

Module 3: Chapter 1

Concept of Management



Indian Association of Preventive and Social Medicine
Gujarat Chapter

CHAPTER 1: CONCEPTS, DEFINITIONS, PRINCIPLES AND FUNCTIONS OF THE MANAGEMENT

Learning Objectives:

After studying this unit you should be able to:

1. Define & describe the nature & concept of management
2. Understand the principles of management
3. Identify different levels of management & skills required at each level.

CONCEPT OF MANAGEMENT

If you in a business organization, the objective you will like to achieve is to make profit. How that can be done? To accomplish the environment of the organization should be such that people will perform their task in a most efficient and effective manner with use of minimum amount of resources. What are these resources? These are man, money, material and time. In other words your endeavor will be to attain the most of your goal with the least expenditure of resources.

Further, you shall see these managers are creating an environment in which people are able to contribute their best to achieve the organizational goals with least expenditure of human, material, financial other resources like time.

Health care institutions are unique in several ways. In the first case these are the only places where we come across wide skill differential among the people working there. On one hand we see highly skilled physicians and paramedics, on the other hand very large number of people who are easily substitutable. Managing an organization characterized by such a high level of differential knowledge throws up unique management problems. Second dimension is added because of their criticality. Their ability to make an impact on the well being of the community is undisputable. Third dimension, as an out growth of the previous one, is communities' dependence on the health care institutions. The fourth and most compelling reason is the need for better management of these institutions, so that they can be run profitably and adds value to society. The last issue is the most important. Unless this aspect is not properly looked into, the way the entire manufacturing and financial sectors are being taken over by the multinationals; the same destiny is likely to happen with our health care institutions.

All these call for proper organization of these institutions. And one of the fundamental requirements of proper organization is to develop methodically trained professionals who will be able to infuse meaning and purpose for the institutions, and also add value to the stakeholders. To achieve this first requirement is to develop

trained manpower that will be in charge of these institutions. Towards this end awareness about the scientific principles is the first step.

The importance for health and hospital management for health managers is well understood and is necessary. There is lack in getting the effective outcome from the existing health system in spite of lot of resources and funds. This is mainly contributed by improper management. So the need of hour is this that health managers should have basic practical applicability and knowledge of health and hospital management. Management means different things of different people. We can define management as “getting things done in right way in right time by right persons with right amount of resources and with effective use of resources”.

“Management is defined as an art and science of abilities required doing the work in a successful way i.e. the technique to get the work done.”

We shall give you a widely accepted definition as was given by Koontz and O'Donnell: The creation and maintenance of an internal environment in an enterprise where individuals, working together in groups, can perform efficiently and effectively toward the attainment of group goals.

You may wonder is management a science or, as Mary parker Follett called it is an art. Management has an organized body of knowledge. It draws this knowledge from very many other sources of knowledge. These are social sciences, behavioral sciences, statistics, systems theory, quantitative technique, financial theories, economics and so on. Science is an organized body of knowledge. This knowledge can be taught, can be learnt and can be utilized in predicting the probable outcome of a future set of circumstances. In this sense, Management is a science. But like any other science the manner in which it is delivered, it becomes an art. If you go back to your medical college days for a while and try to remember how you liked some of your teachers very much while some you did not like at all, it will be clear to you that though both groups were highly qualified and respectable in their profession, the degree to which they were liked or disliked was dependent on the manner in which they were practicing the science of medicine. The practice part of management is art and the organized Knowledge that lies behind it and enables the manager to practice the art of management in a better way is the science.

Management may be understood as an art (& science) on following counts:

1. The knowledge of management like other arts has practical application. It is applied to specific situations for better results. In management, managers strive to solve the problem efficiently or make superior quality decisions to realize the objective or meet the target with minimum efforts and resources. The application of management knowledge is personalized, depending on the individual manager. Though knowledge about principles, concepts and generalizations of management remains the same, the manner in which it is used differs from manager to manager.
2. The students' gains experience with continuous application of management knowledge to a practical situation. With the passage of time, the student gathers more and more experience. Consequently, managers having greater experience of using principles of management normally became more efficient. They develop more skills and abilities for translating management knowledge into practice.
3. Application of management knowledge calls for innovativeness and creativity. On the basis of fundamentals of managerial knowledge, analytical abilities and farsightedness, the student goes on discovering new ideas, relationships and more efficient ways of doing things. It is possible only through rigorous research and analysis, creative approach and scientific outlook on the part of managers.

