Management and Entrepreneurship
20CS6HSMGE

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Plan for the learning outcome

+ Case study – Survey and interview

+ Reading and discussion on Personalities

+ Open discussions

Management ability

+ [Ratan Tata](#)

+ [Kiran Mazumdar](#)

Class 2

Next Topic,

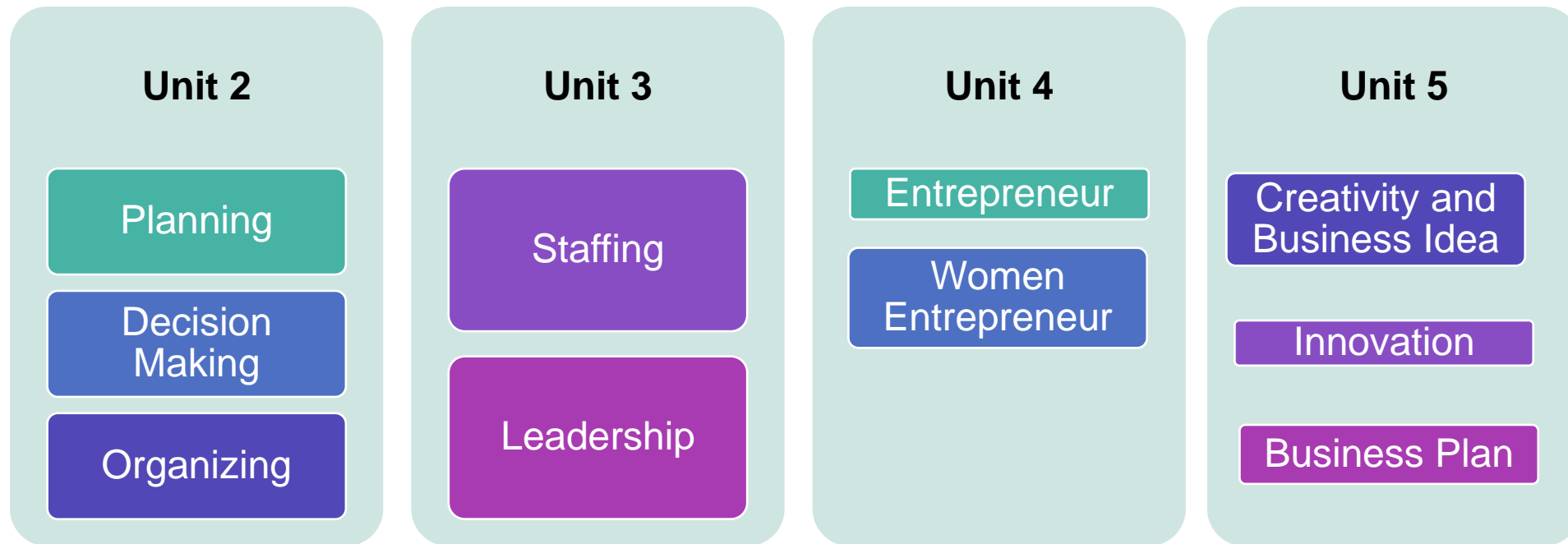**Introduction:** Definition of Management

Managing: Science or Art

Content flow for Unit -1

+ **Introduction:** Definition of Management

+ Managing: Science or Art

+ Patterns of Management Analysis: A management theory jungle

+ The system approach to management process

+ The functions of Managers.

Text Book: "Management: A Global and Entrepreneurial Perspective", Heinz weihrich, Mark V Cannice, Harold Koontz, 13th Edition Tata McGraw Hill, 2011
Chapter-1 Page No. 4-15, 16-27

Content Flow for remaining units

Unit 2

Planning

Decision Making

Organizing

Unit 3

Staffing

Leadership

Unit 4

Entrepreneur

Women Entrepreneur

Unit 5

Creativity and Business Idea

Innovation

Business Plan

Discussion- Personality

+ **Mahabharat :** Character – **Sri Krishna**

1.1 Definition of Management: Its Nature and Purpose

+ **BASIC DEFINITION**

+ Management is the process of **designing and maintaining** an environment

+ in which **individuals**, **working together** in groups,

+ efficiently accomplish **selected aims**.

Organization

+ All do manage organizations.

+ An organization as a group of people working together to create a **surplus**.

+ In **business organizations**, this surplus is the **profit**.

+ In **nonprofit organizations** - **satisfaction of needs or providing additional services**.

+ **Universities also create a surplus** through the **generation and dissemination of knowledge as well as providing service to the community and society.**

+ The **term enterprise** refers to a business, government agency, hospital, university, and other types of organizations.

CEO: Kalyan Krishna Murthy

CEO: Jeff Bezos

The functions of Management

+ Planning

+ Organizing

+ Staffing

+ Leading

+ Control

Where Manager cannot perform?

+ Have an understanding of, and are responsive to the many elements of the **external environment—economic, technological, social, ecological, political, and ethical factors**—that affect their areas of operation.

