

UNIT-1

CO-1 Students will be able to **describe** basic concepts of management and contribution of management thinkers

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Introduction:

Management is essential to any organization that wishes to be efficient and achieve its aims. Without someone in a position of authority there would be organizational anarchy with no structure and very little, if any focus. It has been said that management has four basic functions – planning, organizing, leading and controlling. Common sense dictates that without these principles of management being in place an organization would have trouble achieving its aims, or even coming up with aims in the first place! A classic theory on the principles of management was written by Henri Fayol. It seeks to divide management into 14 principles. We'll take a look at these basic principles of management and explain them in easy to understand terminology.

Principles of Management – Fayol's 14 Principles

- Division of Work – This principle of management is based on the theory that if workers are given a specialized task to do, they will become skillful and more efficient in it than if they had a broader range of tasks. Therefore, a process where everyone has a specialized role will be an efficient one.
- Authority – This principle looks at the concept of managerial authority. It looks at how authority is necessary in order to ensure that managerial commands are carried out. If managers did not have authority then they would lack the ability to get work carried out. Managers should use their authority responsibly and ethically.
- Discipline – This principle relates to the fact that discipline is needed within an organization for it to run effectively. Organizational rules, philosophies, and structures need to be met. In order to have disciplined workers, managers must build a culture of mutual respect and motivation.
- Unity of command – There should be a clear chain of command in place within an organization. An employee should know exactly whose instructions to follow.

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- Unity of direction – Work should be organized in a way that means employees are working in harmony toward a shared objective or goal using a shared method or procedure.
- Subordination individual interests to the collective interests – The interests of the organization as a whole should take precedence over the interests of any individual employee or group of employees. This encourages a team spirit and collective mentality of all for one and one for all.
- Remuneration – In order to motivate and be fair to employees, they should be paid a reasonable rate for the work they carry out. An organization that underpays will struggle to attract quality workers who are motivated.
- Centralization – This principle relates to whether decisions should be made centrally, as in from the top down, or in a more democratic way, from the bottom up. Different decision making processes are appropriate for different types of decisions.
- Scalar chain – This relates to the principle of a clear chain of communication existing between employees and superiors. The chain should be respected, unless speedy communication is vital, in which case the chain may be bypassed if all parties consent.
- Order – This relates to the proper use of resources and their effective deployment in a structured fashion.
- Equity – Managers should behave ethically towards those they manage. Almost every organization in the modern world will have a written set of policies and procedures which will outline exactly what is expected from staff at all levels.
- Stability of tenure of personnel – It is seen as desirable within an organization to have a low staff turnover rate. This is due to the benefits that come with having experienced staff and the time and expense needed to train new ones. There should be a clear and efficient method of filling any staff vacancies that arise.
- Initiative – Employees that have an input as to how to best do their job are likely to feel more motivated and respected. Many organizations place a great deal of emphasis on listening to the concerns of staff.
- Morale – Keeping a high level of morale and team spirit is an essential part of having the most productive organization possible. Happy and motivated employees are far more likely to be productive and less absent.
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Objective, scope and outcome of the course.

Objective: Following are the broad objectives of management:

1. Proper Utilization of Resources:

The main objective of management is to use various resources of the enterprise in a most economic way. The proper use of men, materials, machines and money will help a business to earn sufficient profits to satisfy various interests. The proprietors will want more returns on their investments while employees, customers and public will expect a fair deal from the management. All these interests will be satisfied only when physical resources of the business are properly utilized.

2. Improving Performance:

Management should aim at improving the performance of each and every factor of production. The environment should be so congenial that workers are able to give their maximum to the enterprise. The fixing of objectives of various factors of production will help them in improving their performance.

3. Mobilizing Best Talent:

The management should try to employ persons in various fields so that better results are possible. The employment of specialists in various fields will be increasing the efficiency of various factors of production. There should be a proper environment which should encourage good persons to join the enterprise. The better pay scales, proper amenities, future growth potentialities will attract more people in joining a concern.

4. Planning for Future:

Another important objective of management is to prepare plans. No management should feel satisfied with today's work if it has not thought of tomorrow. Future plans should take into consideration what is to be done next. Future performance will depend upon present planning. So, planning for future is essential to help the concern.

