

CHAPTER TWO

REVIEW OF LITERATURE

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In every business organization, management policies and practices are very important for organizational effectiveness. The management practice in India is still necessary, even though a number of studies have been carried out in Indian business organizations. It refers to the internal and external environment of an organization, which influences the various functions followed. Management practices tend to increase the efficiency and performance of the organization.

Management practices are determined by both individual and organizational factors. It is the most important part of an industry. The pertinent problem for practising managers is to behave and extract maximum results under given constraints and circumstances. It is necessary to understand various studies on management practices. Let us review, in brief, some of the important studies on management practices.

Machenze, J.S.P. (1961) attempts to analyse the motivation behind workers' resistance to technological change, characterised as a continuously accelerating process. Resistance to change is not resistance to technological change as such. It is resistance to the disturbance of human relationship

which invariably accompanies any change. India, it is contended has made industrialization very much harder to implement because she has attempted not only to import machines and the expertise but also the industrial organizational pattern of the West. Modern management practices may not always accord with traditional organizational methods. So, how to evolve a pattern of industrial organization, management philosophy, policies and practices that will suit the genius of our country is the task that faces management today.

Veeraraghavan, P.V. (1962) classified the number two executives in five categories: (1) the Crown Prince(s) who were usually sons or very close relatives of the chief executives and were, in fact, under training to step into the chief position; (2&3) the covenant and special entrants were those who came under the modern ~~wage~~ of the term 'professional managers'. They were men of good background and high academic standing. It was also noticed that the employment of the covenant and the special entrant is of recent development in the textile industry; (4) those who have risen to the position from the supervisory position formed the largest group of number two executive positions. Those people from bottom II though constituted a very small percentage, were found mainly in older units.

Krishnaswami, R.S. (1958), in his study, traces the growth of the Hindustan Housing Factory. It records of profits and losses under public and private ownership. The achievement of the management under public ownership through the creation of special psychological climate under private ownership through profit motive are compared.

Chowdhary, K.R. (1966) is of the opinion that the management practices have emerged from the historical background of industrialization in India. It is greatly controlled by the Indian family system which has an influence on management practices. It also identifies some social and cultural factors.

Menon, P.B. (1963) has stated the functions of the corporate management and its organizational pattern. He stresses the importance of the responsibilities of the management towards the company, shareholders, employees, customers, community and the State.

Rubadi, A.B. (1968) has pointed out some specific aspects of weaknesses of corporate management such as increasing gap between ownership and management, heredity-type of management and the management agency system.

Kaushal, O.P.'s (1964) study is based on a survey of

eight Government of India Undertakings in four industries. He discusses the composition, role and function of the Board of Directors, the means and methods of control over capital expenditure, cost, overall performance, policies and the quality of personnel, good insight into problems of organization and role and functions performed by the top management.

Banik, Santi's (1965) paper discusses motivation as a tool in the hands of a manager to control a business. Types of motivations practised in India have been discussed. Importance of cooperation among subordinates has also been examined.

Deshpande, R.A. (1962) analysed the factors concerned with pricing policies of public enterprises and suggested suitable improvements wherever necessary.

Majumdar, T. (1963) explained the importance of profitability in making policy decisions in the management process. Further, he argues that profitability is very much useful for taking managerial decisions.

Das Gupta (1962) has rightly explained the growing complexities of management in India, viz. decentralized units, problem of operational command, limitation of leadership and the difficulties experienced due to less developed economy. He discusses the influence of business communities

of India on the general direction of business in India. It evaluates the Indian management and suggest the lines along which Indian management should seek to develop itself.

Jain, Sushilkumar (1966), in order to have an efficient management, has suggested the following requirements: management control system, measurement of performance and reporting to management.

Lokanathan, P.S. (1965) is perfectly right when he says that if we are to achieve organizational objectives through efficient management system, coordination of foreign aid and efficient controlling system are greatly required.

Bose, J.N. (1967) has discussed the organization of public undertaking as compared with those in private sector. Management of capital expenditure and profit planning and some of the serious defects responsible for inefficiency and losses in the public sector undertakings.

Rehman, A., Roy, A.K. and Sharma, K.D. (1969) presented the attitudes and practices of management. They have emphasized that the management should exploit the manpower, technical communication and foreign collaboration for realizing the objectives.

Sinha, R. (1964), in his study, advances various reasons

which have accounted for leadership in the management and propounded that prosperity of any enterprise is based on the dynamic leadership in management.

The Administrative Staff College of India (1967) has compiled fortyfour new cases in various aspects of management, prepared by members of research groups from various educational institutions and business. The cases deal with the organizational problems, personnel/labour relations, production, marketing and financial management; a few involve the whole complex issues facing top management.

Khosla, K. (1961) states that any organization is formed for the advancement of society. In this respect, he rightly observes that man and organization set out to prove that 'man is an end in himself and organization is but a means'. He concludes that the human aspects of organization are as important as the mechanical aspects and that in no circumstances, must man be sacrificed to organization - man, who is an end in himself.

Negandhi, A.R. and Prasad, S. (1968) identified that the environmental and managerial variables make an adverse effect on management practices and effectiveness.

