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HUMAN RESOURCE MANAGEMENT

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UNIT – 1

Principles and Practices of Management

Topics of Unit -1

Principles and Practices of Management:

- Development of management Thought,
- Contributions of Taylor, Fayol, Mayo, Mary Parker Follett and

C.I. Barnard. Behavioural Approach,

- Systems Approach,
- Quantitative Approach and Contingency Approach.

Function of Management:

- Planning and Decision Making,Organizing,
- Staffing,
- Directing,
- Controlling,
- Coordinating

Management Principles & Practices

The personal and functional management principles and practices that we use in business coaching originate in the best high-performance management systems in use around the world. A great deal is known about high-performance management and high-performance companies. These lessons are encompassed in formal and informal bodies of management knowledge.

Key Principles and Practices Of High-Performance Management Flow From Extensive Practical Work

- Toyota Production System (TPS)
- lean manufacturing, lean enterprise (all of this flowing from Toyota's fifty years of innovation)1,
- the US-based Baldrige National Quality Program "Criteria for Performance Excellence",
- the European EFQM, the latest ISO-9000 standards

Let's Discuss These High-Performance Management -

"**Toyota Production System**

The **Toyota Production System (TPS)** is an integrated socio-technical system developed by Toyota (automotive manufacturer) to efficiently organize manufacturing and logistics, including the

interaction with suppliers and customers, to minimize cost and waste. Nampa chi Hayashi claims that TPS should have been called "ToyotaProcess Development System."
The philosophy is to work intelligently and eliminate waste so that only minimal inventory is needed. This increases cash flow and reduces physical space needs, and makes it easier to deliver the required results smoothly through internal processes one piece at a time (singlepiece flow) to the end customer.

The system is also known by the more generic "lean manufacturing" and "just-in-timeproduction" or "JIT Manufacturing."

This system, more than any other aspect of the company, is responsible for having made Toyota the company it is today. Toyota has long been recognized as a leader in the automotive manufacturing and production industry. In the early 1950s, the company faced near bankruptcy. After that major event that transformed the company, they have recorded steady sales and market-share growth, with hardly any years that have not been profitable.
The majority of the system was originally developed beginning in 1948 through 1975, with major influences from Taiichi Ohno, Eiji Toyoda, and Shigeo Shingo.

A visit by Eiji Toyoda (an engineer and member of the founding family of Toyota) to the River Rouge Ford Plant in 1950 sparked the creation of the Toyota Production System. He famously stated to his colleagues at Toyota upon his return that "there ares some possibilities to improve the production system".

The purpose is to identify and reduce three primary obstacles or deviations from optimal allocation of resources within the system:

- Overburden
- Inconsistency
- Waste

TPS is grounded on two main conceptual pillars:

- Just-in-time – meaning "Making only what is needed, only when it is needed, and only in the amount that is needed"
- Jidoka – (Autonomation) meaning "Automation with a human touch"
- The underlying principles of TPS (called the Toyota Way) are as follows:
- Continuous improvement
- Challenge
- We form a long-term vision, meeting challenges with courage and creativity to realize our dreams.
- Kaizen
- We improve our business operations continuously, always driving for innovation and evolution.
- Genchi Genbutsu
- Go to the source to find the facts to make correct decisions.
- Respect for people
- Respect
- We respect others, make every effort to understand each other, take responsibility and do our best to build mutual trust.
- Teamwork
- We stimulate personal and professional growth, share the opportunities of development and maximize individual and team performance.

The Baldrige National Quality Program-

The Malcolm Baldrige National Quality Award is the highest level of recognition of performance excellence in healthcare, manufacturing and education. It was developed in the late 1980s by the Department of Commerce to help improve competitiveness of American companies. The criteria originally focused on manufacturing quality; however, over the years it has evolved into a management system that is applicable to any industry.

The Baldrige Criteria for Performance Excellence and the more basic Baldrige Excellence Builder, both developed by the Baldrige National Quality Award Program, help identify evidence-based elements that your organization needs to prioritize, and address based on the unique characteristics of your own organization. The Baldrige Excellence Builder is a great, no- cost resource to help begin your performance excellence journey. This provides all employees with clear direction regarding what they should do and how they should do it to take your organization to higher levels of performance.

The Baldrige Excellence Builder helps you begin to understand how well you are accomplishing what is important to your organization:

- Are your processes consistently effective?
- Do your approaches address your organization's needs?
- How good are your results?
- Is your organization learning and improving?

