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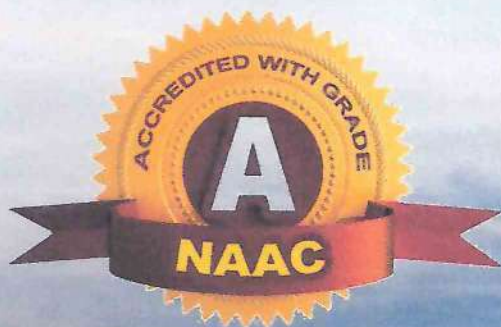
EDUCATION EMPOWERS

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BACHELOR OF COMMERCE (B.Com.)

**OLBCM104 – MANAGEMENT PRACTICES &
APPLICATIONS**

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[NAAC “A” Grade Deemed to-be University established u/s 3 of UGC Act]

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UNIT - 1: INTRODUCTION TO MANAGEMENT

STRUCTURE

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1.0 LEARNING OBJECTIVES

After studying this unit, you will be able to:

- Explain concept of management
- Discuss the nature of management

- Explain the process of management
- Identify roles and levels of a manager

1.1 INTRODUCTION

The basic unit of a society is the individual. But no individual can satisfy all his desires himself. Therefore, he unites with his fellow-beings and works in an organized group to achieve what he cannot achieve individually. It is primary force within the group or organisation which tends to lead it towards the group goal. Management is required to plan, organize, co-ordinate and control the affairs of the organisation. Without, management, resources of production remain resources merely and never become production. Management is a universal process in all organized social and economic activities. Wherever there is human activity, there is management. In business field management is not restricted to factory, shop or office but is also useful in government enterprises, educational institutions, health services, military organizations and so on. A manager applies his knowledge and skill in a wide variety of enterprises.

1.2 WHAT IS MANAGEMENT

Management is essential at all levels of an organisation. But the word management has been given different interpretations. It is used as a noun, a process, and a separate discipline.

Management as a Noun:

In general, and popular usage, management refers to a distinct group of people who direct the activities of other people and material resources toward the attainment of predetermined goals. Giving a broader meaning to it, one can look at management as a resource, a system of authority, and a class or elite.

- Management as an economic resource: The economist's view of management is that it is a factor of production just like entrepreneurship, capital and labour. The managerial resource, to a large extent, determines organisational effectiveness and efficiency. Hence in a dynamic environment managerial development is more important and its use must be more intensive.
- Management as a system of authority: Management is a system of authority in the sense that it consists of a team of managers who are responsible for making decisions and supervising the work of others. Managers at different levels possess varying

degrees of authority. Higher level managers manage managers at middle levels. Middle and lower-level managers supervise and control their subordinate managers and workers.

- **Management as a class or elite:** Sociologists view management as a class and status system. Increasing complexity of management in the modern complex organisation has led to managers being regarded as a distinct class in society, who possess knowledge and skill of a high order. Access to managerial positions is based - on achievement criteria (i.e., on intellect and knowledge), rather than on ascriptive criteria (i.e., on family and social origins). This development is viewed by some as managerial revolution in which the managerial class threatens to become autonomous groups with increasing amount of power. Others view this development not with alarm because increase in power of managers attracts more of them, which prevents managerial autocracy.

Management as a Process:

Interpreted as a process, management consists of a series of inter-related managerial activities classified into various functions like planning, organising, staffing, leading and controlling. Managers undertake these functions with a systematic approach, so as to integrate physical and human resources into an effective operating unit. Management is, thus, regarded as the process by which a co-operative group directs action towards common goals.

Management as a Discipline:

Another connotation of management is that it is a separate discipline having a systematized body of knowledge which managers use in performing their jobs. As a separate field of study, management includes the principles and practice of general management as well as of the various functions of management. It has developed its own techniques and approaches. The theoretical foundations of management have evolved on the basis of experience, observation and scientific investigations.

The 21st century is proving to be an era of rapidly changing business environments with societies having more knowledge, shifting demands, technology breakthroughs and also opportunities. Business companies are making use of opportunities and expanding by becoming global and are driven by innovation and technology to meet customer expectations. The current economic landscape presents challenging opportunities and as well as dramatic uncertainties. The economies of today across the world are becoming more knowledgeable

and performance driven. All these aspects are bringing a new paradigm to the term 'management' and managers in business firms guide business through rapidly changing environments.

