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Unit - I

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MANAGEMENT

Ch 1: Nature and functions of management

→ IMPORTANCE

1. Management is a critical element in the economic growth of a country
- * four factors of production (men, money, material, machines) and management helps country to have certain level of economic development
2. Management is essential in all organised efforts be it business activity or any other activity.
3. Management is dynamic, life giving element in every organization.
- * co-ordinates activities and plans future ones, the quality & performance of management determine the success of an organisation.

→ DEFINITION

Management is an art to perform different activities by others in an effective manner so that the objective of an entity is achieved

Management is a process which consists of planning, organising, actuating and controlling performed to determine and accomplish the

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Objectives by the use of people & resources

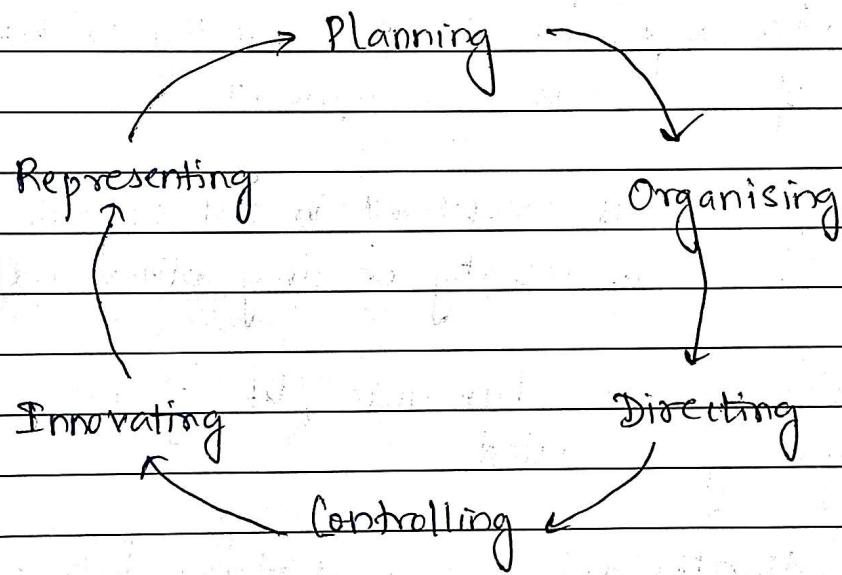
Planning: managers think their actions in advance

organising: coordinate humans & material resources

activating: motivate and direct others

controlling: ensure that plan is executing in
correct path

→ MANAGEMENT FUNCTIONS



1. Planning

- * determines in advance its actions
- * looking ahead & preparing for future
- * process of deciding business objectives and finding methods to achieve it
- * done by every department of organisation

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2. Organising

- * organise business to provide everything useful
- * can be both human organisation & material organisation
- * identifying & grouping work
- * defining and giving responsibility
- * establishes relationships

3. Directing

- * has 3 sub functions
- * communication : passing & understanding info from one person to another
- * leadership : manager guides and influences others
- * motivation : appreciating subordinates to perform better
 - ↓
financial
 - ↓
non financial

4. Controlling

- * establishing standards of performance
- * measuring current performance & comparing it against established standards
- * taking action to correct if performance doesn't meet those standards

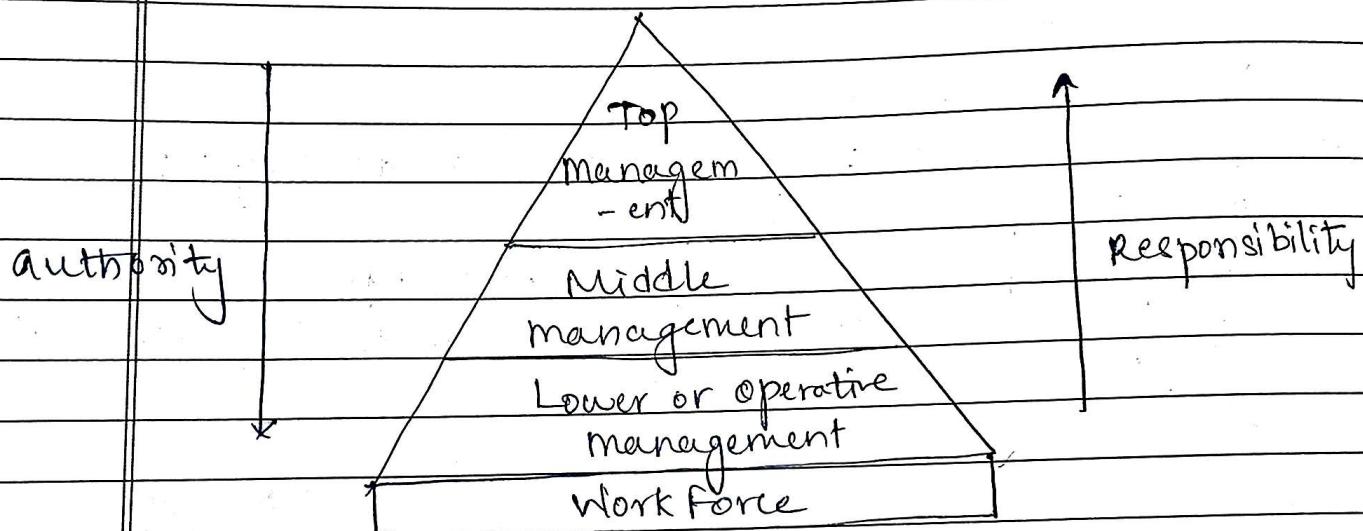
5. Innovating

- * creating new ideas to improve things
- * organisations should constantly grow better

