

# MODULE 1

## INTRODUCTION TO MANAGEMENT



# Importance of Management

Management is **essential** in all organizations and it is a **critical element** in the **economic growth** of a country.

By bringing together the **4M's** of production management ,enables a country to experience a level of economic development

“without management, a country's resources of production remains resources and never become production”

*-Peter Drucker*



# Definition

Management is a wide term. It is described as an “activity”, a “process”, and a “group of people” vested with the authority to make decisions

“Management is to forecast and plan, to organize, to command, to coordinate, and to control”.

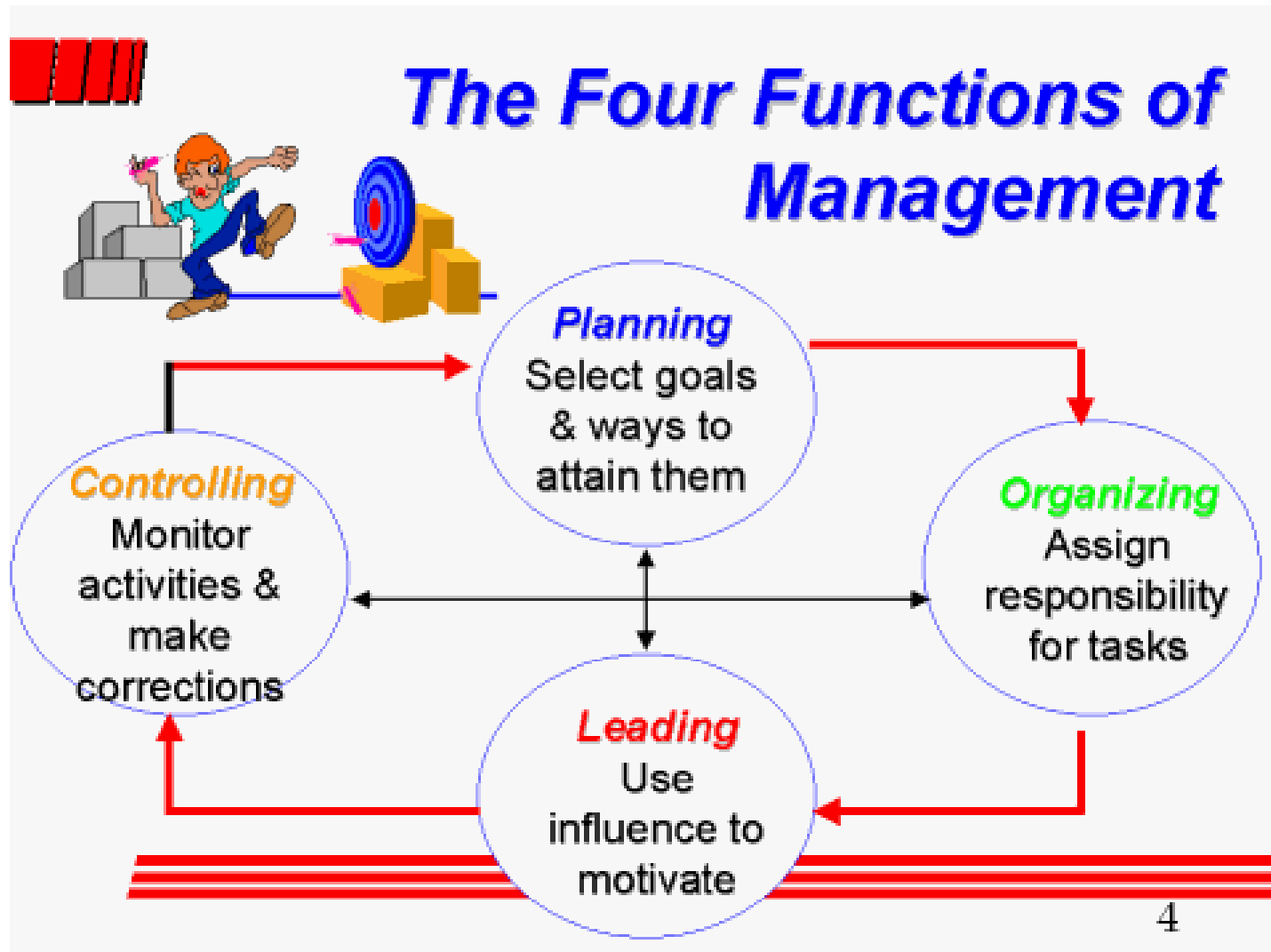
*-Henry Fayol*

“Management is an art of getting things done through and with the people in formally organized groups. It is an art of creating an environment in which people can perform and individuals and can co-operate towards attainment of group goals”. Management is the process of reaching organizational goals by working with and through people and other organizational resources.

*- Harold Koontz*



# Management Functions



# 1.Planning



Planning involves **choosing tasks** that must be performed to attain organizational goals, outlining **how the tasks must be performed**, and **indicating** when they should be performed.

Planning activity focuses on attaining goals. Managers outline exactly what organizations should do to be successful. Planning is **concerned with the success of the organization** in the short term as well as in the long term.



