

PRINCIPLES Of MANAGEMENT (2021-22)

B.Tech 3rd year

Management

- Process of planning & organizing resources & activities of a business to achieve specific goals in most effective & efficient manner possible.
- Efficiency (Completion of tasks 100% & minimal costs)
- Effectiveness (within deadlines to yield tangible results)

Characteristics:

- Dynamic • Intangible • Multi-dimensional
- Pervasive • Goal-oriented • Continuous & group activity

Objectives:

- Organisational (Survival, Profit, growth)

- Social (eco, wage, etc.)

- Personnel (incentives, perks, social initiative)

Importance

- Help in achieve goals

- ↑ efficiency

- create dynamic organisation

- achieve personnel goals.

Levels

- Top mgmnt. • Middle mgmnt. • Operational mgmnt.

functions:

- Planning • Prioritise organisation • Improve staffing

- Provide direction • Monitor quality

Management as an art

- Practical knowledge • Personal skill • Creativity

- Perfection through practice • Goal-oriented

Management as a science

- Concepts • Methods & principles • Theories • Practice

- Organized knowledge

Role of managers

- flexible & adaptable
- Planning, organizing, leading & controlling
- Anticipate potential problems/opportunities & design plans
- Coordinating & allocating resources
- guiding personnel through implementation process
- reviewing results & make necessary changes.
- near top hierarchy

- Qualities (Physical, mental, moral, educational, technical, experience)

factors affecting organizational structure

- Strategy
- Technology
- People
- Tasks (Skill variety, task identity, task significance, autonomy, feedback)
- Informal structure
- Environment
- Size
- Managerial perceptions
- Communication

Trends & Challenges in Management

1. Planning & Decision Making

- Talent crunch
- Knowledge sharing

2. Organizing

3. Leading

4. Controlling

5. Social media

Challenges

- future uncertainty • Employee well-being
- Team productivity • Shaping culture
- Recruiting right people • Support diversity & inclusion
- Manage communication • Regulation & Compliance
- Technology & Digitalisation • Globalisation

Directing

- Instruct, guide & oversee processes
- Heart of management process
- Initiates action & actual work starts here.
- Pervasive, continuous, creative, executive, delegate

Delegation

- Shifting responsibility/authority from one to another (for a particular function, task, decision)
- Not dumping, rather spread of responsibility
- Explain outcomes & results expected to achieve
- Dynamic affected by environment
- Situational Leadership
- Lead, trust, develop & build capacity in others, tap unique abilities & openness

Span of control

- A manager can manage how many subordinates
- Management of human resource
- Depends on type of work, location, capability of manager & employees, type of business, administrative structure.

functional areas of Management

- Strategy
- Marketing
- finance
- HR
- Operations
- Technology & equipment

1). Operations.

- Administration of business practices to create highest level of efficiency possible in organization
- Concerned with converting materials & labor into goods & services efficiently
- Balance cost with revenue to maximise net operating profit
- Combination of understanding & coordinating work of a organization.
- Utilize resources, handle strategic issues, management of inventory levels
- Studying of use of raw materials & minimise waste

features

- Product design
- forecasting
- Supply chain management
- Delivery management

Skills

- Organizational ability
- Coordination
- People skills

Challenges

- Globalization
- sustainability
- communication
- ethical conduct

2). H

- Recruit, hire, deploy, manage employees
- Create, deploy & oversee policies & relationship
- Emphasis of employees as assets to business

Objectives

- Societal
- Organizational
- functional
- personal

Responsibility

- Talent & workforce
- Job role & career development
- Compensation & benefits
- Performance management
- Training & development
- Engagement & recognition
- Team building
- Employee relations
- Motivate & Manage

Challenges

- Outsourcing
- Changing management
- Retention
- Benefit provision
- Identify skilled workforce

- Cost of Capital
- Problem of pricing, surplus, raising b/w
- Budgeting
- Audit
- Delegation of authority
- Performance & reports

3). Marketing

- Control marketing aspects, setting goals of company organizing plans step-by-step, taking decisions for the firm & executing them to get max turn-over by meeting consumer demands.

- Based on product, place, price & promotion to attract customers.

- Deal with inflow & outflow of the elements for business survival

Objectives

- Attract new customers
- Satisfy customer demands
- Profitability
- Maximize market share
- Create good public reputation

importance

- Maintains Company's reputation
- Boost economy of company
- Promote new ideas
- Source of advertising of new products

Process

- Define mission statement & work for it.
- Analysis of industrial rank of your business
- Processing towards work
- Keep evaluating, modifying & repeating strategies

Challenges

- Access data across platforms
- Identify customer channel
- Map consumer journey
- Identify potential new customers
- Maintain consistent consumer experience
- Maintain privacy

4). financial

- Make a business plan & ensure all dept stay on board & on tract
- Provide data to support creation of longrange visions, inform decisions on where to invest & yield insights on how to fund those.

