

Introduction to Management

Management

Definitions of Management

- “Management is an art of getting things done through people”. - Mary Parker Fallett
- “Management is a process of planning, organizing, staffing, directing and controlling to accomplish organizational objectives through the coordinated use of human and material skills”. – Prof. Moore
- “Management is the process of designing and coordinating an environment in which individuals working together in groups, accomplish their aims efficiently and effectively”. - Koontz

Organization Management

- Organization Management is an art of knowing what to do, when to do and see that it is done in the best and cheapest way.
- It refers to the art of getting people together on a common platform to make them work towards a common predefined goal.
- It enables the optimum use of resources through meticulous planning and control at the workplace.

Need for Organizations Management

- Organization Management gives a sense of direction to the employees so that, they are well aware of their roles and responsibilities and know what they are supposed to do in the organization.
- It also gives a sense of security and oneness to the employees.
- An effective management is required for better coordination among various departments.
- Employees accomplish tasks within the stipulated time frame as a result of effective organization management

Some Key Concepts

- Manager is someone who coordinates and oversees the work of other people in order to accomplish organizational goals.
- Managerial performance is the measure of how efficient and effective a manager is; i.e., how well he or she determines and achieves appropriate objectives.
- Efficiency (Resource Usages - MEANS) is the ability to minimize the use of resources in achieving organizational objectives - “doing the things right”.
- Effectiveness (Goal Attainment - ENDS) is the ability to determine appropriate objectives and complete activities - “doing the right thing”.

The Management Process

- Management is a social process – Human factor & Relationships
- Management is an integrating process – Human, Physical & Financial
- Management is a continuous process – Problem solving

Basic Steps in Management

- Vision
- Mission
- Objectives/Goals
 - Strategy
 - Policies
- Procedures/Rules
 - Action Plan
 - Budget

Management Levels

First-line Managers

- Lowest level of management who manage the work of non managerial employees and typically are directly or indirectly involved with producing the organization's products or servicing the organization's customers.
- Ex: Supervisors, shift managers, office managers

Middle Managers

- Managers between the lowest level and top levels of the organization who manage the work of first line managers.
- Ex: Regional manager, project leader, division manager

Management Levels

Top Managers

- Managers at or near the upper levels of the organization structure who are responsible for making organization wide decisions and establishing the goals and plans that affect the entire organization.
- Ex: Vice president, managing director, COO, CEO



Management Functions

- **Planning**

Defining goals, establishing strategy and developing plans to coordinate activities.

- **Organizing**

Determining what needs to be done, how it will be done and who is to do it.

- **Leading**

Motivating, leading and any other actions involved in dealing with people.

- **Controlling**

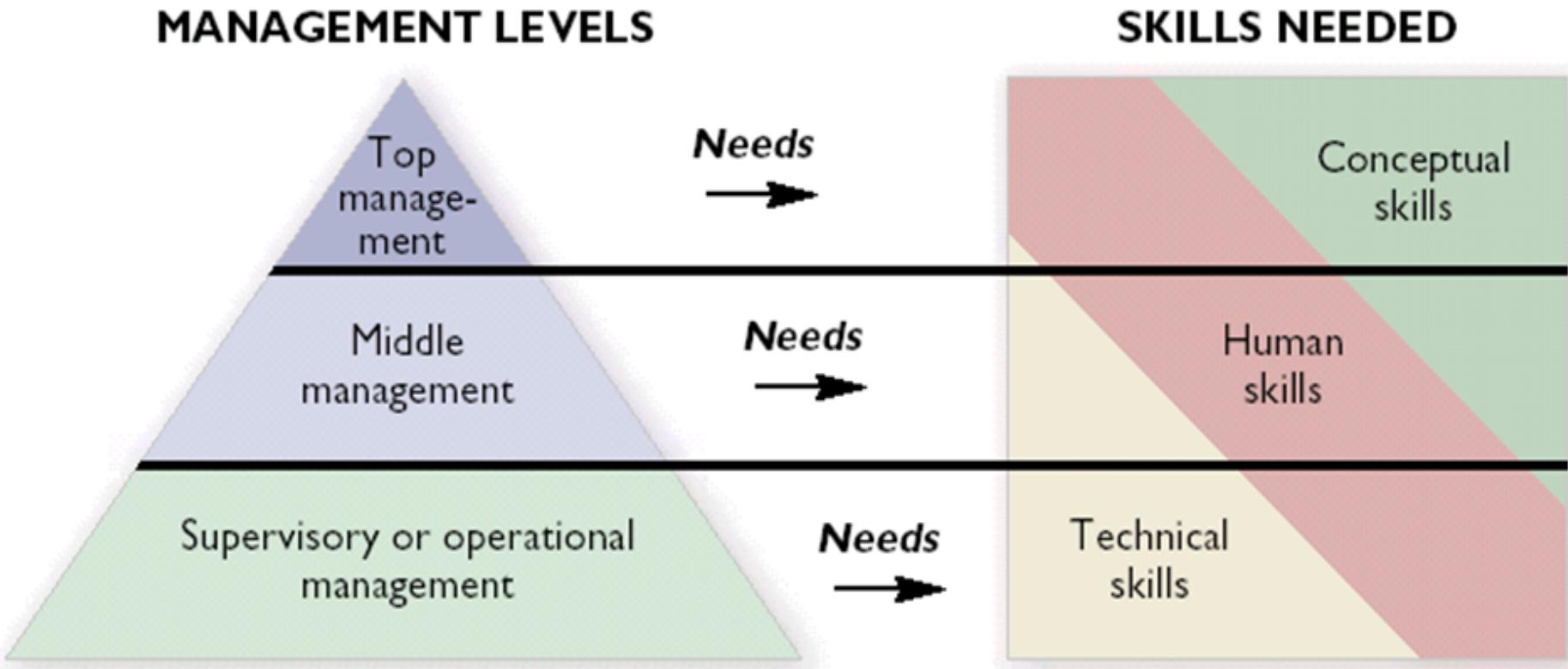
Monitoring activities to ensure that they are accomplished as planned.