## 2.Organizing



Organizing can be thought of as **assigning the tasks** developed in the planning stages, to various individuals or groups within the organization.

Organizing is to **create a mechanism** to put **plans into action**. People within the organization are given work assignments that contribute to the company's goals.

**Tasks are organized** so that the output of each individual contributes to the success of departments, ultimately contributes to the **success of the organization**

### 3. Leading



Leading is also referred to as **motivating, Influencing** or **directing**.

Leading can be defined as **guiding the activities** of organization members in the direction that helps the organization move towards the **fulfillment of the goals**.

The **purpose** of leading is to increase **productivity**. Human-oriented work situations usually generate higher levels of production over the long term than do task oriented work situations because people find the latter type distasteful.



## 4. Controlling



Controlling is the following roles played by the manager:

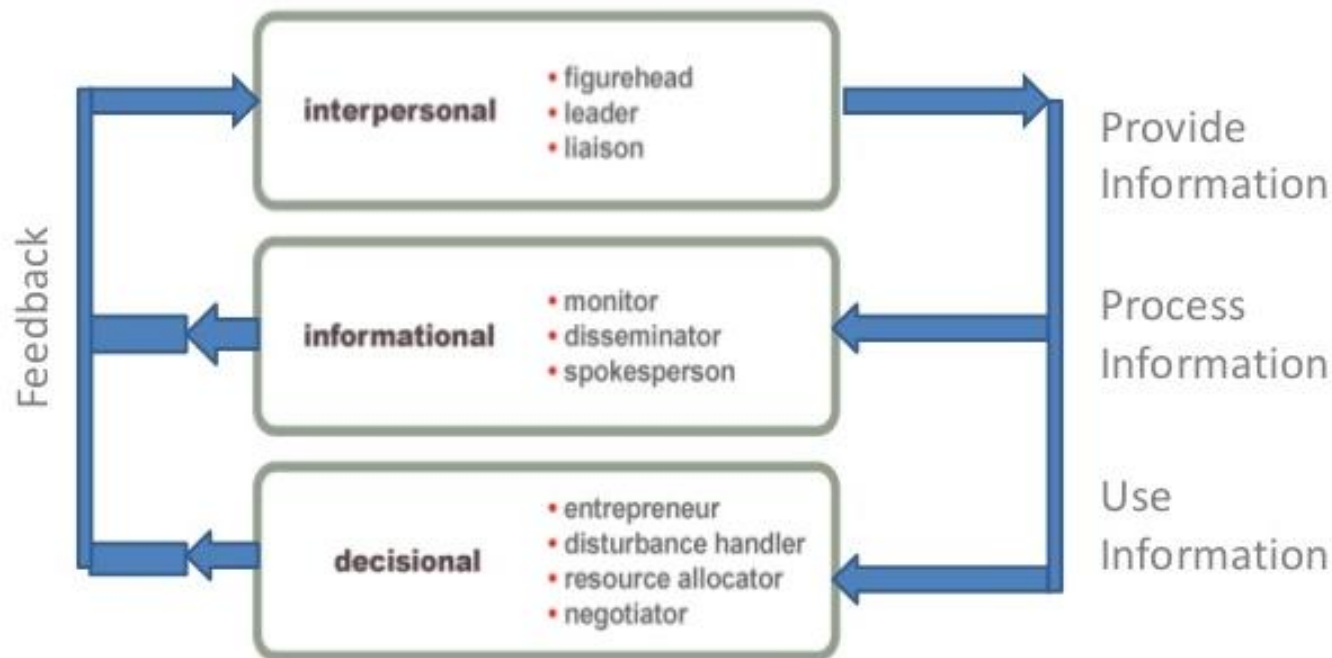
- Gather information that **measures performance**
- **Compare** present performance to pre established performance norms.
- **Determine** the next action plan and **modifications** for meeting the desired performance parameters.
- Controlling is an ongoing process.