Scope: The following activities are covered under the scope of management:

- | | |
|-------------------|-----------------------|
| (i) Planning, | (iv) Directing, |
| (ii) Organization | (v) Coordinating, and |
| (iii) Staffing. | (vi) Controlling. |

Outcome of subject:

- Evaluate the global context for taking managerial actions of planning, organizing and controlling.
- Assess global situation, including opportunities and threats that will impact management of an organization.
- Integrate management principles into management practices.
- Assess managerial practices and choices relative to ethical principles and standards.
- Specify how the managerial tasks of planning, organizing, and controlling can be executed in a variety of circumstances.
- Determine the most effective action to take in specific situations.
- Evaluate approaches to addressing issues of diversity.

Basic concepts of management

The term 'management' has been used in different senses. Sometimes it refers to the process of planning, organizing, staffing, directing, coordinating and controlling, at other times it is used to describe it as a function of managing people.

Definition

Management (or managing) is the administration of an organization, whether it is a business, a not-for-profit organization, or government body. ... They set the strategic goals of the organization and make decisions on how the overall organization will operate.

Views on the definition and scope of management include:

- According to Henri Fayol, "to manage is to forecast and to plan, to organise, to command, to co-ordinate and to control.
- Fredmund Malik defines it as "the transformation of resources into utility."
- Management included as one of the factors of production – along with machines, materials and money.

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- Ghislain Deslandes defines it as “a vulnerable force, under pressure to achieve results and endowed with the triple power of constraint, imitation and imagination, operating on subjective, interpersonal, institutional and environmental levels”.
- Peter Drucker (1909–2005) saw the basic task of management as twofold: marketing and innovation. Nevertheless, innovation is also linked to marketing (product innovation is a central strategic marketing issue). Peter Drucker identifies marketing as a key essence for business success, but management and marketing are generally understood as two different branches of business administration knowledge.

Need and Scope of Management:

Management in all business and organizational activities is the act of getting people together to accomplish desired goals and objectives using available resources efficiently and effectively. The various functions of management are classified as Planning.

Management is needed in order to facilitate a coordinated effort toward the accomplishment of an organization's goals.

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

1. Subject-Matter of Management: Planning, organizing, directing, coordinating and controlling are the activities included in the subject matter of management.

2. Functional Areas of Management: These include:

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

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

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

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

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

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

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

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

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

3. Management is an Inter-Disciplinary Approach: For the correct implementation of the management, it is important to have knowledge of commerce, economics, sociology, psychology and mathematics.

4. Universal Application: The principles of management can be applied to all types of organizations irrespective of the nature of tasks that they perform.
5. Essentials of Management: Three essentials of management are:
 - Scientific method
 - Human relations
 - Quantitative technique
6. Modern Management is an Agent of Change: The management techniques can be modified by proper research and development to improve the performance of an organization.

Different schools of management thought:

The various approaches to the study of management as propounded by specialists from different disciplines have come to be called the Schools of Management Thought.

The Major Schools of Management Theory are:

1. **Management Process School**
2. **Empirical School**
3. **Human Behaviors or Human Relations School**

This school takes note of the psychological factors causing a change in the human behavior in organized groups under a given situation. It is based upon the fact that management involves getting things done through people and therefore management must be centered on interpersonal relations.

This approach has been called the human relations, leadership or behavioral science approach. Exponents of this school of thought seek to apply existing and newly developed theories, methods and techniques of the relevant social science to the study of intra and interpersonal relations, which varies from personality dynamics to relations of cultures. This school stresses on the people part of management and the understanding aspects.

The motivation of the individual and adherents of this school is heavily oriented towards psychology and sociology. The range of thought in this school are (a) The study of human relations and how managers can understand and use these relations; (b) The role of manager as a leader and how he should lead others; (c) The study of group dynamics and inter-personal relationships.

4. **Social School**
5. **Decisions Theory School**
6. **Mathematical or Quantitative Management School**
7. **Systems Management School**

This school is of recent origin having developed in the later 1960s. It is an integrated approach, which considers management in its totality based on empirical data. According to this approach, attention must be paid to the overall effectiveness of a subsystem in isolation from the other subsystems. The main emphasis is on the interdependence and

inter-relatedness of the various subsystems, from the point of view of the effectiveness of a large system. Its essential features are as follows:

- A system has a number of subsystems, parts and subparts.
- All the subsystems, parts and subparts are mutually related to each other. A change in one part will affect the changes in other parts.
- The systems approach emphasizes on the study of the various parts in their interrelationships rather than in isolation from each other.
- The systems approach to management brings out the complexity of a real life management problem much more sharply than any of the other approaches.
- It can be utilized by any other school of management thought.

