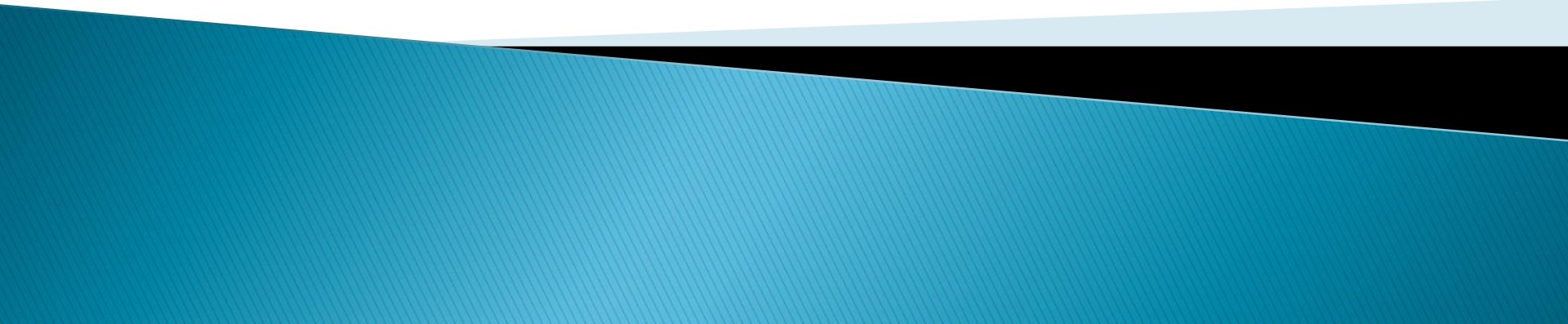
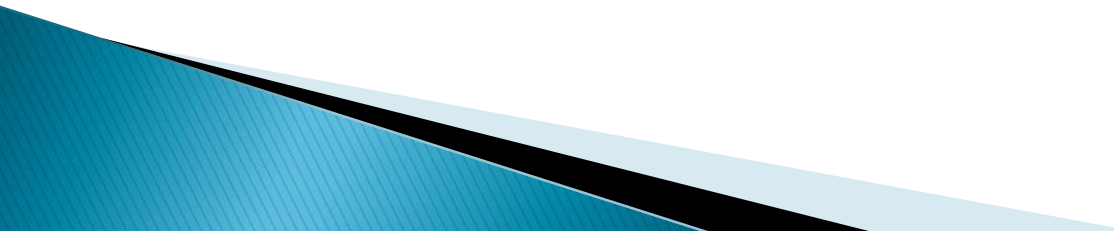


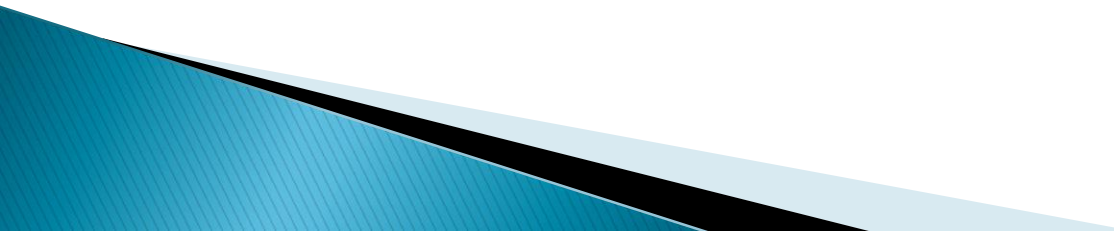
Fundamentals of Management



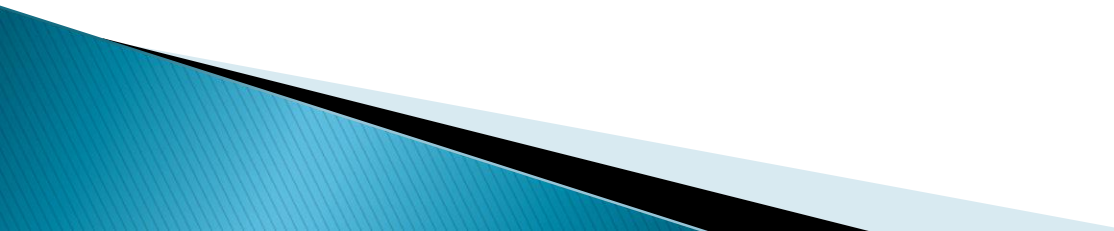
Why study Management?

- ▶ Everybody has a vested interest in improving the way organizations are managed.
 - ▶ A person entering the workplace, after graduation, will either be managed or become a manager.
 - ▶ Understanding management will also assist a person in managing his or her personal life.
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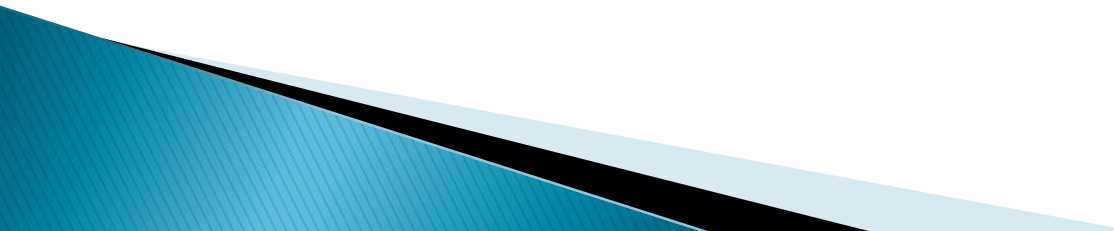
Overview

- ▶ This presentations expose students to the field of management and focus on the major management processes.
 - ▶ they provide an overview of the organizational environment.
 - ▶ Highlight issues in management
 - ▶ In general, they will help students to be better employees and understand the role of managers.
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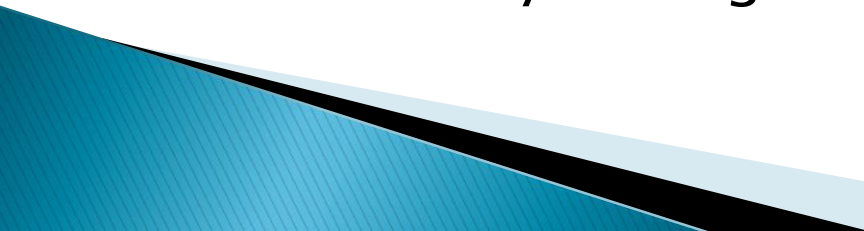
Importance of Management

- ▶ **It helps in Achieving Group Goals** – It arranges the factors of production, assembles and organizes the resources, integrates the resources in effective manner to achieve goals. It directs group efforts towards achievement of pre-determined goals.
 - ▶ **Optimum Utilization of Resources** – Management utilizes all the physical & human resources productively. This leads to efficacy in management. Management provides maximum utilization of scarce resources by selecting its best possible alternate use in industry from out of various uses.
 - ▶ **Reduces Costs and time** – It gets maximum results through minimum input by proper planning and by using minimum input & getting maximum output.
 - ▶ **Essentials for Prosperity of Society** – Efficient management leads to better economical production which helps in turn to increase the welfare of people. Good management makes a difficult task easier by avoiding wastage of scarce resource. It improves standard of living.
- 

How Do We Define Management?