# Role of Managers

- A **role** is an organized set of **behaviours**.
- **Henry Mintzberg** has identified **ten roles** common to the work of all managers.
- The ten roles are divided into **three groups**.



The Managerial Roles



# 1. Interpersonal Roles

The interpersonal roles link all managerial work together

## Figurehead Role:

- The manager **represents** the organization in all matters of **formality**.
- The top level manager represents the company legally and socially to those outside of the organization.

## Liaison Role:

- The manager **interacts** with peers and people outside the organization.
- The top level manager uses the liaison role to **gain favours and information**, while the supervisor uses it to maintain the routine flow of work.

## The leader Role:

- It **defines the relationships** between the manager and employees.



## 2. Informational Roles

The informational roles ensure that information is provided


### Monitor Role:

- The manager receives and collects information related to your organization and industry, looking for relevant changes in the environment.

### Disseminator Role:

- This is where the manager communicate potentially useful information to colleagues and team.

### Spokesperson Role:

- The Managers represent and speak for their organization.
  - The manager responsible for transmitting information about their organization and its goals to the people outside it.
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### 3.Decisional Roles

The decisional roles make significant use of the information

#### **Entrepreneur Role:**

The manager **initiates change**, new projects; **identify new ideas**, delegate idea responsibility to others.

#### **Disturbance Handler Role:**

The manager **deals with threats to the organization**. The manager takes corrective action during disputes or crises

#### **Resource Allocator Role:**

The manager decides **who gets resources; schedule, budget** set priorities and chooses where the organization will apply its efforts.

