



Module 1: Introduction to management Theory



HUT 310 MANAGEMENT FOR ENGINEERS

Department	Electronics and Communication Engineering
Course code	HUT 310
Course name/title	Management For Engineers
Teaching schemes	3 hours lecture per week
Course prerequisites	Nil
Course assessment methods prescribed by KTU	<ol style="list-style-type: none">1. Continuous Internal Evaluation(50 Marks)<ul style="list-style-type: none">• Attendance(10 Marks)• Test x 2 (25 Marks)• Assignments (15 Marks)2. End Semester University Examination (100 Marks)
Total Credits	3



COURSE OUTCOMES(COS)

Course Outcome Designation	Course Outcome (CO) Description
HUT 310	<p style="text-align: center;">Management For Engineers</p> <p>At the end of the course, the students will be able to:</p>
CO1	Explain the characteristics of management in the contemporary context (Cognitive Knowledge level: Understand)
CO2	Describe the functions of management (Cognitive Knowledge level: Understand)
CO3	Demonstrate ability in decision making process and productivity analysis (Cognitive Knowledge level: Understand???)
CO4	Illustrate project management technique and develop a project schedule (Cognitive Knowledge level: Apply)
CO5	Summarize the functional areas of management (Cognitive Knowledge level: Understand)
CO6	Comprehend the concept of entrepreneurship and create business plans (Cognitive Knowledge level: Understand)



END SEMESTER EXAMINATION PATTERN

- Max. marks: 100

Time: 3 hours

The question paper shall consist of two parts

- Part A:

- Contains 10 questions with 2 questions from each module, having 3 marks for each question
- Students should answer all questions

- Part B :

- Contains 2 questions from each module of which a student should answer any one
- Each question can have maximum 2 sub-divisions and carries 14 marks



REFERENCE BOOKS

- 1) H. Koontz, and H. Weihrich, Essentials of Management: An International Perspective. 8th ed., McGraw-Hill, 2009.
- 2) P C Tripathi and P N Reddy, Principles of management, TMH, 4th edition, 2008.
- 3) D. J. Sumanth, Productivity Engineering and Management, McGraw-Hill Education, 1985.
- 4) P. Kotler, K. L. Keller, A. Koshy, and M. Jha, Marketing Management: A South Asian Perspective. 14th ed., Pearson, 2012.
- 5) M. Y. Khan, and P. K. Jain, Financial Management, Tata-McGraw Hill, 2008.
- 6) R. D. Hisrich, and M. P. Peters, Entrepreneurship: Strategy, Developing, and Managing a New Enterprise, 4th ed., McGraw-Hill Education, 1997.



SYLLABUS - MODULE 1 (7 HRS.)

Introduction to management Theory

- Introduction to management theory, Management Defined, Characteristic of Management, Management as an art-profession, System approaches to Management, Task and Responsibilities of a professional Manager, Levels of Manager and Skill required.



INTRODUCTION TO MANAGEMENT

- **Manager:**

- Someone who works with and through **other people** by coordinating their work activities in order to accomplish organizational goals
- The aim of all managers should be to create a **surplus**

- **Where do Managers Work?**

- **Organization**

- A consciously coordinated social unit, composed of two or more people, that functions on a relatively continuous basis to achieve a common goal or set of goals
 - *A social entity that is goal directed and deliberately structured*



INTRODUCTION TO MANAGEMENT

- **Definitions of Management:**

- “*Management is the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims* ” - **Harold Koontz**
- “*To manage is to forecast & plan, to organize, to compound, to coordinate and to control* ” - **Henry Fayol**
- “*Management is the attainment of organizational goals in an effective and efficient manner through planning, organizing, leading, and controlling organizational resources*” – **Richard L Daft.**



FEATURES OF MANAGEMENT

- Art as well as Science
- Management is an activity
- Management is a continuous process
- Management is achieving pre-determined objectives
- Management involves Organized activities
- Management is a factor of production
- Management is a system
- Management is a discipline



FEATURES OF MANAGEMENT

- Management is a distinct entity
- Management aims at maximizing profit
- Management is a purposeful activity
- Management is a profession
- Management has Universal application
- Management is getting things done
- Management is needed at all levels



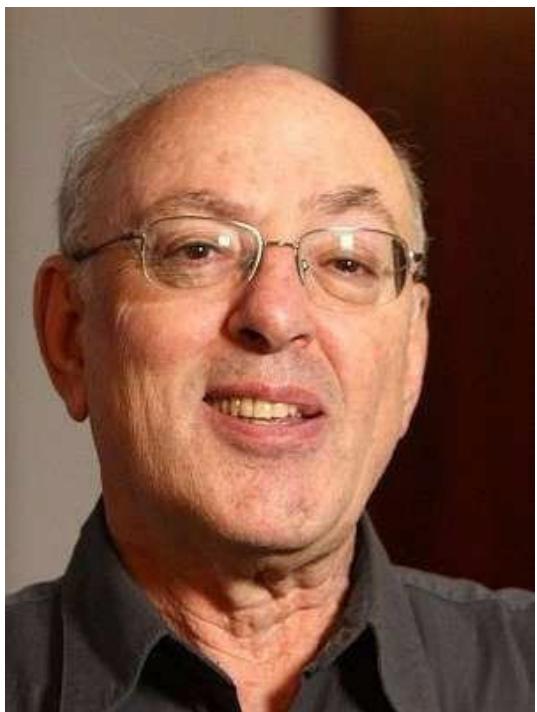
MANAGERIAL ROLES

- As Per Henry Mintzberg:

- A model of 10 related roles – Managerial Roles (May also be called: “Personal Characteristics needed in a manager”)
- The 10 roles are classified under 3 categories
 1. Interpersonal roles
 - Figurehead, Leader, Liaison
 2. Informational roles
 - Monitor, Disseminator, Spokesperson
 3. Decisional roles
 - Entrepreneur, Disturbance handler, Resource allocator, Negotiator



MINTZBERG'S MANAGERIAL ROLES



Henry Mintzberg is a management expert, author and academic.

He has written various books on management and now holds the **Cleghorn Professorship of Management Studies**.



MINTZBERG'S MANAGERIAL ROLES

Interpersonal Roles:

Deal with interpersonal relationships both inside and outside the organization

Interpersonal

Figurehead	Symbolic head; required to perform a number of routine duties of a legal or social nature
Leader	Responsible for the motivation and direction of employees
Liaison	Maintains a network of outside contacts who provide favors and information



MINTZBERG'S MANAGERIAL ROLES

Informational Roles:

Deal with management of information. Manager is placed in a strategic position to obtain & disseminate critical information

Informational

Monitor

Receives wide variety of information;
serves as nerve center of internal and
external information of the organization

Disseminator

Transmits information received from
outsiders or from other employees to
members of the organization

Spokesperson

Transmits information to outsiders on
organization's plans, policies, actions, and
results; serves as expert on organization's
industry



MINTZBERG'S MANAGERIAL ROLES

Decisional Roles:

As the manager performs the interpersonal and informational roles, certain decisional roles emerge as part of the manager's day to day activities

Decisional	
Entrepreneur	Searches organization and its environment for opportunities and initiates projects to bring about change
Disturbance handler	Responsible for corrective action when organization faces important, unexpected disturbances
Resource allocator	Makes or approves significant organizational decisions
Negotiator	Responsible for representing the organization at major negotiations



MANAGERIAL FUNCTIONS

- Functions of management as per different experts:
- Henry Fayol –Planning, Organizing, Commanding, Co-ordinating and Controlling
- Luther Gullick - POSDCORB: Planning, Organizing, Staffing, Directing, Co-Ordinating, Reporting & Budgeting
- Koontz and O'Donnell adopted managerial functions as planning, organizing, staffing, directing and controlling



MANAGERIAL FUNCTIONS

- **Planning**
- The management function concerned with **defining goals** for future organizational performance and **deciding** on the tasks and **resources needed** to attain them
- Is a **decision making process**
 - Decides in advance **what** is to be done, **when** it is to be done, **how** it is to be done & **by whom**
- Planning is a **continuous process** that takes place at all levels of management

