

UNIT 1 – PART 1

INTRODUCTION TO MANAGEMENT & ORGANIZATION

Definition of Management – Science or Art – Manager Vs Entrepreneur - Types of Managers –Managerial Roles and Skills – Evolution of Management – Scientific, Human Relations , System and Contingency Approaches



LEARNING OUTCOMES

After reading this chapter, I will be able to:

- 1. Explain what is meant by the term *management*.**
- 2. Differentiate between efficiency and effectiveness.**
- 3. Describe the difference between managers & operative employees.**
- 4. Classify the three levels of managers and identify the primary responsibility of each group.**
- 5. Describe the four primary processes of management.**
- 6. Summarize the essential roles performed by managers.**
- 7. Discuss whether the manager's job is generic.**
- 8. Four general skills necessary for becoming a successful manager.**
- 9. Describe the value of studying management.**
- 10. Identify the relevance of popular humanities and social science courses to management practices.**

MANAGEMENT

The process of dealing with or controlling things or people

Harold Koontz

“ Management is the art of getting things done through others and with the people in formally organized groups.”

“ Management is the process of Designing & Maintaining an environment in which individuals, working together in groups efficiently to accomplish selected aims . ”

Harold Koontz (1909-1984) was professor of business management at University of California, Los Angeles. He was a consultant for US largest business organizations.



George Terry

“ Management is the process of Planning, Organizing, Staffing, Directing and Controlling to accomplish organizational objectives through the coordinated use of human and material resources.”

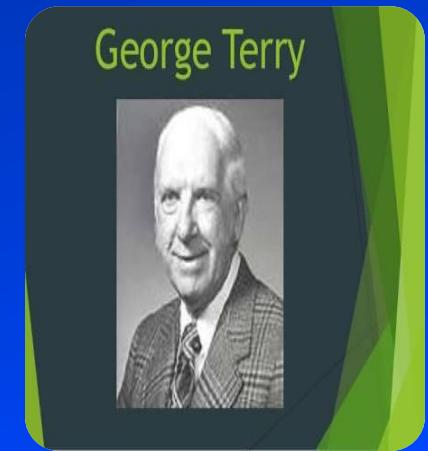
“ Management is not people ; It is an activity like walking ,reading, swimming or running. People who perform management can be designated as managers ,members of management or Executive Leaders. ”

Ross Moore : “ Management means Decision Making ”

Donald J.Clough : “Management is the art & science of Decision Making and Leadership

Joseph L.Massie : “ Management is the process by which a co-operative group directs actions towards common goals”

Peter F.Drucker : “ Management is an organ; organs can be described and defined only through their functions.



EFFICIENCY & EFFECTIVENESS

Management is Coordination and oversight of the work activities of others so that their activities are completed efficiently and effectively.

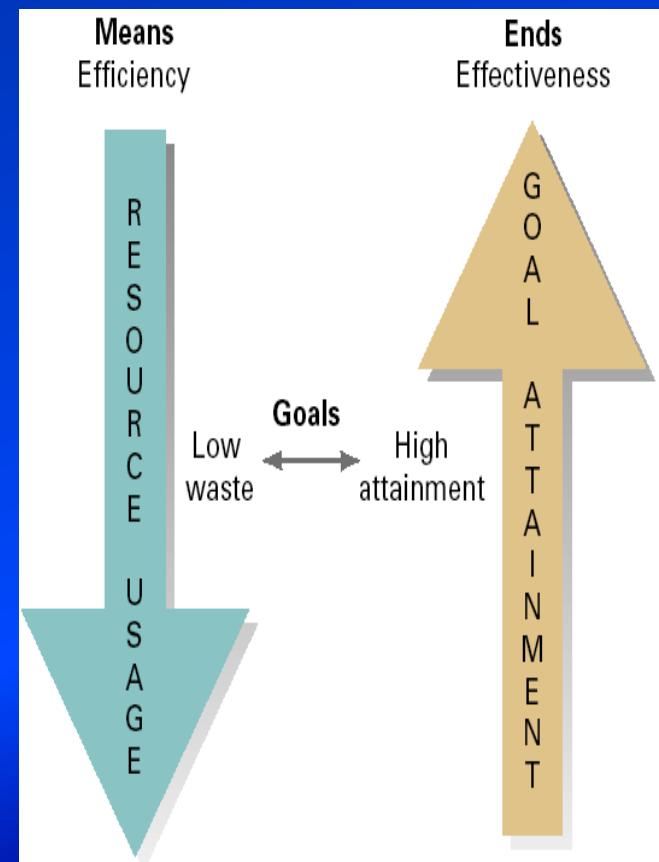
Efficiency

Doing things Rights or Getting the most Output from the least amount of inputs.

Effectiveness

Completing activities so that organizational goals are attained

**Productivity = Outputs / Inputs
(within a Time Period Quality Considered)**



Nature & characteristics of Management

- It is a separate/Social process.
(Management is done by people, through people & for people.
It is social process because it is concerned with interpersonal relations.)
- It is an organized activity/Group activity
(Efficient use of Resources-Men, Money, Material)
- It is an Integrating process
- It aims at the accomplishment of predetermined objectives.
(Integrates Human, Machine, Materials and other resources for out the operations and for achieving the stated objective)
- It applies Economic Principles
(Art of control of Human & Materials)
- Universality of Management
(Management are universal, these can be applied in different situations Ex : Business, Government, Education Military, Hospitals.).

- It is Interdisciplinary /Multidisciplinary
(It depends from several disciplines like Engineering, Sociology, Psychology, Economics etc.)
- It is intangible
(It is abstract & cannot seen. It is evidenced by the quality & result)
- It is Dynamic not Static
(It adapts itself to social changes & also introduces innovation in methodology)
- It is Science as well as an Art
(It contains a systematic body of theoretical Knowledge as well as the practical application of such knowledge.)
- It is a profession
(Work,Job,Career ,Business etc)

SCOPE OF MANAGEMENT

- ✓ **Financial Management**
- ✓ **Production Management**
- ✓ **Marketing Management**
- ✓ **Maintenance Management**
- ✓ **Transport Management**

OBJECTIVES OF MANAGEMENT

- ❖ **Getting maximum results with minimum efforts**
- ❖ **Increasing the efficiency of factors of production**
- ❖ **Maximum prosperity for employer and employees**
- ❖ **Human betterment & social justice**
- ❖ **Reduce costs**
- ❖ **Establishes Equilibrium**
- ❖ **Establishes sound organizations**

Why study Management ?



Reason 1 : Universality of Management

Management is needed in all types & sizes of organizations at all levels and all work areas & in all organizations. This is known as “**Universality of Management**”

Reason 2 : Reality of work

Another reason for studying management is the reality that for most of you : “**You will eventually either manage or be managed** ”

IMPORTANCE OF MANAGEMENT PRINCIPLES

- ❖ **Improve understanding**
(How to manage in organization/Given task & make managers more efficient)
- ❖ **Direction for Training of Managers**
(understand process & existing /future managers should be trained)
- ❖ **Role of Management**
- ❖ **Utilization of Resources effectively**
- ❖ **Guide to Research in Management**
- ❖ **Fulfillment of Social responsibility/commitment**
- ❖ **Stability**
- ❖ **Human Development**
- ❖ **Achievement of Group Goals**

MANAGEMENT IS SCIENCE OR AN ART

Management as a process

It is a series of interrelated functions.

It is the process by which management creates, operates and directs purposive organization through systematic, coordinated and cooperated human efforts.

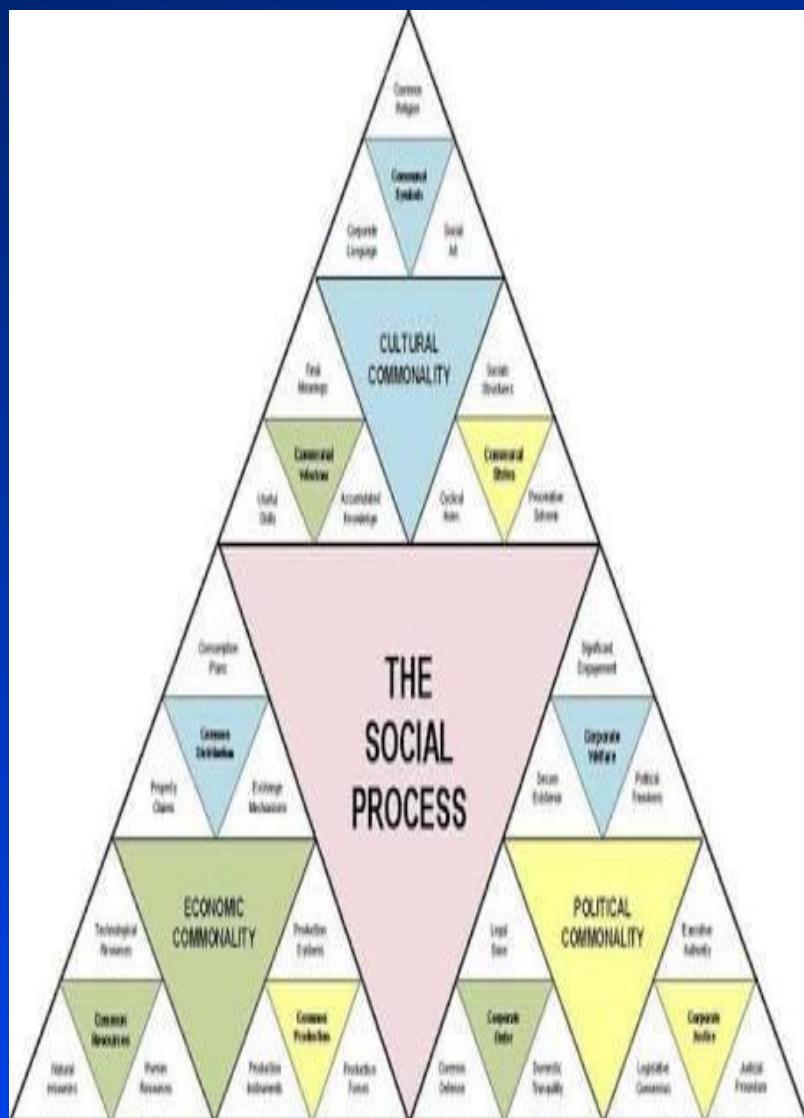
George Terry

“ Management is a distinct process consisting of Planning, Organizing, Directing and Controlling”

As a process management consists of three aspects

1. Social Process
2. Integrating Process
3. Continuous Process





7 type of resources
 People
 Money
 Time
 Work Procedures
 Energy
 Materials
 Equipment



Management as an Activity

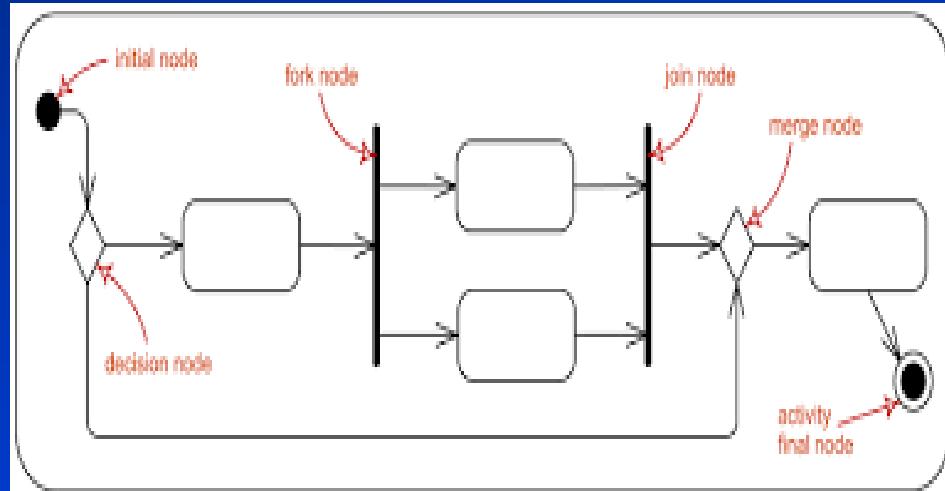
Management is also an activity because a manager is one who accomplishes the objectives by directing the efforts by others.

Harold Koontz

“Management is what a manager does” . An activity includes

1. Informational Activities
2. Decisional Activities
3. Interpersonal Activities





Informational Text Structures Activity

Interpersonal Intelligence

Consists of the ability to sense other people's moods and feelings, communicate and cooperate with others



The Interpersonal Learner

1. talks and has friends;
2. works well in groups and peer teaching;
3. shares, compares, interviews;
4. organizes, leads and mediates.

