
UNIT 1 MANAGEMENT PERSPECTIVES IN RETAILING

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1.0 OBJECTIVES

After studying this unit, you should be able to:

- explain the meaning and concept of management;
- distinguish between management and administration;
- discuss the functions of management;
- discuss the principles and features of scientific management;
- explain the principles of management;
- identify the skills required by a manager; and
- discuss about the ethical issues involved in managing a retail organization

1.1 INTRODUCTION

We come across these words like management, managers, administration, planning, organization, coordination and so on very often. Sometimes these words are also used interchangeably. It is very important to understand that management is a field that is not very far away from daily life. If we look closely into our life we apply this concept of management at every point of our life. We try to utilize time effectively by planning a schedule for works to be done. We try to utilize money effectively by making a budget for expenses. In other words we try to “manage” our lives more effectively.

In this unit, you will learn the concept of management and how it serves as a tool for successfully running a retail organization. You will also learn the various functions that are involved in the process of managing a firm and the essential skills of a good manager. In other words you will learn as to how the knowledge of management can help in your profession.

1.2 CONCEPT OF MANAGEMENT

Management is essential at all levels of an organization. No organization can survive without proper management. That is why it is essential to learn clearly what the concept of management is?

1.2.1 Definition of Management

Management is the process of planning, organizing, leading and controlling the efforts of an organization to utilize the organization’s resources effectively to achieve its goals. In simpler words, management can also be defined as the art of getting work done with and through formally organized groups. For instance, the success of a shopping mall would depend on how the people come together to utilize their money, time and intelligence to locate, procure and sell goods in order to make profit.

However, definitions of management can be broadly classified into four groups based on various schools of thought. These schools are:

1) Process School, 2) Human Relations School, 3) Decision School, 4) Systems and Contingency School. Let us learn them briefly.

1. **Process School:** The Process School looks at management as a series of functions combined to achieve the common organizational purpose. According to Henry Fayol, management means to forecast, plan, organize, command, coordinate and control.
2. **Human Relations School:** This school perceives management as the interplay of social system on the organizational resources. In simple words, it perceives management as the process of developing human resources through managing interpersonal relations. Here the focus is on the people and their development.
3. **Decision School:** This school looks at management as a process of choice making. So, if an organization is performing well, then this school interprets the success as a result of the right kind of decisions made by the managers. So the advocates of this school look at enforcing the managers with the right amount of decision making power.
4. **Systems and Contingency School:** According to systems school, organizations are considered as dynamic systems with specific objectives to achieve. Each system contains smaller units or subsystems with specific goals. To achieve the subsystem’s goals would result in achieving a part of the system’s goals. So, effective management means to maintain balance among the conflicting objectives of all the subsystems in order to improve the efficiency of the overall

system. On the other hand, the **Contingency School** believes that there is no best way to manage organizations. Managers should design organizations, define goals and formulate policies and strategies in accordance with the prevailing environmental conditions.

1.2.2 Management and Administration

The words 'management' and 'administration' are used synonymously. Some believe that whatever their level in the organization, all managers perform the same functions. Hence, there is no point in distinguishing between management and administration. On the other hand there is another perspective that based on the nature of the company and levels, there can be seen a difference in the terms management and administration at the managerial levels.

1. **Based on the nature of enterprise:** According to one view, the word administration is purely used with respect to government enterprises that have a social or political orientation and whose objective is non-economic in nature. For instance, public administration services. On the other hand, management would be a term preferred with respect to enterprises that are profit or surplus-generation oriented.
2. **Based on the managerial levels:** American school of thought believes that administration is more of a policy and objective setting function and management is an operative function within those policies and objectives set by administration. In other words, administration is a broader concept than management. On the contrary to the above American School perspective, the **British school** believes that management is a broader concept than administration. However, both these concepts basically differentiate management and administration based on the level of hierarchy of the functions.

