve the results by emphasizing one aspect. All the things should be discussed and decision be taken for improving the whole situation. A balanced approach to the whole situation can show better results.

Peter Drucker's Theory

Peter Drucker (1909-2005) was one of the most widely-known and influential thinkers on management, whose work continues to be used by managers worldwide. He was a prolific author, and among the first (after Taylor and Fayol) to depict management as a distinct function and being a manager as a distinct responsibility. His writing showed real understanding of and sympathy for the difficulties and demands faced by managers.

Throughout his long career he has had interests as diverse as journalism, art appreciation, mountaineering, reading - drawing inspiration from the works of Jane Austen - and, of course, management teaching, writing and consultancy.

With 39 books published over seven decades (and translated into at least 30 languages) and many books written about him since his death, Drucker was, by common consent, the founding father of modern management studies.

Drucker's management theory embodies many modern concepts, including the following:

- **Decentralization:** Rosenstein said Drucker was focused on decentralizing – or democratizing – management in the workplace. He wanted all employees to feel valued and empowered, as if their contributions and voices mattered. He believed in assigning tasks that inspire workers, rewarding front-line workers with responsibility and accountability, and uniting supervisors and their subordinates to achieve shared organizational goals.
- **Knowledge work:** Knowledge workers are white-collar employees whose jobs require handling or using information, such as engineers and analysts. Drucker – who foresaw the knowledge-based economy years before the rise of computing and the internet – placed high value on workers who solved problems and thought creatively, according to Rosenstein. He wanted to foster a culture of employees who could provide not just labour, but also insight and ideas.
- **Workforce development:** Drucker felt strongly that managers should improve and develop both themselves and their team members, according to Rosenstein, who said that ongoing training and education are hallmarks of Drucker's philosophy. He believed external development – via participation in industry trade groups and conferences, for example – to be especially valuable.
- **Corporate social responsibility:** Rosenstein said Drucker was a holistic thinker. Instead of looking at businesses as discrete entities, he looked at them as components of a larger social system. In that context, he argued that businesses should see themselves as part of a community and make decisions in that regard – with as much respect for their external as for their internal impact. Drucker even viewed profits through a social lens: A company has a responsibility to be profitable, he argued, so that it can create jobs and wealth for society at large.
- **Organizational culture:** Be they positive or negative, helpful or harmful, companies have always had cultures. But Drucker was among the first to suggest that managers could – and should – shape them. "The spirit of an organization is created from the top," he said in his book *Management: Tasks, Responsibilities, Practices*. "If an organization is great in spirit, it

is because the spirit of its top people is great. If it decays, it does so because the top rots ... No one should ever be appointed to a senior position unless top management is willing to have his or her character serve as a model for subordinates."

- **Customer experience:** According to the Drucker Society of Austria, steward of Drucker's philosophy in his native country, Drucker insisted that businesses have only one real purpose: to create customers. By viewing business operations and opportunities through that lens – the customer, not the business, decides what's important – he established a predicate for customer-focused companies like Apple, Zappos and countless others.

6 Major Contributions of Peter Drucker to Management

Article shared by : Smiriti Chand

Some of the major contributions of Peter Drucker are as follows:

1. Nature of Management
2. Management Functions
3. Organisation Structure
4. Federalism
5. Management by Objectives
6. Organizational Changes.

Among the contemporary management thinkers, Peter Drucker outshines all. He has varied experience and background which include psychology, sociology, law, and journalism. Through his consultancy assignments, he has developed solutions to number of managerial problems. Therefore, his contributions cover various approaches of management. He has written many books and papers.

The more important books are; Practice of Management (1954), Managing by Results (1964), The Effective Executive (1967), The Age of Discontinuity (1969), Management: Tasks, Responsibilities and Practices (1974), and Management Challenges for 21st Century (1999),

1. Nature of Management:

Drucker is against bureaucratic management and has emphasised management with creative and innovative characteristics. The basic objective of management is to lead towards innovation. The concept of innovation is quite broad. It may include development of new ideas, combining of old and new ideas, adaptation of ideas from other fields or even to act as a catalyst and encouraging others to carry out innovation.

He has treated management as a discipline as well as profession. As a discipline, management has its own tools, skills, techniques and approaches. However, management is more a

practice rather than a science. Thus, Drucker may be placed in 'empirical school of management'.

While taking management as a profession. Drucker does not advocate to treat management as a strict profession but only a liberal profession which places more emphasis that managers should not only have skills and techniques but should have right perspective putting the things into practice. They should be good practitioners so that they can understand the social and cultural requirements of various organisations and countries.