Management as an Profession

In growing competition management world, have lead to an increased demand for professionally qualified managers.

- Managers are responsible to many groups such as shareholders, employees and society.
- All managers are supposed to stand by the code formulated by AIMA (All India Management Association)
- Managers are known by their performance & not more degrees.



AIMA was created in 1957
New Delhi
AICTE, IIT, Bureau of Indian standard
National Productivity Council

Management as a Discipline

It refers to that branch of knowledge which is connected to study of principles & practices of basic administration .

- Certain code of conduct to be followed by the manager and members



Management as a Group

Management as a group refers to all those persons who perform the task of managing an enterprise.

- All managers taken together
- Managers have become a part of elite (Best) group of society

Is Management is science or an art ?

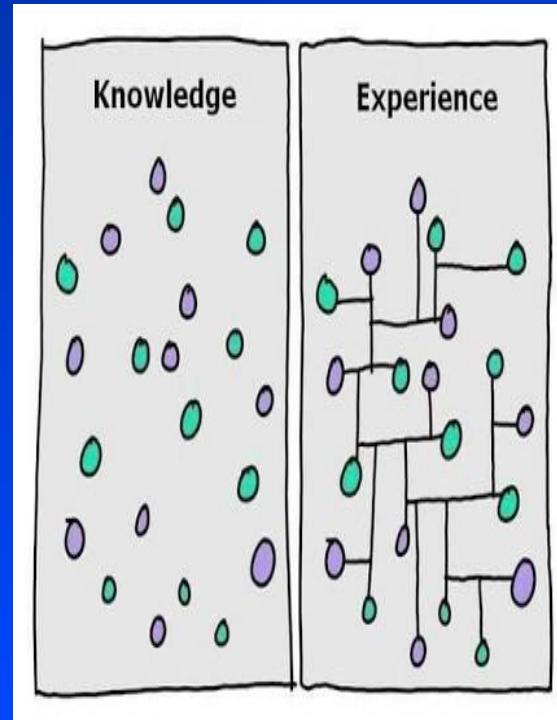
- Concept of management is universal & very old
- Lot of controversy arises whether management is science or art or both.
- It changes time to time
- Continuous & rapid (Fast) development of management principles & practices in organization has changed nature of management.

“ Management is the oldest of arts and youngest of science”



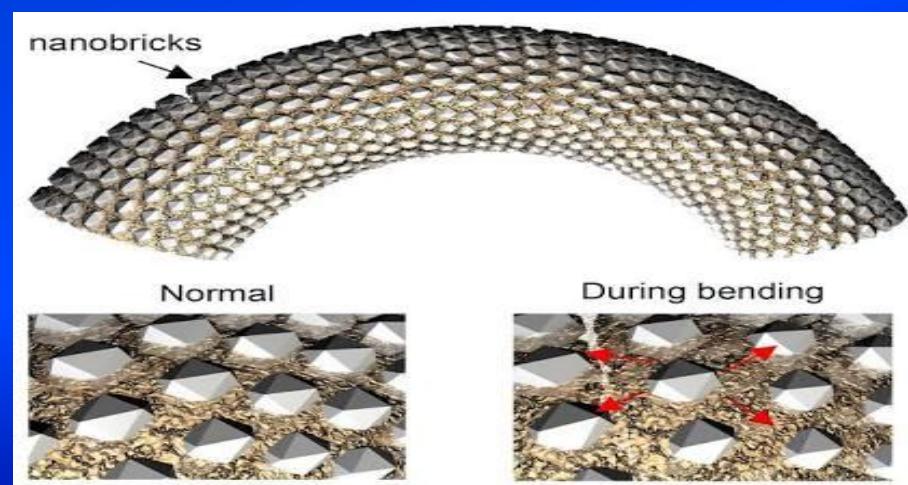
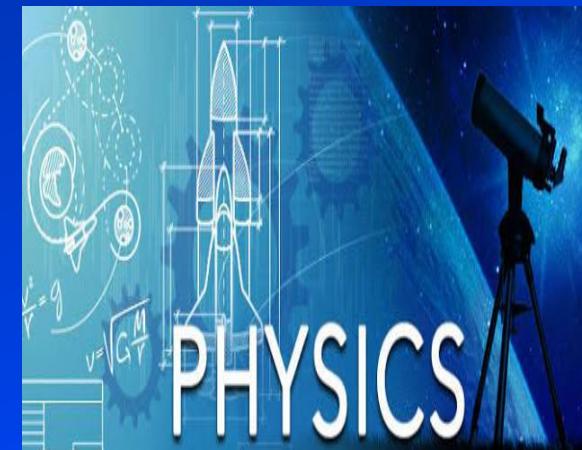
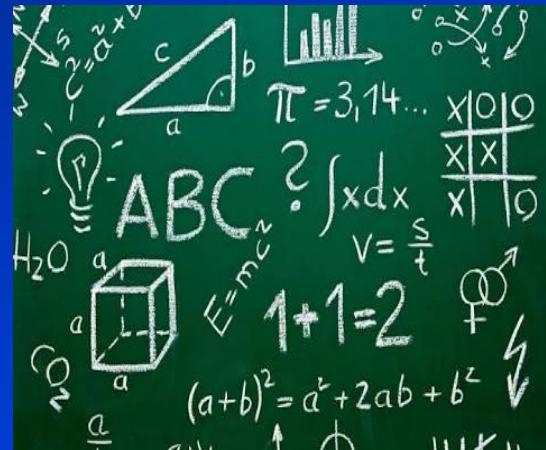
Management as an art

- Art is bridging about of a desired result through the application of skill
- It is learned from practice and experience
- Certainly an art as manager uses this skill, knowledge and experience in solving various problems
- Both complicated & non complicated that arise in the working of his enterprise successful



Management as a science

- Science may be described as systematized body of knowledge based on proper findings and exact principles and is capable of verification
- Science is organized knowledge



Maths ?

→ Cause and effect relationship between two or more variables

Physics ?

→ Observation & verification through testing

→ It also developed some systemized knowledge

Social science ?

→ It falls in the area of ‘social science (Process) ‘

Flexible science ?

→ May produce different results at different times

→ It is behavior science

“ Management is not as exact science as other Physical science like physics, chemistry, maths ,biology, astronomy etc

Management is an art and science Both

- Science provides the knowledge
- Art deals with the application of knowledge and skills

Thus, it has now been accepted that management is an art as well as science. It has the elements of both arts and science.



" Manager are not Born, Manager are made"

MANAGER vs ENTREPRENEUR

Entrepreneurs and professional managers are the two sides of the coin

Who are Manager ?

A manager is someone who coordinates and oversees the work of other people in order to accomplish organizational goals.

** Manager job is not about personal achievements. Its about helping others do their work. i.e Coordinating the work of a departmental group.



Organization need managers or Good Managers?

NO, Not just Good Managers. They need Great Managers



Who are Entrepreneur ?

An entrepreneur (Owner of organization) is a person , who is motivated to satisfy a high need for achievement in innovative and creative activities.

He is a great motivator to start his new business and manage it successfully. Taking on financial risks in the hope of profit.

Similarities between Managers and Entrepreneurs

To produce results

To produce results through people

To take decisions

To cooperate under constraints

To follow sound principles of management

A successful organization needs both entrepreneurship and management. The entrepreneur may be a manager but a paid manager cannot acquire the position of an entrepreneur.

Distinctive Features of Entrepreneurs and Professional Manager

Professional Manager (Executor or Servant)

1. Setting of objectives
2. Policy formulation
3. Strategic Planning
4. Formal communication
5. Organising
6. Motivating
- 7 Controlling
8. Administrator
9. Skilled, knowledgeable
10. Confident
11. Specialist
12. Loyal
13. Planner
14. Implementer

Entrepreneur (Owner or Innovator)

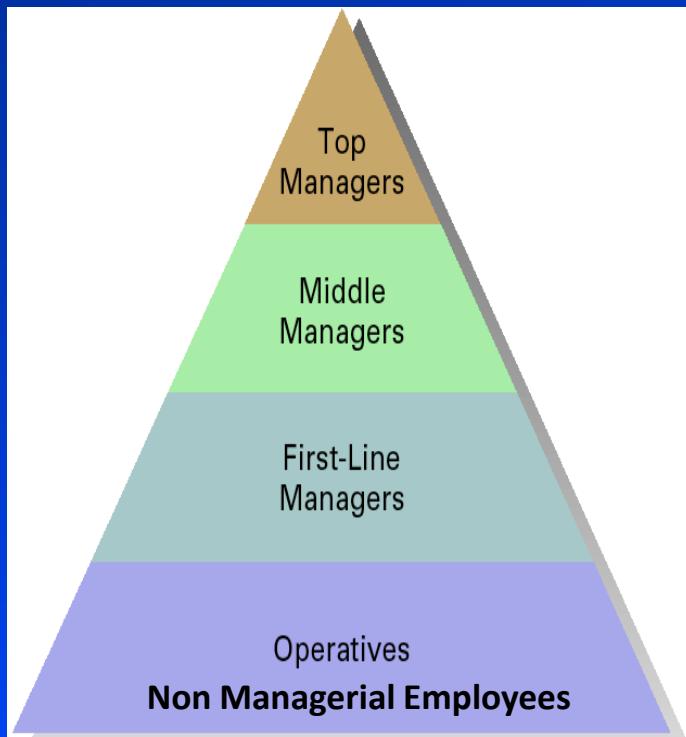
1. Perception of an/opportunity
2. Risk-taking
3. Tactical Planning
4. Interpersonal communication
5. Negotiating
6. Troubleshooting
7. Making it a growing concern
8. Innovator
9. Motivator
10. Determined
11. Idealist
12. Committed
13. Visionary
14. Planner

| Characteristic | Entrepreneur | Manager |
|----------------------------|---------------------------|---------------------------------------|
| Behaviour Characterized by | Desire for Control | Delegation of Authority |
| Management Style | One-Man Show | Management Team |
| Driving Force | Creativity - Innovation | Establish and Preserve the Status Quo |
| Organizational Growth | Rapid Reaction | Strategic Planning |
| Organization Structure | Informal, Flexible | Organized |
| Decision-Making | Intuitive | Collect Information and Seek Advice |
| Definition of Aims | In terms of "Vision" | In Commercial Terms |
| Attitude to Money | A By-Product | Measure of Success |
| Attitude to Risk | Calculated Risks | Avoidance of Risks |
| Organizational Culture | "Entrepreneurial Culture" | "Management Culture" |