Management Roles

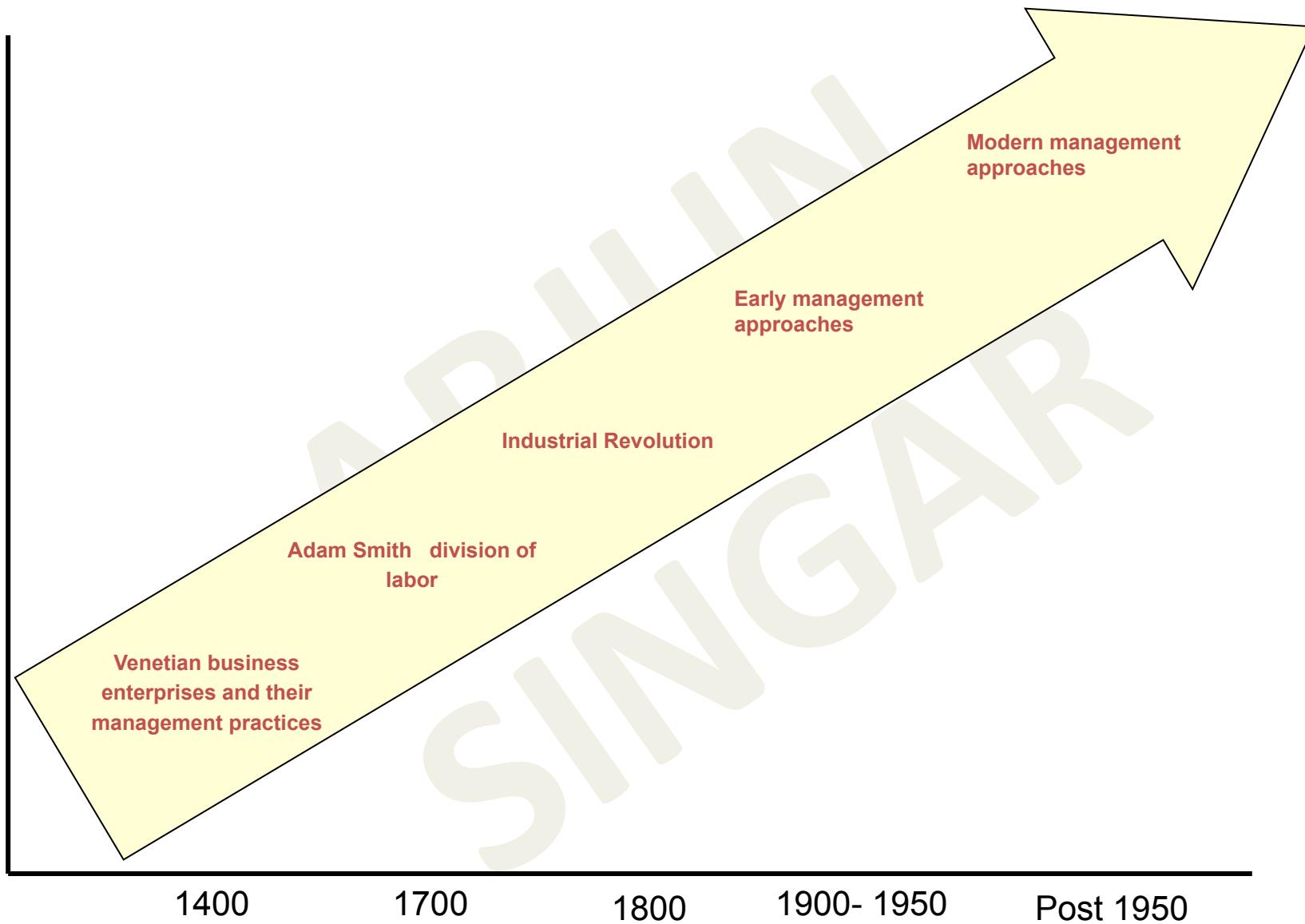
- **Interpersonal Role:** Managerial roles that involve people and other duties that are ceremonial and symbolic in nature.
 - ✓ Types: Figurehead, leader and liaison
- **Informational Role:** Managerial roles that involve collecting, receiving and disseminating information.
 - ✓ Types: Monitor, disseminator and spokesperson
- **Decisional Role:** Managerial role that resolve around making decisions.
 - ✓ Types: Entrepreneur, disturbance handler, resource allocator, resource allocator and negotiator.