2. Management Functions:

According to Drucker, management is the organ of its institution. It has no functions in itself, and no existence in itself. He sees management through its tasks. Accordingly, there are three basic functions of a manager which he must perform to enable the institution to make its contribution for:

- (i) The specific purpose and mission of the institution whether business, hospital or university;
- (ii) Making work productive and the worker achieving; and
- (iii) Managing social impacts and social responsibilities.

All these three functions are performed simultaneously within the same managerial action. A manager has to act as administrator where he has to improve upon what already exists and is already known. He has to act as an entrepreneur in redirecting the resources from areas of low or diminishing results to areas of high or increasing results.

Thus, a manager has to perform several functions: setting of objectives, making, organising and motivating. Drucker has attached great importance to the objective setting function and has specified eight areas where clear objective setting is required. These are: market standing, innovation, productivity, physical and financial resources, profitability, managerial performance and development, worker performance and attitude, and public responsibility.

3. Organisation Structure:

Drucker has decried bureaucratic structure because of its too many dysfunctional effects. Therefore, it should be replaced. He has emphasised three basic characteristics of an effective organisation structure.

These are:

- (i) Enterprise should be organised for performance;
- (ii) it should contain the least possible number of managerial levels;
- (iii) it must make possible the training and testing of tomorrow's top managers—responsibility to a manager while still he is young.

He has identified three basic aspects in organising activity analysis, decision analysis, and relation analysis. An activity analysis shows what work has to be performed, what kind of work should be put together, and what emphasis is to be given to each activity in the organisation structure.

Decision analysis takes into account the four aspects of a decision: the degree of futurity in the decision, the impact of decision over other functions, number of qualitative factors that enter into it, and whether the decision is periodically recurrent or rare. Such an analysis will determine the level at which the decision can be made. Relation analysis helps in defining the structure and also to give guidance in manning the structure.

4. Federalism:

Drucker has advocated the concept of federalism. Federalism refers to centralised control in decentralised structure. Decentralised structure goes far beyond the delegation of authority. It creates a new constitution and new ordering principle. He has emphasised the close links between the decisions adopted by the top management on the one hand and by the autonomous unit on the other.

This is just like a relationship between federal government and state governments. In a federal organisation, local managements should participate in the decision that set the limits of their own authority. Federalism has certain positive values over other methods of organising.

These are as follows:

- (i) It sets the top management free to devote itself to its proper functions;
- (ii) It defines the functions and responsibilities of the operating people;
- (iii) It creates a yardstick to measure their success and effectiveness in operating jobs; and
- (iv) It helps to resolve the problem of continuity through giving the managers of various units education in top management problems and functions while in an operating position.

5. Management by Objectives:

Management by objectives (MBO) is regarded as one of the important contributions of Drucker to the discipline of management. He introduced this concept in 1954. MBO has further been modified by Schleh which has been termed as management by results'. MBO includes method of planning, setting standards, performance appraisal, and motivation.

According to Drucker, MBO is not only a technique of management but it is a philosophy of managing. It transforms the basic assumptions of managing from exercising control to self-control. Therefore, in order to practice MBO, the organisation must change itself. MBO has become such a popular way of managing that today it is regarded as the most modern management approach. In fact, it has revolutionised the management process.

6. Organizational Changes:

Drucker has visualised rapid changes in the society because of rapid technological development. Though he is not resistant to change, he feels concerned for the rapid changes and their impact on human life. Normally, some changes can be absorbed by the organisation but not the rapid changes.

Since rapid changes are occurring in the society, human beings should develop philosophy to face the changes and take them as challenges for making the society better. This can be done by developing dynamic organizations which are able to absorb changes much faster than static ones. Drucker's contributions have made tremendous impact on the management practices. His contributions have been recognised even by the management thinkers of Socialist Bloc.

Dimensions of Management:

1. Purpose and Mission

An institution exists for a specific purpose and mission, a specific social function. In the business enterprise this means economic performance.

With respect to this first task, the task of specific performance, business and non business institutions differ. In respect to every other task, they are similar. But only business has economic performance as its specific mission. It is the definition of a business that it exists for the sake of economic performance. In all other institutions, hospital, church, university, or armed services, economics is a restraint. In business enterprise economic performance is the rationale and purpose.

A whole section of this book (Chapters 11, 12, 13 and 14) is devoted to the performance of the nonbusiness, the public-service, and institutions. But the emphasis of this book is on business enterprise and the task of economic performance. While by no means the only task to be discharged in society, it is a priority task, because all other social tasks -- education, health care, defence, and the advancement of knowledge -- depend on the surplus of economic resources, i.e., profits and other savings, which only successful economic performance can produce. The more of these other satisfactions we want, and the more highly we value them, the more we depend on economic performance of business enterprise.

