

Chapter 1

MANAGEMENT

Learning Outcomes

- Tell who managers are and where they work
- Define management
- Describe what managers do
- Explain why it's important to study management
- Describe the factors that are reshaping and redefining management



Management

 Management can be defined as a process of getting the work done by others with the aim of achieving goals effectively and efficiently

Management Defined

- Management is the process of achieving goals and objectives effectively and efficiently through and with the people.
- 2 "Management is a process of designing and maintaining an environment in which individuals work together in groups to effectively and efficiently accomplish selected aims".







Tell who managers are and where they work



- A manager is a person responsible for the work performance of group members.
- Someone who coordinates and oversees the work of other people so that organizational goals can be accomplished.

Management

The process of using organizational resources to achieve organizational objectives through planning, organizing, and staffing, leading and controlling



Where Managers Work

Organization

A deliberate arrangement of people brought together to accomplish a specific purpose

Common Characteristics of Organizations

- ☐ Goals
- ☐ People
- ☐ Structure



INPUTS

- Human
- Capital
- Managerial Skills
- Technological Application

OUTPUTS

- Products
- Services
- Satisfaction
- Goal Achievement
- Profits

STAKE HOLDERS

- Owners
- Employees
- Consumers
- Suppliers
- Stock Holders
- Government
- Community



How Are Managers Different From Nonmanagerial Employees?

Nonmanagerial Employees

- People who work directly on a job or task and have no responsibility for overseeing the work of others
- Example Associates and Team Members

Managers

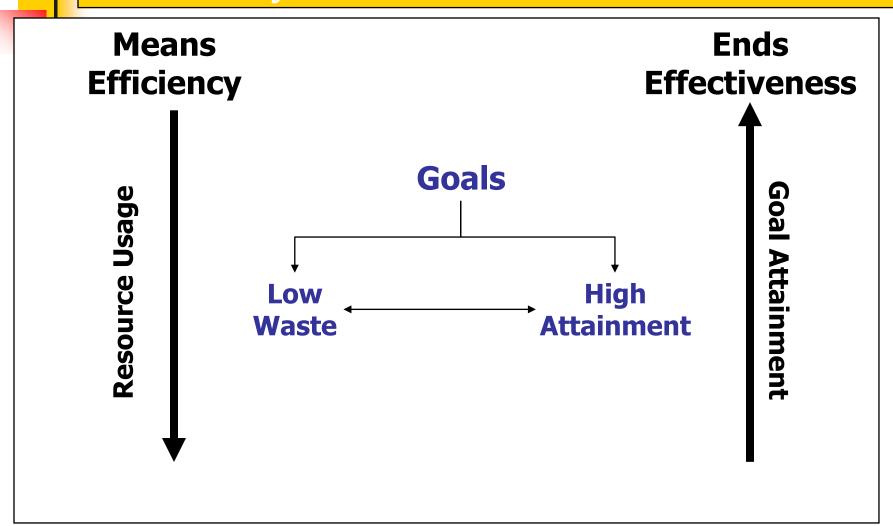
- Individuals in organizations who direct the activities of others





- Process represents ongoing functions or primary activities engaged in by managers
- Efficiency getting the most output from the least amount of inputs
 - "doing things right"
 - concerned with means
 - Achieving the objectives in time
- Effectiveness completing activities so that organizational goals are attained
 - "doing the right things"
 - concerned with ends
 - Achieving the objectives on time

Efficiency and Effectiveness





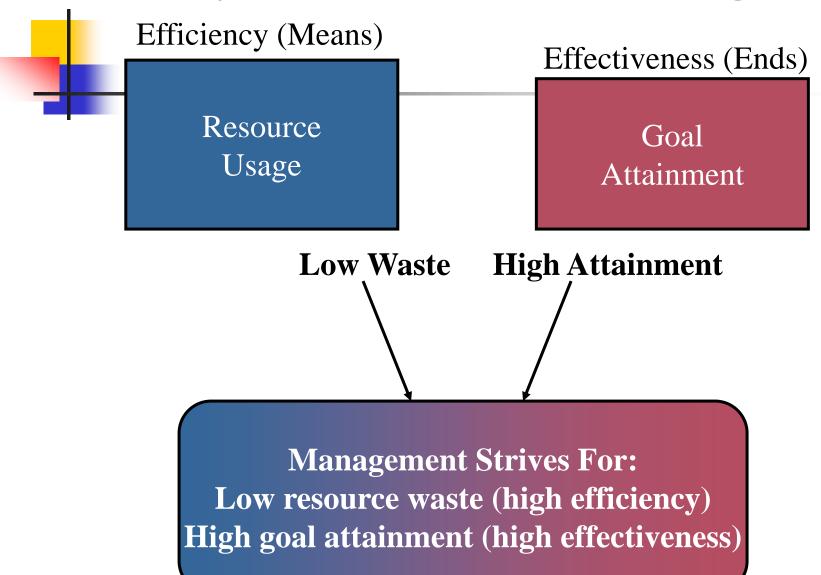
Definitions of Effectiveness and Efficiency

- Productivity implies effectiveness and efficiency in individual and organizational performance
 Productivity=Output / Input
- Effectiveness is the achievement of objectives within the available resources
- Efficiency is the achievement of the ends with the least amount of resources (men, money, material, machinery, time etc.)

Managerial Concerns

- Efficiency
 - "Doing things right"
 - Getting the most output for the least input
- Effectiveness
 - "Doing the right things"
 - Attaining organizational goals

Efficiency and Effectiveness in Management





Types and Levels of Managers



- Top-Level Managers (C-level)
- Middle-Level Managers
- First-level Managers
- Operatives and Specialists

TYPES OF MANAGERS

- Functional and General Managers
- Administrators
- Entrepreneurs and Small Business Owners
- Team Leaders



Managerial Levels

Top Managers

Middle Managers

First-Line Managers

Nonmanagerial Employees

Levels Of Management

Top level (Top Managers)

Responsible for making decisions and setting policies that affect all aspects of organization.