Managerial Functions at Different Organizational Levels
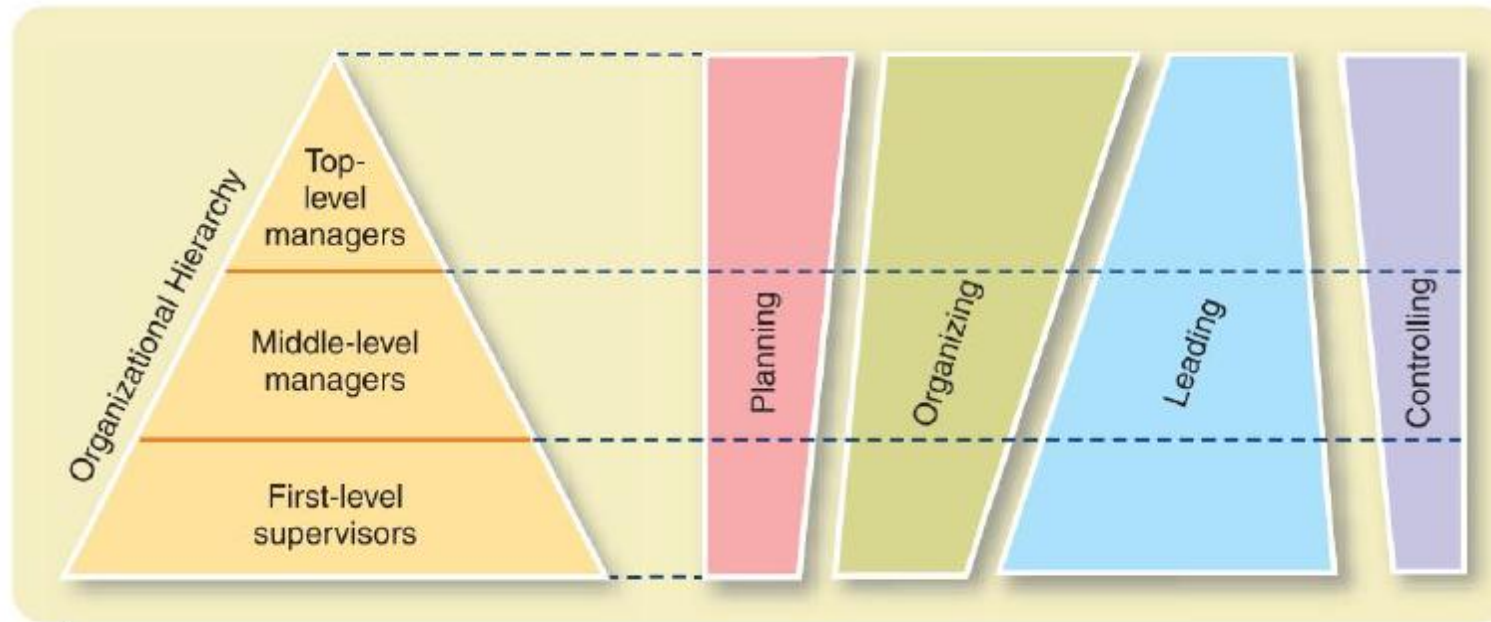
Managerial Skills and Organization Hierarchy
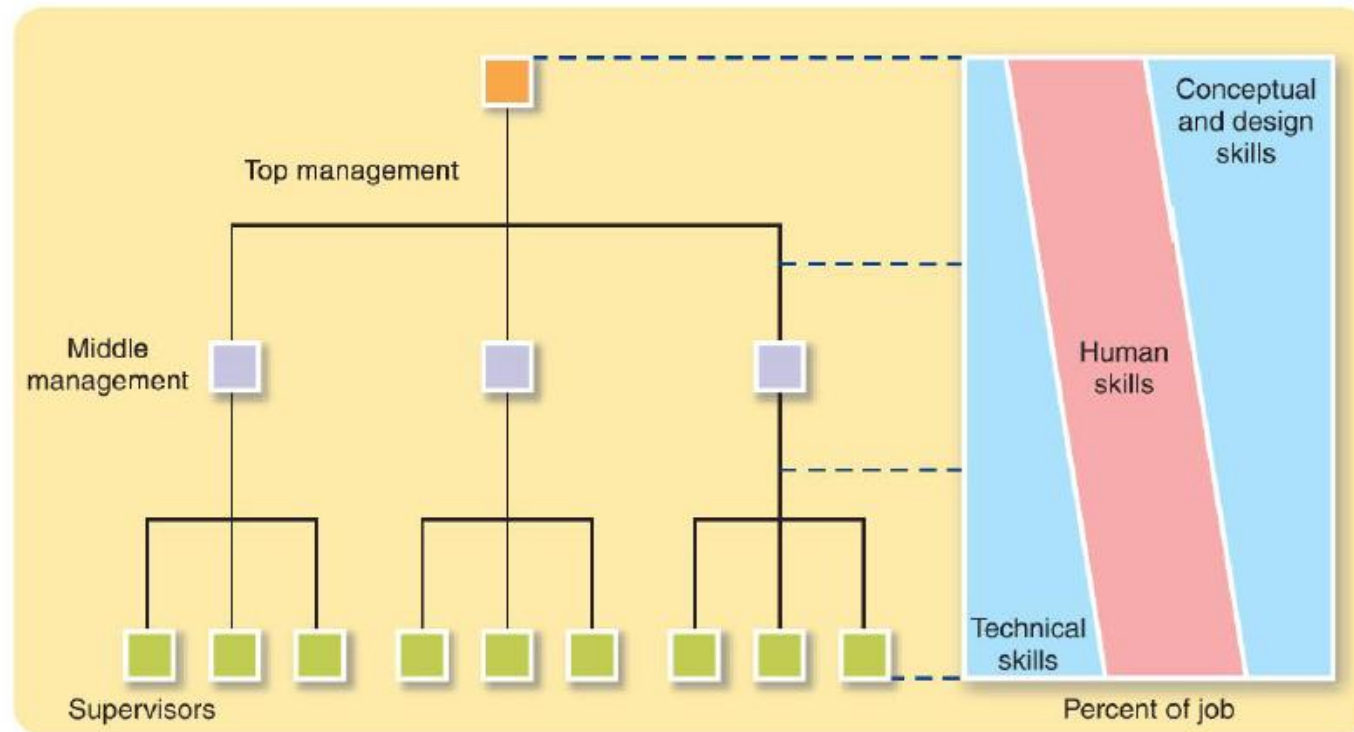
End of class

Next Class,

Recap,

Goals, Characteristics,

Patterns of Management Analysis: A management theory jungle

+ Top Skill set required -

+ ADIDAS (All day I dream about Sports)

Linked**in** Learning

The Skills Companies Need Most in 2020

Top 5 Soft Skills
1. Creativity
2. Persuasion
3. Collaboration
4. Adaptability
5. Emotional intelligence

Top 10 Hard Skills
1. Blockchain
2. Cloud computing
3. Analytical reasoning
4. Artificial intelligence
5. UX design
6. Business analysis
7. Affiliate marketing
8. Sales
9. Scientific computing
10. Video production

The Goals of all Managers and Organizations

+ To create a surplus by establishing an environment in which people can accomplish group goals with the **least amount of time, money, materials, and personal dissatisfaction**.

