

Lesson:-02

DIFFERENT APPROACHES AND SYSTEMS OF MANAGEMENT, SKILLS, ROLES AND MODERN CHALLENGES

Objectives of the lesson

After studying this lesson, you should understand:

1. The various approaches to management
2. The systems approach to management
3. The social responsibilities of management and

Management covers a wide variety of activities. Theorists and academic authors have contributed to the study management and one can see a huge volume of writings on the management. The various approaches to management and umpteen number of differing views have only added to the confusion of what the management is all about. It isn't surprising to know that a highly respected author had called the situation as "the management theory jungle".

Various Approaches to Management

Analysis of management from various view points have to led to different approaches. They have been summarized as the following:

Characteristics	Limitations
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Empirical/Case Approach

Knowledge based on experience through case studies. Analyzes successes and failures.	No concrete principles. Of limited value for developing management theory.
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Group Behaviour Approach

Importance on people as groups and their behaviour. Study of Social and Organizational Behaviour of the people in groups.	Generally differs with management concepts, theories and techniques. Closer integration with organization structure is needed.
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Cooperative social systems approach

Concept includes any cooperative group with a purpose and is concerned with both interpersonal and group behavioural aspects.	This approach overlooks the managerial concepts and is too broad a field for the study of management
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Interpersonal behaviour approach

Concentrates on interpersonal behaviour, leadership, motivation and human	This approach too like the earlier ones ignores managerial concepts such as
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relations.	planning, organizing and controlling.
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Systems approach

According to this approach, unlike the earlier ones management concepts such as planning organizing and controlling are given due importance. Interaction with the external environment is also considered.	There is nothing new about this approach to the management.
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Characteristics	Limitations
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Sociotechnical systems approach

Technical systems such as production and office operation have great effect on social system such as personal attitudes and group behaviour.	This concept places importance on labor and lower-level office work and ignores other managerial knowledge.
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Mathematical approach

In this concept managing is treated as a mathematical processes. It is viewed as a purely logical process and is expressed in mathematical symbols and relationships.	Managing is not a pure science and hence cannot be completely modeled.
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Mckinsey's 7-s framework

The seven S's are 1.Strategy, 2.structure, 3.Systems, 4.Style, 5.Staff, 6.Shared values and 7.Skills.	Though the concept is of practical value, the terms used are not discussed in detail.
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Contingency approach

Managing different situations and circumstances is influenced by the organizational behaviour.	There is no one answer to a problem. There can be more than one best way to do a thing. Calls for creativity and can be very complex.
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Operational approach

This approach draws concepts, techniques and knowledge from other fields and managerial approaches. Distinguishes between managerial and non-managerial knowledge.	Does not, as some authors say, identify "coordination" as a separate function.
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Decision theory approach

Focuses on making of decisions and decision-making process	This concept is too bounded i.e. either it is too narrow and at times it is too wide. Management consists of more than making
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	decisions.
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Managerial roles approach

Original study consisted of observations of only five chief executives.	Sample was very small and some activities considered are not managerial.
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In the above, we have seen that the operational approach integrates all other approaches. It tries to integrate the concepts, principles and techniques that form basis of managing. The operation approach is also often called “management process” school since it emphasizes on the functions of the managers.