Middle level (Middle level Managers)

Responsible for working out strategies and plans to implement decisions and policies made by top level managers.

FIRST LINE LEVEL (Supervisors)

Responsible for ensuring work is done according to plans.

WORKERS(Operatvies)

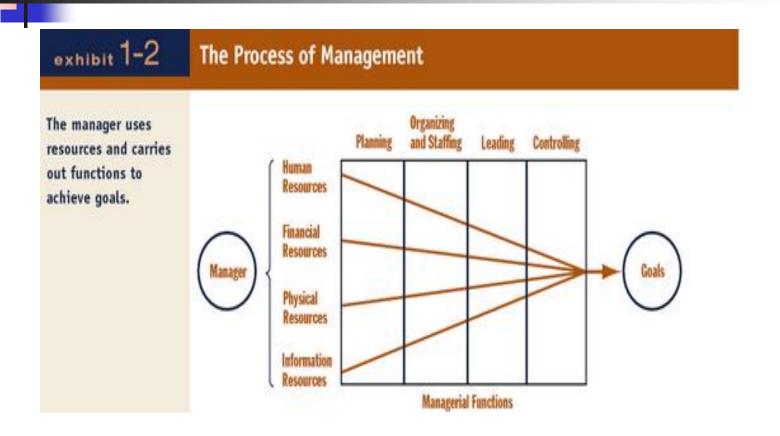
People who work directly on a job or task and have no responsibility for work of others.



Resources Used by Managers

- Human Resources
- Financial Resources
- Physical Resources
- Information Resources

Resources Used by Managers





The Process of Management

- Managers use human, financial, physical, and information resources through
- Planning (goals and plans)
- Organizing and Staffing
- Leading (includes setting a vision)
- Controlling (measures performance and makes adjustments)



PLANNING

Setting goals and figuring out ways of reaching them. In Planning, a manager looks to the future, saying, "Here is what we want to achieve, and here is how we are going to do it"

ORGANISING

Process of making sure the necessary human and physical resources are available to carry out a plan to achieve organisational goals

STAFFING

Ensures the availability of necessary human resources to achieve organisational goals

The Functions of Management

Leading
 Influencing people to achieve organisational objectives

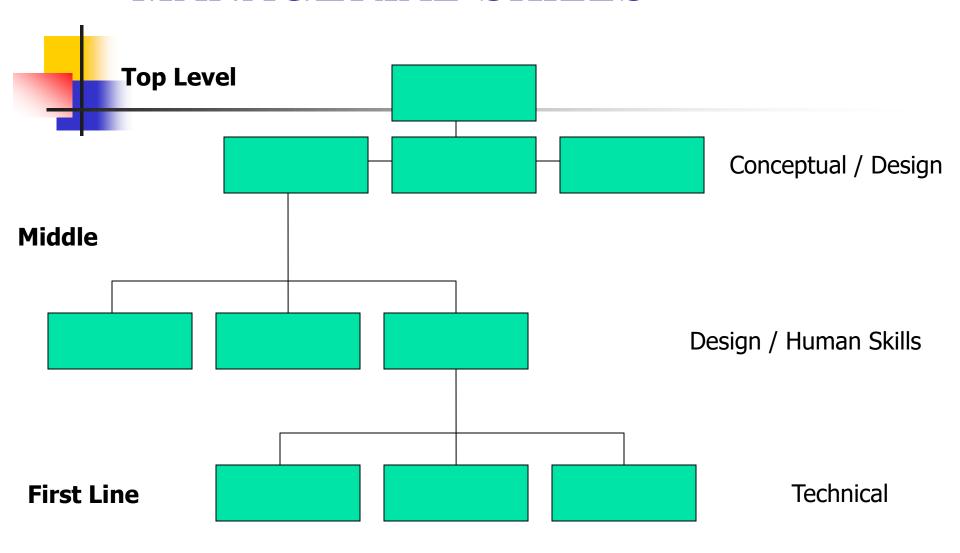
Controlling

Measuring and correcting individual and organisational performance to ensure hat events conform to plans. Any significant difference between actual and desired performance would prompt a manager to take corrective action.

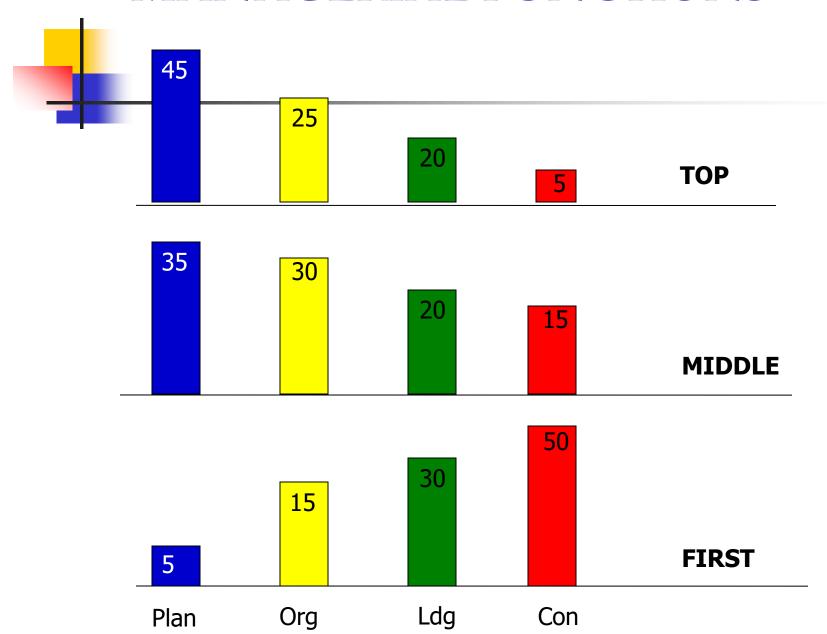
Management Functions

Planning	Organizing	Leading	Controlling	l and to
Defining goals, establishing strategy, and developing subplans to coordinate activities	Determining what needs to be done, how it will be done, and who is to do it	Directing and motivating all involved parties and resolving conflicts	Monitoring activities to ensure that they are accomplished as planned	Achieving the organizations stated purpose

