

**DEPARTMENT OF COMPUTER SCIENCE AND ENGINEERING**

**R2021 - SEMESTER VII**

PROFESSIONAL ELECTIVE IV: GE3751 – PRINCIPLES OF MANAGEMENT

**UNIT I - INTRODUCTION TO MANAGEMENT AND ORGANIZATIONS**

## UNIT – I : Syllabus with PL

**SYLLABUS**

**UNIT I INTRODUCTION TO MANAGEMENT AND ORGANIZATIONS 9**

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– Types of Business organization- Sole proprietorship, partnership, company-public and private sector enterprises- Organization culture and Environment – Current trends and issues in Management.

# DEFINITION : MANAGEMENT

### Introduction to Management

* + - The concept of management has acquired special significance in the present competitive and complex business world.
    - Efficient and purposeful management is absolutely essential for the survival of a business unit. Management concept is comprehensive and covers all aspects of business.
    - In simple words, management means utilising available resources in the best possible manner and also for achieving well defined objectives.
    - It is a distinct and dynamic process involving use of different resources for achieving well defined objectives.

###### The resources of a Management are:

1. Men
2. Money
3. Materials
4. Machines
5. Methods and
6. Markets
   * + These are the six basic inputs in management process (six M's of management) and the output is in the form of achievement of objectives.
     + It is the end result of inputs and is available through efficient management process.

### Definition: Management

According to **Harold Koontz**, ―

* + - Management is an art of getting things done through and with the people in formally organized groups.
    - It is an art of creating an environment in which people can perform and individuals and can co-operate towards attainment of group goals.

### Importance of Management

* + - Managers carry out their managerial function
    - Applies to any kind of Organization
    - Applies to managers at all Organizational levels
    - Aim is to create a surplus
    - Concerned with productivity, implies effectiveness and efficiency
    - Mgt of 4 M’s in the Origination – Men, Machine, Materials & money
    - Encourages Initiative
    - Encourages Innovation
    - Facilitates growth and expansion
    - Improves life of workers
    - Improves corporate image
    - Optimum use of resources
    - Reduces wastage
    - Increases efficiency
    - Improves relations
    - Encourages Team Work

### Characteristics of Management

* + - Continuous and never ending process.
    - Getting things done through people.
    - Result oriented science and art.
    - Multidisciplinary in nature.
    - A group and not an individual activity.
    - Follows established principles or rules.
    - Aided but not replaced by computers.
    - Situational in nature.
    - Need not be an ownership.
    - Both an art and science.
    - Management is all pervasive.
    - Management is intangible.
    - Uses a professional approach in work.
    - Dynamic in nature.

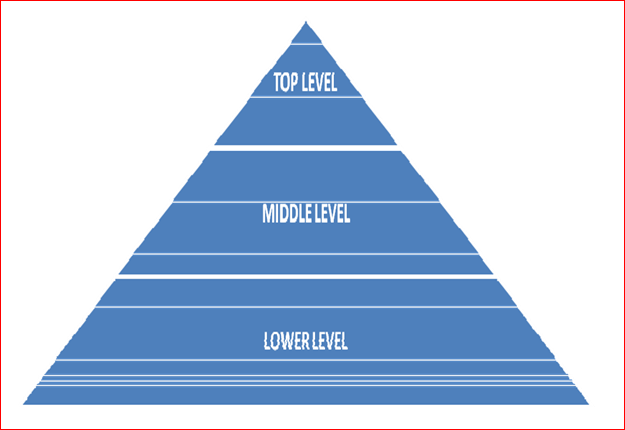
### Management Vs Administration

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| **Basis** | **Management** | **Administration** |
| Meaning | Management is an art of getting things donethrough others by directing their efforts towards achievement of pre-  determined goals. | It is concerned with formulation of broadobjectives, plans & policies |
| Nature | Management is an executing function. | Administration is a decision-  making function. |
| Process | Management decides who should as it  & how should he do it. | Administration decides what is to  be done & when it is to be done |
| Function | Management is a doing function  because managers get work done under their supervision. | Administration is a thinking  function because plans & policies are determinedunder it |
| Skills | Technical and Human skills | Conceptual and Human skills |
| Level | Middle & lower level function | Top level function |

* 1. **Levels of Management**

There three levels of Management and are:

1. Top Management
2. Middle Level Management
3. Lower Level Management



##### The Top Management:

* + - It consists of board of directors, chief executive or managing director.
    - The top management is the ultimate source of authority and it manages goals and policies for an enterprise.
    - It devotes more time on planning and coordinating functions.

