

What is management?

- ⇒ Individual or a group of individuals that have responsibility to run an organisation
- ⇒ plan, organize, direct & control all essential activities of org.
- ⇒ motivate other to do the work
  - coordinate all the work for achieving the objectives of organisation
- ⇒ Organisational Resources:
  - Five M's

→ Man

→ Money

→ Material

→ Machine

→ Methods

Why management is required:

- Achieve range of goals
- Coordination
- Effective & Efficient utilisation of resources.

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Features of Management

- Continuous and Never ending process
- Getting things done through people.
- Result oriented

→ Multidisciplinary in nature.

→ Group activity

→ Situational in nature - situational

→ Need not be <sup>an</sup> ownership <sup>mgmt</sup>

→ Management is intangible

→ Management is both an art & Science

## Management Theories

→ CLASSICAL APPROACH - F.W. TAYLOR

→ Scientific Principles of Mgmt

→ adopt a scientific approach to the task of managing org.

→ Optimizing the way work was being done is more important than making ppl work as hard as possible

→ Improvement of productivity  
→ focussed on optimizing & Simplifying jobs

→ Cooperation between manager & workers

⇒ Scientific method.

→ observation, measurement, Experimentation & Inference

⇒ Four Principles of Scientific Mgmt

→ determine efficient method to perform tasks



- Match workers on jobs based on capability
- Monitor & ensure efficient ways are being used
- Allocate work between manager & workers.

## ⇒ Elements of Scientific management

- Scientific Task & Rate setting
- Planning the task
- Vocational Selection & Training
- Standardisation
- Specialisation
- Mental revolution

## ⇒ Scientific task & Rate setting (WORK-STUDY)

- critical examination of all factors that can impact a specified activity efficiency

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Work study includes:

### 1) → Methods Study

- plant layout is most optimum & tools & machinery are the best

- eliminate or combine certain operations

### 2) Motion study

- eliminate useless motion

3) Time study

### 3) Time Study

→ proper time/duration for completing an operation

### 4) Fatigue Study

→ regulating the working hours & provide pause at scientifically determined intervals

### 5) Rate setting

→ differential wage system

## → Elements of Scientific Mgmt

### ⇒ Planning the task

→ reduce or eliminate bottle neck / Plan production properly  
→ ensure work is performed systematically

### ⇒ Selection & Training

→ Central Personnel dept.  
→ process of selection should be systematized  
→ proper attention to training of workers

### ⇒ Standardisation

→ uniformity  
→ Tools & Equipment  
→ select standard tools & equipments  
→ Speed  
→ speed of machine



→ work conditions

→ ventilation, heating, cooling  
safety, floor space.

→ Materials

→ Quality of materials

→ method of handling materials

⇒ Specialisation

→ doing of specific activity  
should be entrusted on specialised worker

⇒ Mental revolution

→ management & labour.

→ focus should be on increasing productivity

↳ gains from productivity  
can be shared by mgmt & workers

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Benefits of Scientific management

→ Scientific Techniques for Thumb rule

→ proper selection & training of workers

→ Incentivise workers for better productivity

→ Detailed instruction & constant

## guidance of worker.

### Shortcoming of Taylor's management theory

- Rule driven organisation
  - ↳ adapt rapidly changing environment
- Limited/no flexibility to employees
- micro approach to management
  - holistic approach
  - demotivation of employees
- manual work & not mental work
- focusses on mechanics & <sup>not on</sup> people side of work

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### Henri Fayol's Principles of Mgmt

- Administration of business
- Division of work
  - work specialization
  - output can<sup>be</sup> increased
  - skilled & efficient
- ⇒ Authority
  - Managers should be given authority to give orders.
- ⇒ Discipline
  - Penalties should be given to



workers to encourage common efforts.

### ⇒ Unity of Command

→ workers should receive orders from only one manager.