MANAGERIAL SKILLS



MANAGERIAL FUNCTIONS





Mintzberg's 17 Managerial Roles

- Planning
- Strategic planner
- Operational planner

- Organizing and Staffing
- 3. Organizer
- 4. Liaison
- 5. Staffing coordinator
- 6. Resource allocator
- 7. Task delegator



Leading (roles 8 through 15)

- Figurehead
- 9. Spokesperson
- 10. Negotiator
- 11. Motivator and coach
- 12. Team builder

- 13. Team player
- 14. Technical problem solver
- 15. Entrepreneur





Controller Roles



- 16. Monitor
- 17. Disturbance handler



- 1. Technical (hard skills)
- 2. Interpersonal skill (human relations)
- Conceptual skill (big picture)
- Diagnostic (investigate and solve problems)
- 5. Political (acquire, retain power)



Technical skills

Job-specific skills required to perform a particular type of work or occupation at a high level.

Interpersonal Skills

The ability to understand, alter, lead, and control the behavior of other individuals and groups.

Conceptual skills - Abstract Skills

This skill calls for the ability to think analytically. Analytical skills enable managers to break down problems into smaller parts, to see the relations among the parts, and to recognize the implications of any one problem for others



• For example, let's take an individual who works in the sales department and has highly developed sales skills achieved through education and experience in his department or the same departments in different organizations. Because of these skills that he possesses, this person can be a perfect solution to become a sales manager. This is the best solution because he has excellent technical skills related to the sales department.



Diagnostic Skills

Managers are frequently called on to investigate a problem and then to decide on and implement a remedy

Political Skills

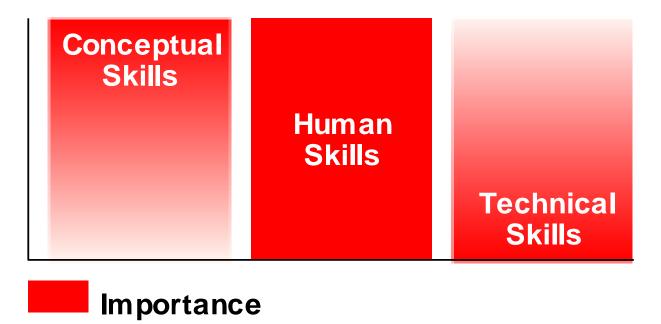
Ability to obtain power and prevent others from taking it away

Skills Needed at Different Management Levels

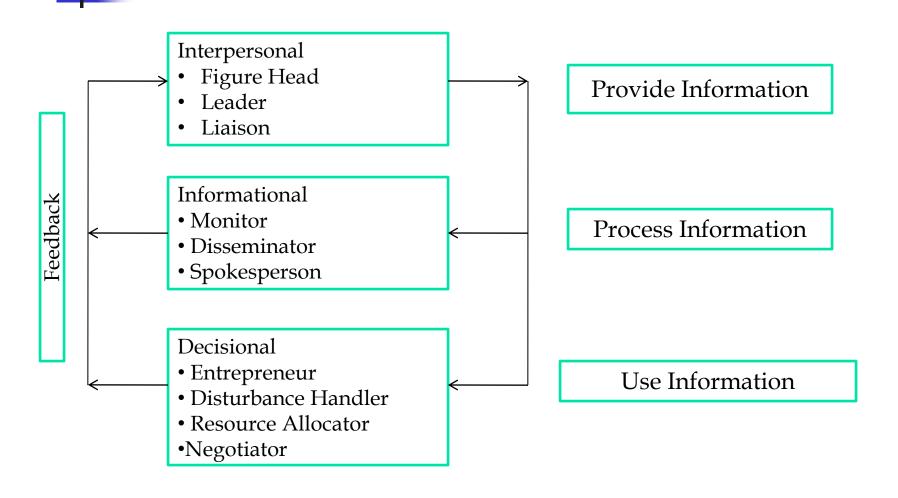
Top Managers

Middle Managers

Lower-level Managers



MANAGERIAL ROLES



Interpersonal Roles

- Roles that managers assume to provide direction and supervision, both to employees and to the organization as a whole.
- Figure Head
 - a person who is head of a group, company, etc., in title but actually has no real authority or responsibility
 - Manager represents the company legally and socially to outside of the organization
 - Perform some ceremonial duties such as attending the wedding of employees, entertaining dignitaries and so on
 - In many countries today, kings and queens are merely figureheads.



Leader Role

- Defines the relationship between manager and the employee
- Motivate and direct the activities of his subordinates towards accomplishment of organizational objectives
- Select and train employees
- Leaders usually influence others by example

Liaison Role

- Communication or cooperation which facilitates a close working relationship between people or organizations.
- linking and coordinating the activities of people
- Interacting with other managers outside the organization to obtain favours and information
- Examples HRD, Middle Level Managers, Labour Unions

Informational Roles

- Roles associated with the tasks needed to obtain and transmit information in the process of managing
- Involve receiving, collecting, and disseminating information
- Monitor Role
 - analyzing information from both the internal and external environment
 - Scan/read trade press, periodicals, reports; attend seminars and training; maintain personal contacts
 - Information collected, by scanning the environment, facilitates managerial decision making function
 - In monitoring role manager collects the information which can affect the organizational activities by reading magazines and periodicals, reports from the departments, talking with others to learn changes in the public's taste.



Disseminator Role

- Communicate/ disseminate information to others within the organization
- A managerial role involving sharing information about the company with followers.
- Manager passes some of is privileges information directly to his key subordinates who would otherwise have no access to it
- In disseminator role manger distribute the information to his subordinates and superiors by sending circulars, holding meetings and making phone calls.