- Accounting, fixed-asset management, revenue recognition & payment processing.

- Strategic & Tactical

Importance

- Strategize
- Decision-making
- Controlling

Objectives

- Maximise profit
- Track liquidity & cashflow
- Ensure compliance
- Develop financial scenarios
- Deal effectively with investors & board of directors

Scope

- Planning
- Budgeting
- Risk management & assessment
(Market, Credit, Liquidity, Operational)
- Procedures

functions

- f P&A - Manage cashflow
- Maintain budget - forecast future
- Analyse product lines/services for T benefits
- performance

Challenges

- Lack of proper planning
- Unfavorable I/O ratio

Organizational Structures

- Aligns & relates parts of organization → max performance
- Method describing which work flows through organization
- Traditionally, design → formalized, grouping by functions, loosely woven, less flexible

* Frederick Taylor → scientific management theory → optimize tasks performed, focus on 1 task → most efficient way.

Problems of misaligned structure

- Structural gaps in roles, processes, accountabilities & critical info
- Diminished capacity, capability & agility issues
- Disorganization, improper staffing, inefficient flow of cash & resources
- Reduced retention, ↓ customer loyalty & ↓ performance
- Added responsibilities → diminished capacity & lagging response time.

Profitable performance + Business strategy

Alignment of 4 business elements crucial:

- ① Leadership
 - ② Organization
 - ③ Jobs
 - ④ People
- } Sync → outstanding performance

Calibration

- Work → mission critical, scaled back or eliminated
- Existing role requirements → identifying modified roles
- Key metrics & accountabilities
- Critical info flow
- Decision-making authority at organisation level.

Key elements

- Job design
- Departmentation (structure jobs to coordinate work)
- Delegation
- Span of control (no. of people reporting to manager)
- Chain of command (line of authority)
- Managerial centralization / decentralization (recommended)

Types

① Hierarchical

- Pyramid-shaped
- Most common, chain of command goes top-down
- Each employee has a supervisor

Pros

- Better defined authority & responsibility
- Motivated employees
- Gives employees a speciality
- Good communication

Cons

- Slow down innovations
- Increased bureaucracy
- Actions in interest of a department
- Ideas are repressed

② Functional

- Similar to hierarchical
- Starts with positions with highest levels of responsibility at top & goes down from there.
- Employees assigned to specific skills & corresponding funct^{acc.} in company.
- Each separate dept. is managed independently.

Pros

- Employees focus on roles
- Encourage specialization
- Helps teams & dept self-determined
- Easily scalable

Cons

- Can create silos
- Hampers interdepartmental communication
- Obscure processes & strategies

③ Horizontal / flat

- Fits companies with very few levels b/w upper management & staff-level employees
- Commonly in startup organisations
- Less supervision & more involvement from all employees

Pros

- Give employees ↑ responsibility
- More open communication
- Improves coordination & speed of implementing new ideas.

Cons

- Create confusion on reporting issues
- Difficult to maintain in large companies

④ Divisional

- Company's divisions have control over their resources
- Works well for large companies.
- * Market based
- * Product based
- * Geographic based

Pros

- Large companies stay flexible
- Allows quicker response to industry changes/customer needs
- Promote independence, autonomy & customized approach

Cons

- Duplicate resources
- Insufficient communication
- Result in company competing with itself.

⑤ Matrix

- Grid-like, allows cross-functioning teaming
- Accounting roles & reporting relationships.

Pros

- Easily choose individuals acc. to needs of the project
- Dynamic view of organization
- Encourage employees to use their skills

Cons

- Conflict b/w dept. & project managers
- Changes more frequently.

⑥ Team-based

- Disrupt traditional hierarchy, focus on problem solving, cooperation & give employees more control

Pros

- ↑ productivity, performance, transparency.
- Promotes growth mindset
- Values experience
- Minimal management

Cons

- Promotional path is compromised
- Inclined against natural order of structure

⑦ Network

- Makes sense of spread of resources
- Internal structure focusing on communications & openness

Pros

- Visualize complex web of relationships
- More flexibility & agility
- Collaborations, initiative & decision-making
- Understand workflows & processes.

Cons

- Overly complex
- final say / decision is compromised.

Line Organization

- Basic framework, represents a direct vertical relation through which authority flows
- Top to bottom
- Everybody is responsible for their work & is accountable to his boss.
- followed in military establishments.