Management Skills

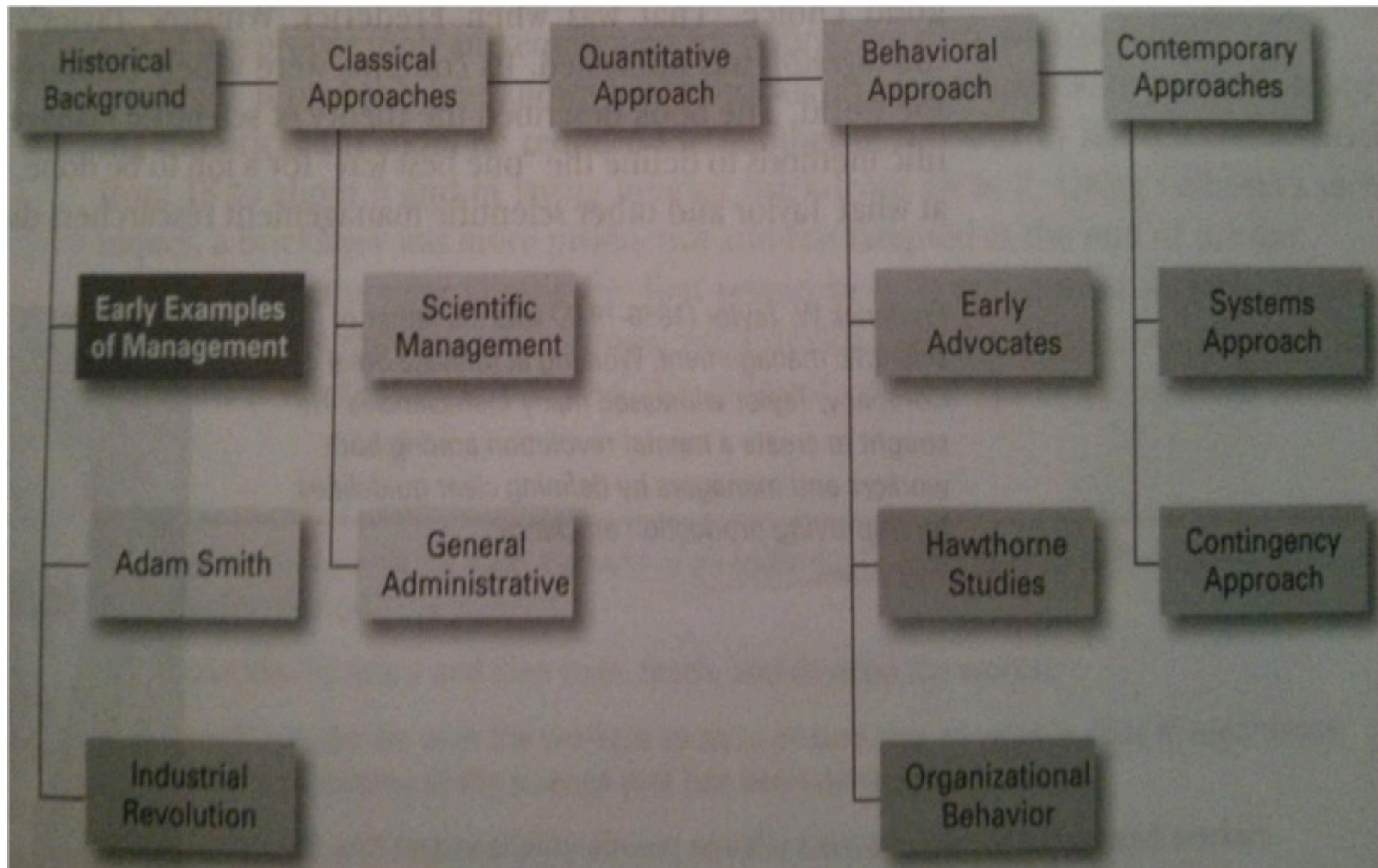
- **Technical skill:** Job specific knowledge and techniques needed to proficiently perform work tasks.
- **Human skill:** The ability to work well with other people individually and in a group.
- **Conceptual skill:** The ability to think and to conceptualize about abstract and complex situations.



The Evolution of Management Theory



Historical Background of Management



Scientific Management Theory

- Scientific Management theory arose in part from the need to increase productivity.
- The only way to expand productivity was to raise the efficiency of workers.
- This approach involved a scientific method to determine the 'one best way' for a job to be done.

Frederick W. Taylor (1856-1915) rested his philosophy on five basic principles:

- The development of a true science of management, so that the best method for performing each task could be determined.
- The scientific selection of workers, so that each worker would be given responsibility for the task for which he or she was best suited – Functional foremanship.
- The scientific education and development of the worker.
- Intimate, friendly cooperation between management and labor.

Scientific Management Theory

- Taylor based his management system on production-line time studies.
- Using time study as his base, he broke each job down into components and designed the quickest and best methods of performing each component. In this way he established how much workers should be able to do with the equipments and materials at hand.
- He also encouraged employers to pay more productive workers at a higher rate than others using a 'scientifically correct rate' that would benefit both company and worker.
- Thus, workers were urged to surpass their previous performance standards to earn more pay. Taylor called his plan the **differential rate system**.