Management is the process of achieving organizational goals by working with people and by using other organizational resources. Management can also be understood as the application of policies, procedures and strategies in a logical manner to achieve business objectives. In general, the term management has three important characteristics:

- Management is the art of focusing on business and organizational goals
- It is a process of continuing related activities in an organization
- Management is a skill of reaching organizational goals by working with people and by using organizational resources

The term management can be understood as the accomplishing of these three characteristics by using resources effectively and efficiently to generate value for the organization (Management Innovations 2008). It is the act of getting people together for the purpose of accomplishing desired goals and objectives using resources effectively. In an organization, management encompasses planning organizing, staffing, leading or directing and controlling people and/or entities to accomplish a goal. Management can be understood in many ways, for instance in a business firm, management is the deployment and manipulation of resources, which implies manipulation of people, financial resources, technological resources and implementing systems for driving business goals. Such organizations can be viewed as systems management because they facilitate the production of useful business outcomes from a system. The objectives of this unit are provided in the next section.

1.3 DEFINITION OF MANAGEMENT

The term management is quite broad, but the focus is mostly on human beings or for everything where humans are concerned. This is because humans build, develop and sustain organizations either big or small. Lawrence Appley provided a people-oriented definition of management which states as, "*Management is the accomplishment of results through the efforts of other people.*" This definition is more synonymous of Abraham Lincoln's famous words that management is of the people, by the people and for the people.

The recent developments in globalization and advances in Human Resources Management (HRM) emphasize the critical importance of human beings in the organizational set up.

Human Resource (HR) professionals and practitioners explain that management is concerned with employees both as individuals and as a group in attaining goals. Management deals with understanding emotional behaviour and social aspects of people. Similar to HR, marketing management also involves people who practice human centric concepts in promoting products or services. Management involves four distinct processes namely planning, organizing, staffing and controlling of people to determine performance of the firm, achieve stated objectives and accomplish goal by using resources.

In the current corporate scenario, management encompasses activities such as social and environmental responsibility, philanthropic activities to create a positive image among people. This is because the firm's management owns an obligation towards the society and environment for their survival and prosperity. Successful business firms fulfill expectations of owners, employees, consumers, government and community at large through its products, services and policies. For example, companies such as TATA, Birla, Jindal, etc. have been promoting social cause through their Corporate Social Responsibility (CSR) activities by way of running schools, providing health care facilities, promoting livelihood activities and provide many basic facilities to people in remote rural areas in India. Management is a critical process in running organizations, either big or small. Given below are some common and general definitions on management provided by some of the experts.

Stanley Vance provided a decision-oriented definition, *"Management is simply the process of decision making and control over the action of human beings for the expressed purpose of attaining pre-determined goals."*

McFarland provided a function-oriented definition, *"Management is defined for conceptual, theoretical and analytical purposes as that process by which managers create, divert, maintain and operate purposive organizations through systematic, co-ordination to operationalize human efforts."*

Henry L. Sisk defines management as, *"the co-ordination of all resources through the process of planning, organizing, directing and controlling in order to attain stated objectives."*

Koontz and O'Donnell defined management as, *"Management is the creation and maintenance of an internal environment in an enterprise where individuals, working in*

groups, can perform efficiently and effectively towards the attainment of group goals." This definition is made in the context of an organizational work environment.

Henry Fayol provided a definition to suit industrial management, *"To manage is to forecast and to plan, to organize to command, to coordinate and to control."*

The American Management Association (AMA) provided the definition, *"Management is guiding human and physical resources into dynamic organizational units which attain their objectives to the satisfaction of those served and with a high degree of morale and sense of attainment on the part of those rendering service."*

Peter Drucker defined, *"Management is a multipurpose organ that manage a business and manages Managers and manages workers and work."*

Based on the above definitions, it is now important to further explore on the concepts of management.

1.4 ORIGIN OF MANAGEMENT

traces the development of management thought from the ancient world until the 19th century's Industrial Revolution.

Sumer, located in what is today southern Iraq and the first urban-based civilization, contained the genesis of management. Sumer had a flourishing merchant culture in which goods such as grains, livestock, perfumes, and pottery were sold to customers. Rather than bartering (using one good or service, not money, to pay for another good or service), the ancient Sumerians used ancient clay coins to pay. The sizes and shapes of coins represented different amounts of currency and signaled the types of goods for which they could be exchanged.

George, Claude S. (1972). History of Management Thought. Prentice Hall, Englewood Cliffs New Jersey.