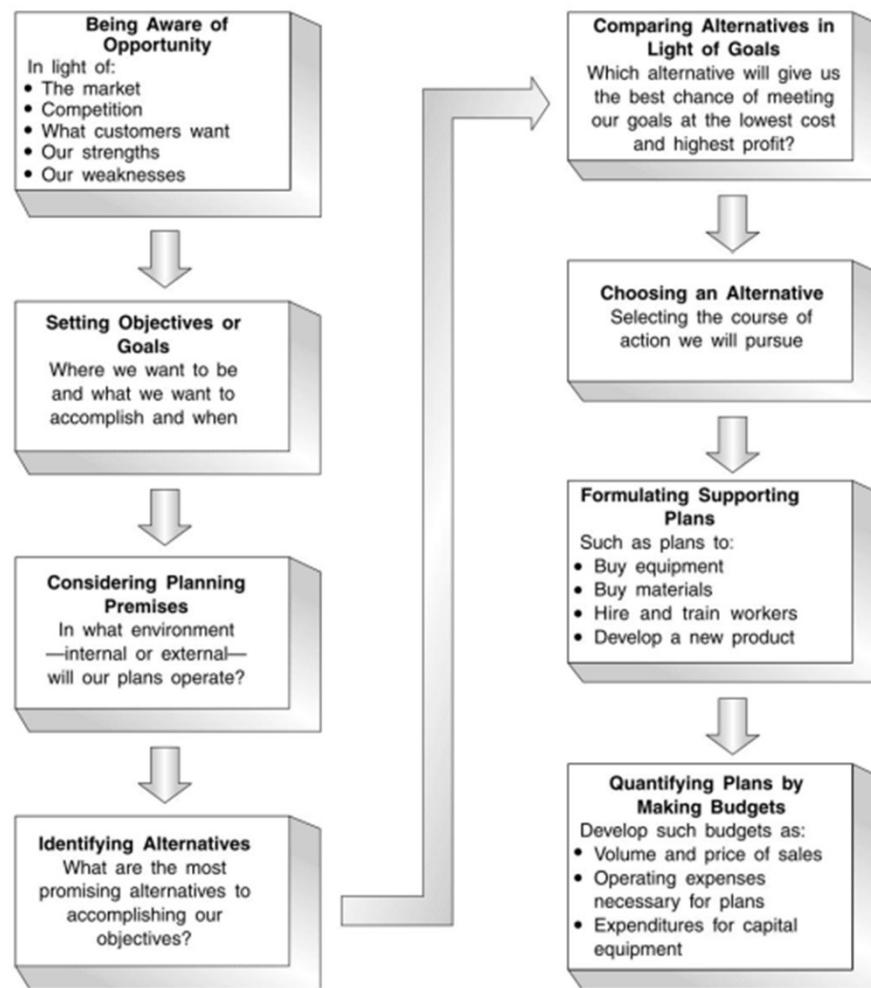


MANAGERIAL FUNCTIONS

- **Steps in planning** (*Details in module 2)
 - Being Aware of Opportunities
 - Establishing Objectives or Goals
 - Developing Premises
 - Determining Alternative Courses
 - Evaluating Alternative Courses
 - Selecting a Course
 - Formulating Derivative Plans
 - Quantifying Plans by Budgeting

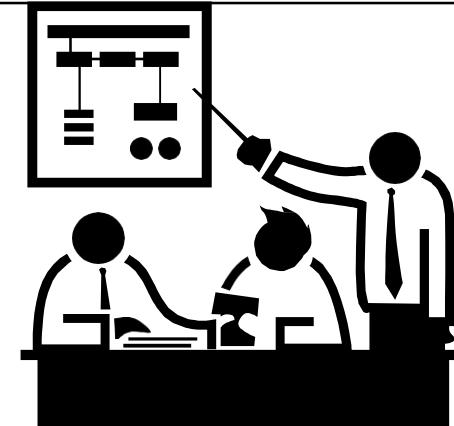


STEPS IN PLANNING



MANAGERIAL FUNCTIONS

- **Organizing**
- Reflects how the organization tries to accomplish the plan
- Involves **assigning tasks, grouping tasks into departments, delegating authority, & allocating resources** across the organization
- To organize a business involves determining & providing human and non-human resources to the organizational structure



MANAGERIAL FUNCTIONS

- Steps involved in organizing are:
 - Identification & classification of required activities
 - Departmentation - grouping of activities
 - Defining Authority & Responsibility
 - **Authority** - The formal and legitimate right of a manager to make decisions, issue orders, and allocate resources to achieve organizationally desired outcomes
 - **Responsibility** - The duty to perform the task or activity an employee has been assigned
 - Delegation of Authority
 - Delegation is the process managers use to transfer authority and responsibility to positions below them in the hierarchy
 - Establishing structural Relationship
 - The relationship between different departments & different individuals should be clearly established
 - An organization-structure will clarify the position, role & relationship of all personnel



MANAGERIAL FUNCTIONS

- **Controlling**
- The management function concerned with monitoring employees' activities, keeping the organization **on track** toward its goals, and making **corrections** as needed
- Managers must ensure that the organization is moving toward its goals
- **Steps**
 - Establishing standards – quality, quantity, cost etc.
 - Measuring actual performance
 - Comparing actuals with standards
 - Analyzing the deviation
 - Taking corrective action



MANAGERIAL FUNCTIONS

- **Leading(Directing)**
- The management function that involves the **use of influence to motivate employees** to achieve the organization's **goals**
- Includes motivating employees, directing others, selecting the most effective communication channels, and resolving conflicts
- Leading means creating a shared culture and values, communicating goals to employees throughout the organization, and infusing employees with the desire to perform at a high level
- Directing is carried out through
 - Effective communication
 - Proper Motivation
 - Good Leadership



MANAGERIAL FUNCTIONS

- Activities involved in Directing

- Leadership

- The ability to influence people toward the attainment of organizational goals

- Communication

- The process by which information is exchanged and understood by two or more people, usually with the intent to motivate or influence behavior

- Motivation

- Motivation refers to the forces either within or external to a person that arouse enthusiasm and persistence to pursue a certain course of action

- Supervision

- Overseeing subordinates at work to ensure maximum utilization of resources to get the required and directed work done & to correct them whenever they go wrong



MANAGERIAL FUNCTIONS

- Staffing
- *Recruit right man for the right job*
- Staffing involves recruitment, selection, placement, training, promotion, demotion, transfer & termination
- Manager should ensure that high quality personnel are available in an organization at all levels



MANAGERIAL FUNCTIONS

- **Co-ordination**
- The process of **uniting** and **synchronizing** all activities of an organization to achieve harmony of individual efforts towards the achievements of objectives
- Can be of two types:
 - **External**
 - Coordinating the activities to be carried out by various persons outside the factory such as suppliers, customers, government, community, agencies
 - **Internal**
 - Co-ordination between employees, managers, other personnel inside the factory



MANAGERIAL LEVELS

- **First-line Managers**

- Are at the lowest level of management and manage the work of non-managerial employees

- **Middle Managers**

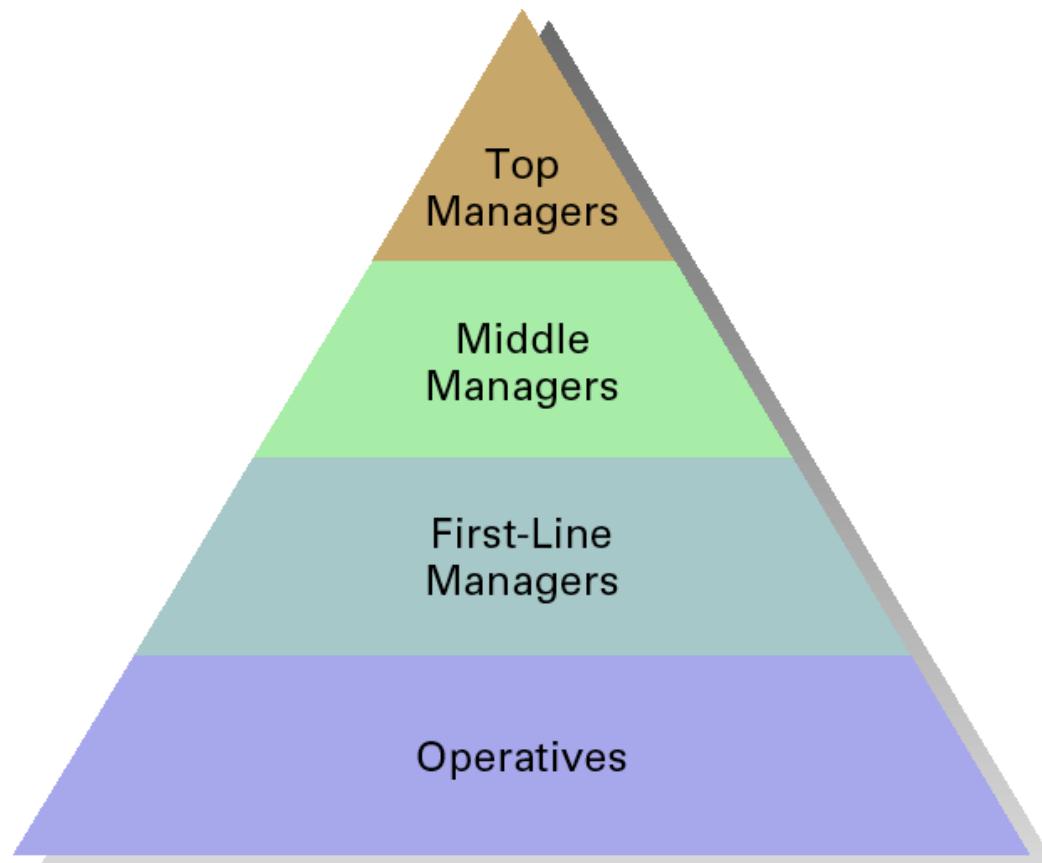
- Manage the work of first-line managers