TYPES OF MANAGER

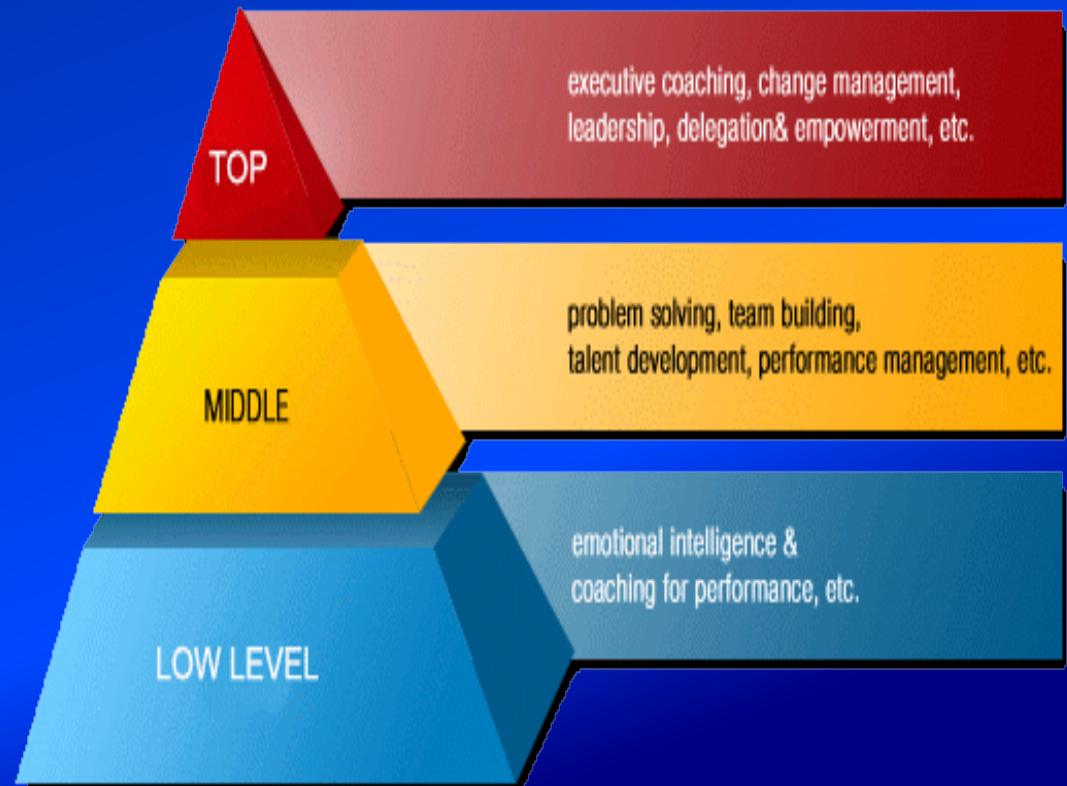
Levels of Management



Top Level Management

Middle Level Management

Low Level Management



Top Level Managers

Chief Executive Officer

President/Vice President

Managing Director

**Set organizational goals
strategies to implement
them and make
decisions**

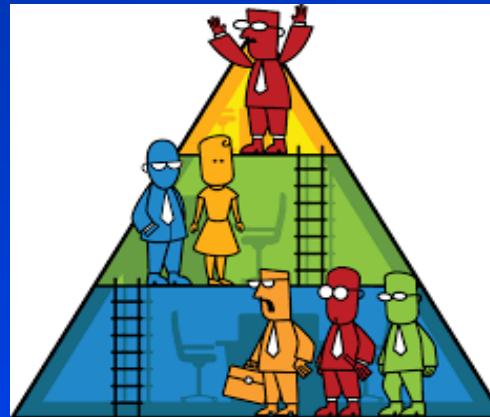


Middle managers

Sales manager

Branch manager

Department Head



First-line managers

Crew leader

Supervisor/foreman

Head Nurse/office manager

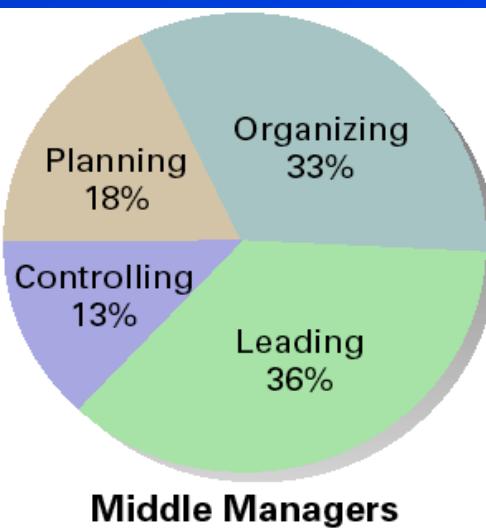
**Heads of various departments & organize human
& other resources to achieve organizational goals**



**Often called supervisors stand at the base of the
managerial hierarchy**

WHAT MAKE MANAGERS SUCCESSFUL?

- Hard work
- Smart work
- Patience
- Out of box thinking
- Reading and acquiring knowledge
- Ethical consciousness
- Collaborative relationship
- Perseverance



MANAGER ROLES

Specific categories of Managerial behavior

Manager is responsible to integrates all the activities which are performed in an organization.



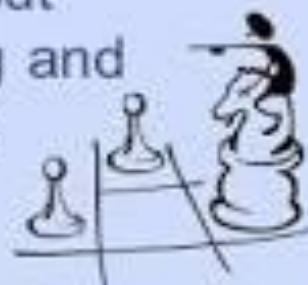
Managerial Roles

1. Interpersonal Roles

Figurehead Role you perform symbolic tasks that represent the organization

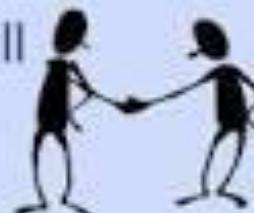


Leadership Role Your leadership is expressed in your decisions about training, motivating and disciplining people



Cooperation

Liaison Role you act like a politician, forming outside alliances that will help you achieve your organization's goals



Managerial Roles

2. Informational Roles

Monitor Role you
should be constantly alert
for useful information

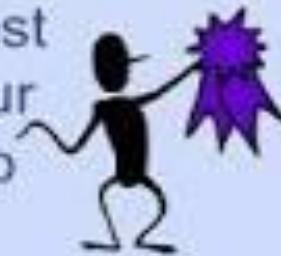


Disseminator Role

managers need to constantly
disseminate important
information to employees via
e-mail and meetings



Spokesperson Role to act
as diplomat and put the best
face on the activities of your
work unit or organization to
people outside it



Managerial Roles

3. Decisional Roles

Entrepreneur Role to initiate and encourage change and innovation



Resource Allocator Role

you'll never have enough time, money and so on, so you'll have to set priorities about the use of resources



Disturbance Handler Role

unforeseen problems require you to be a disturbance handler, fixing problems



Negotiator Role

working with others outside and inside the organization to accomplish your goals



Director : Gives direction or instruction to people working under

Motivator : Motivation stimulates the performance of job

Human Being : All are equally treated & no personal bias

Guide : Well aware of using equipment techniques & producers

Friend : Come forward voluntarily & eliminate the misunderstanding

Planner : Plan the work & assign to executives

Supervisor : Supervise ,control & executives performance

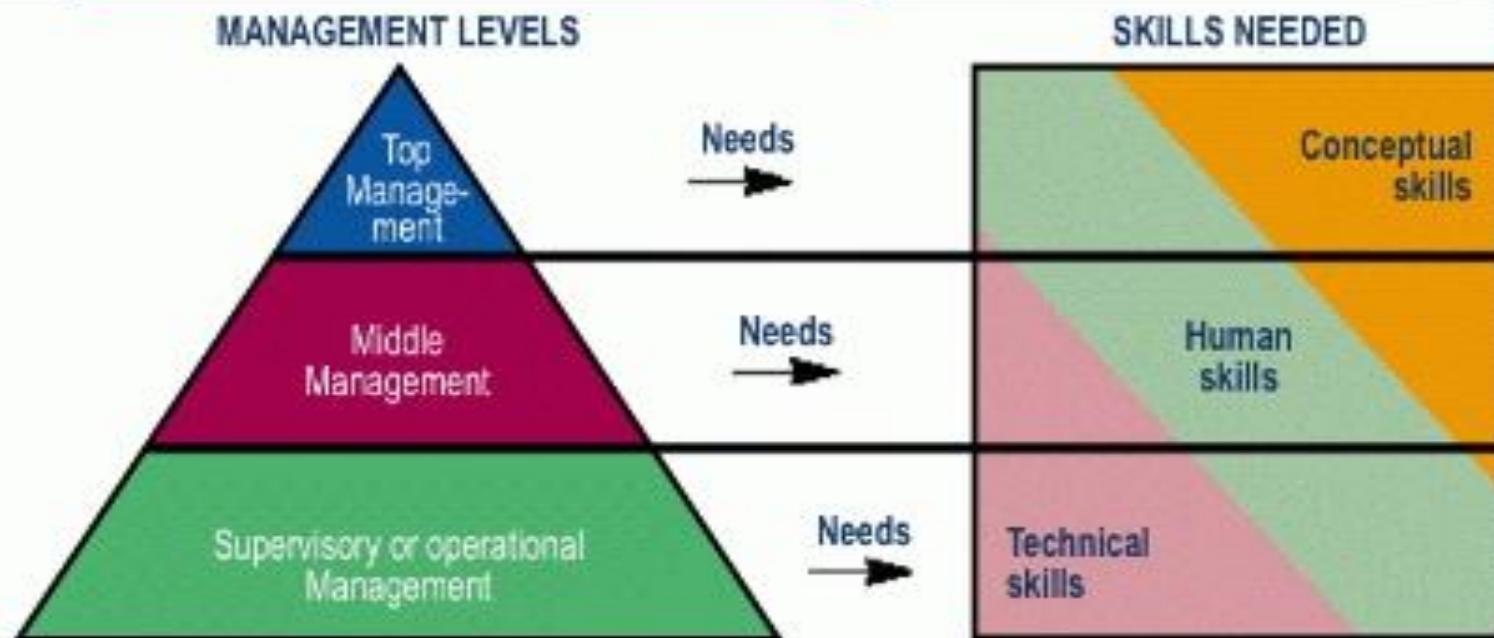
Reporter : communicated between top management & subordinate, Reported to top authorities



MANAGER SKILLS

The Ability to do something well; expertise “difficult work, taking great skill

Management skills continuum



As a manager moves from supervisory to top-management, conceptual skills become more important than technical, but human remain important

CONCEPTUAL SKILLS

- Ability to visualize
- Includes creative, analytical and innovative skills
- Identify the problems and not symptoms
- Helps manager to fix goals
- Conceptual skills are mostly required by the top-level management because they spend more time in planning, organising and problem solving.

Ability of an individual to analyze complex situations and to rationally process and interpret available information.



2- Human skills:

→ The ability to work with, motivate, and counsel people who need help and guidance; most important to middle-level managers



★ Human relations skills are directly related to a manager's leadership abilities

★ Ability to get things done by understanding and working through others outside of formally prescribed organizational mechanisms is crucial for managerial success

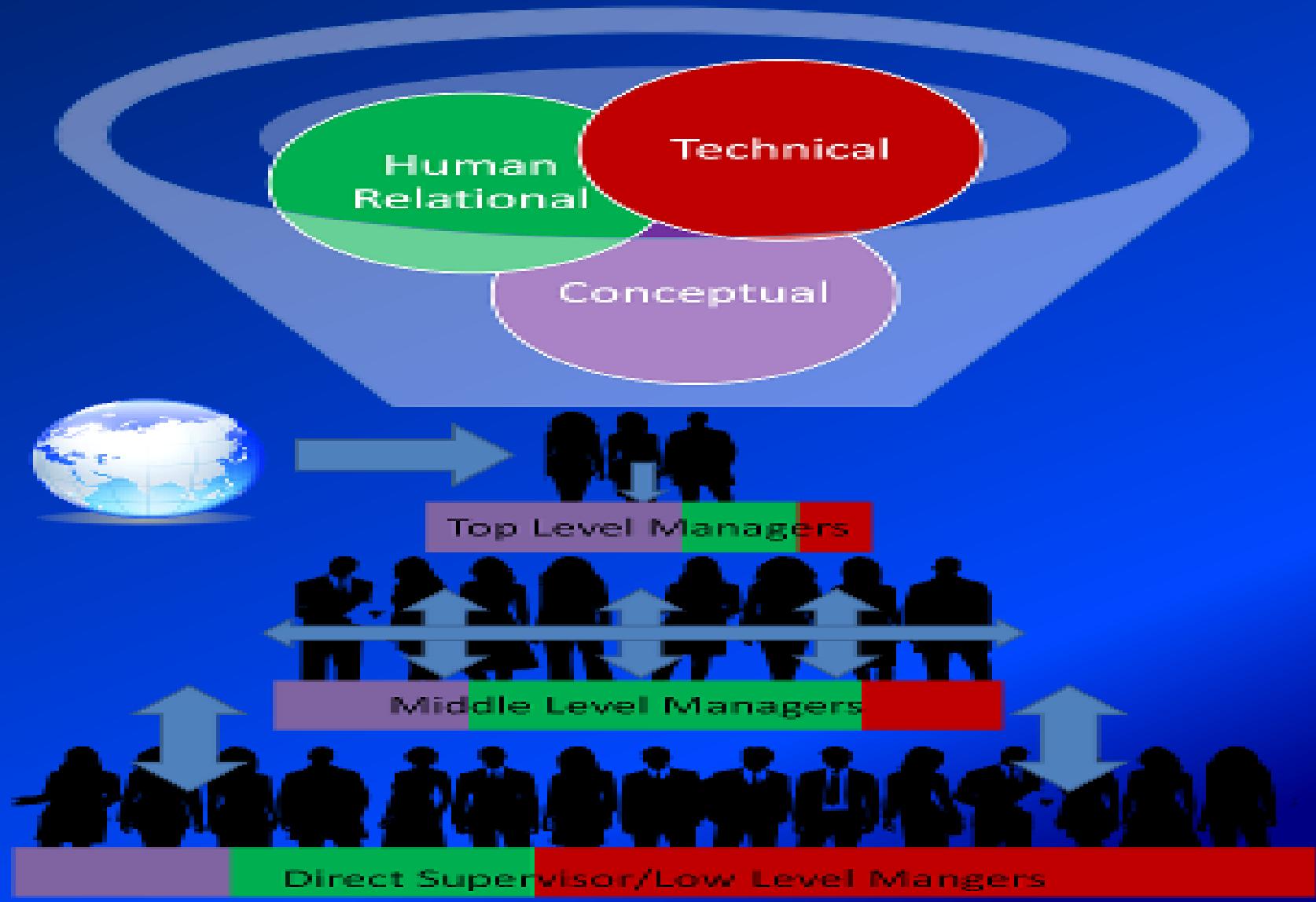


Technical Skills : ability to use tools, procedures & techniques in a specialized area.