6. Representing

- * spend time in representing organisation before the main stakeholders.
- * manager must win their support by effectively managing social impact of organisation

→ LEVELS OF MANAGEMENT



- ① Lower level : made of foremen, white collar supervisors, men and women who are only one step above rank and file
- ② Middle management: diverse group that includes sales managers, plant managers, personnel managers and other departments
- ③ Top management: consists of board chairman, company presidents, vice presidents and other men who coordinates and makes policies for company

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ROLES OF SENIOR MANAGER

- ① Leader : every manager must motivate and encourage his employees
- ② Monitor : seek and receive information from variety of sources
- ③ Spokesperson: Transmit info to people outside organisation through speeches, interviews and written communication
- ④ Disseminator: pass info onto others in organisation through mails, phone calls etc
- ⑤ Resource allocator : Decide who receives resources, manage schedules and budgets
- ⑥ Negotiator: Represent a team, dept and organisation regarding contracts, union negotiations.
- ⑦ Entrepreneur : initiate projects that lead to improvements, delegate responsibilities and identify best ideas to act on.
- ⑧ Disturbance Handler: takes important decision during conflicts and resolves disputes.

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→ MANAGEMENT SKILLS

A skill is an individual's ability to perform physical or mental tasks with a specified outcome

3 Major skills

1. Conceptual skills

- organising
- planning
- decision making
- management process
- ethical judgement
- strategic thinking
- organizational architect

2. Technical skills

- Risk management
- Risk control
- Risk analysis
- project management
- insurance knowledge
- domain knowledge

3. Human Relations skills

- communication
- sentiment analysis
- develop attitudes
- emotion judgement
- self improvement

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ch. 2: Development of Management Thought

→ SCIENTIFIC MANAGEMENT

contributions of Taylor & Gantt towards scientific management

Taylor's

- ① Time and motion study: each motion of a job was to be timed with help of a stop watch and shorter & fewer motions were to be developed
- ② Differential payment: high amount was paid if worker surpassed the standard target
- ③ Scientific recruitment and training: should develop & train every worker to bring out his best faculties
- ④ Drastic Reorganisation of supervision
 - (i) separation of planning & doing
 - (ii) functional foremanship
- ⑤ Intimate friendly cooperation b/w management & workers

Gantt's

- ① willingness to use correct methods & skills in performing task
- ② every worker who finished day's workload wins 50% bonus for that day
- ③ foreman also earns bonus for each worker who finished his work
- ④ rating employee's work publicly
- ⑤ introduced charting system for production control.

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ADMINISTRATIVE MANAGEMENT

Principles

- ① Division of work:
- ② Authority & Responsibility : Manager has right to give orders. He must bear responsibility to perform work in desired manner
- ③ Discipline: essential for smooth running of business
- ④ Centralisation : must decide degree of centralisation based on circumstance & requirement
- ⑤ Unity of command : employee should receive instructions about work from one superior only. otherwise he might get confused
- ⑥ Unity of direction: There should be complete identity b/w individual and organisational goals on one hand and b/w departmental goals on the other
- ⑦ Initiative: means freedom to think out and execute a plan
- ⑧ Equity: equality of fair treatment. Equity results from a combination of kindness and justice
- ⑨ Subordination of Individual interest to general interest
- ⑩ Stability of tenure of job

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→ BUREAUCRACY

- ① There is insistence on following standard rules
- ② There is a systematic division of work
- ③ Principle of Hierarchy is followed
- ④ There is Rational Personnel administration
- ⑤ It is necessary for individual to have knowledge of and training in application of rules
- ⑥ Administrative acts, decisions and rules are recorded in writing

→ LIMITATIONS OF EARLY CLASSICAL APPROACHES

Scientific management

- ① neglects areas of problem solving and decision making
- ② no man is entirely economic man so providing incentives to motivate them can be wrong
- ③ time and motion study is not entirely scientific.
There is no one best way as no two workers can work in same rhythm
- ④ separation of planning tend to reduce the need for skill
- ⑤ could not develop rapidly because advance tools and machines eliminated some workers and his followers had difficulty to carry on these ideas

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Administrative management

- ① principle of division of work produces consequences
 - leads to formation of small work groups
 - results in dissatisfaction of workers as ability of them to work completely is not appreciated
 - results in increase in overhead
- ② rigid structure in open system does not work well under unstable conditions
- ③ these principles result in formation of organisations which are insensitive to employees' physical, social and psychological needs
- ④ these principles are often stated as unconditional statements as it cannot be followed during all situations
- ⑤ They are based on few case studies only and have not been tested empirically.

Bureaucracy

- ① Rigid structure
- ② Inability to satisfy the needs of mature individuals
- ③ Neglect of informal groups
- ④ Displacement of goals
- ⑤ Over conformity to rules
- ⑥ Buck passing
- ⑦ Trained incapacity