Management as a science bears the following characteristics:

1. Management is a systematic body of knowledge consisting of principles, generalizations, approaches and concepts to be applied in practical situations. This knowledge serves as the basis for managers to understand the process of management and problems involved in it. The manager can manage the situation or organization in a systematic and scientific manner only if he possesses adequate knowledge of management and its principles.
2. The principles, generalizations and concepts of management have been developed and formulated on the basis of observation, research, analysis and experimentation, as is the case with the principles of other sciences.

So the management principles are universally applicable to all types of organizations. They are generalized in nature, forming general guidelines for the managers to practice. The manager acts as the key person here, who knows how to take the work. This is probably true because if a system does not work it means; either there is lack of money; or the machine/ instruments are not in working order; or the people are not working. Precisely if the former two are not in perfect condition they can be modified or changed. But if the people do not work it is difficult to repair. In simplest term the work

management can be broken into three sub-parts as show in the figure below; which means Manage- Mem-T (Tactfully)

NEED FOR MANAGEMENT

We all have our limitations. These limitations may be physical, biological, intellectual and so on. Therefore man has found it necessary to form groups to overcome these limitations. The same is true when we look at an organization. Here, a large number of people are doing varieties of jobs putting together their individual and collective skills to ultimately achieve the goal of the organization. But these groups cannot be left alone. They must be given a purpose; their efforts must be coordinated, and to achieve the best result they must be directed. This is what management is required to do and if not done the purpose will not be served.

Development of Management Thoughts

1. Classical or Traditional Management Approach
2. Behavioural or Neo- Classical Approach
3. Modern Approach to Management

Classical Organization Theory

Its two major purposes were to

- (1) Develop basic principles that could guide the design, creation and maintenance of large organizations, and
- (2) Identify the basic functions of managing organizations.

Engineers were the prime contributors to scientific management; practicing executives were the major contributors to classical organization theory. As with scientific management, there were many contributors to classical organization theory. Henri Fayol should be singled out for his ideas reflect classical organization theory.

The Behavioural Approach

The behavioural approach to management developed partly because practicing managers found that following the ideas of the classical approach did not achieve total efficiency and workplace harmony. Managers still encountered problems because subordinates did not always behave as they were supposed to. Thus, an increased interest in helping managers become more effective grew. The behavioural approach to management has two branches. The first branch, the human relations approach, became

very popular in the 1940s and 1950s. The second branch, the behavioural science approach, became popular in the 1950s and still receives a great deal of attention today.

The Human Relations Approach

The term human relations refer to the manner in which managers interact with subordinates. To develop a good human relations, followers of this approach believed, managers must know why their subordinates behave as they do and what psychological and social factors influence them.

The Systems Approach

The systems approach to management is essentially a way of thinking about organizations and management problems. From the systems perspective, management involves managing and solving problems in each part of the organization but doing so with the understanding that actions taken in one part of the organization affect other parts of the organization. For example, implementing a solution to a problem in the production department of a company will likely affect other aspects of the company such as marketing, finance and personnel. Each part is tightly linked to other organizational parts; no single part of an organization exists and operates in isolation from the others. Thus, in solving problems, managers must view the organization as a dynamic whole and try to anticipate the unintended as well as the intended impacts of their decisions.

The Contingency Approach

The systems approach to management advocates that managers recognize that organizations are systems comprised of interdependent parts and that a change in one part affects other parts. This insight is important. Beyond this, however, it is useful for managers to see how the parts fit together. The contingency approach can help to better understand their interdependence. The contingency approach attempts to bridge the extreme points on this continuum of view. Contingency theorists do not subscribe to any one best approach to management. In their view, the situations that managers face do differ and thus prohibit any one best prescription. However, the contingency theorists stop short of asserting that all managerial situations are totally unique. Rather, they argue that situations are often similar to the extent that some principles of management can be effectively applied. However, the appropriate principles must be identified. This is done by first identifying the relevant contingency variables in the situation and then evaluating those factors.