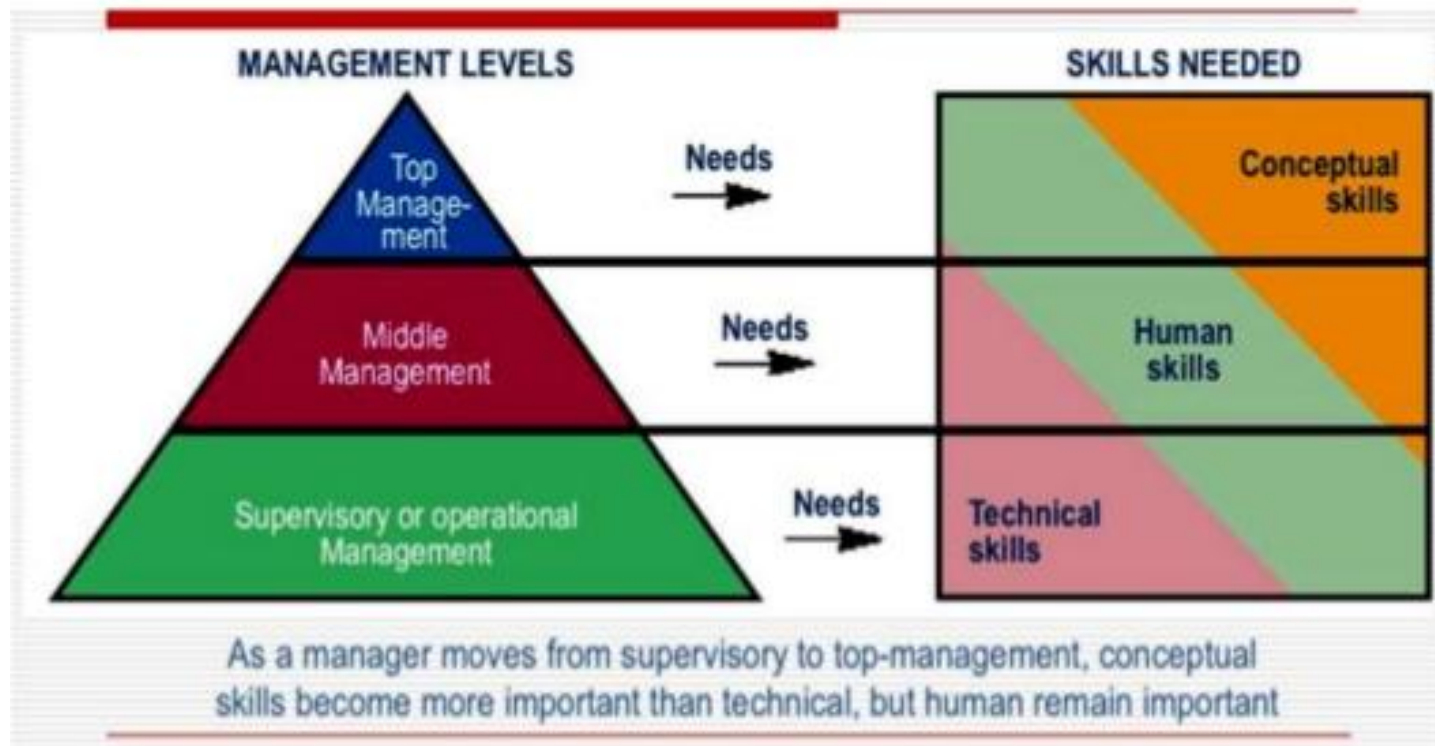
#### **Negotiator Role:**

The manager **negotiates** on **behalf of the organization**. The top level manager makes the decisions about the organization as a whole, while the supervisor makes decisions about his or her particular work unit.



# Managerial skills

Managers at every level in the management hierarchy must exercise three basic types of skills: technical, human, and conceptual



# 1. Technical skills

- Technical skills refer to the ability and knowledge in using the equipment, techniques and procedure involved in performing specific tasks.
- These skills require specialized knowledge and proficiency in the mechanics of a particular.
- Technical skills lose relative importance at higher levels of the management hierarchy, but most top executives started out as technical experts.



## 2.Human skills

- Human skills refer to the ability of a manager to work **effectively with other people** both as individual and as members of a group.
- Human skills are concerned with **understanding of people**.
- These are required to **win cooperation** of others and to build effective work teams.



### 3. Conceptual skills.

- Conceptual skills involve the ability to see the whole organization and the interrelationships between its parts.
- These skills refer to the ability to visualize the entire picture or to consider a situation in its totality.
- These skills help the managers to analyze the environment and to identify the opportunities.
- Conceptual skills are especially important for top-level managers, who must develop long-range plans for the future direction of their organization.





# Classification of Environmental Factors

On the basis of the **extent of intimacy** with the firm, the environmental factors may be classified into different types namely **internal** and **external**

## **Internal Environmental Factors**

- The internal environment is the environment that has a **direct impact** on the business.
- The internal factors are generally **controllable** because the company has control over these factors.
- The internal environmental factors are **resources, capabilities and culture**



# External Environment Factors

- It refers to the environment that has an indirect influence on the business.
- The factors are uncontrollable by the business.
- The two types of external environment are micro environment and macro environment.