- ▶ The most widely used definition of management was created by the American Management Association. “It is the art of getting things done through others and having them do it willingly”.
 - ▶ It is a difficult art, not a science, like the computer business or manufacturing. Have you ever bought 10 boxes of performance or three cartons of morale?
 - ▶ You have to get things done. You are responsible not just for what you do, but also for the results of others. Accomplishments, results, productivity are all now your responsibility. And now the hard part. You have to accomplish this through others and have them do it willingly.
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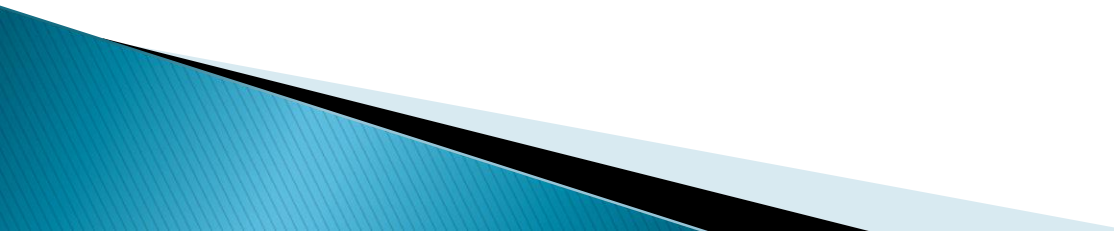
Concept of Management

- ▶ Traditional Concept: art or getting things done by others.
 - ▶ Modern Concept: Achieve goals “efficiently” and “effectively”
 - Modern concept defines management as a process of getting things done by others efficiently and effectively.
 - Process: Activities performed
 - Efficiently: doing the task accurately with minimum cost/resources/wastage
 - Effectively: Doing things at the right time.
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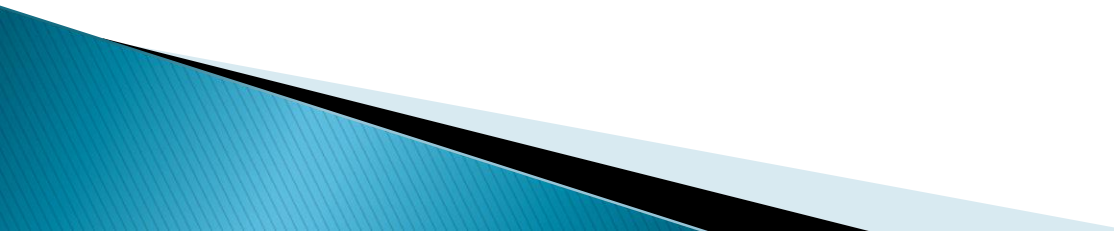
Some other definitions

- ▶ According to *F.W. Taylor*, ‘*Management is an art of knowing what to do when to do and see that it is done in the best and cheapest way*’.
- ▶ According to *Harold Koontz*, ‘*Management is an art of getting things done through and with the people in formally organized groups. It is an art of creating an environment in which people can perform and individuals and can co-operate towards attainment of group goals*.’
- ▶ *Van Fleet and Peterson* define management, ‘*as a set of activities directed at the efficient and effective utilization of resources in the pursuit of one or more goals*.’

Continued...

- ▶ Management is essential for an organized life and necessary to run all types of organizations. Good management is the backbone of successful organizations.
 - ▶ Whether *management is an art or science*, will continue to be a subject of debate. However, most management thinkers agree that some form of formal academic management background helps in managing successfully. Practically, all CEO's are university graduates. Hence, the reason for including business degree programs in all academic institutions.
- 

Characteristics of Management

- ▶ Multidisciplinary
 - ▶ Group Activity
 - ▶ Factor of Production (Men, Material, Method, Money and Machines)
 - ▶ Social Process
 - ▶ Dynamic Function and Situational
 - ▶ Profession
 - ▶ Intangible Force
- 

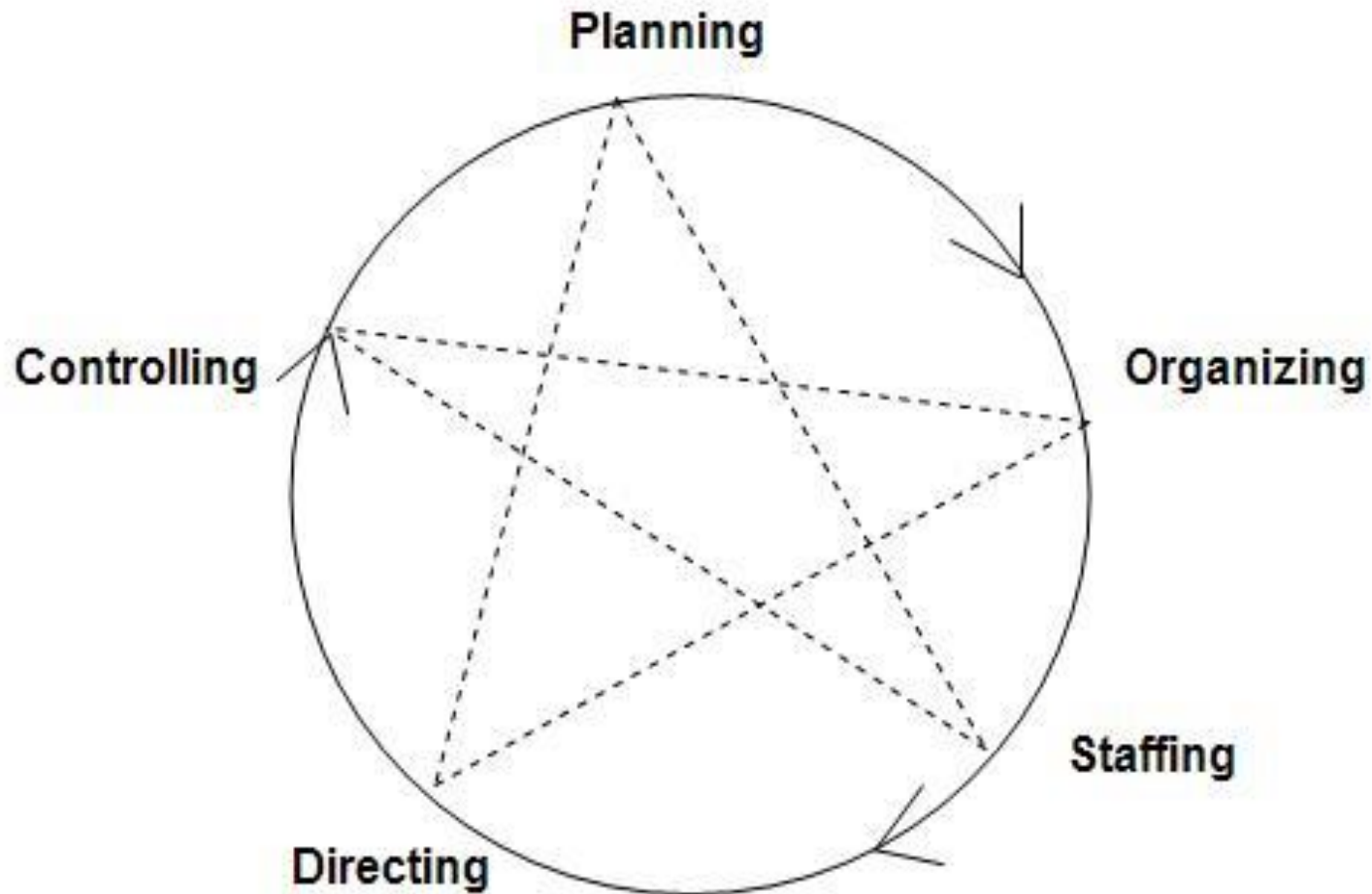
Let's consider an example...