- **Top Managers**

- Are responsible for making organization-wide decisions and establishing plans and goals that affect the entire organization



ORGANIZATIONAL LEVELS



MANAGERIAL SKILLS

- Managers at every level in the management hierarchy must exercise three basic types of skills:
 1. Conceptual Skills
 2. Human Skills
 3. Technical Skills
- All managers must acquire these skills in varying proportions, although the importance of each category of skill changes at different management levels



MANAGERIAL SKILLS

- **Conceptual skills**

- The cognitive ability to see the organization as a whole & the relationships among its parts
- Involves the thinking, information processing, and planning abilities
- Involves knowing where one's department fits into the total organization and how the organization fits into the industry, the community, and the broader business and social environment
- *It means the ability to think strategically* - to take the broad, long-term view
- Conceptual skills are needed by all managers but are especially important for managers at the top



MANAGERIAL SKILLS

- **Human Skills**
- Human skill is the manager's ability to work with and through other people and to work effectively as a group member
- This skill is demonstrated in the way a manager relates to other people, including the ability to motivate, facilitate, coordinate, lead, communicate, and resolve conflicts
- A manager with human skills allows subordinates to express themselves without fear of ridicule and encourages participation

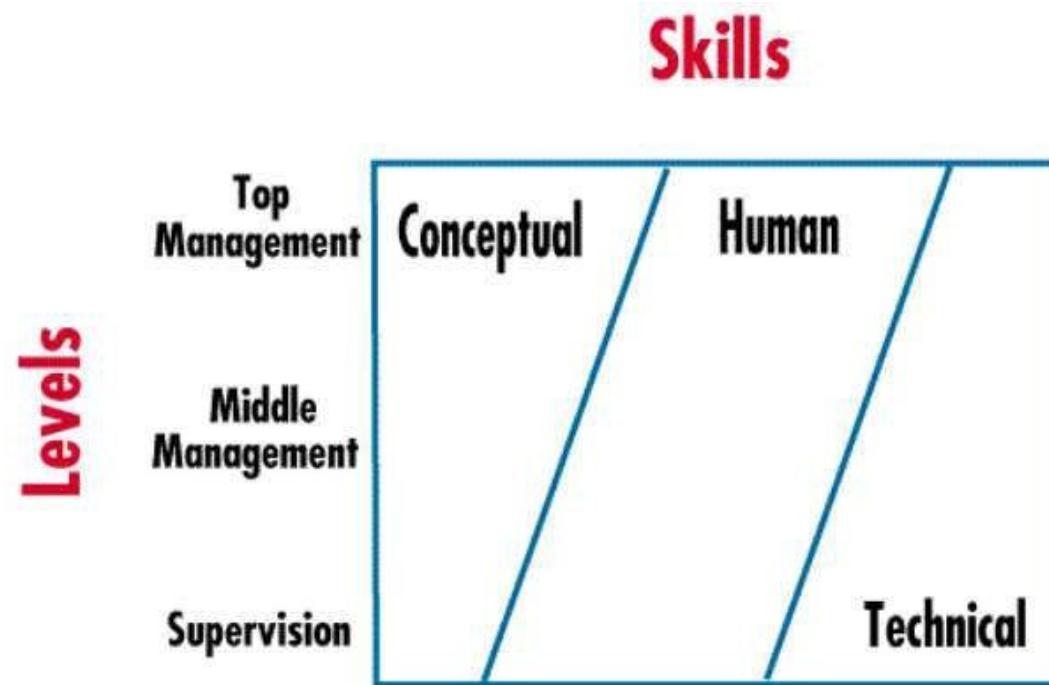


MANAGERIAL SKILLS

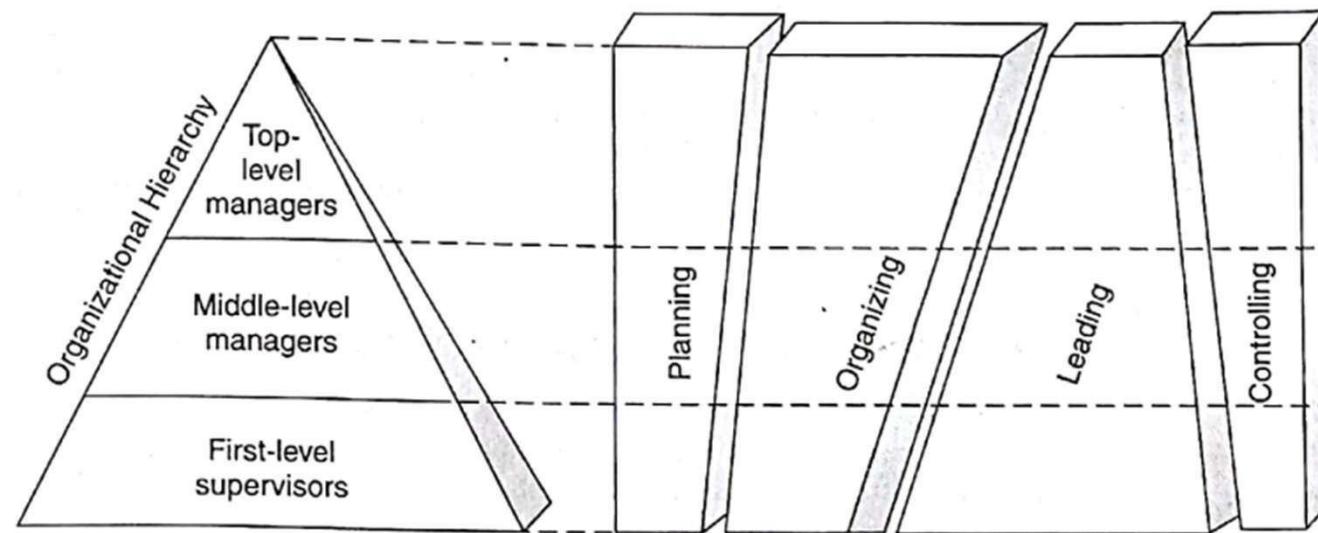
- **Technical Skills**
- Technical skill is the **understanding** of and **proficiency** in the performance of specific tasks
- Includes **mastery** of the methods, techniques, and equipment involved in specific functions such as engineering, manufacturing, or finance
- It also includes **specialized knowledge**, **analytical ability** & the **competent use of tools and techniques to solve problems**
- Technical skills are particularly **important** at lower organizational **levels**



SKILLS AT VARIOUS MANAGEMENT LEVELS



TIME SPENT IN CARRYING OUT MANAGERIAL FUNCTIONS



MANAGING: SCIENCE OR ART

- Whereas under “**Science**” one normally learns the “**why**” of a phenomenon, under “**Art**” one learns the “**how**” of it
- Managing as **practice** is an **art**; It is doing things in light of the realities of a situation
- We can call a discipline **scientific** if its
 1. Methods of inquiry are systematic and empirical;
 2. Information can be ordered and analyzed; and
 3. Results are cumulative and communicable
- The **organized knowledge** underlying management practice may be referred to as a **science**
- Thus management is both an art and science
- In this context, science and art are not mutually exclusive; they are complementary



MANAGEMENT - A PROFESSION?

- Characteristics of a Profession (As per McFarland):
 - Existence of an organized and systematic knowledge
 - Formalized methods of acquiring training and experience
 - Existence of an association with professionalization as its goal
 - Existence of an ethical code to regulate the behavior of the members of the profession
 - Charging of fees based on service, but with due regard for the priority of service over the desire for monetary reward



MANAGEMENT - A PROFESSION?

- Management does **not** possess **all** the above characteristics of a profession
 - Unlike medicine or law, management does not have any fixed norms of managerial behavior
 - There is no uniform code of conduct or licensing of managers
 - Further, the entry to managerial jobs is not restricted to individuals with a special academic degree only
- In the light of this analysis we can conclude that **management cannot be called a profession**



MANAGEMENT - A PROFESSION?

- There are, however, certain unmistakable **trends toward the professionalization** of management
- For example, it is **becoming** increasingly essential nowadays to acquire some professional knowledge or training
- Peter Drucker is, however, of the view that **holding** of an academic degree should not be a **condition** to get an entry into the management profession



TASKS OF A PROFESSIONAL MANAGER

- Providing Purposeful Direction to the Firm
- Managing Survival and Growth
- Maintaining Firm's Efficiency in Terms of Profit Generation
- Meeting the Challenge of Increasing Competition
- Managing for Innovation
- Building Human Organization
- Retaining Talent and Inculcating Sense of Loyalty
- Sustaining Leadership Effectiveness
- Maintaining Balance Between Creativity and Conformity
- Postponing Managerial Obsolescence
- Meeting the Challenge of Change
- Coping with Growing Technological Sophistication
- Coping with Growing Public Criticism and Political Opposition
- Coping with Increasing Levels of Aspiration
- Maintaining Relations with Various Society Segments



TASKS OF A PROFESSIONAL MANAGER

- **Providing direction to the firm:**
- The first and foremost task of a professional manager is to set objectives which the firm must achieve
- These objectives provides the direction to which firm must move
- Having decided upon the objectives, the manager must constantly monitor the progress and activities of the firm to ensure that firm is moving in desired direction
- All the movements and actions must be consistent with achievement of objectives of the firm



TASKS OF A PROFESSIONAL MANAGER

- **Managing Survival And Growth:**
- The law - “Survival of the fittest” - is equally applicable to the competitive market place as well, where firms struggle and fight for survival
- Ensuring survival of the firm is a critical task of the manager
- But that alone is not enough. The manager has also to actively seek growth
- Two factors influence the survival and growth of the firm:
 - **Internal Factors:** These factors are internal to the firm and are more or less controllable. Some of these factors are choice of technology, competence of managerial staff, efficiency of labor, company image, financial resources etc.
 - **External Factors:** These factors are external to the firm and it has little or no control over these. These are government policies, changing customer tastes, increasing competition, values and attitudes, rules and regulations etc.