Political Skills : A manager's ability to build a power base and establish the right connections

Leaders who can build that strong relationship with frontline employees



Responsibilities of a Professional Manager

**Manager is responsible for the non performance of any work ,
He is answerable to everybody**

- 1. Planning of work**
- 2. Proper & Effective communication**
- 3. Coordination of efforts**
- 4. Getting co operation of Employees**
- 5. Encourages a Team Spirit**
- 6. Better utilization of resources**
- 7. Selecting the producers**
- 8. Maintaining Good Human Relation**
- 9. Solve the problem**
- 10. Arranging training & Development Facilities**



Applying The Concept

1

Management Skills

Identify each activity as being one of the following types of management skills:

- a. technical
- b. interpersonal
- c. decision making

— 1. The manager is giving an employee a sincere "thank you" for finishing the job ahead of schedule.

- 2. The manager is scheduling employee work hours for next week.
- 3. The manager is writing an e-mail.
- 4. The manager is running a machine for an employee who is out sick.
- 5. The manager is trying to figure out why the department is behind schedule.

Applying The Concept

2

Management Functions

Indicate which type of function the manager is performing in each situation:

- a. planning
- b. organizing
- c. leading
- d. controlling
- e. nonmanagement

_____ 6. The manager is encouraging an employee to get an important order ready today.

- _____ 7. The manager is conducting a job interview to fill the position of a retiring employee.
- _____ 8. The production manager is making copies in the office.
- _____ 9. The manager is determining how many units were produced during the first half of the shift.
- _____ 10. The manager is teaching the waiter how to use the computer ordering system.

Applying The Concept

4

Differences among Management Levels

Identify the level of management in the following five instances:

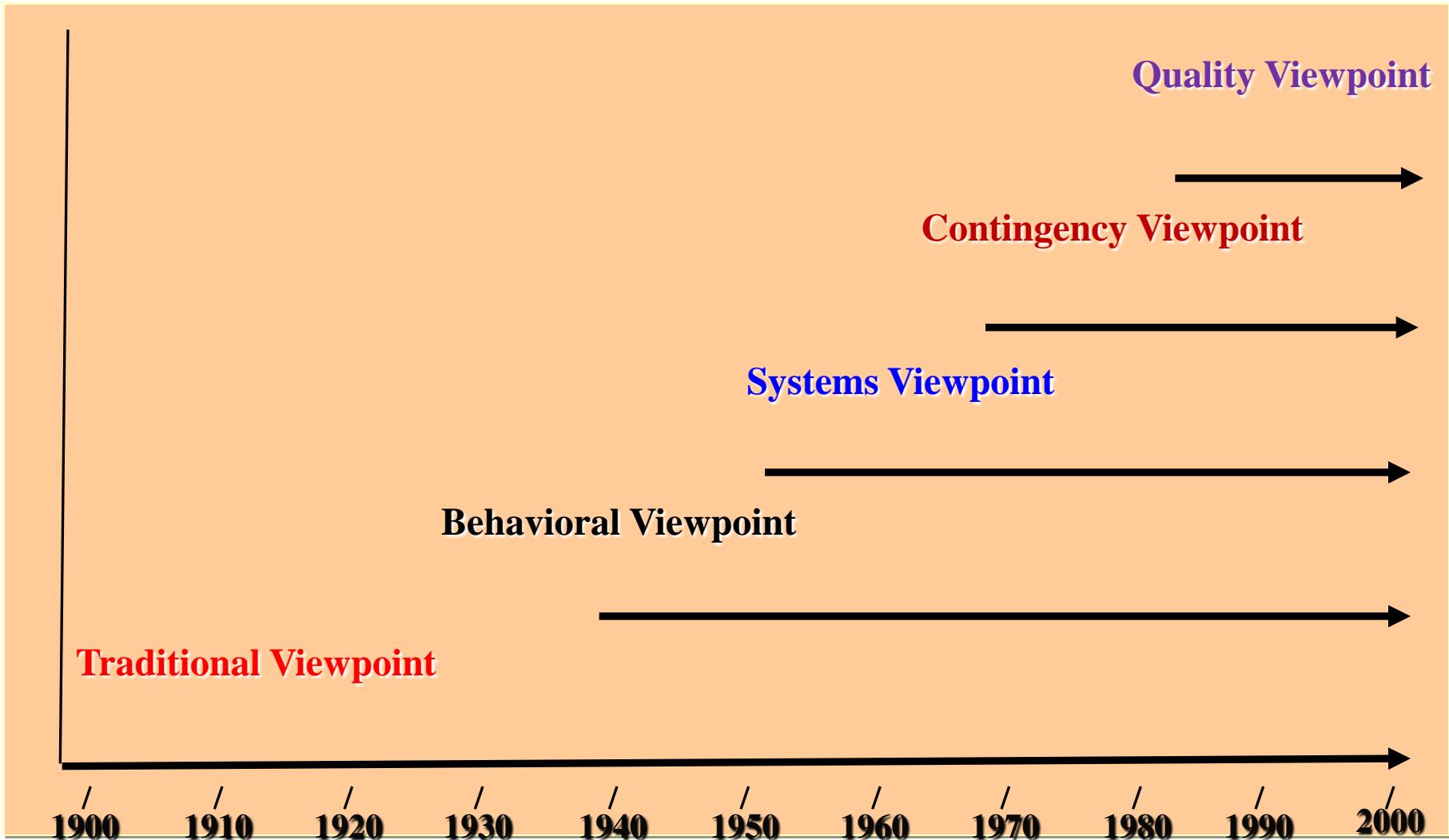
- a. top
- b. middle
- c. first-line

___ 16. Managers who are supervised directly by executives.

- ___ 17. Managers who have a greater need for technical skills.
- ___ 18. Managers who spend more time planning and organizing.
- ___ 19. Managers who oversee the performance of operative employees.
- ___ 20. Managers who develop short-term operating plans.

Evolution of Management

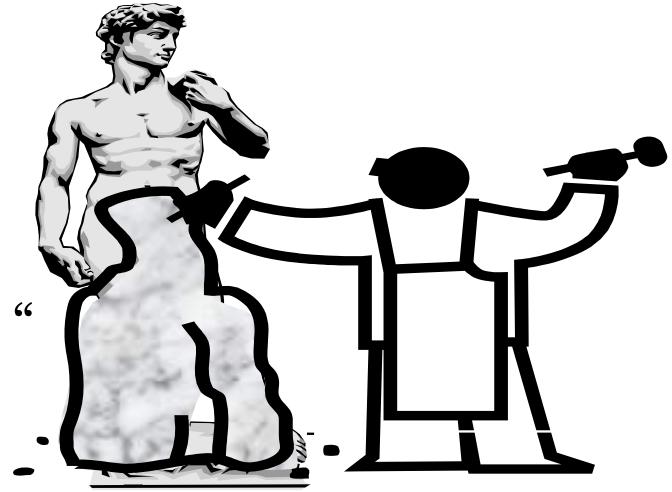
Historical Roots of Modern Management



Two events are especially significant to management History

Ancient massive construction projects

- Egyptian pyramids
- Great Wall of China



Point 1 : “Division of Labor”

Adam Smith’s Published “The wealth of Nation “

- ❖ Society would Gain
- ❖ Job Specialization
(The breakdown of jobs into narrow and Repetitive Tasks)

Point 2 : “Industrial Revolution”

Machine power was substituted for Human Power
Lead to mass production of economical goods
Created larger markets for goods

Classical Approach

1. Scientific management theorists

Fredrick W. Taylor (Father of Scientific Management)
Frank and Lillian Gilbreth, and Henry Gantt

2. General administrative theorist

Henri Fayol and Max Weber

Scientific Management

Taylor's Four Principles of Management

1. Develop a science for each element of an individual's work, which replaces the old rule-of-thumb method.
2. Scientifically select and then train, teach, and develop the worker. (Previously, workers chose their own work)
3. Heartily cooperation between management & workers
4. Divide work and responsibility almost equally between management and workers.

Frank & Lillian Gilbreth

Techniques of scientific management

1. Time Study [Standard Time * working Hours = Fair Day's work]
2. Motion Study
3. Standardization
4. Differential piece wage (Pay) plan

Henry Gantt

- 1.Incentive compensation systems
- 2.Gantt chart for scheduling work operations

Criticism of scientific management

- 1.Workers point of view
2. Employer's point of view

Administrative Management

General administrative theorists

The subject of management from the perspective of the entire organization . This approach known as General Administrative theory , it is focused more on what managers do and what constitutes good management practice

1. Henri Fayol (France)

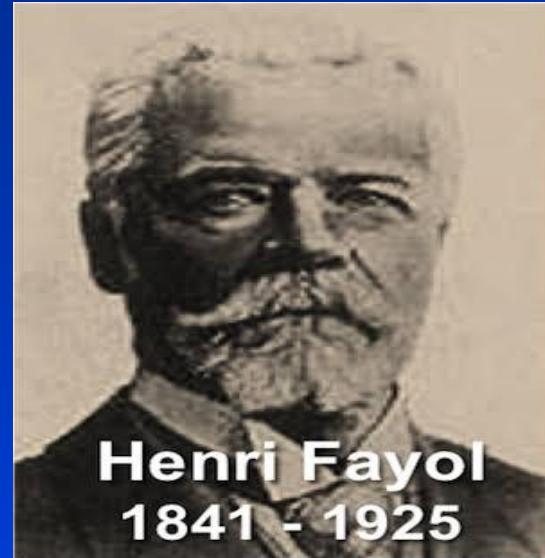
Fourteen Principles of Management: Fundamental or universal principles of management practice

2. Max Weber (Germany)

Bureaucracy (Government): Ideal type of organization characterized by division of labor, a clearly defined hierarchy, detailed rules and regulations, and impersonal relationships

Fourteen Principles of Management by HENRI FAYOL

- 1. Division of work**
- 2. Authority**
- 3. Discipline**
- 4. Unity of command**
- 5. Unity of direction**
- 6. Subordination of the individual**
- 7. Remuneration**
- 8. Centralization**
- 9. Scalar chain**



- 10. Order**
- 11. Equity**
- 12. Stability of tenure of personnel**
- 13. Initiative**
- 14. Esprit de corps**

Division of Work

- Allows for job specialization.
- Should not be overloaded , Avoid same work to many people
- Same targeted work (1.Speclist 2. Mistakes overcome)



#1: **DIVISION OF WORK:** Work should be divided among individuals and groups to ensure that effort and attention are focused on special portions of the task.

Authority and Responsibility [POWER – DUTY]

- Authority right to give orders.
- Only few or selected people (Many people creating conflicts)
- Responsibility involves being answerable
(Ownership of that Fail)



#2: **AUTHORITY:** The concepts of authority and responsibility are closely related. Authority was defined by Fayol as the right to give orders and the power to exact obedience. Responsibility involves being accountable, and is therefore naturally associated with authority. Whoever assumes authority also assumes responsibility.

Discipline (Rules)

- Part of the mission & values
- Employees must obey & respect the rules the govern organization



#3: **DISCIPLINE:** A successful organization requires the common effort of workers. Penalties should be applied judiciously to encourage this common effort.