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

1. Top management lays down the objectives and broad policies of enterprise. It appoints the executive DM for middle level
2. It issues necessary instructions for preparation of department budgets, procedures, schedules etc.
3. It prepares strategic plans & policies for the enterprise. It controls & coordinates the activities of allthe departments.
4. It is also responsible for maintaining a contact with the outside world. It provides guidance anddirection.
5. The top management is also responsible towards the shareholders for the performance of theenterprise.

##### Middle Level Management:

* + - The branch managers and departmental managers constitute middle level.
    - They are responsible to the top management for the functioning of their department.
    - They devote more time to organizational and directional functions.
    - In small organization, there is only one layer of middle level of management but in big enterprises, there may be senior and junior middle level management.

###### Their role can be emphasized as –

1. They execute the plans of the organization in accordance with the policies and directives of the topmanagement.
2. They participate in employment & training of lower level management. They make plans for thesub-units of the organizat
3. They interpret and explain policies from top level management to lower level.
4. They are responsible for coordinating the activities within the division or department.
5. It sends important reports, other important data to top level management. They evaluateperformance of junior managers.

##### Lower Level Management:

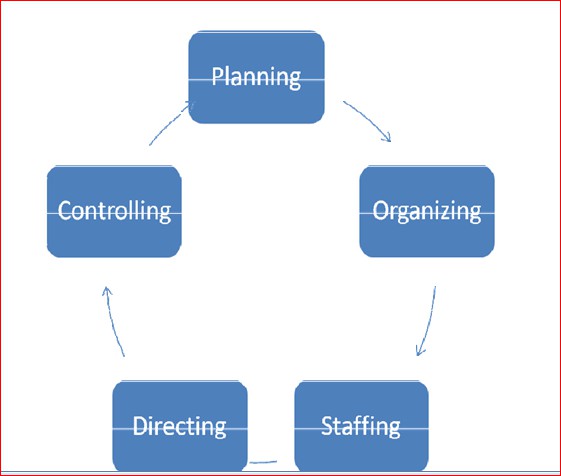
* + - Lower level is also known as supervisory / operative level of management.
    - It consists of supervisors, foreman, section officers, superintendent etc.
    - Supervisory management refers to those executives whose work has to be largely with personal oversight and direction of operative employees.

###### Their activities includes:

1. Assigning of jobs and tasks to various workers. They guide and instruct workers for day to day activities.
2. They are responsible for the quality as well as quantity of production. They supervise & guide the sub-ordinates.
3. They are also entrusted with the responsibility of maintaining good relation in the organization. They motivate workers.
4. They communicate workers problems, suggestions, and recommendatory appeals etc to the higher level and higher level goals and objectives to the workers. They prepare periodical reports about theperformance of the workers.
5. They help to solve the grievances of the workers. They are responsible for providing training to theworkers.
6. They arrange necessary materials, machines, tools etc for getting the things done.

### Functions of Management

* + - Management has been described as a social process involving responsibility for economical and effective planning & regulation of operation of an enterprise in the fulfillment of given purposes.
    - It is a dynamic process consisting of various elements and activities.
    - These activities are different from operative functions like marketing, finance, purchase etc. Rather these activities are common to each and every manger irrespective of his level or status. Different experts have classified functions of management.



According to **George & Jerry**,

There are four fundamental functions of management and they are:

1. planning,
2. organizing,
3. actuating and
4. controlling

* According to **Henry Fayol**, ―To manage is to forecast and plan, to organize, to command, & to control‖.
* Whereas **Luther Gullick** has given a keyword ‗**POSDCORB**‘ where P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for reporting & B for Budgeting.
* But the most widely accepted are functions of management given by KOONTZ and O‘DONNEL i.e. **Planning**, **Organizing**, **Staffing**, **Directing** and **Controlling**.