Types

1. Pure line

- All people at a given level perform same type of work
- Divisions are for purpose of control & direction.
- Suitable for small organizations.

2. Departmental line

- Divides enterprise into different depts. convenient for control purposes.
- Organization → CEO → Departments → Dept. Managers
- Each dept. has its own line of organization.
- No exchange of info with dept. managers, any communication is routed via immediate bosses.

Pros

- Simplicity
- Identification of authority & responsibility
- Coordination
- Effective communication
- Economical
- Prompt decisions
- Unity of command
- flexible
- Effective Control & Supervision

Cons

- Excess work
- Lack of specialization
- Lack of initiative
- favoritism
- Instability
- Too much centralization

Line & Staff Organization

Pros

- Planned specialization
- Well defined authority & responsibility
- Bifurcation of conceptual & executive funct'
- Expert knowledge & opportunities
- Nourishes growth
- Cooperation & leadership

Cons

- Line & staff may differ in opinions
- Conflict of interest
- Misinterpretation of expert advice.
- Staff ineffective without authority.

Job Design

- Process of deciding on contents of a job in terms of its duties & responsibilities, on the methods to be used in carrying out the job in terms of techniques, systems & procedure and on relationships that should exist b/w job holder & superiors.

- Simplification of tasks to make jobs highly specialized

Outcomes

- High motivation & productivity
- High quality of work
- High job satisfaction
- Low Absenteeism & Turnover

How it works?

- framework of redesigning (Hackman & Oldham's job characteristics theory)

* Each job should have 5 core job characteristics to be motivated for the individual.

These characteristics remained consistent over time & are still used today.

① Skill variety

- Degree to which a job requires a broad array of skills
- More challenging & require more competence

② Task identity

- Degree to which an individual performs a whole piece of work.

③ Task significance

- How the work impacts other
- Others find it meaningful → higher satisfaction

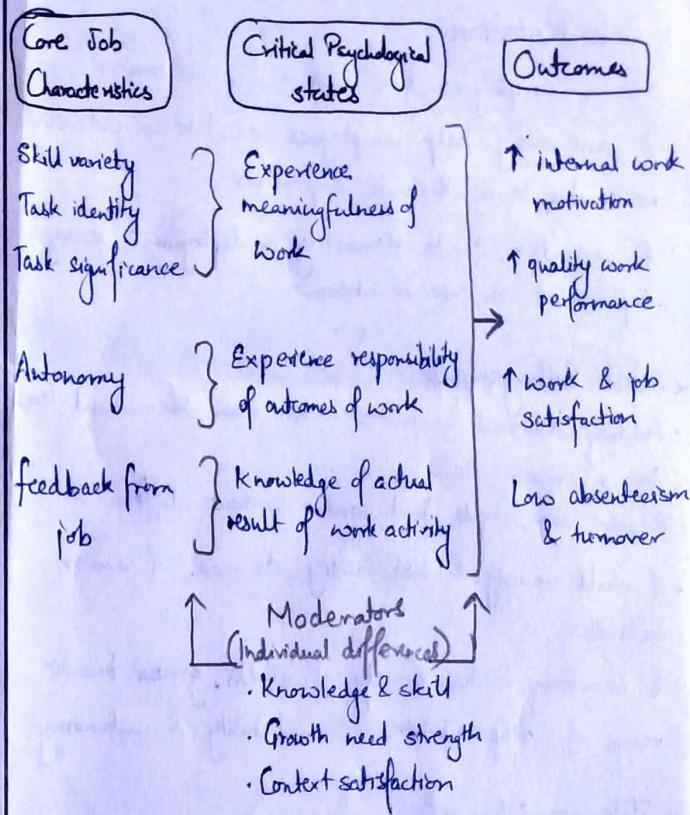
④ Autonomy

- Level of freedom & independence a person has
- ↑ autonomy → ↑ responsibility

⑤ feedback

- Review on effectiveness of work.
- feedback is either self-acquired or from external source

Job Characteristics Model



Job motivating potential

• Idea

"If employee likes their job, they are more likely to give it all & push for better results, benefiting both the employee & organisation"

