# THE CHANGING CONCEPT OF MANAGEMENT

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## ABSTRACT

*There used to be time when people treated employees as machines and they were hardly given opportunity to express their views ,there was no concept of Human development but it changed slightly as HRM and HRD came into existence where we moved from Organizational Orientation to Individual Orientation , it changed from rule of thumb to participative management ,there were number of changes that marked the importance of Human Resource Development and Management as well and that what is being discussed in this paper . The researcher has tried to highlight the entire factors that were there during classical time, Neo-Classical time and finally in Modern Organizational theory. It is completely theoretical paper analyzing pros and cons of Management that existed and are prevailing today in organizations and an effort has been made to suggest some measures that would help us to overcome problems those we face in Management today.*

***Keywords****: Traditional Approach, Bureaucracy, Classical and Neo-Classical, Modern Organization Theory.*

## INTRODUCTION

The basic definition of management is an act of getting people together to accomplish desired goals and objectives. The basic components of management include Planning, Organizing, Directing, Staffing and controlling the activities of an organization. Henry Fayol gave the concept of input and output variables where different resources like Human Resource, Capital, and Raw Material would be input variables and Products and services that would result because of conversion process are output variables. The concept of Management was initially very limited where it was only power based relations between Superior and Subordinate and all functioning revolved around the head of the department. Subordinates were hardly given any opportunity to express their views , it was rule of thumb that ruled the organization. Management had greater concern for efficiency rather than effectiveness but things changed slightly as rule of thumb was replaced by participative management where workers were given enough opportunities to express their views , Hawthorne experiment was conducted to know what actually motivates an employee which clearly emphasized the need for Culture , autocratic force be replaced by participative management ,the only top down communication be replaced by two communication , formal procedures of communication be added by informal ways . Further people started treating

organization as consisting of various subsystems and accordingly there was greater concern for developing a systems approach where all the elements would be integrated with each other rather they would work together and not in separation. If we analyze management only from employees perspectives then there are three main phases that it passed and it included Personnel Management, Human Resource Management and then HRD. Initially in personnel management it was all about organization and there was less concern for an individual development but it got changed in HRM where focus shifted towards an individual as well apart from the organization, people started thinking about different needs that individual has, incentive plan was brought into the system, work standards were formulated, time and motion study developed by Taylor was a bone for an individual working as an employee. Further HRD came into existence which was meant for total development of an employee again a part of motivation and it included Training and Development, Advancement and Career Development. So from the organizational orientation concept we shifted to a process where focus is on both organization and an individual as well.

## OBJECTIVES OF THE STUDY

1. To put a view forward about changing concept of Management.
2. To highlight the key features of Classical and Neoclassical theories of Management.
3. To analyse the components of Modern Organizational Theory .
4. To study the contribution of key Scientists towards management.

## Detailed Summary of Objectives

The concept of management is changing and has been changing continuously, it was initially rule of thumb that ruled the organization where you could hardly express your views, humanistic approach was missing and there was no concept of mutual and interpersonal relations ,the concept of change was altogether  missing and as mentioned above it was all blind faith on rules and regulations, and people could motivate subordinates only through coercion but it changed slightly and as Taylor gave the concept of use of time and motion study for standardization of work ,people started formulating policies to have scientific recruitment and selection and the concept of management has achieved new heights as we are now at a stage where we not only think about Human Resource Development at micro level i.e organizational level but at much higher level and that is  Macro level-Extra Organizational level where policies are being formulated for the development of citizens of the nations and this includes various factors like Health, Literacy Rate ,Employment  and Decrease in infant mortality .

## Key Features of Classical Theory

Rigidity and Rule of thumb

Bureaucracy

Not change focused

No interpersonal relations

Communication Gap

One way communication

## Neo Classical Theory

Human Relations Approach

Flat Organization

## Modern Organizational Theory

Contingency Approach

Systems Approach

## Classical Theory

As the name suggests, the management practices were all traditional with focus on organizational orientation and an employee was treated as machine with no working standards. As mentioned above the rule of thumb ruled the functions of the organization where an employee was supposed to follow rules whatever blindly with no opportunities to express his /her views. There were always problems related to interpersonal relations where you could see conflicts between the one who is heading the organization and the other being forced to work under them. Communication being one way as there was no provision for suggestions that subordinates could have expressed and it was only superior who used to formulate rules and others were asked to act upon and this always resulted in greater communication gap. Employees were hardly given opportunity to express their grievances and there was no concept of Grievance redressal system, the organization was treated as consisting of homogeneous groups with no difference which was again drawback of Classical theory.