### ⇒ Unity of Direction

→ entire organisation should work towards common objective

→ proper coordination

### ⇒ Subordination of Individual Interests to general Interests

→ Interest of one employee should not become more important than that of the group.

### ⇒ Remuneration

→ employee satisfaction depends on fair remuneration

⇒ organisation should consider variables — Cost of living, qualified personnel, business conditions

### ⇒ Centralization

→ degree of centralization should be carefully monitored

→ Decentralization is important

→ appropriate balance is required

## → Scalar Chain

- Managers in hierarchies are part of a chain of authority
- Top most person / President / CEO possesses the most authority
- Lower level managers should inform upper lvl managers about their activities
- Scalar chain existence & adherence is imp for org. to become successful

## → Order

- for efficiency & coordination, all people & materials related to a specific kind of work should be treated equally.
- work place must be clean, tidy & safe. Everything should have a defined place

## → Equity

- All employees should be treated equally.
- Manager should be fair to all employees at all time, maintain discipline & kindness

## → Stability of Tenure of Personnel

- Retaining productive employees
- must be a...



... should minimize employee turnover.

→ manpower planning should be a priority

→ Initiative

→ to encourage workers to take initiative

→ Initiative means that additional work activity through self direction

→ should give the necessary freedom to workers to create & carry out plans.

→ Esprit de Corps

→ mgmt should encourage harmony & good feeling among employees

→ Promote team spirit & unity

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Scientific Approach vs Behavioral Approach.

→ Scientific approach could not explain the behavior of individual employees.

→ Classical theory ignored employee motivation & behavior

→ behavioral approach human dimension of work.

- behavioral approach incorporate better understanding of human behaviour at work - motivation, conflict, expectations, group dynamics, productivity
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## Hawthorne Experiment

- Elton Mayo
  - applied classical theory to reveal its shortcomings
  - two studies conducted
    - 1st study
      - to understand the impact of lighting levels on worker productivity
    - 2nd study
      - women given special privileges
  - human relations & social needs of worker are very important of business mgmt.
  - Hawthorne effect
    - Special attention of researcher to the subject can impact the research finding
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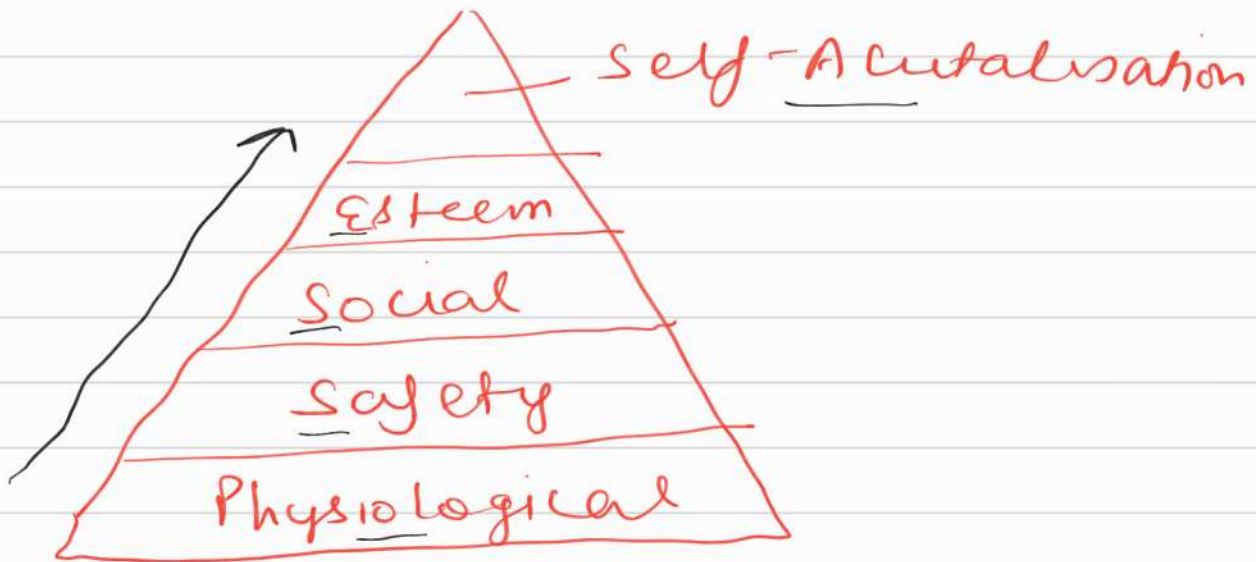
## Behavioral Theory

