
Book Review

The Essence of Management Theories Simplified

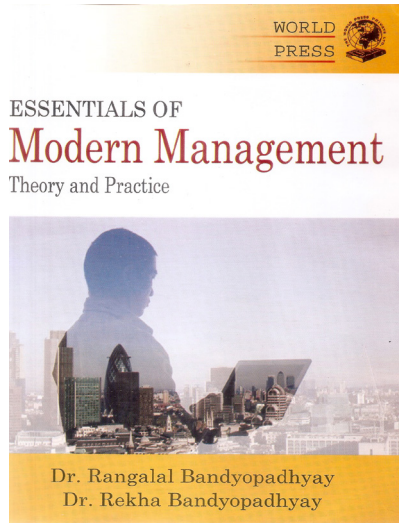
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Essentials of Modern Management: Theory and Practice

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Pages vii + 697.



In the dynamic world situation both management theories and practices are widening their scope and utility very fast. As the world is transforming into a global village, the management tools get sharpened or reshaped accordingly, based on the experiences observed anywhere in the world. Dr Rangalal Bandyopadhyay, who was the Research Professor in Decision Theory in Manchester University among other positions held by him in teaching management theories, has taken the

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wise decision in condensing the essences management theories in this book. In 26 chapters running into 697 pages, he has lucidly analyzed the evolution of the management science both at the global level and domestic level. Having worked as the director of National Institute of Bank Management, he has devoted one chapter to Financial Management also. Usually human resource management does not get its due share in many books on management theories. Here there is a chapter of 40 pages on Human Resource Management emphasizing the importance of understanding the concept of core competence. Similarly in the present day highly competitive world, business ethics is likely to get low priority, if not totally ignored. In the chapter, Business Ethics, “the need for examining the growth of the new economy and the role of technology and globalisation and their effects on the ethical practices in the corporate world” is reiterated. Corporate Social Responsibility is the subject elaborated in another chapter. The last chapter is on ‘Pioneers of Management Thoughts’. It contains a list of 19 thought-leaders, from the beginning of 19th century till date. Two Indian management gurus finding place in the list are: Prof C K Prahlad and Prof. Sumantra Ghoshal. Both of them had earned international recognition during their life time, teaching abroad.

Evolution of Management Thoughts

In an introduction to the all pervasive concept of management in the first chapter, it is said, “Simply speaking, management is concerned with using available resources to the optimal way to achieve the desired result or the end product. It is a distinct, but dynamic process. It provides us with the knowledge about all necessary types of resources (like men, material, machine, methods, market service and money). These six conventionally declared resources are then complimented, aided and supplemented by advanced human resources in the form of knowledge, innovation and creativity to produce various high standard sophisticated consumable and other products”. (page1). A simple way, indeed, of introducing the apparently complicated management concept.

The evolution of management thoughts is meticulously traced in three chapters, providing in nutshell the influences made by economic

forces, social forces, political forces and technological forces on management thoughts from the ancient period till now. Due references are made to ancient literature on Indian management also. About Arthashastra it was specifically mentioned, “Probably, as one of the earliest and most comprehensive works on the organization and management of human affairs, Kautilya’s Arthashastra deserves a wider audience” (page 27).

The chapter on Evolution of Indian Business and Management is an informative record of the ingenuity of the Indian businessmen of different communities operating in different parts of the country, in developing their business empires, attuning to the political conditions prevalent, from colonial rule to Independent India. Stating that “Yoga principles are increasingly used by busy executives for stress management and the Indian concept of organisation as a Parivar (family) can help in making the workplace more humanistic”, the author goes on to add, “Udyoga is a new yoga in the modern era”. Elaborating this concept further it is said, “Management meaning of yoga is yearning for oneness and gaining advancement. In organisational context it implies oneness with vision and goals of the organisation. Thus it represents the idea of good congruence”. (page 86).