- ▶ For example, let us look at the managerial role of a simple housewife and how she uses the managerial ingredients in managing the home. First, she appraises her household and its needs. She forecasts the needs of the household for a period of a week or a month or longer. She takes stock of her resources and any constraints on these resources. She plans and organizes her resources to obtain the maximum benefits out of these resources. She monitors and controls the household budget and expenses and other activities. In a large household, she divides the work among other members and coordinates their activities. She encourages and motivates them to do their best in completing their activities. She is always in search of improving, mention goals, resources, and in means to attain these goals. These ingredients, generally, are the basic *functions of management*.

Functions of Management

- ▶ Luther Gullick has given a keyword **'POSDCORB'** where P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for reporting & B for Budgeting. But the most widely accepted are functions of management given by KOONTZ and O'DONNEL
i.e. **Planning, Organizing, Staffing, Directing and Controlling**

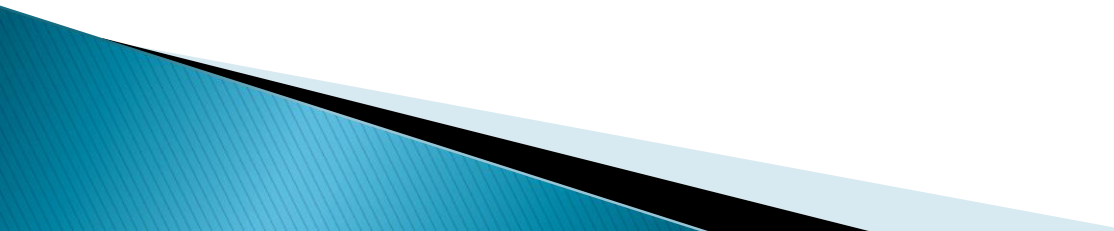
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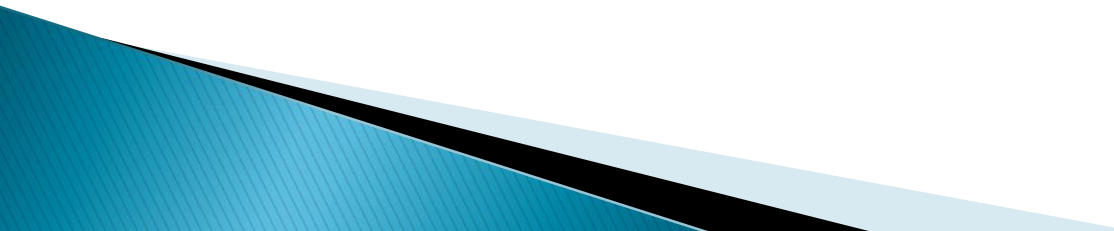
Planning

- ▶ It is the basic function of management. It deals with chalking out a future course of action & deciding in advance the most appropriate course of actions for achievement of pre-determined goals. According to KOONTZ, “Planning is deciding in advance – what to do, when to do & how to do. It bridges the gap from where we are & where we want to be”.
- ▶ It is all pervasive, it is an intellectual activity and it also helps in avoiding confusion, uncertainties, risks, wastages etc.

Organizing

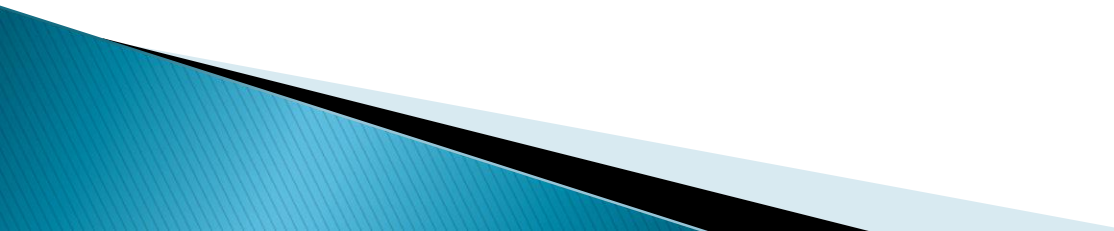
- ▶ It is the process of bringing together physical, financial and human resources and developing productive relationship amongst them for achievement of organizational goals. According to Henry Fayol, “To organize a business is to provide it with everything useful or its functioning i.e. raw material, tools, capital and personnel’s”. To organize a business involves determining & providing human and non-human resources to the organizational structure.
- 

Staffing

- ▶ It is the function of manning the organization structure and keeping it manned. Staffing has assumed greater importance in the recent years due to advancement of technology, increase in size of business, complexity of human behavior etc. The main purpose of staffing is to put right man on right job i.e. square pegs in square holes and round pegs in round holes. According to Kootz & O'Donnell, "Managerial function of staffing involves manning the organization structure through proper and effective selection, appraisal & development of personnel to fill the roles designed in the structure".
- 

Continued..