- The Needs Theory



# Maslow Hierarchy of needs theory:

→ can create internal pressure that can impact behaviour



- Physiological Needs

→ food, water, shelter, clothing, sleep

- safety needs

→ sense of security & well-being

→ personal security, financial security, health needs, protection from accidents

→ safe working condition

→ Social needs

→ do not feel alone, isolated

→ social connection with their friends family

→ employees should know

each other

→ enough time to meet his social responsibility

→ Esteem

→ gain respect & admiration from peers & other

→ manager needs to offer praise & recognition

→ offer promotion & additional responsibility

→ Self-Actualisation

→ need to reach full potential

→ provide challenging work  
allow to participate in decision making & autonomy

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## Douglas McGregor - Theory X & Theory Y

→ Two kinds of managers

→ Theory X manager

→ -ve view of employees

→ Theory Y manager

→ capable of assuming



# responsibility

→ Theory X manager believes that workers

→ don't want to work & earning a paycheck

→ inherently lazy, lack ambition

→ need to be directed rather than assuming responsibility

→ self centred & don't care abt the org.

→ manager needs to coerce, control, direct or threaten with punishment to get them to work towards org. goals

→ dislike change & will resist change at all costs

characteristics of Theory X Manager are:

→ Result driven & deadline driven

→ intolerant, issues deadline & ultimatum, arrogant, aloof, distant, short tempered

→ does not team build, unconcerned

work staff welfare, one-way comm. unicator

→ Vengeful & recriminatory

→ withhold rewards & suppress pay level

Theory Y manager believes that employees

→ Accept work as part of their day  
with proper motivation, employees will be self driven

→ full of potential, through employee creativity & hardwork that org. goals are achieved

Typical characteristics of Theory Y manager :-

→ try to develop employee potential

→ they give employee autonomy, responsibility, power & involve them in decision-making

→ Employee actions & behaviour is decided by manager's expectations.

→ results better through the use of Theory Y than Theory X



## Theory 2 - William Ouchi

→ focuses on increasing employee loyalty toward the company by providing job-security & focusing on employee's well-being.

→ a large <sup>amount of</sup> freedom & trust in the worker.

→ workers interested in team-work

→ participative management

→ attitude & responsibilities of worker.

Benefits of

→ Theory 2 → stable employment

→ high productivity

→ high emp morale & satisfaction

→ lower turnover of emp.

→ higher job commitment

→ high productivity stresses that

→ workers become

→ 'generalists' rather than 'specialists' through job rotation & constant training

→ promotions tend to slower

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## ⇒ Contingency mgmt

→ principle that behaviour of employee is a function of the consequences

→ positive consequence - action likely to be repeated

→ mgmt techniques should be based on circumstances

## ⇒ Mgmt by objectives

→ by clearly defining objectives to be agreed by mgmt & employees.

→ employee participation in goal setting would ensure more commitment

→ top to bottom approach.

→ MBO supervised activity

- Adv {
- identifying & planning for various objectives
  - proactive behaviour
  - disciplined approach to meeting goals.
  - allows to prepare for contingencies & road blocks

Disadv → lot of efforts.