Core Values Partners consultants, coaches, and trainers understand the unique needs that organizations have in respect to their operations and culture. A key component of the Baldrige Framework is the Core Values. This set of Core Values describes the evidence-based key elements of high-performing organizations. Click on the link most appropriate to your organization for more information about the Baldrige Criteria for Performance Excellence.

WHY THE CRITERIA ACCELERATE RESULTS

Applying for the Baldrige Award is not about winning the award, it's about elevating the overall performance of all business segments – manufacturing, service, education, health care, non- profit, and small business. This elevated performance helps organizations become role models– helping to guide entire industries on how to become top performers. The Baldrige Criteria are dynamic, adjusting to accommodate each industry. They do not dictate action; rather, they guide an organization through a self-assessment of what is important and how those areas of importance are addressed by your organization.

- **An outside perspective** that identifies strengths and opportunities for improvement by benchmarking your organization against the Criteria based on the characteristics of high-performing organizations.

- **Aligned leadership** because the Criteria help create a single shared focus.
- **Heightened focus on organizational priorities** as the Criteria offer an integrated management system that aligns goals with performance excellence efforts throughout theorganization.

The criteria focus on business results: nearly 50% of Baldrige scoring is based on a balanced set of outcomes. The application and assessment process ensures that those who ultimately win the award are truly role model examples of performance excellence in practice.

The European Foundation for Quality Management (EFQM) KM Model

The EFQM Excellence Model was introduced at the beginning of 1992 as the framework for assessing applications for The European Quality Award. It is a widely used organisational framework in Europe and has become the basis for a series of national and regional Quality Awards. The EFQM model's is used as a management system that encourages the discipline of organisationalself-assessment

The EFQM Excellence Model is a practical tool to help organisations to do this by measuring where they are on the path to Excellence; helping them understand the gaps; and stimulating solutions. It is applicable to organisation irrespective of size and structure, and sector. Self-assessment has wide applicability to organisations large and small, in the public as well as the private sectors. The outputs from self-assessment can be used as part of the business planning process and the model itself can be used as a basis for operational and project review (http://base-uk.org/knowledge/european-foundation-quality-management-efqm).

The EFQM Model is a non-prescriptive framework that recognises there are many approaches to achieving sustainable excellence. Within this approach there are some fundamental concepts which underpin the EFQM model. However, these concepts are not fixed. It is accepted that they will change overtime as excellent organisations develop and improve.

Current indicative concepts are listed below:

- Results Orientation - Excellence is achieving results that impress all the organisation's stakeholders.
- Customer Focus - Excellence is creating sustainable customer value.
- Leadership & Constancy of Purpose - Excellence is visionary and inspirational leadership, coupled with purpose.
- Management by Processes & Facts - Excellence is managing the organisation through a set of interdependent and interrelated systems, processes and facts.
- People Development & Involvement - Excellence is maximising the contribution of employees through their development and involvement.
- Continuous Learning, Innovation & Improvement - Excellence is challenging the status quo and effecting change by using learning to create innovation and improvement opportunities.
- Partnership Development - Excellence is developing and maintaining value-adding partnerships.

- Corporate Social Responsibility - Excellence is exceeding the minimum regulatory framework in which the organisation operates and to strive to understand and respond to the expectations of their stakeholders in society
- The framework of the EFQM Excellence Model is based on nine criteria. Five of these are Enablers' and four are 'Results'. The 'Enabler' criteria cover what an organisation does. The 'Results' criteria cover what an organisation achieves. Results are caused by 'Enablers' and
- feedback from 'Results' help to improve 'Enablers'. The Model recognises there are many approaches to achieving sustainable excellence in all aspects of performance

ISO 9000 STANDARDS SERIES

ISO 9000 is defined as a set of international standards on quality management and quality assurance developed to help companies effectively document the quality system elements needed to maintain an efficient quality system. They are not specific to any one industry and can be applied to organizations of any size.

ISO 9000 can help a company satisfy its customers, meet regulatory requirements, and achieve continual improvement. It should be considered to be a first step or the base level of a quality system.

ISO 9000 VS. 9001

ISO 9000 is a series, or family, of quality management standards, while ISO 9001 is a standard within the family. The ISO 9000 family of standards also contains an individual standard named ISO 9000. This standard lays out the fundamentals and vocabulary for quality management systems (QMS).

ISO 9000 history and revisions: ISO 9000:2000, 2008, and 2015

ISO 9000 was first published in 1987 by the International Organization for Standardization (ISO), a specialized international agency for standardization composed of the national standards bodies of more than 160 countries. The standards underwent major revisions in 2000 and 2008. The most recent versions of the standard, ISO 9000:2015 and ISO 9001:2015, were published in September 2015.