- Spokesperson Role
 - Transmits the information about the organization to outsiders
 - "Spokesperson" is someone engaged or elected to speak on behalf of others
 - A *spokesperson* may be a celebrity or someone who begins as an unknown and gains a measure of celebrity



Decisional Role

- Entrepreneur
- Identify new ideas and initiate improvement projects
 Implement innovations; Plan for the future
- Disturbance Handler
- Deals with disputes or problems and takes corrective action
 - Settle conflicts between subordinates; Choose strategic alternatives;
 - Overcome crisis situations



- Resource Allocator
 Decide where to apply resources
 Draft and approve of plans, schedules, budgets; Set priorities
- Negotiator
 Defends business interests
 Participates in and directs negotiations within team, department, and organization



To Sum it all

M-onitors, Disseminates and a Spokesperson

A- Leader

N-egotiator

A- Figurehead

G-ood Liaison

E-nterpreneur

R-esource Allocator and Disturbance Handler



Is Management an Art or Science?

- ART: Because it depends on the skills, aptitude
 & creativity of the manager
- SCIENCE: Because there is considerable knowledge in the field of management with basic principles for guidance of basic activities.



Management as Science

- Systematized Body of Knowledge
- Systematic Collection and Processing Information
- Output may change though input remains the same
- Principles of Management are universal accepted
- Cause and Effect Relationship



Management as Art

- Personal Skill
- Practical Knowledge
- Result Oriented Approach
- Regular Practice
- Creativity



Management an Art or Science

- If Science enables a person to know, art enables one to do
- A manager should "what he should do" and "how to do it" effectively and efficiently
- Science provides the knowledge & art deals with the application of knowledge and skills.
- A manager to be successful in his profession must acquire the knowledge of science & the art of applying it.



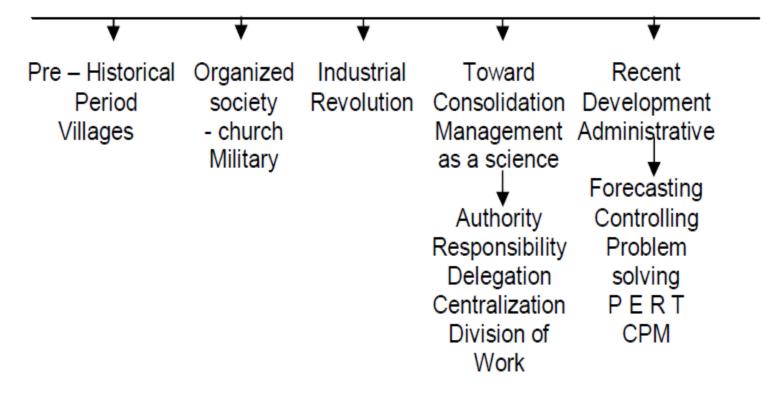
Evolution of Management Thought

The theories are crafted in view of the basic production being Replaced my mass production, to organize technology - information-manpower interface for proper coordination of Activities of large number of people and increased efficiency. Major theories are:

- 1. Pre Scientific Management Era (before 1880)
- 2. Classical Management Era (1880 1930)
- 3. Neo-Classical Management Era (1930 1950)
- 4. Modern Management Era (1950 onwards)



Evolution of management thought



History of Management Thought

Organizational Environment Theory

Management Science Theory

Behavioral Management Theory

Administrative Management Theory

Scientific Management Theory







- Classical approach (scientific, administrative management)
- Behavioral approach (people focus)
- Quantitative approach
- Systems perspective
- Contingency approach (situational)
- Information technology & beyond



Management thought

Early Contributions

2. Scientific Management

3. Administrative / Operational

4. Human Relations Approach

5. Social Systems Approach

6. Decision Theory Approach

7. Management Science App

8. Human Behavior App

Systems App

10. Contingency App

Period

Upto 19th century

1900 - 1930

Mgt 1916 – 1940

1930 - 1950

1940 - 1950

1945 – 1965

1950 - 1960

1950 - 1970

1960s onwards

1970s onwards



Pre Scientific Management Era

- Charles Babbage (1792 1872)
 - Cost determination, bonus plan, Profit sharing
- Robert Owen (1771 1858)
 - Father of Personnel Management. Shorter working hours, housing facilities, education of children, canteen, training etc
- Henry Robinson Towns (1844 1924)
 - Exchange of experience among management and workers
- Charles Dupin (1784 1873)
 - Management Skills to maximize output



1. CLASSIC THEORIES

- a) Scientific Management
- b) Administrative Management
- c) Theory of Bureaucracy



a) Scientific management

- Introduced by F.W. Taylor in USA in the beginning of 20th century.
- He is called as the Father of Scientific Management
- Focus on improving the efficiency of the workers.





- Scientific Management means knowing exactly what you want your men to do and seeing that they do it in the best and cheapest way.
- Scientific management was concerned essentially with improving the operational efficiency at the shop floor level
- The application of scientific methods is to increase individual worker's productivity

Principles of Scientific Management

Elements and Tools of Scientific Mgt

- Separation of Planning and Doing
- Functional Foremanship
- Job Analysis
- Standardization
- Scientific Selection and Training of Workers
- Financial Incentives
- Mental Revolution (Mutual cooperation between management & workers)



- Science, Not Rule of Thumb
- Division of Responsibility



- **1.Scientific Study of Work:** Example: A manufacturing company conducts a time and motion study to analyze the steps involved in assembling a product. By identifying the most efficient sequence of tasks and eliminating unnecessary movements, they improve production speed and quality.
- **2.Scientific Selection of Workers:** Example: A hospital hires nurses based on their specific skills and qualifications for different departments (e.g., surgery, pediatrics). This ensures that each nurse is assigned to the area where they can perform at their best.
- **3.Scientific Training and Development:** Example: A fast-food restaurant provides comprehensive training to new employees, teaching them the exact steps for taking orders, preparing food, and serving customers. Regular refresher training ensures consistent quality and speed of service.



- **4.Cooperation between Management and Workers:** Example: An automobile assembly line encourages workers to provide feedback on the production process. Based on their input, managers make adjustments to improve ergonomics and workflow, leading to higher morale and efficiency.
- **5.Division of Labor:** Example: In a software development team, different programmers are assigned specific tasks, such as coding, testing, or UI design. This specialization allows each team member to focus on their expertise, leading to higher-quality software.