What made this level of trade and economic activity possible? The introduction of writing made it possible for merchants to keep track of various trades. And the development of a

basic form of coins allowed for increased trade because a person wanting to obtain a good or service no longer had to find another person who wanted exactly the good or service he produced. Coordinating the activities of those who provided goods and those who wanted to purchase them often required coordination, one of the main functions of a manager.

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Early Contributor	Outcome
Source: Adapted from George (1972) and Wren & Bedean (2009)	
Sumerians	Writing and trade
Hammurabi	Written commands and controls
Nebuchadnezzar	Incentives
Ancient Egyptians	Division of labor, coordination and span of control
Sun Tzu	Division of labor, communication and coordination
Han dynasty (206 BC–220 AD)	Development of bureaucracy
Ancient Greeks	Division of labor
Romans	Standardization
Italians	Accounting, corporations, multinational corporations
John Florio	Management to English language

Two additional contributions to the early development of management came from the Middle East. The idea of written laws and commands comes from the Babylonian king Hammurabi (1810 BC–1750 BC).

Wren, D. A., & Bedean, A. G. 2009. *The evolution of management thought*. (6th ed.), New York: Wiley.

The Code of Hammurabi was a listing of 282 laws that regulated a wide variety of behaviors, including business dealings, personal behavior, interpersonal relations, and punishments. Law 104 was one of the first instances of accounting and of the need for formal rules for managers and owners. The code also set wages for doctors, bricklayers, stonemasons, boatmen, herdsmen, and other labors. The code did not, however, include the concept of incentive wages because it set wages at a fixed amount. The idea of incentives would come from another, much later, Babylonian king, Nebuchadnezzar (605 BC–c. 562 BC),

Wren, D. A., & Bedean, A. G. 2009. *The evolution of management thought*. (6th ed.), New York: Wiley.

who gave incentives to cloth weavers for production? Weavers were paid in food, and the more cloth they produced, the more food they were given.

Hammurabi

The Code of Hammurabi is a well-preserved ancient law code, created between 1810 BC and 1750 BC in ancient Babylon. It's a listing of 282 laws that regulated conduct on a wide variety of behaviors, including business dealings, personal behavior, interpersonal relations, and punishments. Law 104 was one of the first instances of accounting and the need for formal rules for owners and managers. (Gabrielle Barny / Flickr/ Attribution 2.0 Generic (CC BY 2.0))

were able to build in later centuries. Although we are still uncertain about exactly how the pyramids were constructed, we have some idea that the process required a great number and wide range of slave laborers to construct them. Each laborer would have a different task.

Some of the laborers were stonecutters; others were required to push and pull gigantic blocks of stone; still others were required to grease the stones to reduce friction. In this process, we see the management principals of division of labor, coordination, and specialization. These groups of workers were supervised by one individual. In figuring out how best to handle the huge numbers of workers engaged in pyramid building, the ancient Egyptians also pioneered the concept of span of control, that is, the number of workers that a manager controls directly. Anticipating research on this issue in the far, far distant future, Egyptians found the ideal number of workers per supervisor to be ten. In addition, there were various overseers, who had the responsibility to compel workers to produce.

In Asia, the Chinese began to develop the idea of bureaucracy. Bureaucracy has roots in the early dynasties but only became fully developed during the Han dynasty (206 BC–220 AD).

Fairbank, J.K. (1991). *China: a New History*. Harvard University Press. Cambridge.

The idea was to train scholars in Confucian teachings and use those teachings to make decisions. Unlike modern bureaucracies, this system was not formal but relied upon the discretion of the scholars themselves. Another important development was the idea of meritocracy because selection for and then promotion within a bureaucracy was based on a test of Confucian teaching.

The Greeks (800 BC–400 BC) and Romans (500 BC–476 AD) added a number of important steps in the development of management. Although neither empire was commercially oriented, both Greeks and the Romans undertook a wide range of industrial projects, such as roads and aqueducts, and established various guilds and societies that encouraged trade. The Greeks continued to develop the idea of division of labor based on Plato's recognition of human diversity. The great Greek philosopher Socrates stressed the development of managerial skills such as creating an atmosphere of information sharing and analysis. The Romans' contribution to management was standardization. Because the Romans needed to administer a vast empire, they needed standardization of measures, weights, and coins. Romans also saw the birth of the corporation, in that many Roman companies sold stocks to the public.