Characteristics of excellent and most admired companies

+ **Customer Viewpoints:**

Profitability - Growth of assets and equity - Average return on total capital - Innovativeness

+ **Actual Viewpoints:**

+ 1. Were oriented toward action

+ 2. Learned about the needs of their customers

+ 3. Promoted managerial autonomy and entrepreneurship

+ 4. Achieved productivity by paying close attention to the needs of their people

Characteristics of excellent and most admired companies

+ 5. Were driven by a company philosophy often based on the values of their leaders

+ 6. Focused on the business they knew best

+ 7. Had a simple organization structure with a lean staff

+ 8. Were centralized as well as decentralized, depending on appropriateness

1.2 Managing : Science or Art?

Managing : Science or Art?

+ Managing as **practice is an art**.

+ The organized knowledge **underlying the practice is a science**.

Management Analysis

+ Theory of Jungle - **Harold Koontz**

+ Managerial role approaches - **Henry Mintzberg**

Approaches to Management-1

EMPIRICAL, OR CASE, APPROACH*

| Studies experience through cases. Identifies successes and failures. | Situations are all different. No attempt to identify principles. Limited value for developing management theory. |
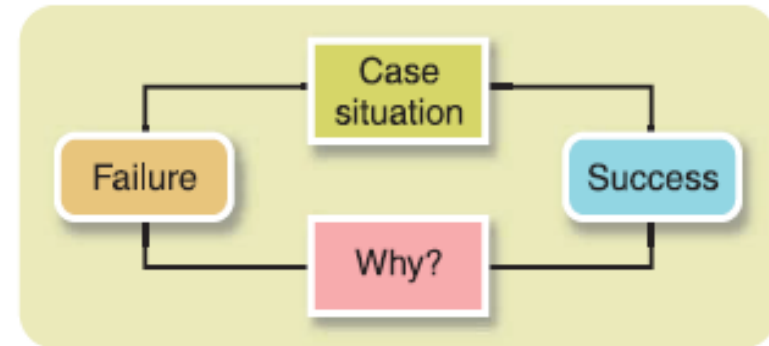
Approaches to Management-2

MANAGERIAL ROLES APPROACH

Original study consisted of observations of five chief executives. On the basis of this study, ten managerial roles were identified and grouped into interpersonal, informational, and decision roles.

Original sample was very small. Some activities are not managerial. Many activities are evidence of planning, organizing, staffing, leading, and controlling. Some important managerial activities are left out (e.g., appraising managers).

Roles of managers

- Three interpersonal roles
- Three informational roles
- Four decision roles
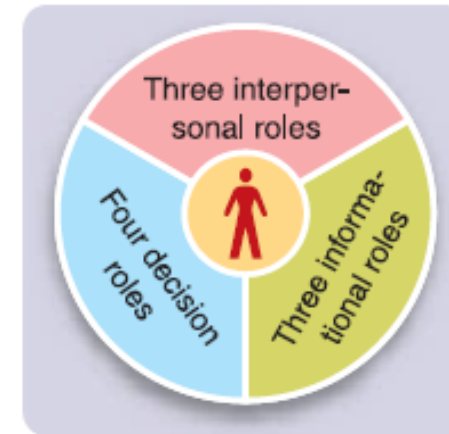
Interpersonal Role

+ 1. The Figurehead role (performing ceremonial and social duties as the organization's representative)

+ 2. The Leader role

+ 3. The Liaison role (particularly with outsiders)

Informational Roles

+ 4. The Recipient role (receiving information about the operation of an enterprise)

+ 5. The Disseminator role (passing information to subordinates)

+ 6. The Spokesperson role (transmitting information to those outside the organization)

Decision Roles

+ 7. The Entrepreneurial role

+ 8. The Disturbance handler role

+ 9. The Resource allocator role

+ 10. The Negotiator role (dealing with various persons and groups of persons)

End of Class

Next Topic:

Patterns of Management Analysis: A management theory jungle continued..

Approaches to Management-3

CONTINGENCY, OR SITUATIONAL, APPROACH

Managerial practice depends on circumstances (i.e., a contingency or a situation). Contingency theory recognizes the influence of given solutions on organizational behavior patterns.

Managers have long realized that there is no one best way to do things. Difficult to determine all relevant contingency factors and to show their relationships. Can be very complex.
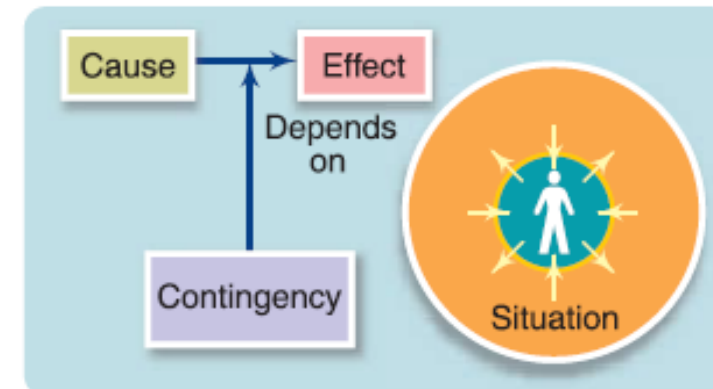
Employer being late to Office always?

Approaches to Management-4

MATHEMATICAL, OR "MANAGEMENT SCIENCE," APPROACH

Sees managing as mathematical processes, concepts, symbols, and models. Looks at management as a purely logical process, expressed in mathematical symbols and relationships.