- **6.Piece-Rate Incentive System:** Example: A garment factory pays its workers based on the number of garments they produce. This motivates employees to work efficiently and produce more items within a set timeframe.
- **7.Time and Motion Studies:** Example: A warehouse analyzes the process of packing and shipping orders. By rearranging the layout and optimizing the movement of goods, they reduce the time required to fulfill orders and improve delivery speed.
- **8.Standardization of Tools and Equipment:** Example: A construction company provides its workers with standardized tools and equipment for specific tasks. This ensures that workers are using the right tools for the job, leading to increased efficiency and safety.

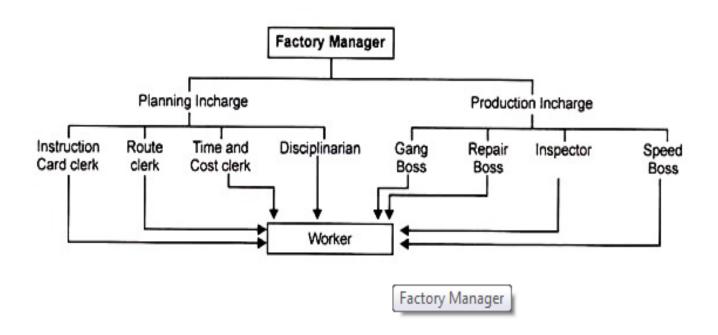


9.Specialization and Efficiency: Example: A call center assigns different agents to handle specific types of customer inquiries (billing, technical support, sales). This specialization allows agents to become experts in their respective areas, leading to faster issue resolution.

10.Financial Incentives: Example: A sales team receives bonuses based on the number of deals closed within a month. This encourages salespeople to actively seek out new clients and increase their sales efforts.

Principles of Scientific Management

Functional foremanship, a technique of scientific management can be represented as follows:





B. Administrative Management

- Henry Fayol (1841-1925), a french industrialist
- The main objective of Administrative management is to describe the management process and philosophy of management.

• Given:

- Elements of Management- Planning, Organizing, Commanding, Co-ordination & Control
- Qualities of Manager: Physical, Mental, Moral, General Education, Technical & Experience
- Categories of operations: technical, commercial, financial, security, accounting, management
- Principles of Management



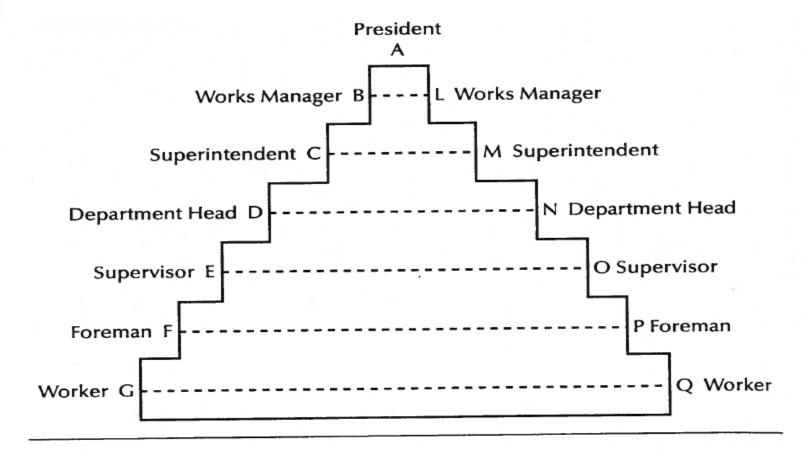
B. Administrative Management

- An approach that focused on managerial practices that could minimize misunderstandings and increase efficiency in organizations.
- top down approach
- Of or relating to a perspective that progresses from a single, large basic unit to multiple, smaller subunits.
- Fayol was a classical management theorist, widely regarded as the father of modern operationalmanagement theory. His ideas are a fundamental part of modern management concepts.

Principles of Management

- Division of labour
- 2. Authority & Responsibility
- 3. Discipline
- 4. Unity of command
- 5. Unity of direction
- 6. Subordination of individual interest to general interest
- 7. Remuneration
- Centralisation
- 9. The hierarchy / Scalar Chain
- 10. Order (material order, social order)
- Equity (combination of justice & Kindness)
- 12. Stability of Tenure
- 13. Initiative
- 14. Esprit de corps

GANG PLANK



Difference

• The major difference between Fayol and Taylor is Fayol's concern with the "human" and behavioral characteristics of employees and his focus on training management instead of on individual worker efficiency.



- Given by Max Weber (1864-1920), a German sociologist and political economist
- Known as father of Bureaucracy
- According to him, bureaucracy is the most efficient form of organization. The organization has a well-defined line of authority. It has clear rules and regulations which are strictly followed.



C. Bureaucracy

- Key elements of the Max Weber Management theory include:
- Clearly defined job roles
- A hierarchy of authority
- Standardized procedures
- Meticulous record-keeping
- Hiring employees only if they meet the specific qualifications for a job



According to Max Weber, there are three types of power in an organization

- Traditional Power
- Charismatic Power and
- Bureaucratic Power Or Legal Power.



