



Management Theory in context of Modern Trend

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Abstract:

Management in all business and organizational activities is the act of coordinating the efforts of people to accomplish desired goals and objectives using available resources efficiently and effectively. Management comprises planning, organizing, staffing, leading or directing, and controlling an organization (a group of one or more people or entities) or effort for the purpose of accomplishing a goal. Resourcing encompasses the deployment and manipulation of human resources, financial resources, technological resources, and natural resources.

Since organizations can be viewed as systems, management can also be defined as human action, including design, to facilitate the production of useful outcomes from a system. This view opens the opportunity to 'manage' oneself, a prerequisite to attempting to manage others.

Keywords: Finance, Management, Resourcing encompasses, Theory

2. Definition of Management Theory

A collection of ideas which set forth general rules on how to manage a business or organization. Management theory addresses how managers and supervisors relate to their organizations in the knowledge of its goals, the implementation of effective means to get the goals accomplished and how to motivate employees to perform to the highest standard.

3. What do we mean by Management Theories?

Management theories are the set of general rules that guide the managers to manage an organization. Theories are an explanation to assist employees to effectively relate to the business goals and implement effective means to achieve the same.

4. General Management Theories

There are four general management theories.

1. Frederick Taylor – Theory of Scientific Management.
2. Henri Fayol – Administrative Management Theory.
3. Max Weber - Bureaucratic Theory of Management.
4. Elton Mayo – Behavioral Theory of Management (Hawthorne Effect).

4.1 Frederick Taylor's Theory of Scientific Management

Taylor's theory of scientific management aimed at, improving economic efficiency, especially labor productivity. Taylor had a simple view about, what motivated people at work, - money. He felt that, workers should get a, fair day's pay for a fair day's work, and that pay, should be linked

to the amount produced. Therefore he introduced the, DIFFERENTIAL PIECE RATE SYSTEM, of paying wages to the workers.

4.1.1 Taylor's Differential Piece Rate Plan

If Efficiency is greater than the defined Standard then workers should be paid 120 % of Normal Piece Rate. If Efficiency is less than standard then workers should be paid 80% of Normal Piece Rate.

4.1.2 Principles of Scientific Management

Four Principles of Scientific Management are:

1. Time and motion study: - Study the way jobs are performed and find new ways to do them.
2. Teach, train and develop the workman with improved methods of doing work. Codify the new methods into rules.
3. Interest of employer & employees should be fully harmonized so as to secure mutually understanding relations between them.
4. Establish fair levels of performance and pay a premium for higher performance.

4.2 Henri Fayol's Administrative Management Theory

Henri Fayol known as the Father Of Management laid down the 14 principles of Management.-

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| 1. Division of Work. | 8. Stability of Tenure. |
| 2. Equity. | 9. Remuneration. |
| 3. Discipline. | 10. Unity of Direction. |
| 4. Initiative. | 11. Centralization. |
| 5. Authority and Responsibility. | 12. Scalar Chain. |
| 6. Esprit De Corps. | 14. Unity of Command. |
| 7. Subordination of Individual Interest to General Interest. | |

4.3 Max Weber's Bureaucratic Theory of Management

Weber made a distinction between authority and power. Weber believed that power educes obedience through force or the threat of force which induces individuals to adhere to regulations. According to Max Weber, there are three types of power in an organization:-

1. Traditional Power
2. Charismatic Power
3. Bureaucratic Power or Legal Power.

4.3.1 Features of Bureaucracy

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| 1. Division of Labor. | 5. Written Documents. |
| 2. Formal Hierarchical Structure. | 6. Only Legal Power is Important. |
| 3. Selection based on Technical Expertise. | 7. Formal and Impersonal relations. |
| 4. Management by Rules. | |

4.4 Elton Mayo's Behavioral Theory of Management

Elton Mayo's experiments showed an increase in worker productivity was produced by the psychological stimulus of being singled out, involved, and made to feel important. Hawthorne

Effect can be summarized as “Employees will respond positively to any novel change in work environment like better illumination, clean work stations, relocating workstations etc. Employees are more productive because they know they are being studied.

5. Management Involves

Management involves the manipulation of the human capital of an enterprise to contribute to the success of the enterprise. This implies effective communication: an enterprise environment (as opposed to a physical or mechanical mechanism), implies human motivation and implies some sort of successful progress or system outcome. As such, management is not the manipulation of a mechanism (machine or automated program), not the herding of animals, and can occur in either a legal as well as illegal enterprise or environment. Based on this, management must have humans, communication, and a positive enterprise endeavor. Plans, measurements, motivational psychological tools, goals, and economic measures (profit, etc.) may or may not be necessary components for there to be management. At first, one views management functionally, such as measuring quantity, adjusting plans, meeting goals. This applies even in situations where planning does not take place. From this perspective, Henri Fayol (1841–1925) considers management to consist of six functions:

1. forecasting
2. planning
3. organizing
4. commanding
5. coordinating
6. controlling

Fayol was one of the most influential contributors to modern concepts of management. In another way of thinking, Mary Parker Follett (1868–1933), defined management as "the art of getting things done through people". She described management as philosophy. Some people, however, find this definition useful but far too narrow. The phrase "management is what managers do" occurs widely, suggesting the difficulty of defining management, the shifting nature of definitions and the connection of managerial practices with the existence of a managerial cadre or class.

One habit of thought regards management as equivalent to "business administration" and thus excludes management in places outside commerce, as for example in charities and in the public sector. More broadly, however, every organization must manage its work, people, processes, technology, etc. to maximize effectiveness. Nonetheless, many people refer to university departments that teach management as "business schools". Some institutions (such as the Harvard Business School) use that name while others (such as the Yale School of Management) employ the more inclusive term "management".

English speakers may also use the term "management" or "the management" as a collective word describing the managers of an organization, for example of a corporation. Historically this use of the term often contrasted with the term "Labor" - referring to those being managed.

6. Basic functions of Management

Management operates through various functions, often classified as planning, organizing, staffing, leading/directing, controlling/monitoring and motivation.

- **Planning:** Deciding what needs to happen in the future (today, next week, next month, next year, over the next five years, etc.) and generating plans for action.
- **Organizing:** (Implementation) pattern of relationships among workers, making optimum use of the resources required to enable the successful carrying out of plans.
- **Staffing:** Job analysis, recruitment and hiring for appropriate jobs.
- **Leading/directing:** Determining what must be done in a situation and getting people to do it.
- **Controlling/monitoring:** Checking progress against plans.
- **Motivation:** Motivation is also a kind of basic function of management, because without motivation, employees cannot work effectively. If motivation does not take place in an organization, then employees may not contribute to the other functions (which are usually set by top-level management).

7. Conclusion

Management in one or the other form has existed in every nook and corner of the world since the dawn of civilization. Modern Management has grown with the growth of social-economics and scientific institution. Modern view consists that a worker does not work for only money. They work for their satisfaction and happiness with good living style.

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