Preoccupation with mathematical models. Many aspects in managing cannot be modeled. Mathematics is a useful tool, but hardly a school or an approach to management.

$E = f(x_i, y_i)$

Yes

No

Profit of the company for selling a product?

Profit =SP-CP
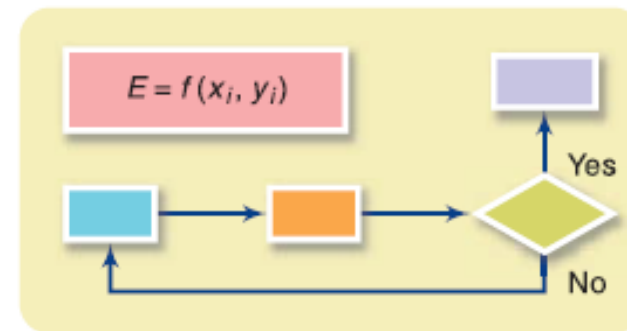
Approaches to Management-5

DECISION THEORY APPROACH

Focuses on the making of decisions, persons or groups making decisions, and the decision-making process. Some theorists use decision-making as a springboard to study all enterprise activities. The boundaries of study are no longer clearly defined.

There is more to managing than making decisions. The focus is at the same time too narrow and too wide.

War-Mahabharata
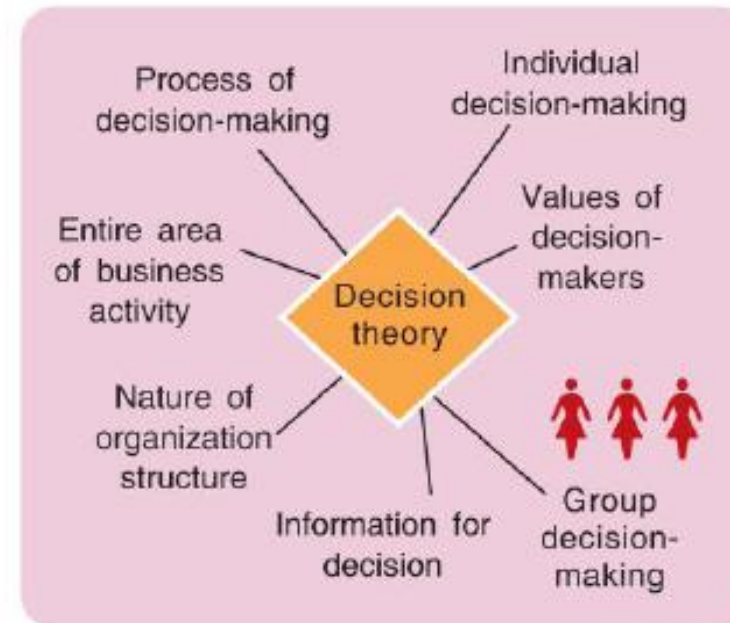
Approaches to Management-6

Offers / Gifts given during Festive season

REENGINEERING APPROACH

Concerned with fundamental rethinking, process analysis, radical redesign, and dramatic results.

Neglects external environment. Possibly ignores customers' needs. Neglects human needs. Ignores total management system, unlike the management process, or operational, approach.
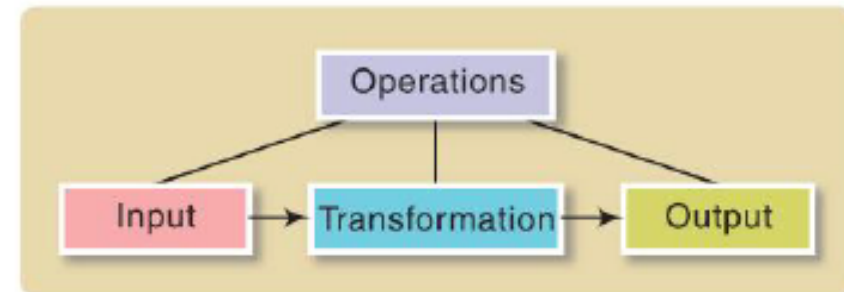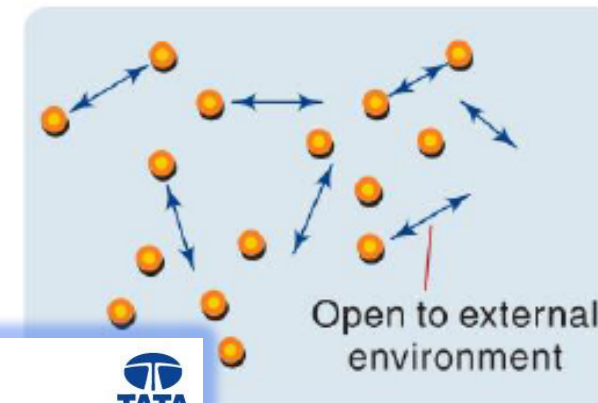
Approaches to Management-7

SYSTEMS APPROACH

Systems concepts have broad applicability. Systems have boundaries, but they also interact with the external environment; that means organizations are open systems. Recognizes the importance of studying interrelatedness of planning, organizing, and controlling in an organization as well as in the many subsystems.

Can hardly be considered a new approach to management, as claimed by some proponents of this approach.

Open to external environment
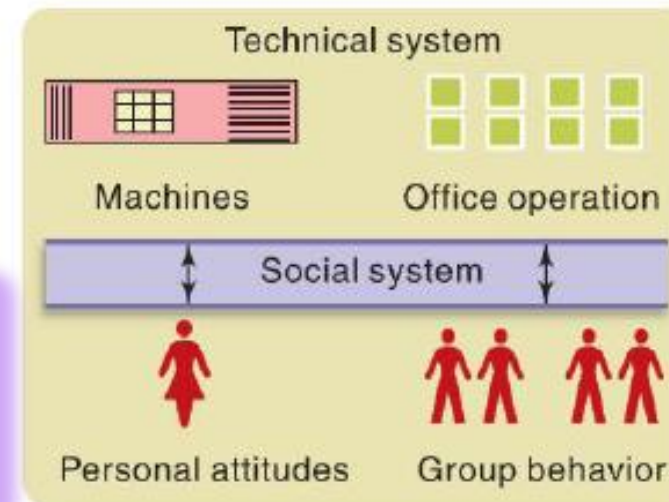
Approaches to Management-8

SOCIOTECHNICAL SYSTEMS APPROACH

Technical system has a great effect on social system (personal attitudes, group behavior). Focuses on production, office operations, and other areas with close relationships between the technical system and people.