Both Greece and Rome saw the continued pestilence of slavery, but due to economic changes that made slavery financially unfeasible, workers were gaining some degree of freedom. They still had masters who determined at what jobs they could work and how those jobs should be

done. After the collapse of the Roman Empire, there was a decline in European trade. Scholars refer to this time as the Dark or Middle Ages (500 AD–1000 AD), due its location between the classical world of the Greeks and Romans and the world of the Renaissance. While there was little trade or economic development in Europe during this period, trade flourished in the Muslim and Chinese worlds. Various travelers, such as 13th-century Italian merchant and explorer Marco Polo, provided readers with tales and goods from those booming societies.

What were the contributions of the following groups to modern management: Sumerians, Babylonians, Egyptians, Chinese, Greeks, and Romans?

Describe management in the ancient world.

We can track the concept of management from its development under the Sumerians. The Sumerians provided the concepts of writing and record keeping that allowed for an urban economy to develop, which in turn led to the establishment of small businesses. The Egyptians helped to pioneer the ideas of specialization of labor, span of control, and hierarchy of command. Sun Tzu developed subdivisions, various rankings of authority, and coordination. The Greeks and Romans built forerunners of the modern corporation and guilds.

1.5 NATURE OF MANAGEMENT

An analysis of the various definitions of management indicates that management has certain characteristics. The following are the salient characteristics of management.

1. Management aims at reaping rich results in economic terms: Manager's primary task is to secure the productive performance through planning, direction and control. It is expected of the management to bring into being the desired results. Rational utilisation of available resources to maximise the profit is the economic function of a manager. Professional manager can prove his administrative talent only by economising the resources and enhancing profit. According to Kimball, "management is the art of applying the economic principles that underlie the control of men and materials in the enterprise under consideration".
2. Management also implies skill and experience in getting things done through people: Management involves doing the job through people. The economic function of earning

profitable return cannot be performed without enlisting co-operation and securing positive response from "people". Getting the suitable type of people to execute the operations is the significant aspect of management. In the words of Koontz and O'Donnell, "Management is the art of getting things done through people in formally organised groups".

3. Management is a process: Management is a process, function or activity. This process continues till the objectives set by administration are actually achieved. "Management is a social process involving co-ordination of human and material resources through the functions of planning, organising, staffing, leading and controlling in order to accomplish stated objectives".
4. Management is a universal activity: Management is not applicable to business undertakings only. It is applicable to political, social, religious and educational institutions also. Management is necessary when group effort is required.
5. Management is a science as well as an art: Management is an art because there are definite principles of management. It is also a science because by the application of these principles predetermined objectives can be achieved.
6. Management is a profession: Management is gradually becoming a profession because there are established principles of management which are being applied in practice, and it involves specialised training and is governed by ethical code arising out of its social obligations.
7. Management is an endeavour to achieve pre-determined objectives: Management is concerned with directing and controlling of the various activities of the organisation to attain the pre-determined objectives. Every managerial activity has certain objectives. In fact, management deals particularly with the actual directing of human efforts.
8. Management is a group activity: Management comes into existence only when there is a group activity towards a common objective. Management is always concerned with group efforts and not individual efforts. To achieve the goals of an organisation management plans, organises, co-ordinates, directs and controls the group effort.
9. Management is a system of authority: Authority means power to make others act in a predetermined manner. Management formalises a standard set of rules and procedure to be followed by the subordinates and ensures their compliance with the rules and

regulations. Since management is a process of directing men to perform a task, authority to extract the work from others is implied in the very concept of management.

10. Management involves decision-making: Management implies making decisions regarding the organisation and operation of business in its different dimensions. The success or failure of an organisation can be judged by the quality of decisions taken by the managers. Therefore, decisions are the key to the performance of a manager.
11. Management implies good leadership: A manager must have the ability to lead and get the desired course of action from the subordinates. According to R. C. Davis, "management is the function of executive leadership everywhere". Management of the high order implies the capacity of managers to influence the behaviour of their subordinates.
12. Management is dynamic and not static: The principles of management are dynamic and not static. It has to adopt itself according to social changes.
13. Management draws ideas and concepts from various disciplines: Management is an interdisciplinary study. It draws ideas and concepts from various disciplines like economics, statistics, mathematics, psychology, sociology, anthropology etc.
14. Management is goal oriented: Management is a purposeful activity. It is concerned with the achievement of pre-determined objectives of an organisation.
15. Different levels of management: Management is needed at different levels of an organisation namely top level, middle level and lower level.
16. Need of organisation: There is the need of an organisation for the success of management. Management uses the organisation for achieving pre-determined objectives.
17. Management need not be owners: It is not necessary that managers are owners of the enterprise. In joint stock companies, management and owners (capital) are different entities.
18. Management is intangible: It cannot be seen with the eyes. It is evidenced only by the quality of the organisation and the results, i.e., profits, increased productivity etc.