Business management must always, in every decision and action, put economic performance first. It can justify its existence and its authority only by the economic results it produces. A business management has failed if it fails to produce economic results. It has failed if it does not supply goods and services desired by the consumer at a price the consumer is willing to pay. It has failed if it does not improve, or at least maintain, the wealth-producing capacity of the economic resources entrusted to it. And this, whatever the economic or political structure or ideology of a society, means responsibility for profitability. The first definition of business management is that it is an economic organ, the specifically economic organ of an industrial society. Every act, every decision, every deliberation of management, has economic performance as its first dimension.

2. Productive Work and Worker Achievement

The second task of management is to make work productive and the worker achieving. Business enterprise (or any other institution) has only one true resource: man. It performs by making human resources productive. It accomplishes its performance through work. To make work productive is, therefore, an essential function. But at the same time, these institutions in today's society are increasingly the means through which individual human beings find their livelihood, find their access to social status, to community and to individual achievement and satisfaction. To make the worker achieving is, therefore, more and more important and is a measure of the performance of an institution. It is increasingly a task of management.

Organizing work according to its own logic is only the first step. The second and far more difficult one is making work suitable for human beings -- and their logic is radically different from the logic of work. Making the worker achieving implies consideration of the human being as an organism having peculiar physiological and psychological properties, abilities, and limitations, and a distinct mode of action. It implies consideration of the human resource as human beings and not as things, and as having -- unlike any other resource -- personality, citizenship, control over whether they work, how much and how well, and thus requiring responsibility, motivation, participation, satisfaction, incentives and rewards, leadership, status, and function. Management, and management alone, can satisfy these requirements. For workers, whether machine tenders or executive vice-presidents, must be satisfied through their achievement in work and job -- that is, within the enterprise; and management is the activating organ of the enterprise.

3. Social Impacts and Social Responsibilities

The third task of management is managing the social impacts and the social responsibilities of the enterprise. None of our institutions exists by itself and is an end in itself. Every one is an organ of society and exists for the sake of society. Business is no exception. Free enterprise cannot be justified as being good for business. It can be justified only as being good for society.

The first new institution to emerge after antiquity, the first institution of the West, was the Benedictine monastery of the sixth century. It was not founded to serve community and society, however. On the contrary, it was founded to serve exclusively its own members and to help them toward their own salvation. Therefore, Saint Benedict removed his monastery from human society and into the wilderness. He was not particularly afraid that his monks would yield to the temptations of the world. He saw a greater danger: that they would be concerned with the world, take responsibility for it, try to do well, and be forced to take leadership. Unlike the Benedictine monastery, every one of our institutions today exists to contribute outside of itself, to supply and satisfy non-members. Business exists to supply goods and services to customers, rather than to supply jobs to workers and managers, or even dividends to stockholders. The hospital does not exist for the sake of doctors and nurses, but for the sake of patients who's one and only desire is to leave the hospital cured and never come back. The school does not exist for the sake of teachers, but for the students. For a management to forget this is mismanagement.

No institution can, therefore, exist outside of community and society as the Benedictine monastery, unsuccessfully, tried. Psychologically, geographically, culturally, and socially, institutions must be part of the community. To discharge its job, to produce economic goods and services, the business enterprise has to have impacts on people, on communities, and on society. It has to have power and authority over people, e.g., employees, whose own ends and

purposes are not defined by and within the enterprise. It has to have impact on the community as a neighbour, as the source of jobs and tax revenue, but also of waste products and pollutants. And, increasingly, in our pluralist society of organizations, it has to add to its fundamental concern for the quantities of life, i.e., economic goods and services, concern for the quality of life, that is, for the physical, human, and social environment of modern man and modern community.

This dimension of management is inherent in the work of managers of all institutions. University, hospital, and government agency equally have impacts, equally have responsibilities -- and by and large have been far less aware of them, far less concerned with their human, social, and community responsibilities than business has. Yet, more and more, we look to business management for leadership with regard to the quality of life. Managing social impacts is, therefore, becoming a third major task and a third major dimension of management.

These three tasks always have to be done at the same time and within the same managerial action. It cannot even be said that one task predominates or requires greater skill or competence. True, business performance comes first -- it is the aim of the enterprise and the reason for its existence. But if work and worker are mismanaged there will be no business performance, no matter how good the chief executive may be in managing the business. Economic performance achieved by mismanaging work and workers is illusory and actually destructive of capital even in the fairly short run. Such performance will raise costs to the point where the enterprise ceases to be competitive; it will, by creating class hatred and class warfare, make it impossible in the end for the enterprise to operate at all. And, mismanaging social impacts eventually will destroy society's support for the enterprise and with it the enterprise as well.

