Principles of management

01_ Introduction to Management

Management

- Management is an **art.**
- It is in the sense of possessing **managing skill** *by an* **individual**.
- Management is **science** too.
- It **involves** developing certain ***principles*** *or* ***laws*** *applicable in a* ***place*** *where a* ***group*** *of* ***activities*** *are coordinated.*
- .

Management

- **Management** is the **art** of getting **things** done by a group of people with the effective utilization of available resources

Management

- It is the group of activities,
- which drafts plans, prepares policies, and arranges men, money, machines and materials required to achieve the objectives.
- Management is the activity of man who struggles for better living in the complex and competitive world.
- .

Management

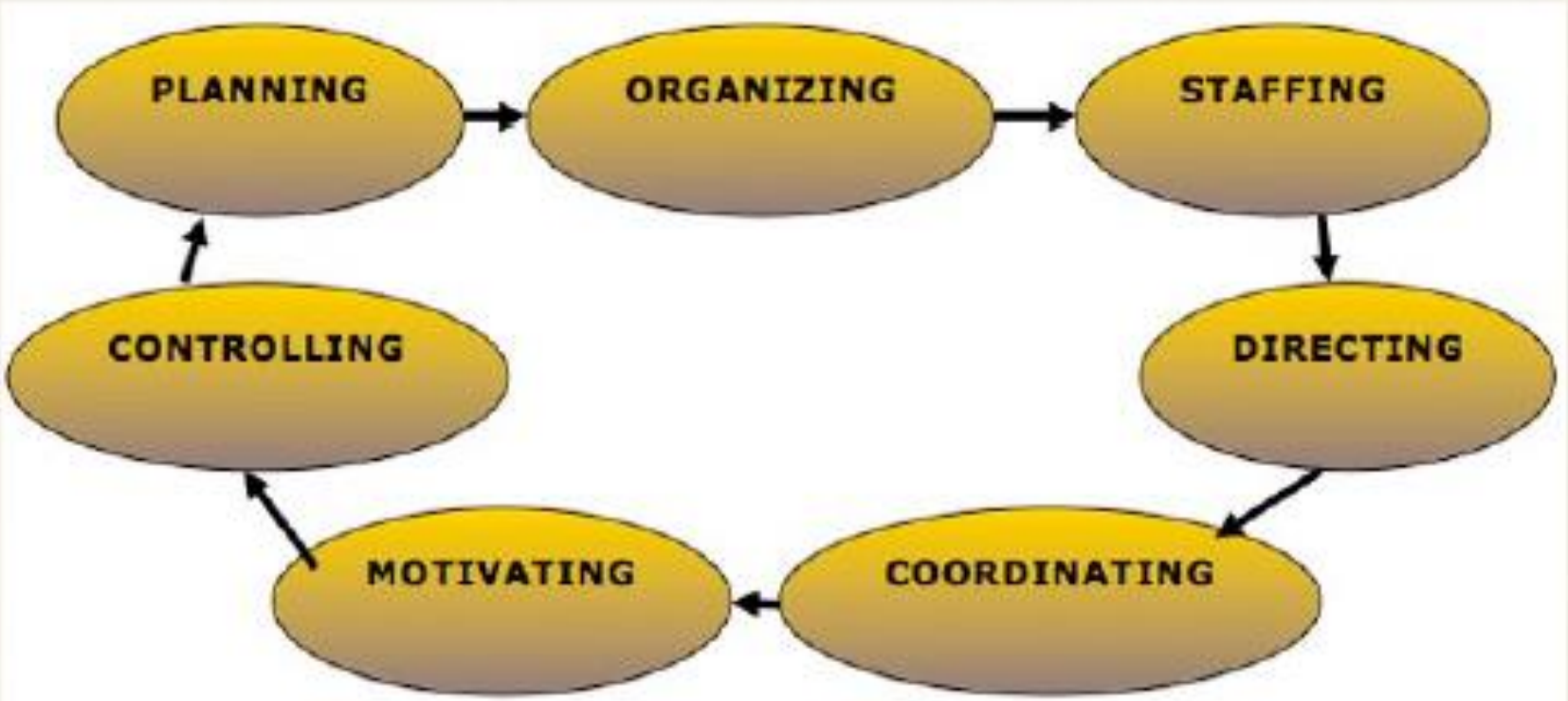
- Management is the process **consisting** of the functions of **planning**, **organizing**, **staffing**, **directing** and **controlling** the operations to **achieve specified objectives**.

- It **rewards** those who are **engaged** in this process to ensure an **excellent performance** with **continual improvement**

Management

- Management **involves** a **set** of **processes** that come into play whenever we want to achieve something, that is, our preset goal, by thinking process and utilizing the inputs such as man, machine, materials, money etc. in a coordinated.

Principles of Management



The advantages of learning Principles of management

- 1- focus & direction
- 2- plan & organize our life
- 3- clarity of thinking and action
- 4- improves behavior towards others and world
- 5- taking decision

Various definitions (Management) :

- According to **F.W.Taylor,** Management is the art of knowing what you want to do, and then seeing that it is done in the best and the cheapest way.
- According to **Henry Fayol**, to manage is to forecast and to plan, to organize, to command, to coordinate and to control.

What is the meaning of the word "Optimum utilization"?

- . It means best possible utilization under given circumstances.
- We will explain this definition by taking an example from our kitchen.
- **We want to make a cup of tea, and we have all the resources**

Management as a Process, coordination, and function

- **Management as a "Process":** ***McFarland*** defines management as "A process by which managers create, direct, maintain and operate purposive organization through systematic, coordinated, cooperative human efforts". An important term in this definition is "Process".
- This term emphasizes the dynamic or ongoing nature of management, an activity over varying span of time. The dynamic nature implies that change is reality of organizational life.In managing organizations, managers create changes, adopt organizations to changes and implement changes successfully in their organizations. Businesses fail and become bankrupt because managers fail in their attempt to cope with the change.

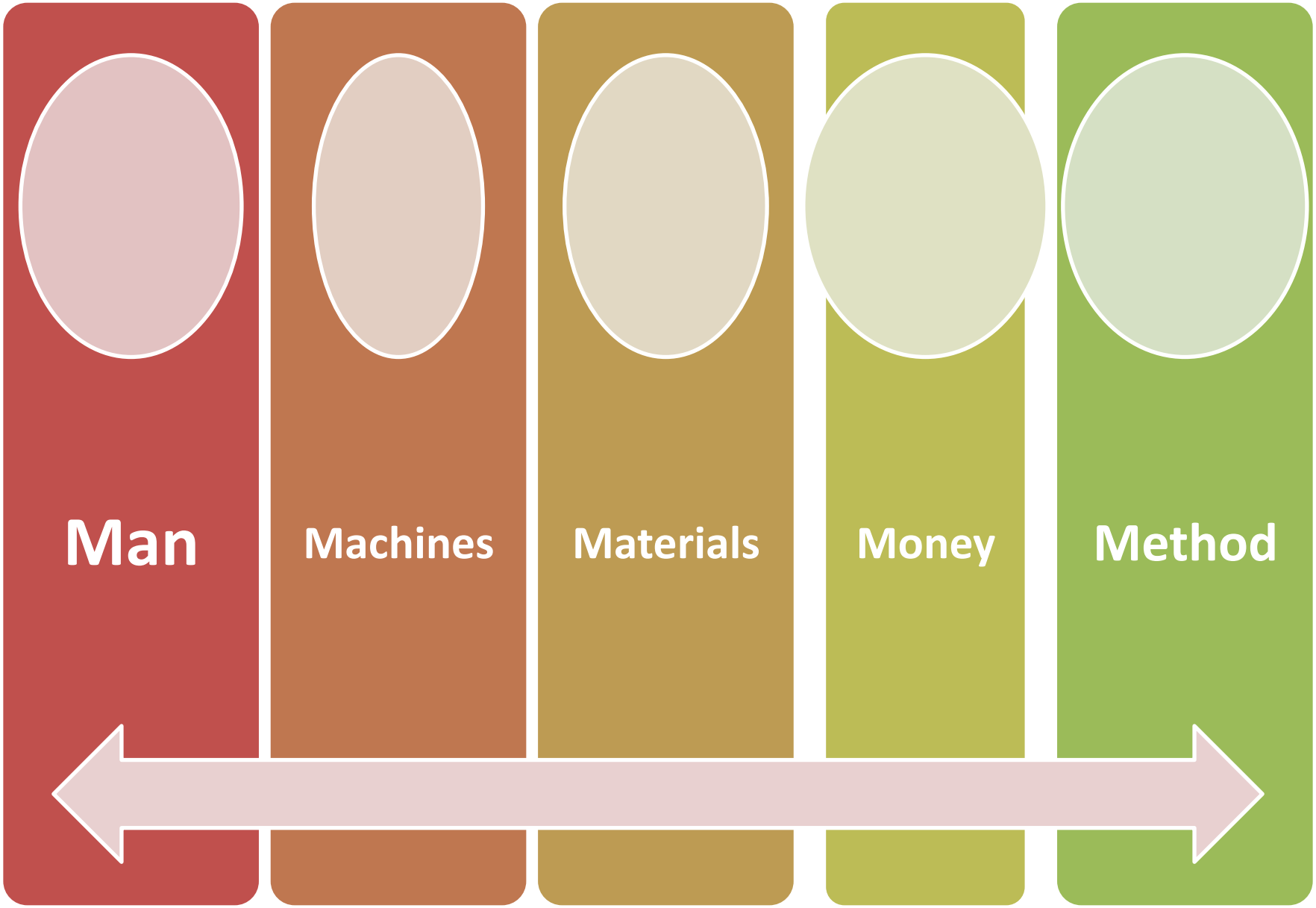
- **Management as "coordination":** Donally, Gibson and Ivancevich also support the view of management as a Process but their stress in more on co-ordination. According to them, "Management is a process by which individual and group effort is coordinated towards group goals". In order to achieve goals, coordination is essential and management involves securing and maintaining this coordination. This coordination effort is also stressed in the definition of Koontz and O'Donnell. According to them, "Management is a process of designing and maintaining an environment in which, individuals, working together in groups efficiently and effectively accomplish group goals".

Management as a “Function”:

- There are those who view management as a function rather than a process. Dunn, Stephens and Kelly contend that “Management is a role which includes a set of duties, responsibilities, and relationships-involved in work organizations”. These duties and responsibilities constitute the function a manager performs. The duties and responsibilities a manager performs are quite different from those performed by managerial employees.