Is Management a Science or an Art?

A question often arises whether management is a science or art. It is said that "management is the oldest of arts and the youngest of sciences". This explains the changing nature of

management but does not exactly answer what management is? To have an exact answer to the question it is necessary to know the meanings of the terms "Science" and "Art".

What is "Science"?

Science may be described, "as a systematic body of knowledge pertaining to an area of study and contains some general truths explaining past events or phenomena".

The above definition contains three important characteristics of science. They are:

1. It is a systematized body of knowledge and uses scientific methods for observation,
2. Its principles are evolved on the basis of continued observation and experiment, and
3. Its principles are exact and have universal applicability without any limitation. Judging from the above characteristics of science, it may be observed that:
 - Management is a systematized body of knowledge and its principles have evolved on the basis of observation.
 - The kind of experimentation (as in natural sciences) cannot be accompanied in the area of management since management deals with the human element.
 - In management, it is not possible to define, analyse and measure phenomena by repeating the same conditions over and over again to obtain a proof.
 - The above observation puts a limitation on management as a science. Management like other social sciences can be called as "inexact science".

What is "Art"?

'Art' refers to "the way of doing specific things; it indicates how an objective is to be achieved." Management like any other operational activity has to be an art. Most of the managerial acts have to be cultivated as arts of attaining mastery to secure action and results.

The above definition contains three important characteristics of art. They are:

- Art is the application of science. It is putting principle into practice.
- After knowing a particular art, practice is needed to reach the level of perfection.
- It is undertaken for accomplishing an end through deliberate efforts. Judging from the above characteristics of art, it may be observed that:
 - Management while performing the activities of getting things done by others is required to apply the knowledge of certain underlying principles which are necessary for every art.

- Management gets perfection in the art of managing only through continuous practice.
- Management implies capacity to apply accurately the knowledge to solve the problems, to face the situation and to realize the objectives fully and timely.

The above observation makes management an art and that to a fine art.

Management is both a Science as well as an Art:

Management is both a science as well as an art. The science of management provides certain general principles which can guide the managers in their professional effort. The art of management consists in tackling every situation in an effective manner. As a matter of fact, neither science should be over-emphasized nor should be the art discounted; the science and the art of management go together and are both mutually interdependent and complimentary.

Management is thus a science as well as an art. It can be said that- "the art of management is as old as human history, but the science of management is an event of the recent past."

The similarities and distinctions between management and administration is another area for much debate by experts. Some experts feel that these are two separate functions, but some other experts explain that there is no fundamental difference between management and administration. Some management experts view and explain that administration is a part of management. Some of the views provided by experts on this issue are presented below:

Administration is above Management: Administration determines specific goals and defines broad areas in which those goals can be achieved. Administration is a function for policy making. Oliver Sheldon explains that, "administration is the function in industry concerned with the determination of the corporate policy, the co-ordination of finance, production and distribution, the settlement of the compass of organisation and the ultimate control of executive. Management is the function in industry concerned with execution of policy, within the limits set up by the administration and the employment of the organisation for the particular objects set before it." However, some management experts explain that management is an executive function whereas administration is largely determinative. Hence, we can understand that the focus of administration is decision making and policy formulation whereas management is the execution of policies developed by administration.

Management and Administration is same: Experts such as Henri Fayol, Koontz and O'Donnell and William Newman treat management and administration as the same thing. These experts provide the argument that there is no distinction between these two terms and

the activities or tasks may be performed by the same person in a company. This raises the fact that two persons may not be required to perform these as separate functions and one person can handle both. From the perspective of a firm, there is no major distinction between management and administration and it is literally impossible to place administration and management as two separate entities. This is further emphasized by the fact that every manager must do the functions of thinking and doing. Hence, in general it can be conceived that people in management level spend more time in discharging administrative functions whereas people at lower level can pay attention to performing routine activities. Alternatively, top management is concerned with administrative activities while middle or lower-level managers are concerned with execution of policies and compliance. Figure 1-1 shows the levels of management and their functions.