Unity of Command

→ Employees should have only one boss

→ Standard Hierarchy (Ex : Regional → Group → National)



All political parties reported to Prime Minister. He will soon be admitted in the Hospital due to stress

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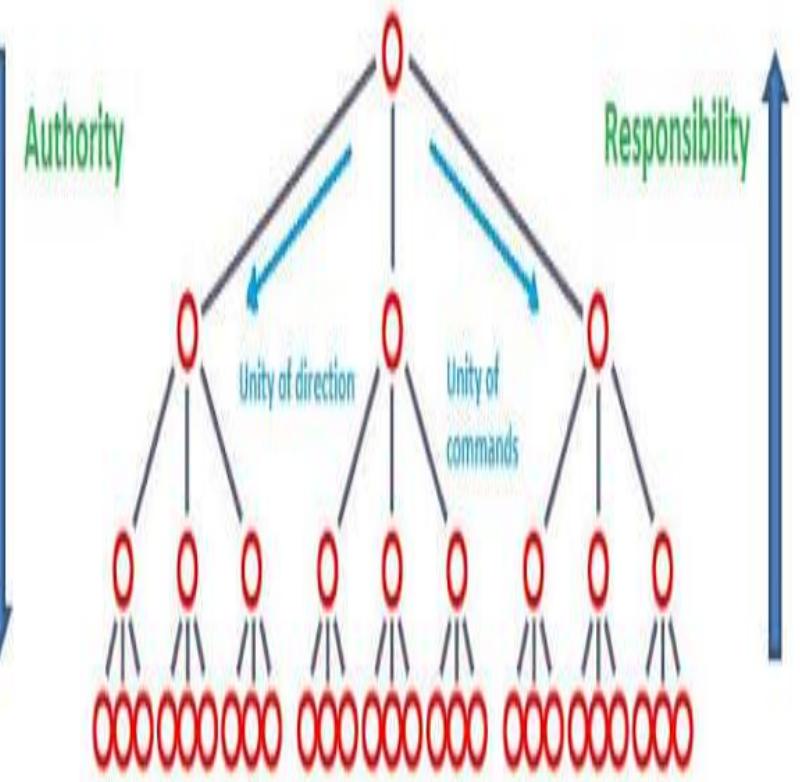
#4: **UNITY OF COMMAND:** Workers should receive orders from only one manager.

Unity of Direction (One Vision)

- A single plan of action to guide the organization.
- ”United we stand, Divided we fall “



#5: **UNITY OF DIRECTION:** The entire organization should be moving towards a common objective in a common direction.



Subordinates interest

→ understand their interests first

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#6: SUBORDINATION OF INDIVIDUAL INTERESTS TO THE GENERAL INTERESTS:

The interests of one person should not take priority over the interests of the organization as a whole.

Remuneration

- An equitable uniform payment system .
- Remuneration fairly to keep their motivation levels high



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#7: **REMUNERATION:** Many variables, such as cost of living, supply of qualified personnel, general business conditions, and success of the business, should be considered in determining a worker's rate of pay.

Centralization

- Amount of control that is lying with people in organization
- Organization have both centralization & Decentralization but that are predefined

Selected group of people have control – Centralization in Large corporate

Higher percentage of people have control – De Centralization in Small Business



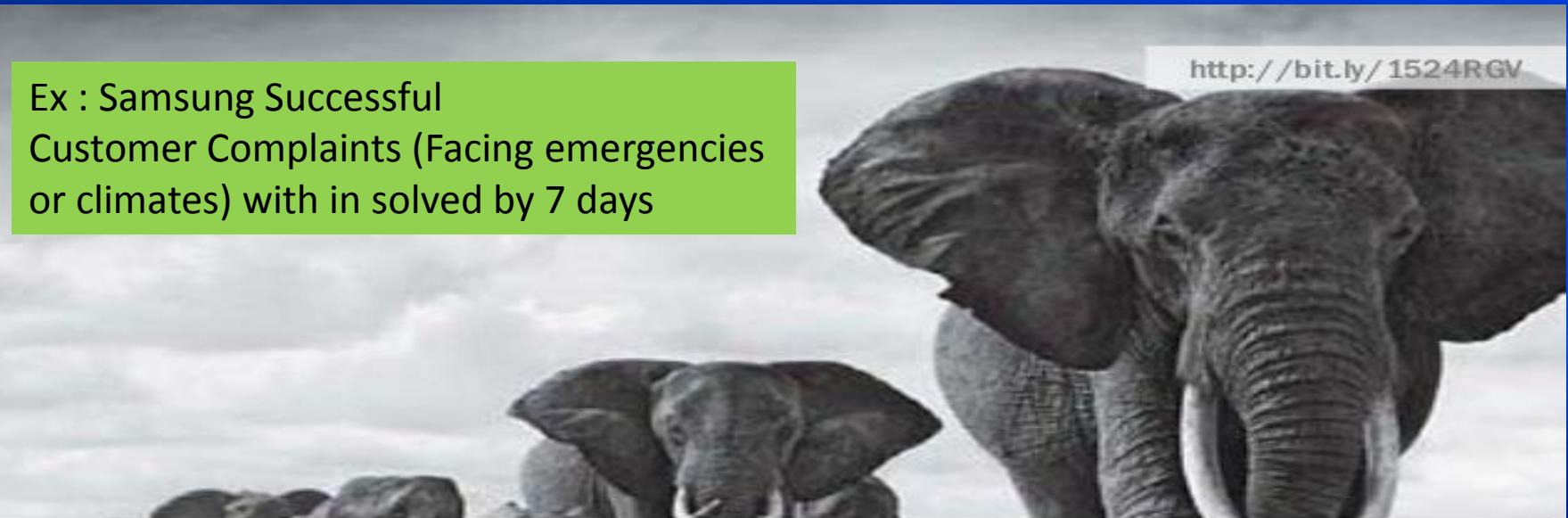
#8:**CENTRALIZATION:** The term refers to lowering the importance of the subordinate role. Decentralization is increasing the importance. The degree to which centralization or decentralization should be adopted depends on the specific organization in which the manager is working.

Scalar Chain

- Chain like authority scale.
- Arrangement of employees where they will be of the most value to the organization.
- Clear line of authority

Ex : Samsung Successful Customer Complaints (Facing emergencies or climates) with in solved by 7 days

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#9: **SCALAR CHAIN:** Managers in hierarchies are part of a chain like authority scale. Each manager, from the first line supervisor to the president, possess certain amounts of authority. The existence of a scalar chain and adherence to it are necessary if the organization is to be successful.

Order

→ Employees need ,Right procedure & equipment maintains at times all

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#10: **ORDER:** For the sake of efficiency and coordination, there should be a proper, systematic and orderly arrangement of physical and social factors.

Equity

→ The provision of justice and fair dealing



#11: **EQUITY:** All employees should be treated as equally as possible.

Stability of Tenure of Personnel

→ Waste training /development time to spent



#12: **STABILITY OF TENURE OF PERSONNEL:** Retaining productive employees should always be a high priority of management. Recruitment and Selection Costs, as well as increased product-reject rates are usually associated with hiring new workers.

Initiative

→ Employee's who are allowed to originate & carry plan



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#13: **INITIATIVE:** Management should take steps to encourage worker initiative, which is defined as new or additional work activity undertaken through self direction.

Esprit de corps

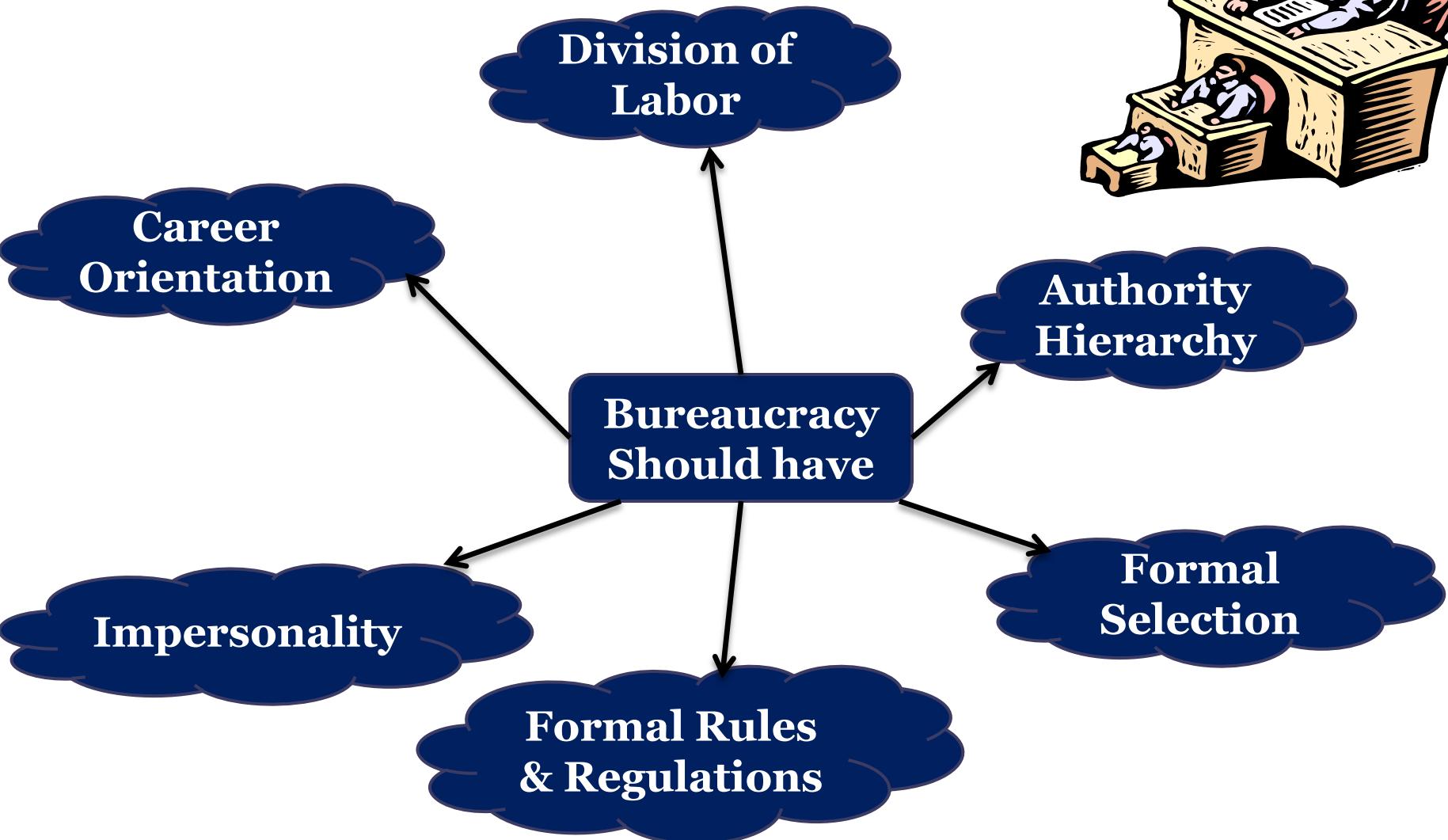
→ Harmony, general good feeling among employees

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#14: **ESPIRIT DE CORPS:** Management should encourage harmony and general good feelings among employees.

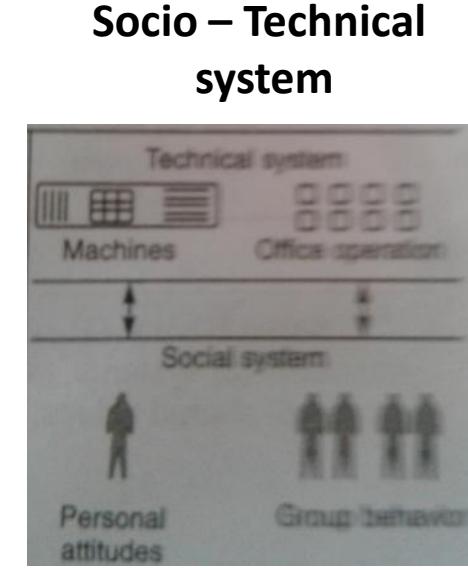
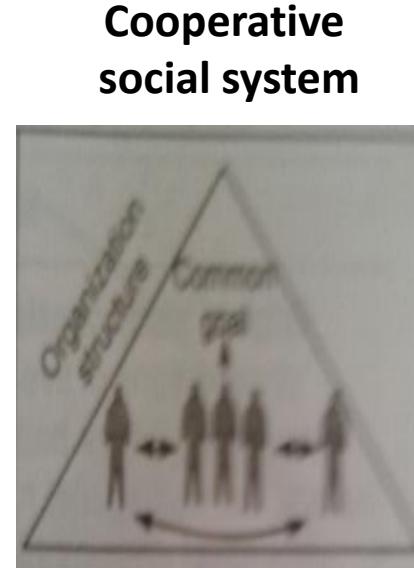
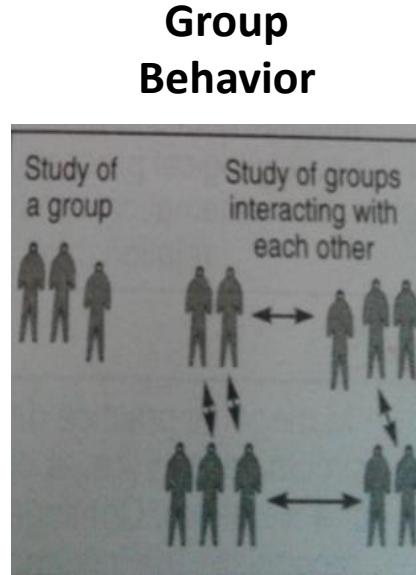
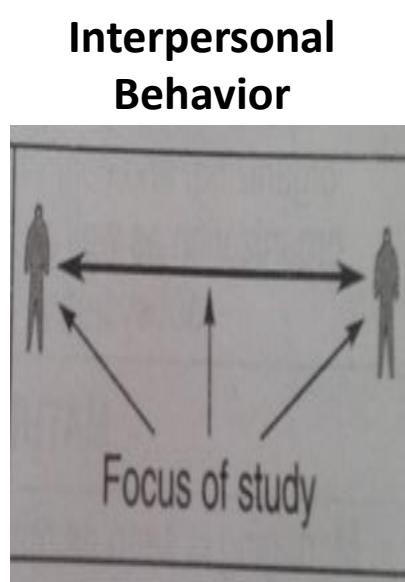
Weber's Ideal Bureaucracy



Human Resources Approach

Human relation approach is “being nice to workers”.

