

Block

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DEVELOPMENT MANAGEMENT

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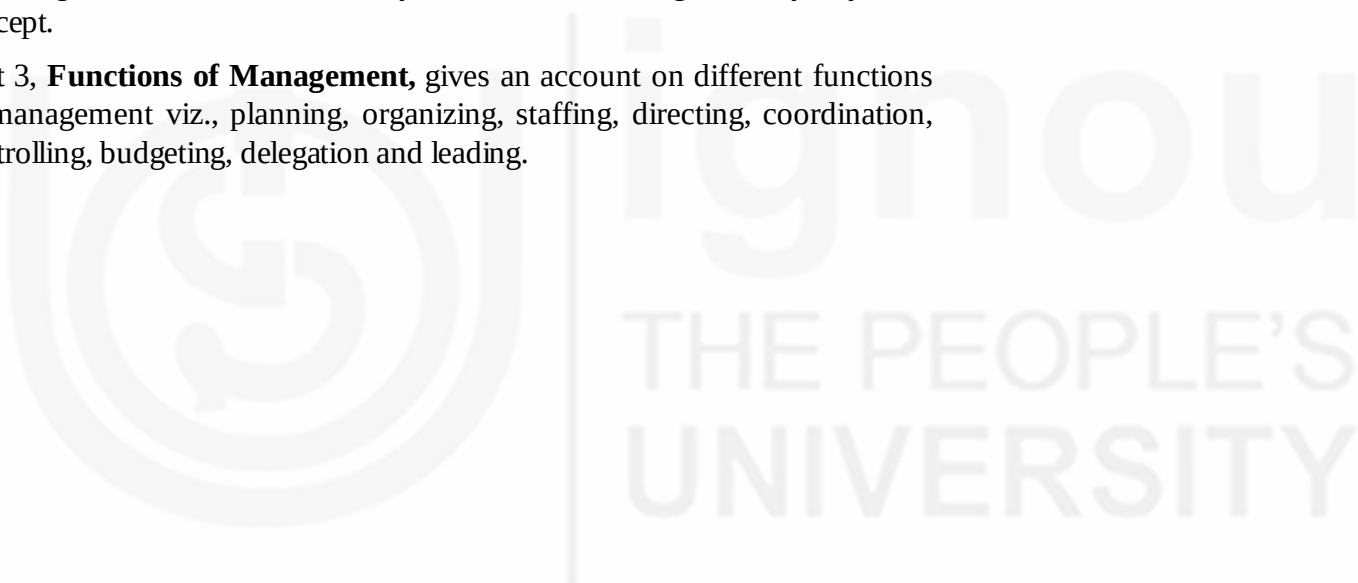
BLOCK 4 DEVELOPMENT MANAGEMENT

Management discipline attracts; first, those who want to go on to become professional managers; second, those who need or want to understand a portion of management as part of their regular training in other academic programmes; and, third, those who just want to study an interesting subject. We, the development professionals, mostly fall under second category, i.e., we need to understand management concepts in order to plan, execute and evaluate development programmes. Therefore, the purpose of this block is to make you understand the basic concept, theories and functions of management.

Unit 1, **Development Management: An Overview**, focuses on meaning of development management and debates whether management is an art or a science and whether it can be called as a profession. Later it discusses the process, objectives, importance, principles, different levels of management and managerial skill mix required at each level.

Unit 2, **Theories and Approaches of Management**, describes important scientific, administrative, human relations, systems and contingency approaches to management. At the end it briefly discusses the management by objective concept.

Unit 3, **Functions of Management**, gives an account on different functions of management viz., planning, organizing, staffing, directing, coordination, controlling, budgeting, delegation and leading.





UNIT 1 DEVELOPMENT MANAGEMENT: AN OVERVIEW

Structure

- 1.1 Introduction
- 1.2 Meaning of Management
- 1.3 Is Management an Art or a Science?
- 1.4 Is Management a Profession?
- 1.5 Process, Objectives and Importance of Management
- 1.6 Principles of Management
- 1.7 Levels of Management and Managerial Skill Mix
- 1.8 Let Us Sum Up
- 1.9 Keywords
- 1.10 References and Selected Readings
- 1.11 Check Your Progress – Possible Answers

1.1 INTRODUCTION

In the previous three blocks we discussed the concepts of planning, participatory planning, appraisal, monitoring, evaluation of development programmes and project management techniques. As development professionals, our acts are mostly getting groups of people together to accomplish desired goals and objectives of development efficiently and effectively. In this process, we *plan, organize, lead, direct* and *control* groups of people and resources for the purpose of accomplishing developmental goals. This process is popularly called as ‘development management’ and those acts are called as ‘functions of management’. Therefore, it is essential to understand the concept, important theories and functions of management to become a successful development functionary. Theories and functions of the management are discussed in the 2nd and 3rd units of this block and this unit covers the concept of management.

After studying this unit, you should be able to:

- explain the meaning and applicability of management concept in development.
- discuss the process, objectives, importance and principles of management.
- describe the levels of management and managerial skills required at each level.

1.2 MEANING OF MANAGEMENT

1.2.1 Management

The term ‘management’ stems from the word ‘manage’ which, in turn, is derived from the French word *ménage* meaning ‘housekeeping’. In general usage, the word ‘management’ identifies a special group of people whose job is to direct the effort and activities of other people toward common objectives. The basic concept of management is that it is concerned with getting the work done with the people.

Management as a discipline is relatively a new field which emerged in the early 20th century like other social sciences such as sociology, psychology, anthropology etc. Management is both an art as well a science. Management is a process in the sense that the different managerial functions like planning, organizing, coordination, leading, controlling are performed in an integrated manner on an ongoing and continual basis. It also involves a great deal of decision making at various levels of the development process.

Numerous experts and practitioners of management have made attempts to define the concept of management in different ways. Some of the definitions of the management pronounced by eminent scholars in the field of management are discussed below:

Management is the development of people and personnel administration and not the direction of things - **Lawrence A. Appley.**

Management is simply the process of decision making and control over the actions of human beings for the express purpose of attaining predetermined goals - **Stanely Vance.**

Management is that function of an enterprise which concerns itself with the direction and control of the various activities to attain the business objectives. Management is essentially an executive function; it deals particularly with the active direction of the human effort - **William Spreigel.**

Management is concerned with seeing that the job gets done: its tasks all center on planning and guiding the operations that are going on in the enterprise - **E.F.L. Brech.**

Management is what it does because “management is an organ; and organs can be described and defined only through their functions” - **Peter Drucker.**

Management as the process of combining scarce resources for the accomplishment of given objectives. Managers direct the human resources toward the effective utilization of non-human resources - **McFarland.**

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 - **Harold Koontz.**

Management is an art of knowing what to do, when to do and see that it is done in the best and cheapest way - **F.W. Taylor.**

From the above discussion, it is quite obvious that there is no common agreement among the experts over the issue of a generally accepted definition of management. For the purpose of understanding, the term management may be defined as the “process of designing an appropriate strategy aimed at accomplishing the intended goals through group efforts in an efficient manner”. This implies that the various managerial functions are to be carried out concurrently and skillfully in order to obtain maximum level of development work.

1.2.2 Development Management

Development Management includes a wide number of planning activities such

as designing, analysing, influencing, promoting, engaging, negotiating, decision making, co-ordinating, implementation, compliance and enforcement of development work (Development & Spatial Planning Project, 2007).

Development Management is end-to-end management of the delivery chain for sustainable development (Department for Communities & Local Government (DCLG) 2007).

Development Management is an integral part of the planning process, it puts development plans into action and seeks to achieve good design and sustainable development (Planning Officers Society Enterprises (POSE).

The common elements in the definitions of management which are applicable to the concept of development management are summarised in Box 1 for your comprehension.

Box 1 : Development Management - Common Elements

Development management involves planning, organizing, coordination, leading, controlling and decision making.

Development management functions are performed in an integrated manner on an ongoing and continual basis.

Development management is a communication and education intervention.

Development management focuses on a number of target processes and outcomes based on group work.

Development management aims at efficient utilization of various scarce resources.

You may notice some similarities as well as differences of opinion about the meaning and application of management for development in the above definitions. Perhaps, one, or more, of the following questions may come to your mind after understanding the above definitions.

Is management concerned only with the functions of planning, organizing, coordination, leading and controlling, or with the formation of decision making also in the process of development?

Should management aim at getting things done only, or should it also help to identify development problems, educate and to clarify goals to attain development?

All development organizations pay attention to some or all of the above common elements and questions in their development efforts. From the above discussion, it can be concluded that:

Development functionaries as managers, carry out the managerial functions of planning, organizing, staffing, leading and controlling of the developmental programmes.

Management applies to any kind of developmental programme and at all levels of developmental work.

Managing is concerned with effectiveness and efficiency in implementation of developmental programmes.

Activity 1: Ask some of your colleagues / friends what they mean by development management? Compare their views with those given in this unit and identify the common features.

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Check Your Progress 1

Note: a) Use the spaces given below for your answers.

b) Check your answer with those given at the end of the unit.

1. Write the meaning of development management?

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2. Why development professionals study the concept of management?

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1.3 IS MANAGEMENT AN ART OR A SCIENCE?

Webster's College Dictionary defines an art as 'skill in conducting any human activity' and science as 'any skill or technique that reflects a precise application of facts or a principle.' One of the permanent questions in the field of management is whether it is an art or a science?

1.3.1 Development Management as a Science

Practicing development managers when faced with a managerial dilemma, expect that there is a rational and objective way to determine the correct course of action. This manager is likely to follow general principles and theories and also by creating and testing hypotheses. For instance, if a manager has a problem with an employee's poor work performance, the manager will look to specific means of performance improvement, expecting that certain principles will work in most situations.

The scientific management movement was pioneered by Frederick W. Taylor, Frank and Lillian Gilbreth, and others, who attempted to discover 'the one best way' to perform jobs. They used scientific processes to evaluate and organize work so that it became more efficient and effective. Scientific management's emphasis on both reducing inefficiencies and on understanding the psychology of workers changed manager and employee attitudes towards the practice of management.

1.3.2 Development Management as an Art

Practicing managers who believe in development management as an art are unlikely to believe that scientific principles and theories will be able to implement in actual managerial situations. They rely on the social and political environment

surrounding the managerial issue, using their own knowledge of a situation, rather than generic rules, to determine a course of action. For example, as a contrast to the example given previously, a manager who has a problem with an employee's poor work performance is likely to rely on his or her own experiences and judgment when addressing this issue. Rather than having a standard response to such a problem, this manager is likely to consider a broad range of social and political factors, and is likely to take different actions depending on the context of the problem. Henry Mintzberg, David E. Lilienthal and Peter Drucker are well-known and prominent advocate of the school of thought that management is an art.

1.3.3 Art and Science in Development Management

Development management, which attempt to prepare today's managers for developmental challenges, are guided by both the notion of management as an art and as a science. The perspective of management as an art assumes to some extent that a manager has a disposition or experiences that guide him or her in managerial decisions and activities. Thus, with this perspective, many managers may be successful without any formal education or training in management. The perspective of management as a science, however, would indicate that management skills can be taught through an understanding of theory and principles of management. Many of today's educational institutions and workplaces blend the notion of management as a science and an art in their approach to preparing employees for management.