Administration is a part of Management function: This view was supported by experts such as Kimball, Theo Hamann, James Lunda and others. Breech explains that "Management is a social process entailing responsibility for the effective and economic planning and regulation of the operations." Based on this view administration is concerned with guidance, motivation and supervision of personnel, required for carrying out operations effectively. Administration is considered as closely related to management because administration also supervises resources for their results.

Hence, the term administration is understood as a part of management. Management is further divided into top, middle and lower levels of management, refer figure 1-1. To summarize, in the actual working of a business firm it is difficult to exactly define what functions belong to administration or relate to management. For instance, the general manager or a managing director is involved in both policy development and implementation. Hence, administration and management are used frequently and can also be used interchangeably.

1.6 EVALUATION OF MANAGEMENT

The practice of management can be traced back to almost unlimited history. Looking back, we can trace stories of people working in olden civilizations have been writing about management and making their organizations more effective and efficient. People have been reshaping organizations for many centuries. For example, a group of people in pre-historic times developed the wheel to transport heavy objects. Cranes or earth moving machinery were not present during that time. Even today the wheel is an example of prehistoric product

research and development. This development was copied by other groups and exists even today. In prehistoric times the first developers of the wheel did not have any formal organization and they passed over this technology to all interested groups.

An early strategy dates back to 1531, when Machiavelli an Italian thinker and a great believer in the virtues of a republic. In his book 'Discourses' he explained certain principles, which are true even in today's modern management practices. The thoughts explained by him are:

- a. An organization is more stable if members have the right to express their differences and solve their conflicts within it.
- b. An organization is lasting when the founder is left in the care of many and when many men desire to maintain it.
- c. A weak manager must follow a strong one, but not another weak one and maintain authority.
- d. A manager desiring to change an established organization must retain at least a shadow of ancient customs.

The insights provided by Machiavelli teach us important lessons in the history and thought of management. Management did not originate in America or Europe in the 21st century. The term management came into existence during 1700. Management and organizations are a product of social structures and places having historical roots. Early management theory consisted of many attempts at knowing these organizations developed during the industrial revolution and to the new comers of 19th century in Europe and in USA.

In this unit early management theories are explored for their importance in knowing the principles and concepts of management. While the approaches given by experts and researchers are studied, it is important to understand that human relationships take center stage in the area of management. The unit presents different approaches and perspectives of management, the approaches covered are the classical approach which deals with scientific and administrative management, Behavioural approach, quantitative approach, contingency approach and finally the IT based approach along with systems perspective. Management experts over the passage of time have found principles to deal with situation that keeps changing and new perspectives are developed over time. The unique knowledge gathered by understanding these approaches and perspectives have resulted in knowledge based on testing and using them in real-time situations. This knowledge has resulted in the "School of

Management Thought". The objective of this unit is to understand the major development of management thought.

History helps us to understand on today's management theories and practices and help to examine what has worked and what will not work correctly. Many historical endeavors and monuments were developed by people responsible for planning, organizing, leading, and controlling activities. These practices have existed since historical times. For example, the Taj Mahal, Egyptian pyramids, the Great Wall of China, the Qutub Minar, and many others are examples of tangible evidence to project tremendous scope by employing tens of thousands of people and were completed in ancient times. In fact, pyramids were constructed by occupying more than 100,000 workers for 20 years. If we think how those projects are completed, we come across questions such as:

- Who told each worker what to do?
- Who ensured tasks for workers and ensured sufficient resources are available at the site?

The answer to the above questions is managers. Regardless of what these individuals were called, someone had to plan what was to be done, organize people and materials to do it, lead and direct the workers, and impose some controls to ensure that everything was done as planned.

In 1776, Adam Smith published the book "The Wealth of Nations" in which he argued that economic advantages, organizations and society would gain is from the division of labour (or job specialization). This implies that there must be a method of breakdown of jobs into narrow and repetitive tasks. Using die pin industry as an example, Smith claimed that 10 individuals, each doing a specialized task, could produce about 48,000 pins per day among them. However, if each person worked alone, performing each task separately, it would be quite an accomplishment to produce even 10 pins per day! Smith concluded that division of labour increased productivity by increasing each worker's skill and dexterity, saving time in changing tasks, and creating labour saving inventions and machinery. Specialized jobs continued to be popular. Other similar examples of team work can be found in manufacturing industries, IT software service companies, sports and so on.