ASQ administers the U.S. Technical Advisory Groups and subcommittees that are responsible for developing the ISO 9000 family of standards. In its standards development work, ASQ is accredited by ANSI.

ISO 9000:2000

ISO 9000:2000 refers to the ISO 9000 update released in the year 2000. The ISO 9000:2000 revision had five goals:

1. Meet stakeholder needs
2. Be usable by all sizes of organizations

3. Be usable by all sectors
4. Be simple and clearly understood
5. Connect quality management system to business processes

ISO 9000:2000 was again updated in 2008 and 2015. ISO 9000:2015 is the most current version.

ISO 9000:2015 principles of Quality Management

The ISO 9000:2015 and ISO 9001:2015 standards are based on seven quality management principles that senior management can apply to promote organizational improvement.

ISO 9000 Quality Management Principles

1. **Customer focus**
   - Understand the needs of existing and future customers
   - Align organizational objectives with customer needs and expectations
   - Meet customer requirements
   - Measure customer satisfaction
   - Manage customer relationships
   - Aim to exceed customer expectations
   - Learn more about the customer experience and customer satisfaction

2. **Leadership**
   - Establish a vision and direction for the organization
   - Set challenging goals
   - Model organizational values
   - Establish trust

- Equip and empower employees
- Recognize employee contributions
- Learn more about leadership

3. **Engagement of people**
   - Ensure that people's abilities are used and valued
   - Make people accountable
   - Enable participation in continual improvement
   - Evaluate individual performance
   - Enable learning and knowledge sharing
   - Enable open discussion of problems and constraints
   - Learn more about employee involvement

4. **Process approach**
   - Manage activities as processes
   - Measure the capability of activities
   - Identify linkages between activities
   - Prioritize improvement opportunities
   - Deploy resources effectively
   - Learn more about a process view of work and see process analysis tools

5. **Improvement**
   - Improve organizational performance and capabilities
   - Align improvement activities
   - Empower people to make improvements
   - Measure improvement consistently
   - Celebrate improvements
   - Learn more about approaches to continual improvement
   - Evidence-based decision making
   - Ensure the accessibility of accurate and reliable data
   - Use appropriate methods to analyze data
   - Make decisions based on analysis
   - Balance data analysis with practical experience
   - See tools for decision making

6. **Relationship management**
   - Identify and select suppliers to manage costs, optimize resources, and create value
   - Establish relationships considering both the short and long term
   - Share expertise, resources, information, and plans with partners
   - Collaborate on improvement and development activities
   - Recognize supplier successes
   - Learn more about supplier quality and see resources related to managing the supply