Five Ms in the business

- Efficient management is the lifeboat of any developed business .
- ***there are five Ms in business which can be called as the resource of the business***:
- *Man, Machines, Material, and Mony as tangible ones and method as intangible one*


Man
Machines
Materials
Money
Method

A good manager is expected to have ability of four skills as given below:

- **Technical skills**
- **Human skills**
- **Concept skills**
- **Design skills**

Importance of Management

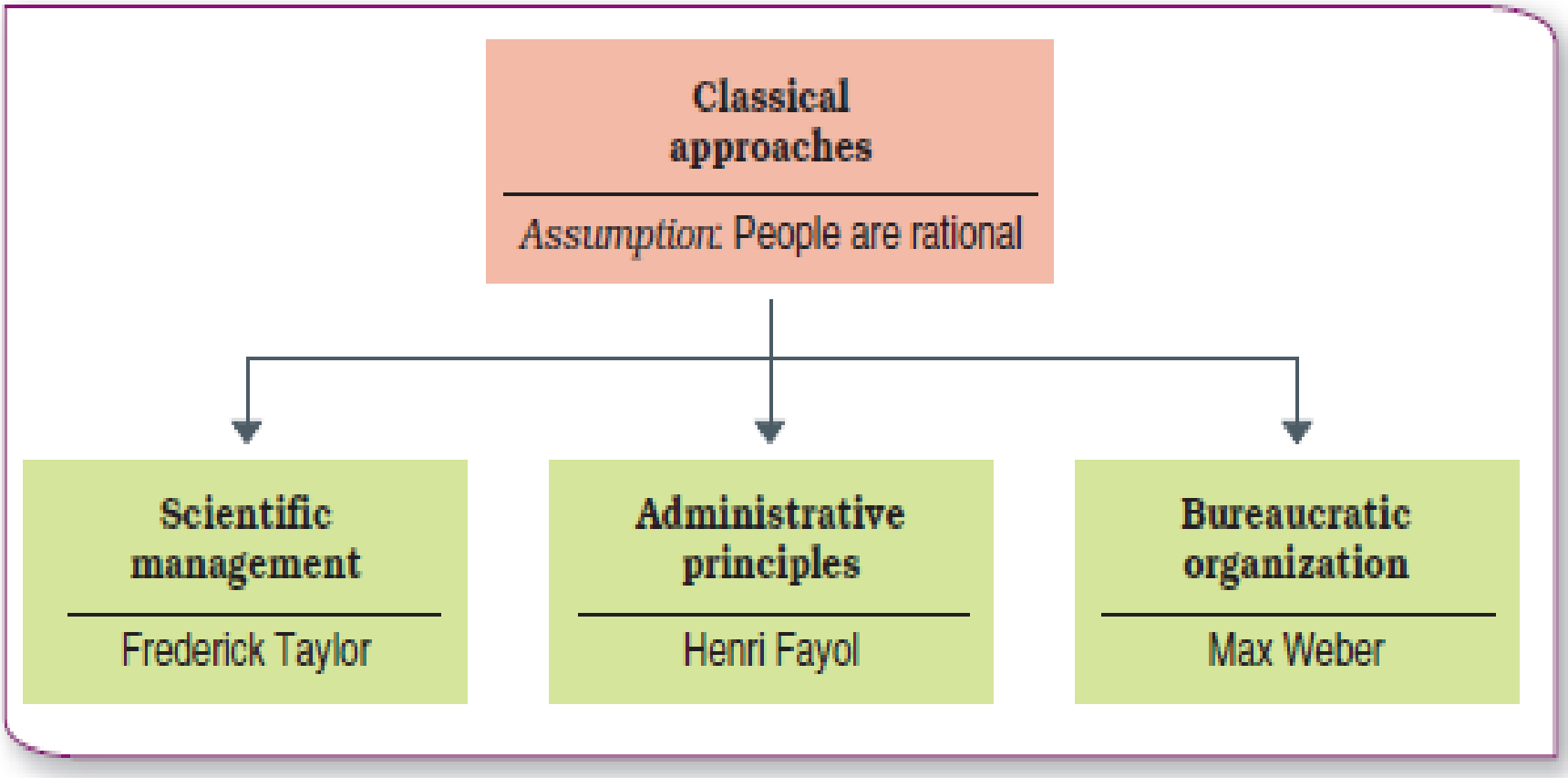
1. - Achieving of group goals.
2. Effective utilization of resources.
3. Effective functioning of business.
4. Resource development.
5. Sound organizational structure.
6. Management directs the organization

Principles of management

02_ History of Management

1. **Classical Management Approaches**
    1. Scientific management
    2. Administrative principles
    3. Bureaucratic organization
2. **Behavioral Management Approaches**
    1. Follett's organizations as communities
    2. The Hawthorne studies
    3. Maslow's theory of human needs
    4. McGregor's Theory X and Theory Y
    5. Argyris's theory of adult personality
3. **Modern Management Foundations**
    1. Quantitative analysis and tools
    2. Organization as systems
    3. Contingency thinking
    4. Quality management
    5. Knowledge management and organizational learning
    6. Evidence-based management

Figure 2.1 Major branches in the classical approach to management



- **Four guiding principles <u>of scientific management</u> (Frederick Taylor)**

1. ***Develop for every job*** a "science" : that includes rules of motion, standardized work implements, and working conditions.
2. ***Carefully select workers***: with the right abilities for the job.
3. ***Carefully train workers***: to do the job and give them the proper incentives to cooperate with the job "science."
4. ***Support workers*** :by carefully planning their work.

- ***Administrative principles (Henri Fayol)***

– **Scalar chain**
  - there should be a clear and unbroken line of communication from the top to the bottom of the organization

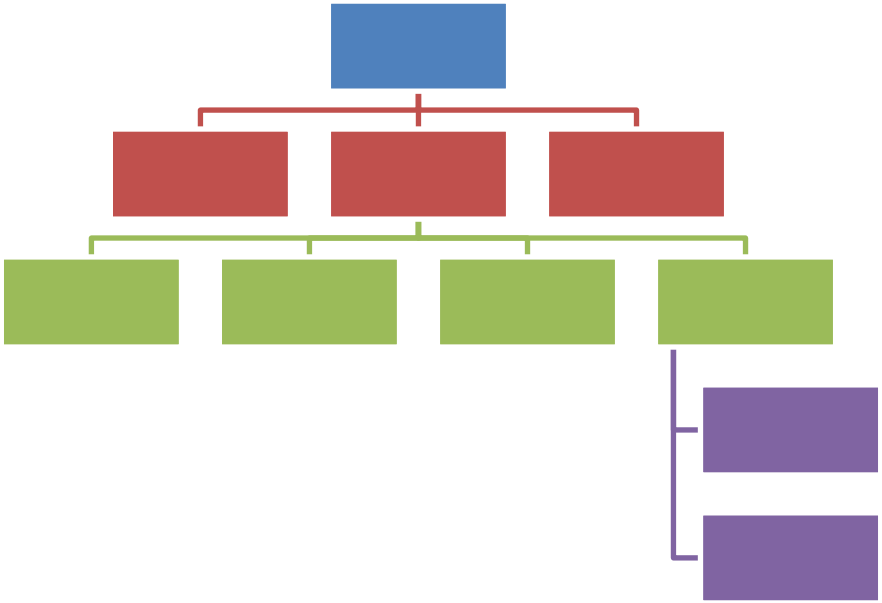
– Unity of command
  - each person should receive orders from only one boss

– Unity of direction
  - one person should be in charge of all activities with the same performance objective

- ***Bureaucratic organization (Max Weber)***

– ***Bureaucracy***

  - An ideal, intentionally rational, and very efficient form of organization
  - Based on principles of logic,
    , and authority

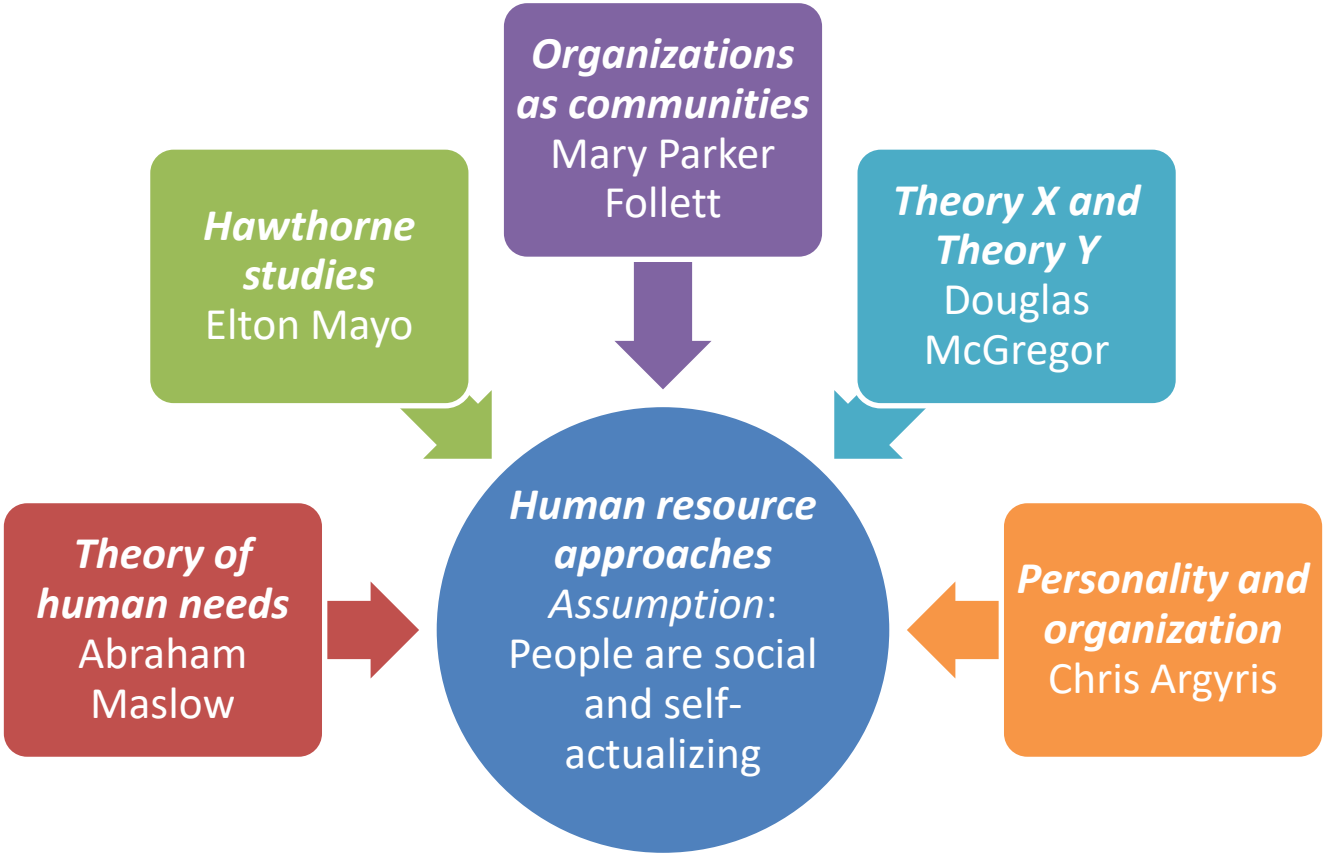


- ***Characteristics of bureaucratic organizations***:

– Clear division of labor
– Clear hierarchy of authority
– Formal rules and procedures
– Careers based on merit

- ***Possible disadvantages of bureaucracy***:
  - Excessive paperwork or “red tape”
  - Slowness in handling problems
  - Rigidity in the face of shifting needs
  - Resistance to change
  - Employee disinterest

Figure 2.2 Foundations in the behavioral or human resource approaches to management



- ***Organizations as communities***
  - **Mary Parker Follett**
- Groups and human cooperation:
  - Groups allow individuals to combine their talents for a greater good
  - Organizations are cooperating "communities" of managers and workers
  - Manager's job is to help people cooperate and achieve an integration of interests

- ***Hawthorne Studies***:
  - Social and human concerns are keys to productivity
  - Hawthorne effect — people who are singled out for special attention perform as expected

- ***Maslow's theory of human needs***
  - Need levels:
    - Physiological
    - Safety
    - Social
    - Esteem
    - Self-actualization