The boundary of a system may be classified into two parts:

1. Closed system that has no environment. This part implies that no outside systems are to be considered.
2. Open system that has an environment. This part implies that it possesses systems with which it relates, exchanges and communicates.

8. Contingency School

The contingency approach to management emphasizes on the fact that management is a highly practice-oriented and action-packed discipline.

Managerial decisions and actions initiatives are known to be matters of pragmatism and not of principles. The environment of organizations and managers is very complex, uncertain, ever changing and diverse. It is the basic function of managers to analyze and understand the environments in which they function before adopting their techniques, processes and practices.

The choice of approaches and also their effectiveness is contingent on the behavior and dynamics of situational variables. But, there is no one universally valid best way of doing things. Management theory and principles tend to be deterministic, while the pace, pattern and behavior of events defy the deterministic or dogmatic approaches. What is valid and good in a particular situation need not be the same in some other situation.

9. Scientific Management School

This school envisages management to be a scientific management.

It means that, scientific methods and scientific principles are to be followed and applied in managing the affairs of an enterprise.

Frederick Winslow Taylor (1856-1915), popularly known as the 'Father of Scientific Management Movement', was the first to recognise and emphasise the need for adopting a systematic scientific approach to the task of managing an enterprise.

Taylor joined the Midvale Steel Company in the USA, as a worker and later on rose to the position of chief engineer. Subsequently he joined the Bethlehem Works where he experimented with his ideas and made his contribution to management theory for which he is so well-known.

He studied the causes of low efficiency in industry and came to the conclusion that much of the waste and inefficiency is due to the lack of order and system in the methods of management. He

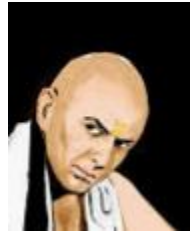
observed that the managers were usually ignorant of the amount of work that could be done by a worker in a day and had no clear notion of the best method of doing the work.

It was his realisation that there was lack of efficient work standard, absence of clear-cut division of works between the managers and workers, lack of incentive of the workers, unscientific selection and placement of workers. He, therefore, suggested that the managers should follow a 'scientific approach' in their work and apply scientific methods for achieving higher efficiency.

With a view to improving management practice, he conducted a series of experiments. On the basis of these experiments he developed his concepts and techniques into a philosophy which is known as 'Scientific Management'.

He published many papers and books and all his contributions were compiled in his book "The Principles of Scientific Management". Taylor's ideas on scientific management were greatly expanded by H. S. Person, Henry L. Gantt, and Lillian Gilbreth, Harrington Emerson and M. L. Cooke.

Contribution of Management Thinkers



Kautilya

“KAUTILYA (CHANAKYA), THE WORLD’S FIRST MANAGEMENT GURU

“Kautilya’s ‘Arthashastra’, The oldest Book on Total Management”

Kautilya’s Arthashastra could be credited to be one of the oldest books on Management available to the world. It was written, edited and compiled by Kautilya (also known as Chanakya and Vishnugupta) in 300 BC. Arthashastra when literally translated it means 'Scripture of Wealth'. The main focus of the book is on Creation and Management of Wealth.

The book is a masterpiece, due to the virtue of its extensive coverage, spread over a wide range of topics like: Statecraft, politics, military warfare, strategy, Selection and training of Employees, leadership skills, legal systems, accounting systems, taxation, fiscal policies, civil rules, internal and foreign trade etc. It also covers various technical subjects including Medicine, gemology, metallurgy, measures of length, tables of weights, divisions of time, among many others. Therefore, the Kautilya has been described as a rare mastermind by the scholars over centuries, as developing specialization or having command over so many vast and numerous areas is an unparalleled task even till date, to have been accomplished by any single individual.