Emphasizes only blue-collar and lower-level office work. Ignores much of other managerial knowledge.
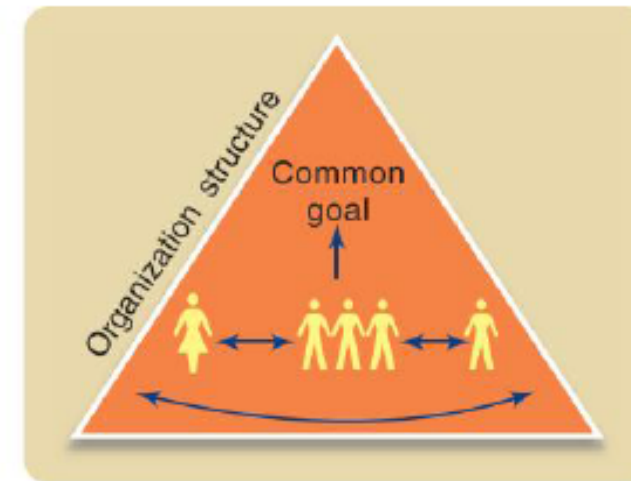
Approaches to Management-9

Youth for Seva
Grama Vikasa
Abhalashrama, and many more…

COOPERATIVE SOCIAL SYSTEMS APPROACH

Concerned with both interpersonal and group behavioral aspects leading to a system of cooperation. Expanded concept includes any cooperative group with a clear purpose.

Too broad a field for the study of management. At the same time, it overlooks many managerial concepts, principles, and techniques.

Approaches to Management-10

GROUP BEHAVIOR APPROACH

Emphasizes behavior of people in groups. Based on sociology and social psychology. Primarily studies group behavior patterns. The study of large groups is often called organizational behavior.

Often not integrated with management concepts, principles, theory, and techniques. Need for closer integration with organizational structure design, staffing, planning, and controlling.

Study of a group

Study of groups interacting with each other
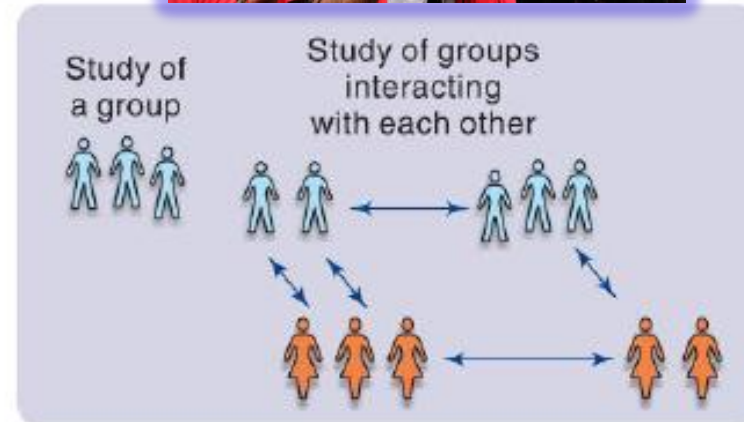
Approaches to Management-11

HR Managers

INTERPERSONAL BEHAVIOR APPROACH

Focuses on interpersonal behavior, human relations, leadership, and motivation. Based on individual psychology.

Ignores planning, organizing, and controlling. Psychological training is not enough for becoming an effective manager.


Focus of study
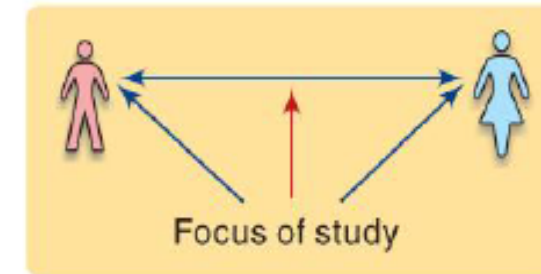
Approaches to Management-12

MCKINSEY'S 7-S FRAMEWORK

The seven S's are (1) strategy, (2) structure, (3) systems, (4) style, (5) staff, (6) shared values, and (7) skills.

Although this experienced consulting firm uses a framework similar to that found useful by Koontz and colleagues since 1955 and confirms its practicality, the terms used are not precise and topics are not discussed in depth.
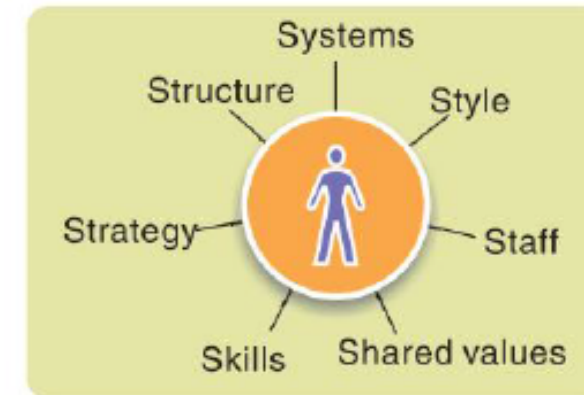
Approaches to Management-13

TOTAL QUALITY MANAGEMENT APPROACH

Focuses on providing dependable, satisfying products and services (Deming) or products or services that are fit for use (Juran), as well as conforming to quality requirements (Crosby). The general concepts are continuous improvement, attention to details, teamwork, and quality education.

No complete agreement on what total quality management is.