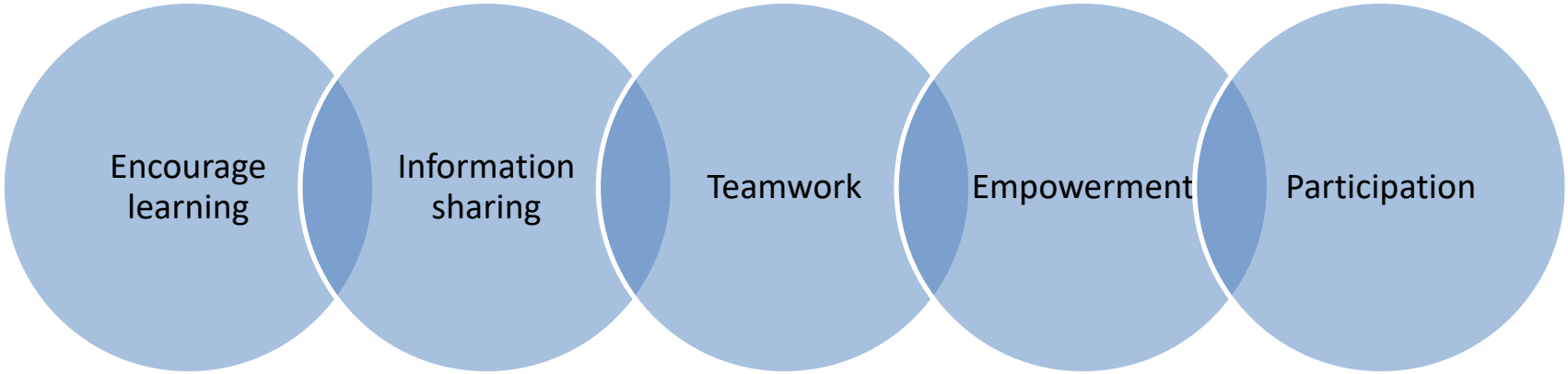
- ***McGregor's Theory Y*** ***assumes that workers are***:
  - Willing to work
  - Capable of self control
  - Willing to accept responsibility
  - Imaginative and creative
  - Capable of self-direction

- ***Quantitative Analysis and Tools***
- Analytics – the use of large data bases and mathematics to solve problems and make informed decisions using systematic analysis
- Typical quantitative approach to managerial problem-solving
  - Problem encountered, it is systematically analyzed, appropriate mathematical models and computations applied, optimal solution identified

- ***Organizations as Systems***
  - System
    - Collection of interrelated parts that function together to achieve a common purpose
  - Subsystem
    - A smaller component of a larger system
  - Open systems
    - Organizations that interact with their environments in the continual process of transforming resource inputs into outputs

- Knowledge Management and Organizational Learning
  - Knowledge management is the process of using intellectual capital for competitive advantage
  - Portfolio of intellectual assets include patents, intellectual property rights, trade secrets, and accumulated knowledge of the entire workforce

- Learning organizations
  - Organizations that are able to continually learn and adapt to new circumstances
  - Core ingredients include:



1. What can be learned from classical management thinking?
2. What insights come from behavioral management approaches?
3. What are the foundations of modern management thinking?

Principles of management

03_Management in a changing environment

Introduction

All organizations are **open organizations** that interact with the environment, and managers try to reconcile the **strengths** and **weaknesses** and the different trends in the environment represented by **opportunities** and **threats** .

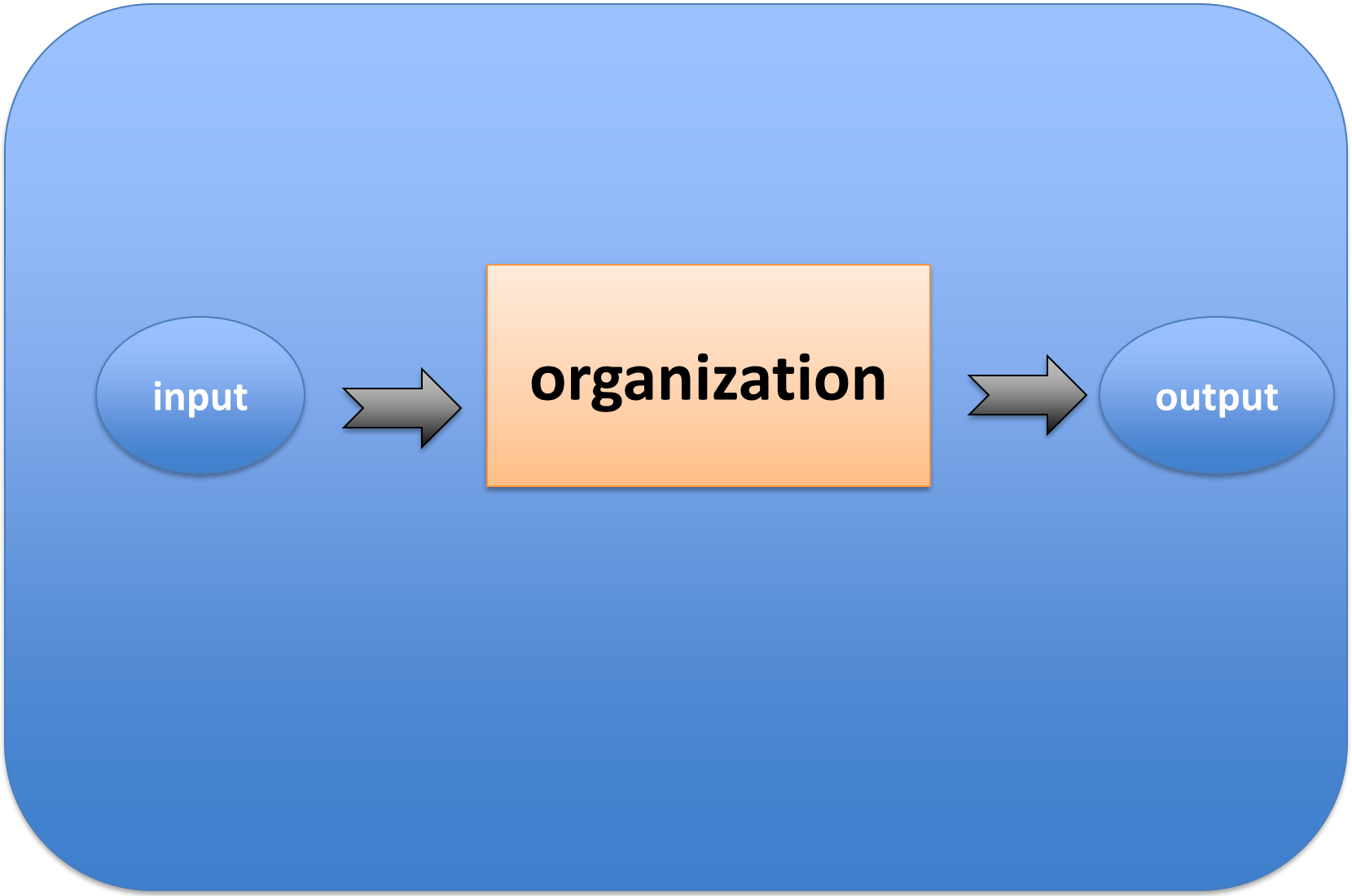
The environment is **characterized** by continuous changes in economic and technological conditions, social institutions, and the relationship with the government, and following up on those changes and adapting to them for the purpose of achieving success.

Management and its environment

An **open system** interacts with its environment

Environment: Any condition or component that does not constitute part of the organization itself.

Organization environment



Management and its environment

There are **two** main types of environmental components:

The **general environment** and the **special environment**

Organization environment

general environment:

The organization's general environment includes those components that indirectly affect its activities, and includes such as government and economic conditions

Organization environment

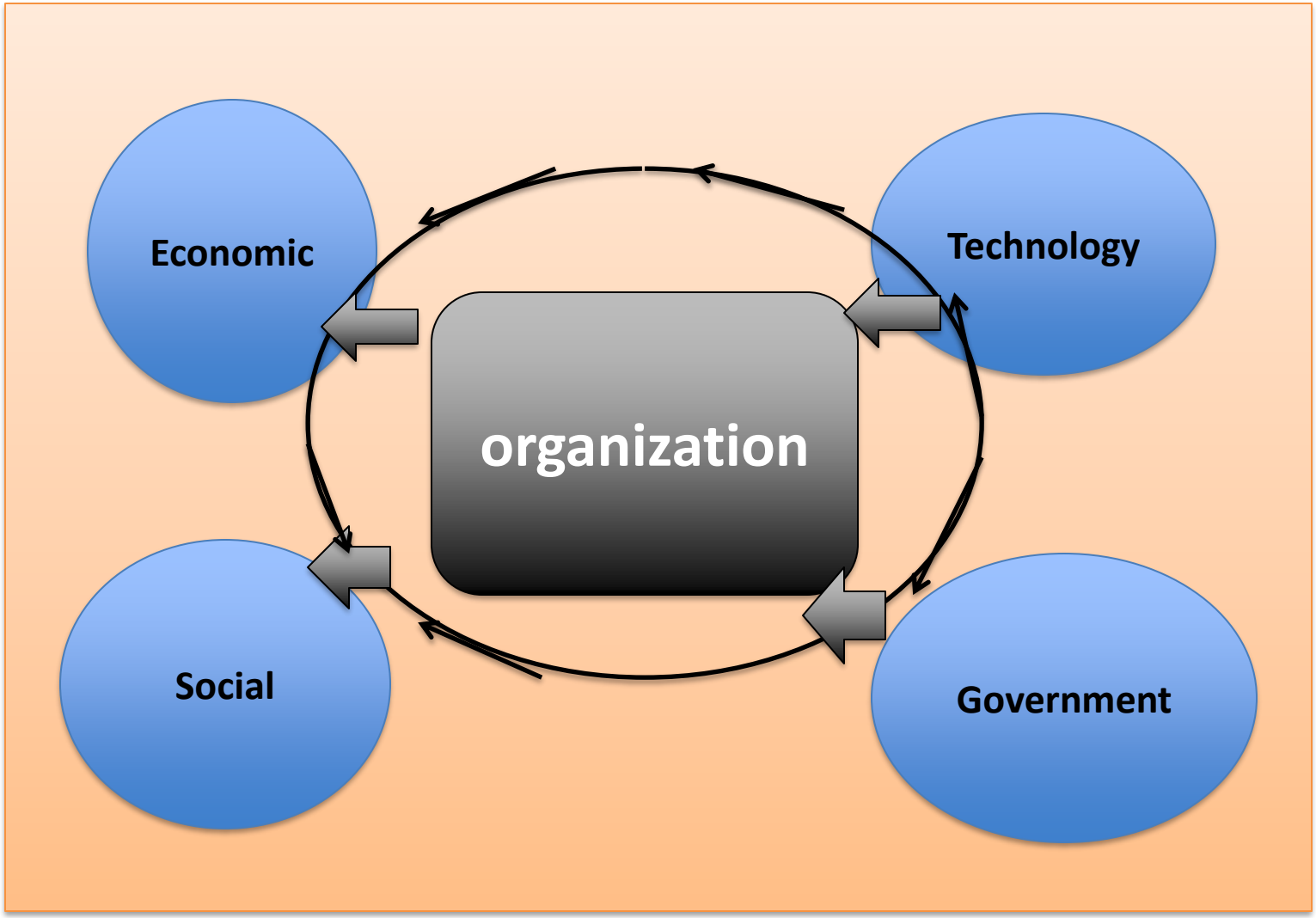
special environment

The special environment includes those components that directly affect its activities.