Each of these three tasks has a primacy of its own. Managing a business has primacy because the enterprise is an economic institution; but making work productive and workers achieving has importance precisely because society is not an economic institution and looks to management for the realization of basic beliefs and values. Managing the enterprise's social impacts has importance because no organ can survive the body which it serves; and the enterprise is an organ of society and community. In these areas also, there are neither actions nor results except of the entire business (or university, or hospital, or government agency). There are no "functional" results and no "functional" decisions. There is only business investment and business risk, business profit and business loss, business action or business inaction, business decision and business information. It is not a plant that pollutes; it is Consolidated Edison of New York, the Union Carbide Corporation, the paper industry, or the city's sewers.

Yet, work and effort are always specific. There is tension, therefore, between two realities: that of performance and that of work. To resolve this tension, or at least to make it productive, is the constant managerial task.

The Time Dimension

One complexity is ever-present in every management problem, every decision, every action -- not, properly speaking -- a fourth task of management, and yet an additional dimension: time.

Management always has to consider both the present and the future; both the short run and the long run. A management problem is not solved if immediate profits are purchased by endangering the long-range health, perhaps even the survival, of the company. A management decision is irresponsible if it risks disaster this year for the sake of a grandiose future. The all too common case of the great man in management who produces startling economic results as long as he runs the company but leaves behind nothing but a sinking hulk is an example of irresponsible managerial action and of failure to balance present and future. The immediate economic results are actually fictitious and are achieved by paying out capital. In every case where present and future are not both satisfied, where their requirements are not harmonized, or at least balanced, capital, that is, wealth-producing resource, is endangered, damaged, or destroyed.

Today we are particularly conscious of the time dimension in respect to the long-range impact of short-run economic decisions on the environment and on natural resources. But the same problem of harmonizing today and tomorrow exists in all areas, and especially with respect to people.

The time dimension is inherent in management because management is concerned with decisions for action. And action always aims at results in the future. Anybody whose responsibility it is to act -- rather than to think or to know -- commits himself to the future.

There are two reasons why the time dimension is of particular importance in management's job, and of particular difficulty. In the first place, it is the essence of economic and technological progress that the time span for the fruition and proving out of a decision is steadily lengthening. Edison, in the 1880s, needed two years or so between the start of laboratory work on an idea and the start of pilot-plant operations. Today it may well take Edison's successors fifteen years. A half century ago a new plant was expected to pay for itself in two or three years; today, with capital investment per worker twenty times that of 1900, the payoff period often runs to ten or twelve years. A human organization, such as a sales force or a management group, may take even longer to build and to pay for itself.

The second peculiar characteristic of the time dimension is that management -- almost alone -- has to live always in both present and future. A military leader, too, knows both times. But traditionally he rarely had to live in both at the same time. During peace he knew no "present"; the present was only a preparation for the future war. During war he knew only the most short-lived "future"; he was concerned with winning the war at hand. Everything else he left to the politicians. That this is no longer true in an era of cold wars, near wars, and police actions may be the single most important reason for the crisis of military leadership and morale that afflicts armed services today. Neither preparation for the future nor winning the war at hand will do any longer; nor as a result, has the military man lost his bearings.

But management always must do both. It must keep the enterprise performing in the present -- or else there will be no enterprise capable of performing in the future. And it has to make the enterprise capable of performance, growth, and change in the future. Otherwise it has destroyed capital -- that is, the capacity of resources to produce wealth tomorrow.

The only thing we know about the future is that it is going to be different. There may be great laws of history, great currents of continuity operating over whole epochs. But within time spans of conscious decision and action -- time spans of years rather than centuries -- in which the managers of any institution operate, the uncertainty of the future is what matters. The

long-run continuity is not relevant; and anyhow, it can be discerned only in retrospect and only in contemplation of history, of how it came out.

For the manager the future is discontinuity. And yet the future, however different, can be reached only from the present. The greater the leap into the unknown, the stronger the foundation for the takeoff has to be. The time dimension endows the managerial decision with its special characteristics. It is the act in which the manager integrates present and future.

Administration and Entrepreneurship

There is another dimension to managerial performance. The manager always has to administer. He has to manage and improve what already exists and is already known. But he also has to be an entrepreneur. He has to redirect resources from areas of low or diminishing results to areas of high or increasing results. He has to slough off yesterday and to render obsolete what already exists and is already known. He has to create tomorrow.

In the ongoing business markets, technologies, products, and services exist. Facilities and equipment are in place. Capital has been invested and has to be serviced. People are employed and are in specific jobs, and so on. The administrative job of the manager is to optimize the yield from these resources.