Team

Focus:
Customer needs:
Quality Products and Services Concern for quality and cost

Approaches to Management-14

MANAGEMENT PROCESS, OR OPERATIONAL, APPROACH

Draws together concepts, principles, techniques, and knowledge from other fields and managerial approaches. The attempt is to develop science and theory with practical application. Distinguishes between managerial and nonmanagerial knowledge. Develops a classification system built around the managerial functions of planning, organizing, staffing, leading, and controlling.

Does not, as some authors do, identify representing or coordination as a separate function. Coordination, for example, is the essence of managership and is the purpose of managing.

Draws knowledge from approaches above.

Operational approach

Integrates the approaches with science and theory that is practical.
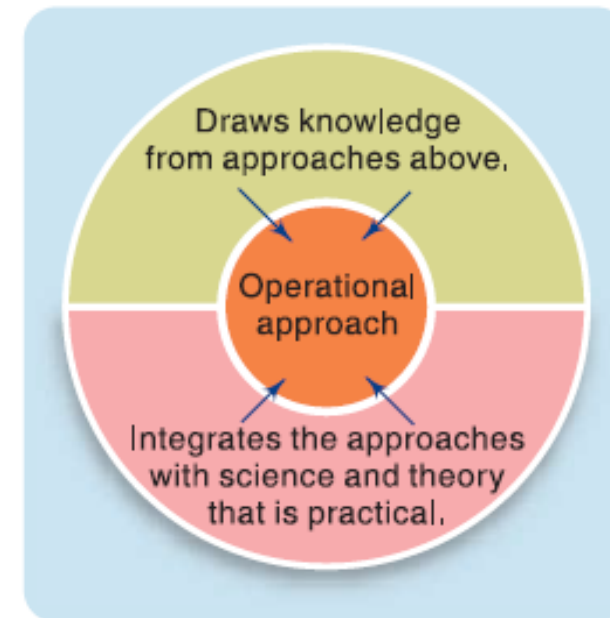
Failure of Mintzberg's Method

+ Only 5 CEO's were in the sample space analysed

+ Not considered - to spend some of their time in public and stockholder relations, in fund-raising, and perhaps in dealer relations, marketing

+ Many activities mapped POSLC

+ Structuring an organization, selecting and appraising managers, and determining major strategies

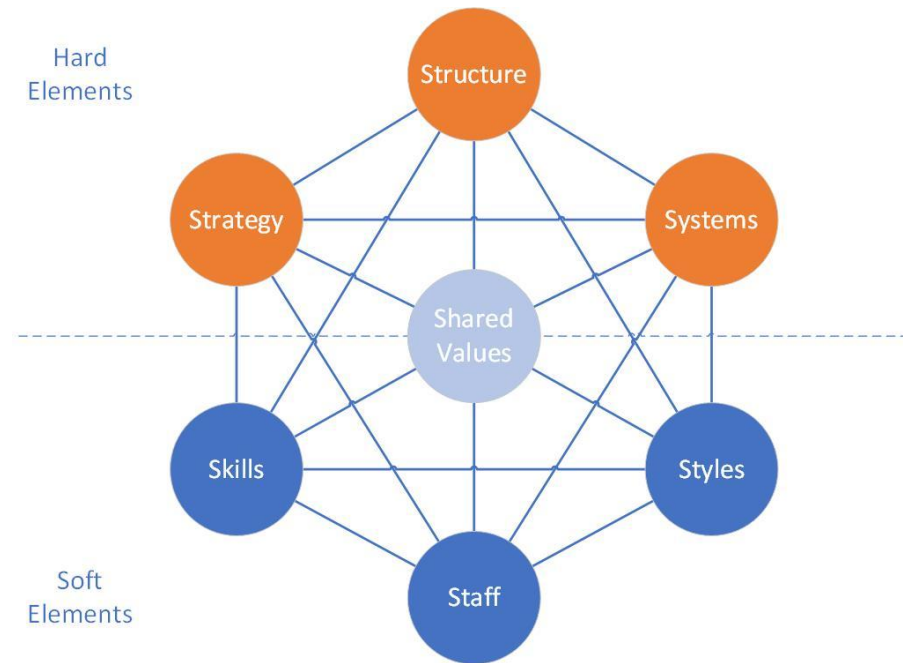# End of Class

Next Topic:

The management process, or operational, approach, System approach, Functions of a Manager

1.3 The management process, or operational, approach
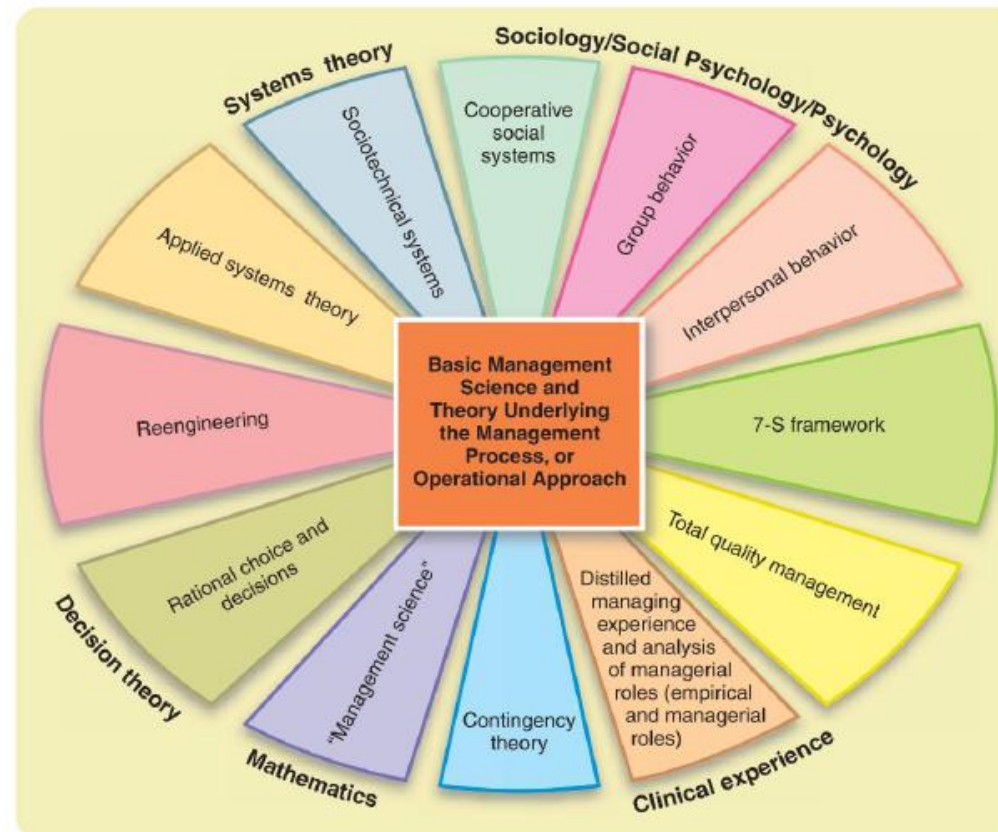
Initial Concept from **Bridgman's Operational Approach**