So, the multivariable analysis in contingency approach has proved that many variables including employee's personality, nature and contents of job, motivation process and job satisfaction, etc. may collectively contribute to productivity.

What is Scientific Management?

Management, which is distinguished by the use and application of science and the scientific methods in its various processes, can be defined as 'Scientific Management'. To amplify the statement, the term means dealing with the problems of management in a systematic way, making use of scientific methods, viz., definition analysis, evolution, experiment and proof.

Principles of Management

Certainly a person who does above management functions is a manager. He carries out these functions by observing certain **principles of management**. These principles are nothing but fundamental statements or truth which provides direction to thought or action.

These are:

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|-------------------------------|-----------------------------------------|
| i. Unity of Command; | ii. Hierarchical Structure; |
| iii. Span of control; | iv. Clarity in role and responsibility; |
| v. Well defined duty list and | vi. Delegation. |

Principles explain the cause and effect relationship between variables.

Henri Fayola has described fourteen principles of management. These are as under:

- i) **Division of work.** By dividing total job into small component people will be doing only a small job but will be doing that repeatedly over a period of time these people become specialized in these jobs. As a result productivity and quality will improve.
- ii) **Authority.** Managers are responsible to achieve results. They have to work through people. They must have formal authority so that they can ask the subordinates to do as per the order. Besides the formal authority, the managers also must have certain powers derived from certain personal qualities such as superior knowledge.
- iii) **Discipline.** In an organization the people must have a positive attitude towards discipline so that they respect the rules and regulations of the organization and follow them. Good discipline can be achieved through good leadership only.
- iv) **Unity of command.** This means that a subordinate can receive orders from one superior only otherwise conflict and confusion will occur.

- v) **Unity of direction.** One manager using one plan should direct the activities in an organization that has the same objective.
- vi) **Subordination of Individual Interest to common Interest.** Organization's interest comes first and foremost. Managers have to insure that personal interest does not take precedence over the common interest.
- vii) **Remuneration.** Remuneration for the work done should be satisfactory and just to both employees and employers.
- viii) **Centralization.** Depending upon the circumstance managers should decide how much authority they should keep to themselves for decision making and how much authority they should give to their subordinates.
- ix) **Scalar chain.** The line of authority runs from the top management level to the lowest level throughout the organizational hierarchy. Though this chain should not normally be broken, but where it is obviously detrimental for the organization it can be bypassed.
- x) **Order.** Both people and material should be at their respective appropriate places. The most suitable people for a particular job should be placed in that job.
- xi) **Equity.** Managers must treat their subordinates in a just manner without any bias.
- xii) **Stability of Tenure.** Employees cannot develop an attachment to a job if the employee turnover rate is high. This is not good for moral of the employees.
- xiii) **Initiative.** An intelligent person will always like to plan and execute a particular job own way. This will give him quite a bit of satisfaction. Though the employees occasionally may commit some mistakes, but this tendency should never be curtailed as it is done in the interest of the organization.
- xiv) **Esprit de Corps.** Feeling of kinship and oneness is important for any organization. Method of communication is an important factor in achieving this.

These principles, as pointed out by Fayola, are applicable to all types of organizations, be it a business organization, a hospital or a hotel.

Further, in performing the management functions, several skills, tools, and techniques of management are being used by them. The district health organization is having some form of managerial process for health development, even if such process may not be well standardized; yet there does exist process by which managers are attempting to systematize the delivery of health care in community in an integrated way.

To sum up the management functions can defined as:

- 1) To achieve an effective utilisation of human resources for the achievement of organization goals.
- 2) To establish and maintain an adequate organisational structure and a desirable working relationship among all the members of an organization by dividing the organizational tasks into functions, positions, jobs and by defining the responsibility, accountability, authority for each job and its relation with other job/ personnel in the organisation.
- 3) To secure the integration of the individuals and groups with the organization by reconciling individual/group goals with those of an organization in such a manner that the employees feel a sense of involvement, commitment and loyalty towards it. The absence of this integration will allow development of frictions, personal jealousies and rivalries, prejudices, personnel conflicts, cliques, factions, favouritism and nepotism. These will produce inefficiency and result in failure of the organisation.
- 4) To generate maximum development of individuals/groups within an organisation by providing opportunities for advancement to employees through training and job education or by offering transfers or by providing retraining facilities.
- 5) To recognise and satisfy individual needs and group goals by offering an adequate and equitable remuneration, economic and social security in the form of monetary compensation, and protection against such hazards of life as illness, old age, disability, death, unemployment etc. with adequate compensation and security, employees work willingly and cooperate to achieve an organization's goals.
- 6) To maintain high morale and better human relations inside an organisation by sustaining and improving the condition so that employees may stick to their job for a longer period.

