Lesson-3

Different Approaches and Systems of Management, Skills, Roles and Modern Challenges

Learning Objectives

The lesson is an insight into the following topics related to management:

- The various approaches to management
- The systems approach to management
- The social responsibilities of management

Management involves a wide variety of activities. Theorists and academic authors have contributed to the study of management. There are a variety of writings available on management techniques. The various approaches to management and differing views have only added to the confusion of what management is all about. It isn’t surprising to know that a highly respected author had called the situation as “the management theory jungle.”

Various Approaches to Management

Different approaches to management are a direct product of the analysis of management from various perspectives. They have been summarized as the following:

1. Empirical or case approach

   Characteristics-- The empirical or the case study approach believes in gathering knowledge through experience. This experience comes from case studies. The approach helps in analyzing success and failure.

   Limitations-- It is not based on any concrete body of principles. The approach is of limited value to the developing management theory.

2. Group behavior approach

   Characteristics-- The approach puts special emphasis on groups within an organization and people’s behavior in these groups. It is the study of social and organizational behavior of people in groups.

   Limitations-- The approach generally differs with management concepts, theories and techniques. A close integration with an organization’s structure is needed.

3. Cooperative social systems approach
Characteristics-- The approach includes cooperative groups which have a set purpose. It deals with both interpersonal and group behavioral aspects.

Limitations-- This approach overlooks the managerial concepts and is too broad a field for the study of management.

4. Interpersonal behavior approach

Characteristics-- The approach focuses on interpersonal behavior, leadership, motivation and human relations.

Limitations-- This approach ignores managerial concepts such as planning, organizing and controlling.

5. Systems approach

Characteristics-- This approach gives due importance to management concepts such as planning, organizing and controlling. It also considers constant interaction with the external environment.

Limitations-- The approach fails to bring in any new or innovative techniques into the field of management.

6. Socio-technical systems approach

Characteristics-- Technical systems, such as production and office operation, have great effect on the social system. This social system includes personal attitudes and group behavior.

Limitations-- This approach places importance on labor and lower-level office work and ignores other managerial knowledge.

7. Mathematical approach

Characteristics-- In this approach, management is treated as a mathematical process. It is viewed as a purely logical process and is expressed in mathematical symbols and relationships.

Limitations-- Managing is not a pure science and hence cannot be completely modeled.

8. Mckinsey’s framework

Characteristics-- The seven aspects that characterize this approach are as follows:

- Strategy
- Structure
• Systems
• Style
• Staff
• Shared values
• Skills

Limitations-- Although the concept is of practical value, it fails to discuss the terms in detail.

9. Contingency approach

Characteristics-- Management of different situations and circumstances is influenced by organizational behavior.

Limitations-- The approach fails to give one particular answer to a problem. There can be more than one best way to do a thing. Therefore, it can require a lot of creativity and thus can be very complex.

10. Operational approach

Characteristics-- This approach draws concepts, techniques and knowledge from other fields and adds it to various managerial approaches. It clearly distinguishes between managerial and non-managerial knowledge.

Limitations-- The approach fails to identify coordination as a separate management function.

11. Decision theory approach

Characteristics-- The approach focuses on the entire decision-making process.

Limitations-- This concept is too bounded i.e. either it is too narrow and at times it is too wide. It is often believed that management is more than just decision-making.

12. Managerial roles approach

Characteristics-- The approach is a direct product of an original study that consisted of observations of five chief executives.

Limitations-- The sample used in the study was very small and certain activities that were listed were not managerial.

It is believed that the operational approach integrates all other approaches. It tries to integrate the concepts, principles and techniques that form basis of management. The operation approach is also often called “management process school” since it emphasizes on the functions of the managers.
**Systems Approach to Management**

Just like a human body, an organization is also made of different interdependent systems. A change in any one of these systems may affect all or some other systems to varying degrees. This “ripple effect” influences the effectiveness of the organization. To understand the interactions and the consequences between the various systems of the organization, the managers should possess the ability to get a perspective view. The term systems approach is used when different approaches are used by an organization to deal with various issues.

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

There are two major types of systems. They are as follows:

- Closed system
- Open system

A closed system has definite boundaries. It operates relatively independently and is not affected by the environment outside the system. In this case, stand by generator serve as appropriate examples. With its different systems working together in perfect harmony, the generator continues to supply power as long as it has sufficient fuel supply without much regard to the external environment.

An open system, as the name implies, is characterized by its interaction with the external environment. Clearly, an open-system model that includes interactions between the enterprise and its external environment should describe any business or other organization.

![Figure 3.1: Organization on an open system model](image)
Figure 3.1 is self-explanatory. An important mechanism helps the system to adapt and adjust to the changing conditions of its environment. This system is “feedback” and it helps in exercising control over its operations. The systems approach of management provides an integral approach to management. It views management in its totality. It helps in seeing the problems of the organization in wider perspective. This approach is more useful in managerial decision-making.

Based on the systems approach, Talcot Parsons has suggested the following three meaningful levels in the hierarchy of complex organizations:

- Technical
- Organizational
- Institutional

The technical level is concerned with the actual production and distribution of products and services. It also includes activities like research and development, operation research and accounting. The organizational level coordinates and integrates work performance at the technical level. It helps in obtaining a continued flow of inputs into the system and maintaining the markets for the outputs from the system. The institutional level is concerned with relating activities of the organization to environmental system. It involves relating the organization to the needs of the environment.

**Social Responsibilities of Management-- The Modern Challenges**

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

The concept of social responsibility is not new. Although the idea was already considered in the early part of the 20th century, the modern discussion of social responsibility got a major impetus with the book *Social Responsibilities of the Businessman* by Howard R.Bowen. He suggests that business managers are bound to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of the objectives and values of our society. In other words, businesses should consider the social implications of their decisions. As one may expect, there is no complete agreement on the definition of social responsibility. A survey conducted on the matter revealed that corporate social responsibility is seriously considering the impact of the company’s actions on society. In a broad sense, business owes a lot to the various groups such as customers, employees, shareholders, government and the community at large in which it exists. As one argues for business involvement in social activities, there are also arguments against it.
They are mentioned in the following section:

**Arguments For and Against Social Involvement of Business**

**Arguments For Social Involvement of Business**

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

**Arguments Against Social Involvement of Business**

1. The primary task of business is to maximize profit by focusing strictly on economic activities. Social involvement could reduce economic efficiency.
2. In the final analysis, society must pay for the social involvement of business through higher prices. Social involvement would create excessive costs for business, which cannot commit its resources to social action.
3. Social involvement can weaken the international balance of payments. The cost of social programs, the reasoning goes, would have to be added to the price of the product. Thus American companies selling in international markets would be at a disadvantage when competing with companies in other countries which do not have these social costs to bear.
4. Business has enough power and additional social involvement would further increase its power and influence.

5. Business people lack the social skill to deal with the problems of society. Their training and experience is with economic matters and their skills may not be pertinent to social problems.

6. There is a lack of accountability of business to society. Unless accountability can be established, business should not get involved.

7. There is not complete support for involvement in social actions. Consequently, disagreements among groups with different viewpoints will cause friction.


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

**Questions**

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