In the previous section, we discussed that management is a set of activities (including planning, organizing, leading, controlling and decision making) directed at an organization's resources (human, financial, physical, and information) with the aim of achieving developmental goals in an efficient and effective manner. A development manager is someone whose primary responsibility is to carry out the development process. Therefore, effective practice of development management requires a synthesis of science and art; that is, a blend of rational objectivity and intuitive insight. Thus good development management is a mixture of art and science.

1.4 IS MANAGEMENT A PROFESSION?

Mr. Louis Allen defined profession as 'a specialized kind of work practiced through and by use of classified knowledge, a common vocabulary, and requiring standards of practice and code of ethics established by a recognized body.' Whether development management can be called a profession or not will be clear if we compare its features with the characteristics of recognized profession like medicine, law, accountancy, etc., which are discussed below:

Systematic knowledge: Every profession has a well defined area of organized knowledge. Development management also deals with distinct area of knowledge which is developed around functions of management. Techniques of management developed by drawing knowledge from other branches like economics, mathematics and so on facilitate managers to perform their job better.

Formalized method of acquiring knowledge: For present day development managers, formal education and training is an important source of knowledge. Transfer of knowledge gained through experience from one living mind to another or intuitive knowledge is no longer considered adequate for practicing development managers.

Performance-based status: Manager's status in the present day development organization is linked to its performance rather than other extraneous factors like family or political connections. This way development management is exacting philosophy with performance orientation.

Code of ethics: Professionals must be governed by a strict code of ethics formulated and enforced by professional bodies to protect their members' integrity. Since it is difficult to identify clearly the membership of development management associations and their role, managerial codes of ethics has not yet evolved so as to be acceptable to all practicing development managers.

Dedication and commitment: True professionals through dedication and commitment serve their clients interest. Development managers today are expected to serve the long-run interest of the organization but they are also conscious of their social responsibilities. Besides, they are entrusted with wealth producing resources of society which they are expected to put to the most effective use.

From above discussion, it is quite clear that development management fulfills several essentials of a profession, even then it is not a full fledged profession because:

It does not restrict the entry in development managerial jobs for account of one standard or other.

No minimum qualifications have been prescribed for development managers.

No association has the authority to grant a certificate of practice to various development managers.

Development managers are responsible to many groups such as shareholders, employees and society. A regulatory code may curtail their freedom.

Development managers are known by their performance and not mere degrees.

Activity 2: Ask some of your colleagues / friends the following two questions

- i. Is development management an art or a science?
- ii. Is development management a profession?

Compare their views with those given in this unit and write your observations.

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Check Your Progress 2

Note: a) Use the spaces given below for your answers.

b) Check your answer with those given at the end of the unit.

1. Write the meaning of art and science.

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2. Good management is a mixture of art and science. Write your comment on this statement.

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3. Management is not a full fledged profession. Write your comment on this statement.

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1.5 PROCESS, OBJECTIVES AND IMPORTANCE OF MANAGEMENT

1.5.1 Development Management Process

Development management is a distinct process consisting of various functions of management to determine and accomplish stated development objectives by the use of human and other resources. As a development process, management consists of three aspects:

- i. **Development Management is a Social Process** – Since people are central in the process of participatory development, human factor is most important among the other factors. Therefore managers of developmental programmes are concerned with developing relationship among people. It is the duty of manager to make interaction between people for attaining developmental goals.
- ii. **Development Management is an Integrating Process** – Manager undertakes the job of bringing together human, physical and financial resources so as to achieve organizational purpose. Therefore, it is an important function to bring harmony between various resources and integrate them to attain the developmental goals.
- iii. **Development Management is a Continuous Process** – It is a never ending process. It is concerned with constantly identifying the development problems and solving them by taking adequate steps.

1.5.2 Objectives of Development Management

The main objectives of development management are:

- i. **Getting maximum results with minimum efforts** – Development management is basically concerned with thinking and utilizing human, material and financial resources in such a manner that would result in best combination to secure maximum outputs with minimum efforts and resources.
- ii. **Increasing the efficiency of factors of production** – Through proper utilization of various factors of production, their efficiency can be increased to a great extent which can be obtained by reducing spoilage, wastages and breakage of all kinds, this in turn leads to saving of time, effort and money.
- iii. **Maximum prosperity** – Development management ensures smooth and coordinated development and helps in providing maximum benefits to the people.

- iv. **Human betterment and social justice** – Through increased productivity and development, management ensures better standards of living for the society. It provides justice through its uniform policies.

1.5.3 Importance of Development Management

- i. **It helps in achieving group goals** – It arranges, organize and integrate the resources in effective manner to achieve developmental goals. It directs group efforts towards achievement of pre-determined goals. By defining objectives of development clearly, there would be no wastage of time, money and effort.
- ii. **Optimum utilization of resources** – It utilizes all the physical and human resources productively in the process of development. Development management provides maximum utilization of scarce resources by selecting its best possible alternate use.
- iii. **Reduces costs** – It gets maximum results through minimum inputs by proper planning of physical, human and financial resources in such a manner which results in best combination to reduce costs.
- iv. **Establishes sound organization** – It establishes effective authority and responsibility relationship i.e. who is accountable to whom, who can give instructions to whom, who are superiors and who are subordinates. Management fills up various positions with right persons, having right skills, training and qualification.
- v. **Establishes equilibrium** – It adapts organization to changing demand of people / changing needs of society.
- vi. **Essentials for prosperity of society** – Efficient development management leads to better economical production which helps in turn to increase the welfare of people. Good management makes a difficult developmental task easier by avoiding wastage of scarce resources.

1.6 PRINCIPLES OF MANAGEMENT

Principles serve as a guide to thought and actions which establishes cause and effect relationship between two or more variables under a given situation. Development management principles are the statements of fundamental truth based on logic which provides guidelines for managerial decision making and actions. These principles are derived:

On the basis of observation and analysis i.e. practical experience of managers.

By conducting experimental studies.

The 14 principles of management described by Henri Fayol are equally applicable for development management.

- i. **Division of labor:** It stresses the specialization of jobs, division, sub-division and allotment of development work to various persons according to their expertise in a particular area. Sub-division of work makes it simpler and results in efficiency.
- ii. **Parity of authority and responsibility:** If authority is given to a person in a developmental programme, (s)he should also be made responsible and vice versa with balance between the two.

- iii. **Principle of one boss:** A subordinate should receive orders and be accountable to one and only one boss at a time because – it undermines authority, weakens discipline, divides loyalty, creates confusion, delays and chaos, duplication of work and overlapping of efforts.
- iv. **Unity of direction:** Fayol advocates ‘one head one plan’ which means that there should be one plan for a group of developmental activities having similar objectives. Related activities should be grouped together. According to this principle, efforts of all the developmental professionals in a programme or project should be directed towards common goal. Without unity of direction, unity of action cannot be achieved. In fact, unity of command is not possible without unity of direction.
- v. **Equity:** Equity means combination of fairness, kindness and justice. But equity does not mean total absence of harshness. Fayol was of opinion that, “at times force and harshness might become necessary for the sake of equity”.
- vi. **Order :** This principle is concerned with proper and systematic arrangement of things (material order) and people (social order).
- vii. **Discipline :** This principle applies that subordinate should respect their superiors and obey their orders for smooth developmental activity.
- viii. **Initiative :** Workers should be encouraged to take initiative in the work assigned to them. Fayol advised that management should provide opportunity to its employees to suggest ideas, experiences and new method of work.
- ix. **Fair remuneration :** The quantum and method of remuneration to be paid to the workers should be fair, reasonable, satisfactory and rewarding of the efforts.
- x. **Stability of tenure :** Fayol emphasized that employees should not be moved frequently from one job position to another i.e. the period of service in a job should be fixed.
- xi. **Scalar chain :** Fayol defines scalar chain as “The chain of superiors ranging from the ultimate authority to the lowest”. Every orders, instruction, message, request, explanation etc. has to pass through scalar chain. But, for the sake of convenience and urgency, this path can be cut short and this short cut is known as ‘Gang Plank’ which is a temporary arrangement between two different points to facilitate quick and easy communication.
- xii. **Sub-ordination of individual interest to general interest:** A development organization is much bigger than the individual it constitutes, therefore, interest of the undertaking should prevail in all circumstances.
- xiii. **Team spirit :** It refers to harmony in the work groups and mutual understanding among the development workers which can be achieved through unity of command.
- xiv. **Centralization and de-centralization :** Anything which increases the role of subordinate is decentralization and anything which decreases it is centralization. According to Fayol, “degree of centralization or decentralization depends on number of factors like size of work, experience of superiors, dependability and ability of subordinates etc. Fayol suggested that absolute centralization or decentralization is not feasible and a balance between two is advisable.

Activity 3: Interview two nearby development professionals and ask them about importance and role of management principles in their work. Write your observation.

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Check Your Progress 3

Note: a) Use the spaces given below for your answers.

b) Check your answer with those given at the end of the unit.

1. Name the three aspects of development management process.

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2. How development management is an integrating process?

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3. What do you mean by Gang Plank?

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3. What are the factors influencing centralization and decentralization in development management decisions?

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1.7 LEVELS OF MANAGEMENT AND MANAGERIAL SKILL MIX

The term 'Levels of Management' as applicable to development refers to a line of demarcation between various managerial positions in a developmental organization. The number of levels in management increases when the size of the development work and work force increases and vice-versa. The level of management determines a chain of command, the amount of authority and status enjoyed by any managerial position in a developmental organization.

1.7.1 Levels of Management

The levels of management can be classified in three broad categories: -

1. Top level / administrative level
2. Middle level / executive

3. Low level / supervisory / operative / first-line managers

Development managers at all these levels perform different functions. The role of managers at all the three levels is discussed below (Fig. 1.1) .

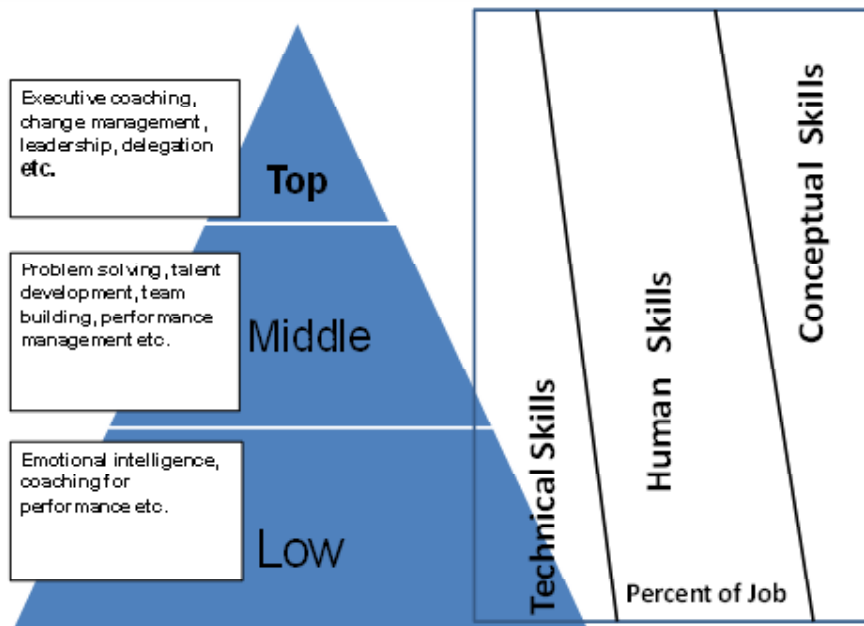


Fig. 1.1: Levels of Management and Skills (Source: Thomas *et al*, 1965)

Top Level of Management: The top management is the ultimate source of authority and it manages goals and policies. It devotes more time on planning and coordinating functions. *Example:* Board of directors, chief executive or managing director.