• Motivating Potential score

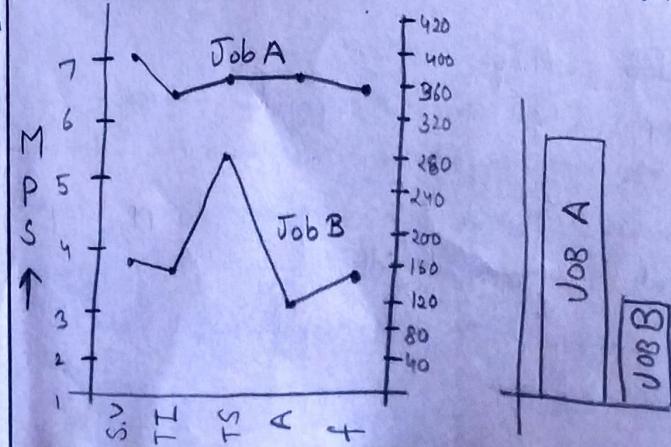
- Takes all core job characteristics into account & use it to calculate motivating potential of job

$$MPS = \frac{\text{Skill variety} + \text{Task identity} + \text{Task significance} + \text{Autonomy} + \text{Feedback}}{3}$$

• Range (0 to 7)

• Autonomy & feedback (Significant)

• Skill variety, task identity, task significances (less significant)



JOB DESIGN STRATEGIES

1. Job Rotation

- Moving employees b/w jobs in organisation
- ↑ skill variety, help employees orientate in potential new roles, learn through experience.
- ↑ motivation, create flexibility in deployment, easy replacement in case of absence

2. Job Enlargement

- Adding additional activities within same hierarchical level to an existing role
- Require same skills but work's content differs.
- ↑ skill variety & task identity, do more of similar activities
- ↓ monotony, teaches variety of skills, gives broader range of responsibilities, accountability & autonomy.

3. Job enrichment

- Characterized by adding motivational dimensions in tasks.
- Add motivators to existing roles, ↑ MPS.
- Grouping interrelated tasks together or establish new relationships to increase feedback & significance.

4. Job simplification

- Opposite of job enlargement
- Removing tasks from existing roles to make them more focused.
- Strip skill variety to focus on 1 feature.
- Used when job has been enlarged over time & has become unmanageable.

* Job crafting

- Employees take initiative & shape characteristics of their jobs, either independently or in collaboration with managers
- Encouraged through higher organizational support, higher levels of autonomy, ↑ self-efficacy.
- ↑ employee belief in their capabilities, ↑ levels of job satisfaction.

JOB EVALUATION

- Systematic process of determining the relative value of different jobs in an organization
- Compare jobs with each other in order to create a pay structure that is fair, equitable & consistent for everyone.
- To ensure everyone is paid their worth & that different jobs have different entry & performance requirements.
- Doesn't take into account the qualities of job holder, rather the relative worth of job which corresponds to a ranking.

STEPS

① Job Analysis

Basic job analysis to provide factual info about the jobs concerned.

② Job Evaluation

Key criteria → value that the job adds to organization.
Based on evaluation, job is added to job structure.

③ Pay Equity

The resulting structure ensures pay transparency & equity b/w genders & minorities.

- * Lack of job evaluation leads to an unstructured wage payment practice & a lack of requirement-based career & skill development for employees.

METHODS OF JOB EVALUATION

	Qualitative	Quantitative
Job to Job Comparison	Ranking method / Pair comparison rank	factor comparison method
Job to predetermined goals comparison	Job classification	Point factor method

↓
faster

↓
objective & take skills/
responsibilities into account

① Ranking method

- Jobs are paired & for each pair, most impactful job is chosen.
- Results in forced ranking of different jobs based on seniority
- Recommended for smaller organization (< 100 jobs)

② Job classification

- Jobs ranked on pre-determined grade comparison.
- CEO → vice president → director → manager → operator
- Grades are created among job families (marketing, HR, etc.)

③ factor-comparison method

- Jobs ranked on a series of factors (knowledge & skills, communication, decision making, impact, management, working environment, responsibility, etc.)
- Each factor is assigned points & total count of points indicate job ranking

④ Point factor method

- Jobs assessed on required know-how, problem-solving abilities & accountability.
- Each factor assigned points & total count of points indicate job ranking

* Market pricing

- Assessing pay rates by reference to marketing rates for comparable jobs leading to job pricing based on what it is worth.
- Doesn't take into account internal equity nor the fact that internal value of job may differ from their market value

JOB EVALUATION PROCESS

① Planning & Diagnosis

- Conduct initial workshops
- Review approaches to job evaluation
- Identify benchmark jobs
- Plan data collection
- Initial communications.

Schemes

i) Proprietary.
Existing framework

ii) Customized
Build upon old framework

iii) Tailor-made
fully customized.

② Design and development

- Design workshops on pay management & role evaluation system design
- Define evaluation elements/levels
- Collect/analyse role data
- Reference ranking

③ Validation & Modeling

- Test/audit evaluation results
- Develop weightings & initial rank order of jobs
- Develop grade structure & fit benchmark jobs to structure
- Develop guidelines for non-benchmark jobs
- Model proposed pay management process with employees.