The Mc-Kinsey 7-S Model

1.4 The Systems Approach to the Management Process

Input-Output Model
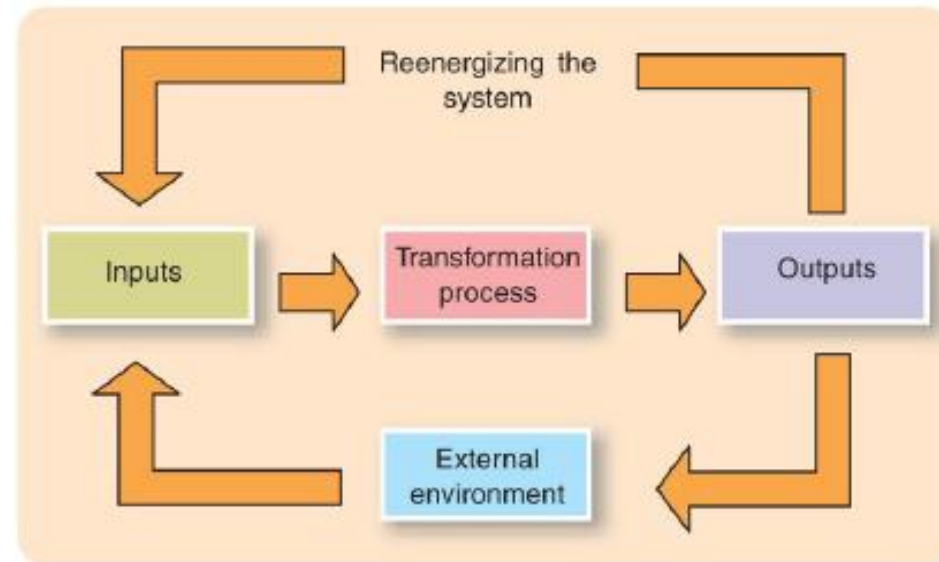
Systems Approach to management
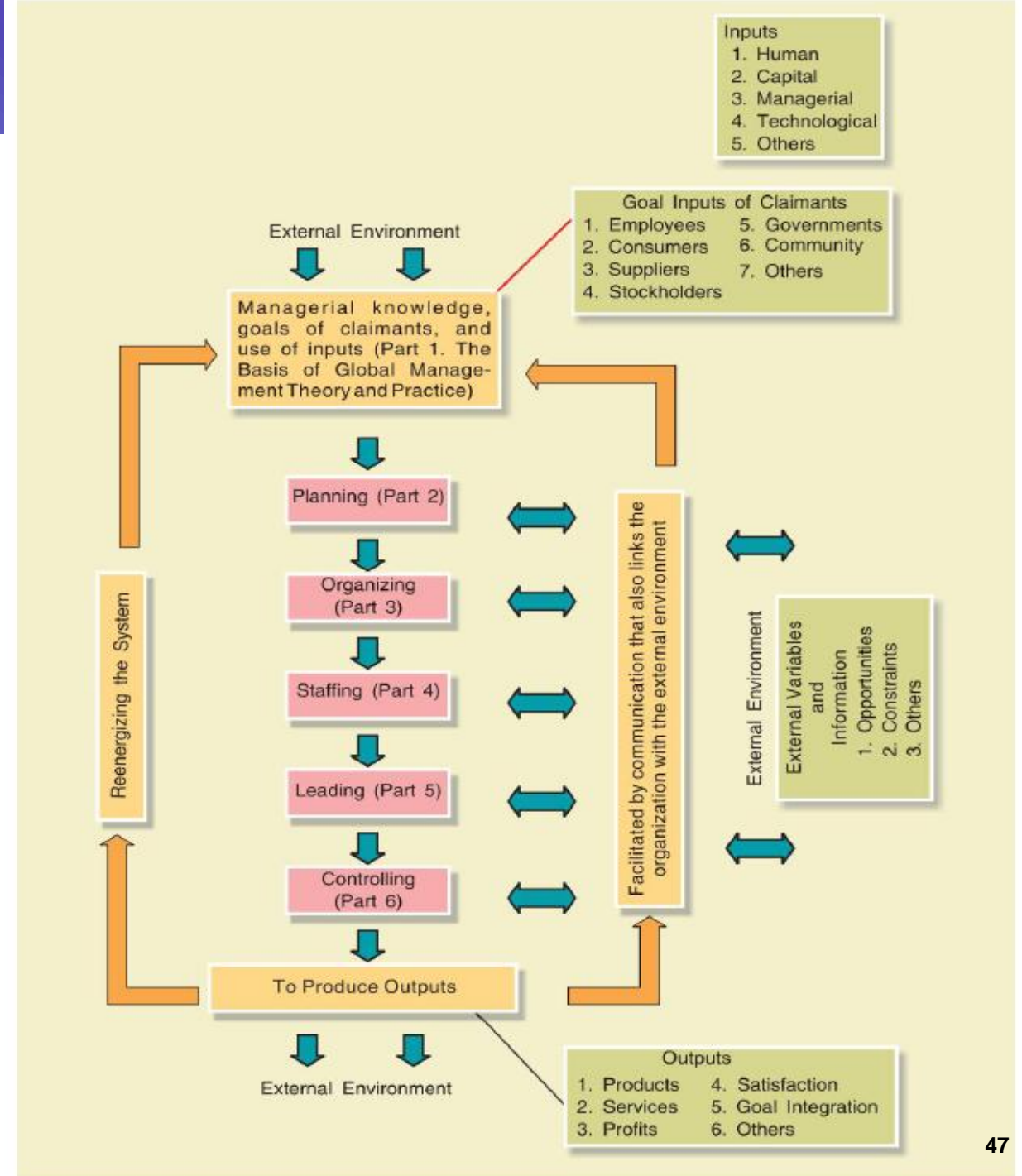
Understanding the Systems Approach