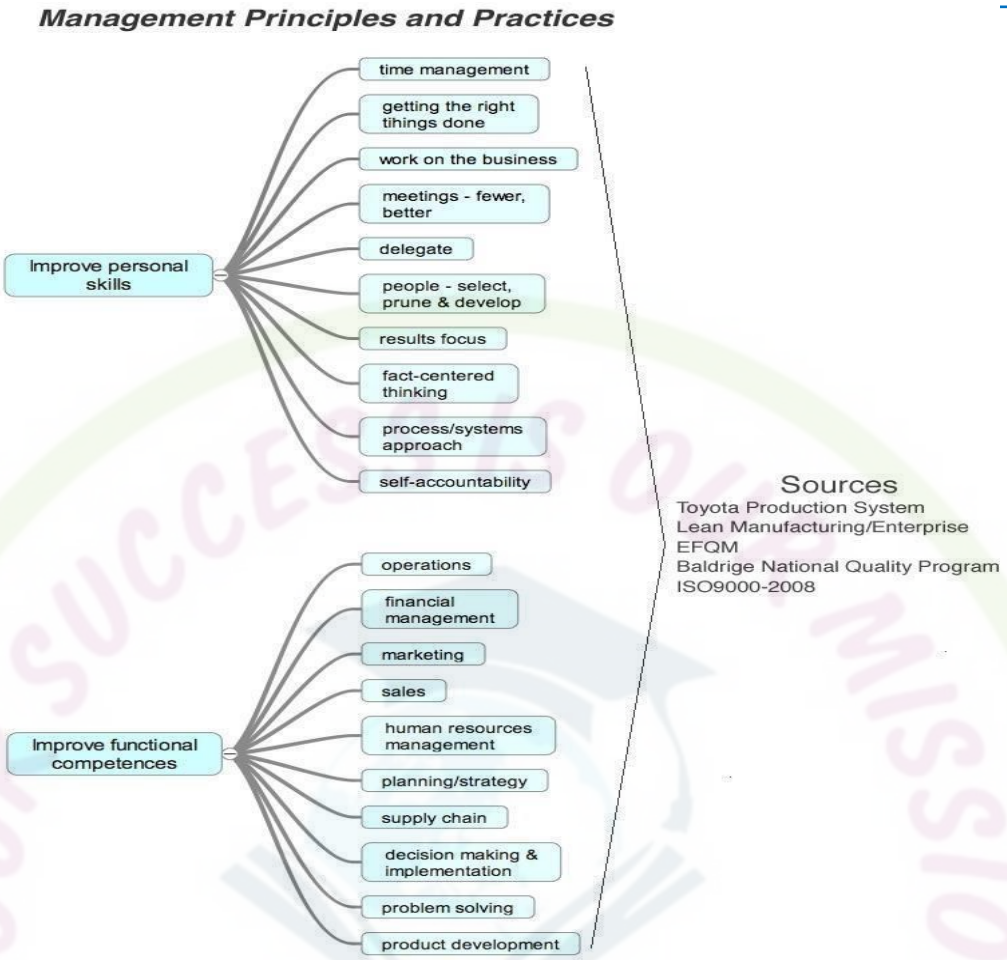
chain

WHAT ARE SOME OF THE KEY PRINCIPLES AND PRACTICES?

- High-performance organizations have an intense focus on customers and delivering value to customers, value as defined by customers. This is frequently described as meeting or exceeding customer expectations.
- High-performance organizations deliver superior quality at low costs because they focus processes and systems (flow) in their business and drive out waste. This results in higher speed, better flexibility and responsiveness, and higher productivity.
- High-performance organizations engage the energies and intelligence of every member of the organization from top to bottom and throughout their supply chain to meet customer requirements. Transparency, accountability, and results focus are obvious from senior managers to frontline personnel.
- High-performance organizations consistently strive to look outwards into the world around them to understand trends in customers, markets, technology, and the socio- political. They apply this knowledge to the future direction of the company.
- High-performance organizations set goals, communicate these throughout the organization, and drive to achieve results. This includes a tenacious focus on continuously improving all aspects of the organization.

PERSONAL PRACTICES THAT DRIVE MANAGER PE RFORMANCE

- Focus on results
- Fact-based thinking and problem solving



- Building on the strengths of people and the organization
- Effective time management to build discretionary blocks of time available to build the future not day-to-day activities
- Build responsibility and accountability for self and the organization

Management Thought

The schools of management thought are theoretical frameworks for the study of management. Each of the schools of management thought are based on somewhat different assumptions about human beings and the organizations for which they work. Since the formal study of management began late in the 19th century, the study of management has progressed through several stages as scholars and practitioners working in different eras focused on what they believed to be important aspects of good management practice. Over time, management thinkers have sought ways to organize and classify the voluminous information about management that has been collected and disseminated. These attempts at classification have resulted in the identification of management schools.

Disagreement exists as to the exact number of management schools. Different writers have identified as few as three and as many as twelve. Those discussed below include

1. the classical school,

2. the behavioral school,
3. the quantitative or management science school,
4. the systems school,
5. the contingency school. The formal study of management is largely a 20 CENTURY phenomenon, and to some degree the relatively large number of management schools of thought reflect a lack of consensus among management scholars about basic questions of theory and practice.

Table 1 provides a brief summary of five major schools of management thought, their approximate dates of origin, and their relative areas of emphasis. The following sections discuss each of the management.

MANAGEMENT SCHOOLS	Beginning Dates	Emphasis
CLASSICAL SCHOOL		Managing workers and organizations more efficiently.
Scientific Management	1880s	
Administrative Management	1940s	
Bureaucratic Management	1920s	
BEHAVIORAL SCHOOL		Understanding human behavior in the organization.
Human Relations	1930s	
Behavioral Science	1950s	
QUANTITATIVE SCHOOL		Increasing quality of managerial decision-making through the application of mathematical and statistical methods.
Management Science	1940s	
Operations Management	1940s	
Management Information Systems	1950s—1970s	
SYSTEMS SCHOOL	1950s	Understanding the organization as a system that transforms inputs into outputs while in constant interaction with its' environment.