TASKS OF A PROFESSIONAL MANAGER

- Profit generation
- Profit is the surplus/difference that a firm can generate between the value of input and output
- Business activity is undertaken to satisfy the needs of society in a manner that yields profit
- Profit is essential for survival and growth of a business
- The more output a business can produce with the same input, the more will be the profit
- Profit generated can be used for expansion, upgrading of technology, growth or paying dividends.



TASKS OF A PROFESSIONAL MANAGER

- Meeting the challenge of increasing competition
- In today's fast changing world one of the very critical tasks of every manager is to anticipate and prepare for the increasing competition
- Competition is increasing in terms of more products, variety of products, better quality of products and a customer who is, today, better informed and more aware than ever before
- The increasing reach and popularity of internet as a means of information has also contributed to the increasing competition
- The manager today has more potential customers to sell to and easy access to these customers, yet the market is crowded with many competitors wooing the same customers



TASKS OF A PROFESSIONAL MANAGER

- **Managing for innovation**
- Innovation is finding new, different and better ways of doing existing tasks
- In the context of business, innovation is defined in terms of the **additional value it imparts** to the existing products or services
- This value addition is not expressed in terms of increased cost or price but in terms of the **difference it makes to the customer**
- Successful firms innovate in response to the market needs, involve potential users in the development of innovation and understand end user's needs
- The manager who knows the pulse of the market can quickly find out the under-the-surface changes and shifts in the market and innovate to introduce changes in his product to match the customer requirement



TASKS OF A PROFESSIONAL MANAGER

- **Building the human organization:**
- Man is the most important resource of the organization
- No amount of money, materials and machines can produce results by themselves; Men are needed to manage them
- A good worker is a valuable asset for any company
- However competent or brilliant individuals may be, if they cannot work together with each other, they are of not much use to a company
- It is up to the manager to mesh individuals into a well-knit **team**
- Teams should be built on the principles of division of labor, specialization of work and mutual give and take.



TASKS OF A PROFESSIONAL MANAGER

- **Retaining the talent:**
- People may join a company because of its image but will stay only if they find appreciation for and satisfaction from their work
- To retain talented people, the manager should provide a **comfortable working environment which is conducive for work**
- The manager must try to work make the work meaningful and interesting by interspersing repetitive, dull tasks with tasks which call for some element of **creativity**
- Recognizing, nurturing and appreciating your sub-ordinates' talent will bring you rewards in terms of better results and loyalty
- To earn the loyalty of his people, a manager must also remember two other key concepts: communication and motivation



TASKS OF A PROFESSIONAL MANAGER

- **Communication:**
 - The manager who promotes open, direct and frank communication can resolve the issue much before it becomes the problem
- **Motivation:**
 - Every man has needs and desires which drives the man to initiate action
 - The manager should attempt to influence these needs, desires or motives for the achievement of the organizational goals
 - The more such motivational factors a manager can incorporate in the work content, environment of work and rewards of work, the more willingly will people put in hard work
 - Money, power, status, recognition, etc. are examples of such powerful motivators



TASKS OF A PROFESSIONAL MANAGER

- **Sustaining leadership effectiveness:**
- An effective leader is a man with vision who can think and plan ahead and also have persuasion to carry people along
- Every manager is a leader in the sense that he has to influence his subordinates to work willingly for achieving the organizational objectives and inspire them to put in their best effort
- The only way a manager can be acknowledged as a leader is by continually demonstrating his leadership abilities
- **Maintaining the balance between creativity and conformity:** To succeed in competitive environment, an organization needs both creative people and people who can produce business results
- The manager must encourage both kinds of persons in his organization.



TASKS OF A PROFESSIONAL MANAGER

- **Meeting the challenge of change:**
 - One of the important tasks which every manager has to perform is that of a change-agent
 - The social, political, economic, technical and cultural environment in which the firm operates is always changing. The company must keep pace and change accordingly
- **Managing the technological sophistication:**
 - The areas which are witnessing dramatic changes in technology are production and information handling
 - In the area of production, technological sophistication has reached the level where the entire production plants are fully automated and programmed to run with the minimum human intervention
 - Managers today not only have access to more updated information but also to better information which can improve the quality of their decisions



TASKS OF A PROFESSIONAL MANAGER

- **Coping with the public criticism and political opposition**
- The best way to avoid political criticism is to keep all activities absolutely legal and above board
- Secondly, the manager should keep a low profile of his company to avoid drawing unnecessary attention to his firm's activities
- The manager should feed correct information to the media and political parties to ensure that they view his firm in the right perspective



TASKS OF A PROFESSIONAL MANAGER

- Postponing the managerial obsolescence
- Managers and executive with experience of 20-25 years are unable to relate to the latest managerial knowledge and skills and feel totally lost
- The prospect of enhanced status, increased pay and perks are no longer motivators for them to work hard
- This is the problem of managerial obsolescence. i.e. when managers become unproductive, or out of date, or both.
- Training programs, refresher courses, and basic courses in functional areas can help solve the problem of managers facing knowledge obsolescence



TASKS OF A PROFESSIONAL MANAGER

- **Maintaining the relationship with various segments of society**
- A firm fulfils a need or needs of the society
- In fulfilling the needs of the society and interacting with various society segments, a firm creates impacts some of which are intended while others are not
- Since some of the unintended impacts may be unfavorable to the company's image or spread information which is incorrect or inaccurate, one of the tasks of professional manager is to try to always minimize these impacts
- **Coping with the increasing levels of aspiration:** A manager, must understand the nature of aspiration of his workers and try to fulfill them, as far as possible, within the framework of the company and the worker's job



DEVELOPMENT OF MANAGEMENT THOUGHTS

- Many different contributions of writers and practitioners have resulted in different approaches to management, and these make up a “**management theory jungle**”
- During the last hundred years, management has become a more scientific discipline with certain standardized principles and practices
- The evolution of management thought during this period can be studied in three parts as under:
 1. **Early classical approaches:** represented by scientific management, administrative management and bureaucracy
 2. **Neo-classical approaches:** represented by human relations movement and behavioural approach
 3. **Modern approaches:** represented by quantitative approach, systems approach and contingency approach



Early Classical Approaches

SCIENTIFIC MANAGEMENT

- Frederick Winslow Taylor (1856–1915)
- “*Father of Scientific management*”
- Insisted that management itself would have to change and, the manner of change **could** be determined only by **scientific study**
 - Hence the label **scientific management** emerged
- Believed that increased efficiency could be achieved by selecting the right people for the job and training them to do it **precisely** in “*the one best way*”
- To motivate workers, he favored **incentive wage plans**
- Separated managerial work from operative work



Early Classical Approaches

SCIENTIFIC MANAGEMENT: F.W.TAYLOR

- Taylor suggested that decisions based on rules of thumb & tradition be replaced with precise procedures developed after careful scientific study of individual situations
- He published his book, “*Principles of scientific management*” in 1911
- Taylor's system of scientific management is the cornerstone of classical management theory
- Taylor's philosophy - “*In the past the man has been first; In the future, the system must be first*”



Early Classical Approaches

SCIENTIFIC MANAGEMENT: F. W. TAYLOR



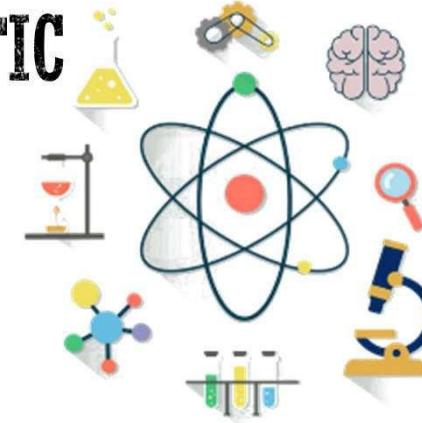
Frederick Winslow Taylor
(1856–1915)

Taylor's theory that labor productivity could be improved by scientifically determined management practices earned him the status of "*father of scientific management*"