## Micro Environment

Factors or elements in an organization's immediate area of operations that affect its performance and decision-making freedom. These factors include competitors, customers, distribution channels, suppliers, and the general public



# Macro Environment

1. The major external and uncontrollable factors that influence an organization's decision making, and affect its performance and strategies. These factors include the economic factors; legal, political, and social conditions; technological changes; and natural forces.

2. Specific examples of macro environment influences include competitors, changes in interest rates, changes in cultural tastes, disastrous weather, or government regulations.



# Trends and Challenges of Management in Global Scenario

International managers need to have a **clear view** of where they want their **firm** to be **in the future**.

Organize---Motivate---- Control mechanism

## **Planning and Decision Making**

- Planning and Decision Making in a Global Scenario to **effectively plan** and make decisions in a **global economy**.
- Managers must have a broad based understanding of both **environmental issues** and **competitive issues**, local market conditions and technological factors.
- Which markets are **growing**? Which markets are **shrinking**? Which are our domestic and foreign competitors doing in each market?



# Organizing

- Organizing in a Global Scenario Managers in international businesses must also attend to a **variety of organizing issues**.
- Managers in an international business must **address** the basic issues of organization **structure and design**, **managing change**, and **dealing with human resources**.

# Leading

- Leading in a Global Scenario We noted earlier some of the **cultural factors** that affect international organizations.
- **Individual managers** must be prepared to **deal** with these and other factors as they interact people from different cultural backgrounds.
- How to **motivate**? how to **lead** in different cultures? how **communication** varies across cultures, and how interpersonal and group processes depend on cultural background.

# Controlling

- Controlling in a Global Scenario Finally, managers in international organizations must also be concerned with control.
- Distances, time zone differences, and cultural factors also play a role in control.
- Basic control issues for the international manager revolve around operations management productivity, quality, technology and information systems.



# Management – as Art or Science



According to Harold Koontz and several others management authors called management “An *Art* of getting things done through people”.



# Management is an art due to the following reasons

- Intelligence
- Initiative
- Innovative
- Individual Approach
- Application & Dedication
- Goal Oriented





# Management as a Science

Science is a systematic body of knowledge which is universally accepted. F . W. Taylor, the father of “Scientific Management” was perhaps the first person to consider management as a science.



Sciences can be broadly divided into two groups:

- **Physical Sciences**
- **Social Sciences**

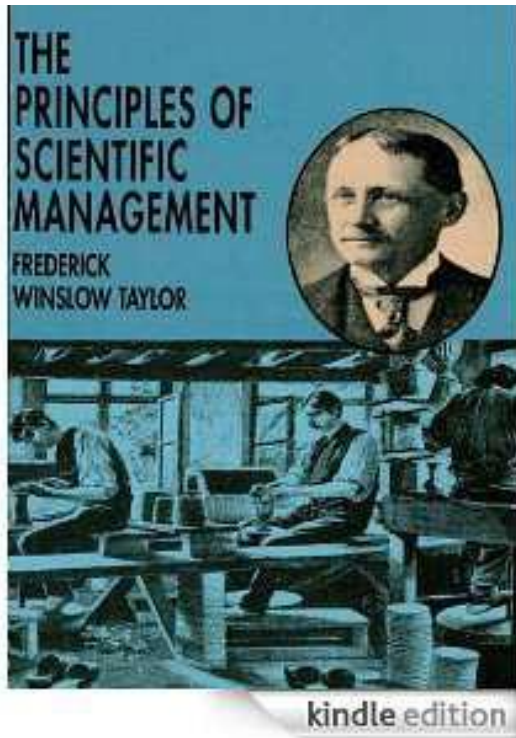
*Management is a social science* because it deals with human beings.



- Managers who believe in management as a science will certainly feel that **there are ideal managerial practices** for many situations.
- As a science management includes **concepts, hypothesis, theories, experimentation all validated** and analyzed appropriately to explain about cause and effect relationship between many facts or events happened.
- Physical sciences like Physics, chemistry and mathematics are exact and accurate, in contrast, **social sciences usually are not so exact and precise** since they take care of **human beings**.
- Management is a **social science** as it relates to **human beings**.
- Since it **is not possible to predict human nature with accuracy**, the decisions taken in management might be just one way of doing things in a provided scenario and not the only way of accomplishing things.



