

Reference Points in IMS
Module-1
PRINCIPLES OF MANAGEMENT

No	Topic	Key Points
1	Management	<p>Definition 1: The process of dealing with or controlling things or people.</p> <p>Definition 2: Management is the art of knowing what you want to do and then seeing that it is done in the best and cheapest way</p>
2	<p>Functions of management 1.</p> <p>Planning</p> <p>2. Organizing</p> <p>3. Staffing</p> <p>4. Directing</p> <p>5. Controlling</p>	<p>Planning: Planning is determination of courses of action to achieve desired goals.</p> <p>Organizing: Organizing process of bringing together physical, financial and human resources and developing productive relationships amongst them for achievement of organizational goals.</p> <p>Staffing: Managerial function of staffing involves manning the organization structure through proper and effective selection; appraisal & development of personnel to fill the roles assigned in the structure.</p> <p>Directing: Direction is that inert-personnel aspect of management which deals directly with influencing, guiding, supervising, motivating sub-ordinate for the achievement of organizational goals.</p> <p>Controlling: Controlling is the measurement & correction of performance activities of subordinates in order to make sure that the enterprise objectives and plans desired to obtain them as being accomplished</p>

3	<p>F.W Taylor: 1880s - 1920s. In this approach, it was recommended that production can be increased by improving the efficiency of an organization.</p>	<p>Time and motion study: In this technique, a complex job is first divided into a series of simple tasks. After that, the way these tasks are performed is observed to determine and eliminate waste motions. Time and motion study is most appropriate for repetitive jobs</p>
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	<p>Six Principles</p> <ol style="list-style-type: none"> 1. Time and motion study 2. Differential piece rate plan 3. Supervision 4. Scientific recruitment and training 5. Economy 6. Friendly cooperation between management and workers 	<p>Differential piece rate plan: This plan was developed by Taylor on the assumption that all the workers have different capabilities and must be paid accordingly. This plan is also based on an assumption that the production system is based on piece rates. Based on time and motion study the standard time for a job is calculated for completing a job and based on the achievement of workers payment will be done.</p> <p>Supervision: Taylor suggested that work in an organization must be planned and assigned to the workers by foremen. Foremen should assign work on the basis of workers' specialty and supervise the performance of workers.</p> <p>Scientific recruitment and training: for developing their skills so that they can efficiently perform more than one type of job.</p> <p>Economy: Cost accounting system to be followed to control cost and training.</p> <p>Friendly cooperation between management and workers: Taylor believed that both management and workers have one common goal, i.e. increase in production</p>
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4	<p>Henri Fayol (1841-1925), He focused on developing administrative principles that could be applicable to both general and higher managerial levels. Fayol presented 14 principles of management.</p>	<p>Division of work: According to this principle, work should be divided among individuals and groups according to their skills and knowledge. This helps in completing the work with greater efficiency.</p> <p>Authority and responsibility: Authority is a right of an individual to give orders and instructions. Responsibility is a state of being accountable for the consequences of the decisions taken by an individual.</p> <p>Discipline: Discipline in an organization refers to the obedience to authority. Employees must obey and respect the governing policies and rules of the organization.</p>
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	<p>14 principles</p> <ol style="list-style-type: none"> 1. Division of work 2. Authority and responsibility 3. Discipline 4. Unity of command 5. Unity of direction 6. Subordination of individual interest to general interest 7. Remuneration 8. Centralization 9. Scalar chain 10. Order 11. Equity 12. Stability of tenure of personnel 13. Initiation 14. Esprit De Corps: 	<p>Unity of command: According to this principle, employees associated with a particular type of work should report to one superior only. This helps in avoiding confusions in the role of the employees.</p> <p>Unity of direction: It means that there should be one direction in which employees must move to achieve a particular objective. If employees get pulled into different directions, it may be difficult for them to achieve the objective.