Components of the general *environment*

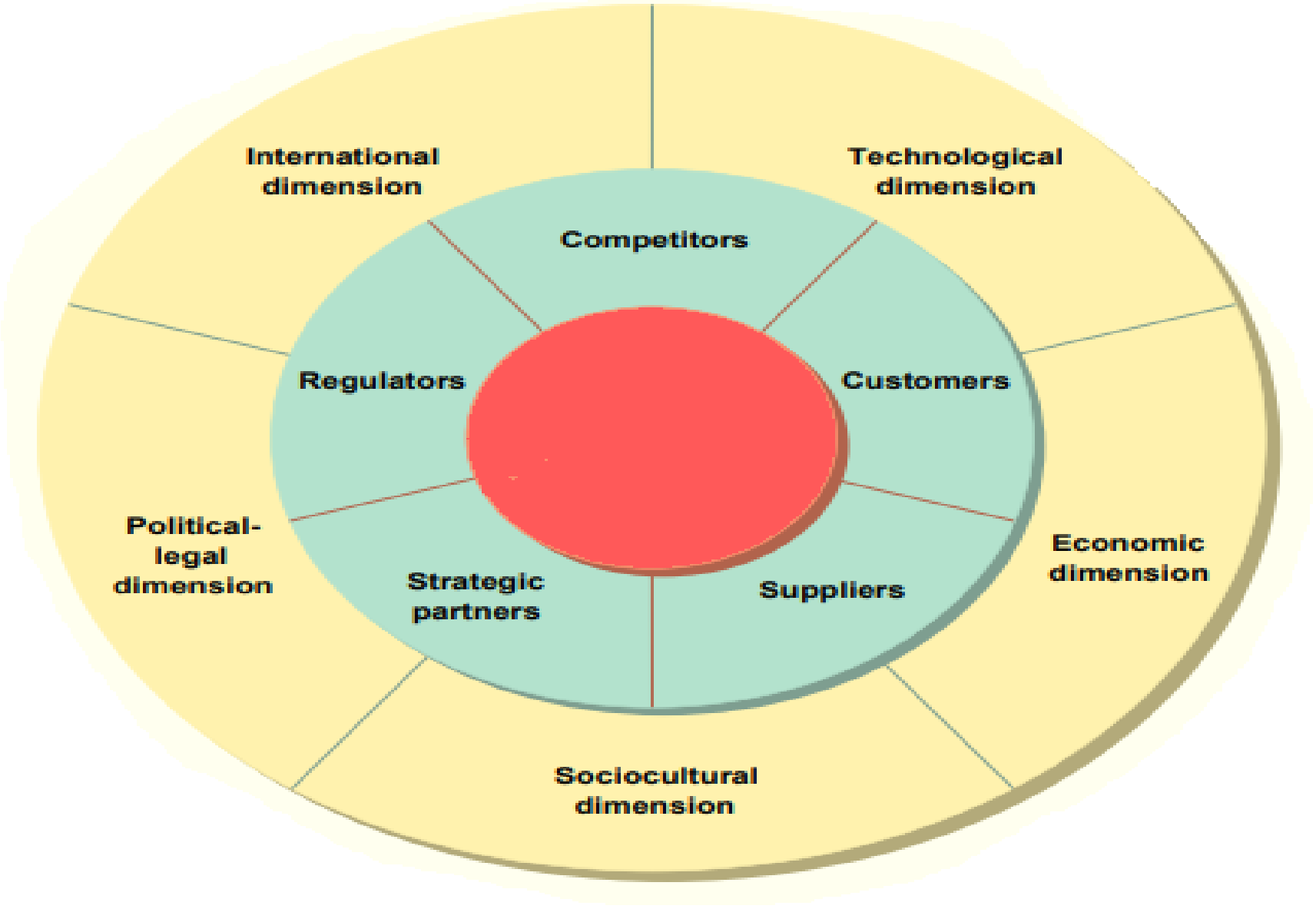
1. Economic sector
2. Technology sector
3. Government sector
4. Social sector

general organization environment



Components of the specific *environment*

1. Customers
2. Competitors
3. Human Resources
4. Related technology


International dimension
Technological dimension
Competitors
Regulators
Customers
Political-legal dimension
Economic dimension
Strategic partners
Suppliers
Sociocultural dimension

Spanning the boundaries of the organization

introduction

The organization interacts with the environment around it, which is continuous changes. Because of the openness of the organization and the change in its environment,
its management must be concerned with spanning the boundaries of the organization.

Definition Spanning the boundaries of the organization:

is the combination of components of the ***general*** and **specific** environment.
The administration **monitors environmental change** and **works** to **adapt** the organization to it.
, for the **purpose** of **survival** and **growth**. **It includes**

Spanning the boundaries of the organization

1. Environmental scanning
2. Dynamic and stable environments
3. Conduct a medical examination
4. Coping with change: adaptive management

Principles of management

04_Objectives and strategic planning

Introduction

Every organization has goals and a strategy - even if they are not formally formulated or announced. This chapter specializes in studying goals and strategic planning.

Organizational goals

Firstly: *The organization's purpose or mission*

Each organization is different in terms of the values, beliefs, and philosophies that the owners believe in.

Owners : They are the entity that created the organization,

and this unique character of the organization is reflected in its purpose or mission statement.

The organization's purpose or mission

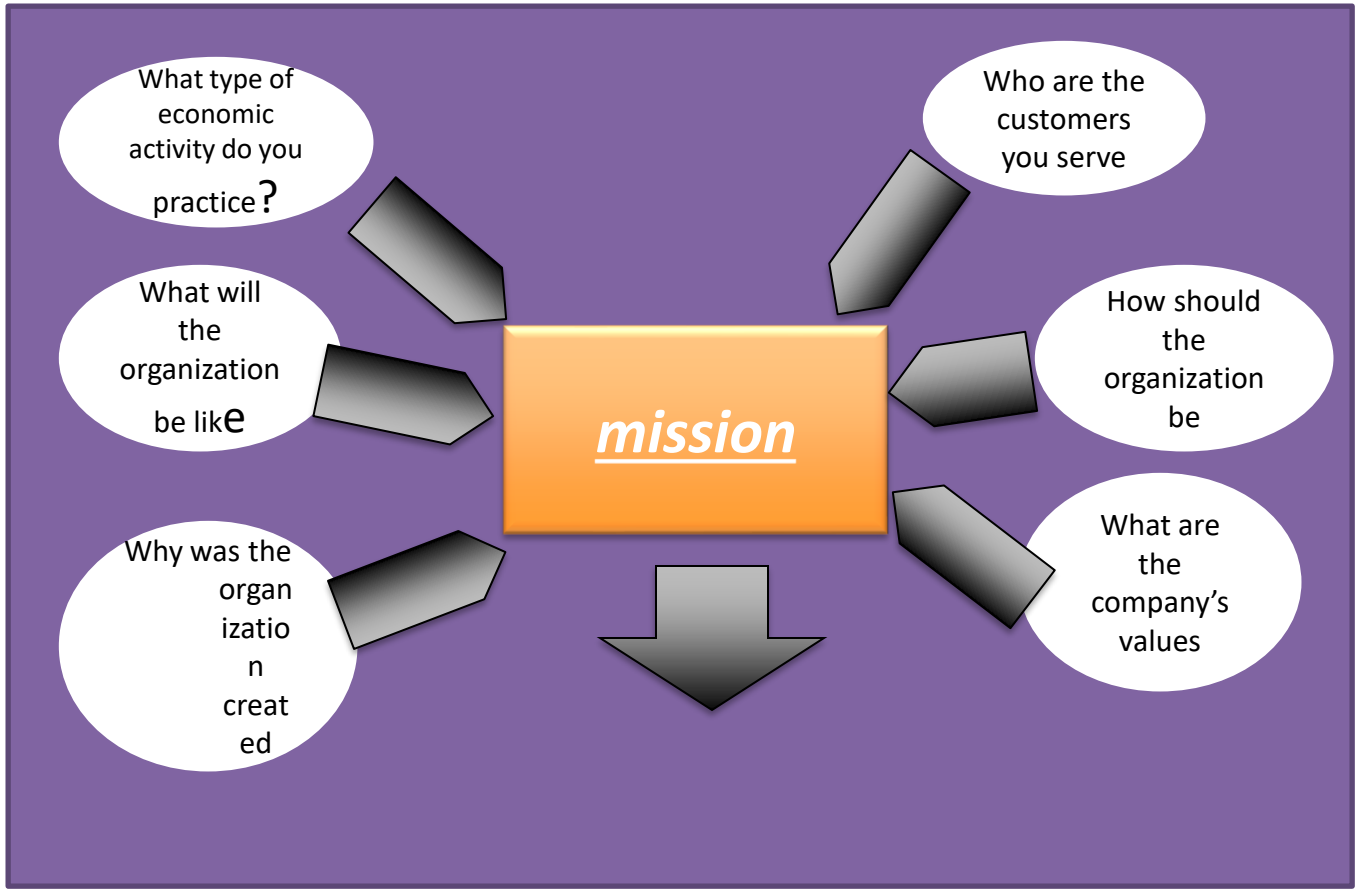
An organization's mission:
is a broadly worded document that explains the purpose for which the organization exists.
This document differs from one organization to another in terms of defining the scope of its work, i.e. defining the goods and services it provides to society and its markets.

The organization's purpose or mission

Provides a mission statement Answers to general questions related to the nature of the establishment:

1) Why was the organization created?
2) What type of economic activity do you practice?
3) What will the organization be like?
4) How should the organization be?
5) Who are the customers you serve?
6) What are the company's values?

Mission statement



Organizational goals

Second: Goals and objectives

The organization's goals or objectives are the ends or results that the organization wants to achieve within its purpose

Organizational goals

Third: Types of organization goals

Most organizations have a set of goals, not a single goal, and they are divided into two types:Long-term and short-term, depending on the time horizon of the organization's planning and the nature of the environment in which the organization operates.

The more stable the environment is, the more it is possible to set long-term goals.

The organization's objectives can be divided into basic goals

1- Profit objective
2-Customer objective
3-Technological objectives
4-Growth goal
5-Employee Objective
6-Society Objective

Fourth: Management by objectives

This method includes the contribution of individuals at the lower levels of the organization's structure in the process of setting goals,
and it is an approach that differs from the traditional approach according to which managers at higher levels set goals.

Strategic Planning

Strategic Planning

If goals are the ends that management wants to reach, then the means to achieve them are the organization's strategy

Strategic Planning

One of the most important tasks of Higher management in the organization is to compare the strengths and weaknesses on the one hand with the opportunities and threats in the environment.

The characteristics of this interview are considered the basic components of the strategy.

Strategic Planning

Strategy can also be viewed as a set of decisions

Organization strategies

1-strategies Marketing

2-strategy Operations

3-strategy Human resources

4-strategyFinancial

5-strategyResearch and development

6- strategy Growth

7-strategy Geographical scope strategy

Strategic decision making process

Principles of management

05_Information and decision making

Introduction

Managers are decision makers because the decision–making process is part of management. An effective manager is distinguished by his ability to make a decision at the appropriate time.