▶ Staffing involves:


- Manpower Planning (estimating man power in terms of searching, choose the person and giving the right place).
 - Recruitment, Selection & Placement.
 - Training & Development.
 - Remuneration.
 - Performance Appraisal.
 - Promotions & Transfer.
- 

Directing

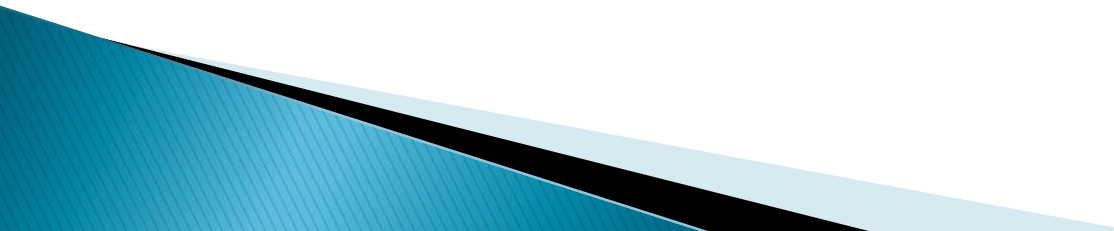
- ▶ It is that part of managerial function which actuates the organizational methods to work efficiently for achievement of organizational purposes. It is considered life-spark of the enterprise which sets it in motion the action of people because planning, organizing and staffing are the mere preparations for doing the work. Direction is that inert-personnel aspect of management which deals directly with influencing, guiding, supervising, motivating subordinate for the achievement of organizational goals. Direction has following elements:

1. Supervision
2. Motivation
3. Leadership
4. Communication

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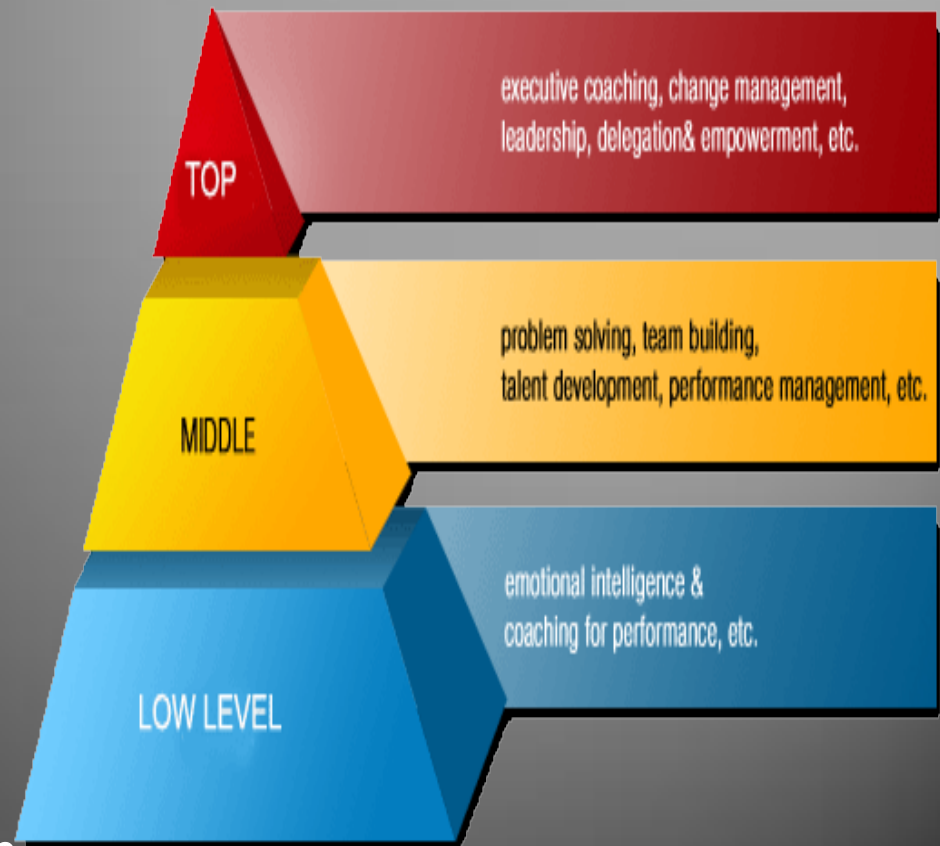
- ▶ **Supervision**– implies overseeing the work of subordinates by their superiors. It is the act of watching & directing work & workers.
 - ▶ **Motivation**– means inspiring, stimulating or encouraging the sub-ordinates with zeal to work. Positive, negative, monetary, non-monetary incentives may be used for this purpose.
 - ▶ **Leadership**– may be defined as a process by which manager guides and influences the work of subordinates in desired direction.
 - ▶ **Communications**– is the process of passing information, experience, opinion etc from one person to another. It is a bridge of understanding.
- 

Controlling

- ▶ It implies measurement of accomplishment against the standards and correction of deviation if any to ensure achievement of organizational goals. The purpose of controlling is to ensure that everything occurs in conformance with the standards. An efficient system of control helps to predict deviations before they actually occur.
 - ▶ According to *Theo Haimann*, “Controlling is the process of checking whether or not proper progress is being made towards the objectives and goals and acting if necessary, to correct any deviation”.
 - ▶ According to Koontz & O’Donell “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”.
- 

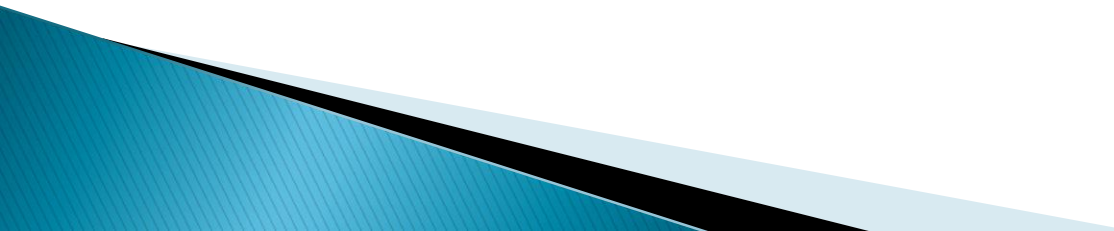
Levels of Management

- ▶ The term “Levels of Management” refers to a line of demarcation between various managerial positions in an organization. The number of levels in management increases when the size of the business and work force increases and vice versa. The level of management determines a chain of command, the amount of authority & status enjoyed by any managerial position. The levels of management can be classified in three broad categories:
 - ▶ **Top level / Administrative level**
 - ▶ **Middle level / Executory**
 - ▶ **Low level / Supervisory / Operative / First-line managers**
- ▶ Managers at all these levels perform different functions.