This, we are usually told, especially by economists, means efficiency, that is, doing better what is already being done. It means focus on costs. But the optimizing approach should focus on effectiveness. It focuses on opportunities to produce revenue, to create markets, and to change the economic characteristics of existing products and markets. It asks not, how do we do this or that better? It asks which of the products really produce extraordinary- nary economic results or are capable of producing them? Which of the markets and/or end users are capable of producing extraordinary results? It then asks, To what results should, therefore, the resources and efforts of the business be allocated so as to produce extraordinary results rather than the "ordinary" ones which is all efficiency can possibly produce?

This does not deprecate efficiency. Even the healthiest business, the business with the greatest effectiveness, can well die of poor efficiency. But even the most efficient business cannot survive, let alone succeed, if it is efficient in doing the wrong things, that is, if it lacks effectiveness. No amount of efficiency would have enabled the manufacturer of buggy whips to survive.

Effectiveness is the foundation of success-efficiency is a minimum condition for survival after success has been achieved. Efficiency is concerned with doing things right. Effectiveness is doing the right things.

Efficiency concerns itself with the input of effort into all areas of activity. Effectiveness, however, starts out with the realization that in business, as in any other social organism, 10 or 15 percent of the phenomena -- such as products, orders, customers, markets, or people -- produce 80 to 90 percent of the results. The other 85 to 90 percent of the phenomena, no matter how efficiently taken care of, produce nothing but costs (which are always proportionate to transactions, that is, to busyness).

The first administrative job of the manager is, therefore, to make effective the very small core of worthwhile activities which is capable of being effective. At the same time, he neutralizes (if he does not abandon) the very large penumbra of transactions: products or staff activities, research work or sales efforts, which, no matter how well done, will not yield extraordinarily high results (whether they represent the realized opportunities of the past, mere busy-ness, or unfulfilled hopes and expectations of the past, that is, the mistakes of yesterday).

The second administrative task is to bring the business all the time a little closer to the full realization of its potential. Even the most successful business works at a low coefficient of performance as measured against its potential -- the economic results that could be obtained were efforts and resources marshaled to produce the maximum yield they are inherently capable of.

This task is not innovation; it actually takes the business as it is today and asks, What is its theoretical optimum? What inhibits attainment thereof? Where (in other words) are the limiting and restraining factors that hold back the business and deprive it of the full return on its resources and efforts?

One basic approach -- offered here by way of illustration only -- is to ask the question what relatively minor changes in product, technology, process, market, and so on, would significantly improve or alter the economic characteristics and results of this business. (This is similar to the vulnerability analysis of the modern systems engineers.)

In making steel these vulnerabilities -- the factors that hold the economic results of the steel industry way below the theoretical potential of industry and process -- might, for instance, be the need, in present steel technology, to create high heats three times, only to quench them three times. For the most expensive thing to produce are temperatures, whether heat or cold. In the electrical apparatus business one vulnerability might well be the habit of public-utility customers to have each generating turbine designed as if it were a unique product rather than assembled as one of a large number and according to standard performance specifications. Vulnerability might be the habit of the public-utility customers to order turbines when money-market rates are low, which then creates expensive fluctuations in demand and production schedules. If these two habits could be changed, large generating turbines might well come down 40 to 50 percent in cost. In life insurance, to give one more example, a central vulnerability might be the high cost of the individual sale. A way to overcome this vulnerability and to realize the potential of the business somewhat more fully might be either statistical selling -- elimination of the expensive personal selling efforts -- or enrichment of the sales channel, for instance, by selling financial planning (including all other investment instruments, such as investment trust certificates), rather than only life insurance.

These examples are cited to show that a relatively minor change does not necessarily have to be easy to make. In fact, we may not know how to do it. But it is still minor, for the business would remain essentially as it is now, yet would have different economic results. And while the illustrations show clearly that these changes may require innovation, they are not, in themselves, innovations. They are primarily modifications of the existing business.

At the same time, inherent in the managerial task is entrepreneurship: making the business of tomorrow. Inherent in the task is innovation.

Making the business of tomorrow starts out with the conviction that the business of tomorrow will be and must be different. But it also starts out -- of necessity -- with the business of today. Making the business of tomorrow cannot be a flash of genius. It requires systematic analysis and hard, rigorous work today -- and that means by people in today's business and operating within it.

The specific job of entrepreneurship in business enterprise is to make today's business capable of making the future, of making itself into a different business. It is the specific job of entrepreneurship in the going business to enable today's already existing -- and especially today's already successful -- business to remain existing and to remain successful in the future.