Although it is possible to the delay decision at the appropriate time, prepare the necessary studies for it, or wait until the developments take shape, **the time must come to make the decision.**

Definition of decision making

decision making
(It is a multi-step process that finally culminates in choosing a specific solution as the final step)

(Choose the best alternative from among several alternatives)

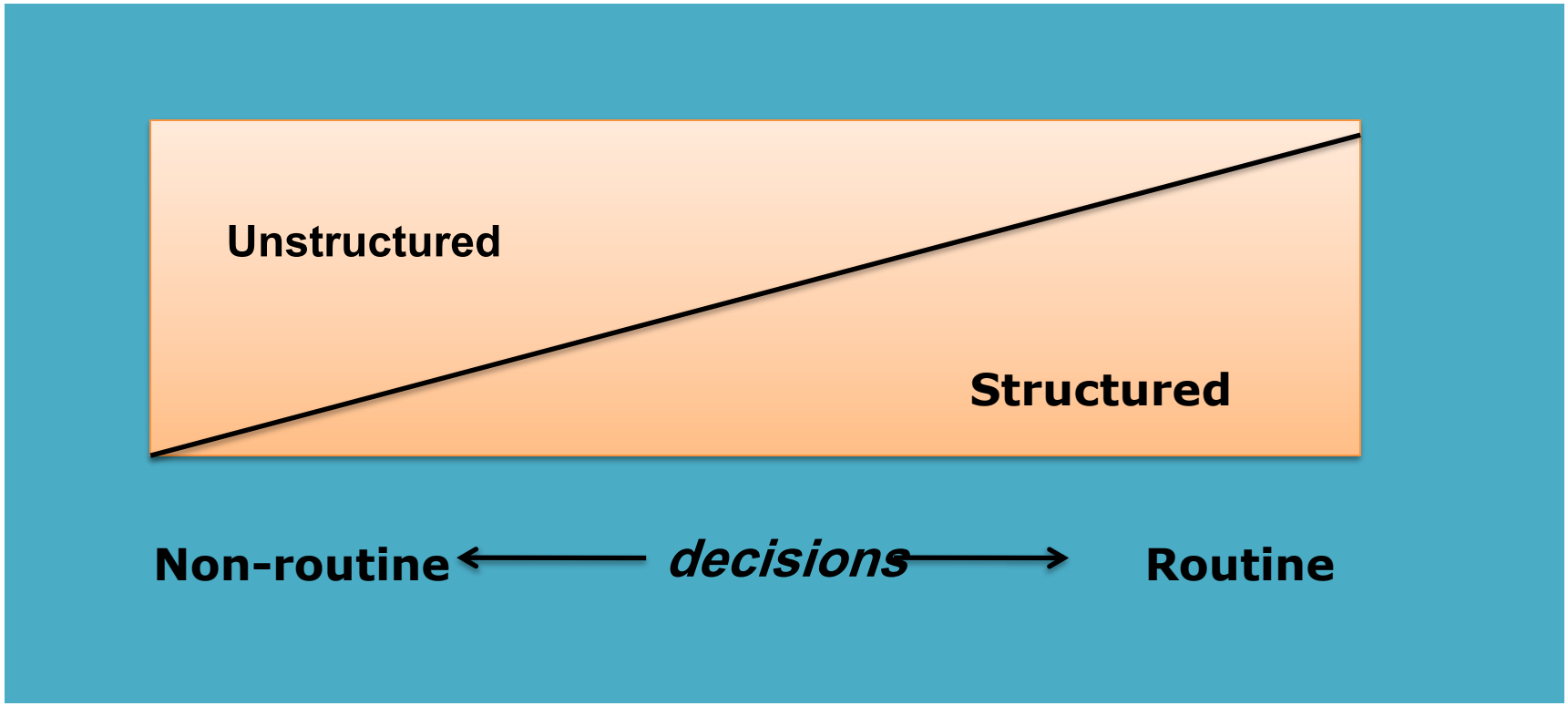
Types of decisions

Types of decisions:

1- Routine and non-routine decisions

2- Decisions taken under conditions of certainty, risk, and uncertainty

Routine and non−routine decisions



Types of decision makers

Types of decision makers:

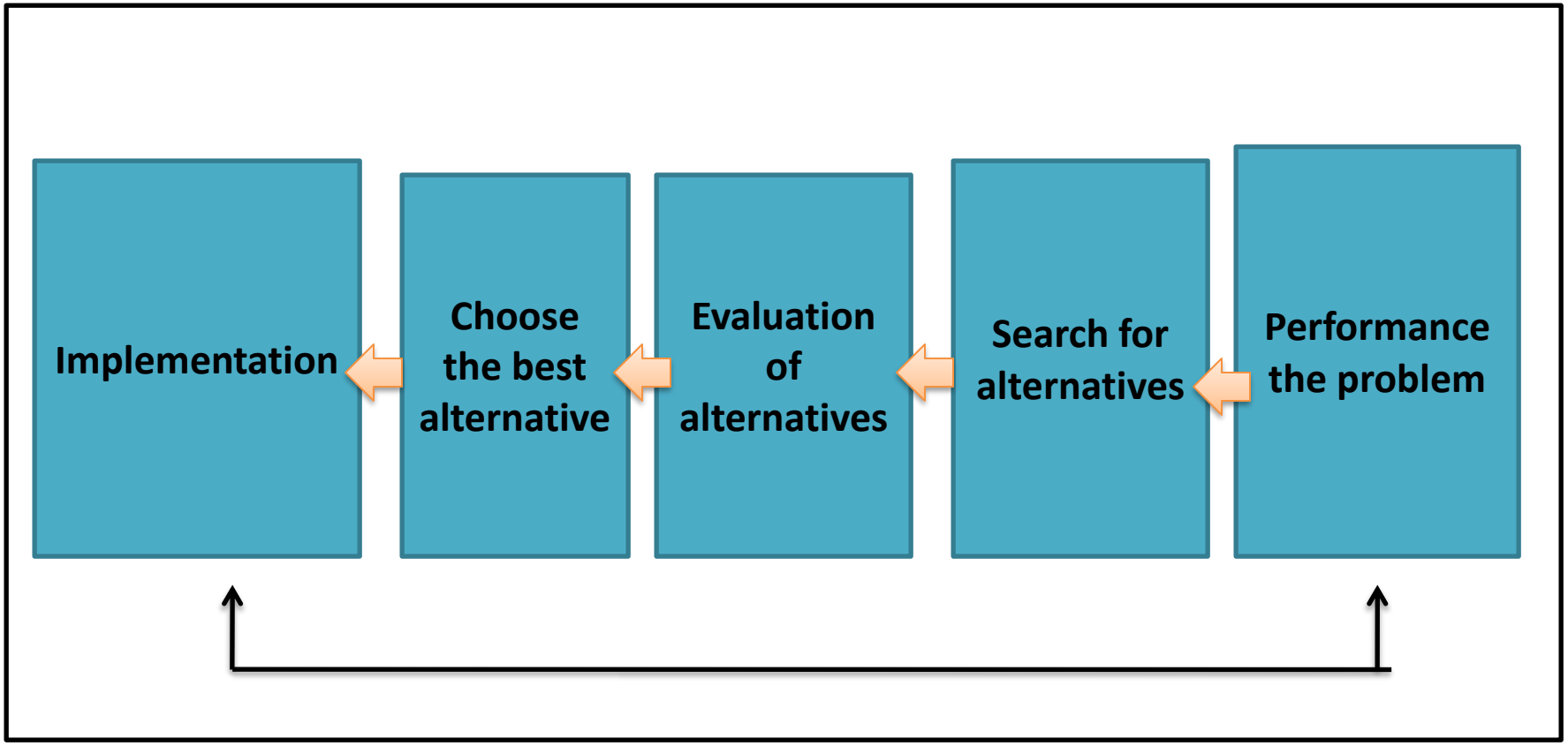
1- **Decisive**: It relies on a minimum amount of information and cares about speed

2- **Flexible**: Prefers summary reports and solutions that are accepted by others

3- **Hierarchical**: The manager examines and studies a large group of information, seeking perfection, accuracy, and comprehensiveness

4- **Integrative**: The manager uses a wealth of extensive information to generate solutions

Decision making steps



Selected decision-making methods:

Probability theory, decision tree

Probability theory

The company wants to produce products A B C D, and it expects four profit states:

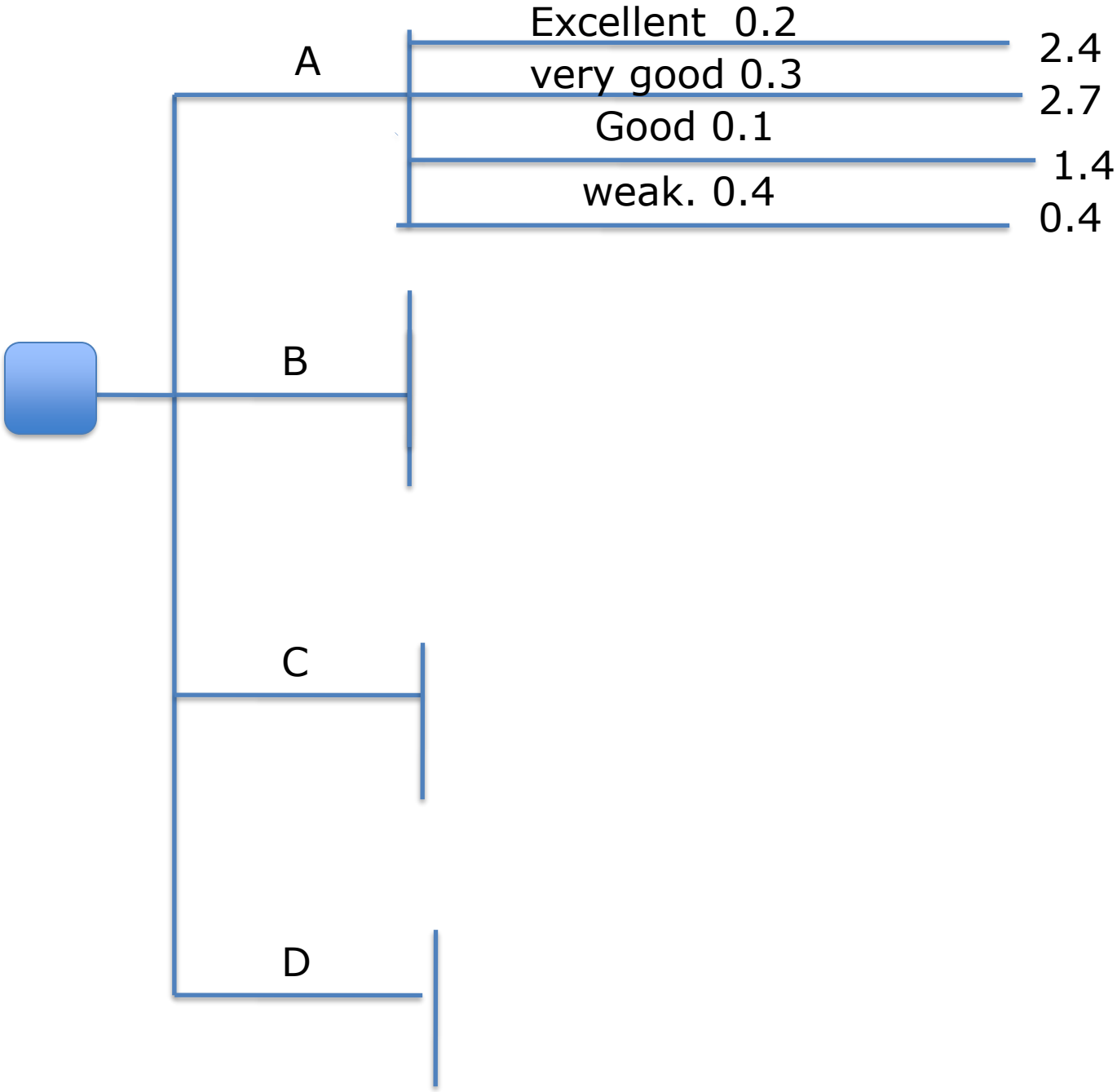
excellent with probability 0.2 , **very good** with probability 0.3 , **good** with probability 0.1, **weak** with probability 0.4.