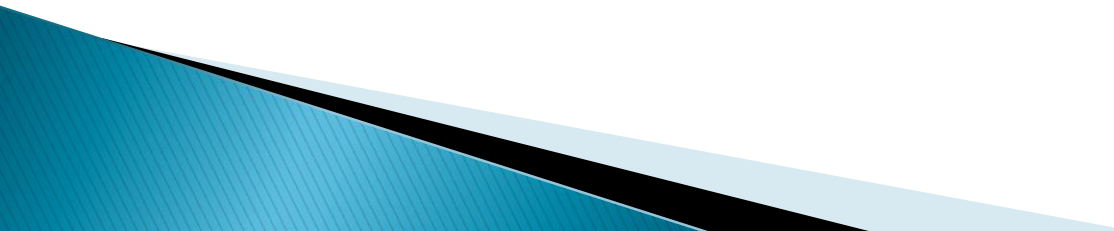
Top Level of Management

The role of the top management can be summarized as follows –

- ▶ Top management lays down the ***objectives and broad policies*** of the enterprise and are responsible for the business as a whole.
 - ▶ It issues necessary instructions for preparation of department ***budgets, procedures, schedules*** etc.
 - ▶ It prepares ***strategic plans & policies*** for the enterprise.
 - ▶ It ***appoints the executive*** for middle level i.e. departmental managers.
 - ▶ It controls & coordinates the activities of all the departments.
 - ▶ It is also responsible for maintaining a contact with the outside world.
 - ▶ It provides guidance and direction.
 - ▶ The top management is also responsible towards the shareholders for the performance of the enterprise.
- 

Middle Level of Management

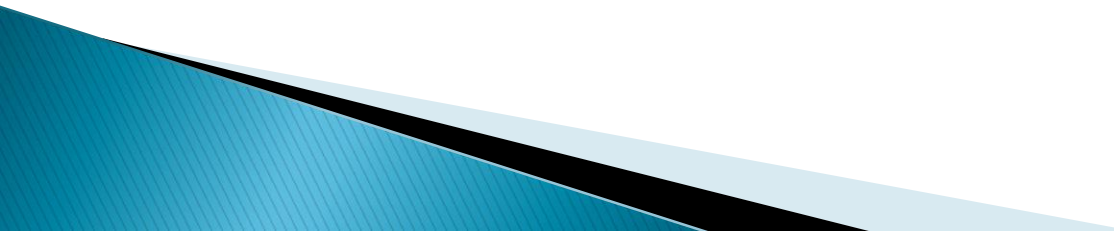
Their role can be emphasized as –

- ▶ They ***execute the plans*** of the organization in accordance with the policies and directives of the top management.
 - ▶ They ***make plans for the sub-units*** of the organization.
 - ▶ They participate in ***employment & training of lower level management***.
 - ▶ They ***interpret and explain policies*** from top level management to lower level.
 - ▶ They are responsible for coordinating the activities within the division or department.
 - ▶ It also ***sends important reports*** and other important data to top level management.
 - ▶ They ***evaluate performance of junior managers***.
 - ▶ They are also responsible for inspiring lower level managers towards better performance.
- 

Lower Level of Management

- ▶ Lower level is also known as supervisory / operative level of management. It consists of supervisors, foreman, section officers, superintendent etc.

Their activities include –

- ▶ Assigning of jobs and tasks to various workers.
 - ▶ They guide and instruct workers for day to day activities.
 - ▶ They are responsible for the quality as well as quantity of production.
 - ▶ They communicate workers problems, suggestions, and recommendatory appeals etc to the higher level
They help to solve the grievances of the workers.
- 

Let's consider these questions..

- ▶ **Question 1:**

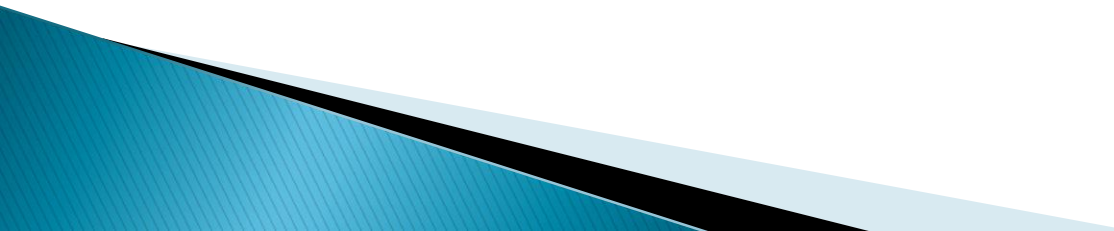
Ashutosh Goenka, CEO, in 'Axe Ltd.', a company manufacturing air purifiers. He found that the profits of his firm has started declining from the last six months. Profit has an implication for the survival of the firm, so he analysed the business environment to find out the reasons for this decline.

- ▶ Identify the level of management at which Ashutosh Goenka was working.
 - ▶ State three other functions being performed by Ashutosh Goenka.
- 


Continued...

- ▶ **Answer:**

Ashutosh Goenka was working at *top level of management*. The three functions being performed by him at this level are outlined below:

- ▶ He is responsible for formulating the overall organizational goals and strategies.
 - ▶ He is responsible for all the business activities.
 - ▶ He has to coordinate the activities of different departments in pursuit of common goals.
- 

Continued...

- ▶ **Question 2:**
Rishitosh Mukerjee has recently joined AMV Ltd, a company manufacturing refrigerators. He found that his department was under-staffed and other departments were not cooperating with his department for smooth functioning of the organisation. Therefore, he ensured that his department has the required number of employees and its cooperation with other departments is improved.
 - ▶ Identify the level at which Rishitosh Mukerjee was working.
 - ▶ Also, state the functions performed by Rishitosh Mukerjee at this level.
- 

Continued...


- ▶ **Answer:**

Rishitosh Mukerjee is working at middle level of the management.

- ▶ **Functions performed:**

1. Identifying departmental needs.
2. Recruitment.
3. Setting departmental goals.

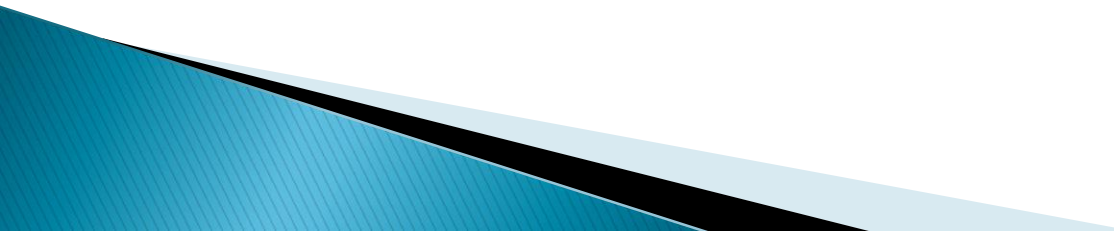
Concept of Management Principles

- ▶ Management Principle–Statement of fundamental truth–guidelines for decisions–action of managers
 - ▶ **Management Principle Vs Values**
 - Values are desirable and have moral considerations whereas principles are statement of truth/guidelines for business
 - Principle–Technical and Values–Ethical
 - Values are formed through common practices whereas principals are formed through research and experimentation
 - ▶ **Management principles Vs Techniques of Management**
 - Principles are guidelines for decision making whereas techniques are methods or procedures to achieve goals.
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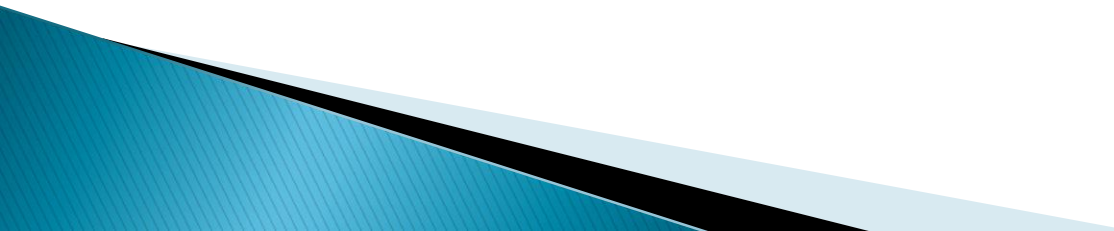
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- ▶ **Management principle Vs Principles of Pure Science**
 - Management Principle–Not rigid, can be molded as they deal with human beings
 - Pure Science–Rigid in nature
 - Management Principle–Not universally applicable; May not produce same results every time
 - Pure Science–Universally applicable