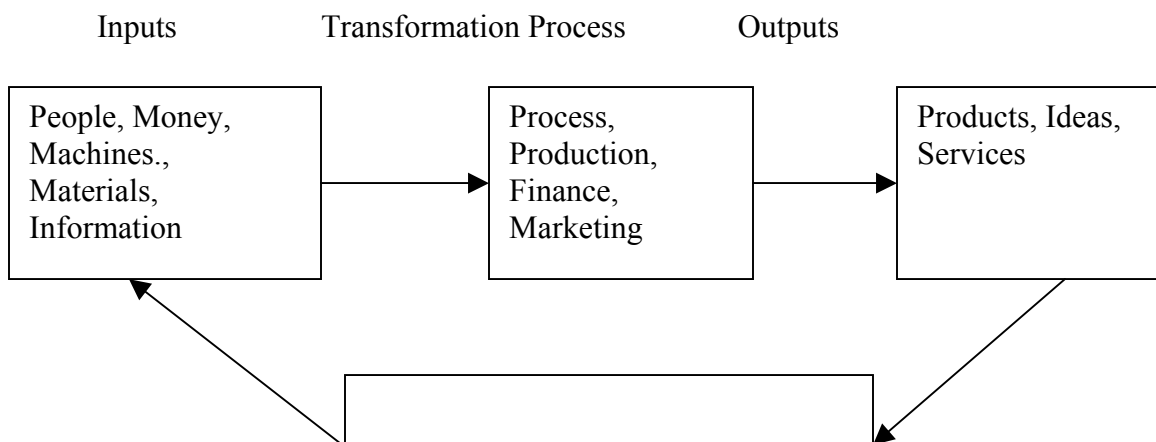
Systems approach to management

Just as human body is formed of different interdependent systems so is also an organization. A change in any one of these systems may affect all or some other systems to varying degrees. This ‘ripple effect’ influences the effectiveness of the organization. To understand the interactions and the consequences between the various systems of the organization the managers should possess the ability to get a perspective view. Treating an organization as formed of different systems is known as systems approach.

Systems theory was first applied in the fields of science and engineering. It also has found wide acceptance in the practice of management. A system can be defined as *essentially a set or assemblage of things interconnected or interdependent, so as to form a complex unity*. Cars, computers, television and radio sets are some examples of systems.

There are two major types of systems: **closed** and **open**. A **closed** system has definite boundaries; it operates relatively independently and is not affected by the environment outside the system. Stand by generator is an example of a closed system. With its different systems working together in perfect harmony the generator continues to supply power as long as it has sufficient fuel supply without much regard to the external environment.

An **open** system as the name implies, is characterised by its interaction with the external environment. Clearly, any business or other organization must be described by an open-system model that includes interactions between the enterprise and its external environment.



Organization on a open system model
Figure 2-1

The above shown figure 2-1 is self explanatory. One important mechanism which makes the system to adapt and adjust to the changing conditions of its environment and to exercise control over its operations is 'feedback'. As explained thus far, systems approach of management provides an integral approach to management. It views management in its totality. It helps in seeing the problems of the organization in wider perspective. This approach is more useful in managerial decision-making.

Based on the systems approach, Talcot Parsons has suggested three meaningful levels in the hierarchy of complex organisations: Technical, Organisational and Institutional.

The ***Technical Level*** is concerned with the actual production and distribution of products and services. It also includes activities like research and development, operation research and accounting.

The ***Organisational Level*** coordinates and integrates work performance at the technical level. It is concerned with obtaining the continued flow of inputs into the system and maintaining the markets for the outputs from the system.

The ***Institutional Level*** is concerned with relating activities of the organization to environmental system. It involves relating the organization to the needs of the environment.

Social Responsibilities of Management – the modern challenges

According to Keith Davis, "Social responsibilities refer to the businessman's decisions and actions taken to reasons at least partially beyond the firm's direct economic or technical interest". To quote Andrews, "by social responsibility, we mean intelligent and objective concern for the welfare of society that restrains individual and corporate behaviour from ultimately destructive activities, no matter how immediately profitable and leads in the direction of positive contribution to human betterment variously as the latter may be defined".

The concept of social responsibility is not new. Although the idea was already considered in the early part of the 20th century, the modern discussion of social responsibility got a major impetus with the book *Social Responsibilities of the Businessman* by Howard R. Bowen. he suggests that business managers are bound to "pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of the objectives and values of our society". In other words businesses should consider the social implications of their decisions. AS one may expect,

there is no complete agreement on the definition of social responsibility. A survey conducted on the matter revealed “**Corporate social responsibility** is seriously considering the impact of the company’s actions on society”. In a broad sense, business owes a lot to the various groups such as customers, employees, shareholders, government and the community at large in which it exists. As one argues for business involvement in social activities, there are also arguments against it, as follows:

Arguments for and against Social Involvement of Business

Arguments for social involvement of business

1. Public needs have changed, leading to changed expectations. Business, it is suggested, received its charter from society and consequently had to respond to the needs of society.
2. Improvement of the social environment benefits both society and business. Society gains through better neighborhoods and employment opportunities; business benefits from a better community, since the community is the source of its work force and the consumer of its products and services.
3. Social involvement discourages additional government regulation and intervention. The result is greater freedom and more flexibility in decision making for business.
4. Business has a great deal of power which, it is reasoned, should be accompanied by an equal amount of responsibility.
5. Modern society is an interdependent system and the internal activities of the enterprise have an impact on the external environment.
6. Social involvement may be in the interest of stockholders.
7. Problems can become profits. Items that may once have been considered waste (for example, empty soft drink cans) can be profitably used again.
8. Social involvement creates a favorable public image. Thus, a firm may attract customers, employees and investors.
9. Business should try to solve the problems which other institutions have not been able to solve. After all business has a history of coming up with novel ideas.
10. Business has the resources. Specifically, business should use its talented managers and specialists, as well as its capital resources to solve some of society’s problems.
11. It is better to prevent social problems through business involvement than to cure them. It may be easier to help the hard-core unemployed than to cope with social unrest.