→ simple tasks - MBO approach cannot be followed

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## Functions of Mgmt

Effective mgmt involves problem solving, motivate employees, & ensure that obj. & goals of org. is achieved



Planning → Organizing → Directing  
→ Staffing → Coordinating → Controlling

## ⇒ Planning

→ Decide in advance what to do, how to do, why to do, where to do & who will be responsible

→ determine obj of business, split obj. into goals for each dept. of organization

→ formulate policies, rules, programs & budget

→ most effective course of action through which goal can be achieved

## Organizing

→ structure of the organ. → chain of command

→ Division of work into function & sub-function, activities that are related should be grouped

→ assign duties & responsibilities to employees in accordance with their skills

→ delegate of authority & power to each employee

## Directing

→ superior-subordinate relations exist

→ guiding & leading in the org.

→ not giving instruction

→ continuous process

→ top - bottom flow

## Staffing

- controls all recruitment & personnel needs of the org.
- <sup>hire</sup> right ppl for right job to ach. obj of org.
- training & development, appraisal, promotion & transfer

## Coordinating

- to ensure that all activities function in sync for good of the org.
- communicate, supervise & direct the various div & employees

## Controlling

- resources are used in efficient manner to achieve org. objectives
- performance standards & monitor emp output

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## Role of Manager

Interpersonal Informational Decisional

### → Interpersonal

- providing information & ideas
- Figurehead
  - source of inspiration
  - social, legal responsibilities
  - person with authority

### → Leader

- leadership to the team



department or organisation  
→ manages the performance  
& responsibilities of everyone  
in the team

→ Liaison

→ communicates with internal  
& external stakeholders  
→ networks on behalf of your  
organisation

→ Informational Category

→ processing information  
→ Monitor

→ Seeks out information related  
to the organisation & industry  
→ look for changes in environ-  
ment  
→ monitor team performance  
& well being

→ Disseminator

→ Communicate imp information to  
team & colleagues.

→ Spokesperson

→ speaks for the organisation  
→ providing information about  
organisation & its objectives to  
external stakeholders.

→ Decisional Category

→ using information

→ Entrepreneur

→ create & control change in the organisation

→ generate new ideas, implement ideas & solve problem.

→ Disturbance Handler

→ addressing roadblock

→ mediates any dispute

→ Resource allocator

→ determine where resources should be allocated

→ allocating funds, assigns staff & assigns other org resources

→ Negotiator

→ to take part, direct any important negotiation with the company

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Authority & Responsibility

- Management Principle

→ Auth. & Resp. are closely related

→ A match is required between these two

high <sup>Tyrannical</sup> / Engaged \*





## Positive Impacts of the principle:

- misuse of auth.
- completing jobs effectively & efficiently
- Individuals are accountable
- Systemized approach towards achieving org obj.

**Authority** → right or power assigned to employee in order to achieve org. objectives

- right to make decisions, give order or instructions
- authority needs to be accepted by subordinate
- authority flows downwards

## Responsibility

- Obligation to perform duty
- to obey authority of superior
- responsibility moves upwards

## Accountability

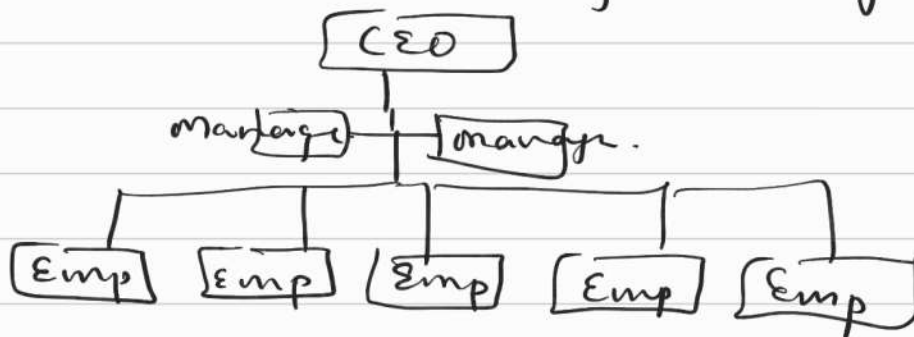
- obligation of employee to report formally to superior about work done