Success cannot, one might say, be continued forever. Businesses are, after all, creations of man which have no true permanence. Even the oldest businesses are creations of recent centuries. But a business enterprise must continue beyond the lifetime of the individual or of the generation to be capable of producing its contributions to economy and to society. The perpetuation of a business is a central entrepreneurial task -- and ability to do so may well be the most trenchant and definitive test of a management.

The Work of the Manager

Each of these tasks and dimensions has its own skills, its own tools, its own requirements. But the total management task requires their integration. And this too requires specific work and its specific tool. The tool is management; and the work is managing managers.

The tasks -- economic performance; making work productive and the worker achieving; managing social impact and social responsibilities; and doing all this in a balance between the demands of today and the demands of tomorrow -- are the things in which the public at large has a stake. The public has no concern with -- and only mild interest in -- what managers have to do to accomplish their tasks. It rightly is concerned with performance. But managers must be concerned with the means to the accomplishment of their tasks. They must be concerned with managerial jobs, with the work of the manager, with the skills he needs, and with his organization.

Any book of management that does not begin with the tasks to be performed misconceives management. Such a book sees management as something in itself, rather than as a means to an end. It fails to understand that management exists only in contemplation of performance. It treats management as an independent reality, whereas management is an organ which derives existence, identity, and justification from the function it serves. The focus must be on the tasks.

To start out discussing management with the work of the manager or with managerial organization -- as most books on management do -- is the approach of the technocrat, who soon degenerates into a bureaucrat. But it is even poor technocracy. For, as will be stressed again and again in this book, management work, management jobs, and management organization are not absolutes, but are determined and shaped by the tasks to be performed. "Structure follows strategy" is one of the fundamental insights we have acquired in the last twenty years. Without understanding the mission, the objectives, and the strategy of the

enterprise, managers cannot be managed, organizations cannot be designed, managerial jobs cannot be made productive.

Indian Ethos :

Indian Ethos in Management refers to the values and practices that the culture of India (*Bharatheeya Sanskriti*) can contribute to service, leadership and management. These values and practices are rooted in *Sanathana Dharma* (the eternal essence), and have been influenced by various strands of Indian philosophy.

Indian Ethos for Management

In the words of Albert Einstein, “Certainly we should take care not to make intellect our God. Intellect has, of course, powerful muscles, but no personality. It cannot lead. It can only serve. It is not fastidious about its choice of leaders (Mind or Soul). The intellect has a sharp eye for tools and methods, but is blind to Ends and Values”. Arnold Toynbee, Nobel Laureate expressed, “It is already becoming clear that a chapter which had a western beginning in business management will have to have an Indian ending when the world adopts rich thoughts of Indian ethos and wisdom if it is not to end in the self-destruction of the human race.”

Indian ethos for management means the applications of principles of management as revealed in our ancient wisdom brought forth in our sacred books like “Gita”, “Upanishads”, “Bible” and “Quran”. Formally, the body of knowledge which derives its solutions from the rich and huge Indian system of ethics is known as Indian Ethos for Management. Management is behavioral science and it has to be culture specific. Indian ethos for Management has as its basis, the cultural base of India and as a country whose culture has its roots in religion - it does draw its lessons from the religions of the land - be it Hinduism, Buddhism, or any other. There are some basic ideas and thoughts revealed by our ancient scriptures which are applicable in today’s management world. They are:

- **“Atmano Mokshartham, Jagathitaya cha”**: All work is an opportunity for doing well to the world and thus gaining materially and spiritually in our lives.
- **“Archetdanamanabhyam”**: Worship people not only with material things, but also by showing respect to their enterprising divinity within.
- **“AtmanaVindyateViryam”**: Strength and inspiration for excelling in work comes from the Divine, God within, through prayer, spiritual readings and unselfish work.
- **“Yogahkarmashu Kaushalam, Samatvam yoga uchyate”**: He who works with calm and even mind achieves the most.
- **“Yadishibhavanayasya siddhi bhavatitadrishi”**: As we think, so we succeed, so we come. Attention to means ensures the end.
- **“Parasparambhavayantahshreyahparambhavapsyathah”**: By mutual cooperation, respect and fellow feeling, all of us enjoy the highest good both material and spiritual.
- **“Teshamsukhmesham shanti shaswati”**: Infinite happiness and infinite peace come to them who see the Divine in all beings.
- **“Paraspar DevoBhav”**: Regard the other person as a divine being. All of us have the same consciousness, though our packages and containers are different.