The roles of the top management are:

- Formulating objectives, strategic plans and broad policies.
- Instructions for preparation of budgets, procedures, schedules etc.
- Appointing the middle level development managers.
- Controlling and coordination of activities of all the departments.

Middle Level of Management: They devote more time to organizational and directional functions. In small development organization, there is only one layer of middle level of management but in big organizations, there may be senior and junior middle level management. Their role can be emphasized as:

- Execution of plans in accordance with policies and directives of top management.
- Planning for the sub-units of the organization.
- Employment and training of lower level management.
- Interpretation and explanation of policies to lower level.
- Coordinating the activities within the division or department.
- Sending important reports to top level management.
- Evaluation of performance of junior managers.

Lower Level of Management: Lower level is also known as supervisory/operative level of management. It consists of supervisors, foreman, section officers, superintendent etc. They are concerned with direction and controlling function of development management. Their activities include:

Assigning of jobs and tasks to various workers.

Responsible for the quality as well as quantity of development.

Communicate problems and recommendatory appeals to the higher level.

Training to the workers.

Image building of the development organization due to the direct contact with workers.

1.7.2 Managerial Skill Mix

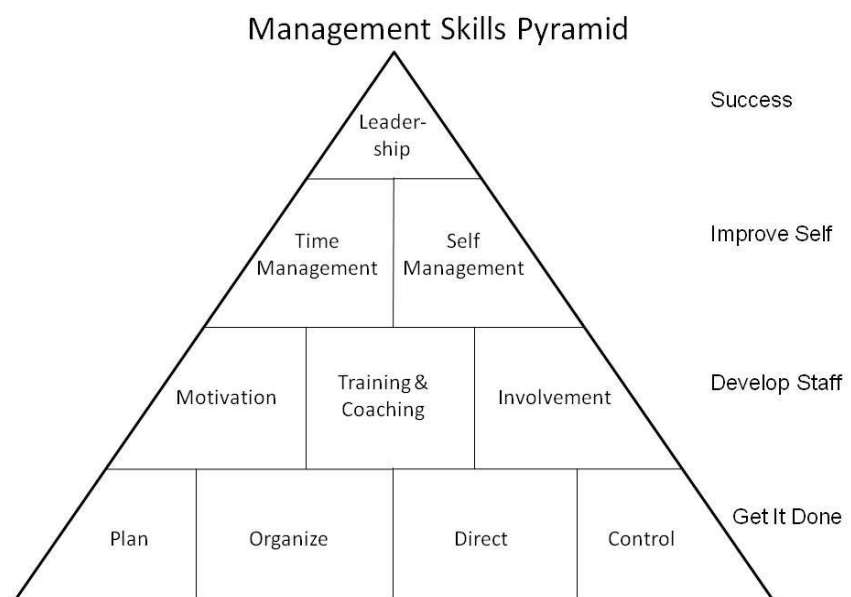
Robert L. Katz identified three kinds of skills for managers at different levels, which are directly applicable to development management.

- i. **Technical Skill:** It is the knowledge of and proficiency in activities involving methods, processes and procedures of development.
- ii. **Human Skill:** It is the ability to work with people i.e participatory development. It is a cooperative effort and team work. It is the creation of environment in which people feel secure and free to express their opinions and take part in development.
- iii. **Conceptual Skill:** It is the ability to see the big picture to recognize significant development elements in a situation, and to understand the relationships among the elements.

The relative importance of these skills may differ at various levels of management (Fig 1.1 and 1.2). At lower / supervisory level, technical skills are important; human skills are also helpful to some extent; but conceptual skills are not critical. At the middle level management, the need for technical skills decreases; human skills are still essential; the conceptual skills gain in importance. At top level, conceptual and human skills are especially valuable with relatively little need for technical skills.

1.7.3 Management Skill Pyramid

Management Skill Pyramid also explains four levels of managerial skills and functions of development management (Fig 1.2).



Level 1 of the Management Skills Pyramid

Level 1 shows the basic skills a development manager must master just to get the development work done. These are the fundamentals of the management job:

- Plan
- Organize
- Direct
- Control

Level 2 of the Management Skills Pyramid

After mastering the fundamental skills, we need to move on and develop skills on Level 2 of the management skills pyramid. These are the staff development skills grouped into these categories:

- Motivation
- Training and Coaching
- Employee Involvement

Level 3 of the Management Skills Pyramid

After understanding the staff development skills, you need to improve your own development. These management skills are grouped as:

- Time Management
- Self Management and

Time management gets its own category because it is so important to your success in all the other skills.

Level 4 of the Management Skills Pyramid

Level 4 is the peak of the management skills pyramid. At peak level, the single skill that will help you the most in implementing developmental programmes is leadership. As you develop your skill as a leader and as you make the transition from manager to leader, you will achieve the goals of development you truly target.

Please refer 'Unit 3' in this block for more specific discussion on these skills.

The differences between development management and leadership are summarized in Box 2 for your comprehension.

Box 2. Development Management vs. Leadership

Not all leaders are development managers, and not all development managers are leaders; although most effective development managers are probably good leaders too. In the management skills pyramid, we have identified leadership as the single most important skill at peak level. Many people like to debate the differences between leadership and management. Both are very important concepts when dealing with people in the process of development.

Leadership is guiding the behavior of others. A leader is trying to get people to do what (s)he wants them to do. Leadership directs people to accomplish objectives. Leadership involves the leader and who is being lead, so, leadership is about people. The central theme about leadership is accomplishing something through people. The common thread is people.

Development management is concerned with more than just people. Development managers are concerned with all the other resources available to them, as well as people. Development managers must bring all of their resources together to accomplish their development goals. Managing is a broader scope than leading. In fact, leading is usually thought of as one of the four or five functions of development management.

Check Your Progress 4

Note: a) Use the spaces given below for your answers.

b) Check your answer with those given at the end of the unit.

1. Name the three kinds of skills for development managers at different levels.

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2. How do the managerial skills differ in different levels of management?

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3. Not all leaders are development managers, and not all development managers are leaders. Comment on this statement.

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1.8 LET US SUM UP

In this unit we started by discussing the meaning of development management, identified common elements in the meaning of management given by different specialists and understood that knowledge of management concepts is essential to become a successful development functionary. Then after a brief discussion, we concluded that development management is an art as well as science, but not completely qualifies as a profession. We examined the process, objectives, importance and 14 principles of management as applicable to development. Later we discussed the top, middle and low levels of management, management skill pyramid and corresponding skill mix required for development managers at different levels. At the end we discussed the important differences between leadership and development management.

In the next unit, we will discuss 'Theories and Approaches of Management' with focus on important scientific, administrative, human relations, systems, contingency and management by objective approaches to management.

1.9 KEYWORDS

Centralization and De-centralization: Anything which increases the role of subordinate is decentralization and anything which decreases it is centralization.

Conceptual Skill: It is the ability to see the big picture to recognize significant elements in a situation, and to understand the relationships among the elements.

Division of Labor: It stresses the specialization of jobs, division, sub-division and allotment of work to various persons according to their expertise in a particular area. **Unity of Direction:** It means that there should be one plan for a group of activities having similar objectives.

Gang Plank: Deviation from usual scalar chain top to bottom flow of messages, instructions etc for the sake of convenience and urgency is known as Gang Plank. It is a temporary arrangement between two different managerial levels to facilitate quick and easy communication.

Human Skill: It is the ability to work with people which is a cooperative effort and team work.

Lower Level of Management: They are concerned with direction and controlling function of management.

Management Skill Pyramid: It explains four levels of managerial skills and functions of management at different levels.

Management: It 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

Middle Level of Management: They devote more time to organizational and directional functions.

Scalar Chain : The chain of superiors ranging from the ultimate authority to the lowest.

Team Spirit : It refers to harmony in the work groups and mutual understanding among the members which can be achieved through unity of command.

Technical Skill: It is the knowledge of and proficiency in activities involving methods, processes and procedures.

Top Level of Management: They are the ultimate source of authority and it manages goals and policies for an enterprise.

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1.11 CHECK YOUR PROGRESS – POSSIBLE ANSWERS

Check Your Progress 1

1. Development Management is end-to-end management of the delivery chain for sustainable development.
2. The acts of development professionals are mostly getting groups of people together to accomplish desired goals and objectives of development. In this process, they *plan, organize, lead, direct* and *control* groups of people or entities. This process is nothing but, management and those acts are functions of management. Therefore, it is essential to understand the concept of management to become a successful extension and development functionary.

Check Your Progress 2

1. Art is ‘skill in conducting any human activity’ and science is ‘any skill or technique that reflects a precise application of facts or a principle’
2. Development management is a set of activities (including planning, organizing, leading, controlling and decision making) directed at an organization’s resources (human, financial, physical, and information) with the aim of achieving developmental goals in an efficient and effective manner. A development manager is someone whose primary responsibility is to carry out the development process. Therefore, effective practice of management requires a synthesis of science and art; that is, a blend of rational objectivity and intuitive insight. Thus good management is a mixture of art and science.
3. Though management fulfills several essentials of a profession, even then it is not a full fledged profession because: it does not restrict the entry in managerial jobs for account of one standard or other; no minimum qualifications have been prescribed for managers; no management association has the authority to grant a certificate of practice to various managers; managers are responsible to many groups ; managers are known by their performance and not mere degrees; the ultimate goal of business is to maximize profit and not social welfare.

Check Your Progress 3

1. The three aspects are social, integrating and continuous processes.
2. Manager undertakes the job of integrating together the human, physical and financial resources so as to achieve organizational purpose. Therefore, management is an integrating process.
3. Deviation from usual scalar chain top to bottom flow of messages, instructions etc for the sake of convenience and urgency is known as Gang Plank. It is a temporary arrangement between two different managerial levels to facilitate quick and easy communication

4. Degree of centralization or decentralization depends on number of factors like size of business, experience of superiors, dependability and ability of subordinates etc.

Check Your Progress 4

1. The three kinds of skills required are technical, human and conceptual skills.
2. At lower level, technical skills are important and human skills are helpful to some extent, but conceptual skills are not critical. At the middle level, need for technical skills decreases, human skills are still essential and the conceptual skills gain in importance. At top level, conceptual and human skills are especially valuable with relatively little need for technical skills.
3. A leader is trying to get people to do what (s)he wants them to do and leadership directs people to accomplish objectives. The central theme about leadership is accomplishing something through people. Management is concerned with more than just people. Managers are concerned with all the other resources available to them, as well as people. Managers must bring all of their resources together to accomplish their goals. Managing is a broader scope than leading. Therefore, not all leaders are managers, and not all managers are leaders although most effective managers are probably good leaders too.