## Different Organisation Structures

- setup that determine hierarchy & reporting structure
- organisational chart
- factor such as
  - leadership style
  - type of org.
  - geographical regions
  - work flow
  - hierarchy
- determines how roles, authority, responsibilities are assigned, controlled, coordinated & info flow between diff levels
- objectives & strategy
- centralized, decentralized

### Flat Structure

- Small company
- very few level of mgmt b/w CEO & low lvl employees
- decision making is very fast

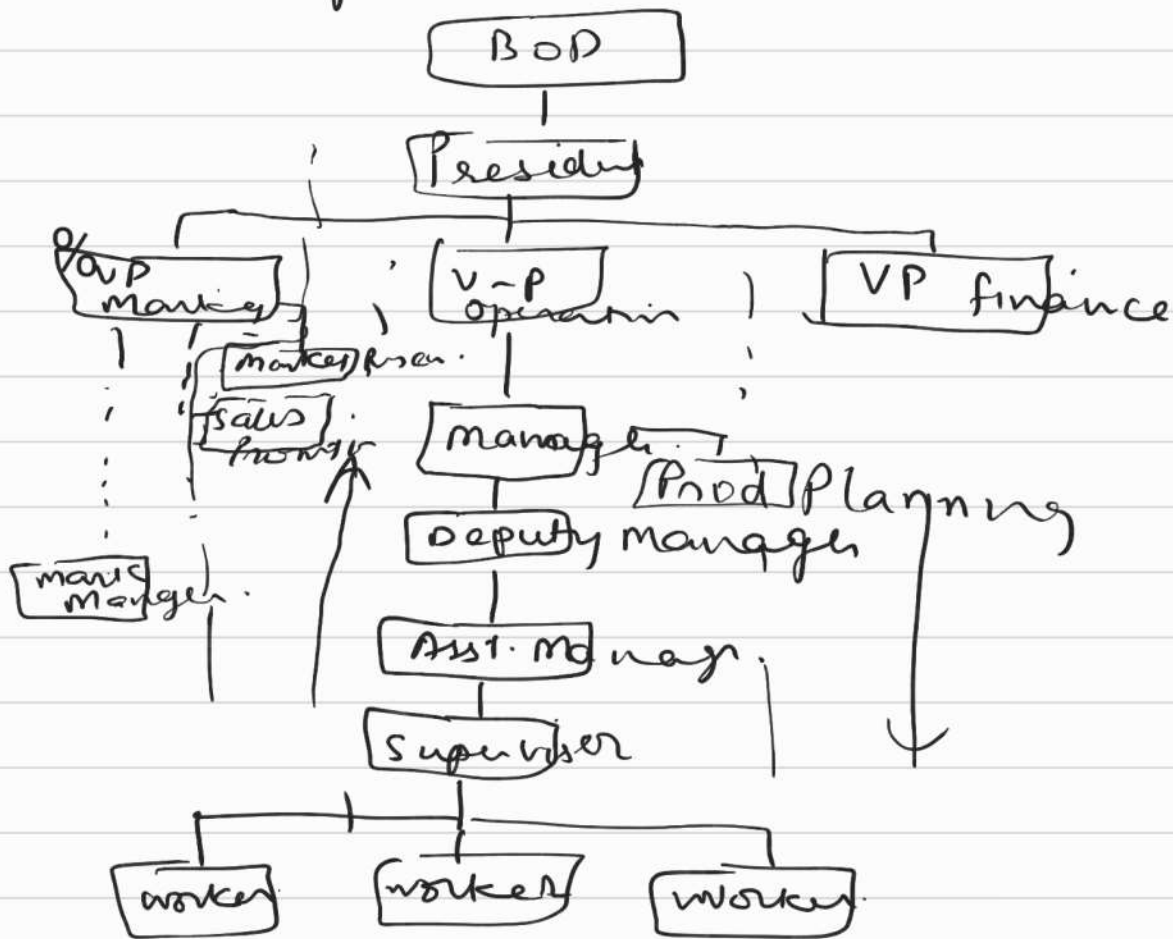


### Line structure

- Specific line of command



- approvals & orders come from top to bottom in a line
- smaller org.
- easy decision-making & is informal