Principles Of Bureaucracy

- 1. Administrative Class (maintaining coordinative activities of the members)
- 2. Hierarchy / Scalar Chain
- 3. Division of Work
- Standard Rules
- 5. Impersonal relationships
- 6. Appointment on the basis of merit
- Official Record

2. NEO-CLASSIC THEORIES / BEHAVIOURAL APPROACH

It is based on strong conviction that successful management depends on manager's ability to understand work as well as people with different backgrounds, needs, values, perceptions and personality



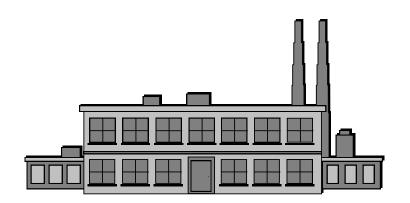
2. NEO-CLASSIC THEORIES / BEHAVIOURAL APPROACH

2. Neo-Classical Theory

- The Human Relations approach
- Behavioral science contributions



- Conducted in late 1920's
- Western Electric Hawthorne plant
- Showed importance of the individual in the workplace and variables that affect the productivity





Hawthorne Studies

- Influenced transitions from classical approach to human relations approach
- Illumination Studies
 - Mayo interested in how changes in work environment would impact productivity
 - Found unexpected results
- Hawthorne Effect
 - The more attention given to someone, the more likely their behavior will change
 - Social factors influence productivity

Hawthorne Studies

Hawthorne Effect:

In fact, the Hawthorne Effect has also been called the 'Somebody Upstairs Cares' syndrome. When people spend a large portion of their time at work, they require a sense of belonging, of being part of something bigger than themselves. When they do, they are more effective



Hawthorne Experiments & Human relations

- 1. Psychological Contract
- 2. Work in a group activity
- 3. Social Aspect of Work (The relationships people develop and their interactions with others in society are *social aspects*)
- 4. Supervision
- 5. Communication
- 6. Recognize Workers
- 7. Conflicts



B. Behavioral science contribution

 An approach to management that emphasizes improving management through an understanding of the psychological makeup of people



B. Behavioral science contribution

- McGregor's X & Y Theory
- William Ouchi's Z Theory
- Maslow's Hierarchy of Need Theory



McGregor's Theory X and Theory Y

 According to Theory X, managers believe workers

dislike work

lack ambition

are irresponsible

are resistant to change

prefer to be led



Classical Approaches to Management

- McGregor's Theory X and Theory Y
 - According to Theory Y, managers believe workers
 - are willing to work
 - are capable of self control
 - accept responsibility
 - are imaginative and creative
 - self-directed

MCGREGOR'S THEORY X & Y

Theory X

Theory Y

Work avoiding

Work is natural

Need to control

Capable of self-direction

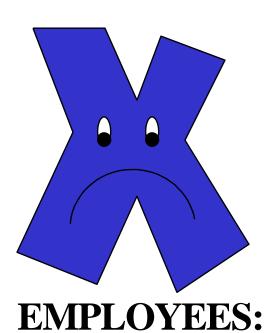
Avoid responsibility

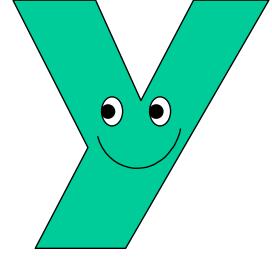
Seek responsibility

Workers seek security

Can make good decisions

ASSUMPTIONS OF THEORY X VERSUS THEORY Y MANAGERS





EMPLOYEES:

Dislike/avoid work
Require coercion
Shun responsibility
Have little ambition
Seek security

Naturally expend effort
Will exercise self-discretion
Accept and seek responsibility
Have creative capacity
Have high level needs



- Theory Z essentially advocates a combination of all that's best about Theory Y and modern Japanese Management, which places a large amount of freedom and trust with workers, and assumes that workers have a strong loyalty and interest in team working and organization.
- Theory Z also places more reliance on the attitude and responsibilities of the workers, whereas McGregor's X & Y theory is mainly focused on management and motivation from the manager's and organization's perspective



- Believes that people are innately self motivated to not only do their work, but also are loyal towards the company, and want to make the company succeed.
- Theory Z managers would have to have a great deal of trust that their workers could make sound decisions. Therefore, this type of leader is more likely to act as "coach", and let the workers make most of the decisions.

Generalization

- McGregor's Theory X
 - Authoritarian Management Style
 - Produces strict and controlling supervision
- McGregor's Theory Y
 - Participative Management Style
 - Associated and participative supervision
- William G Ouchi's Theory Z
 - Japanese Management Style
 - Managers must be more supportive and trusting of their employees in order to receive the benefit of increased participation in the decisions of the company



Maslow's Hierarchy of Human Needs

Maslow defined a Hierarchy of Human Needs that stated the lower needs must be met before an individual can strive to meet the higher needs.



Maslow's Hierarchy of Needs

Self-Actualization Esteem Belongingness and Love Safety

Physiological



Maslow's Hierarchy of Needs Theory

- 1. Physiological
 - "living wage" to purchase food and clothing
- 2. Safety
 - Free from danger (safe working conditions)
- 3. Affiliation
 - Need to belong, social relationships with co-workers
- 4. Esteem
 - Sense of achievement and accomplishment (internal)
 - Compensation and reward (external)
- 5. Self-Actualization
 - Job that allows growth and creativity



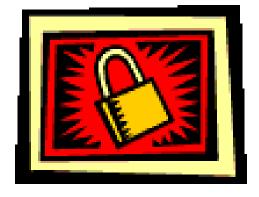
PHYSIOLOGICAL-necessary for life; unmet, these needs lead to death

- Food
- Water
- Oxygen
- Sleep
- Protection from extreme temperatures
- Elimination
- Sensory needs





- The need to be free from anxiety and fear
- The need to be secure in the environment
- The need for order and routine



Social Needs

- Need to love and be loved
- Need to feel a sense of belonging and acceptance
- Small groups clubs, office teams, school/college houses
- Large groups political parties, Sports teams, facebook





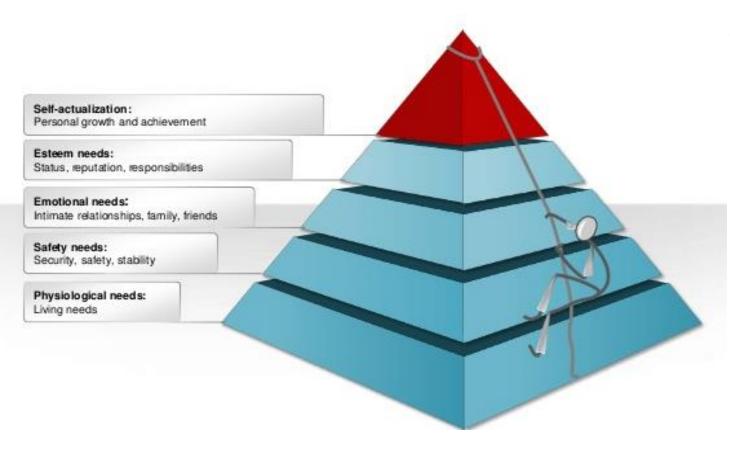
- Feeling important and worthwhile includes respect, approval, appreciation
- We engage in activities that bring achievement, success, and recognition
- We gain self-confidence and begin to direct our actions toward becoming what we WANT to be

SELF-ACTUALIZATION

- Self-realization; obtaining our full potential; becoming confident, eager to express our beliefs, and willing to reach out to others to help them
- Self actualization is the act of learning what you are capable of doing. People do this for their entire lives, and we do learning, trying, watching and doing.