He credited for the *fall of Nanda dynasty and establishing Chandragupta Maurya* [who happened to be his student] on the throne as the emperor; thus rightly getting the title of being a

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‘King Maker’. He is also credited to have masterminded the defeat of Saleucus, a commander of a faction of army of Alexander; who was appointed as caretaker to govern the area conquered by him. public administration psycholog

As a scholar, philosopher and thinker of the domain called ‘Political Science’, he has the distinction of being first person in the entire Human History; who visualized, conceptualized, practiced and popularized the concept of ‘NATION’. The India of today was nowhere in the era to which he belonged. There were numerous kingdoms, estates and spread over this whole geographical area. He was instrumental in bringing all of these smaller kingdoms together, by conquest or by forcing them to accept the sovereignty; and bringing them one umbrella of central governance. This resulted in birth of the Nation called ‘Aryavartha’, which later came to be known as India.

“Arthashastra” is documentation of Kautilya himself as regards to his lifelong learning, practicing and thinking applied in the governance of a nation. Rulers across the world, for ages, have referred to the Arthashastra for building a nation on sound polity based on spiritual values. It was since advent of british rulers that made “Arthshatra” outlandish but it never lost and will never lose its relevance for the scholars and practitioners involved in the study and practical application of the art and science of governance.

It was Prof. Shama Shastri who rediscovered the book in 1905, and was the first person to write its English Translation. Since then, the English translations produced are limited to two only. The credit for these translations rest one each with Prof Kangle and Shri Rangarajan.

However, apart from the scholarly work this book today needs to be once again represented for practical application in today’s world. The book has got many principles and techniques, which once applied can prove a tremendous improvement even in our day-to-day management.

Certainly there are learned individuals who many a times question the relevance of the classical work of “Arthasharta” written over 2000 years ago in the present context. The answer to this question has been provided by numerous learned thinkers, scholars and others related to the field that by stating the fact that “The Arthashastra” is a book about the management of the ‘human mind’, the art and science of which has remained same since ages’.

“As long as the Human mind remains filled with negative ideas, thought and or emotions of jealousy, ego, hatred, over indulgence etc. and requires self-control, discipline and management, ‘Kautilya’s Arthashastra’ will remain relevant.”

WHO CAN BENEFIT FROM THIS BOOK

- | | |
|-----------------------------|-------------------------------------|
| 1. Business leaders | 7. Management Consultants |
| 2. Managers | 8. Intelligence Agencies |
| 3. Politicians | 9. Public / Civil servants |
| 4. Chartered Accountants | 10. Government officials |
| 5. Human resource personals | 11. Military personals |
| 6. Management Trainers | 12. Students of various fields etc. |

Contribution of Management Thinkers



Taylor

Frederick Winslow Taylor (1856-1915) was an American inventor and engineer that applied his engineering and scientific knowledge to management and developed a theory called scientific management theory. His two most important books on his theory are *Shop Management* (1903) and *The Principles of Scientific Management* (1911).

Frederick Taylor's scientific management theory can be seen in nearly all modern manufacturing firms and many other types of businesses. His imprint can be found in production planning, production control, process design, quality control, cost accounting, and even ergonomics. If you understand the principles of scientific management, you will be able to understand how manufacturers produce their goods and manage their employees. You will also understand the importance of **quantitative analysis**, or the analysis of data and numbers to improve production effectiveness and efficiency.

The Scientific Management Theory owes its origin to Frederick W. Taylor who is regarded as “The Father of Scientific Management.”

He spent a large part of his life in Midvale Steel Company, Philadelphia, U.S.A. as an ordinary worker engaged in metal cutting. In 1833, he got an engineering degree and became an operating manager in the same company after some time.

He noticed that the industrial resources were not being fully used. Business enterprises are being managed by the rule of thumb. No systematic effort had ever been made to find the exact nature of the work to be done or the best way of doing it.

There was no proper division of responsibilities between management and workers. Management was mostly dependent for the successful performance of the work on the goodwill and skill of the workers. There was deliberate restriction of output which Taylor called ‘systematic soldering’ on the part of the workers.

This state of affairs forced and encouraged him to improve the then existing practices of management. “He aimed at making management a science based on “well recognized, clearly defined and fixed principles, instead of depending on more or less hazy (unclear) ideas.”

His thinking on management is the subject-matter of the two books: *Shop Management* and *Principles of Scientific Management* which were published in 1903 and 1911 respectively. It was owing to the efforts of Taylor that scientific management became popular in U.S.A. in the beginning of the twentieth century.

He placed stress in his philosophy on the following things for enhancing the productivity of the workers:

- i. Science, not rule of thumb.
- ii. Harmony, not discord.
- iii. Co-operation, not individualism.
- iv. Maximum output, in place of restricted output.
- v. The development of each man to his greatest efficiency and prosperity.