Basic principles of Indian Ethos of Management

There are six basic principles, which come to light in the holy books applicable into day's management world. They are:

1. Each soul is a potential God:

Immense potential, energy, and talents for perfection as a human being have the spirit within his heart. A human being has a soul, a spark of the divine. The Divine resides in the heart of a person. The Divine means perfection of knowledge, wisdom, and power. Therefore a human being has the immense potential power or energy for self-development. Thus, human efforts can achieve even an apparently an impossible goal and convert into a reality. The association of God and human being can show an extraordinary result; only if human being decides willingly to collaborate with God and actively participates in the society by right action under the guidance and grace of God. A human being can develop not only personal development, harmony, and happiness, but also the prosperity of the organization and the society without injustice to others.

2. Holistic approach:

It indicates the unity between the Divine (The Divine means perfection in knowledge, wisdom, and power), individual self and the universe. The holistic approach of management is based on the spiritual principle of unity, oneness, and non-dual concept. Under these principles of unity, the Universe is an undivided whole where each and every particle is connected with every other particle. Hence, entire humanity is one.

3. Equal importance to subjectivity/ objectivity:

Subtle, intangible subject and gross tangible objects are equally important. One must develop one's Third Eye, "JnanaChaksu", the Eye of Wisdom, Vision, Insight and Foresight. Inner resources are much more powerful than outer resources. Divine virtues are inner resources. Capital, materials and plant & machinery are outer resources.

4. "Karma Yoga":

"Karma Yoga" (selfless work) offers double benefits, private benefit in the form of self purification and public benefit. "Karma Yoga" is a good pathway for– self purification and self-development, individual as well as collective growth and welfare, minimum play of passion, jealousy, hatred, greed, anger and arrogance, team spirit, teamwork, autonomous management, minimum control and supervision, etc. The result is all-round happiness and prosperity. "Karma Yoga" is an end-state or an alias of "NishkamaKarma" (NK). Yoga means union between "individual consciousness" and "supreme consciousness". Work is one of the several methods of achieving this union. Juxtaposed against the NK is the other attitude to work called "Sakam Karma" (SK).

5. "YogahKarmasuKaushalam":

It indicates excellence at work through self-motivation and self-development with devotion and without attachment. This theory is mainly based on the concept of "Karma Yoga" as indicated by Lord Krishna in "Bhagavad-Gita" Chapter 2, Shloka 50- "Buddhiyuktojahaatibaubhesukrtaduskrtetasmaadyogaayayujyasvayogahkarmasukaushalam" Endowed with the wisdom of evenness of mind, one casts off in this life, both good deeds and evil deeds: therefore, devote yourself to yoga. Skill in Action is Yoga.

If we look at the first line of the above verses – we will find the most important principle

of Indian Ethos – Yoga of Equanimity of Mind in the phrase- “BuddhiYukto”. The phrase in second line “YogahKarmasuKausalam” indicates- the practice of such Yoga develops dexterity in action, which means our future Managers should learn the art of detaching themselves from the fears of failures and should maintain evenness of mind in all conditions to take the right decision without getting overpowered by emotions. At the same time, managers should also be able to maintain calmness and give all the credit to the Supreme Divine if they are blessed with success in their respective projects. This will again help them to analyze and introspect on their work and the processes adopted while arriving at success or even failures. The reason to always stress on actions and not result is that the actions, being in our hand can always be replicated or avoided, but the results are many times depending on external and uncontrollable factors. Thus harnessing of skills and processes in such a way always leads to perfection and helps in manifesting all-round excellence.

6. Co-operation:

Co-operation is a powerful instrument for teamwork and success in any enterprise involving collective work. The idea of cut-throat competition is founded on the concept of “struggle for existence” and survival of the fittest. Indian ethos denotes that the royal road for human beings is co-operation which is a powerful motive for the teamwork. We are human beings having the mind and the power of discrimination.

Features of Indian Ethos:-

1. **Divinity of Human Being:** Indian ethos focuses on the existence of human being as truth. There is nothing more perfect than the supreme soul.
2. **Balance or Equilibrium:** Balance or equilibrium is a stable state of Indian thought, i.e., balance between desire and desire-less position, spiritual and secular values, subjective and materialistic world.
3. **Balance of Personal and Work Life:** Indian ethos focuses on the concept, that if you are good then the world is also good for you. So, every individual should have an effective management and balance of personal and work life in the organization.
4. **Cosmic or Pure Consciousness:** The divine element, which is an inner part of an individual, is a part of cosmic or pure consciousness. It gives a base for mutual trust, cooperative, teamwork and common good.
5. **Importance to Character:** The Indian ethos gives much importance to character not to the knowledge. It is the character, which is the real power and wealth.
6. **Wholeness Approach:** Indian ethos is based on Indian scripture like-Shrutis of Gita and Upanishad and Smritis of Puranas. Indian thought provides the wholeness approach through knowledge of creation, cosmos and internal relation between spiritual and materialistic life.
7. **Work is Worship:** Indian ethos works with the fact that all work is worthy and honorable. ‘Work is worship’ is the guiding principle for all efforts as advocated in the Indian ethos.
8. **Duty and Responsibility:** Indian ethos rarely talks about rights, it always emphasizes only on the duties and responsibilities of human beings.
9. **Knowledge:** Indian ethos deals with two types of knowledge:- (i) Knowledge of creation; (ii) Knowledge of creator.
10. **Excellence at Work:** According to Indian ethos, total quality management can be assured through excellence at work, through self-motivation and self-development. Achieving the level of excellence is very difficult. According to Saint (Late) Mother Teresa, we can make the efforts towards the excellence by doing small good works on regular basis.