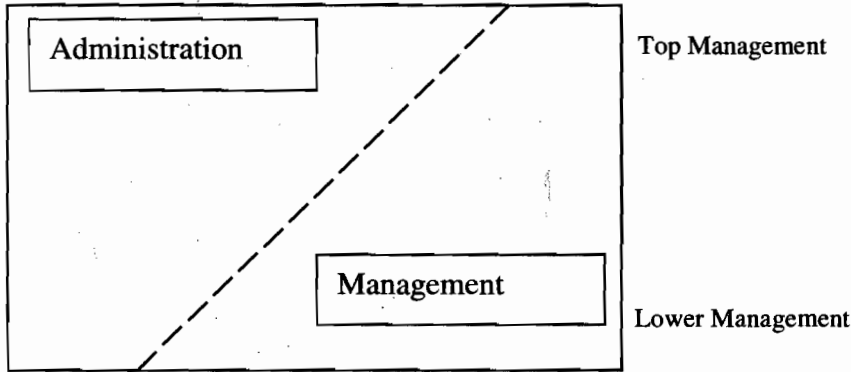


Fig. 1.1: Management Vs Administration

1.2.3 Management – Science Vs Art

This is an age old argument since the formation of management as a discipline whether to consider management as an art or a science. Before going into further discussion on this, let's first try to understand the meaning of science and art. Science is a systematic body of knowledge which mainly looks at the why's and how's of aspects. In other words, science is a body of principles, techniques and theories framed after careful observation and experimentation. On the other hand, art refers to mostly to a skill and ability to do something. If science provides the knowledge and understanding of how to do an activity, art is the fine-ness achieved in the activity due to constant practice.

The management theory provides a broad framework for understanding the dynamics of managing an organization which have been derived after studying a wide range of applications and practices within an industry. This theory can provide insights to

improve performance across various organizations. However implementing such principles will need great skill. Able managers are those who can understand organizational problems and take timely and right kind of decisions. So in simple terms, the concept of management in theory is a science however, in practice it is an art.

1.2.4 Nature and Scope of Management

The following are the essential features of the management.

1. **Universality:** Management is a universal phenomenon in the sense that it is common and essential element in all enterprises. The management theory can be applied in all organizations in all managerial situations regardless the size, nature and location of the organizations. For instance, whether it is a small convenience store or a local super market or a multi-product large hypermarket, management can be implemented in all the organization.
2. **Social Process:** Management is the art of getting work done with and through people. It means that management is impossible without the involvement of people and relations. Management involves activities such as employing, developing, retaining and motivating people. Hence, it is seen as a social process.
3. **Intangible:** Management is something that cannot be seen or touched. However, it is an unseen force that runs an organization. It is the most essential part of an organization. Only the results of the process can be seen in-terms of sales, profits, satisfaction of employees or stakeholders and so on.
4. **Continuous Process:** Management is an ongoing process. Although the objectives that an organization tries to achieve are time bound, the cycle of management continues to operate as long as there is an organization.
5. **Composite Process:** Although management functions can be studied and learnt separately, they cannot be implemented independent of each other. So, each function is linked to the other or each function serves as a means to achieve the other. For instance, the controlling function is a process of comparing actual performance against standards. However, the planning process frames the standards. Hence, it is not possible to execute the control function unless it is preceded by the planning function.
6. **Coordinating Force:** Management is a binding force of all elements of an organization. It is through management that all men, material, money machinery, markets are brought together for business activity. Management forms the synergy of the activities of various departments within the organization.
7. **Goal-Oriented:** Management is always aimed at achieving organizational objectives. The performance of an organization is measured by the extent to which the desired objectives are attained. So, every function and department of the organization aims at achieving pre-determined objectives.
8. **Creative Organ:** The constant pursuit of the management theory is to innovate. Generation of new methods, strategies, and processes is the essence of management. Although management derives solutions to organizational problems from past experiences, at the same time, it works towards re-inventing or conceiving new solutions.

1.3 APPROACHES TO MANAGEMENT THOUGHT

As discussed earlier, management is a body of systematic knowledge of principles, techniques and theories developed through constant study of the practices within organizations. However, the following section will be dealing with the perspectives of various management gurus and the principles they advocate.