Meaning of Scientific Management:

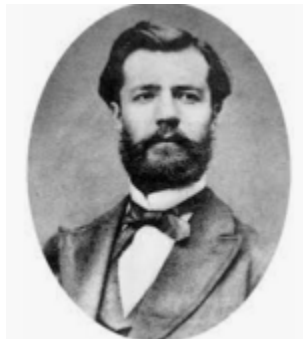
In simple words scientific management implies the art of knowing exactly what is to be done and how it is to be done. Under this approach, scientific techniques are applied in the recruitment, selection and training of workers and are also used in tackling various industrial problems.

According to F.W. Taylor, scientific management is “knowing exactly what you want men to do and seeing that they do in the best and the cheapest way.”

Thus according to him scientific management implies the application of two fold techniques:

1. The discovery of the best method of performing a particular work.
2. The best method or the fruitful method for meeting a given situation.

Contribution of Management Thinkers



Fayol

Henry Fayol's Contribution to Management!

Henry Fayol (1841-1925) started his career as a junior engineer in a coal mine company in France and became its general manager in 1880.

He not only saved a large coal and steel company from bankruptcy, but also led to crowning success.

His ideas on management have been summed up as the Administrative Management Theory, which later evolved into the Management Process School. A contemporary of Taylor, Fayol for the first time attempted a systematic analysis of the overall management process. In 1916, he published his famous book in French language ‘Administration Industrielle Generale.’

It was reprinted several times in French and later published in English language under the title, General and Industrial Management in 1929. Fayol's contribution to management can be discussed under the following four heads:

1. Division of Industrial Activities:

Fayol observed the organizational functioning from manager's point of view.

He found that all activities of the industrial enterprise could be divided into six groups:

- (i) Technical (relating to production);
- (ii) Commercial (buying, selling and exchange);
- (iii) Financial (search for capital and its optimum use) ;
- (iv) Security (protection of property and persons);
- (v) Accounting (Preparation of various statements, accounts, returns etc.) and
- (vi) Managerial (planning, organisation, command, co-ordination and control)

He pointed out that these activities exist in every enterprise. He further said that the first five activities are well known to a manager and consequently devoted most of his book to analyse managerial activities.

2. Qualities of an Effective Manager:

Henry Fayol was the first person to recognise the different qualities for manager.

According to him these qualities are:

- (i) Physical (health, vigour, and address);
- (ii) Mental (ability to understand and learn, judgement, mental vigour, and adaptability) ;
- (iii) Moral (energy, firmness, willingness to accept responsibility, initiative, loyalty, tact and dignity);
- (iv) Educational (acquaintance with matters related to general functioning) ;
- (v) Technical (peculiar to the functions being performed); and
- (vi) Experience (arising from the work).

3. Functions of Management:

Fayol classified the elements of management into five and all such elements were considered by him as the functions of management.

According to him following are the functions of management:

(i) Planning:

Deciding in advance what to do. It involves thought and decision relating to a future course of action.

(ii) Organizing:

Providing everything that is useful to a business enterprise for its operation i.e., men, materials, machines and money etc.

(iii) Commanding:

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Maintaining activity among personnel (lead the personnel in a better way).

(iv) Co-ordinating:

The channelisation of group efforts in the direction of achieving the desired objective of the enterprise (binding together-unifying and harmonizing all activity).

(v) Controlling:

Seeing that everything is being carried out according to the plan which has been adopted, the orders which have been given, and the principles which have been laid down. Its object is to point out mistakes in order that they may be rectified and prevented from occurring again.

Fayol observed that these principles apply not only to business enterprise, but also to political, religious, philanthropic or other undertakings.

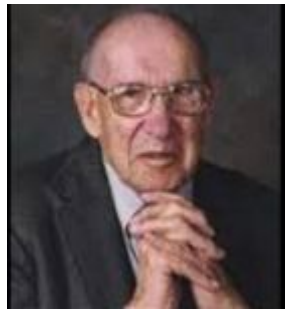
4. Principles of Management:

Hentry Fayol evolved 14 principles that can be applied in all management situations irrespective of the types of organization. He named Division of work (Specialisation), Parity between Authority and Responsibility, Discipline, Unity of Command, Unity of Direction, Subordination of Individual Interest to General Interest, Fair Remuneration to workers.