#### Planning:

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

#### Organizing:

* + It is the process of bringing together physical, financial and human resources and developing productive relationship amongst them for achievement of organizational goals.
  + According to Henry Fayol, To organize a business is to provide it with everything useful or its functioning i.e. raw material, tools, capital and personnel‘s.
  + Organizing as a process involves:
    - Identification of activities, Classification of grouping of activities. Assignment of duties.
    - Delegation of authority and creation of responsibility. Coordinating authority and responsibility relationships.

#### Staffing:

* + Staffing has assumed greater importance in the recent years due to advancement of technology,increase in size of business, complexity of human behavior etc.
  + The main purpose of staffing is to put right man on right job i.e. square pegs in square holes and round pegs in round holes.
  + Staffing involves:
    - Manpower Planning (estimating man power in terms of searching, choose the person and givingthe right place).
    - Recruitment, selection & placement. Training & development. Remuneration. Performanceappraisal. Promotions & transfer.

#### Directing:

* + It is considered life-spark of the enterprise which sets it in motion the action of people because planning, organizing and staffing are the mere preparations for doing the work.
  + Direction is that inert-personnel aspect of management which deals directly with influencing, guiding, supervising, motivating sub-ordinate for the achievement of organizational goals.

1. **Supervision** overseeing the work of subordinates by their superiors.
2. It is the act of watching & directing work & workers.
3. **Motivation-** meansinspiring, stimulating or encouraging the sub-ordinates with zeal to work. Positive, negative. Monetary.
4. **Leadership-** a process by which manager guides and influences the work of subordinates in desired direction.
5. **Communications** is the process of passing information, experience, opinion etc from one person to another. It is a bridge of understanding.

#### Controlling:

Controlling is the measurement & correction of performance activities of subordinates in order to make sure that the enterprise objectives and plans desired to obtain them as being accomplished‖.

Therefore controlling has following steps:

1. Establishment of standard performance. Measurement of actual performance.
2. Comparison of actual performance with the standards and finding out deviation if any. Corrective action.

### Features of Management

* + - Management is Goal-Oriented
    - Management integrates Human, Physical and Financial Resources
    - Management is Continuous
    - Management is all Pervasive
    - Management is a Group Activity
    - Management knowledge and its principles are codified and a systematized and can be transferred from one manager to another and can be taught.
    - Management principles are **universally** applicable to all types of organizations they are generalizedin nature. Forming general guidelines for managers to practice.
    - Law of science have universal application example; formula for water or law of gravity is applicable everywhere same in the case with management.
    - Management process has universal applicability.
    - Example: high motivation leads to high efficiency in employees.

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## Management as both Science and Art

### 2,1 Management as a Science

* Management is a systematic body of knowledge consists of principles, generalizations, approaches and concepts to be applied in practical situation.
* The manager can manage the situation or organization in a systematic and scientific manner only if he posses the adequate knowledge of management and its principles.
* The principles generalization and concepts of management have been developed and formulated on the basis of **observation** research and analysis and **experimentation**, as is the case with the principles of other sciences.
* Like other sciences management principles are also based on relationship of **cause and effect**.
* Example if workers are paid more, they will produce more.

### 2.2 Management as an Art

* Art means application of knowledge & skill to get the desired results.
* An art may be defined as personalized application of general theoretical principles for achieving best possible results.

##### Art has the following characters –

1. **Practical Knowledge:** Every art requires practical knowledge therefore learning of theory is not sufficient. It is very important to know practical application of theoretical principles.
2. **Personal Skill:** Although theoretical base may be same for every artist, but each one has his own style and approach towards his job. That is why the level of success and quality of performance differs from one person to another.
3. **Creativity:** Every artist has an element of creativity in line. That is why he aims at producing something that has never existed before which requires combination of intelligence & imagination.
4. **Perfection through practice:** Practice makes a man perfect.
5. **Goal-Oriented:** Every art is result oriented as it seeks to achieve concrete results.