1. organizations could be viewed from the perspective of **individual and group behavior**
2. Saw organizations as **social systems** that require human cooperation.
3. **Employee satisfaction**—a satisfied worker was believed to be a productive worker.



System Approach

Most of the early approaches focused on managers concerns
inside the organization

Management researchers began to look at what was happening in
the **external environment outside** the boundaries of organization

Contemporary (Modern) Management

1. System Approach
2. Contingency (Situational) Approach

System Approach

System → It is a set of interrelated & independent parts arranged in a manner that produces a unified whole

Closed system : A system that is not influenced by and does not interact with its environment

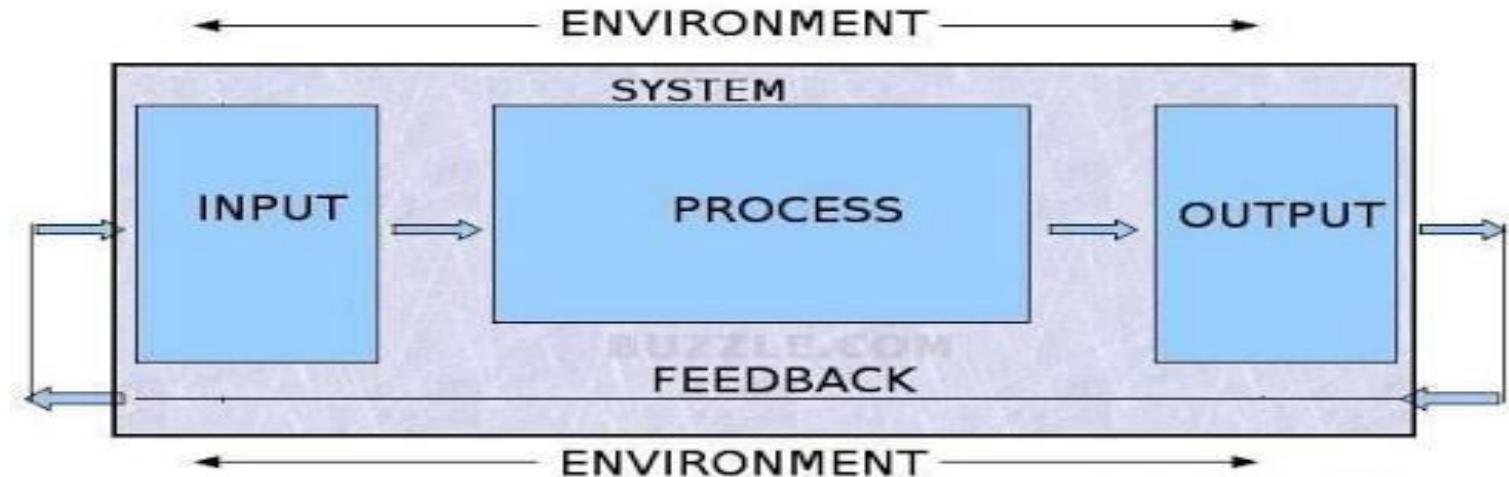
Open system: A system that dynamically interacts with its environment

Stakeholders: Any group that is affected By organizational decisions and policies

Environment

It is the “Super System” within which an organization operates.

It is the source of external elements the Impinge (interrupt) on the system



Inputs

Raw materials

Human Resources

Capital Technology & Information

Outputs

Products & services

Financial results

Illustrated by Binduswetha

Employee's work activities

Management activities

Technology & operations methods

Feedback : Control in a dynamic system is achieved by feedback

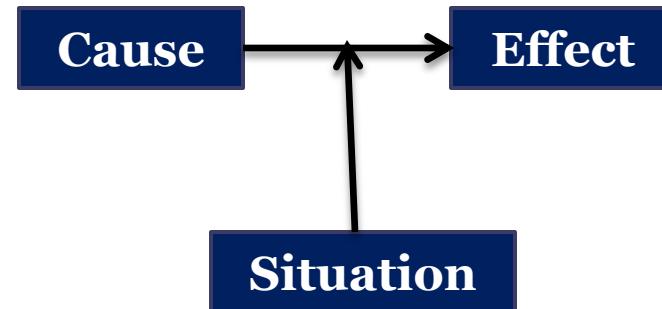
Types : 1. Positive Feedback

2. Negative Feedback

3. Informational Feedback

Contingency or Situational Approach

Different & changing situations require managers to use different approaches & techniques



Four popular contingency variables

Organization size

(As the size increases , coordination problems increases)

Routineness of task technology

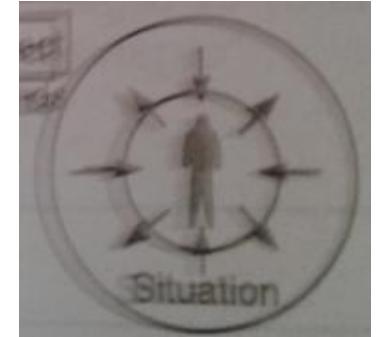
(Organizational structures, Leadership styles, Control system)

Environmental uncertainty

(Stable & predictable environment better than unpredictable environment)

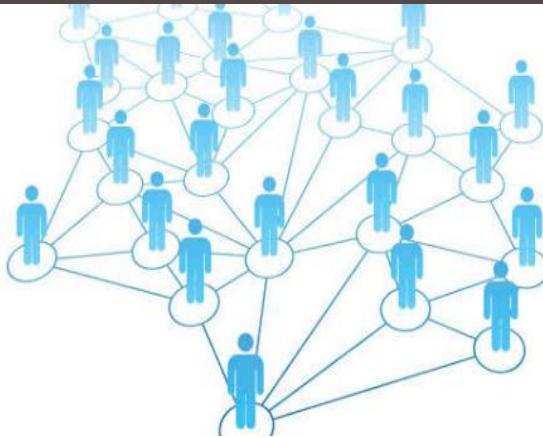
Individual differences

(Desire of growth ,tolerance of doubt & expectations)

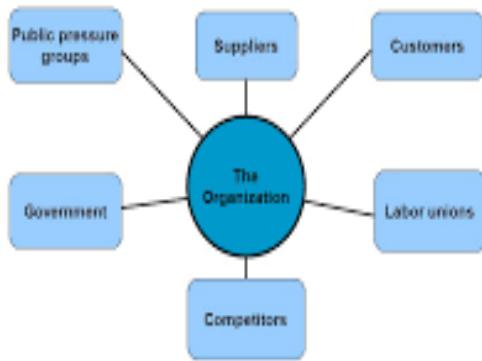


UNIT 1 – PART 2

INTRODUCTION TO MANAGEMENT & ORGANIZATION



The Organizational Environment



Types of Business organization - Sole proprietorship, partnership, company-public and private sector enterprises

Organization culture & Environment

Current trends & issues in Management.

Current Trends and Issues

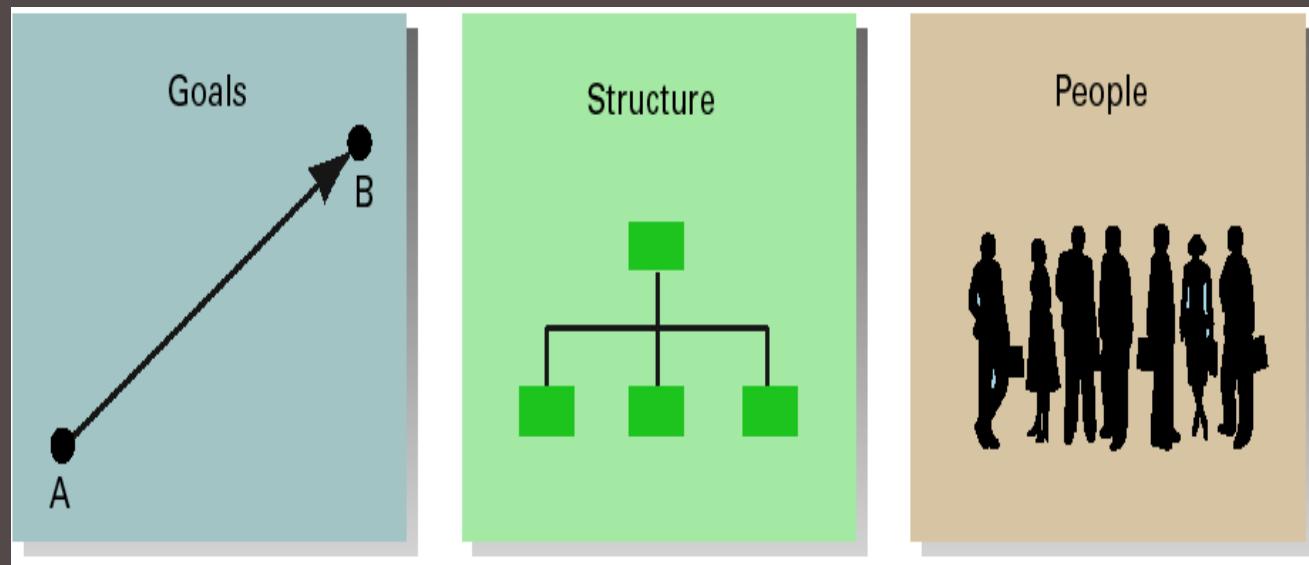
- Globalization
- Ethics
- Workforce Diversity
- Entrepreneurship
- E-business
- Knowledge Management
- Learning Organizations
- Quality Management



TYPES OF BUSINESS ORGANIZATION

Organization

An organized group of people with a particular purpose, such as a business or government department (for-profit as well as not-for-profit)



Business is an organization that uses economic resources or inputs to provide goods or services to customers in exchange for money or other goods & services

TYPES OF BUSINESS ORGANIZATION



EESHA MULTI SPECIALITY
DENTAL CLINIC
Dr. Mrs. PRAVEENA DAS
Dental Surgeon
99867 01187

KHB Complex, Opp. Central Bus Stand,
MSK Mill Road, C/F-15, KALBURGI-3.

SONU DENTAL CLINIC
Dr. GOPINATH DAS Dental Surgeon
Chowadry Complex, SHAHABAD, Cell : 99006 33195.



Sole proprietorship

Partnership

Private Limited companies

Public Limited companies

Corporation

Cooperative

SOLE PROPRIETORSHIP

(72% OF BUSINESSES)

sole proprietorship is a business owned, managed & controlled by one person or an individual

owner has unlimited control over the business and enjoys all the profits & also has unlimited personal responsibility for the losses and debts

Take help from family members & also make use of services of others such as manager & other employees

A person who starts a business is known as an entrepreneur or individual ownership



ADVANTAGES OF SOLE PROPRIETORSHIPS

- Ease of start up/wind up
- Ease of Management
- Easy decision making
- No profit sharing/owner gets 100% profits
- No need to pay any business taxes or less taxes
- Psychological (emotional) advantages
- Less administrative paperwork
- Owner is boss & total control over the business
- Owner has freedom to change working hours or whom to employ
- Minimal working capital required
- No registration/Few regulations



ECONOMIC WEAKNESS OF SOLE PROPRIETORSHIP

- **Unlimited Liability:** Owner has total responsibility for all debts and losses of the company
- **Difficulty in raising financial capital**
- **Limited employees, size and efficiency**
- **Limited managerial experience**
- **Limited Life & uncertain**
- **Lack of continuity in business in the absence of the owner**
- **Owners normally spends long hours working**

EXAMPLES OF SOLE PROPRIETORSHIP

- Tea Shop / Hotel / Restaurants / Departmental store/Medical shop
- Xerox centre/Telephone Booth/Browsing centre
- Jeweler/Haircutting/Tailoring



PARTNERSHIP

9% OF BUSINESSES



Partnership

A partnership is a business owned by 2 or more persons

It is an association of persons who agree to combine their financial resources & managerial abilities to run business & share profits in a agreed ratio

- More capital
- Better supervision & control
- Division of work & spreading of risk/profit
- Partnership agreement
- Minimum 2 to maximum 20 partners



TYPES OF PARTNERSHIPS

Two major types of partnerships

1. General or Active Partnership

To carry & active part in day to day business

It is Most common type, all partners are responsible for management and the financial responsibilities of the partnership.