Maslow's Hierarchy of Needs







Modern Theory

- Quantitative Approach
- Systems Approach
- Contingency Theory

The Quantitative Approach

The quantitative approach to management, sometimes referred to as operations research (OR) or management science. It includes applications of statistics, optimization models, information models, and computer simulations, linear programming, and so on, which can be used to solve management problems.

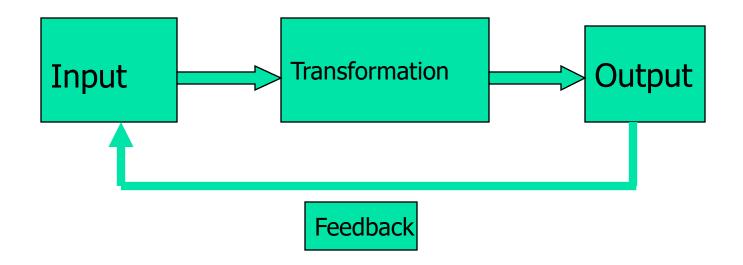
The Quantitative Approach

- In general, the quantitative approaches have contributed directly to management decision making, particularly to planning and control decisions.
- The primary strength of quantitative approach to management is that it enables managers to solve complex problems that cannot be solved by common sense alone

The Systems Approach

- What's the system approach?
 It is based on the concept that organization is a system, or an entity of interrelated parts.
- Two basic types of the system: closed and open Closed systems are not influenced by and do not interact with their environment. In contrast, an open system dynamically interacts with its environment.
- An organization is an open system
- The operating model in organizational systems

The Operating Model in Organizational System



What's the System Approach?

The system approach defines a system as a set of interrelated and interdependent parts arranged in a manner that produces a unified whole.

An Organization Is an Open System

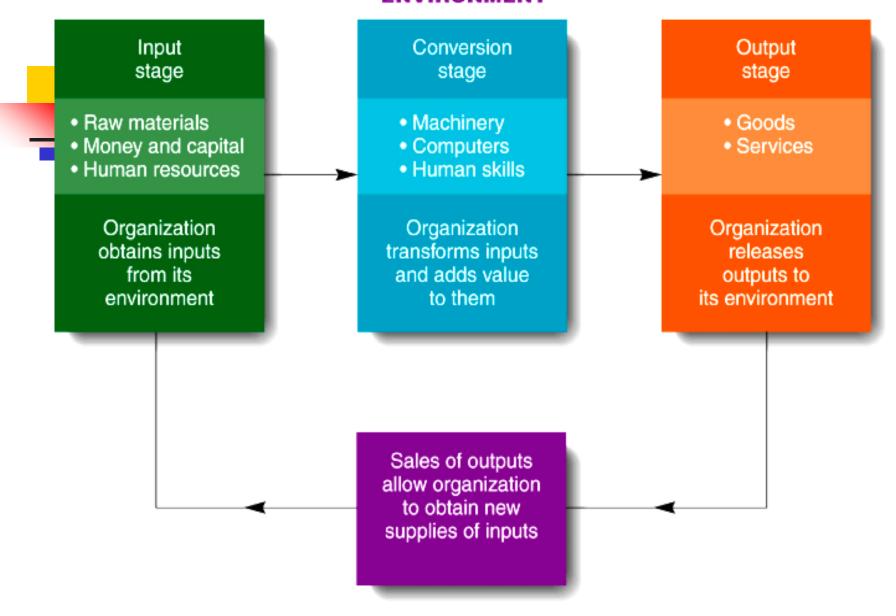
- An organization is a system that interacts with and depends upon its environment.
 - **Organization's stakeholders**: any group that is affected by organizational decisions and policies. The manager's job is to coordinate all stakeholders to achieve the organization's goals.
- Organizational survival often depends on successful interactions with the external environment.



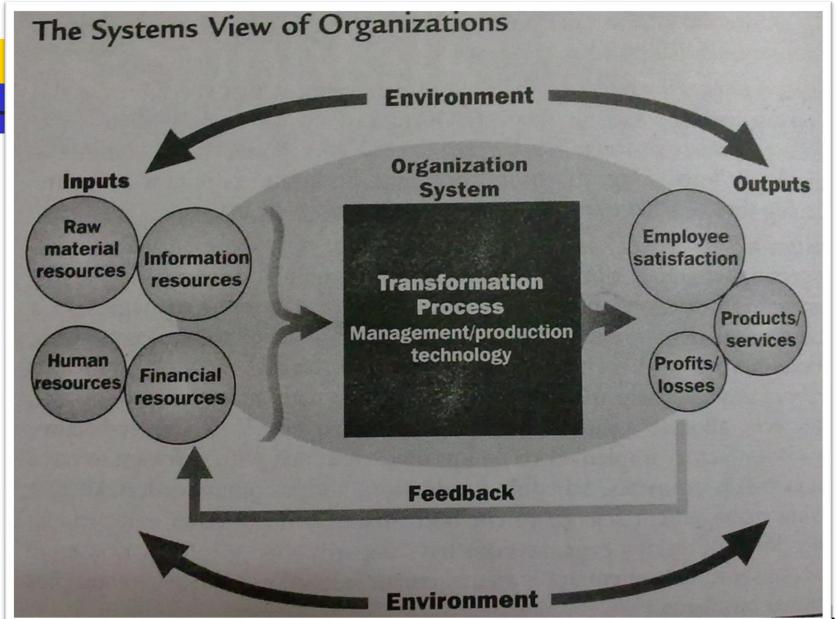
Two other influential concepts from the systems perspective are entropy and synergy