### 2.3 Management as both Science and Art

* Management is both an art and a science.
* The above mentioned points clearly reveals that managementcombines features of both science as well as art.
* It is considered as a science because it has an organized body of knowledge which contains certain universal truth.
* It is called an art because managing requires certain skills which are personal possessions of managers.
* Science provides the knowledge & art deals with the application of knowledge and skills.
* To be successful manger, a person requires the knowledge of management principles and also skills how the knowledge can be utilized.
* Absence of either will result in inefficiency.
* So management use both scientific knowledge and art in managing the organization.

According to Dr. Terry

* + If sciences teaches one to know,
  + art teaches one to do.

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| **Management as Science** | **Management as Art** |
| Advances by knowledge | Advances by practices |
| Proves | Feels |
| Predicts | Guesses |
| Defines | Describes |
| Measures | Opiness |
| Impresses | Expresses |

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## Manager Vs Entrepreneur

* An entrepreneur is focused on starting and growing a business, while a manager is focused on overseeing the day-to-day operations of an existing business or organization.
* An entrepreneur is also typically more innovative and proactive, while a manager is more focused on implementing existing plans and strategies.

### Meaning of Manager

* + - A manager is a person who manages the functions and operations of an organisation.
    - Managers are responsible for the administration and management of a group of people or a department of the company.
    - Their day-to-day job is to manage employees and ensure the smooth running of the organization.
    - They must possess similar qualities of an entrepreneur, like accountability, leadership, decisiveness, etc.
    - They must also have qualities such as empathy and warmth.
    - They may direct supervisors who will command workers or directly command workers.
    - They are responsible for supervising subordinates, who report to and work under them.

### Meaning of Entrepreneur

* + - An entrepreneur is a person who owns a company with the skills, ideas and courage to take risks to pursue a business idea.
    - Entrepreneurs establish a new organization by assembling inputs, i.e., labour, land and capital, for production purposes.
    - They assume risk and business uncertainty to achieve growth and profit of the business venture by combining resources and identifying new opportunities to capitalise on them.
    - They innovate new business processes and ideas.
    - They are persons responsible for building an organisation and taking business risks for profits.

**Example:** An entrepreneur is the company’s CEO who establishes the company and takes business risks to gain profits.

### Difference Between Entrepreneur and Manager

The significant difference between an entrepreneur and a manager is their role in an organization.

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| **Particulars** | **Entrepreneur** | **Manager** |
| Meaning | It refers to persons who establish a company or enterprise and takes a financial risk to get profits. | They are individuals responsible for administering and controlling a group of people in the company or enterprise. |
| Position in the company | They are visionaries who convert an idea into a business. They are the owners of the company. | They are the employees of the company. |
| Focus | They focus on business startups. | They focus on ongoing operations. |
| Risk | They bear all financial and other risks. | They do not bear any risks. |
| Focus | They focus on starting the business and expanding the company. | They focus on the daily smooth functioning of the company. |

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| Motivation | Their key motivation is the achievements of the company. | Their motivation comes from the power that comes with the position. |
| Reward | Their reward is the profit they earn from the company. | Their reward is the salary they draw from the company. |
| Approach | They can be casual in their role and have an informal approach. | Their approach to every problem is formal, and they take a scientific approach. |
| Nature of decisions | They are risk-takers. They take calculated risks to drive the company. | They are risk-averse. Their job is to maintain the status quo of the company. |
| Decision making | The decisions tend to be intuitive. | The decisions are calculative. |
| Specialization | They do not need to be specialized in any particular trade. | They are trained to perform tasks and are specialists in their domain. |

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# TYPES OF MANAGERS

### Introduction to Types of managers

##### The four most common types of managers are:

1. Top-level Managers
2. Middle Managers
3. First-line Managers
4. Team Leaders.

* These roles vary not only in their day-to-day responsibilities, but also in their broader function in the organization and the types of employees they manage.