General Administrative Theory

- Henri Fayol (1841-1925) is generally hailed as the founder of the classical management school.
- Taylor was basically concerned with first line managers and scientific method; however, Fayol was interested in the total organization and focused on all managers which he felt had been the most neglected of business operations.

Fayol listed 14 principles of management most frequently to be applied:

- Division of Labor
- Authority
- Discipline

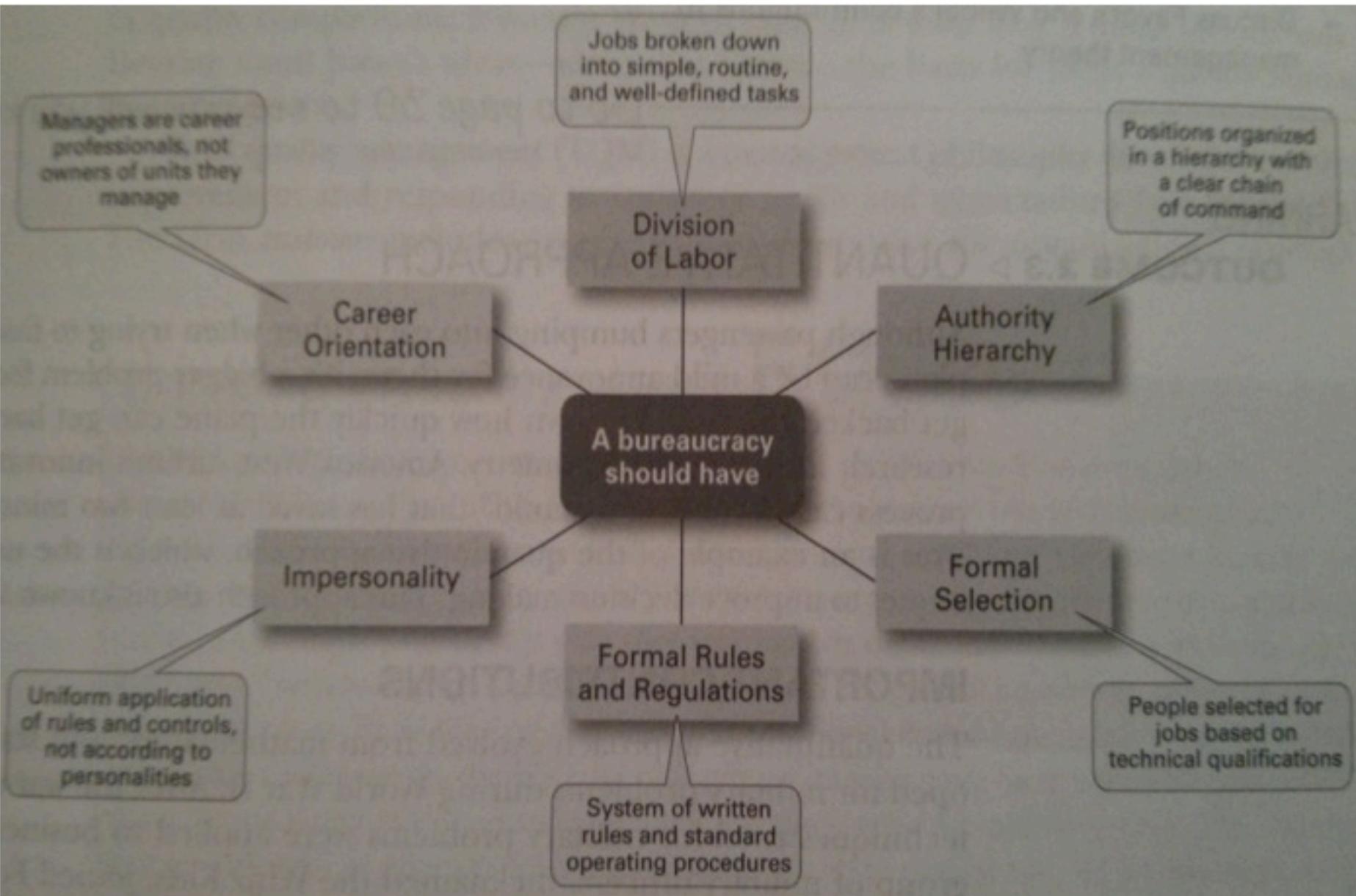
General Administrative Theory

- Unity of Command
- Unity of Direction
- Subordination of the individual interests to the general interest
- Remuneration
- Centralization
- Scalar Chain
- Order
- Equity
- Stability of tenure of personnel
- Initiative
- Esprit de corps

General Administrative Theory

- Max Weber was a German sociologist who studied organizations. He developed a theory of authority structures and relations based on an ideal type of organization called bureaucracy.
- This was a form of organization characterized by division of labor, a clearly defined hierarchy, detailed rules and regulations and impersonal relationships.

General Administrative Theory



Quantitative Approach / Management Science

- Quantitative approach is the use of quantitative techniques to improve decision making.
- At the beginning of World War II, Great Britain desperately needed to solve a number of new, complex problems in warfare. With their survival at stake, the British formed the first operational research (OR) teams.
- By pooling the expertise of mathematicians, physicists, and other scientists in OR teams, the British were able to achieve significant technological and tactical breakthroughs and so as the Americans.
- The teams used early computers to perform the thousands of calculations involved in mathematical modeling.