UNIT 2 THEORIES AND APPROACHES OF MANAGEMENT

Structure

- 2.1 Introduction
- 2.2 Scientific and Administrative Management Theories
- 2.3 Human Relations Theories
- 2.4 Systems and Contingency Approaches
- 2.5 Modern Management Approaches
- 2.6 Let Us Sum Up
- 2.7 Keywords
- 2.8 References and Selected Readings
- 2.9 Check Your Progress – Possible Answers

2.1 INTRODUCTION

Dear Lerner

In the previous unit, we discussed about the concept of development management along with its process, objectives, importance, principles, different levels and managerial skill mix required at each level. Before the 20th Century, there was no real knowledge of management theories. During 20th century, many theories have been proposed to increase productivity of organizations and reduce cost. The changes in management theories were driven partly by transition from industrial-electronic- information revolutions and partly by parallel progress in the fields of other related social sciences. This unit focus is to explain you few important theories / approaches of management and how they differ from each other.

After studying this unit, you should be able to:

- explain the important scientific and administrative theories of management;
- discuss the major human relations, systems and contingency approaches to management; and
- illustrate the concept of management by objective.

2.2 SCIENTIFIC AND ADMINISTRATIVE MANAGEMENT THEORIES

2.2.1 Scientific Management Theories

2.2.1.1 Frederick Taylor: F.W. Taylor is generally acknowledged as the “Father of Scientific Management” with his early works on the development of management. Taylor’s major concern throughout most of his life was to increase efficiency in production, not only to lower costs and raise profits but also to make possible increased pay for workers through their higher productivity. In brief, Taylor saw productivity as the answer to both higher wages and higher profits. He believed that the application of scientific methods, instead of custom and rule of thumb, could yield productivity without the expenditure of more human energy or effort. The Taylor’s major principles of scientific management with implications to development are summarized in Box 1 for your comprehension.

Box. 1: Taylor's Principles

Taylor's famous work entitled "Principles of Scientific Management" was published in 1911. The fundamental principles that Taylor saw underlying the scientific approach to management are summarized below:

- i. Replacing rules of thumb with science (organized knowledge) (Scientific Development)
- ii. Obtaining harmony in group action, rather than discord (Positive Group Dynamics)
- iii. Achieving cooperation of human beings, rather than chaotic individualism (Participatory Development)
- iv. Working for maximum output, rather than restricted output (All-round Development i.e. Social, political, human and economic development)
- v. Developing all workers to the fullest extent possible for their own and their company's highest prosperity (Sustainable Development).

On the contrary, throughout Taylor's written work runs a strongly humanistic theme even though it preoccupied with productivity at the shop level. He believed that workers should be carefully selected and trained and that they should be given the work they were able to do best. He had perhaps an idealist's notion that the interests of workers, managers, and owners could and should be harmonized. Moreover, Taylor emphasized the importance of careful advance planning by managers and the responsibility of managers to design work systems so that workers would be helped to do their best. But as he spoke of management, he never overlooked the fact that 'the relations between employers and men and women form without question the most important part of this art'.

2.2.1.2 Followers of Taylor

Among the immediate followers of Taylor were Henry L. Gantt, Frank and Lillian Gilbreth, to mention only a few.

Henry L. Gantt : Gantt although strongly supported Taylor's ideas and did much consulting work on the scientific selection of workers and the development of incentive bonus systems, he was far more cautious than Taylor in selling and implementing his scientific management methods. Like Taylor, he emphasized the need for developing a mutuality of interests between management and labor, a 'Harmonious cooperation'. In doing this, he stressed the importance of teaching, developing an understanding of systems on the part of both labor and management and appreciating that 'in all problems of management the human element is the most important one'.

Gantt is perhaps best known for his development of graphic methods of describing plans and making possible better managerial control. He emphasized the importance of time, as well as cost, in planning and controlling work. This led eventually to the famous Gantt chart which is in wide use today and was the forerunner of such modern techniques as the Programme Evaluation and Review Technique (PERT). The chart is regarded by some social historians as the most important social invention of the twentieth century (For more details on Gantt charts, please refer Block 3, Unit 1 'SWOT Analysis and Bar Charts')

Frank and Lillian Gilbreth : The ideas of Taylor were also strongly supported and developed by the famous husband-and-wife team of Frank and Lillian

Gilbreth. After meeting Taylor in 1907, Frank combined his ideas with Taylor's to put scientific management into effect. In undertaking his work, Frank Gilbreth was greatly aided and supported by his wife, Lillian. She was one of the earliest industrial psychologists and received her doctor's degree in this field in 1915. After her husband's untimely death in 1924, she carried on his consulting business and was widely acclaimed as the 'first lady of management' throughout her long life. Lillian Gilbreth's interest in the human aspects of work and her husband's interest in efficiency- the search for the one best way of doing a given task- led to a rare combination of talents. It is therefore not surprising that Frank Gilbreth long emphasized that in applying scientific management principles; we must look at workers first and understand their personalities and needs. Gilbreths came to the conclusion that it is not the monotony of work that causes so much worker dissatisfaction but, rather, management's lack of interest in workers.

2.2.2 Administrative Management Theories

2.2.2.1 Henri Fayol : Henri Fayol is the real 'Father of modern management theory'. Fayol attempted to develop a science of administration for management and believed that there was a universal science of management applicable to commerce, industry, politics, religion, war or philanthropy. He truly advocated the notion that if a manager wants to be successful, he only needs a certain set of management principles. If a manager climbed the corporate ladder and reached higher positions, this manager would depend less on technical knowledge and more knowledge of administration. When Fayol worked on his principles in France, Taylor's scientific management was developing 'independently' in the USA. Although he was trained as an engineer, he brilliantly realized that management of an enterprise required skills other than those he had studied.

Fayol emphasized the role of administrative management and concluded that all activities that occur in business organizations could be divided into six main groups.

- i. Technical (production, manufacturing)
- ii. Commercial (buying, selling, exchange)
- iii. Financial (obtaining and using capital)
- iv. Security (protection of property and persons)
- v. Accounting (balance sheet, stocktaking, statistics, costing)
- vi. Managerial (planning, organizing, commanding, coordinating, controlling).

These six groups of activities are interdependent and that it is the role of management to ensure all six activities work smoothly to achieve.

Please refer Unit 1 'Development Management: An Overview' of this block for details on Fayol's 14 principles of management.

Check Your Progress 1

Note: a) Use the spaces given below for your answers.

b) Check your answer with those given at the end of the unit.

1. Name three pioneers in scientific management

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2. Write the principles of Taylor?

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3. Write Fayol's administrative management activities of business organizations.

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2.3 HUMAN RELATIONS THEORIES

Managing requires the creation and maintenance of an environment in which individuals work together in groups towards the accomplishment of common objectives. This part emphasizes the importance of knowing and taking advantage of human and motivating factors in management which led to some influential theories. For example, Maslow's hierarchy of needs provided an individual focus on the reasons why people work. He argued that people satisfy in an ascending series of needs from survival, through security to eventual 'self-actualization'. In the same period, concepts of job design such as job enrichment and job enlargement were investigated. It was felt that people would give more to an organization if they gained satisfaction from their jobs. Jobs should be designed to be interesting and challenging to gain the commitment of workers - a central theme of human resource management.

Classic theories in this area are:

Theory X and Theory Y of McGregor

Motivation theories of Maslow and Herzberg

2.3.1 McGregor's Theory X and Y

In his famous book 'The Human Side of Enterprise' McGregor proposed two theories to view employees motivation at work. He avoided giving descriptive labels and simply called them as Theory X and Y. As per him, managing must start with the basic question of how managers see themselves in relation to others. Theory X and theory Y are two sets of assumptions about the nature of people.

Theory X : Theory X assumes that the average person:

Dislikes the work and attempt to avoid it

Prefer to be directed and follow than lead

Wish to avoid responsibility

Self centered and don't care organizational goals

Resists change

Have relatively little ambition

Essentially work for money and security

Management under theory X has a range of hard and soft approaches. The hard approach depends on force, control, direct, and threats with punishment to achieve organizational objectives. The soft approach is to be permissive and

seek harmony with the hope that in return employees cooperate to achieve organizational objectives. However, neither of these approaches is optimal. The hard approach results in hostility, purposively low output and hard line group demands. The soft approach results in ever increasing demands for more rewards in return to work. The optimal approach under theory X is somewhere in between these extremes.

Theory Y : Theory Y assumes that:

The expenditure of physical effort and mental effort in work is as natural as play or rest.

External control and the threat of punishment are not the only means for producing effort toward organizational objectives.

People will exercise self-direction and self-control in the services of objectives to which they are committed.

The degree of commitment to objectives is in proportion to the size of the rewards associated with their achievement.

Average human beings learn under proper conditions not only to accept responsibility but also to seek it.

The capacity to exercise a relatively high degree of imagination, ingenuity, and creativity in the solution of organizational problems is widely, not narrowly, distributed in the population.

Under the conditions of modern industrial life, the intellectual potentialities of the average human being are only partially utilized.

In contrast to theory X, theory Y is optimistic, dynamic and flexible with an emphasis on self-direction and the integration of individual needs with organizational demands. There is little doubt that each set of assumptions will affect the way managers carry out their managerial functions and activities.

2.3.2 Hierarchy of Needs Theory

One of the most widely mentioned theories of motivation is the hierarchy of needs theory put forth by psychologist Abraham Maslow. Maslow saw human needs in the form of a hierarchy, ascending from the lowest to the highest and he concluded that when one set of needs is satisfied, this kind of need ceases to be a motivator.

The basic human needs placed by Maslow in an ascending order of importance are (Fig 2.1):

- i. *Physiological needs:* They are the basic needs for sustaining human life such as food, water, warmth, shelter and sleep. Until these needs are satisfied other needs will not motivate people.
- ii. *Security or safety needs:* They are the needs to be free of physical danger and of the fear of losing a job, property, food or shelter.
- iii. *Affiliation or acceptance needs:* Since people are social beings, they need to belong to be accepted by others.
- iv. *Esteem needs:* Once people begin to satisfy their need to belong, they tend to want to be held in esteem both by themselves and by others like satisfaction with power, prestige, status, and self-confidence.

- v. *Need for self-actualization*: This is the highest need in hierarchy which is the desire to become what one is capable of becoming to maximize one's potential and to accomplish something.



Fig. 2.1: Maslow's Hierarchy of Needs

2.3.3 Two Factor Theory

Maslow's need approach has been considerably modified by Herzberg and his associates. Their research purports to find a two factor theory of motivation. In one group of needs are such things as organizational policy and administration, supervision, working conditions, interpersonal relations, salary, status, job security and personal life. These were found by Herzberg and his associates to be only dissatisfiers and not motivators. In other words, if they exist in a work environment in high quantity and quality, they yield no dissatisfaction.