Early Classical Approaches

TAYLOR'S PRINCIPLES OF SCIENTIFIC MANAGEMENT



- Taylor's principles of Scientific Management
- **Science, not rule of thumb**
 - Scientific methods improve industrial efficiency through higher productivity
 - **Rule of Thumb:** Decisions taken by manager as per their personal judgments
 - Decisions should be based on scientific enquiry with cause and effect relationships
 - According to Taylor, even a small production activity like loading iron sheets into box cars can be scientifically planned



Early Classical Approaches

TAYLOR'S PRINCIPLES OF SCIENTIFIC MANAGEMENT

- **Harmony, not discord**
 - There should be complete harmony between the workers and the management
 - If there is any conflict between the two, it will not be beneficial either for the workers or the management



Early Classical Approaches

TAYLOR'S PRINCIPLES OF SCIENTIFIC MANAGEMENT

- Co-operation not individualism
 - Extension of the principle - '[Harmony, not discord](#)'
 - Lays stress on mutual cooperation between workers and the management
 - Cooperation, mutual confidence and sense of goodwill should prevail among both, managers as well as workers
 - The intention is to replace internal competition with cooperation
 - General interest is more important than personal interest



Early Classical Approaches

TAYLOR'S PRINCIPLES OF SCIENTIFIC MANAGEMENT

- Maximum output, not restricted output
 - Workers must be encouraged for higher production by giving incentive or higher wages
 - Taylor proposed *Differential piece rate system* for this – Workers producing above standard level will be paid high piece rate and those produced below standard level will get paid a lower piece rate



Early Classical Approaches

TAYLOR'S PRINCIPLES OF SCIENTIFIC MANAGEMENT

- **Specialization**, not generalization
 - Taylor separated mental activity from physical activity
 - **Mental activities** – to be carried out by office people
 - **Physical activities** – carried out by people inside the factory



Early Classical Approaches

TAYLOR'S PRINCIPLES OF SCIENTIFIC MANAGEMENT

- Scientific selection, training and development of persons, not on personal judgment
 - Selection of workers should be done scientifically – right person for the right job
 - Workers should be given proper training before doing a job, in order to increase the productivity
 - Promotions should be given for productive laborers



Early Classical Approaches

SCIENTIFIC MANAGEMENT: H. GANTT

- Henry Gantt, an associate of Taylor's, developed the Gantt chart—a bar graph that measures planned and completed work along each stage of production by time elapsed
- Gantt also advocated for Incentive compensation systems

Gantt chart



Early Classical Approaches

SCIENTIFIC MANAGEMENT: GILBRETHS' CONTRIBUTION

- Frank B. Gilbreth (1868–1924) pioneered *time and motion study* and arrived at many of his (scientific)management techniques independently of Taylor
 - Time and Motion study
 - A business efficiency technique combining the Time Study work of Frederick W. Taylor with the Motion Study work of Frank & Lillian Gilbreth
 - A Major Part of scientific management
 - He stressed efficiency and was known for his quest for *the one best way to do work*



Early Classical Approaches

SCIENTIFIC MANAGEMENT: GILBRETHS' CONTRIBUTION

- He is known for his early work with **bricklayers** - Bricklaying efficiency improvements
- His work had great impact on **medical surgery** by drastically reducing the time patients spent on the operating table - Surgeons were able to save countless lives through the application of time and motion study



Early Classical Approaches

SCIENTIFIC MANAGEMENT: GILBRETHS' CONTRIBUTION

- Lillian M. Gilbreth (1878–1972) was more interested in the **human aspect of work**
- Also contributed to time & motion study with her husband
- She presented a paper in place of her late husband, continued their seminars and consulting, lectured, and eventually became a professor at Purdue University
- She pioneered in the field of **industrial psychology** and made substantial contributions to **human resource management**
 - Considered to be the first industrial/organizational psychologist



Early Classical Approaches

SCIENTIFIC MANAGEMENT: GILBRETHS' CONTRIBUTION



Lillian M. Gilbreth (1878–1972), Frank B. Gilbreth (1868–1924)

- Shown here using a “motion study” device, this husband and wife team contributed to the principles of scientific management
- His development of time and motion studies and her work in industrial psychology pioneered many of today’s management and human resource techniques



Early Classical Approaches

SCIENTIFIC MANAGEMENT: GILBRETHS' CONTRIBUTION

- Time study
 - Is a direct and continuous observation of a task, using a time keeping device(stopwatch and video camera) to record the **time taken** to accomplish a task
- Motion Study
 - Study method based on the analysis of work motions, consisting in part of filming the details of a worker's activities and their **body posture** while recording the time
 - The films can be used as a record for emphasizing areas of improvement and also for training workers about the best way to perform their work
- Gilbreths' micro-motion study
 - Divides the human activities into micro-motions called **therbligs**
 - Useful for an operator to choose best pattern of movements requiring less time to complete a job



Early Classical Approaches

SCIENTIFIC MANAGEMENT: GILBRETHS' CONTRIBUTION

- Therbligs
 - Are the symbols denoting various micro-motions of humans such as hands, eyes etc. and also the mental activities associated with them
 - There are 18 therbligs
- A workplace task is analyzed by recording each of the therblig units for a process, with the results used for optimization of manual labor by eliminating unneeded movements



Early Classical Approaches

THERBLIGS AND THEIR SYMBOLS

	Search		Use
	Find		Disassemble
	Select		Inspect
	Grasp		Preposition
	Hold		Release Load
	Transport Loaded		Unavoidable Delay
	Transport Empty		Avoidable Delay
	Position		Plan
	Assemble		Rest



Early Classical Approaches

CONTRIBUTIONS OF SCIENTIFIC MANAGEMENT

- Time and motion studies have made us aware that the tools and **physical movements** involved in a task can be made more **efficient and rational**
- The stress which scientific management placed on **scientific selection of workers** has made us recognize that without ability and training a person cannot be expected to do his job properly
- Finally, the importance that scientific management gave to **work design** has encouraged managers to seek that “one best way” of doing a job
 - Both **blue-collar** production jobs and **white-collar** office and service jobs have become **specialised** (the employee does one task) and **standardised** (the employee performs the task the same way every time). This makes workers more efficient and the management’s control over them easier
- Taylor’s scientific management approach has evolved into what is now generally called **job engineering**



Early Classical Approaches

LIMITATIONS OF SCIENTIFIC MANAGEMENT

1. Taylor's scientific management emphasizes the management of only muscular tasks at the floor level and **neglects the areas of problem-solving and decision-making**, which are of key importance at the other managerial levels
2. Taylor's belief that **economic incentives** are strong enough to motivate workers for increased production is wrong. No man is entirely an "economic man", that is, a man's behavior is not always dictated by his financial needs
3. Taylor's **time and motion study is not entirely scientific**. This is because two time studies done by two separate individuals may time the same job entirely differently
4. Separation of planning and doing and the greater specialization inherent in the system tend to reduce the need for skill and produce **greater monotony** of work



Early Classical Approaches

ADMINISTRATIVE MANAGEMENT

- **Henri Fayol** (1841–1925) is considered the **Father of Administrative Management theory** which focuses on the development of broad administrative principles applicable to general and higher managerial levels



Early Classical Approaches

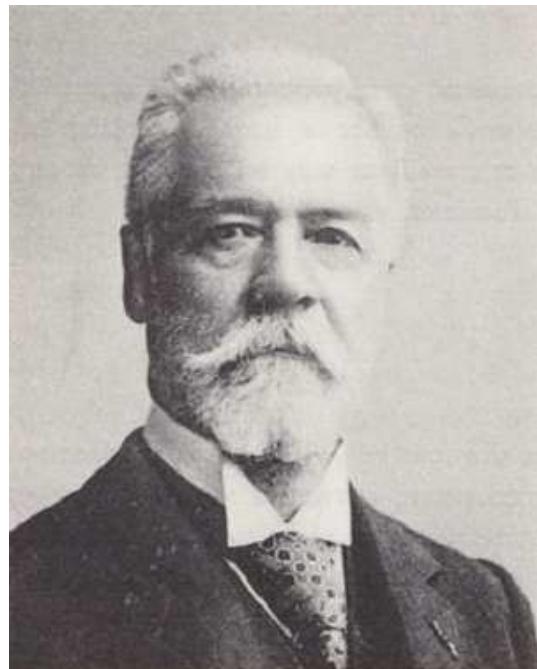
MODERN OPERATIONAL MANAGEMENT THEORY: HENRY FAYOL'S CONTRIBUTION

- **Henri Fayol** (1841–1925) was a French mining engineer who worked his way up to become head of a major mining group
- He is regarded by many as the *father of the modern operational management theory*
- In his most significant work, “*General and Industrial Management*”, Fayol discussed **14 general principles of management** to help managers manage their affairs more effectively
- He divided **industrial activities** into six groups – technical, commercial, financial, security, accounting and managerial
- He also identified five basic functions or elements of management: **planning, organizing, commanding, coordinating, and controlling**
- Taylor's main focus was on the task, whereas **Fayol** was more concerned with management



Early Classical Approaches

MODERN OPERATIONAL MANAGEMENT THEORY: HENRY FAYOL'S CONTRIBUTION



Henry Fayol

“Father of Modern Management Theory”