LEVELS OF MANAGEMENT

In any organization there are many managers carrying out various types of functions with diverse responsibilities. Though they all do similar kind of jobs but the intensity of these jobs varies depending upon their location in the organizational hierarchy or depending upon the type of responsibility they undertake. One common way of classifying managers is their level in the organization. These levels are as under.

- **Senior management/Corporate manager/Governance/Top managers**

- Establishes the goal/objectives of the business
- Decides how to use the company's resources
- Not involved in the day-to-day problems
- Set the direction the company will follow
- focus on long-term issues
- emphasize the survival, growth, and effectiveness of the firm
- concerned with the interaction between the organization and its external environment
- Emphasize the growth and overall effectiveness of the organization
- senior executives responsible for overall management of an organization
- Chairperson of the company, board of directors, CEO, COO, senior vice presidents

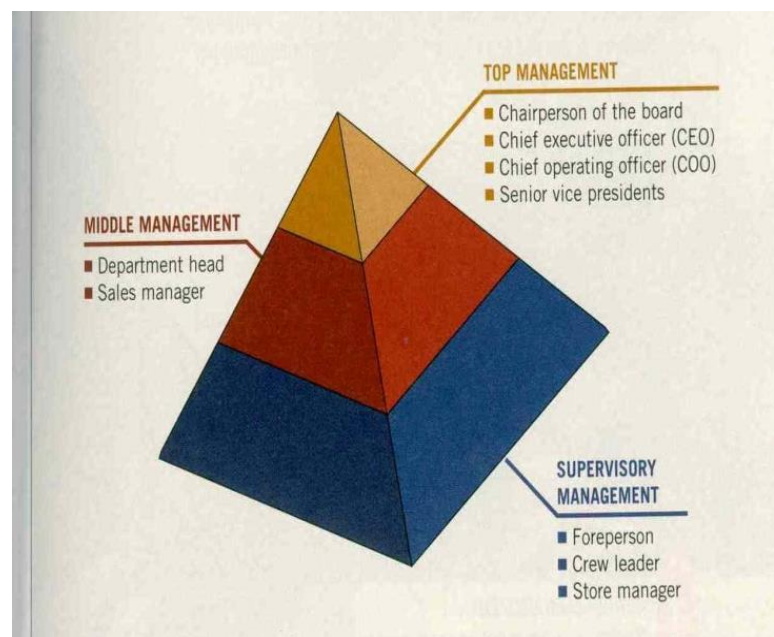
- **Middle management/Executives/tactical managers**

- located between top-level and frontline managers in the organizational hierarchy
- responsible for translating strategic goals and plans into more specific objectives and activities
- traditional role was that of an administrative controller who bridged the gap between higher and lower levels
- evolving role is that of a developmental coach to the people who report to them
- Responsible for meeting the goals that senior management sets
- Sets goals for specific areas of the business
- Decides which employees in each area must do to meet goals
- Department heads, district sales managers

- **Supervisory management/Operational Manager/Frontline Manager**

- Make sure the day-to-day operations of the business run smoothly
- Responsible for the people who physically produce the company's products or services
- lower-level managers who supervise the operational activities of the organization
- Implementing the specific plans developed with tactical managers.
- This is a critical role to the organization.
- Operational managers are the **link** between management and non-management staff
- increasingly being called on to be innovative and entrepreneurial
- Forepersons, crew leaders, store managers

The Management Pyramid



The mix of managerial function varies with the level a manager occupies. A top-level manager spends more time in planning and organizing than a lower level manager. Leading takes a considerable part of a lower level manager's time Control function, however, demands almost equal attention from all managerial levels.

Relative Amount of Emphasis Placed on Each Function of Management