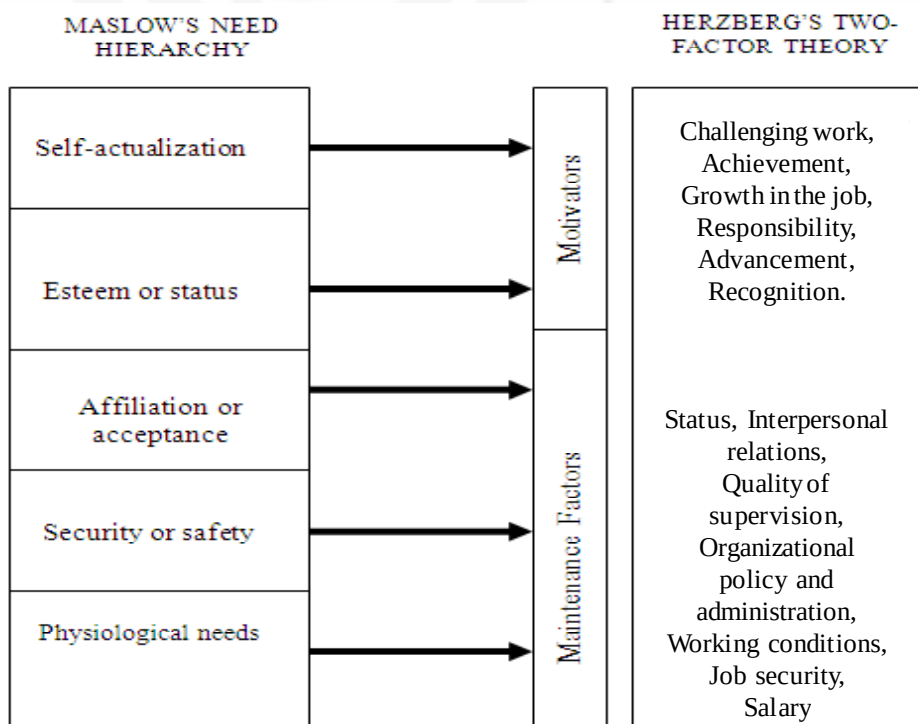


Fig. 2.2: Comparison of Maslow's and Herzber's theories

Their existence does not motivate in the sense of yielding satisfaction; their lack of existence would, however, result in dissatisfaction. Herzberg called them maintenance, hygiene or job context factors. In the second group, Herzberg listed certain satisfiers which include achievement, recognition, challenging work, advancement and growth in the job. Their existence will yield feelings of satisfaction or no satisfaction (not dissatisfaction). The satisfiers and dissatisfiers identified by Herzberg are similar to the factors suggested by Maslow (Fig 2.2).

2.3.4 McClelland's Needs Theory

David C. McClelland has contributed to the understanding of motivation by identifying three types of basic motivating needs:

Need for power (n/PWR)

Need for affiliation (n/AFF) and

Need for achievement (n/ACH).

All three drives power, affiliation and achievement are of particular relevance to management, since all must be recognized to make an organized enterprise work well.

Need for Power: People with a high need for power have a great concern for exercising influence and control. Such individuals generally are seeking positions of leadership, good conversationalists, outspoken, hardheaded, and demanding and they enjoy teaching and public speaking.

Need for Affiliation: People with a high need for affiliation usually derive pleasure from being loved and tend to avoid the pain of being rejected by a social group. As individuals, they are likely to be concerned with maintaining pleasant social relationships, to enjoy a sense of intimacy and understanding, to be ready to console and help others in trouble and to enjoy friendly interaction with others.

Need for Achievement : People with a high need for achievement have an intense desire for success and an equally intense fear of failure. They take a realistic approach for risk, they are not likely to be gamblers but, rather, prefer to analyze and assess problems, assume personal responsibility for getting a job done, and, like specific and prompt feedback on how they are doing.

Check Your Progress 2

Note: a) Use the spaces given below for your answers.

b) Check your answer with those given at the end of the unit.

1. Write two important differences between Theory X and Theory Y?

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2. Name the three types of basic motivating needs as per McClelland's theory.

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2.4 SYSTEMS AND CONTINGENCY APPROACHES

These approaches advocates that, human behavior is not a simple matter but must be looked upon as a system of variables and interactions of which certain motivating factors are an important element. Motivation must be considered from a system and contingency point of view given the complexity of motivating people with individual personalities and in different situations.

2.4.1 Systems Approach to Operational Management

An organized enterprise is depended on its external environment and is a part of larger systems such as the industry to which it belongs, the economic system, and society. Thus, the enterprise receives inputs, transforms them, and exports the outputs to the environment. A model of operational management that indicates how the various inputs are transformed through the managerial functions of planning, organizing, staffing, leading, and controlling are shown in Fig 2.3.

Communication System: Communication is essential to all phases of the managerial process for two reasons.

- i. To integrates the managerial functions. For example, the objectives set in planning are communicated so that the appropriate organization structure can be devised.
- ii. To link the enterprise with its external environment. For example, through communication the needs of customers are identified.

External Variables: Effective manages will regularly scan the external environment. While it is true that managers may have little or no power to change the external environment, they have no alternative but to respond to it.

Outputs : It is the task of managers to secure and utilize inputs to the enterprise, to transform them through the managerial functions with due consideration for external variables into outputs.

Reenergizing the System: Finally, it is important to notice that in the systems model of operational management, some of the outputs become inputs again. Thus, the satisfaction and new knowledge or skills of employees become important human inputs. Similarly, profits, the surplus of income over costs, are reinvested in cash and capital goods, such as machinery, equipment, buildings, and inventory.

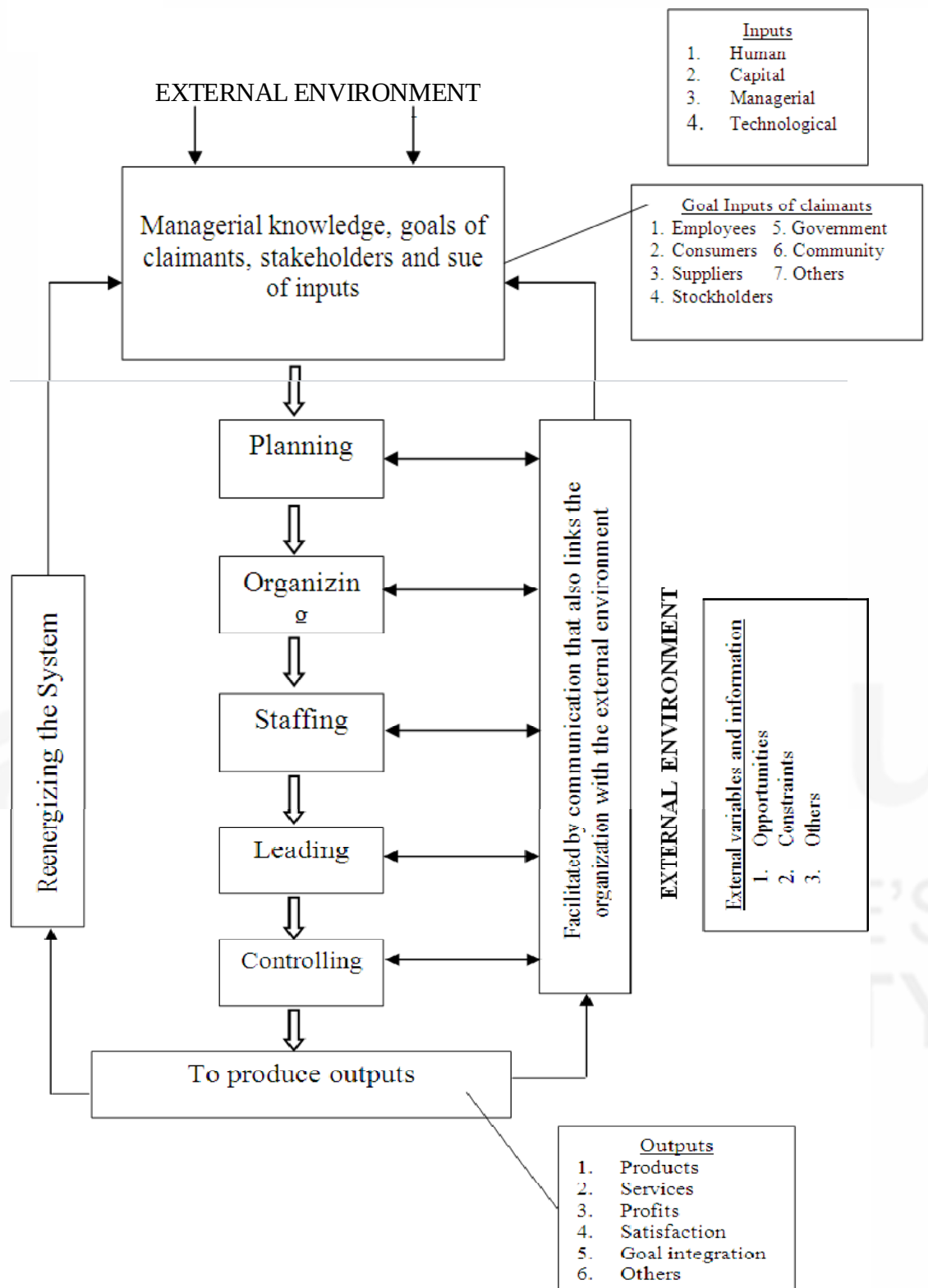


Fig. 2.3: Systems Approach to Management

2.4.2 Sociological Approach to Management

Before, during and after the development of scientific management by Taylor and administrative management by Foyal, a considerable amount of thinking and research was being devoted to observing people as products of group behavior. This is called the sociological approach to management. The outstanding scholars of social systems approach to management were - Max Weber, Emile Durkheim, Vilfredo Pareto and Chester Barnard.

Max Weber: A German intellectual Max Weber, whose empirical analyses of church, government, the military and business led him to the belief that hierarchy, authority and bureaucracy (including clear rules, definition of tasks and discipline) lay the foundation of all social organizations. He propounded the theory of bureaucracy.

Emile Durkheim : A French scholar Emile Durkheim, who emphasized the idea that groups, by establishing their values and norms, control human conduct in any social organization.

Vilfredo Pareto : A French-Italian, Vilfredo Pareto who earned the right to be called “the father of the social systems approach”. Pareto viewed society as intricate cluster of interdependent units, or elements- that is, as a social system with many sub-systems. Among his many ideas was the tendency of social systems to seek equilibrium upon being disturbed by outside or inside influence. Social attitudes or sentiments function to cause the system to seek equilibrium when disturbed by these forces. He saw also that it was the task of the elite in any society to provide the leadership to maintain the social system.

Chester Barnard: The ‘Functions of the Executive’ written by Chester Barnard is one of the most influential books published in the entire field of management. His analysis of the manager is truly a social systems approach, since in order to comprehend and analyze the functions of executives; Barnard looked for their major tasks in the system where they operate. In determining that the tasks of executives (by which he meant all kinds of managers) are to maintain a system of cooperative effort in a formal organization, Barnard addressed himself first to the reasons for, and the nature of cooperative systems. The book is a social systems approach, concentrating on major elements of the managerial job, containing extraordinary insights on decision making and leadership and bearing the authority of an intellectual with exceptional executive experience.

2.5 MODERN MANAGEMENT APPROACHES

Several authors have contributed many approaches to management in the recent years. Among them Management By Objectives is discussed below for your understanding.

2.5.1 Management By Objectives (MBO): The term MBO was coined by Peter Druker in 1950s. MBO is a way of managing which focuses on tasks and activities. MBO emphasis participative management which motivate all employees. It focuses sharply on the objectives, which a manager is expected to achieve within a specified period.