④ Communication & rollout

- Develop implementation & appeal processes
- Prepare individual letters & team briefings to explain changes to grade structure & pay management process.

MERIT RATING

- Systematic method of determining relative worth of employee
- Qualitative & quantitative assessment based on job performance of employee
- Comparative appraisal of individual merit of employee (evaluation of merit of person, based on which they are classified into respective groups)

Objectives

- Helps access individual merits for better opportunities
- Shows defects of employee alongside the plus side.
- Helps ascertain simplified wage structure & incentive payment
- Helps place right person in right job.

Pros:

- Eliminate discrepancies among employees, reduce labor turnover, improve employee-employee relationship
- Ascertain fair wages for employees.
- Opportunities provided based on scientific background of merit rating.
- Provide incentives to improve productivity

Cons:

- Most opinion-based, could be erroneous.
- Some irrelevant factors prioritized or biased.
- May depend upon past rating record.
- Incentives may not be regarded as enough.

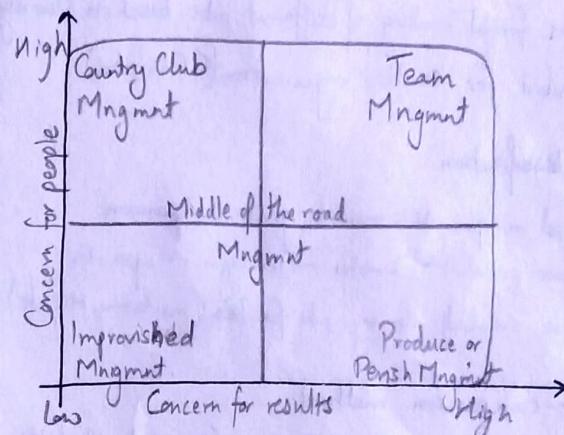
factors considered

1. Quality of work done
2. Quantity of work done
3. Sense of responsibility
4. Initiative
5. Reliability & integrity
6. Knowledge/skill, experience
7. Cooperation
8. Sense of judgement/decision making
9. Attendance & punctuality
10. Personal characteristics

Managerial Grid

Blake Mouton Grid

- Plots a manager/leader's degree of task-centeredness v/s their person-centeredness & identifies 5 different combinations of the two & leadership styles they produce
- Based on 2 behavioral dimensions
 - * Concern for people: degree to which a leader considers team members' needs, interests & areas of personal development when deciding how best to accomplish a task.
 - * Concern for results: degree to which leader emphasizes concrete objectives, organizational efficiency & high productivity when deciding how best to accomplish a task.



① Improvised Management

- Low results/low people
- Mostly ineffective
- Inevitable disorganization, dissatisfaction & disharmony.
- Low regard for getting jobs done with little interest in creating satisfying/motivating team environment

② Produce or Punish Management

- High results/low people
- Authority compliance; belief that team members are means to an end & their needs are always secondary
- Autocratic, strict work rules, policies & procedures, view punishment as an effective motivator.
- Might drive effective production results initially, but low team morale & motivation ultimately affect performance.
- Struggle to retain high performance.

③ Middle-of-the-road Management

- Medium Results / Medium People
- Status quo; try to balance results & people
- Not as effective; fail to inspire high performance & meet people's need fully
- Mediocre performance

④ Country-Club Management

- Accommodating; concerning about teams' needs & feelings.
- Assume that as long as people are happy & secure they'll work hard.
- Relaxed & fun work environment, productivity suffers because of lack of direction & control.

⑤ Team Management

- Most effective leadership style
- Reflects a leader who is passionate about work & do best for those who they work with.
- Commit to organization's goals & missions, motivate people & work hard to deliver great results plus look after their team.
- Creates a trusting & respecting environment, leading to ↑ satisfaction, motivation & excellent results.
- Adopt Theory Y approach to motivation.

* Paternalistic Management

- Jumps b/w Country Club & Produce or Push
- Supportive, encouraging but guard their own position
- Don't appreciate anyone questioning the way they think

* Opportunistic Management

- Can show up anywhere on the grid
- Place own needs first, shift around the grid to adopt whichever style will benefit them.
- Manipulate & take advantage of others to get what they want.

Behavioral elements

- Initiative • Inquiry • Advocacy
- Decision making • Conflict resolution • Resilience
- Critique

Using the model

1. Identify where you are

↳ are you really as good as you think?

- 2 Create an action plan

Pros:

- Help leaders understand their natural leadership style
- Create a personal development plan to progress towards team management style.

Cons:

- Overly simplistic
- focused only on leader, neglecting other factors (development level of team, organization situation, its culture, etc.)