Fayol's 14 Principles of Management

- ▶ Today's managers have access to an amazing array of resources which they can use to improve their skills. But what about those managers who were leading the way forward 100 years ago?
 - ▶ Managers in the early 1900s had very few external resources to draw upon to guide and develop their management practice. But thanks to early theorists like Henri Fayol (1841–1925), managers began to get the tools they needed to lead and manage more effectively. Fayol, and others like him, are responsible for building the foundations of modern management theory.
- 

Background

- ▶ Henri Fayol was born in Istanbul in 1841. When he was 19, he began working as an engineer at a large mining company in France. He eventually became the director, at a time when the mining company employed more than 1,000 people.
 - ▶ Through the years, Fayol began to develop what he considered to be the 14 most important principles of management. Essentially, these explained how managers should organize and interact with staff.
 - ▶ Fayol's "14 Principles" was one of the earliest theories of management to be created, and remains one of the most comprehensive. He's considered to be among the most influential contributors to the modern concept of management, even though people don't refer to "The 14 Principles" often today.
 - ▶ The theory falls under the Administrative Management school of thought (as opposed to the Scientific Management school, led by **Fredrick Taylor** .
- 

The 14 Principles

14 management principles of Henri Fayol

1	Division of Work or division of labor
2	Balancing Authority and responsibility
3	Discipline
4	Unity of Command
5	Unity of Direction
6	Subordination of individual interests to the general interest
7	Remuneration
8	Centralization
9	Scalar chain
10	Order
11	Equity
12	Stability of tenure of personnel
13	Initiative
14	Esprit de corps

Principle 1 = Division of Work

- ▶ This principle of management is based on the theory that if workers are given a specialized task to do, they will become skillful and more efficient in it than if they had a broader range of tasks. Therefore, a process where everyone has a specialized role will be an efficient one.
- ▶ Organizations are divided into different departments due to this reason.
- ▶ Applicable to all kinds of work, be it technical or managerial.



Principle 2= Balancing Authority and Responsibility

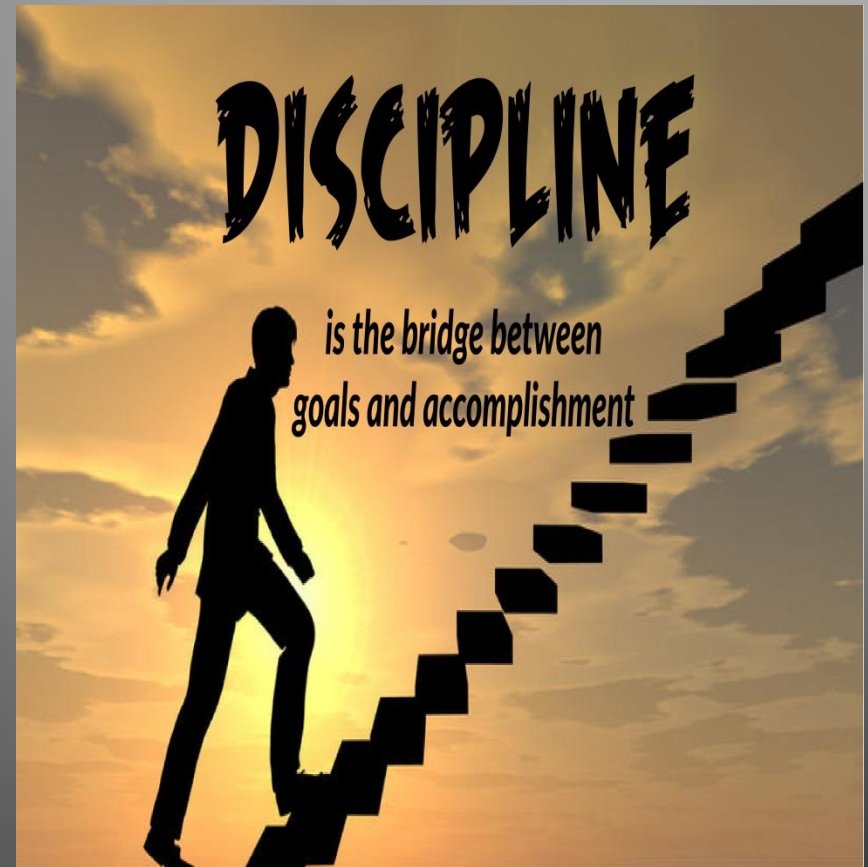
- ▶ Authority=Right to give order and obtain obedience
- ▶ Responsibility= Obligation to complete assigned task on time.
- ▶ Balance must be there
- ▶ These are the two key things in management. They work hand in hand. While authority enables the management to delegate work, responsibility makes them accountable for any work done under their leadership.
- ▶ If managers did not have authority then they would lack the ability to get work carried out. Managers should use their authority responsibly and ethically.

**Authority vs. Responsibility:
Find the Balance!**



Principle 3=Discipline

- ▶ Sincerity and obedience towards rules and regulations (workers and managers).
- ▶ Good superiors at all levels, fair agreements and penalties
- ▶ This principle relates to the fact that discipline is needed within an organization for it to run effectively. Organizational rules, philosophies, and structures need to be met. In order to have disciplined workers, managers must build a culture of mutual respect and motivation.



Principle 4= Unity of Command

- ▶ Only one superior to give orders and to whom subordinates are reportable.
- ▶ There should be a clear chain of command in place within an organization. An employee should know exactly whose instructions to follow.
- ▶ A person should ideally answer to just one boss. If an employee is given work from more than one boss, there arises a conflict of interest. This can lead to confusion among the employees and hard to pin accountability. Thus, it is very crucial to follow unity of command.



Principle 5 = Unity of Direction

- ▶ One Head and One Plan
- ▶ For any corporate to prosper, there must be a unified goal. This principle is crucial as it incorporates the idea of a workforce working a singular direction with a unified aim. The responsibility of planning falls on the manager and he also must monitor the progress towards said goal.
- ▶ Work should be organized in a way that means employees are working in harmony toward a shared objective or goal using a shared method or procedure.