Harold Koontz defines MBO as “a comprehensive managerial system that integrates many key managerial activities in a systematic manner consciously directed towards the effective and efficient achievement of organizational and individual objectives.”

MBO is a result oriented process of management for utilization of resources. MBO is based on the assumption that people perform better when they know what is expected of them and can relate their personal goals to organizational objectives.

Process of MBO: The process of MBO consists of the following steps.

- i. *Collectively formulating goals:* The superior and subordinate jointly decide and formulate goals, which the subordinates need to achieve. The

goals are set in the Key Result Area (KRAs), such as in the area of production, marketing etc. For instance, the goals for the marketing manager can be 'to increase market share of brand A from present 10% to 15% during a particular period.'

- ii. *Collectively formulating action plans:* After setting goals, the subordinate manager along with his superior formulates action plan(s) and alternative plans to achieve the goals.
- iii. *Evaluating the alternatives:* The superior and subordinate manager have to evaluate the alternative plans by cost-benefit analysis.
- iv. *Selection of best plans:* After the cost-benefit analysis of the alternative plans, the superior and subordinate would select the best plan that gives maximum benefits at minimum costs.
- v. *Implementation of plans:* The subordinate implements the plan by making optimum use of the resources. If required, he may take the assistance or guidance in the implementation of the plan.
- vi. *Collectively monitoring performance:* In the final stage, the subordinate reviews his performance by comparing against the planned targets. At the performance review, the superior acts as a coach or a guide rather than as a judge to take stock of the result. If deviation occurs, the superior and subordinate once again frame objectives.

Advantages of MBO

- i. Better utilization of resources
- ii. Aid in planning
- iii. Development of personnel
- iv. Better team work
- v. Concentration on key result areas
- vi. Objective evaluation
- vii. Sound organizational structure.

Disadvantages / Limitations of MBO

- i. Time consuming
- ii. Paper work
- iii. Problem in goal setting
- iv. Rewards may not match with the efforts
- v. Dominance by superiors
- vi. Clash in objectives

Note: a) Use the spaces given below for your answers.

b) Check your answer with those given at the end of the unit.

1. What do you mean by systems approach to operational management?

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2. Name the outstanding scholars of social systems approach to management.

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3. Write the steps in the MBO process.

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2.6 LET US SUM UP

In this unit we started by discussing why different theories / approaches on management have been proposed and understood that they explained productivity increase in organizations in different ways with different perspectives. Also we discussed that different theories were driven partly by transition from industrial-electronic- information revolutions and partly by parallel progress in the fields of psychology and social sciences. Later we discussed the important scientific, administrative human relations, systems and contingency approaches to management. At the end we briefly discussed the management by objective. In the next unit we will discuss different functions of management in detail.

2.7 KEYWORDS

Frederick Taylor's Scientific Management Theory : The major concern of this theory was to increase efficiency in production, not only to lower costs and raise profits but also to make possible increased pay for workers through their higher productivity in a scientific way.

Henri Fayol's Administrative Management Theory: It refers to universal science of management applicable to commerce, industry, politics, religion, war or philanthropy. It truly advocated the notion that if a manager wants to be successful, he only needs a certain set of management principles.

McGregor's Theory X and Theory Y: Theory X and theory Y are two sets of assumptions about the nature of people. McGregor chose these terms because of assumptions about the nature of people.

Maslow's Need Hierarchy: Basic human needs are placed by Maslow in an ascending order of importance.

Physiological Needs: They are the basic needs for sustaining human life such as food, water, warmth, shelter and sleep. Until these needs are satisfied other needs will not motivate people.

Security Needs: They are the needs to be free of physical danger and of the fear of losing a job, property, food or shelter.

Affiliation Needs: Since people are social beings, they need to belong to be accepted by others

Esteem Needs: Once people begin to satisfy their need to belong, they tend to want to be held in esteem both by themselves and by others like satisfaction with power, prestige, status, and self-confidence.

Need for Self-actualization: This is the highest need in hierarchy which is the desire to become what one is capable of becoming to maximize one's potential and to accomplish something.

Herzberg's Motivation-Hygiene Approach: It is a two factor theory of motivation. Herzberg mentioned it satisfiers and dissatisfiers.

McClelland's Needs Theory: McClelland has contributed to the understanding of motivation by identifying three types of basic motivating needs: need, power and affiliation.

Systems Approach to Management: This approach emphasizes that an organized enterprise depends on its external environment such as the industry to which it belongs, the economic system, and society etc. Thus, the enterprise receives inputs, transforms them, and exports the outputs to the environment.

Social System Approach: It refers to observing people as products of group behavior. This is sometimes called the "social man" approach to management.

Management By Objective (MBO): MBO is a comprehensive managerial system that integrates many key managerial activities in a systematic manner consciously directed towards the effective and efficient achievement of organizational and individual objectives.

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2.9 CHECK YOUR PROGRESS – POSSIBLE ANSWERS

Check Your Progress 1

1. The three pioneers in scientific management are : Frederick Taylor, Henry L. Gantt, Frank and Lillian Gilbreth .
2. The principles of Taylor includes : Replacing rules of thumb with science (organized knowledge); Obtaining harmony in group action, rather than discord; Achieving cooperation of human beings, rather than chaotic individualism; Working for maximum output, rather than restricted output and ; Developing all workers to the fullest extent possible for their own and their company's highest prosperity.
3. Fayol emphasized the role of administrative management into six main groups : Technical (production, manufacturing); Commercial (buying, selling, exchange); Financial (obtaining and using capital); Security (protection of property and persons); Accounting (balance sheet, stocktaking, statistics, costing) and; Managerial (planning, organizing, commanding, coordinating, controlling).

Check Your Progress 2

1. Management under theory X has a range of hard and soft approaches. The hard approach depends on force, control, direct, and threats with punishment to achieve organizational objectives. The soft approach is to be permissive and seek harmony with the hope that in return employees cooperate to achieve organizational objectives. In contrast to theory X, theory Y is optimistic, dynamic and flexible with an emphasis on self-direction and the integration of individual needs with organizational demands.
2. Need for power, affiliation and achievement are the three types of basic motivating needs as per McClelland's theory.

Check Your Progress 3

1. Systems approach to operational management emphasizes that an organized enterprise depends on its external environment such as the industry to which it belongs, the economic system, and society etc. Thus, the enterprise receives inputs, transforms them, and exports the outputs to the environment.
2. The outstanding scholars of social systems approach to management includes: Max Weber; Emile Durkheim; Vilfredo Pareto and Chester Barnard.
3. The steps in the MBO process includes: Collectively formulating goals and action plans; Collectively formulating goals; Evaluating the alternatives; Selection of best plans; Implementation of plans and; Collectively monitoring performance.

UNIT 3 FUNCTIONS OF MANAGEMENT

Structure

- 3.1 Introduction
- 3.2 Planning
- 3.3 Organizing
- 3.4 Staffing
- 3.5 Directing
- 3.6 Coordination
- 3.7 Controlling
- 3.8 Budgeting
- 3.9 Delegation
- 3.10 Leading
- 3.11 Let Us Sum Up
- 3.12 Keywords
- 3.13 References and Selected Readings
- 3.14 Check Your Progress – Possible Answers

3.1 INTRODUCTION

In the first and second units of this block we discussed an overview of development management and important management theories. This unit orients you to the complex dynamics of various functions of management. The management process involves performance of certain fundamental functions. One useful classification of managerial functions has been given by Luther Gulick, who abbreviating them using the word POSDCORB - Planning, Organizing, Staffing, Directing, Coordinating, Reporting and Budgeting. There is no commonly held opinion about the managerial functions proposed by different experts. By combining many of those views, this unit discusses the managerial functions under the headings (i) Planning (ii) Organizing (iii) Staffing (iv) Directing (v) Coordinating (vi) Controlling (vii) Budgeting (viii) Delegation and (ix) Leading.

After studying this unit, you should be able to:

- develop conceptual understanding about different aspects of management functions; and
- gain insight into the skillful application of various management functions in development.

3.2 PLANNING

Planning is defined as the process of setting goals and choosing the means to achieve those goals. Planning is the most crucial and foremost function of management. It is an indispensable element which determines the overall functioning of the management system. A sound planning is imperative for the successful achievement of the goals in the desired direction.

Planning spells out the answer to the questions like 'why', 'what', 'how', 'when', and 'where' of the different activities to be performed in the specific sequence. It involves setting of objectives and goals; designing appropriate strategy and course of action; and framing plans and procedures etc. for execution of the proposed activities under the project/programmes.

3.2.1 Advantages of Planning

- i. Help in decision making.
- ii. Enable the organization to utilize opportunities and face challenges.
- iii. Reduce uncertainties.
- iv. Promote efficiency.
- v. Ensure cooperative and coordinated efforts.
- vi. Facilitate timely execution of tasks.
- vii. Provide basis for control.
- viii. Serves as a blue-print for success.

3.2.2 Types of Plans

The plans are of two type viz strategic plans and operational plans.

- i. **Strategic plan:** It has a longer time horizon and designed to meet the broad goals of the organization. The period of long range plans may range from five to ten years or may even be more, depending on the nature and kind of the projects, programmes of the organization.
- ii. **Operational plan:** It is also called as short range plan which usually has a span of one to two years. These plans may also contain details of implementation of the strategic plans in a specific time schedule. The short range plans are an integral part of long range plans. Each short range plan aims at contributing towards achievement of overall outcome envisaged under the long range plans.

3.2.3 Principles of Planning

The basic principles of the planning are briefly discussed below:

- i. **Objectives:** Objectives are to be framed in accordance with the overall goals and expected outcomes. The objectives should be stated clearly and precisely, which should be measurable and attainable in a given period of time. They should be SMART (Specific, Measurable, Action-Oriented, Realistic and Time oriented).
- ii. **Premising:** A consistent assumption based on forecasts of the future environmental conditions is vital, for realistic and effective planning.
- iii. **Commitment:** It is related to the time period of planning for accomplishment of the objectives.
- iv. **Coordinated approach:** It is pertinent that all the plans of the organization are integrated with each other and the strategic procedures, budget etc. are properly tuned to implement the plans effectively.
- v. **Flexibility:** There should be adequate flexibility in the plan to deal with the unexpected circumstances due to situational factors. This implies the principle of flexibility with performance.

- vi. **Efficiency:** The plan estimates should be developed in such a manner that the cost of planning in respect of all the resources viz. physical, financial, and human are minimized and they are utilized to their full capacity.

3.2.4 Steps in Planning

The process of planning involves the following steps.

- i. Establishing the objectives.
- ii. Exploring the alternatives.
- iii. Evaluating the alternatives.
- iv. Deciding the alternatives and their prioritization.
- v. Estimation of needed resources.
- vi. Procedures for attainment of objectives.
- vii. Developing basic plan of action spelling out the details of strategies and procedures to be followed.
- viii. Developing supportive plans or derivative plans to support the basic plan.
- ix. Devising the mechanism of project monitoring and evaluation.