You are required to choose the best one in light of the following data:

Expected value		net profit				alternatives
		0.4 weak	0.1 good	0.3 very good	0.2 excellent	
		6	14	9	12	A
		5	10	15	14	B
		9	9	11	3	C
		8	6	2	18	D

the solution

Expected value		net profit				alternatives
		0.4 weak	0.1 good	0.3 very good	0.2 excellent	
	2.4 +2.7 .4 +2.4 =8.9 + 1	6*0.4=2.4	14*0.1=1.4	9*0.3= 2.7	12*0.2= 2.4	A
10.3	**+ 4.5 +1+2 = 10.3 2.8**	5*0.4=2	10*0.1=1	15*0.3= 4.5	14*0.2=2.8	B
	0.6+ 0.9 +3.6=8.4 3.3+	9*0.4= 3.6	9*0.1= 0.9	11*0.3=3.3	3*0.2=0.6	C
	+0.6+ 0.6+3.2 =8 3.6	8*0.4= 3.2	6*0.1= 0.6	2*0.3=0.6	18*0.2= 3.6	D



Value

8.9

Principles of management

06_Job design and organizational structure

Introduction

The organization has a variety of tasks that must be carried out to achieve goals.

This requires designing the job and linking the jobs in a consistent structure.

Job design

An essential part of human resources management is making decisions about the activities that make up a single job.

The job: includes a number of duties and parts of activities and has responsibilities and job titles such as operations manager, storekeeper, electrician, accountant.

Job design concept

A manager determines the role of the individual selected to fill a job when he or she decides what duties are involved in that job

We define role as the behavior or set of activities expected of a specific individual who is highlighted, for example, by a secretary

Organization Job

The manager must find a specific pattern that links any job to other jobs in the division he is responsible for in the organization

Without the formal organization, which is the structure that is intended to create this coordination

Organizational structuer

Organizational structuer It is defined as a set of ways in which an organization divides its members into distinct tasks and then coordinates between them.

The organizational structure can be depicted in the form of a formal map of the organization, which is a map that describes how tasks and responsibilities are distributed among divisions and individuals within the organization.

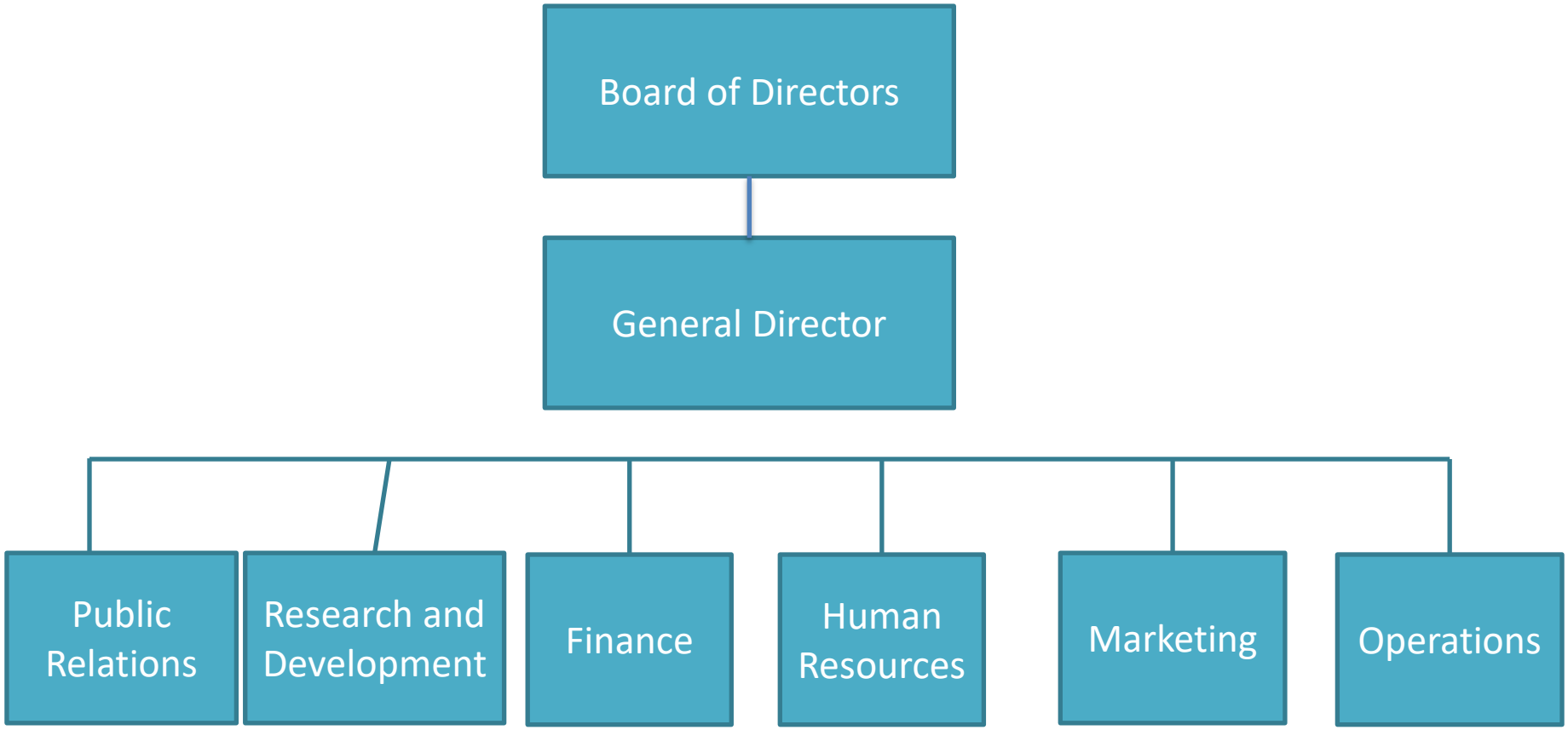
Organizational design patterns

There are multiple styles of organization, the most important of which are:

activity, product, geographic, market, matrix, and network pattern.