Attuning to Changing Scenario

In the rapidly changing global environment, change management is of crucial importance. Changes could be of different types like planned change, driven change and evolved change each having its micro and macro implications. “Any change process may bring unintended consequences. These have to be accepted in its stride and should not be allowed to dampen the initiatives and enthusiasm in bringing change. Organisation must be equipped with to deal with any contingencies” (page 144). To case studies analysed in this context are; Indian Banks and Life Insurance Corporation of India. The nationalisation of banks in 1969 and the nationalisation of large number of small insurance companies in 1956 pushed these companies from the private sector into government ownership, almost by surprise. Banking sector took some time to adapt itself to the changed situation, until the new generation banks in the 90s goaded them to change their working

conditions. Attuning to the changed situation these corporate entities have thrived. A passing reference is also made to Binny Textiles Ltd, a British- owned company, ruling the textile market in India during the British rule and dying silently without enhancing its technological competence.

Performance Management

In any progressive corporate entity, it is highly desirable to implement an effective performance management system that enables informed decisions to be made and action to be taken. The inter-relationships between strategic management, business models and performance management are very elaborately analysed with many diagrams in chapter 12. It may be added here that the Performance Budgeting exercise was extensively undertaken by the banking sector in India during the 80s. All the branch managers were directed to prepare performance budgets on an annual basis as a part of the bank's corporate plan. The Bankers' Training College of Reserve Bank of India took special interest in imparting training to the field level functionaries in formulating the branch-wise performance budgets. In the promotion process of bank staff, their performance in budgeting and managing to achieve the targets were given due weightage. After the introduction of the Lead Bank Scheme, branch-level performance exercise was silently replaced by the District Credit Plans, where the credit plans for the villages coming within the command area of the branch are formulated on an annual basis.

Human Resource Management

The crucial role of human resource management is rightly emphasised in chapter 16, stating "Skill, knowledge, experience and commitment are absolutely essential to give the organisation a competitive edge in the highly competitive market" (page 348). Managing the human resources in large corporates in India is indeed a major task, partly because of the type of labour laws in vogue. Even a small mistake in managing this portfolio may lead to disastrous developments manifesting in industrial unrest and hostile manhandling. According to the old text book definition, HRD has to manage ARM- Attracting staff, Retention of staff and Motivation of staff. In the present day

corporate world, though the HRDs are successful in attracting and motivating staff, they are helpless in retaining their staff, even where the pay packets are quite heavy. Attrition is very high, from the IT sector down to the retail outlets of Malls. The irony of this situation is that the youngsters coming out from the management institutes - well-known or otherwise – with MBA degrees, are the most mobile set of workers. In small study conducted by me some time back, the rate of attrition in an Indian MNC accounting for a major share of FMCG sector and despite being a generous paymaster, was found to be fairly high.

Ethics of Management

In the chapter on Business Ethics, it is unequivocally explained quoting Prof. Ghoshal that “the interest of companies and those of the society do not collide, but they co-exist in a symbiotic manner” (page 508). Developing a moral foundation for the business practices by managers is of utmost importance. In our corporate world we often find that some managers are tempted to adopt short cuts to gain supremacy or undue financial gains. To avoid such a situation, the young managers ought to be taught at their initial stages not to deviate from ethical standards, whatever may be the temptations.

Corporate Social Responsibility is an important part of corporate management as “there is a sort of implicit social contract between business and society” (page 581). Four levels of CSR are identified in chapter 25. They are: Economic, Legal, Ethical and Discretionary. It is interesting to note the latest amendments in the Indian Companies Act have made it compulsory and not discretionary for companies to spend three percent of their net profit for discharging their corporate social responsibilities.

A few references to the excellence of management styles of some top executives of the Indian corporate sector are made in the introductory chapter itself, citing Shri Narayana Murthy, Jamshedji Tata, Naval Tata and JRD Tata and added to this short list it is said, “Similarly we see successful organizations like Syndicate Bank, developed by competent managers and leaders like TMA Pai or T A Pai”.(page 2).

With pardonable pride, the Reviewer would like to add that he had the privilege of working in this Bank for three decades and retiring as its chairman and managing director.

An appendix- Questions and Assignments -is a notable feature of this book. It contains questions and assignments on the topics covered in each of the 26 chapters. This would be very useful and handy for organising Executive Development Programmes besides being a very valuable text book for MBA students.