Proposed 14 general principles of
management



Early Classical Approaches

FAYOL'S FOURTEEN PRINCIPLES OF MANAGEMENT

- Division of work
- Authority
- Discipline
- Unity of command
- Unity of direction
- Subordination of the individual
- Remuneration
- Centralization
- Scalar chain
- Order
- Equity
- Stability of tenure of personnel
- Initiative
- Esprit de corps



Early Classical Approaches

FAYOL'S FOURTEEN PRINCIPLES OF MANAGEMENT

- Fayol felt that his 14 principles could be applied in any organizational setting
- Fayol's 14 principles are:
 - **Division of work**
 - Managerial and technical work should be amenable to **specialization** to produce more and better work with the same amount of effort
 - Specialization promotes efficiency of the workforce and increases productivity
 - **Authority and Responsibility**
 - Authority and responsibility are related with the latter arising from the former
 - They are two sides of the same coin



Early Classical Approaches

FAYOL'S FOURTEEN PRINCIPLES OF MANAGEMENT

- Discipline
 - Related with obedience
 - Employees must obey orders from superiors
 - Discipline is essential and is the oil to make the engine of an organization run smoothly
 - But this is two-sided: employees will only obey orders if management play their part by providing good leadership
- Unity of command
 - Each subordinate should receive orders from one—and only one—superior
 - By using this principle, the responsibility for mistakes can be established more easily



Early Classical Approaches

FAYOL'S FOURTEEN PRINCIPLES OF MANAGEMENT

- **Unity of direction**
 - Similar activities in an organization should be grouped together under one manager
- **Subordination of Individual Interest(to the general interest)**
 - Personal interests are subordinate to the interests of the organization (ethics)
- **Remuneration**
 - Ultimately, it is about rewarding the efforts that have been made
 - There are two types of remuneration - non-monetary (a compliment, more responsibilities, credits) and monetary (compensation, bonus or other financial compensation)



Early Classical Approaches

FAYOL'S FOURTEEN PRINCIPLES OF MANAGEMENT

- The Degree of Centralization
 - Centralization - the concentration of decision making authority at the top management
 - Decentralization - Sharing of authorities for the decision-making process with lower levels (middle and lower management)
 - An organization should strive for a good balance in this



Early Classical Approaches

FAYOL'S FOURTEEN PRINCIPLES OF MANAGEMENT

▪ Scalar chain

- Scalar chain is the formal line of authority which moves from highest to lowest rank in a straight line
- Every information in the organization must flow according to this chain to facilitate clear communication of orders of the superiors and feelings of the subordinates
- Each individual must know from whom he shall get instructions and to whom he is accountable to
- The communication either going up or down must pass through each level of authority
- However, in emergency situations, where the quick flow of communication is required, Fayol suggested the concept of '**Gang Plank**' to avoid delays & allow direct communication between two subordinates at the same level



Early Classical Approaches

FAYOL'S FOURTEEN PRINCIPLES OF MANAGEMENT

- Order

- Both material order and social order are necessary
- Material order(employees in an organization must have the right resources at their disposal) minimizes lost time & useless handling of materials
- Social order is achieved through organization and selection



Early Classical Approaches

FAYOL'S FOURTEEN PRINCIPLES OF MANAGEMENT

- **Equity**

- Employees must be treated fairly, impartially and kindly
- Employees must be in the right place in the organization to do things right

- **Stability of Tenure of Personnel**

- Employees work better if job security and career progress are assured to them
- An insecure tenure and a high rate of employee turnover will affect the organization adversely



Early Classical Approaches

FAYOL'S FOURTEEN PRINCIPLES OF MANAGEMENT

- **Initiative**
 - Employees should be allowed to express new ideas
 - This encourages interest and involvement and creates added value for the company
 - Employee initiatives are a source of strength for the organization
- **Esprit de corps (Group Spirit)**
 - Emphasizes the need for team work & importance of communication in it
 - Management must foster the morale of its employees
 - Esprit de corps contributes to the development of the culture & creates an atmosphere of mutual trust and understanding



PRODUCTIVITY, EFFICIENCY & EFFECTIVENESS

- **Productivity**

- Productivity is the **output-input ratio** within a **time period** with due consideration for **quality**
- It implies **effectiveness & efficiency** in individual and organizational performance

- **Effectiveness**

- Is the **achievement of objectives**
- Concerned with **ends**

- **Efficiency**

- Is the achievement of the ends **with the least amount of resources** (time, money, etc.)
- Concerned with **means**



Early Classical Approaches

CONTRIBUTIONS & LIMITATIONS OF ADMINISTRATIVE MANAGEMENT



Early Classical Approaches

BUREAUCRACY

- Max Weber, a German sociologist, is known as the Father of Bureaucracy
- Based on his studies, he distinguished 3 basic types of administration: Leader-oriented, Tradition-oriented and Bureaucratic
- Leader-oriented administration is one in which there is no delegation of management functions
 - All employees serve as loyal subjects of a leader
- In tradition-oriented administration managerial positions are handed down from generation to generation
 - Who you are rather than what you can do, becomes the primary criterion for work assignment
- In bureaucratic administration delegation of management responsibilities is based on the person's demonstrated ability to hold the position
 - No person can claim a particular position either because of his loyalty to the leader or because the position has been traditionally held by members of his family
 - People earn positions because they are presumed to be best capable of filling them



Neo-Classical Approaches

NEO-CLASSICAL APPROACHES

- These approaches are called neo-classical because they do not reject the classical concepts but only try to refine and improve them
- **Humanistic Perspective on management**
- Emphasized the importance of understanding human behaviors, needs, and attitudes in the workplace as well as social interactions and group processes
- Mary Parker Follett and Chester Barnard were early advocates of a more humanistic perspective on management
- **3 subfields of the humanistic perspective** are:
 1. Human Relations Movement
 2. Human Resources Perspective
 3. Behavioral Sciences Approach



Neo-Classical Approaches

HUMANISTIC PERSPECTIVE ON MANAGEMENT

1. Human Relations movement

- A movement in management thinking & practice that emphasizes satisfaction of employees' basic needs as the key to increased worker productivity
- Considers that truly effective control comes from within the individual worker rather than from strict, authoritarian control
- Findings from Hawthorne studies by Professors Mayo and Roethlisberger provided impetus for the human relations movement



Neo-Classical Approaches

HUMANISTIC PERSPECTIVE ON MANAGEMENT

2. Human resources perspective

- A management perspective that suggests jobs should be designed to meet **higher-level needs** by allowing workers to use their full potential
- This perspective maintained an interest in worker participation & considerate leadership but shifted the **emphasis** to consider the **daily tasks** that people perform
- The human resources perspective combines prescriptions for **design of job tasks** with **theories of motivation**
 - Jobs should be designed so that tasks are not perceived as dehumanizing or demeaning but instead allow workers to use their full potential
- Two of the best-known contributors to the human resources perspective were **Abraham Maslow** and **Douglas McGregor**



Neo-Classical Approaches

HUMANISTIC PERSPECTIVE ON MANAGEMENT

3. Behavioral sciences approach

- This approach applies **social science** in an organizational **context**, drawing from **economics**, **psychology**, **sociology**, and other disciplines
- The behavioral sciences approach **develops theories** about **human behavior** based on scientific methods and study
- Behavioral science draws from **sociology**, **psychology**, **anthropology**, **economics**, and other disciplines to understand **employee behavior** and interaction in an organizational setting



Neo-Classical Approaches

HUMAN RELATIONS' APPROACH: MAYO'S CONTRIBUTION

- Hawthorne studies
- It is an experiment based study conducted by Hawthorne plant of western Electric Company of Chicago on **the influence of social attitudes & relationships of work groups on performance**
- Dr. Elton Mayo and Prof. F. J. Roethlisberger were the leaders of the studies
- Hawthorne studies were conducted in four different phases
 1. Illumination experiments
 2. Relay Assembly Test Room
 3. Massive interview program
 4. Bank wiring Observation Room



Neo-Classical Approaches

HUMAN RELATIONS' APPROACH: MAYO'S CONTRIBUTION

1. Illumination experiments(1924-27)

- Was conducted to find whether the lighting is having an effect on productivity or not
- Two groups of female workers each with five workers were formed
- First group was exposed to constant intensity of lighting
- Second group was exposed to different intensities of lighting
- Results: Productivity of both groups were found same
- Conclusion: *Illumination/lighting has no effect on productivity*



Neo-Classical Approaches

HUMAN RELATIONS' APPROACH: MAYO'S CONTRIBUTION

2. Relay Assembly test room(RATR) experiment(1927-33)

- The experiment lasted nearly **six years** and involved 24 separate experimental periods
- Results are mostly **controversial**
- **2 women workers** were chosen and were asked to choose **4 more co-workers** of their choice
- They were placed in a separate test room