Effective Centralisation, Scalar Chain, Order, Equity, Stability in the tenure of personnel, Initiative and Esprit de Corps (Union is Strength) principles which he himself used on most occasions. Fayol made distinction between management principles and management elements.

The management principle is a fundamental truth and establishes cause-effect relationship while management element gives the functions performed by a manager. (These have already been explained in a separate chapter The Management Process). These principles not only influenced but also dominated management thought.

Contribution of Management Thinkers



Peter Drucker

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

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

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

The more important books are; Practice of Management (1954), Managing by Results (1964), The Effective Executive (1967), The Age of Discontinuity (1969), Management:

Tasks, Responsibilities and Practices (1974), and Management Challenges for 21st Century (1999),

1. Nature of Management:

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

He has treated management as a discipline as well as profession. As a discipline, management has its own tools, skills, techniques and approaches. However, management is more a practice rather than a science. Thus, Drucker may be placed in 'empirical school of management'.

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

2. Management Functions:

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

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

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

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

3. Organisation Structure:

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

These are:

- (i) Enterprise should be organised for performance;
- (ii) it should contain the least possible number of managerial levels;

(iii) it must make possible the training and testing of tomorrow's top managers—responsibility to a manager while still he is young.

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

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

4. Federalism:

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

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

These are as follows:

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

5. Management by Objectives:

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

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

6. Organizational Changes:

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

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

For example, Vishiani a USSR management thinker writes about Drucker as follows:

“Drucker shows certain foresightedness and understanding of the development prospects of modern production when he opposes the view that worker is no more than an appendage of machine. Moved by a desire to strengthen the position of capitalism, he endeavors to give due consideration also to some objective trends in production management.

Drucker, therefore, tells the industrialists not to fear a limited participation of the workers in the management of production process. He warns them that if they do not abandon that fear, the consequences may be fatal to them.” Drucker is perhaps the only Western management thinker who has attracted so much attention of the communist world.

Contribution of Management Thinkers



C K Prahalad

Coimbatore Krishnarao Prahalad (8 August 1941 – 16 April 2010) was the Paul and Ruth McCracken Distinguished University Professor of Corporate Strategy at University of Michigan Stephen M. Ross School of Business. He was the co-author of "Core Competence of the Corporation"^[4] (with Gary Hamel) and "The Fortune at the Bottom of the Pyramid" (with Stuart L. Hart), about the business opportunity in serving the Bottom of the Pyramid. On 16 April 2010, Prahalad died at the age of 68 of a previously undiagnosed lung illness in San Diego, California

In the early 1990 Prahalad advised Philips' Jan Timmer on the restructuring of this electronic corporation, then on the brink of collapse. A process which was named Operation Centurion was set up, and was successful after two or three years.

C. K. Prahalad is the co-author of a number of works in corporate strategy, including *The Core Competence of the Corporation* (with Gary Hamel, Harvard Business Review, May–June 1990) which as of 2010 was one of the most frequently reprinted articles published by the journal. He

authored or co-authored: *Competing for the Future* (with Gary Hamel, 1994), *The Future of Competition* (with Venkat Ramaswamy, 2004), and *The Fortune at the Bottom of the Pyramid: Eradicating Poverty through Profits* (Wharton School Publishing, 2004). His last book, co-authored by M. S. Krishnan and published in April 2008, is *The New Age of Innovation*. He co-authored: "Innovation's Holy Grail" with R.A. Mashelkar which was chosen as a Harvard Business Review Top 10 articles on Innovation and focuses on how developing nations are leading the way in innovation that focuses more on affordability and sustainability as opposed to the common premium pricing model

Prahalad was co-founder and became CEO of Praja Inc. ("Praja" from a Sanskrit word "Praja" which means "citizen" or "common people"). The company had goals of providing unrestricted access to information for people at the "bottom of the pyramid" and providing a test bed for various management ideas. It eventually laid off a third of its workforce, and was sold to TIBCO. In 2004 Prahalad co-founded management consultancy The Next Practice, to support companies in implementing the strategies outlined in *The Fortune at the Bottom of the Pyramid*, which continued in operation as of 2015. At the time of his death he was on the board of TiE, The Indus Entrepreneurs. Prahalad was a member of the Blue Ribbon Commission of the United Nations on Private Sector and Development.