##### Top-Level Managers

* + Top managers are ultimately responsible for the long-term success of the organization.
  + They set long-term goals and define strategies to achieve them.
  + They pay careful attention to the external environment of the organization: the economy, proposals for laws that would affect profits, stakeholder demands, and consumer and public relations.
  + They will make the decisions that affect the whole company such as financial investments, mergers and acquisitions, partnerships and strategic alliances, and changes to the brand or product line of the organization.
  + Top-level managers are those who represent the highest level of executive management.
  + Top-level managers often have the word “chief” in their job titles, such as chief executive officer, chief financial officer, and so on.
  + These managers help sustain the company’s growth and execute plans over the long term.
  + They make major business decisions — such as launching a new product or restructuring departments — with the goal of seeing the company thrive, not just in the moment but into the future.
  + Additional duties of top-level managers might include facilitating strategic partnerships with other companies or deciding to take a company public.
  + Top-level managers (or top managers) are the “bosses” of the organization.
  + They have titles such as chief executive officer (CEO), chief operations officer (COO), chief marketing officer (CMO), chief technology officer (CTO), and chief financial officer (CFO).
  + A new executive position known as the chief compliance officer (CCO).

##### Middle Managers

* + Middle managers usually report to the top-level managers, yet they still have a lot of autonomy to make decisions within their area or department of the company.
  + Middle managers have titles like department head, director, and chief supervisor.
  + They are links between the top managers and the first-line managers and have one or two levels below them.
  + Middle managers receive broad strategic plans from top managers and turn them into operational blueprints with specific objectives and programs for first-line managers.
  + They also encourage, support, and foster talented employees within the organization.
  + An important function of middle managers is providing leadership, both in implementing top manager directives and in enabling first-line managers to support teams and effectively report both positive performances and obstacles to meeting objectives.
  + Middle managers tend to function as points of contact between first-line managers and top-level management, ensuring that the two groups maintain productive two-way communication.
  + Middle managers may help develop or implement plans to help top-level managers address obstacles or achieve certain business goals.
  + Additional core duties can include mentoring lower-level managers and helping them prepare for career advancement.

##### First-Line Managers

* + This role represents an entry-level position for management professionals.
  + First-line managers work directly with non-management employees and project team members.
  + Their overarching role is to supervise employee productivity and hold employees accountable for achieving company goals.
  + Generally, first-line managers handle internal work only.
  + In other words, they are not responsible for larger-scale business decisions, like whether to take the company public, rebrand, or partner with another business.
  + However, the first-line manager’s core responsibilities can include communicating concerns to middle managers, acting as liaisons for addressing employee needs.
  + First-line managers are the entry level of management, the individuals “on the line” and in the closest contact with the workers.
  + They are directly responsible for making sure that organizational objectives and plans are implemented effectively.
  + They may be called assistant managers, shift managers, foremen, section chiefs, or office managers.
  + First-line managers are focused almost exclusively on the internal issues of the organization and are the first to see problems with the operation of the business, such as untrained labor, poor quality materials, machinery breakdowns, or new procedures that slow down production.
  + It is essential that they communicate regularly with middle management.

##### Team Leaders

* + A team leader is a special kind of manager who may be appointed to manage a particular task or activity and reports to a first-line or middle manager.
  + Team leaders are managers who specialize in a particular task, product, or project.
  + Their role is to oversee all the logistics of their assignment, which may include completing a project on time, on boarding new employees, and assigning specific tasks to various team members.
  + Responsibilities of the team leader include developing timelines, making specific work assignments, providing needed training to team members, communicating clear instructions, and generally ensuring that the team is operating at peak efficiency.
  + Once the task is complete, the team leader position may be eliminated and a new team may be formed to complete a different task.

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# MANAGERIAL ROLES AND SKILLS

* Managerial roles are behaviors adopted to perform various management functions, like leading and planning, organizing, strategizing, and solving problems.
* Within an organization, managers of different levels have different responsibilities that may overlap.