Neo-Classical Approaches

HUMAN RELATIONS' APPROACH: MAYO'S CONTRIBUTION

- The conditions of work gradually changed during the first two years
 1. Incentive scheme and group bonus scheme were introduced
 2. The break hours were increased; working hours reduced
 3. Free snacks were offered
- During all these changes, it was discussed with the workers
- After all this, productivity was found to be increased by 30%
- Then suddenly all schemes were withdrawn
- All privileges were taken back after consulting with the workers
- Surprisingly, the productivity was still found to be increased by 30% again



Neo-Classical Approaches

HUMAN RELATIONS' APPROACH: MAYO'S CONTRIBUTION

▪ Conclusion of RATR Studies

- The workers were given more freedom
- They were discussed with for every change, hence they developed the sense of responsibility
- They maintained the self discipline
- They developed a good relationship with the supervisors
- Productivity was increased not because of the attractive schemes, but because the workers felt that they were given due importance
- The conclusions of RATR studies were extremely controversial
 - As so many factors were changed and there were so many uncontrollable factors, scholars disagree on the factors that truly contributed to the general increase in productivity



Neo-Classical Approaches

HUMAN RELATIONS' APPROACH: MAYO'S CONTRIBUTION



The Relay Room of the Western Electric Hawthorne, Illinois, plant in 1927

Six women worked in this relay assembly test room during the controversial experiments on employee productivity. Professors Mayo and Roethlisberger evaluated conditions such as rest breaks and workday length, physical health, amount of sleep, and diet. Experimental changes were fully discussed with the women and were abandoned if they disapproved. Gradually the researchers began to realize they had created a change in supervisory style and human relations, which they believed was the true cause of the increased productivity



Neo-Classical Approaches

HUMAN RELATIONS' APPROACH: MAYO'S CONTRIBUTION

3. Massive interview Program

- Massive interviews were conducted amongst workers & supervisors
- Objective: to know the attitude of the workers
- The questions were about topics of absence, rest time, lighting, supervisor, working environment & freedom
- The replies were recorded and analyzed
- Conclusion: Individual working behavior is mostly influenced by group behavior



Neo-Classical Approaches

HUMAN RELATIONS' APPROACH: MAYO'S CONTRIBUTION

4. Bank wiring group

- Purpose of this study - to find out how payment incentives would affect productivity
- The surprising result was that productivity actually decreased
- A group of 14 male workers were formed into a small work group
- An observer was present full time in the room to record everything that happened
- The work involved attaching wire with switches for certain equipment used in telephone exchanges



Neo-Classical Approaches

HUMAN RELATIONS' APPROACH: MAYO'S CONTRIBUTION

- Hourly wage for each worker was fixed on the basis of average output of each worker
- Bonus as also payable on the basis of group effort
- It was expected that highly efficient workers would bring pressure on less efficient workers to increase output and take advantage of group incentive plan
- But, things happened differently
- Workers established their own standard of output and enforced it by various methods of social pressure



Neo-Classical Approaches

HUMAN RELATIONS' APPROACH: MAYO'S CONTRIBUTION

- The individual feared, if production is more, the management would raise the standard
- Also some workers normally produced less and to protect them, others produced less deliberately
- These results show that workers were more responsive to the social force of their peer groups than to the control and incentives of management



Neo-Classical Approaches

HUMAN RELATIONS' APPROACH: MAYO'S CONTRIBUTION

- The Hawthorne studies concluded that,
 - Improvement in productivity was due to such social factors as morale, satisfactory interrelationships between members of a work group (a sense of belonging), and effective management – a kind of managing that takes human behavior, especially group behavior, into account and serves it through such interpersonal skills as motivating, counseling, leading & communicating
- Hawthorne effect
 - Later interpretations suggested that the novelty of being research subjects and the increased attention from such could lead to temporary increases in workers' productivity - "the Hawthorne effect"
 - The alteration of behavior by the subjects of a study due to their awareness of being observed



Modern Approaches

MODERN APPROACHES: QUANTITATIVE APPROACH

- Quantitative Approach uses **scientific methods for problem-solving** and emphasizes on **establishing normative models** of managerial and organizational behavior for maximizing efficiency
- Hence it is considered as a **descendant of the scientific management movement**
- The **focus** of the quantitative approach is on **Decision making**—to provide quantitative tools and techniques for making objectively rational decisions
- This approach **focuses** on the manager as a **decision-maker**



Modern Approaches

MODERN APPROACHES: QUANTITATIVE APPROACH

- The keynote of this approach is precision and perfection which is achieved by expressing relationships and facts in quantitative terms
- The approach has been widely used in planning and control activities where problems can be precisely identified and defined in quantitative terms
- Two categories of Quantitative Approach
 1. Operations Research (OR)
 2. Statistical Methods



Modern Approaches

QUANTITATIVE APPROACH

- Operations Research:
- A mixed team of specialists from relevant disciplines is called in to analyze the problem and to propose a course of action to the management
- The team constructs a mathematical model to simulate the problem
- The model shows, in symbolic terms, all the relevant factors that bear on the problem and how they are interrelated
- By changing the values of the variables in the model (such as increasing the cost of raw materials) and analyzing the different equations of the model generally with a computer, the team can determine what the effect of each change would be
- Eventually, the OR team presents the management with a rational base for making a decision



Modern Approaches

QUANTITATIVE APPROACH

- **Statistical methods:**
- They are more pervasive in management than operations research, partly because they are older in application and partly because of their versatility
- The best known uses of statistical methods involve sampling theory
- It is often inferred from the characteristics appearing in a sample what the larger universe, from which the sample is taken, resembles
- Moreover, the probability theory is finding new applications to problems that are not strictly of a sampling character, that is, the problems involving use of past experience in determining optimum policies for the future



Modern Approaches

MODERN APPROACHES: SYSTEMS APPROACH

- A common **pitfall** of the classical, behavioral, and quantitative schools is that they stress one aspect of the organization at the expense of others
 - Whereas the classical approach emphasizes the “task” and “structure”, the behavioral approach emphasizes “people” and the quantitative approach emphasizes “mathematical decision-making”
- However, it is difficult to know which aspect is most useful and appropriate in a given situation
- The **systems approach** provides a broad, detailed, conceptual framework that can help a manager diagnose a problem and decide which tool or combination of tools will best do the job
- Main advocates of the systems approach: **Chester Barnard, George Homans, Philip Selznick and Herbert Simon**



Modern Approaches

SYSTEMS APPROACH TO MANAGEMENT

- A system is a set of interrelated parts that function as a whole to achieve a common purpose
- A system functions by acquiring inputs from the external environment, transforming them in some way, & discharging outputs back to the environment
- Systems theory
 - An extension of the humanistic perspective that describes organizations as open systems characterized by entropy, synergy, and subsystem-interdependence



Modern Approaches

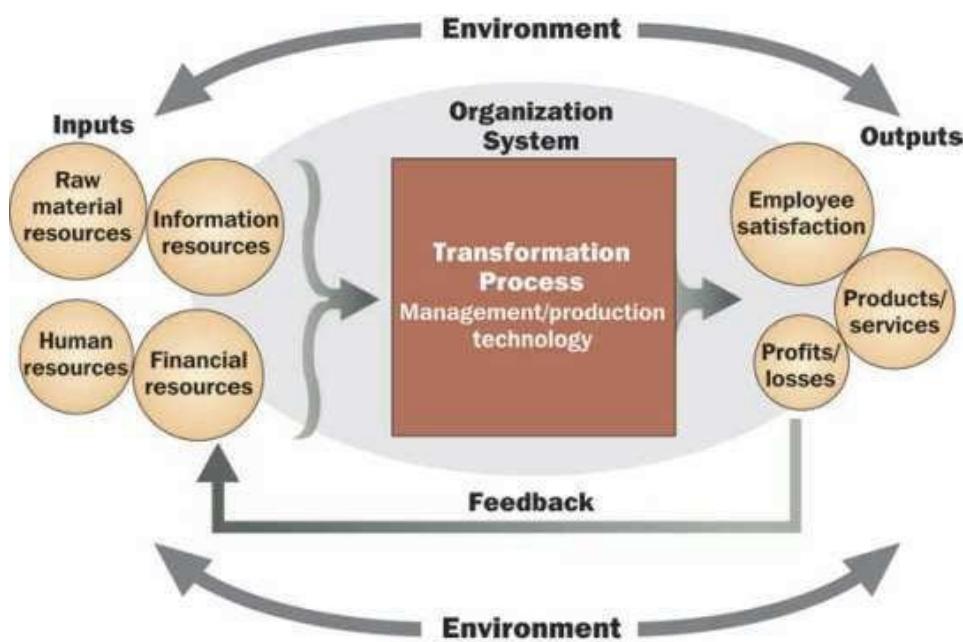
SYSTEMS APPROACH TO MANAGEMENT

- The basic systems theory of organizations consists of five components
 - Inputs are the material, human, financial, or information resources used to produce goods and services
 - The transformation process is management's use of production technology to change the inputs into outputs
 - Outputs include the organization's products and services
 - Feedback is knowledge of the results that influence the selection of inputs during the next cycle of the process
 - The environment surrounding the organization includes the social, political, and economic forces