Quantitative Approach / Management Science

- When the war was over, the applicability of operations research to problems in industry gradually became apparent. New industrial technologies were being put into use and transportation & communication were becoming more complicated.
- These developments brought with them a host of problems that could not be solved easily by conventional means. Increasingly, OR specialists were called on to help managers come up with answers to these new problems.
- Over the years, OR procedures were formalized into what is now more generally called the management science school.
- The management science approach to solving a problem begins when a mixed team of specialists from relevant disciplines is called in to analyze the problem and propose a course of action to management.

Quantitative Approach / Management Science

- The team constructs a mathematical model that shows, in symbolic terms, all relevant factors bearing on the problem and how they are interrelated.
- By changing the value of the variables in the model (such as increasing the cost of raw materials) and analyzing the different equations of the model with a computer, the team can determine the effects of each change.
- Eventually the management science team presents management with an objective basis for making a decision.
- Total quality management is also a philosophy under management science school.
- It is the philosophy that is driven by continuous improvement and responsiveness to customer needs and expectations.

Behavioral Approach

- A field of study that researches the actions (behavior) of people at work.
- The behavioral school emerged partly because the classical approach did not achieve sufficient production efficiency and workplace harmony.
- To managers' frustration, people did not always follow predicted or expected patterns of behavior.
- Thus there was increased interest in helping managers deal more effectively with the 'people side' of their organizations.

Relations Theory – The Human Relations Movement

- Human relations are frequently used as a general term to describe the ways in which managers interact with their employees.
- When “employee management” stimulates more and better work, the organization has effective human relations; when morale and efficiency deteriorate, its human relations are said to be ineffective.
- The human relations movement arose from early attempts to systematically discover the social and psychological factors that would create effective human relations.

The Hawthorne Experiments

The human relations movement grew out of a famous series of studies conducted at the Western Electric Company from 1924 to 1933. These eventually became known as the “Hawthorne Studies” because many of them were performed at Western Electricity Hawthorne plant by Elton Mayo near Chicago. They provided new insights into individual and group behavior. The studies conducted were as follows:

- Illumination Experiments
- Relay Assembly Test Room
- Interviewing Program
- Bank Wiring Test Room

Systems Theory

- The systems approach to management views the organization as a set of interrelated and interdependent parts arranged in a manner that produces a unified whole.
- This approach gives managers a way of looking at the organization as a whole and as a part of the larger, external environment.
- Systems theory tells us that the activity of any segment of an organization affects, in varying degrees, the activity of every other segment.
- Production managers in a manufacturer's plant, for example prefer long uninterrupted production runs of standardized products in order to maintain maximum efficiency and low costs.
- Marketing managers, on the other hand, who want to offer customers quick delivery of a wide range of products, would like a flexible manufacturing schedule that can fill special orders on short notice.
- Systems oriented production managers make scheduling decisions only after they have identified the impact of these decisions on other departments and on the entire organization.

Systems Theory

- The point of the systems approach is that managers cannot function wholly within the confines of the traditional organization chart. They have to communicate not only with other employees and departments, but frequently with representatives of other organizations as well.