3.2.5 Plan Implementation

For the successful implementation of the developmental plans, it is important to emphasize the following:

- i. Participation of all those concerned at all stages of planning and implementation.
- ii. Provision of required resources for effective implementation of plans.
- iii. Ensuring free flow of communication at all levels of hierarchy in the organization.
- iv. Assignment of responsibilities to the individuals.
- v. Delegation of authority by the superiors to the subordinates.
- vi. Motivating the team members.
- vii. Review and monitoring of implementation of plans at crucial points.

Activity 1: Visit a near by development organization and enquire about different managerial functions they are carrying out. Compare them with those given in this unit and identify the common functions.

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Note: a) Use the spaces given below for your answers.

b) Check your answer with those given at the end of the unit.

1. Effective and sound planning is a pre-requisite for successful management system. Justify the statement.

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2. Write the basic principles of planning.

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3.3 ORGANIZING

The process of organizing involves establishing an intentional structure of roles for the staff at all levels of hierarchy in the organization. Formal organization is the established structure of roles. Informal organization is a network of personal and social relations not decided by formal authority. Organizing is the function of identifying the required activities, grouping them into jobs, assigning jobs to various position holders, and creating a network of relationships so that the required tasks and functions are performed in a coordinated manner leading to the accomplishment of desired goals. The purpose of organizing is to help create a favorable environment for human performance towards achievement of pre-determined goals of the organization.

The process of organizing involves the following aspects:

- i. Defining tasks, duties and goals of each employee.
- ii. Establishing authority-responsibility relationships for cooperative efforts.
- iii. Providing a framework of decision making.
- iv. Creating a network of communications.

The basic issues in the process of organizing are as follows:

- i. Span of management.
- ii. Basic framework of departmentation.
- iii. Authority relationships within organization.
- iv. Nature and extent of delegation in the organization.

3.3.1 Steps in Organizing

The logical sequence of steps in organizing are as mentioned below:

- i. Establishing objectives.
- ii. Designing policies and plans.
- iii. Identifying specific activities.

- iv. Grouping activities according to available resources.
- v. Delegating the authority necessary to perform the activities.
- vi. Tying the groups together through authority relationships and communication.

3.3.2 Principles of Organizing

Fayol proposed the following classical principles of organizing.

- i. Division of work.
- ii. Unity of direction.
- iii. Centralization.
- iv. Authority and responsibility.
- v. Scalar chain.

Peter Drucker advanced the following principles for designing organization

- i. Clarity.
- ii. Economy.
- iii. Direction of vision.
- iv. Understanding by the individual of his own task and also that of the organization.
- v. Decision making.
- vi. Stability and adaptability.
- vii. Perpetuation and self-renewal.

Activity 2: Visit the website of any development organization, browse its organizational structure and write your observations.

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Check Your Progress 2

Note: a) Use the spaces given below for your answers.
b) Check your answer with those given at the end of the unit.

1. What do you mean by organizing?

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2. Write the principles of organizing function of management.

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3.4 STAFFING

Staffing may be defined as a process of recruiting and equipping the people to handle various positions and perform the assigned tasks in line with the structure and the overall goals of the organization. It is implicit that staffing is closely linked to organizing to fulfill the intentional structure of roles and position in the organization. The process of staffing involves the following specific activities:

- i. Identification of areas of specialization to match the nature and mandate of the organization.
- ii. Estimation of manpower requirement.
- iii. Recruitment.
- iv. Selection and placement.
- v. Performance appraisal.
- vi. Planning and training.

3.4.1 System Approach to Human Resource Management

The Human Resource Management (HRM) is a function of staffing. The human resource management process places emphasis on recruitment, placement, training and development of people in the organization. The HRM is an ongoing process that ensures engagement of the specific positions with appropriate manpower at different points of time within the organization. The salient features of HRM are outlined below:

- i. Take care of needs and expressions of the staff members.
- ii. Recruitment and selection of staff in line with the human resource plan.
- iii. Placement of staff to fill the roles and positions within the organization.
- iv. Socialization of staff members to familiarize and develop their understanding about responsibilities, organizational culture, policies, expected behaviour etc.
- v. Training and development.
- vi. Appraisal of performance of staff members with adequate provision of reward for high performers and corrective measures for low performers.

3.5 DIRECTING

Directing is the process of integrating the people with in the organization so as to obtain their willing cooperation towards meeting the predetermined goals. This implies integration of organizational goals with those of individual and group goals. The individual and the organization enter into a psychological contract to help one another in their goals achievement.

3.5.1 Principles of Directing

The basics principles understanding the process of directing are highlighted below:

- i. **Integration of individual and organizational goals:** This implies that the individuals contribute to the organizational goals to their maximum capabilities and at the same time satisfy their personal needs for self achievement and growth.
- ii. **Integration of group and organizational goals:** This involves fusion of the group goals with those of the overall organizational goals as unified efforts in order to obtain optimum levels of productivity.

- iii. **Participative decision-making:** Effective direction can be achieved by involving individuals and groups in decision-making process.
- iv. **Delegation of authority:** The subordinates should be delegated with adequate authority in order to facilitate decision-making and performance of tasks towards fulfillment of the desired goals.
- v. **Effective communication:** The managers should ensure free flow of communication at all levels of organizational hierarchy.
- vi. **Efficient control:** There is an imperative need to develop an appropriate control system for monitoring the progress of the performance and behavior of the individuals within the organization. Any deviation or abnormalities should be overcome through suitable corrective measures.

3.6 COORDINATION

Coordination may be conceptualized as a process of integrating the inter-departmental activities as unified action towards fulfillment of the pre-determined common goals of the organization. Fayol regards coordination as pulling together all the activities of an enterprise to make possible its working as well as its success. In his view the purpose of coordination is to ensure the following:

- i. Each department works in harmony with the other departments.
- ii. Each department, division and sub-division knows the share it must assume of the common task.
- iii. Each department and subdivision adjusts its working schedule to circumstances.

Coordination occupies center stage to all the managerial function viz. planning, organizing, staffing, controlling and directing. The purpose of coordinated efforts among various units or activities leads to effective and efficient accomplishment of organizational goals.

3.6.1 Need for Coordination

The major factors which give rise to the need for coordination are discussed here:

- i. Division of labor involves breaking down organizational tasks into smallest possible units in order to take the benefits of specialization. Coordination seeks to integrate the various components and tasks in to a unified system.
- ii. Various departments differ not only in the tasks they perform but also in the underlying attitude and behaviour of their members. These inter-departmental dependencies add to the need of effective coordination.
- iii. The staff-line relations are often characterized more by conflicts than cooperation. This gives rise to need for developing an effective coordinating mechanism.
- iv. The individual and groups quite often tend to compete for scarce resources like material, manpower, fund etc. This results into conflict situations that need to be resolved through an appropriate approach of coordination.

The extent of coordination depends on the nature of the tasks performed and the degree of interdependence of people among different units of the organization. A high degree of coordination is considered desirable for the non-routine kind of work and the situations involving intensive inter-dependence between the units of the organization. It is also needed in the case of organizations aiming at higher level performance objectives. The overall process of coordination places

emphasis on strengthening work relationship among the people in the related activities and tasks in order to ensure their maximum contribution towards attainment of organizational goals.

3.6.2 Types of Coordination

Coordination may be classified as vertical, horizontal and diagonal.

- i. **Vertical Coordination:** It refers to coordination between activities of a manager and his subordinates. This is achieved through job assignments, specifying the mutual role relationships, supervision and formal authority.
- ii. **Horizontal Coordination:** It refers to coordination among peers- employees working at the same level in organizational hierarchy, and among various departments. Much of horizontal coordination is achieved through the agency of the common superior in the chain of command. Organizational objectives provides focus to this kind of inter- departmental coordination.
- iii. **Diagonal Coordination:** Diagonal coordination appears in organizations which establish centralized service units such as centralized information system, centralized typing pool, and so forth. Coordination among the users and between users and service personnel is achieved through understanding, negotiation and voluntary effort.

3.6.3 Approaches to Effective Coordination

According to Mary Parker Follet coordination can be effectively attained through direct horizontal communication and relationships. She also emphasized that coordination can be achieved more easily in the early stages of planning and policy making. She also regarded coordination as a continuous process which could not be left to chance.

Some guidelines for developing an effective coordination strategy are presented below:

- i. Authority is the foundation of the first principle of organization- the coordinative principle, and regarded it as the supreme coordinative force. In every form of organization, this authority must rest somewhere, else there would be no directive for coordinated effort.
- ii. Objectives, policies, rules, procedures and methods serve as impersonal mechanisms of control and are more effective coordinators.
- iii. Liaison personnel are often used as inter-departmental coordinators.
- iv. Most organizations use committees, conferences, team, task forces and other forms of groups for achieving coordination.
- v. Communications is one of the most effective tools of coordination which aids in coordination by transmitting policies, rules, procedures, methods, instructions and orders throughout the organization.
- vi. Reward system, bargaining or negotiation may be used as a method of achieving coordination among individuals and groups.

Coordination among varied organizational activities cannot be achieved only through a formalized pattern. The managers should encourage voluntary coordination and create an environment conducive to such coordination. Voluntary coordination is of great significance in case of horizontal or lateral relationships. Project management is used for the accomplishment of tasks requiring a great amount of inter-departmental coordination.

Activity 3: Visit a near by development organization, enquire about staffing function. Write your observations.

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Check Your Progress 3

Note: a) Use the spaces given below for your answers.

b) Check your answer with those given at the end of the unit.

1. What do you mean by staffing?

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2. Write the principles of directing?

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3. Name different types of coordination?

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3.7 CONTROLLING

The control function is closely related with all other functions of management. The management control is the process of ensuring that the actual plan implementation matches with the original plan. The mechanism of control ensures that the plans and programmes move in the desired direction towards goals achievement in an efficient and effective manner. The control aids in monitoring the progress and effectiveness of activities such as planning, organizing, leading etc. A characteristic feature of control system is to exercise corrective actions to take care of deviations from the normal or expected standards of performance. It is an ongoing and dynamic function and linked with other functions of the management in a circular relationship.

3.7.1 Steps in Control Process

The control process involves four basic steps as mentioned below:

- i. **Establishing standards:** Standards represents criteria of performance. This implies the statement of goals and objectives envisaged under the planning process are stated in clear and measurable terms along with specific milestones.

- ii. **Measurement of performance against standards:** The measurement of performance is an ongoing process. The frequency of measurement depends on the specific kind of activity.
- iii. **Comparing performance with the standards:** The measured results are compared with the project/programme targets and standards. In case the performance meets the standards then it would mean that the programme or the activity is progressing in the desired direction.
- iv. **Taking corrective action:** In the situations where performance does not conform to the specified criteria of the standards, then it is necessary taking corrective measures to deal with the observed deviations or the shortcomings in the performance.

3.7.2 Types of Controls

The major types of controls are cited below:

- i. **Operational Controls** are related to functional performance in different areas like production, procurement, marketing, finance, accounting etc.
- ii. **Managerial Controls** are broad in scope and involve measurement, monitoring and evaluation and adjustment of performance of sub units of the organization.
- iii. **Financial Controls** depict the status about cash flows, receivables, payables, costs, capital outlays, investments, profit and loss etc. The budgets serve as the important means of financial control.
- iv. **Predictive Controls** aim at visualizing and identifying deviations before they actually occur.
- v. **Concurrent controls** serve as valuable guides to planning and improving the future performance of the organization.