# Frederick W. Taylor's principles of scientific management



## Managers must:

- Study the way that workers perform their tasks
- Understand the job knowledge that workers have
- Find ways to improve how tasks are performed
- Give written work rules
- Hire workers who have skills and abilities needed for the tasks to be completed
- Train workers to perform according to the established procedures
- Establish a level of performance acceptable and fair linked to a good pay system



# Comparison as an art Vs science

## As an art

- Based on practice and creativity
- It is theoretical body of knowledge
- Has personalized application

## As a science

- Based on experimentation
- It is a systematized body of knowledge
- Has a universal application



From the study above, we say that:

*management is both, art and science.*

According to **ASME** (American Society of Mechanical Engineers):

“Management is the art and the science of preparing, organizing and directing human efforts to control the forces and utilize the material of nature for the benefit of men.”

- Management has got two faces like a coin; on one side it is art and on the other side it is science.



# Competitive Advantage

Competitive Advantage means



Mercedes-Benz

“Something that places a company or a person above the competition”



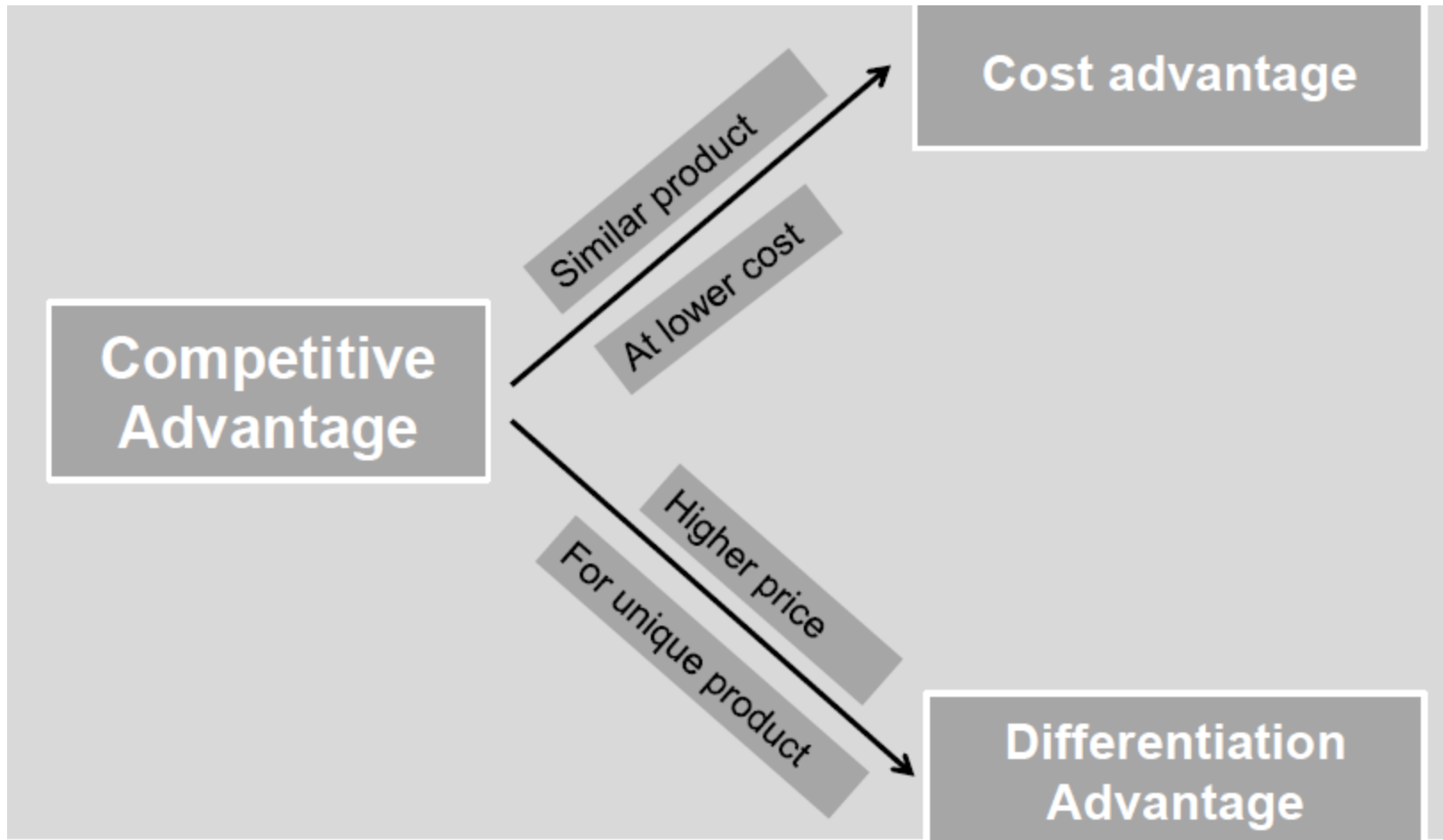
# The reason of enterprise have a competitive advantage