Some Key Concepts

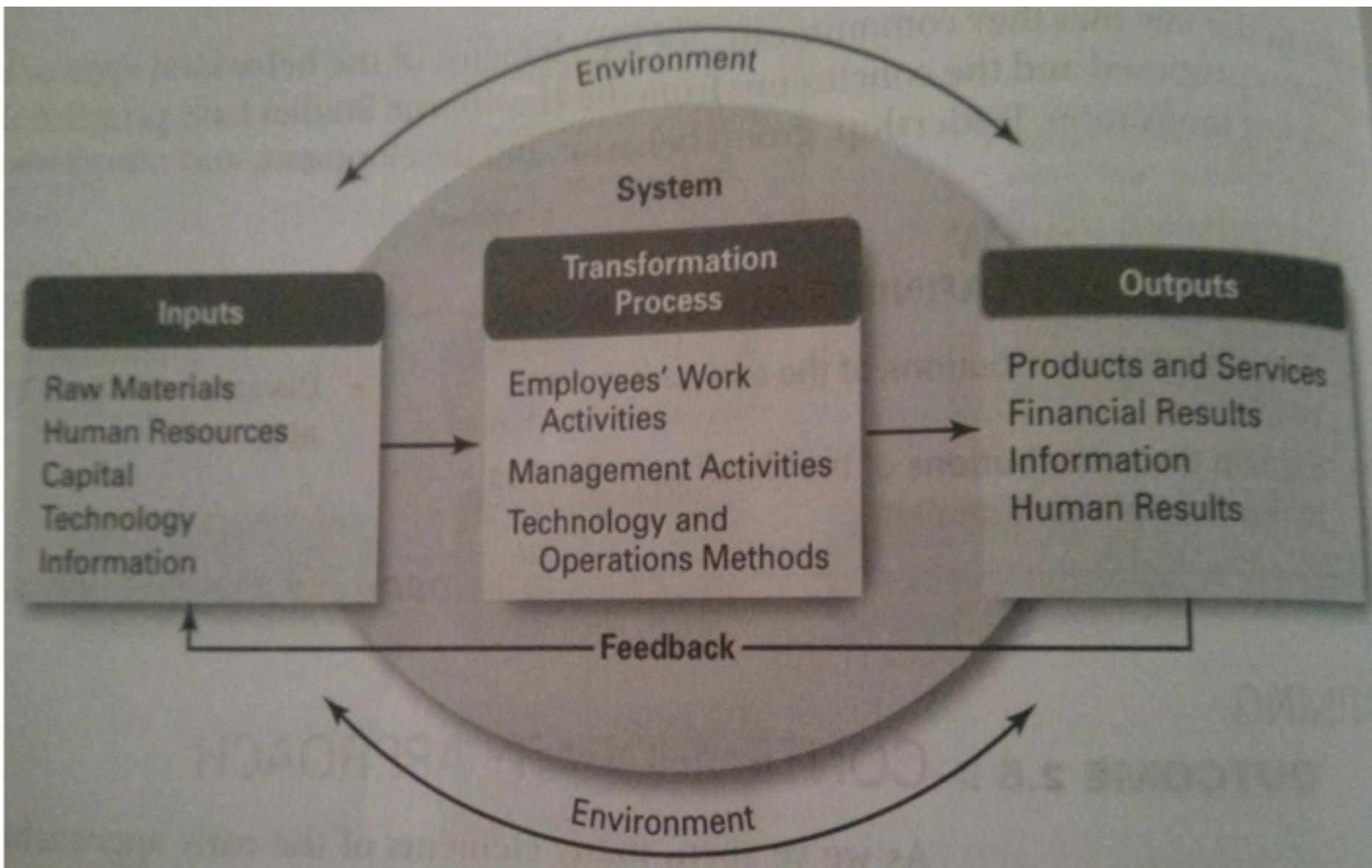
- **Subsystems:** The parts that make up the whole of a system are called subsystems. And each system in turn may be a subsystem of a still larger whole. Thus a department is a subsystem of a plant, which may be a subsystem of a company, which may be a subsystem of an industry.
- **Synergy:** Synergy means that the whole is greater than the sum of its parts. In organizational terms, synergy means that as separate departments within an organization cooperate and interact, they become more productive than if each were to act in isolation. For example, in a small firm, it is more efficient for each department to deal with one Finance department than for each department to have a separate finance department of its own.
- **Open and Closed Systems:** A system is considered an open system if it interacts with its environment; it is considered a closed system if it does not. All organizations interact with their environment, but the extent to which they do so varies. An automobile is a perfect example for an open system.

Systems Theory

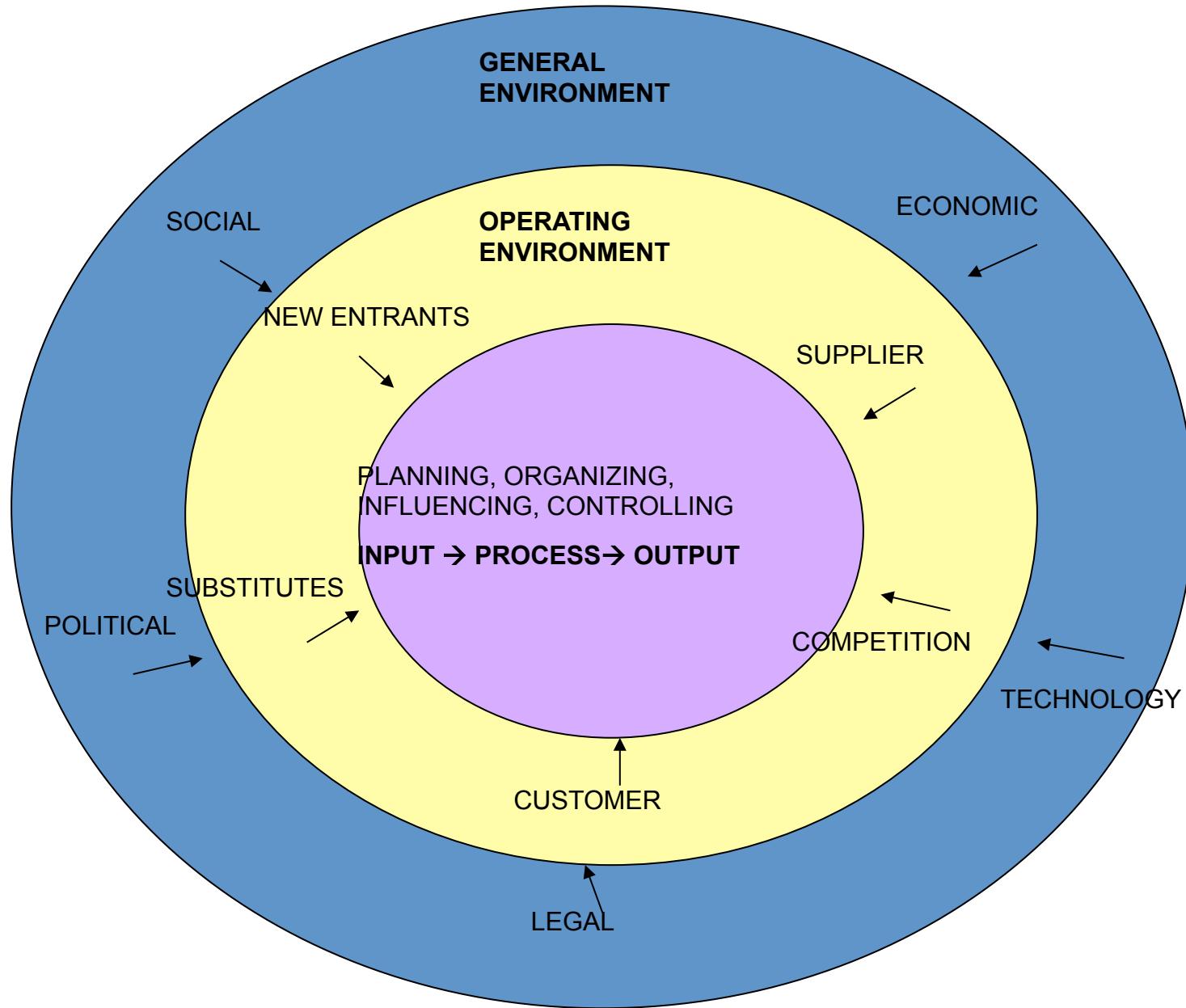
- **System Boundary:** Each system has a boundary that separates it from its environment. In a closed system, the system boundary is rigid; in an open system, the boundary is more flexible. The system boundaries of many organizations have become increasingly flexible in recent years. For example, managers at oil companies wishing to engage in offshore drilling now consider public concern for the environment.
- **Flow:** A system has flows of information, materials and energy (including human energy). These enter the system from the environment as inputs (raw materials for example), undergo transformation processes (through put) within the system (operations that alter them) and exit the system as outputs (goods and services).
- **Feedback:** Feedback is the key to system controls. As operations of the system proceed, information is fed back to the appropriate people, and perhaps to a computer, so that the work can be assessed and, if necessary corrected.