The next important event is the industrial revolution. This started in late eighteenth century when machine power was substituted for human power it became more economical to manufacture goods in factories than at home. These large, efficient factories needed someone

to forecast demand, ensure that enough material was on hand to make products, assign tasks to people, direct daily activities, and so on. Here again managers were at center stage in guiding people and running these large organizations. All these developments led to the formulation of management concepts and theories and the evolution of management practices in early 1900s.

Management practices are found since the time when people started living in groups. In order to bring every human group into focus to channelize their energies, require management. This is because human beings are an organization by itself and is full of activity. However, the study of how managers achieve results by involving humans is predominantly a twentieth century phenomenon. In the earlier years, the application of management concepts was not given much importance and hence, researchers did not pay much attention to the area of business in ancient times. Researchers during that time felt that management as a study is unworthy; had an indifferent approach of other social scientists. Sociology and economics were gaining popularity as an interesting area for research during early 19th century. The general understanding between researchers during that time was that management is considered an art and managers were born and not made.

However, at the same time the subject of Psychology was emerging as an important research domain, and psychology had a significant role to play in management behaviour and human actions. In the beginning of 20th century especially during World War I, created the situation where people started thinking of solution to the problem of how limited resources could be applied in better way. Subsequently, World War II created the need for economic growth in nations across the world and complexity of managing large organizations involved in manufacturing goods, agriculture, etc. which further provided the pathways towards the development of systematic concept and principles in management.

Recently, organizations face global competition and rivalry for markets, power and progress. This increasingly severe competition has arisen due to certain factors such as,

- Innovations in technology and their dissemination in business,
- Growing technological obsolescence
- Increase in capital investment
- Freedom at national and international markets
- Increasing buyers' sovereignty in markets

Besides the growing competition in business, the complexity of managing business also has increased because of the following points,

- Increasing size of business organizations
- High degree of division of labour and specialization
- Increased government regulations and controls to make business more socially-oriented
- Organized union activities to put pressures on management
- Pressure of various conflicting interest groups to meet their demands from the organizations.

The above factors such as growing competition and complexity in managing business firms have created a demand for efficiency in management process which cannot be realized by mere by trial-and-error methods but by developing and applying sound management concepts and principles.

Further, the above factors have emerged gradually which attracted attention from a variety of experts from different domains, intellectuals, economists, sociologists, psychologists, anthropologists, mathematicians, and management practitioners to study organizations and processes through which these organizations could be made more effective. Each of these groups of intellectuals viewed organizational activities and the processes in scientific ways and made recommendations accordingly. The final results are evident in the form of a variety of orientations and approaches in management with clear demarcation and overlapping processes. The evolution of management thought is shown in table 2-1 below:

Management Thought	Period
Early contributions	Up to 19 th century
Scientific Management	1900-1930
Administrative, Operational Management	1916-1940
Human relations approach	1930-1950
Social systems approach	1940-1950

Decision theory approach	1945-1965
Management science approach	1950-1960
Human behaviour approach	1950-1970
Systems approach	1960 onwards
Contingency approach	1970 onwards

Table 1.1: Table showing evolution of management thought

Management thought is classified as classical, neoclassical and modern. Classical approach refers to scientific management and administrative/operational management.

Neoclassical approach includes human relations approach and some relevant part of social systems approach, Decision theory approach, management science approach, and Human behaviour approach. Modern approach includes systems approach, contingency approach, and some relevant portion of the above approaches not included in neoclassical approach. Management classifications can be time specific because what is practiced today may not be continued in future. The next section discusses the importance of classical approach to management.

The general characteristics of the term 'management' are provided below:

Management is human activity and a process of organized activity: The focus of management activity is to develop people and not to direct people or things. Management deals with human organizations and hence management is important, unlike animals that are trained. Management is concerned with using resources efficiently and hence it is the process of interrelated elements namely planning, organizing, leading and controlling.

Management is referred to as group effort or activity: An organization exists to achieve certain objectives and they are more easily achieved by involving a group of people than by an individual. An individual cannot satisfy all his needs and desires all by himself, but if he/she unites with fellow humans and works in an organized manner the needs can be fulfilled easily. This analogy works well for business organizations. Business firms operate as a group to achieve business results as Lawrence Appley provided a people-oriented definition for management which states, "Management is the accomplishment of results through the