+ Inputs and Claimants

+ The managerial Transformation Process

+ The communication Process

+ External Variables

+ Outputs

+ Reenergizing the System

1.5 The Functions of Managers

+ Planning

+ Organizing

+ Staffing

+ Leading

+ Controlling

COORDINATION

Managers or Leaders?

Managers or Leaders

+ *Managers are characterised as: "those in **executive status systems** who are authorised to get others to get work done, and for whose work, as well as their own, they are **held accountable."***

+ ***Leadership, by definition, requires followership.** Managers are **appointed to their positions** and may, on account of hierarchical structures, be endowed with authoritative powers*.

Managers or Leaders

*"**Leadership certainly seems to be part of management**: a sub-set of specific skills, qualities, attitudes, flair and action.*

*There is an expectation in those being managed that somewhere, **effective leadership should be exercised and visible**. Without it management seems **sterile.**"*

Managers or Leaders

+ *Managers in public sector institutions are likely to find themselves faced with both **management and leadership tasks**. An ability to **differentiate** the values of **effective leadership and effective management,** may be useful as a self reflective tool, as a function of personal and professional development.*

Managers or Leaders

"After all, it is obvious that a person can be a leader without being a manager, a person can be a manager without leading."

Summary

+ Management Definition

+ Goals and Functions of Managers

+ PSLOC

+ Approaches – 13+1

+ Systems Approach

+ Manager or leaders

End of Chapter 1

Case Study: Mc Donald's

+ McDonald's is an International food product brand of America. It started its journey with its first opening in 1955. The owner Ray Kroc offered high quality menu, moderately priced food served fast in spotless surroundings. McDonald's QSC&V (quality, service, cleanliness & value) was a big hit. And soon it gradually expanded to 119 countries all over the world by 2007. That's not all; McDonald's takes time to expand itself through planning in different countries. It took 14 years for the company to open its first outlet on Moscow.

+ But the time taken was not a waste. People were found to stand in line for 2 hours for just a Hamburger. Even the Beijing opening in 1992 drew about 40000 people to the opening day. McDonald's has made it's rules very flexible for which they follow the local laws for preparing the food. For example, the menu in Arab countries follow Islamic rule of food preparation. Even in Jerusalem no dairy products are served.

+ So, it can also be said that McDonald's has made it possible for people to find other cultures in their own culture. Although McDonald's has made it's activities quite flexible, it does not compromise it's QSC&V rule. The company revoked its first franchise in France for not maintaining the standard of fast service and cleanliness. But McDonald's has it's own method of appointing its employees. The Owners and managers attend the Hamburger University near Chicago or other places around the world to learn how to operate a McDonald's restaurant and maintain QSC&V. McDonald's also ensures consistent products by controlling every stage of distribution. The company also follows a strategy where it believes, be first in a market and establish its brand as rapidly as possible. McDonald's has its structure in variety of forms, with 66 percent of the restaurants being franchises.

+ It operates about 21 percent of the restaurants. But within all this success, the company is now facing some serious competitions such as, Burger King, Wendy's, KFC etc. Due to its decreasing popularity from 2001 McDonald's has started to change its appearance. It has introduced McCafe to capitalize the latest trend. McDonald's introduced it's "Forever Young" brand by redesigning all of their restaurants. It has also introduced three new different areas in the restaurants, the linger zone, the grab and go zone and the flexible zone. Even after all the thrive the company is going all the way to success. So it has become crucial for the company to keep innovating and introducing new alternatives in order to attract new and old McDonald's lovers.

Questions

+ Q:1. What opportunities and threats did McDonald's face? How did it handle them? What alternatives could it have chosen?

Opportunity

+ 1.   People always want high quality at a moderate/low price. They also need fast service in spotless surroundings. McDonald's, due to its global presence and international practices, can provide all these at an affordable price.
2.   The Eastern countries were not introduced to fast food. Fast food had barely touched many cultures then. Hence, McDonald's saw fast food as an attractive business   in   the   far   eastern   countries.
3.   They are in family-oriented business and there was no other chain with similar services in fast food who were offering services to the entire family in Europe. In fact, McDonald's saw a great opportunity by way of selling products for children in Europe where children were not welcomed in restaurants.
4.   The taste for Fast food, especially American style, is growing more rapidly in other places than in US. This is an immense opportunity for expansion for McDonald's outside the US.

Threats

+ 1.   Prejudices: The main issue when entering a new geography is the need to understand the culture prevalent there. McDonald's had a tough time explaining what a Hamburger means to a German who felt hamburgers were people from the city of Hamburg. Similarly, in Japan, Potatoes were used only to make starch. So, McDonald's found it difficult to explain its products to the locals in both these   countries.
2.   They maintain the same traditional menu with limited items.

End of case study