Systems theory calls attention to the dynamic and interrelated nature of organizations and the management task. With a systems perspective, general managers can more easily maintain a balance between the needs of the various parts of the enterprises and the needs and goals of the whole firm.

Systems Theory



Systems Theory



The Contingency Approach

- A management approach which says that organizations are different, face different situations (contingencies), and require different ways of managing.
- The contingency approach (sometimes called the situational approach) was developed by managers, consultants, and researchers who tried to apply the concepts of the major schools to real life situations.
- When methods were highly effective in one situation, failed to work in other situations. Results differ because situations differ, a technique that works in one case will not necessarily work in all cases.
- According to the contingency approach, the manager's task is to identify which techniques will, in particular situation, under particular circumstances and at a particular time, best contribute to the attainment of management goals.

The Contingency Approach

- Where workers need to be encouraged to increase productivity, for example, the classical theorist may prescribe a new work simplification scheme.
- The behavioral scientist may instead seek to create a psychologically mutating climate and recommend some approach like job enrichment.
- If the workers are unskilled and training opportunities and resources are limited, work simplification would be the best solution. However, with skilled workers driven by pride in their abilities, a job-enrichment program might be more effective.
- The contingency approach represents an important turn in modern management theory, because it portrays each set of organizational relationships in its unique circumstances.
- Some cases being organization size, routineness of task technology, environmental uncertainty and individual differences.

Ethics & Social Responsibility

- Ethics and Social Responsibility are concepts that are fundamentally about the quality of our relationships over time.
- Many organizational decisions involve knotty problems where organizational interests affect the interests of others.
- Companies and managers that ignore moral concerns are saying to those affected, "we don't want to invest in making this relationship better".
- Even though unethical behavior may sometimes pay today; those who ignore ethical issues are heading for trouble over the long run.
- So companies are using their past experiences and values and the concerns of the present in setting new moral visions for the future.

Social Responsibility

- Social responsibility is a business's intention, beyond its legal and economic obligations, to do the right things and act in ways that are good for society.
- Socioeconomic view goes beyond profit making; it is any discretionary corporate activity intended to protect social welfare and improve social or environmental conditions as compared to the classical view which focused on only maximizing profits.
- A firm may engage in social actions because of its social obligation to meet certain economic and legal responsibilities.
- Social responsiveness is a firm's engaging in social actions in response to some popular social need.

Social Responsibility

Examples

- San Francisco bakery instituted a practice of hiring ex-convicts to fulfill the responsibility of business which has to play a large role in changing our society. Business people especially those in smaller companies know how to get things done.
- In response to the homeless situation, one of Ben & Jerry's answers was to open a store in Harlem and employ homeless people to serve ice cream.
- For every UPC code mailed in by consumers, Scott Paper donates five cents to Ronald McDonald Houses.
- Paul Newman earmarks all of the profits from Newman's Own food products for various charities such as the Hole in the Wall Gang, a camp for children with terminal cancer.
- The Campbell Soup Company has sponsored a long running program; "Labels for Education", that involves supplying equipment for schools based on the number of Campbell and Swanson labels sent in by consumers during the school year.