ELEMENTS OF INDIAN ETHOS

1. **Focus on the permanent:** In real life fashions change, concepts change, situations change, environments change, however, certain things do not change. These are the values of the good, truth and beautiful. The recent experience in this 21st century and the early part of this century shows, that the world is re-discovering the principle of ‘honesty is the best policy’.

2. **Quest for Perfection:** When it comes to quality, the concepts like total quality management, etc., have underlined this principle of the fact that quality products and services cannot come out of an organization, unless the principle of quality pervades in every function of that organization. All pervasive sense of sweetness and elegance is not only the reflection of quality but also of excellence. In any management today, this ultimate focus on excellence can never be lost. Thus, it is found that this aspect of Indian ethos is also not only relevant to India but globally.

3. **Joy in Performing One’s Function:** ‘Quality,’ is the pride, which an artisan takes in his craft. It is the pride which an artist takes in his art. If one is enjoying what one is doing, automatically, she/he is bound to do extremely well; and while excellence becomes a by-product or a spin of the benefit of happiness, it also leads to success. After all, every excellent organization has excellent morale. Excellence, in terms of enjoyment through doings is the third aspect of Indian ethos. It is found that this aspect is not only restricted to India, but is universally acceptable.

Significance of Indian Ethos :

“Ethos” is derived from “shastra” culture. It determines the culture of “Paap-Punya”, “Swarg-narak”, conduct or cultured behavior like truth, non-violence, devotion, welcome, pranam, kindness, respect for elders, love to youngsters etc. “Ethos” is a discipline that examines one’s morality or the moral standard of the society whereas “ethics” means expected standards in terms of your personal and social welfare. It includes honesty, morality; responsibility, etc. “Indian ethos” demands a subjective management system which leads to an understanding of the following:

(a) Management Attitude – Top management having firm belief in value-oriented holistic management. Profit is earned through service and satisfaction of all stakeholders – employees, customers, shareholders, and citizens. Fulfillment of social responsibility must be ensured.

(b) Humanising the Organisation – Looking at the three aspects of humane organisations, i.e., interpersonal relations, man-machine equation where the man is the prime concern and inner management through the mental and spiritual growth of individuals.

(c) Interiorising Management – Self management or management of consciousness. When the soul manages the other four members of the human being, namely, the body, mind, intellect and the heart, the conflict these four have amongst them can be resolved. This is management of consciousness. The objective of self-management is to first know and manage oneself and then manage others.

(d) Self-introspection – Embark upon self-study, self-analysis, and self-criticism to locate areas of friction and disharmony, a self-examination of one’s own thoughts, feelings,

emotions, sensations and passions and a desire to reduce and subdue the ego.

(e) Brain-stilling – For rational and enduring decisions, a silent mind is a necessity. A perfect Mounum (calm mind enjoying tranquility) is necessary. Brain-stilling or meditative silence is the most reliable method to discover solutions to problems and difficulties which seem to be difficult to be tackled by reason and intellect because through this one can come into contact with the inner mind or higher consciousness called “Chetana”.

(f) Stepping Back (for a while) – Never decide anything, never speak a word, never throw yourself into the action without stepping back. The stepping back from a situation for a while enables one to control and master a situation.

(g) Self-dynamising Meditation – A dynamic meditation is a meditation of transformation of lower consciousness into higher consciousness and hence is called transforming meditation. Through meditation, in a silent and calm mind, one reaches the highest level of consciousness which offers guidance in the form of intuitions to tackle a multitude of problems. This is called consciousness approach to management.

(h) Role of Intuition – Intuition is the act of coming to direct knowledge or certainty without reasoning or inferring. It is immediate cognition of the inner mind and when fully developed, is efficient and effective for taking prompt and sound decisions. Intuition skills enable one to cope with confidence the fluctuating environment and rapid changes. Faith is a prerequisite to develop and realize the power of intuition.

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