Arguments against social involvement of business

1. The primary task of business is to maximize profit by focusing strictly on economic activities. Social involvement could reduce economic efficiency.
2. In the final analysis, society must pay for the social involvement of business through higher prices. Social involvement would create excessive costs for business, which cannot commit its resources to social action.
3. Social involvement can weaken the international balance of payments. The cost of social programs, the reasoning goes, would have to be added to the price of the product. Thus American companies selling in international markets would be at a disadvantage when competing with companies in other countries which do not have these social costs to bear.
4. Business has enough power and additional social involvement would further increase its power and influence.
5. Business people lack the social skill to deal with the problems of society. Their training and experience is with economic matters and their skills may not be pertinent to social problems.
6. There is a lack of accountability of business to society. Unless accountability can be established, business should not get involved.
7. There is not complete support for involvement in social actions. Consequently, disagreements among groups with different viewpoints will cause friction.

Source: Based on Keith Davis and William C. Frederick, *Business and Society*, 5th edition (New York: McGraw – Hill Book Company, 1984), Chapter 2 and *quoted* from *Essentials of Management* by Harold Koontz and Heinz Weihrich, 5th edition.

Notwithstanding the above arguments many organisations have taken up the social causes. Though profit is essential to the business the social involvement and its extent of involvement of the organization should be carefully considered. A right balance has to be struck between the organisation's goal and the social obligations.

TEST YOUR SELF

1. “Organisations are products of environment”. Discuss.
2. Analyse the various changes that have taken place in the Indian business environment in the recent past.
3. What are the major social responsibilities of business or government managers? Have these responsibilities changed over the years? How?

LESSON 3

Different Approaches and Systems of Management-1

After understanding the importance of theory or the theoretical approach, let us now understand the evolution of management theory.

■ **Prescientific Management Era**

- *Adam Smith* in his *Wealth of Nations* (1776) introduced the concept of division of labor.
- Smith concluded that division of labor increased productivity by increasing each worker’s skill and dexterity, by saving time that is normally lost in changing tasks, and by the creation and better use of labor-saving inventions and machinery.
- The general popularity today of job specialization in service jobs as well as on assembly lines is undoubtedly due to the economic advantages cited over 200 years ago by Adam Smith.
- In 1832, Charles Babbage, a mathematician and a teacher, wrote *On the Economy of Machinery and Manufactures*, in which he applied his principles to the workshop. This early work introduced the idea of using scientific techniques to improve the managing process.
- The theoretical foundations of management lie in the *classical approach* to management, which sought to formulate rational principles that would make organizations more efficient.
- The classical approach to management consists of two subcategories:
 - Scientific management approach looked at the field from the perspective of how to improve the productivity of operative personnel.
 - General administrative approach was concerned with the overall organization and how to make it more effective.

■ **Scientific Management Approach**

- Most writers agree that the origin of the concentrated study of management was the work performed by Frederick W. Taylor and his associates during the scientific management movement that developed around 1900.
- *Frederic W. Taylor (1865-1915)*
- Frederic Taylor pioneered scientific management, which suggested that systematic investigation could indicate proper methods, standards and timings for each operation in an organization’s activities.
- The scientific management method proposed by Taylor was based on the notion that there was a single “best way” to fulfill a particular job. The responsibility of management was to select, train, and help workers to perform their jobs properly.

- The job of management was to plan and control the work. The responsibility of workers was simply to accept the new methods and perform accordingly.
- The practical application of this approach was to break each job down into its smallest and simplest component parts or 'motions': each single motion in effect became a separate specialized 'job' to be allocated to a separate worker. Workers were selected and trained to perform such jobs in the most efficient way possible, eliminating all wasted motions or unnecessary physical motion.
- *Henry L. Gantt (1861-1919)*