2. Limited Partnership

At least one partner is not active in the day to day running of the business. They have limited liability.

- ✓ Dormant or Sleeping partner → Do not active only contribute capital
- ✓ Nominal partners → Land their name in business
- ✓ Partners by holding out → Conducts holds out to another

Joint venture : A partnership in which two companies join to complete the specific project

ADVANTAGES & DISADVANTAGES

Advantages

- **Ease of establishment**
- **Ease of Management:** each partners bring new skills & ideas
- **No special business taxes**
- **Easier to raise financial capital**
- **Easier to attract qualified workers**



Disadvantages

- **Unlimited liability**
- **Limited partner is only responsible for his initial investment**
- **Limited Life**
- **Conflict between partners**
- **Disagreement creates problem**
- **If one partner is insufficient or dishonest everybody loses**

EXAMPLES OF PARTNERSHIP

- Family Business [Chand & Co]
- Auto body repair
- Professionals Business : Doctors (Dental clinic)

Lawyers

Teachers (Tuition Centre)

Dr. Rathod's
Multi Speciality

DENTAL CLINIC

& IMPLANT CENTER

Dr. Dinesh B. Rathod MDS
(Govt. College) A-17134
9987555232 | 8080363555

All Day Open

Dr. Sonal D. Rathod (ADE)
Dental Surgeon A-24601
09850066581



TFC:ப்ரண்டஸ் தியூசன் சென்டர்

9,10,11 மற்றும் 12 ஆம் வகுப்பு
கணிதம், வேதியியல், இயற்பியல்,
வணிகக்கணிதம் மற்றும் கணக்குப்பதிவியல்
தலை, பொறியியல் மற்றும் பாலிடெக்னிக்
கல்லூரிக் கணிதம்
ஆசிய பாடங்கள் பயிற்றுவிக்கப்படுகிறது

தொடர்புக்கு : 9524742671

PRIVATE LIMITED COMPANY

A private limited company is where between one and more people (less than 50) come together and form a business.

- Owners are called shareholders & they invest money
- Profit is divided among the shareholders

At least one partner is not active in the day to day running of the business. They have limited liability.

ADVANTAGES & DISADVANTAGES

Advantages

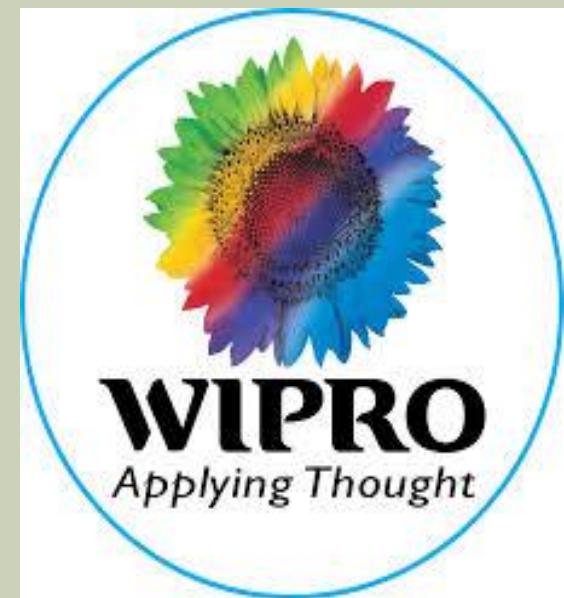
- Limited Liability
- Continuity of existence
- Scope of expansion is higher

Disadvantages

- Costly to set up
- A lot of legal requirements when forming a company
- Growth may be limited because maximum share holders allowed
- Shares cannot be sold or transferred to anyone else without the agreement of other shareholders

EXAMPLES OF PRIVATE LTD

- Reliance Industries/vodafone
- Tata consultancy services (TCS)/Infosys Technologies/Wipro Ltd
- TVS LTD



PUBLIC LIMITED COMPANY

A public limited company whose securities are treated on a stock exchange & can be brought and sold by anyone (less than 50) come together and form a business.

- These companies are strictly regulated with true financial position
- It is also called '**Public held Company**'

ADVANTAGES & DISADVANTAGES

Advantages

- Better access to capital i.e Raising share from existing & new investors**
- Value of shares based on the share price**
- Opportunity to more Easily make achievement**
- More Prestigious profile**

Disadvantages

- Once listed on a stock exchange**
- Financial markets will govern the value of the company**
- Greater public scrutiny of the company's financial performance & actions**

EXAMPLES OF PUBLIC LTD

- **Bharat Petroleum Corporation Limited**
- **Indian Gas Corporation Limited**
- **United India Insurance Company**
- **State bank of India**
- **National Thermal Power Corporation Limited**

PRIVATE VS PUBLIC LTD

| Description | Private | Public |
|--------------------------|--|--|
| Shareholders | Minimum 2, maximum 50 | Minimum 7, no limit on maximum |
| Director | Minimum 2 | Minimum 3 |
| Paid-up capital | Minimum Rs 100,000 | Minimum Rs 500,000 |
| Public deposits | Restriction on public deposits | No restriction |
| Transfer of shares | Restricted as per Articles of Association | No restriction |
| Compliance requirements | Lesser in number | More in number |
| Commencement of business | Possible on obtaining certificate of incorporation | Possible only after getting commencement of business certificate within six months of getting certificate of incorporation |

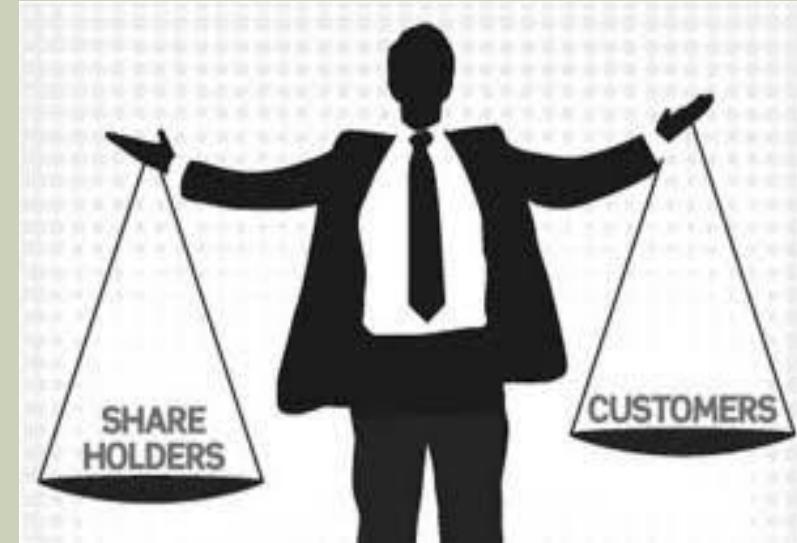
CORPORATIONS

20% OF BUSINESS 74%-PROFITS

It is limited liability entity doing business owned by multiple shareholders and is overseen by a board of directors elected by the share holders.

Stock: shares of ownership in the corporation

Stockholders (shareholders): owners of stock.



ADVANTAGES & DISADVANTAGES

Advantages of a corporation

- Ease of raising financial capital (main advantage)
 - Selling stock to investors
 - Selling bonds
 - Interest
 - Borrowing money from banks.
- Unlimited life
- It is raise additional funds through the sale of stock

Disadvantages of a corporation

- Start up expenses are high.
- Stockholders (owners) have a limited
- Profits are taxed
- Corporations are subject to more government regulations than sole proprietors or partners

EXAMPLES OF CORPORATIONS

- **Google**
- **Microsoft**
- **General motor companies**
- **Honeywell**
- **LIC**

COOPERATIVE

Coop or cooperative is an autonomous association of people who Voluntarily cooperate for their Social, Economic & Cultural Benefits

Cooperative members believe in the ethical values of honesty, openness, social responsibility & carrying for others.

More than 7,50,000 companies/cooperatives serve some 730 millions members in more than 100 countries

Cooperative operate in every industry including agriculture, energy child care, financial services, food retailing, telecommunications and others

→ Labor Union → Professional Associations

ADVANTAGES & DISADVANTAGES

Advantages of a cooperative

- Easy to form
- No obstruction for membership
- Limited liability
- Surplus (Extra) shared by the members

Disadvantages of a cooperative

- Lack of secrecy (confidentiality)
- Cash Trading
- Excessive Government Interference
- Absence of motivation



EXAMPLES OF COOPERATIVE

- **Indian Farmers Fertilizer Cooperative Ltd**
- **Cooptex – Wavers Society Ltd**
- **Aavin – Cooperative Milk Producers**
- **Mother Dairy**
- **Anyonya Cooperative Bank Ltd**
- **Cooperative Home Care Associates**





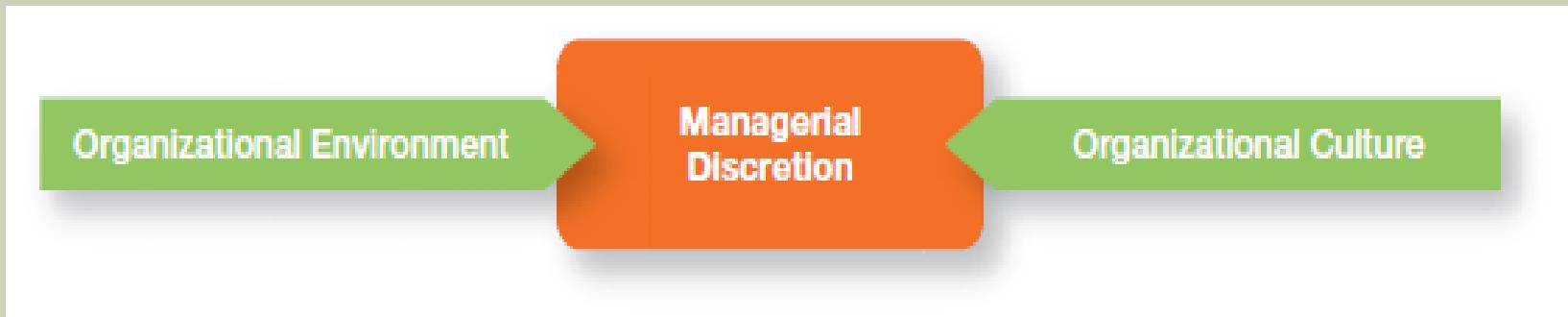
NON-PROFITS
WE DON'T LIKE \$\$\$ WE JUST WANT TO MAKE YOU

ORGANIZATION CULTURE & ENVIRONMENT

The manager: omnipotent or symbolic ?

Omnipotent view: the dominant view in general is that managers are directly responsible for an organization's success or failure.

Symbolic view of management: much of an organization's success or failure is due to external forces outside managers' control.



ORGANIZATION CULTURE

The shared values, principles, traditions & the ways of doing things that influence the way organizational members act.

- ❖ It is the **behavior of humans** within an organization
- ❖ It includes the organization **vision values, norms, systems, symbols, Language, Assumptions, Beliefs (Attitude) & Habits**

The definition implies three things:

1. Culture is perception (Awareness)

it's not something that can be physically touched or seen.