Singh, Sitaram and Rudraswami, V. (1959) suggested that hierarchy of management, span of control and effective means of

delegation and coordination have to be taken into account, while preparing the chart of organization.

Kapur, B.P. (1961) says that the success of any management system depends upon the effective decision-making power and its implementation through the top executives.

Raju, K.V.K. (1965) states that planning, organizing and directing, control are the basic elements of effective management, as it is a continuous process of performance appraisal of the organization.

Haire, M., Ghielli, E.E. and Porter, L.W. (1965), three research psychologists, made a preliminary report on their empirical study of managers in 14 countries, including India. The focus is on three aspects of management thinking, views on leadership, how managers see their own role and practices and the satisfactions managers want and get from their jobs.

Sinha, S.N. (1965) highlighted some of the conclusions emerging from his study of industrial organizations in India. The study reveals that the demarcation line between a 'manager' and a 'supervisor' is not often quite clear. The designation 'manager' is generally based on notional values and rarely on job analysis. According to this study, it was clear policy of the firm to fill atleast 50% of senior managerial vacancies from

within the company; in practice, they could not always do so, owing to the non-availability of suitable talent. The most essential qualities they look for in a manager are the ability and willingness to take responsibilities.

Chandra, R. (1964), in his study, while examining the impact of promotional practices and the attitudes of the employees to such practices, concludes that promotion in India is mainly a prerogative of the employers.

An exploratory study by Kamat, G.S. (1978) regarding the cooperative sugar factories in Maharashtra, discussed production performance, financial structure of cooperative sugar factories. He has also examined the roles of board of directors and managing director. Certain policy recommendations have been given by the author. The performance of individual cooperative sugar factories and their managerial variables are not studied.

Anekar, R.B.'s (1970) study deals with the analysis of factors contributing towards growth and development of the sugar factories. This survey studies capital structure, cost structure and market of cooperative sugar factories. It also studies socio-economic impact and involvement of sugar factories' management policies.

N.C.D.C. (1982), in its study, mainly discusses the impact of cooperative sugar factories in different states.

The study mainly deals with the economic benefits accrued to farmers. It also discusses the management practices in various States.

Chowdhary, Kamala and Pai, A.K. (1967) observed that if the personnel do not perform their tasks sincerely, the policies of marketing management materially affect the organizational structure of the plant.

M.Kutumba Rao (1978) investigated that cooperative management differs from capitalistic management, in that it operates within a framework of democracy. Democratic control means control exercised by members over the board and the board over management, on the basis of equality. In reality, democracy exists only in formal constitution and not in practice. Democratic system is ill-perceived in most cases. The impact of political influence is sometimes also seen in the manner in which the management board of cooperative institutions are superseded or nominated by political parties. Sometimes, organizational structure and principles of management do not go hand-in-hand.

Jouhari Lal (1983) says that the Indian managers should have a participative orientation rather than dominating orientation as it will help in the decentralization of power.

Ganesh, K. (1984) explained the importance of planning,

which differs from company to company, depending on the company size, company culture and several other factors. Some of these factors are: (1) involvement of the chief executive officer, (2) to create awareness of the need and importance of planning among the management, (3) to create a formal corporate planning coordination cell, (4) to establish available communication link between the chief executive and the planner, (5) corporate objectives and policies, (6) defined corporate objectives' and policies' communication to all employees of the company, (7) to establish strong link with government, (8) best method of planning for company, (9) to keep an open mind while introducing the concept of corporate planning in the company.

Yunus Kathawala and Edger T. Bush (1983) investigated management process in two countries, i.e. America and India.

Planning: Enterprises include top and middle level management in planning; American firms reviewed monthly;

Organizing: American firms have well-developed organization chart at every level and department, while Indian firms have no organizational chart;

Authority Relationship: In American firms, there is decentralization of authority. Authority and responsibility are delegated according to positions. Top management is responsible for decision-making and policy matters.

Indian firms are characterized by centralization of authority and decision-making at the top echelon of the firms. They control important policies of the organization.

Staffing: American firms strictly follow the procedures like proper job description, training programme, recruitment and selection procedures, individual performance appraisal. But the Indian firms do not follow the above mentioned procedures.

Leadership: American firms have democratic leadership whereas Indian firms have autocratic and paternalistic leaderships.

Communication: American firms are more inclined towards open communication and interpretation towards acceptance of suggestions and opinions from subordinates than the Indian firms.

Decision-making: American firm managers have an access to accurate and adequate information for making their decisions. But the Indian firms have no such facilities.

Controlling: American firms set proper standards of production and sales. They use statistical analysis for doing so, whereas Indian firms set standards on ad hoc basis.

In the managerial functions of planning, organizing, staffing, directing and controlling, the Indian firms are substantially lagging behind the American firms. The Indian firms follow the practices which are outdated.

SUMMARY:

Even though there has been a lot of work on management practices to increase the efficiency and utilize it, many reviews of the relations-research reveal that the management practice is a multi-dimensional concept. While everyone seems to accept this fact, there is equality in studies of these practices and policies. But there is no more work on comparative study of management practices between cooperative and private sugar factories. Due to the increased need of the cooperative institutions, such a comparative study is required.

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