- Entropy: A concept of the systems approach to management that states that an organization will die without continuous input from the outside environment
- Synergy: a concept of the systems approach to management that states that the whole organization working together will produce more than the parts working independently

ENVIRONMENT



B. SYSTEMS APPROACH



Contingency Theory

- Assumes there is no one best way to manage.
 - A perspective on management that emphasizes that no single way to manage people or work is best in every situation
 - It encourages managers to study individual and situational differences before deciding on a course of action



Types of Business Organization

Sole proprietorship

Partnership



Public sector company

Private sector company



- **Definition:** A sole proprietorship is a business owned and operated by a single individual. The owner is personally responsible for all aspects of the business, including profits, losses, and liabilities.
- Advantages: Simple to set up, complete control over decision-making, direct access to profits.
- Disadvantages: Unlimited personal liability, limited access to capital, potential for limited growth.
- Sarah runs a small bakery called "Sweet Delights." She's the sole owner and is responsible for all aspects of the bakery, from baking goods to managing finances and customer interactions.

Partnership

- General Partnership: In a general partnership, two or more individuals share ownership, management responsibilities, profits, losses, and liabilities.
- **Limited Partnership:** In a limited partnership, there are general partners (active management) and limited partners (investors with limited liability and involvement).
- Advantages: Shared responsibilities and resources, potential for diverse skills and expertise.
- Disadvantages: Shared liabilities, potential for disputes among partners, limited growth potential.
- John and Lisa decide to start a graphic design business together called "Creative Designs Partnership." They share responsibilities, costs, and profits equally.
- Mary invests in a real estate limited partnership. She contributes capital as a limited partner while another partner handles the management of property development.

Public Company (Publicly Held Company)

- Public Company (Publicly Held Company):
- **Definition:** A public company is a corporation whose ownership is divided into shares of stock that are traded on public stock exchanges. It can have a large number of shareholders.
- Advantages: Access to substantial capital through stock issuance, liquidity for shareholders, enhanced public visibility.
- Disadvantages: Extensive regulatory requirements, public scrutiny, loss of control for founders or initial owners.
- "Tech Innovate Inc." is a publicly traded technology company. Its shares are listed on the stock exchange, and anyone can buy shares of the company. Shareholders have a say in major decisions through voting.

Private Company (Privately Held Company)

- Definition: A private company is not publicly traded on stock exchanges and its shares are not available to the general public. Ownership is limited to a select group of investors.
- **Advantages:** More control for owners, less public scrutiny, greater flexibility in decision-making.
- **Disadvantages:** Limited access to capital compared to public companies, potential challenges in raising funds.
- "Green Earth Foods Pvt. Ltd." is a family-owned organic food business. The ownership remains within the family, and they are not publicly traded on any stock exchange.

Public Sector Enterprises

- Definition: Public sector enterprises are owned and operated by the government. They can serve various purposes, such as providing essential services or contributing to economic development.
- Advantages: Government backing, focus on public welfare, stability in sectors critical to the nation's well-being.
- Disadvantages: Bureaucratic processes, potential inefficiencies, susceptibility to political influences.
- The "National Healthcare Service" is a public sector enterprise established by the government to provide healthcare services to citizens. It is funded by taxpayer money and aims to ensure accessible healthcare for all.

Private Sector Enterprises

- **Definition:** Private sector enterprises are owned and operated by private individuals or entities. They are driven by profit motives and market demands.
- Advantages: Efficiency in operations, innovation driven by competition, greater flexibility in decision-making.
- Disadvantages: Limited government support, potential focus on short-term profits over public welfare.
- "XYZ Retail Stores Inc." is a private sector enterprise operating a chain of retail stores. It's owned by a group of investors and focuses on profitability and market competition.

Organization Culture

Organizational culture refers to the shared values, beliefs, norms, behaviors, and practices that shape the way people within an organization interact with each other and with external stakeholders. It's essentially the "personality" of the organization and plays a significant role in shaping employee behavior, decision-making, and overall performance.



- Values and Beliefs: Organizational culture is often rooted in the core values and beliefs that guide how employees and leaders behave. These values might include integrity, innovation, teamwork, or customer focus.
- Norms and Behaviors: Culture dictates the expected behaviors within the organization. For instance, a culture of collaboration might encourage open communication and idea sharing, while a culture of competition might encourage individual achievement.



- Socialization: New employees are introduced to the organization's culture through a process called socialization. They learn about the accepted norms, values, and practices and adapt their behavior accordingly.
- Impact on Performance: A positive organizational culture can lead to increased employee engagement, motivation, and satisfaction. It can also influence productivity, creativity, and the ability to attract and retain talent.



- Types of Culture: There are various types of organizational cultures, such as innovative, customercentric, hierarchical, collaborative, and results-oriented. The culture type depends on the organization's priorities and goals.
- Change and Adaptation: Organizational culture is not static; it can evolve over time. Introducing changes to culture can be challenging and requires strategic planning and leadership.

Organizational Environment

• The organizational environment encompasses the external factors that affect an organization's operations, strategies, and overall success. This environment includes both the immediate internal environment (within the organization) and the broader external environment.



- **Internal Environment:** This includes factors within the organization's control, such as company structure, culture, resources, leadership style, and internal policies.
- External Environment: This includes factors outside the organization's control, including economic conditions, technological advancements, legal and regulatory changes, market trends, competition, and social influences.



- Macroenvironment: The macroenvironment comprises the larger societal forces that impact the organization, including political, economic, social, technological, environmental, and legal (PESTEL) factors.
- Microenvironment: The microenvironment consists of more immediate factors, such as customers, suppliers, competitors, and other stakeholders directly interacting with the organization.