The Classical School

The classical school is the oldest formal school of management thought. Its roots pre- date the twentieth century. The classical school of thought generally concerns ways to manage work and organizations more efficiently. Three areas of study that can be grouped under the classical school are scientific management, administrative management, and bureaucratic management.

Scientific Management.

In the late 19th century, management decisions were often arbitrary, and workers often worked at an intentionally slow pace. There was little in the way of systematic management and workers and

management were often in conflict. Scientific management was introduced in an attempt to create a mental revolution in the workplace. It can be defined as the systematic study of work methods in order to improve efficiency. Frederick W. Taylor was its main proponent. Other major contributors were Frank Gilbreth, Lillian Gilbreth, and Henry Gantt.

Scientific management has several major principles. First, it calls for the application of the scientific method to work in order to determine the best method for accomplishing each task. Second, scientific management suggests that workers should be scientifically selected based on their qualifications and trained to perform their jobs in the optimal manner. Third, scientific management advocates genuine cooperation between workers and management based on mutual self-interest. Finally, scientific management suggests that management should take complete responsibility for planning the work and that workers' primary responsibility should be implementing management's plans. Other important characteristics of scientific management include the scientific development of difficult but fair performance standards and the implementation of a pay- for-performanceincentive plan based on work standards.

Scientific management had a tremendous influence on management practice in the early twentieth century. Although it does not represent a complete theory of management, it hascontributed to the study of management and organizations in many areas, including human resource management and industrial engineering. Many of the tenets of scientific management are still valid today.

Administrative Management.

Administrative management focuses on the management process and principles of management. In contrast to scientific management, which deals largely with jobs and workat the individual level of analysis, administrative management provides a more general theory of management. Henri Fayol is the major contributor to this school of management thought.

Fayol was a management practitioner who brought his experience to bear on management functions and principles. He argued that management was a universal process consisting of functions, which he termed planning, organizing, commanding, coordinating, and controlling. Fayol believed that all managers performed these functions and that the functions distinguished management as a separate discipline of study apart from accounting, finance, and production. Fayol also presented fourteen principles of management, which included maxims related to the division of work, authority and responsibility, unity of command and direction, centralization, subordinate initiative, and team spirit.

Although administrative management has been criticized as being rigid and inflexible and the validity of the functional approach to management has been questioned, this school of thought still influences management theory and practice. The functional approach to management is still the dominant way of organizing management knowledge, and many of Fayol's principles of management, when applied with the flexibility that he advocated, are still considered relevant.

Bureaucratic Management.

Bureaucratic management focuses on the ideal form of organization. Max Weber was the major contributor to bureaucratic management. Based on observation, Weber concluded that many early organizations were inefficiently managed, with decisions based on personal relationships and loyalty. He proposed that a form of organization, called a bureaucracy, characterized by division of labor, hierarchy, formalized rules, impersonality, and the selection and promotion of employees based on ability, would lead to more efficient management. Weber also contended that managers' authority in organization should be based not on tradition or charisma but on the position held by managers in the organizational hierarchy.

Bureaucracy has come to stand for inflexibility and waste, but Weber did not advocate or favor the excesses found in many bureaucratic organizations today. Weber's ideas formed the basis for modern organization theory and are still descriptive of some organizations.

The Behavioral School

The behavioral school of management thought developed, in part, because of perceived weaknesses in the assumptions of the classical school. The classical school emphasized efficiency, process, and principles. Some felt that this emphasis disregarded important aspects of organizational life, particularly as it related to human behavior. Thus, the behavioral school focused on trying to understand the factors that affect human behavior at work.

Human Relations.

The Hawthorne Experiments began in 1924 and continued through the early 1930s. A variety of researchers participated in the studies, including Clair Turner, Fritz J. Roethlisberger, and Elton Mayo, whose respective books on the studies are perhaps the best known. One of the major conclusions of the Hawthorne studies was that workers' attitudes are associated with productivity. Another was that the workplace is a social system and informal group influence could exert a powerful effect on individual behavior. A third was that the style of supervision is an important factor in increasing workers' job satisfaction. The studies also found that organizations should take steps to assist employees in adjusting to organizational life by fostering collaborative systems between labor and management. Such conclusions sparked increasing interest in the human element at work; today, the Hawthorne studies are generally credited as the impetus for the human relations school.