Social Responsibility

Examples

- Burger King, along with IBM, operates a similar program. Through Burgers and Bytes, computers are donated to schools according to the number of cash register receipts generated. Burger King also operates Burger King Academy to provide education and social services for dropouts and truants.
- Colgate-Palmolive kicked off its Partners in Education program, which doubled as a marketing endeavor and a philanthropic measure. In return for retailers putting up their display, the company gave the retailers Map Playground Kits, which included materials for students to paint their own maps. The stores then dispersed the kits to local grade schools.
- Reebok ended up launching a new product in 1991 – the Black Top line of outdoor basketball shoes. Part of the profits from the shoes are used to renovate basketball courts, such as a court in South Dade County, Florida, devastated by Hurricane Andrew and renovated in 1993.

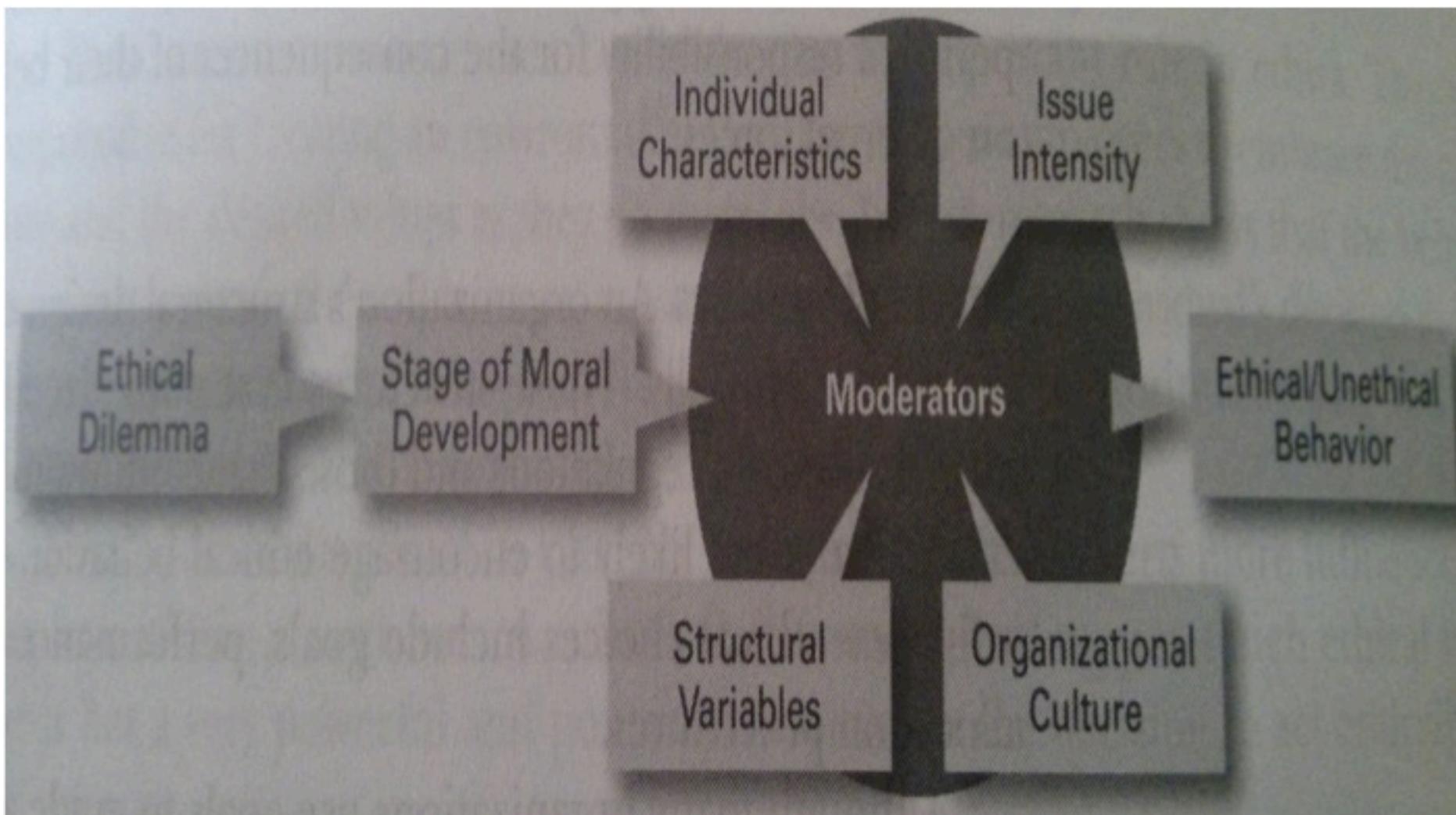
Ethics

- Ethics is principles, values, and beliefs that define what is right and what is wrong behavior.
- It is also the study of people's rights and duties, the moral rules that people apply in making decisions, and the nature of the relationships among people.
- In business, most ethical questions fall into one or more of four categories: societal, stakeholder, internal policy, or personal (the individual).

Codes of Ethics

- To be a dependable organizational citizen
- Not to do anything unlawful or improper that will harm the organization.
- To be good to customers.

Factors that determine ethical behavior



The Tools of Ethics

- **Values:** Basic convictions about what is right and what is wrong.
- **Rights:** Claims that entitle a person to take a particular action.
- **Duties:** Obligations to take specific steps or obey the law.
- **Moral Rules:** Rules for behavior that often become internalized as moral values.

To be an ethical leader, one should:

- Be a good role model by being ethical and honest
- Share your personal values by regular communication
- Stress the team's important core values
- Use the reward system to hold everyone accountable