The classical theory itself is divided into three components:

**A. Bureaucracy: -** As mentioned above the concern was only rule of thumb , characterized by Specialization and hierarchies and human relations were given no importance at all and the main contribution was from Max Weber, a German Social Scientist**.**

**B. Scientific Management:-** The main contributions in Scientific management was from Taylor ,Frank Gilberth ,Lillian Emerson etc , things were changing slightly , people started thing about scientific selection , training of personnel ,the need for incentives but it was again restricted kind of an approach as need for recognition ,concern for daily wager was not there  and they were still treated like machines.

**C. Administrative Management:** Then Henry Fuyol came and divided organization into six activities namely:

a. Financial        b. Technical          c. Managerial

d. Accounting      e. Commercial        f. Security

There were major changes in Management philosophy as the concept of one man doing everything was replaced by departmentalization because we could judge from what Henry Fuyol did as he separated organization into six different departments and people having specialization in one area were given respective department and as a result workload  tension

got removed from an employee . Further he gave famous 14 principles of Management which still form an important part of an organization and these are:

1. **Division of Work**: The concept of division of work is to form groups and allot different projects to respective groups so as to derive the benefits of specialization and remove threat of workload from an employee.

2. **Authority and Responsibility:** Authority is inherent in hierarchy of the organization and it is right to give directions while as responsibility simply means obligation arising out of assigning the work.

3. **Discipline:** These are set standards which an employee is expected follow, it is obedience, application, energy, behavior, and outward mark of respect shown by employees**.**

4. **Unity of Command :** Here is  one more application of administrative management theory which is single supervisor because multiple orders always create problems for subordinates  and as per Henry Fuyol, an employee should  report only to his supervisor and he should get orders only from one person in the organization .

5. **Unity of direction:** The focus of different groups , departments etc should be one and that is achievement of overall organizational goal  which can vary  from organization to organization , all people should move in one direction ,in other words " one unit and one plan".

6. **Subordination of Individual Interests:** The people must come together and leave individual interests in order to strive for general interests.

7. **Remuneration of Personnel:** Salary and wages forms an important part as far as motivation of an individual is concerned , people say salary has short term affects but after being close to many of the people in several organizations I feel it is the most important factor that keeps an employee always motivated.

8. **Centralization:** Fayol defined centralization as lowering the importance of the subordinate role. Decentralization is increasing their importance. The degree to which centralization or decentralization should be adopted depends on the specific organization in which the manager is working.

9. **Scalar Chain**: Strict lines of communication is what scalar chain is all about managers in hierarchies are part of a chain like authority scale. Each manager, from the first line supervisor to the president, possesses certain amounts of authority. The President possesses the most authority; the first line supervisor the least. Lower level managers should always keep upper level managers informed of their work activities. The existence of a scalar chain and adherence to it are necessary if the organization is to be successful.

10. **Order :**There should be order of all the resources be it human resources , Capital , Machines etc .This could be further explained by the example that suppose that you have a production department and machines should be placed in that production unit only , an individual specialized in finance should be working in finance department only and same for other resources .

11. **Equity:** Treat all employees with equal treatment.

12. **Stability of tenure** : Retain productive and competent employees and it will help in generate highly satisfied employees.

13. **Initiative:** Give your employees a chance to use their skills ,they should be free to express their views and there should be tolerance towards failures that may take place occasionally within the organization.

14. **Esprit De Corps:** Union is strength that is to say employees should always work in teams and it has long term effects and benefits.

So we could see that concept of management changed within the classical time and more importantly shifting towards individual orientation from organizational orientation, but it was still a closed system with no focus on environmental    factors , it was still the concept of homogeneous organization and hence no value system with no concern on workforce diversity.

## Neo-Classical

The classical approach was all about physiological and mechanical variables with no concern on behavioral aspect  and that is why classical approach is also called as physiological theory where as Neo-Classical is also known as Behavioral theory.  As per behavioral theory organization should be considered consisting of social as well as economical and technical factors, consisting of both formal and informal groups ,the Neo-Classical approach takes the postulates of classical approach and hence the name Neo-Classical. One more contribution of Neo-Classical approach was the implementation of behavioral science at work place  and the main propositions of Neo-Classical theory are :

1. The organization in general is a Social System.

2. The social environment on the job affect people .

3. In the formal organization, informal organization also exists and it affects and is affected by formal organization.

4. Man is interdependent and his behavior can be predicted in terms of social and psychological factors.

5. Man is diversely motivated and wants to fulfill his different types of needs.

6. Communication is necessary as it carries information to the functioning of the organization and the feelings and sentiments of people working in it.

7. Collaboration is important for sound functioning of the organization and work standards are achieved through behavioral approach.

Now let us look at the components of organizational design when it was Neo-Classical approach to the Management.