### Advantages

- Simplest kind of orgn structure.
- Strict authority resulting in discipline
- decision-making is prompt
- clarity in terms of structures of authority & responsibility
- Control rests with one superior

### Disadvantages

- Communication is from top to bottom
- Superiors can misuse their authority
- Decisions are taken by a single person

→ Specialization is a problem

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## Line & Staff Structure

- line structure with staff departments for support & specialisation
- more centralized
- decision making becomes slower.

## Adv

- employees to perform at a faster rate - increases productivity
- Specialize in particular areas.
- Employees feel that they are given due credit for contribution
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## Disadvantage

- confusion may be created among emp.
  - level of hierarchy.
  - staff costs is higher due to staff specialists
  - Decision making is slower.
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## Functional Structure

- each department is grouped as per their main function - marketing department, finance department
- smaller organisation
- classified ppl according to the function they perform

→  
Function Man  
↓

CEO





adv

- high degree of specialisation
- clear line of authority
- speed & efficiency
- All functions command equal importance

Disad

- Communication barrier b/w various departments
- decision is taken by one individual
- difficult to exercise control
- lack of team work between departments.

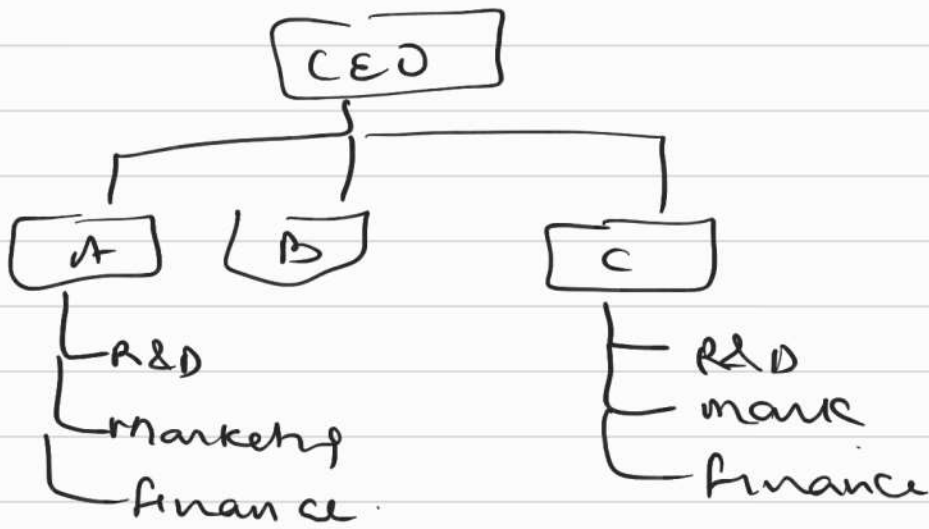
Divisional Structure

- Large companies
  - ↳ wide geographic area.
  - ↳ Small organisation centering
- ↳ diff kind of products or services or market areas

- needs can be met more rapidly
- Divisional structure is costly because its size & scope.

Product Structure (Type of div structn)

- Org is structured based on the products sold



Adv → product not working can be closed down easily

→ each unit can be treated as a separate profit centre

→ rapid & easy decision making

→ gives a lot of independence to decision maker

Dis → unhealthy comp. between division

→ marketing indiv. products can increase cost

→ too many managerial levels

→ all the units may not be considered equal.

## Market Structure

→ divisions are made on the basis of specific market the comp. may sell.

Adv → communication with customers can be in the local language.

→ issues related to specific market