## Resource/Performance

1. Customer **satisfaction** and **loyalty** increase, **Increase of profit , Increase of market share**  
→ bring market performance
2. The product offering which is **value** in the market  
→ competitive advantage offering valuable product and service
3. **various size** and **scope** and profitability of company  
→ The competitive advantage makes the base will be able to expand the enterprise which is various



# Types of competitive advantages





## Approach 1 to Competitive advantage: Cost leadership

- A firm sets out to become the **low cost producer** in its industry.
- Note: a cost leader must achieve parity or at least proximity in the bases of differentiation, even though it relies on cost leadership for its CA.
- Note: if more than one company aim for cost leadership, usually this is disastrous.
- Often achieved by **economies of scale**



## Competitive advantage model 2: Differentiation

- a firm seeks to be **unique** in it's industry along **some dimensions** that are widely valued by buyers.
- Note: a differentiator **cannot ignore it's cost position**. In all areas that do not affect it's differentiation it should try to decrease cost
- Area's of differentiation can be: **product, distribution, sales, marketing, service**, etc.



# Managing in a Global Environment

## Challenges

- Coping with the sudden appearance of new competitors
- Acknowledging cultural, political, and economic differences
- Dealing with increased uncertainty, fear, and anxiety  
Adapting to changes in the global environment
- Avoiding parochialism



# Adopting a Global Perspective

- Ethnocentric Attitude

The parochialistic belief that the best work approaches and practices are those of the home country.

- Polycentric Attitude

The view that the managers in the host country know the best work approaches and practices for running their business.

- Geocentric Attitude

A world-oriented view that focuses on using the best approaches and people from around the globe.



# Different Types of Global Organizations

- Multinational Corporation (MNC)

A firm which maintains operations in multiple countries but manages the operations from a base in the home country.

- Transnational Corporation (TNC)

A firm that maintains operations in several countries but decentralizes management to the local country.

- Borderless Organization

A firm that has eliminated structural divisions that impose artificial geographic barriers and is organized along business lines.



# Managing in A Global Environment

## The Legal Environment

- Stability or instability of legal and political systems
- Legal procedures are established and followed
- Fair and honest elections held on a regular basis
- Differences in the laws of various nations
- Effects on business activities
- Effects on delivery of products and services



# The Economic Environment

## • Economic Systems

- Market economy
- An economy in which resources are primarily owned and controlled by the private sector.
- Command economy
- An economy in which all economic decisions are planned by a central government.

## • Monetary and Financial Factors

- Currency exchange rates
- Inflation rates
- Diverse tax policies



# The Cultural Environment

## National Culture

- Is the values and attitudes shared by individuals from a specific country that shape their behavior and their beliefs about what is important.
- May have more influence on an organization than the organization culture.