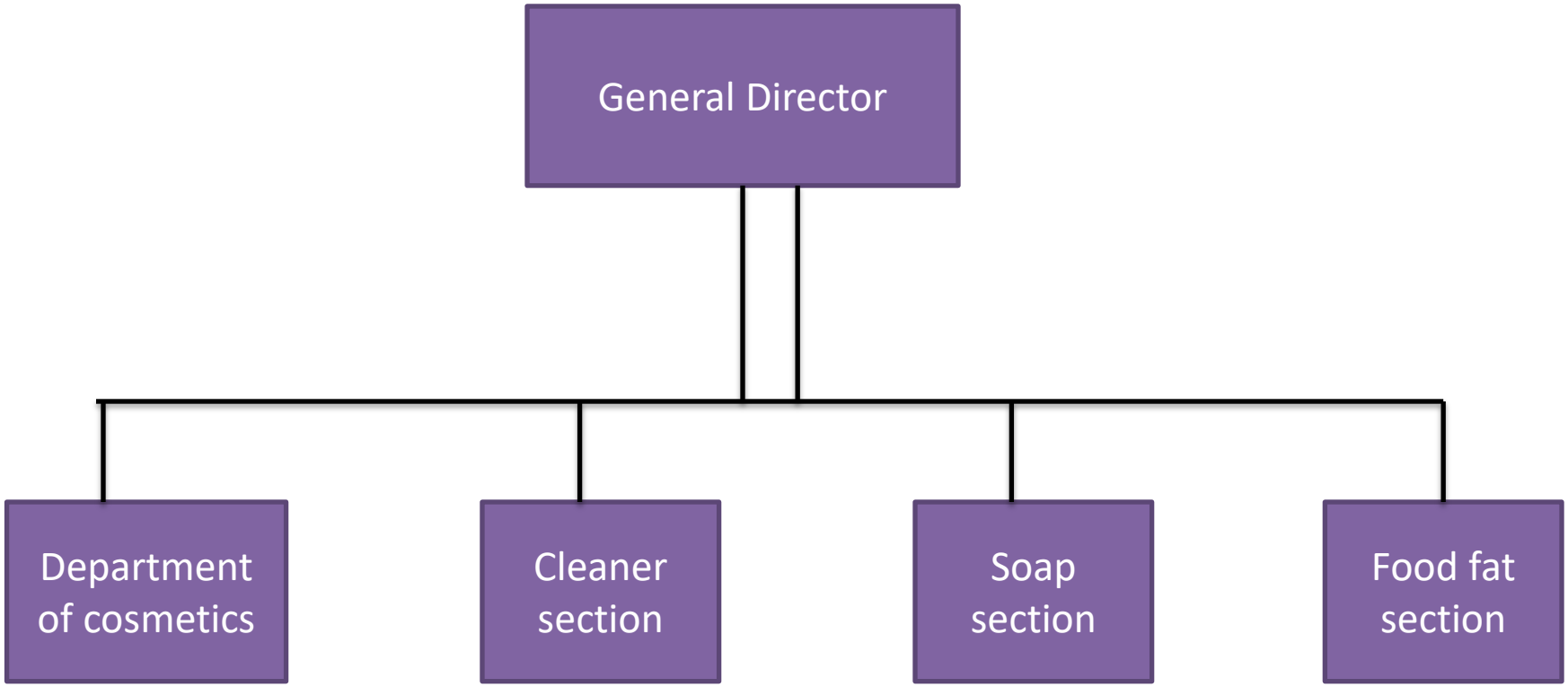
The activity style of organization

Activity style

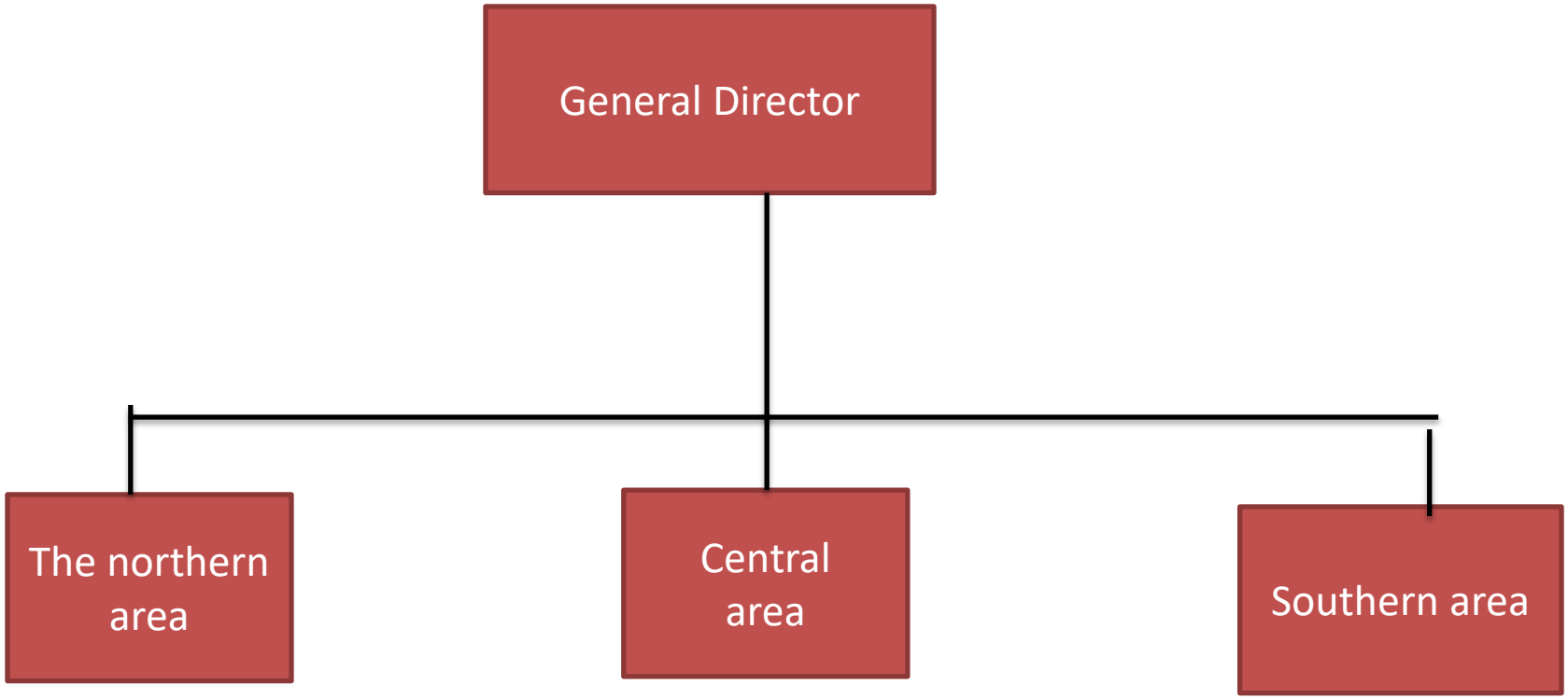


Product style

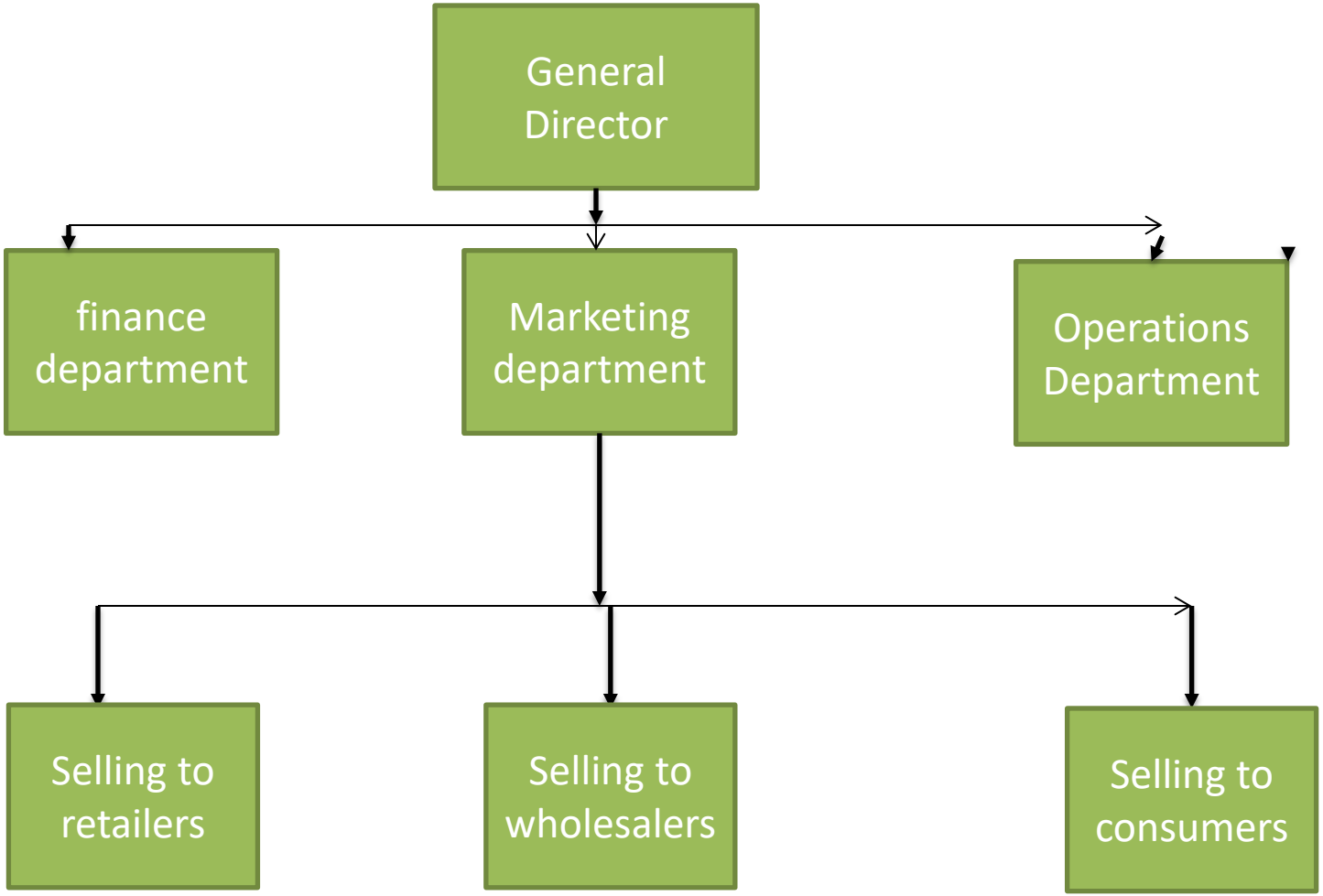
Product style



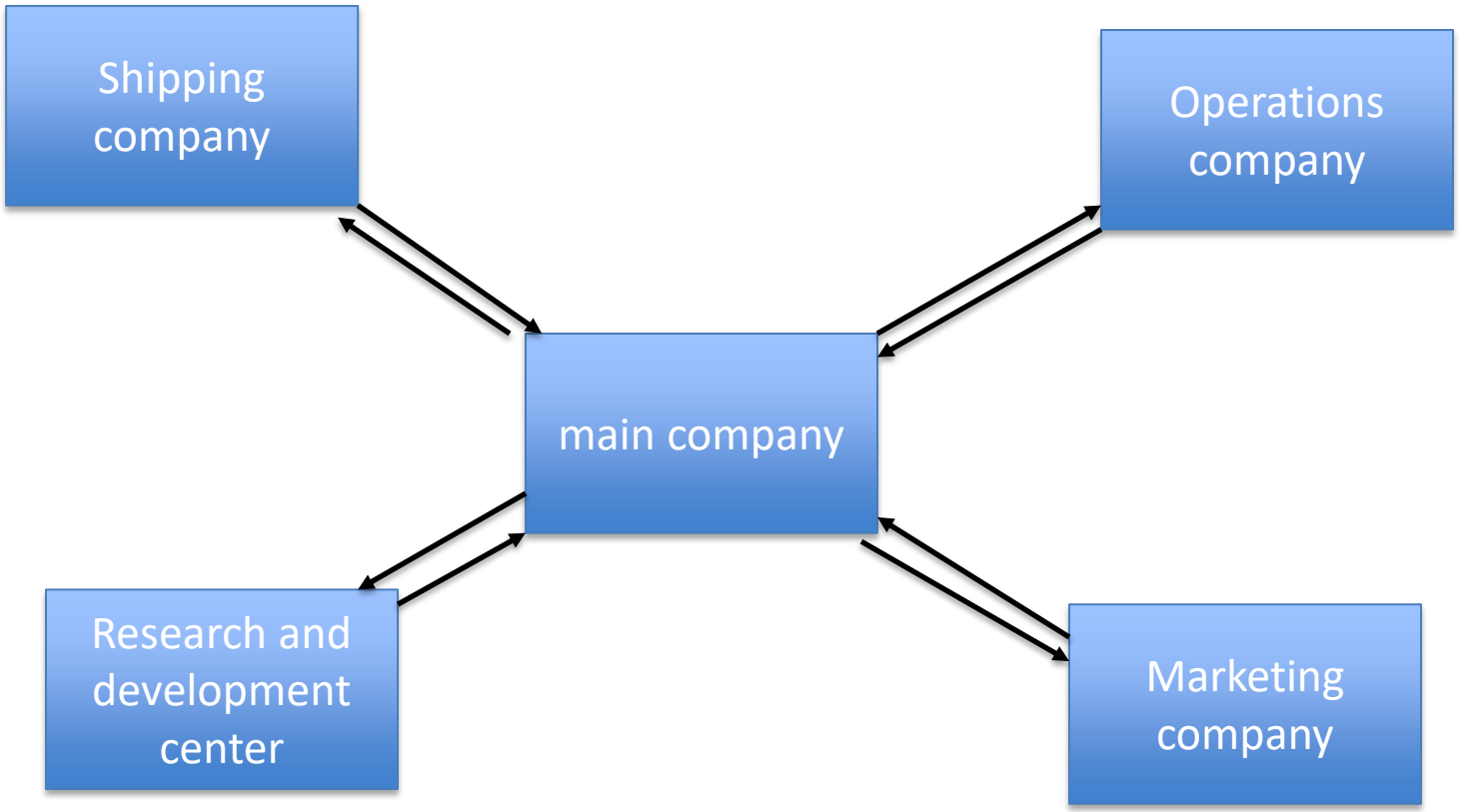
Geographic pattern



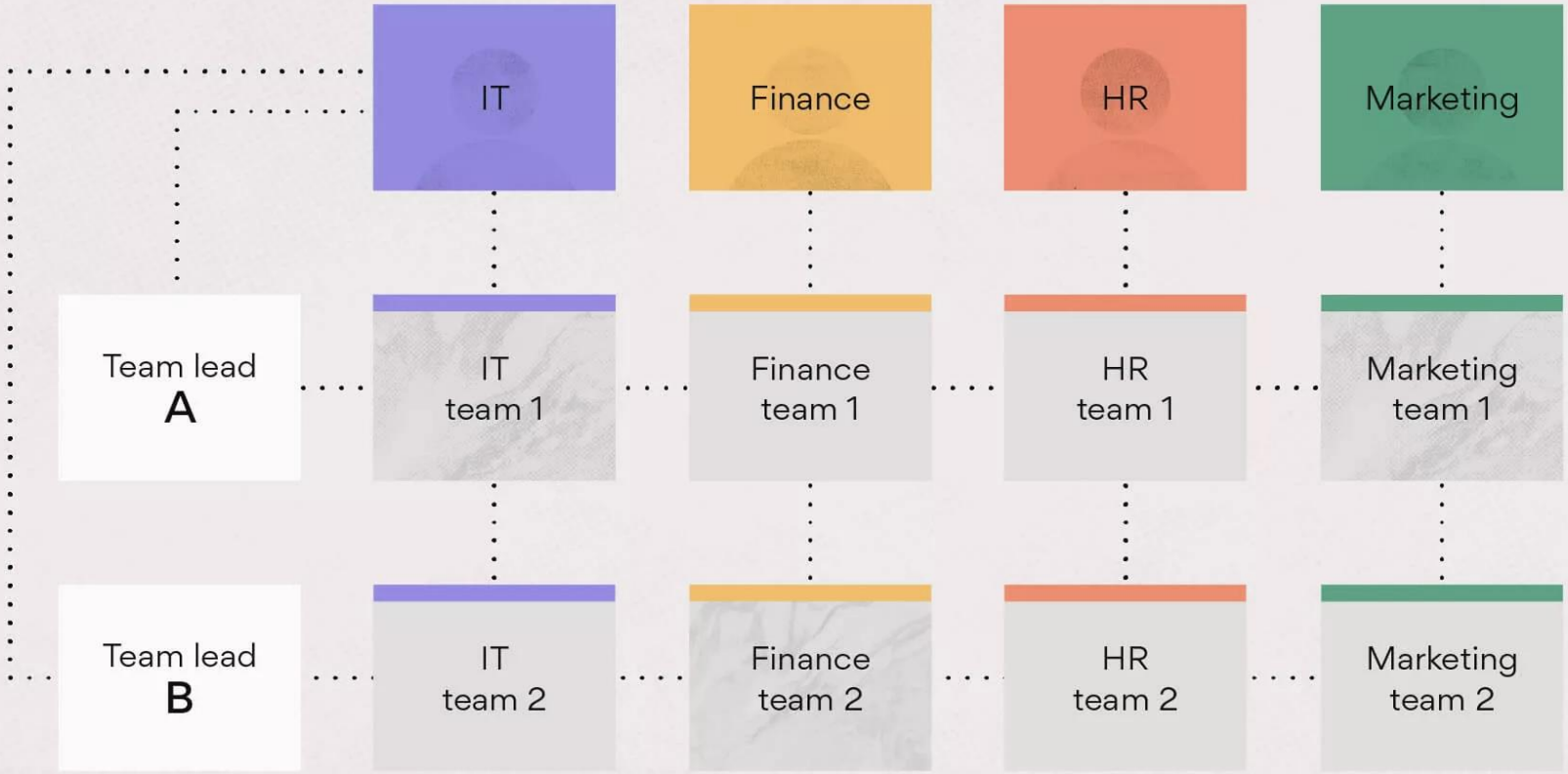
Market pattern



Network structure



Matrix reporting structure



Principles of management

07_ Seven Processes of Scientific Management

1.planning

planning is the primary function of management. nothing can be performed without planning .writing a book starts with planning . planning refers to deciding in advance what will be done in near future.

in the business world the organization has to achieve goals and objectives, in order to achieve these objectives and goals the organization plan:

what is to be done
when it is to be done
how it is to be done
by whom it is be done

1.planning

the planning function involves the following activities:

1- visualizing the future position of the organization
2-determining objectives
3-selecting the best future course of action
4-formulating policies ,programs ,budgets ,schedules

2- Organizing

Organizing :is the distribution of work in group-wise or section-wise for effective performance. **Organization** provides all facilities which are necessary to perform the work.

the **organization** takes responsibility to create some more departments under different managers.

Hence the organization divides the total work and coordinates all the activities by authority relationship. **Besides, organizing** defines the position of each person in the organization and determines the paths through which communication should flow.

The manager would determine who should report to whom and how.

According to Henry Fayol, "Organization is of **two kinds**: 1)Organization of human factor, and 2) organization of material factor. Organization of human factor covers the distribution of work to those who are best suitable along with authority and responsibility. Organization of material factor covers utilization of raw materials, plant as well as machinery".

3.staffing

staffing is the important function of management that involves employing the right number of people at the right place with right skills and abilities .

the staffing function involves:

*Determining human resource requirements of the organization

*recruiting individuals with required skills and competence

*providing placement and orientation to individuals

*providing training and development programs to individuals

*evaluating the performance of individuals

*transferring , promoting , laying off individuals

4.Directing

.Directing

refers to a procces in which the managers instruct guide and supervise the performance of employees to achieve predetermind objectives and goals.

the directing function involves the following activities:

*helping and guiding subordinates to achieve predetermind objectives and goals.

*ordering and instructing subordinates regarding the work assigned to them.

5.coordinating

5.Coordinating

all the activities are divided group-wise or section-wise under organizing function.

the difficulty of coordinating depends upon the size of the organization. it increasing with the increasing size of the organization

6.Motivating

6.Motivating

includes increasing the speed of performance of a work

Motivating:

is the process of indoctrinating personnel with uinty of purpose and need to maintain a continuous and harmonious relationship

7.controlling

.controlling

is the last step of the management process but plays a crucial role

it can be defined as a function through which the actual and desired output is measured

the main steps in control function include:

* Establishing performance standards.

*Measuring actual performance .

*Determining the gab between set standards and achieved performance .

*Talking corrective measures.

Principles of management

08_ Staffing

introduction

-Staffing involves human resources management and although it is very important, it is often the most neglected function.

-If staffing is not taken care, the organization faces many problems.

Careful attention must be given to this function.

This function ensures the right person for the right job.

In any organization, staffing follows the planning and organizing functions.