Modern Approaches

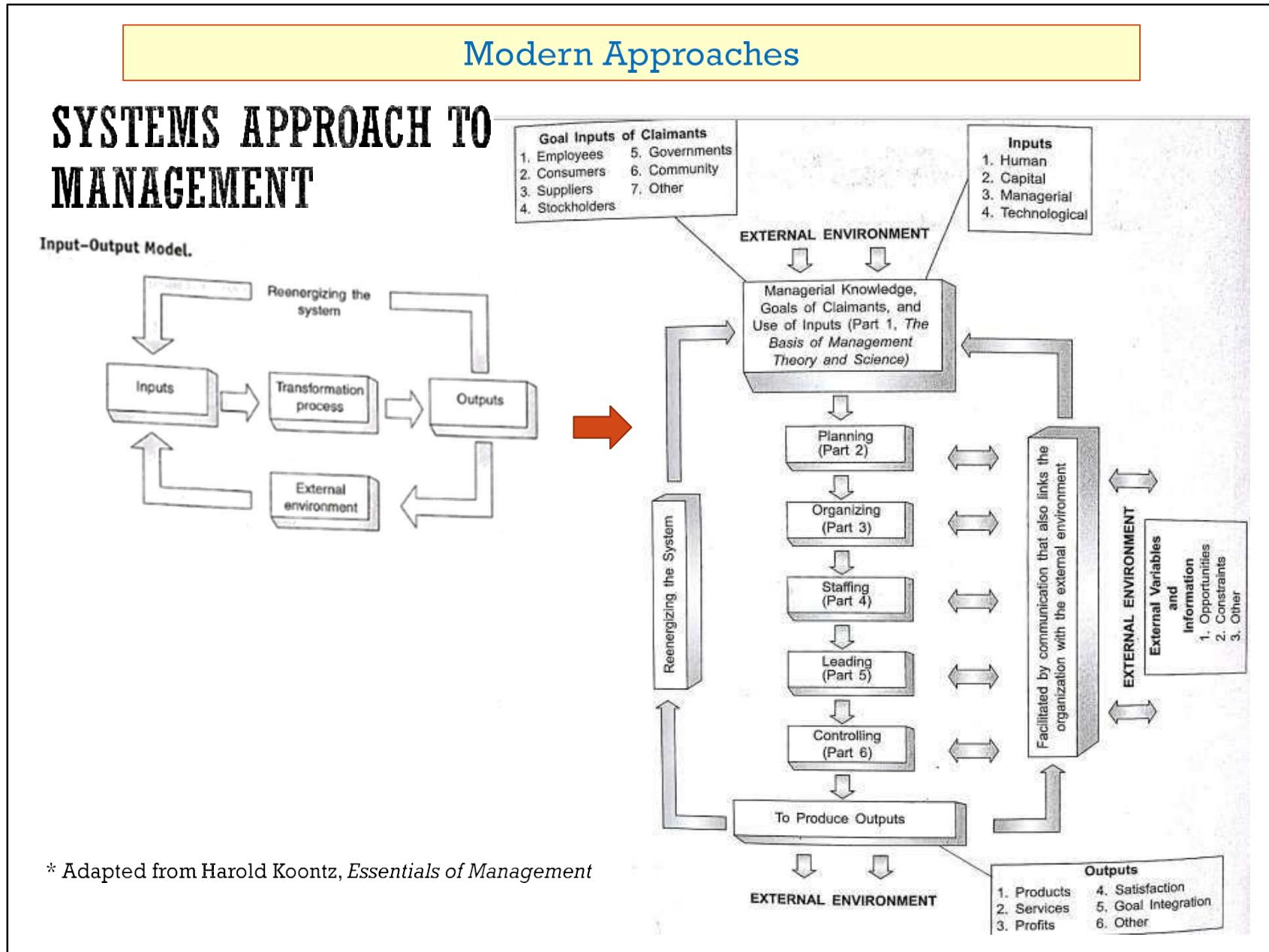
SYSTEMS APPROACH TO MANAGEMENT



The Systems View of Organizations

* Adapted from Richard L. Daft, *Management*, 8th ed.





Modern Approaches

SYSTEMS APPROACH TO MANAGEMENT

- Some basic ideas in systems theory of management are
- Open and closed systems
 - Open systems must interact with the environment to survive; closed systems need not
 - In the classical and management science perspectives, organizations were frequently thought of as closed systems
 - In reality, however, all organizations are open systems, and the cost of ignoring the environment may be failure

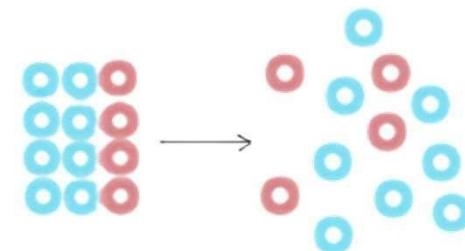


Modern Approaches

SYSTEMS APPROACH TO MANAGEMENT

- **Entropy**

- Is a universal property of systems
- Refers to their tendency to run down and die
- If a system does not receive fresh inputs and energy from its environment, it will eventually cease to exist
- Organizations must monitor their environments, adjust to changes, and continuously bring in new inputs in order to survive and prosper
- Managers try to design the organization/environment interface to reduce entropy



Modern Approaches

SYSTEMS APPROACH TO MANAGEMENT

- **Synergy**

- Synergy means that *the whole is greater than the sum of its parts*
- When an organization is formed, something new comes into the world - Management, coordination & production that did not exist before, are now present
- Organizational units working together can accomplish more than those same units working alone

- **Subsystem interdependencies**

- Subsystems depend on one another as parts of a system
- Changes in one part of the organization affect other parts
- The organization must be managed as a coordinated whole
- Managers who understand subsystem interdependence are reluctant to make changes that do not recognize subsystem impact on the organization as a whole



Modern Approaches

MODERN APPROACHES: CONTINGENCY APPROACH

- Contingency approach is a relatively new approach to management
- It is an extension of the systems approach
- The Classical Perspective - [universalist view](#)
 - Management concepts are universal; that is, whatever worked—leader style, bureaucratic structure—in one organization would work in another
- In Business Education, an alternative view - [case view](#) - exists
 - Each situation is believed to be unique
 - Principles are not universal, and one learns about management by experiencing a large number of case problem situations
 - Managers face the task of determining what methods will work in every new situation
- [Contingency view](#) integrates these two views



Modern Approaches

CONTINGENCY APPROACH TO MANAGEMENT



- In contingency view of management, **contingencies**, or variables, **exist** for helping management identify and understand situations
- The contingency view means that a manager's response **depends** on identifying key contingencies in an organizational situation
- The contingency view tells us that what works in one setting might not work in another



Modern Approaches

CONTINGENCY APPROACH TO MANAGEMENT

- **Main characteristics of Contingency approach**
 - Management is entirely situational. The application and effectiveness of any technique is based on the situation
 - Management should match its approach to the **requirements of the particular situation**. To be effective management policies & practices should respond to **environmental changes**
 - As management's success depends on its ability to cope with its environment, it should sharpen its **diagnostic skills** so as to anticipate and comprehend **environmental changes**
 - The managers should understand that **there is no one definite way to manage**
 - **No action can be universal** because of organization – environment relationship



Modern Approaches

CONTINGENCY APPROACH TO MANAGEMENT

- Management's job is to **search for important contingencies**
- When managers learn to identify important patterns and characteristics of their organizations, they can then **fit solutions to those characteristics**
- Important contingencies that managers must understand include
 - Industry, technology, the environment, and international culture



CHALLENGES IN MANAGEMENT

- It is very difficult for organizations to remain successful amidst severe competition
- The various challenges in management are:
 1. Economic pressure
 - Management is easy when the company is making profit
 - But when the financial conditions are not favorable, if management is not properly done it may lead to business failure
 2. Adapting to the general(macro) environment
 - Success of the company depends on its adaptability to macro environmental factors – i.e., Political, Economic, Social, Technological, Environmental, and Legal environments



CHALLENGES IN MANAGEMENT

3. Globalization

- Globalization is the international integration of intercultural ideas, perspectives, products/services, culture, and technology
- The globalized society presents enormous opportunity for businesses- e.g.: Companies can benefit through outsourcing (off-shoring), exporting etc.
- Managers are tasked with localizing products and services effectively in a way that minimizes the adverse cultural and environmental effects caused by this rapid global expansion

4. Innovation

- Refers to the use of a better novel idea or method in a product/service offered
- Stimulating Innovation and Change is a challenge when times are changing fast



CHALLENGES IN MANAGEMENT

5. Competition

- Managers must understand a company's competitive advantage and build a strategy that takes into account the competitive landscape

6. Customer Service

- Meeting the required needs & demands of the customers

7. Employee Satisfaction

- When workers are happy, they contribute more to the company
- Employee satisfaction increases productivity & loyalty of the employees towards the company

8. Organization Ethics

- Behaving ethically is mandatory for every organization

9. Social Responsibility

- Maintain a balance between the economy and ecosystem - Duty of every individual & organization