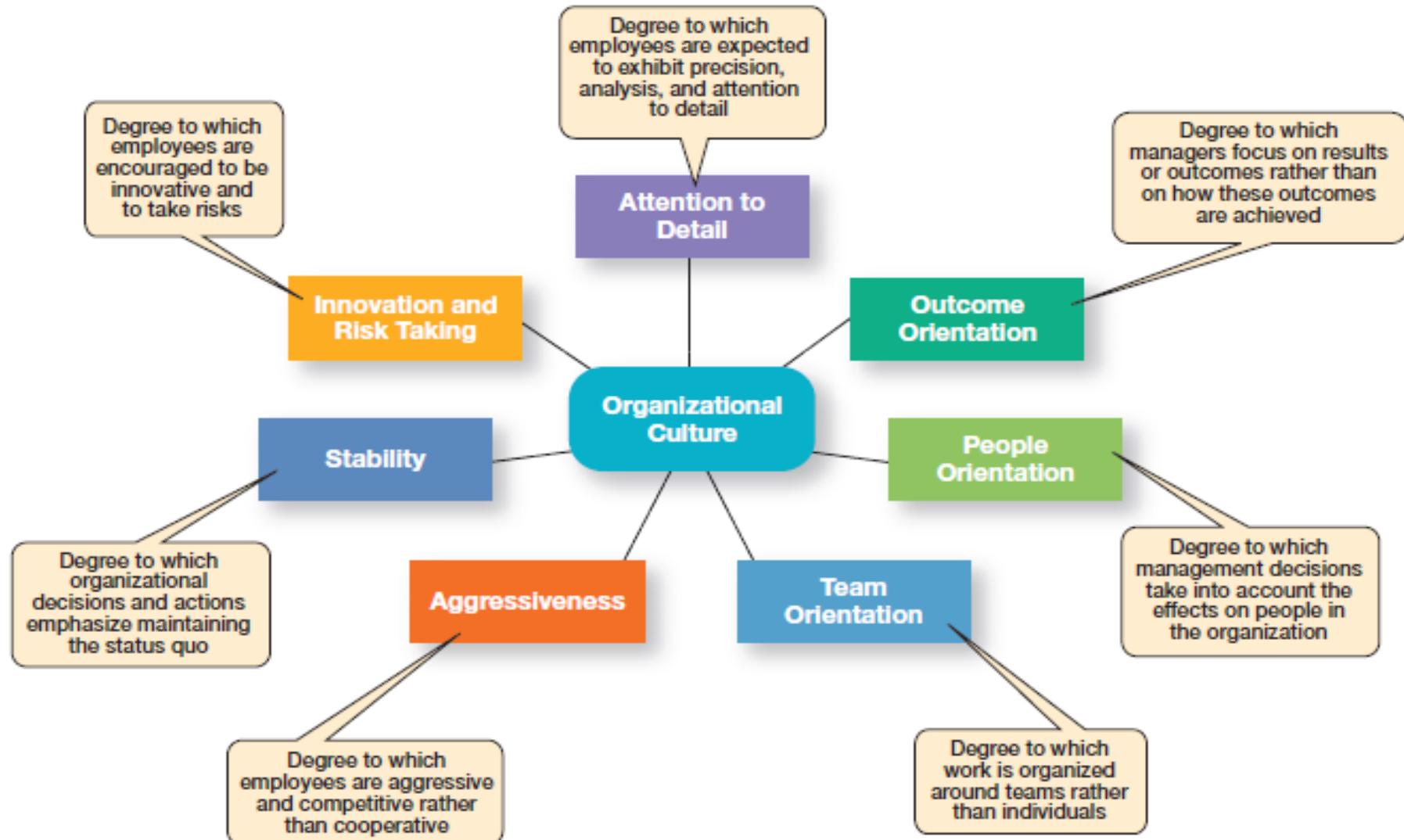
2. Culture is descriptive (Colorful)

it's concerned with how members perceive the culture, not with whether they like it

3. Culture is shared

Individuals tend to describe the organization's culture in similar terms, even they may have different backgrounds or work at different organizational levels

DIMENSIONS (OR) CHARACTERISTICS OF THE ORGANIZATION CULTURE



STRONG & WEAK CULTURE

Strong culture

organizational cultures in which the key values are intensely (deeply) held and widely shared

Weak culture

Have greater influence on employees than do weaker cultures

| Strong Cultures | Weak Cultures |
|---|--|
| Values widely shared | Values limited to a few people—usually top management |
| Culture conveys consistent messages about what's important | Culture sends contradictory messages about what's important |
| Most employees can tell stories about company history or heroes | Employees have little knowledge of company history or heroes |
| Employees strongly identify with culture | Employees have little identification with culture |
| Strong connection between shared values and behaviors | Little connection between shared values and behaviors |

ESTABLISHING & MAINTAINING CULTURE



HOW EMPLOYEES LEARN CULTURE (OR) ELEMENTS OF ORGANIZATION CULTURE

Invisible Elements

1. Values – What is important in the organization

Major core values are Creativity, Humor, Integrity, Dedication, Mutual Respect, Kindness, contribution to society

2. Beliefs

Best ways to achieve certain goals such as increasing productivity & job motivation

3. Norms

It reflects the typical & accepted behaviors in an organization

→ Quality of work environment

→ People Communication → Typical Leadership

CURRENT ORGANIZATIONAL CULTURE ISSUES FACING MANAGERS

■ **Creating an ethical culture**

- ✓ **Visible Role model**
- ✓ **Communicate ethical expectations**
- ✓ **Provides ethics training**
- ✓ **Visibly reward ethical acts**
- ✓ **Punish unethical ones**



■ **Creating an innovation culture**

- ✓ **Challenge and involvement**
- ✓ **Freedom**
- ✓ **Trust and openness**
- ✓ **Idea time**
- ✓ **Playfulness/Humor**
- ✓ **Conflict Resolution**
- ✓ **Debates**
- ✓ **Risk taking**





■ **Creating a customer-responsive culture**

- Type of employees – Customer service friendly & attentive
- Type of Environment – Satisfy customer
- Empowerment – Service oriented employees
- Role Clarity – Reduce uncertainty



■ **Spirituality and organizational culture**

- Strong sense of purpose.
- Focus on individual development.
- Trust and openness.
- Employee empowerment.
- Toleration of employee expression



ORGANIZATION ENVIRONMENT

The organizational environment is a **set of forces & conditions** such as **technology & competition**, that are outside the organizations boundaries and have the potential to affect the way of the managers engage in planning & organizing

1. Internal Environment

1.Resources

2.Capabilities

3.Culture

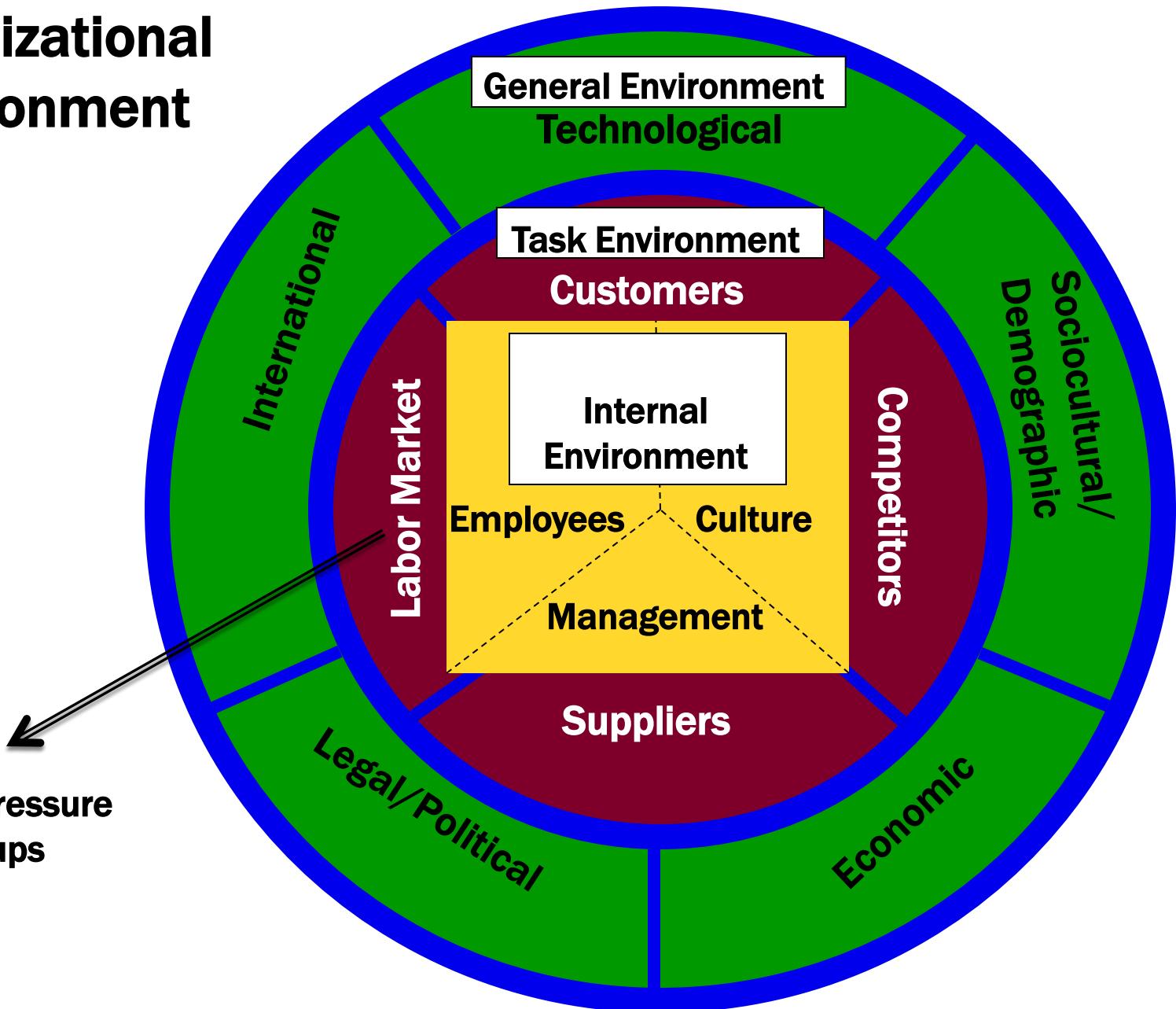
2. External environment

It refers to factors and forces outside the organization that affect the organization's performance.

3. Task or Specific Environment

External forces that directly or indirectly impact managers' decisions and actions and are directly relevant to the achievement of the organization's goals

Organizational Environment



Organization environment includes two components: specific (Task) & general environment.

INTERNAL ENVIRONMENT

Internal environmental factors are

- ❖ **Management changes**
- ❖ **Employee moral**
- ❖ **Culture changes**
- ❖ **Financial changes/issues**

Various internal factors are

- a) **Value of system**
- b) **Mission & Objectives**
- c) **Organization structure**
- d) **Corporate culture**
- e) **Labor Unions**
- f) **Physical Resources**
- g) **Technological capabilities**

TASK (OR) SPECIFIC ENVIRONMENT

1. Customers

- An organization exist to meet the **needs of customers** who use its output
- Customers taste can change or they can become **dissatisfied with the organization's product or services**

2. Suppliers

- Managers seek to ensure a steady flow of needed inputs (supplies) at the lowest price possible
- Organization supplies being **delayed or limited in delivery** and that can constrain managers
- Example : Supplies of soft drinks, computers, flowers, food, paper products
- Supplies also provide financial & Labor input

TASK (OR) SPECIFIC ENVIRONMENT

3. Competitors

- Managers can't afford to ignore the competitors.
- Competitors generally look for **higher margin** for this provide **unique features** to its producers

4. Labor Market (Pressure groups)

- special interest groups that attempt to influence the actions of organizations in order to get managers to change some decisions or actions

Examples : **Human rights, Boycotting, consumer's protection societies**

PETA – People for Ethical Treatment of Animals .

Distributors : Intermediary between retailers & wholesalers or manufacturer Wholesaler play a vital role in a Task Environment

ENVIRONMENTAL UNCERTAINTY MATRIX

| | Stable | Dynamic |
|---------|--|--|
| Simple | <p>Cell 1</p> <p>Stable and predictable environment</p> <p>Few components in environment</p> <p>Components are somewhat similar and remain basically the same</p> <p>Minimal need for sophisticated knowledge of components</p> | <p>Cell 2</p> <p>Dynamic and unpredictable environment</p> <p>Few components in environment</p> <p>Components are somewhat similar but are continually changing</p> <p>Minimal need for sophisticated knowledge of components</p> |
| Complex | <p>Cell 3</p> <p>Stable and predictable environment</p> <p>Many components in environment</p> <p>Components are not similar to one another and remain basically the same</p> <p>High need for sophisticated knowledge of components</p> | <p>Cell 4</p> <p>Dynamic and unpredictable environment</p> <p>Many components in environment</p> <p>Components are not similar to one another and are continually changing</p> <p>High need for sophisticated knowledge of components</p> |