It is a continuous process similar to planning as well as organizing.

.

Elements of staffing

1-Effective recruitment and selection
2-classification of personnel
3-fitment .right man for the right job
4.Appropriat training for development

8.4 Objectives and functions of staffing

1. Manpower planning:

The short term manpower planning may achieve the objectives of the company at present conditions. The long term manpower planning should be concerned with the estimation of staff members required in future.

2. Development:

It is concerned with the development of staff members through and adequate training programs. The training is given to the needy persons. It is also concerned with the development of the organization itself through the development of manpower.

3. Fixing the employment standards:

It involves job specification and job description. These enable the management to select the personnel and train them adequately. Job description is a systematic and organized written statement of the duties and responsibilities in a specific job. Job specification is a statement of personal qualities that an individual must possess if he is to successfully perform the job.

4. Sources:

It is concerned with the method by which the staff members are selected. The sources may be internal and external ones. Internal source means that a vacancy is filled up by the company from the available staff members. The external source means that a vacancy is filled up by the company from outside of the company. The selected person could be unemployed or working in some other company.

5. Selection and placement:

It includes the process of selection of the staff members. The placement includes giving a job to a person on the basis of his ability, education, experience etc.

8.5 Processes in staffing

Estimation of total number of staff members required by the company in various grades depending upon size of the company and policy

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Selection of qualified applicants for filling the jobs by using a standard procedure.

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Training and development: For new staff members as well as existing employees for improving work efficiency

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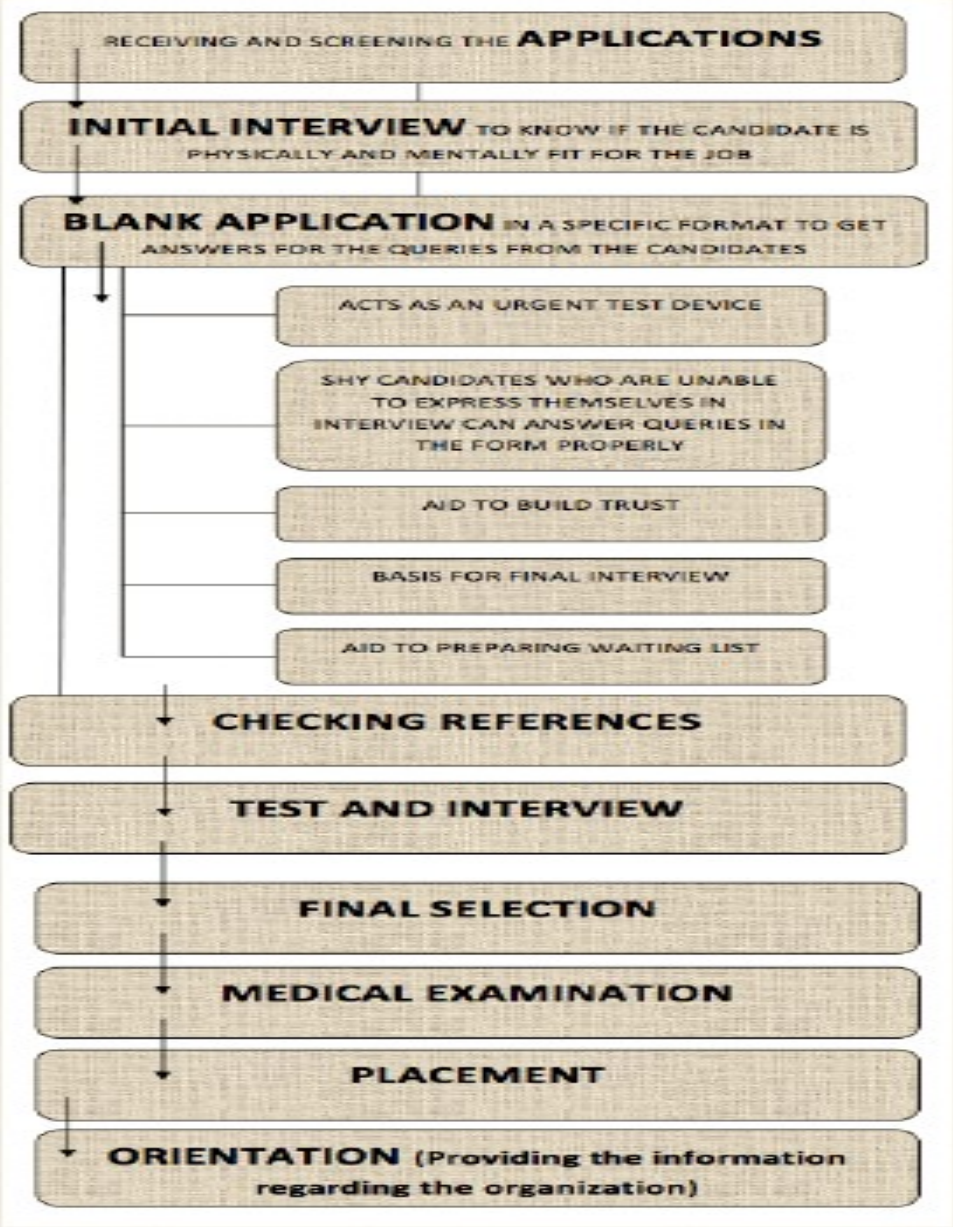
Performance management: assessment of the work performed by the staff members in an organization as per a standard fixed.

8.8 Selection

Selection is the process adopted by the organization to select adequate number of persons who have required educational qualifications, skills, abilities, personality and experience. A screening test may be conducted through which unsuitable candidates are rejected.

Selection is a tough task because available candidates are more qualified and experienced than what is required. So, more care is required in the selection of proper personnel.

Selection Process:



8.10 Interview

Principles of interview:

1. The management should define the specific objectives of an interview.

2. The management has to prepare the procedure for the interview to achieve the objectives.

3. The interviewers should ask only the questions related to the job to be filled.

4. The interviewer should create a rapport with interviewee before starting the interview.

5. The interviewees are to express their opinions or views freely without any hesitation.

Kinds of interview:

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1. Direct interview:

Straight questions are put before the applicant to get answers from them. Face to face conversation.

2. Indirect interview:

Questions are not raised but the applicant is asked to express his views freely on any topic as he likes. By this the personality is easily assessed.

3. Patterned interview:

A number of standard questions are framed well in advance which are to be put before the applicant. The answers are written near the questions. These are used for verification purpose when answers are given by the applicant during the interview.

4. Stress interview:

Irritating questions are put before the applicant by the interviewer. If any applicant gets angry then he is considered as unfit for the job.

e.g."How many legs an eight legged insect have?" or "Mr. Laxman, what is your name?"