Principle 6= Subordination of Individual interest to collective interest

- ▶ Company's interest supersede individual interest.
- ▶ The standard rule for any organization is the work on the collective interest of the organization as a whole rather than personal interest of an individual. This principle states that the interest of an individual will be subordinate to the objectives of the organization. This applies to the entire chain of command in the organization.
- ▶ The interests of the organization as a whole should take precedence over the interests of any individual employee or group of employees. This encourages a team spirit and collective mentality of all for one and one for all.



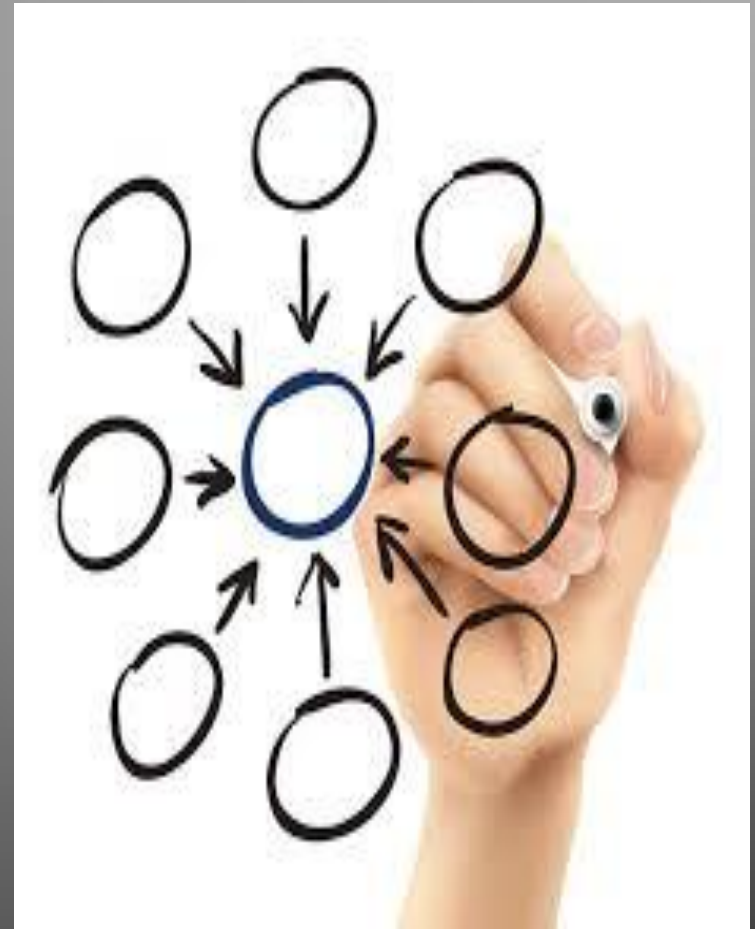
Principle 7=Remuneration

- ▶ Quantum and method of remuneration payable should be fair and reasonable
- ▶ We all love an appreciation for our efforts. Remuneration in an organization play as a motivational force that keeps the employees fuelled to do well. This remuneration should be in tandem with the efforts that they put in. Remuneration may be monetary or non-monetary. At the end, the employee must feel that he was appropriately rewarded for his efforts.



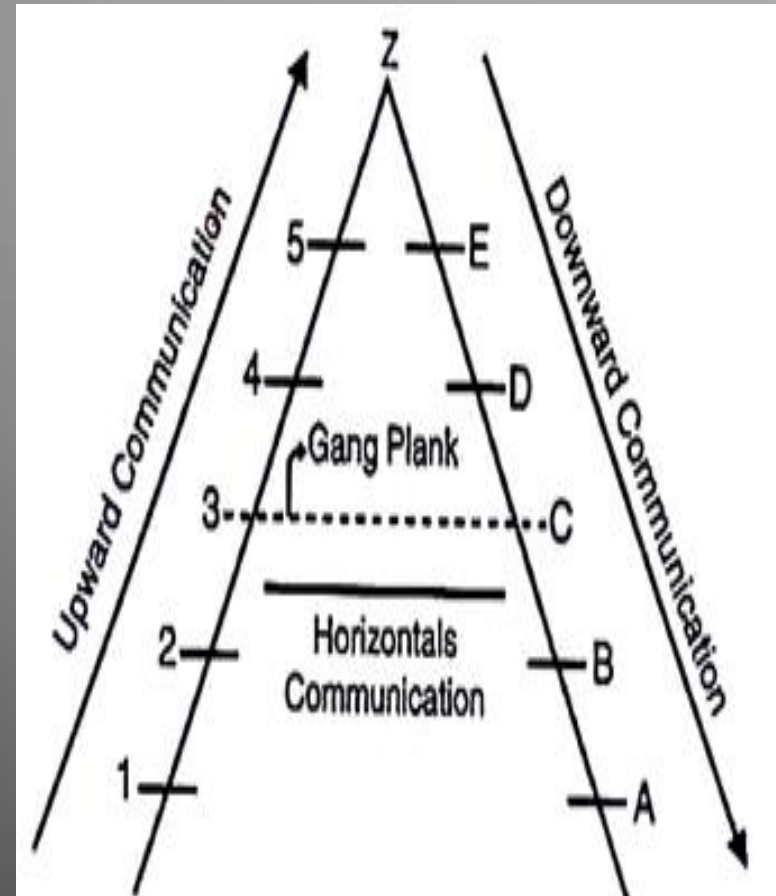
Principle 8=Centralization and Decentralization

- ▶ Centralization is concentration of decision making authority and decentralization is dispersal among more than one person.
- ▶ Depending on the circumstances and size of the organization, it is important that the power is centralized to an extent that the decision making is judicious at all levels and not arbitrary. This will also depend on the size of the organization. Henri Fayol said that there must be *a balance* between the two.
- ▶ This principle relates to whether decisions should be made centrally, as in from the top down, or in a more democratic way, from the bottom up. Different decision making processes are appropriate for different types of decisions.
- ▶ Eg: Panchayats



Principle 9=Scalar Chain

- ▶ Henri Fayol talks about a clear line of hierarchy from the top running to the lowest. So that every employee knows who is their immediate senior in the times of conflict or crisis. But also the employee must be able to contact any person in the hierarchy without hesitation during a time of crisis.
- ▶ This relates to the principle of a clear chain of communication existing between employees and superiors. The chain should be respected, unless speedy communication is vital, in which case the chain may be bypassed if all parties consent.