3.7.3 Nature of Management Control Standards

- i. **Tangible control standards** imply precise measurements in terms of outputs, revenues, resources, time etc.
- ii. **Intangible control standards** imply the measurement of performance in terms of attributes like productivity, initiatives etc. of the employees. The performance is usually measured on the basis of intangible criteria such as judgment, observation, inter personal relations etc.

3.7.4 Some Guidelines/Tips for Designing Effective Management Control System

Some of the useful parameters for effective control system are listed below:

- i. Compatibility with the plans and goals of the organization.
- ii. Clarity and specificity.
- iii. Relevancy.
- iv. Flexibility.
- v. Objectivity (Without biasness).
- vi. Consideration for individual differences.
- vii. Adequate- means and position for corrective actions.
- viii. Regularity and continuity.

- ix. Adequate monitoring and evaluation mechanisms.
- x. Effective communication and feedback mechanisms.
- xi. Economically feasibility.
- xii. Timely application.

3.8 BUDGETING

The Budgets are important instruments of controls. Budgets regulate all the financial aspects of the functioning of an organization. The overall budget represents the anticipated expenditure of resources/inputs and receipts from outputs. Budgets are quantitative statements of the resources for carrying out planned activities over given periods of time. They serve as the means for planning and controlling activities at every level of the organization. Budgeting is the process of formulation of budget plans in numerical terms for a financial period of time.

The salient features of budget are:

- i. Budgets are stated in monetary terms
- ii. Monetary aspects of budgets are concerned with information in terms of organizational resources viz. capital, key organizational goal and profit
- iii. Budgets establish clear cut standards of performance over a specific period of time, usually one year.

3.8.1 Types of Budgets

Organizational budgets are of two kinds

- a) **Operating budgets** indicate the goods and services the organization expects to consume during the given period. They list both physical quantities and cost figures.
- b) **Financial budgets** spell out the details about money in terms of income and expenditure.

A comparison between fixed and variable budgets is given below.

Fixed Budget	Variable Budget
Inflexible in nature.	Flexible in nature.
Expresses individual costs at one specified volume.	Represents cost schedules showing variation at different levels of activity.
Appropriate for more (less constant) situations.	Appropriate for situations that are influenced by changes beyond control.

The budgets are useful means of controlling day to day operations and measuring actual performance in relation to pre-set standards. The necessary corrective measures are taken to overcome the deviations from the normal course of action.

3.9 DELEGATION

Delegation refers to the assignment to another person of formal authority and accountability for carrying out specific activities. The delegation of authority by managers to subordinates is essential for the efficient functioning of any organization. The authority can be delegated but not the responsibility.

3.9.1 Advantages of Delegation

- i. Provides opportunity for freedom to function with maximum effectiveness.
- ii. Ensures freedom and acceptance of accountability by the subordinates.
- iii. Improves self confidence and willingness of subordinates to take initiative.
- iv. Leads to speedy and better decision making.

3.9.2 Objectives/Purpose of Delegation

The delegation serves to fulfill the following objectives/ purpose:

- i. To assign that part of work to subordinates which he himself need not do, so that he can devote his time to more important areas like planning, coordination, and controlling.
- ii. To develop the subordinates to take more responsibilities, and to occupy higher position in organizational hierarchy.
- iii. To push decision making to the lowest levels.
- iv. To motivate the subordinates.

3.9.3 Tasks of Effective Delegation

The important tasks of delegation are indicated below:

- i. Identify tasks to be delegated.
- ii. Identify the person to whom the specific tasks are to be assigned.
- iii. Provide sufficient resources for carrying out the delegated tasks.
- iv. Actually delegate the assignments/ task.
- v. Monitor progress and exercise interfaces, if necessary.
- vi. Provide a mechanism of feedback system.

3.9.4 Process of Delegation

According to Newman, delegation process is composed of following inter-related steps.

Assignment of duties by a manager to his subordinates.

- ii. Delegation or transfer of authority for making necessary decision, taking appropriate action and utilizing resources.
- iii. Creation of an obligation on the part of each subordinate.
- iv. Establishment of an adequate control system to ensure utilization of delegated authority toward attainment of specified outcomes.

3.9.5 Strategy for Effective Delegation

Some tips to facilitate successful delegation are mentioned below:

- i. Delegate sufficient authority to match the given tasks.

- ii. Select the right person for the specific task
- iii. Ensure mechanism for free flow of information between superior and subordinate.
- iv. Exercise proper controls. The controls should be broad and designed to check deviation from plans, rather than interfering with routine activities.
- v. Ensure regular mechanism of monitoring of progress of work.
- vi. Reward effective delegation and assumption of authority.

The major differences between decentralization and centralization are summarized in Box.1

Box. 1. Decentralization vs. Centralization

Centralization of management is the tendency to restrict delegation of decision making. Decentralization implies more than delegation. In a relatively decentralized organization, considerable authority and accountability are passed down the organizational hierarchy. In a relatively centralized organization, considerable authority and accountability remain at the top level of the hierarchy. Decentralization has the same advantages as delegation such as better and faster decision making, better training, morale, and initiative at lower levels; and more flexibility. But total decentralization, without effective coordination and leadership from the top, would clearly be undesirable. Accordingly, certain amount of centralization is imperative condition for efficient functional management.

3.10 LEADING

Leadership is the art of influencing the group members to direct their capabilities and efforts towards meeting the organizational goals. Leadership is an important component of management functions. It is indeed the indispensable attribute and a pre-requisite for managing the sub-ordinates effectively. Effective leading is crucial to induce the employees to contribute to their best possible abilities. Leadership is the art or process of influencing people so that they will strive willingly and enthusiastically toward the achievement of group goals.

Leadership focuses on human aspects of management and is based on the assumption that organizational effectiveness significantly depends on motivation, effort and abilities of the members of the group organization. The principal task of leadership is to integrate the individual and informal groups with the organization in order to secure their full potential and contribution towards meeting the common goals of the organization. The role of effective leadership is of utmost significance to create conducive environment for motivated performance in the organization. The manager as a group leader should facilitate his subordinates rather than act as boss and maintain better interpersonal relationships.

3.10.1 Leadership Styles

There are various leadership styles. Leadership style is based on two leadership functions-task related and group maintenance. A comparison of two leadership styles is given below:

Task-oriented	Behaviour-oriented
Emphasis is on controlling subordinates.	Emphasis is on motivating subordinates.
Close supervision of subordinates by the managers to ensure the task is performed satisfactorily.	Maintain friendly, trusting and respectful relationship with employees.
Emphasis on getting the work done at any cost.	Emphasis on employees growth and personal satisfaction.

However, most managers use at least a part of each of the leadership style but, place more emphasis on either of the two styles.

To be effective, a leader should possess skillful qualities as pointed out below:

- i. Recognize that people differ in their motivational patterns which may change over a period of time.
- ii. Develop insight about group dynamics.
- iii. Create conducive environment to facilitate integration of individual and group goals with those of organization goals.
- iv. Motivate group members for their optimum contribution towards attainment of organizational goals.
- v. Adopt a flexible approach and be able to adjust to the changes in the internal and external environment.
- vi. Display sense of morality, honesty and responsibility.
- vii. Make use of appropriate strategies to motivate group members.

Check Your Progress 4

Note: a) Use the spaces given below for your answers.

b) Check your answer with those given at the end of the unit.

1. What do you mean by control?

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2. Comment on the statement 'budgeting is a type of control of process'.

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3. What do you mean by delegation?

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4. Write the purpose of delegation

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5. Define the concept of leading.

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6. Indicate the requisite traits/qualities of effective leadership.

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3.11 LET US SUM UP

Management is an ongoing process dealing with various functions like planning, organizing, coordinating, leading and controlling in an integrated manner. The managerial functions have been classified in different ways by the management experts. Although a number of classification of management functions have been proposed by many management experts, there is no common agreement among them. For the purpose of the present learning module, we have delineated the various functions of management specifically planning, organizing, staffing, directing, coordinating, controlling, budgeting, delegating and leading. We discussed each of these functions of management taking into consideration the conceptual understanding and the significant dimensions of the processes involved.

3.12 KEYWORDS

Organization: Two or more people who work together in a structured way to achieve a specified goal or set of goals.

Management: The process of planning, organizing, leading and controlling the work of organizational members and of using all available organizational resources to reach the stated organizational goals.

Planning: It is the mental process of setting of goals and choosing means to achieve these goals.

Organizing: It involves establishing an intentional structure of roles for the staff at all levels of hierarchy in the organization.

Directing: It is the process of integrating the people with the organization so as to obtain their willing cooperation towards meeting the predetermined goals.

Staffing: It is a process of recruiting and equipping the people to handle various positions and perform the assigned tasks in line with the structure and the overall goals of the organization.

Delegation: It refers to the assignment to another person of formal authority and accountability for carrying out specific activities.

Leadership : It is the process of directing and influencing the task-related activities of group members.

Control : It is the process of ensuring the actual plan implementation matches with the original plan/planning.

Budget: It is a quantitative statement of the resources for carrying out planned activities over given periods of time.

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3.14 CHECK YOUR PROGRESS – POSSIBLE ANSWERS

Check Your Progress 1

1. Planning is the most crucial and foremost function of management and a sound planning is imperative for the successful achievement of the goals in the desired direction. It spells out the answer to the questions like ‘why’, ‘what’, ‘how’, ‘when’, and ‘where’ of the different activities in the specific sequence. Hence, effective and sound planning is a pre-requisite for successful management system.
2. The basic principles of planning are: objectives framing, commitment, coordinated approach, flexibility and efficiency.

Check Your Progress 2

1. Organizing is the function of identifying the required activities, grouping them into jobs, assigning jobs to various position holders, and creating a network of relationships so that the required tasks and functions are performed in a coordinated manner leading to the accomplishment of desired goals
2. Principles of organizing as per Fayol are: division of work, unity of direction, centralization, authority and responsibility and scalar chain.

Check Your Progress 3

1. Staffing is the process of recruiting and equipping the people to handle various positions and perform the assigned tasks in line with the structure and the overall goals of the organization.
2. The principles of directing are: integration of individual and groups with organizational goals; participative decision-making; delegation of authority; effective communication and; efficient control.
3. Vertical, horizontal and diagonal are different types of coordination

Check Your Progress 4

1. Control is the process of ensuring that the actual plan implementation matches with the original plan..
2. Budgets regulate all the financial aspects of the functioning of an organization. The overall budget represents the anticipated expenditure of resources/inputs and receipts from outputs. They serve as the means for planning and controlling activities at every level of the organization. Hence budgeting is a type of control of process.
3. Delegation refers to the assignment to another person of formal authority and accountability for carrying out specific activities.
4. The purpose of delegation includes: assign part of work to subordinates; develop the subordinates to take more responsibilities and to occupy higher position in organizational hierarchy; push decision making to the lowest levels and; motivate the subordinates.
5. Leading is the art of influencing the group members to direct their capabilities and efforts towards meeting the organizational goals.
6. Requisite traits/qualities of effective leadership includes: Recognition of people motivational patterns; develop insight about group dynamics; create conducive environment to facilitate integration of individual and group goals with those of organization goals; adopt a flexible approach and be able to adjust to the changes in the internal and external environment and ; display sense of morality, honesty and responsibility.