1. **Flat Structure** : This is in accordance with the theory Y of Mc Gregor where you don't have tall hierarchies within the organization instead you have flat structure because people  want free working environment wherein they can easily share their

ideas ,problems with their colleagues as the rigid hierarchy always has negative aspect where employees feel uneasy with their superiors.

2. **Decentralization**: Neo-Classical theory suggests decentralization of powers, decentralization decision making within the organization as by this an employee feels recognition, participation and achievement as well. Moreover the process gets fastened.

3. **Informal Organization:** Apart from formal organization there exists informal organization too because people always find ways to satisfy their needs and to satisfy psychological and behavioural aspects they take the root of informal organization wherein such type of environment we find informal groups, where superior and subordinate can talk easily but such type organization hardly exists or that could exist but it is mostly present with the bottom and middle level employees.

There were other major developments in the field of Management apart from classical and Neo-Classical approaches, both these approaches be it Classical or Neo- Classical did see organization as closed system and these approaches were mainly reactive and were not adaptive to external environment, in other way we say these systems were not change focused and we needed something better than these two approaches and that is next what we are going to discuss a new approach to organization know as Modern Organization Theory.

## Modern Organization Theory

Modern Organization Theory is of recent Origin having been developed in early 1960s. It is an integrative theory and combines the valuable concepts of Classical with the Social and behavioural sciences .It is an amorphous aggregation of these models in the meaningful way to enable us to understand Organization .The key features of Modern Organizational Theory include:

a. MOT views organization as open system continuously interacting with external environment for Survival and Growth.

b. It is not reactive rather it proactive and adaptive to external changes.

c. MOT is a probabilistic and not deterministic, if it is deterministic then we are using a model with pre-determined values which is not possible in this hostile and continuously changing environment.

Though there are number of components of MOT that we can discuss but here we will be discussing only three main features of MOT which are Integrated System and Contingency approach :

**Systems Approach**: MOT views organization consisting of different systems and that are always integrated and interrelated and no system can work in separation and it will actually hinder functioning of whole organization if there is any kind of disintegration within the subsystems. As per systems approach there are number of sub-systems like the power system , Technical System and Social system where in Power system people in the organization elaborate their behavior through the power relations. Power is the capacity to induce others to produce intended results and such powers may be delivered through the presentation of force. And Social system consists of web of social relationships ,there are

various components of social system and the first one being an Individual and individual itself consists of different factors like personality ,Value system the important factor etc etc and secondly it consists of informal groups and organization where in individual try to form a group favouring their interests and the third element consists of status, role ,norm etc. In the same way we have various sub-systems in organization like HR department, Finance Department, IT section ,Production and Operations etc and the aim of systems approach is integration of all these subsystems be it the case of Social, Technical and Power systems or HR, Marketing and Finance systems.

**Contingency Approach**:   The basic idea of the contingency approach (also known as Situational approach ) is that there cannot be a single management action or design that will be appropriate to all the situations. In other words, still there are some aspects of traditional approach that cannot be neglected and do exist in to days modern organizations like Bureaucracy still exist in today's  participative work environment. Lets us take the case of leadership styles. In one situation you may find one leadership style favourable and may not be feasible for other situation like what Fielder said ,if conditions are unfavourable then the appropriate leadership style would be Autocratic style and if conditions are favourable then we can can go with relationship oriented leadership style and in the same way the situational leadership model given by Hersey and Blanchard, where they say the type of leadership style would depend upon readiness of the subordinates like If subordinates are unable and unwilling then we need to have specific directions for them and If they are Unable but willing then we need to have high task orientation and If they able but unwilling then there is the need for Supportive, participative, relationship leadership styles.

So to conclude it we can say there is no best approach that can fit to the organization you may at time require to use bureaucracy ,force people to work if they are not willing but at the same time you will be required to use participative management to make employees feel belongingness to the organization, if your subordinates are not ready then you will definitely require force against them but at same time you will need to use participative management approach with those not ready and also with those who willing to work.

## THE CASE OF CONTINUOUS CHANGE AND CONCLUSION

Life and  the change in management style didn't stop at Modern Organization Theory but it is continuously changing as people are trying make life easy for people working in the organization ,there is complete departmentalization and the process of specialization that has shifted the nature of working environment from being ruled by blind beliefs and rigidity to highly comfortable and home like environment ,there is continuous development on harmonious relationships ,motivation of an individual is given top priority and infact the standard measures have been development in order to have satisfied and highly motivated employees, Management and with the involvement of government enough measures are being taken to ensure that there is discipline within the organization , Labour courts ,National and international tribunals have developed for the dispute settlement  and now we are not only focusing on human resource from organizational point of view at micro level but we are now thinking deeply about National Human Resource at macro  level. And in future we are expecting that there will be model development of Human Resource at National level where people will come up with different models in order to shape the concept of human resource development.

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