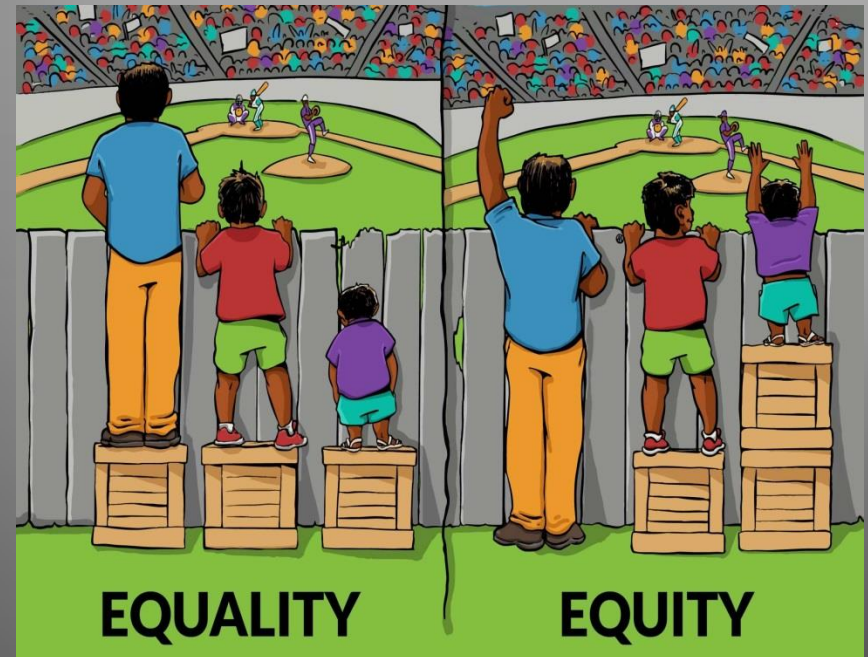
Principle 10= Order

- ▶ Orderly arrangement of men and material.
- ▶ Place for everything and everyone.
- ▶ There must be a proper defined order maintained at the work premises so that it makes for a conducive work environment. The right environment in the place of work will boost productivity.



Principle 1 = Equity

- ▶ Kindliness and justice in the behavior of managers towards workers.
- ▶ Bring loyalty and devotion.
- ▶ Employees should be treated with equality and respect. This is among the core values of management. It will fall on the manager to ensure that there is no discrimination of any kind happening in the workplace.



Principle 12 = Stability of tenure of personnel

- ▶ Minimize employee turnover
- ▶ An employee is able to deliver better when he is secure in his job. It is the duty of the management to offer job security to their employees along with a promise of growth. Minimizing employee turn over is important and beneficial to the management as well.



Principle 13 = Initiative

- ▶ Sometimes groundbreaking ideas come from unexpected places. The management must encourage its employees to take initiatives in the organization. It will make them feel valued and develop their interest.
- ▶ Employees that have an input as to how to best do their job are likely to feel more motivated and respected. Many organizations place a great deal of emphasis on listening to the concerns of staff.



Principle 14= Espirit de corps (Morale)

- ▶ United we stand and divided we fall.
- ▶ Replace “I” with “WE”
- ▶ Employees should consider himself as a part of the team
- ▶ This is one of the core principles. The management must ensure that the team remains constantly motivated and are cooperative with each other. It is very important to develop mutual trust among employees as it leads to a positive work environment.
- ▶ Keeping a high level of morale and team spirit is an essential part of having the most productive organization possible. Happy and motivated employees are far more likely to be productive and less absent.



Taylor's Scientific Management Principle

- ▶ Fredrick Winslow Taylor (1856–1915) was a person who within a very short duration (1878–1884) rose from ranks of an ordinary apprentice to chief engineer in Midvale Steel Company, U.S.A.
- ▶ Managers earlier followed rule of thumb.
- ▶ Taylor conducted a number of experiments and came to conclusion that scientific approach must be followed.
- ▶ Also, both the parties – Management and workers are hostile towards each other. He gave a number of suggestions to solve this problem and correctly propounded the theory of scientific management to emphasize the use of scientific approach in managing an enterprise instead of hit and trial method. For his contributions, he is well known as the “Father of the Scientific Management”. Scientific Management attempts to eliminate wastes to ensure maximum production at minimum cost.
- ▶ Words of Taylor=“Scientific management means knowing exactly what you want men to do and seeing that they do it in the best and the cheapest way”

Science, not Rule of Thumb

- This principle of scientific management discards the old approach of rule of thumb. According to Taylor, each job should be performed in an organisation as per the scientific approach, as there is always one best method to maximise efficiency.


This method can be developed through study and analysis. It involves the following steps

- (i) Investigation of traditional methods
- (ii) Unifying the best practices.
- (iii) Developing a standard method.

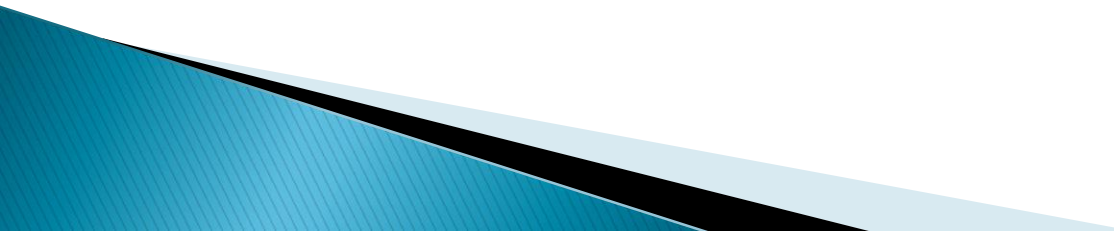
Selecting 'one best method' for activities can result in saving time, effort, money and resources.



Harmony, not Discord

- ▶ According to this principle, Taylor emphasised that there should be complete harmony between the management and workers and there should be transformation in thinking of both parties, called mental revolution.
 - ▶ It implies that management should share the gains with workers and workers should work hard for the betterment of the business.
 - ▶ It also emphasises that prosperity of the employer cannot exist for long if it is not accompanied by the prosperity of its employees, and vice versa, e.g. Japanese work culture, where the workers wear a black badge if they go on strikes and work more than normal working hours to gain the sympathy of the management.
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Cooperation, not Individualism

- ▶ This principle is an extension of principle of harmony, not discord. According to this principle, 'Competition should be replaced by cooperation. Management and workers both should realise that they need each other'. For this, management should entertain and reward the constructive suggestions of employees and follow paternalistic style of management. At the same time, workers should also cooperate with management, desist from going on strikes and 'making unreasonable demands to the management.
 - ▶ According to Taylor, there must be an equal division of work and responsibility between workers and management.
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Development of Each and Every Person to his/her Greatest Efficiency

- ▶ According to this principle, 'Each person should be scientifically selected and then assigned work as per their specialisation and in any case, if training is required, then impart training to them as efficient employees would produce more, and earn more'. Worker training is essential to learn the 'best method' developed as per the scientific approach. This would ensure greatest efficiency for both, workers and the organisation.
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