</p> <p>Subordination of individual interest to general interest: In this principle, Fayol laid emphasis on aligning individuals' personal goals to organizational goals.</p> <p>Remuneration: There should be provision of fair wages for workers. The calculation of wages should be done by considering various factors, such as business environment, cost of living, capacity of organization to pay, and productivity of employees.</p> <p>Centralization: According to Fayol, the degree of centralisation should be decided to make the optimum utilization of employees' skills.</p> <p>Scalar chain: Scalar chain refers to the hierarchy followed in an organization from top managers to employees working at lower levels. In a scalar chain, all communication should pass through proper channels of hierarchy.</p> <p>Order: Order is required for the efficient coordination of all the elements in an organization. Management must follow the principle of the right place for everything and every man.</p> <p>Equity: The principle of equity means fair treatment of all employees. Management must treat all employees equally and should be free from biases and prejudices.</p>
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5	<p>Types of ownership</p> <ol style="list-style-type: none"> 1. Sole proprietorship 2. Partnership 3. Joint stock company <ol style="list-style-type: none"> a. Pvt Ltd b. Public Ltd company 4. Cooperative society 	<p>Sole proprietorship: A sole proprietorship is a business that has a single owner who is responsible for making decisions for the company. Example: Printing Press Advantages: Flexible to control, Secrecy, Ease of ending, Disadvantages: Limited life span, Limited capital.</p> <p>Partnership: Partnership consists of two or more individuals who share the responsibility of running the company. Example: Cinema theater Advantages: Large capital, combined knowledge and skills Disadvantages: Disagreement, Low life span, Sharing of profit.</p> <p>Pvt Ltd: Pvt Ltd is a joint stock company incorporated under the Indian Act 2013 or any other previous act. It is an association of persons formed voluntarily having the minimum paid up capital of Rs.100,000. The capital is collected from the private partners with a maximum of 50 members. It restricts transfer of shares and prohibits invitation to the public for the subscription of shares and debentures. Example: Factory Advantages: Limited liability and unlimited life span. Disadvantages: Tax to be paid once dividend received, Members cannot exceed 50.</p>
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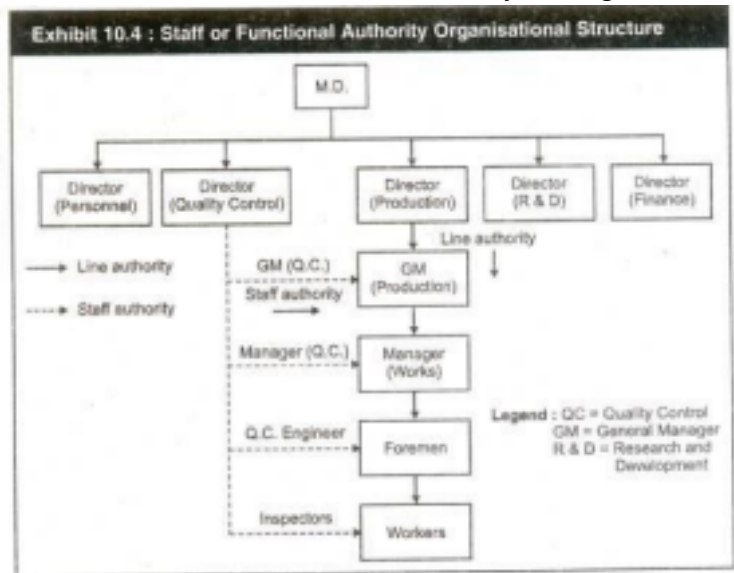
6	<p>Organizational structure</p> <p>Organizational chart</p> <p>Organizational structure</p> <ol style="list-style-type: none"> 1.Line Organization 2.Staff Organization 3.Functional organization 	<p>Organizational structure: Organizational structure is a system used to define a hierarchy within an organization. It identifies the job, its function and where it reports to within the organization.</p> <p>Organizational chart: Organizational chart is a graphic representation of the structure of an organization showing the relationship of the position or jobs within it.</p> <p>Line Organization: Line organization is the simplest and the oldest type of organization. It is also known as scalar organization or military type of organization</p> <p>“It is characterized by direct lines of authority flowing from the top to the bottom of the organizational hierarchy and lines of responsibility flowing in an opposite but equally direct manner.</p> <p>For example, in a typical firm, line departments include production and marketing. In a line organization authority follows the chain of command</p> <div data-bbox="711 892 1451 1375" data-label="Diagram"> <p>Exhibit 10.3 : Line Organisational Structure</p> <pre> graph TD CEO[CEO] --> M1[Manager (Production)] CEO --> M2[Manager (Marketing)] M1 --> F1[Foreman (Fabrication)] M1 --> F2[Foreman (Assembly)] M2 --> SO1[Sales Officer (A)] M2 --> SO2[Sales Officer (B)] F1 --> W1[Workers] F2 --> W2[Workers] SO1 --> SP1[Salespersons] SO2 --> SP2[Salespersons] </pre> </div> <p>Advantages:</p> <ul style="list-style-type: none"> • Tends to simplify and clarify authority, responsibility and accountability relationships • Promotes fast decision making • Simple to understand. <p>Disadvantages:</p> <ul style="list-style-type: none"> • Neglects specialists in planning • Overloads key persons. <p>Example: Oil Refinery</p>
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Staff or Functional Authority Organizational Structure:

The jobs or positions in an organization can be categorized as:

- (i) Line position: A position in the direct chain of command that is responsible for the achievement of an organization's goals and
- (ii) Staff position: A position intended to provide expertise, advice and support for the line positions.

An organization where staff departments have authority over line personnel in narrow areas of specialization is known as functional authority organization.



Advantages:

- Based on expert knowledge
- Standardization and specialization

Disadvantages:

- Difficult to maintain discipline
- Failure of one expert will largely affect the production

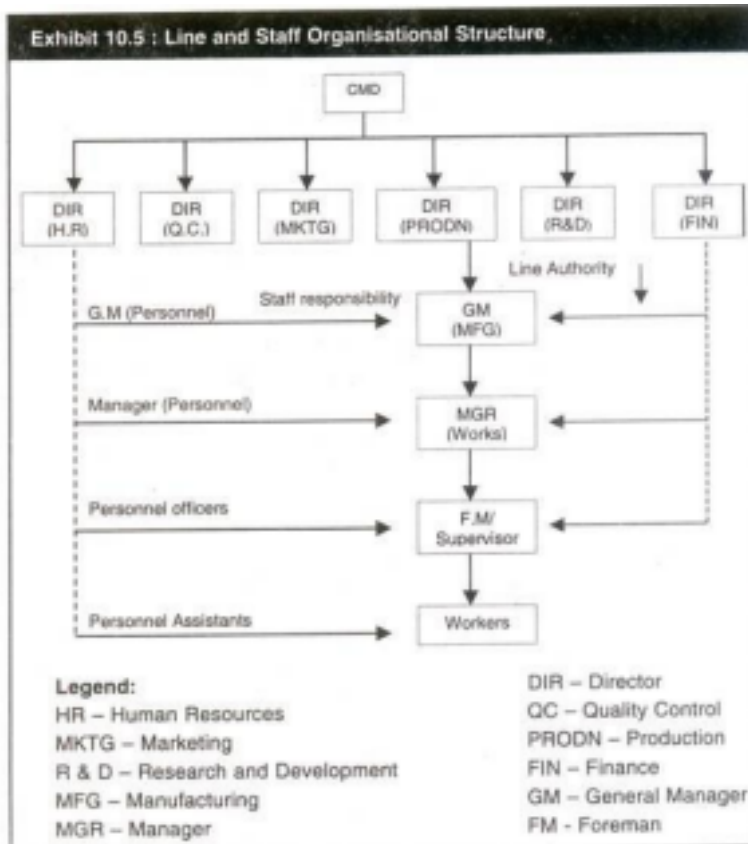
Example: Food products

Line and Staff Organizational Structure: Most large organizations belong to this type of organizational structure.

These organizations have direct, vertical relationships between different levels and also specialists responsible for advising and assisting line managers. Such organizations have both line and staff departments. Staff departments provide line people with advice and assistance in specialized areas (for example, quality control advising production departments).

Three types of specialized staffs can be identified

Advising, Service and Control.



		<p>Advantages:</p> <ul style="list-style-type: none"> • Committee decisions are better than individual decisions • Better interaction between committee members leads to better coordination of activities <p>Disadvantages:</p> <ul style="list-style-type: none"> • Conflict between line and staff may still arise. • Staff officers may resent their lack of authority. <p>Example: Production firm- Tyres.</p>
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