According to the human relations school, the manager should possess skills for diagnosing the causes of human behavior at work, interpersonal communication, and motivating and leading workers. The focus became satisfying worker needs. If worker needs were satisfied, wisdom held, the workers would in turn be more productive. Thus, the human relations school focuses on issues of communication, leadership, motivation, and group behavior. The individuals who contributed to the school are too numerous to mention, but some of the best-known contributors include Mary Parker Follett, Chester Barnard, Abraham Maslow, Kurt Lewin, Renais Likert, and Keith Davis. The human relations school of thought still influences management theory and practice, as

contemporary management focuses much attention on human resource management, organizational behavior, and applied psychology in the workplace.

Behavioral Science.

Behavioral science and the study of organizational behavior emerged in the 1950s and 1960s. The behavioral science school was a natural progression of the human relations movement. It focused on applying conceptual and analytical tools to the problem of understanding and predicting behavior in the workplace. However, the study of behavioral science and organizational behavior was also a result of criticism of the human relations approach as simplistic and manipulative in its assumptions about the relationship between worker attitudes and productivity. The study of behavioral science in business schools was given increased credence by the 1959 Gordon and Howell report on higher education, which emphasized the importance to management practitioners of understanding human behavior.

The behavioral science school has contributed to the study of management through its focus on personality, attitudes, values, motivation, group behavior, leadership, communication, and conflict, among other issues. Some of the major contributors to this school include Douglas McGregor, Chris Argyris, Frederick Herzberg, Renais Likert, and Ralph Stogdill, although there are many others.

The Quantitative School

The quantitative school focuses on improving decision making via the application of quantitative techniques. Its roots can be traced back to scientific management.

Management Science and Mis.

Management science (also called operations research) uses mathematical and statistical approaches to solve management problems. It developed during World War II as strategists tried to apply scientific knowledge and methods to the complex problems of war. Industry began to apply management science after the war. George Dantzig developed linear programming, an algebraic method to determine the optima allocation of scarce resources. Other tools used in industry include inventory control theory, goal programming, queuing models, and simulation. The advent of the computermade many managements science tools and concepts more practical for industry.
Increasingly, management science and management information systems (MIS) are intertwined. MIS focuses on providing needed information to managers in a useful format and at the proper time. Decision support systems (DSS) attempt to integrate decision models, data, and the decision maker into a system that supports better management decisions.

Production And Operations Management.

This school focuses on the operation and control of the production process that transforms resources into finished goods and services. It has its roots in scientific management but became an

identifiable area of management study after World War II. It uses many of the tools of management science.

Operations management emphasizes productivity and quality of both manufacturing and service organizations. W. Edwards Deming exerted a tremendous influence in shaping modern ideas about improving productivity and quality. Major areas of study within operations management include capacity planning, facilities location, facilities layout, materials requirement planning, scheduling, purchasing and inventory control, quality control, computer integrated manufacturing, just-in-time inventory systems, and flexible manufacturing systems.

Systems School

The systems school focuses on understanding the organization as an open system that transforms inputs into outputs. This school is based on the work of a biologist, Ludwig von Bertalanffy, who believed that a general systems model could be used to unite science. Early contributors to this school included Kenneth Boulding, Richard Johnson, Fremont Kast, and James Rosenzweig.
The systems school began to have a strong impact on management thought in the 1960s as a way of thinking about managing techniques that would allow managers to relate different specialties and parts of the company to one another, as well as to external environmental factors. The systems school focuses on the organization as a whole, its interaction with the environment, and its need to achieve equilibrium. General systems theory received a great deal of attention in the 1960s, but its influence on management thought has diminished somewhat. It has been criticized as too abstract and too complex. However, many of the ideas inherent in the systems school formed the basis for the contingency school of management.

Contingency School

The contingency school focuses on applying management principles and processes as dictated by the unique characteristics of each situation. It emphasizes that there is no one best way to manage and that it depends on various situational factors, such as the external environment, technology, organizational characteristics, characteristics of the manager, and characteristics of the subordinates. Contingency theorists often implicitly or explicitly criticize the classical school for its emphasis on the universality of management principles; however, most classical writers recognized the need to consider aspects of the situation when applying management principles.

The contingency school originated in the 1960s. It has been applied primarily to management issues such as organizational design, job design, motivation, and leadership style. For example, optimal organizational structure has been theorized to depend upon organizational size, technology, and environmental uncertainty; optimal leadership style, meanwhile, has been theorized to depend upon a variety of factors, including task structure, position power, characteristics of the work group, characteristics of individual subordinates, quality requirements, and problem structure, to name a few. A few of the major contributors to this school of management thought include Joan Woodward, Paul Lawrence, Jay Lorsch, and Fred Fiedler,