### Managerial Roles

##### Roles of Managers by Henry Mintzberg identified ten different roles, separated into three categories.

###### The categories he definedare as follows:

1. **Interpersonal Roles: I**nvolve people and other ceremonial duties. It can be further classified as follows
   1. **Leader** – Responsible for staffing, training, and associated duties.
   2. **Figurehead** – The symbolic head of the organization.
   3. **Liaison** – Maintains the communication between all contacts and informers that compose theorganizational network.
2. **Informational Roles:** Related to collecting, receiving, and disseminating information.
   1. Monitor – Personally seek and receive information, to be able to understand the organization.
   2. Disseminator – Transmits all import information received from outsiders to the members of theorganization.
   3. Spokesperson – On the contrary to the above role, here the manager transmits the organization‘splans, policies and actions to outsiders.
3. **Decisional Roles:** Roles that revolve around making choices.
   1. Entrepreneur – Seeks opportunities. Basically they search for change, respond to it, and exploit it.
   2. Negotiator – Represents the organization at major negotiations.
   3. Resource Allocator – Makes or approves all significant decisions related to the allocation ofresources.
   4. Disturbance Handler – Responsible for corrective action when the organization faces disturbances.

##### Figurehead

* + This role requires performing social, ceremonial, and legal responsibilities.
  + The Figurehead represents the organization, as well as motivates the team to achieve goals. For people, this managerial role is a source of power and authority.

###### Examples:

* + Managers in the figurehead role attend social event where they promote their company.
  + Greeting a potential business client and giving a tour.

##### Leader

* + The leader role is the most pivotal as it shows to which extent a manager’s potential is realized.
  + Managers are in charge of their people's performance, which may mean leading a team, a department, or an entire organization.
  + The responsibilities include hiring and training (direct leadership) and encouragement of employees (indirect leadership).
  + Leaders influence and motivate people, giving them a sense of purpose to reach organizational goals.

###### Example:

* + A manager sets a goal for the team and communicates his expectations, making sure that people understand them.
  + He monitors their progress and provides feedback and resources if needed.

##### Liaison

* + Managers in the liaison role develop and maintain internal and external relationships.
  + They are a connection link that bridges the gap between employees of different levels to ensure work is done smoothly.
  + Liaisons transfer knowledge through different members of the organization, up and down the chain of command, and can also involve their business contacts from outside the company.

###### Examples:

* + A manager coordinates with people inside the company, as well as coordinating work between the company’s units.
  + A manager coordinates with people outside the organization, such as buyers, suppliers, and strategic partners.
  + Manager-client-employee interaction. A manager communicates with a client to see what the client's needs are, providing this information to the employees after the fact.

##### Monitor

* + In the monitor role, managers are expected to look for information necessary for their organization, as well as for information that can concern potential industry changes.
  + They gather internal and external sources, trying to identify problems and opportunities for growth.
  + In other words, they scan the environment to assess the current state of things in a company and see if corrective action is needed.

###### Examples:

* + Seeking customer feedback to see how exactly you can improve your products or services.
  + Monitoring industry trends, like products made by competitors or government regulatory changes, in order to meet standards and stay on track.

##### Disseminator

* + Receiving information from various sources, a manager in the disseminator role is responsible for sharing it with those who may need it.
  + This can be done in both verbal and written forms.
  + A manager can pass on information directly to the appropriate person, or pass it on between subordinates if they lack contact.
  + The information can concern the organization's direction or strategy, as well as specific technical issues.

###### Examples:

* + A one-on-one conversation between a manager and an employee where a certain issue is discussed.
  + Developing a proposal for a new product design, submitting it to upper management for approval, and providing it to the employees so that they can get familiarized with it.

##### Spokesperson

* + Managers in a spokesperson role speak for their organization, defending the company's interests.
  + Their responsibility is to make the organization look good in the eyes of potential or new clients and the general public.

###### Examples:

* + A manager attends the annual shareholders’ meeting, informing the attendees about the results her team has achieved this year and presenting statistics.
  + A manager speaks on behalf of the company at a conference.
  + Division leaders talk to other division leaders, informing them about strategies and resource requirements.
  + CEOs meet with investors or government officials to give them information about the company which they may find useful.
  + This way, they can persuade investors that their company is pursuing a good strategy, and raise some capital.

##### Entrepreneur

* + In the entrepreneur role, a manager organizes and runs business processes.
  + This role develops and implements new ideas or strategies, which often means coming up with innovative solutions.
  + Entrepreneurs create conditions for change since innovation and change are needed for a company to stay competitive.
  + Besides, they make sure a company adopts new products and processes pioneered by others or change the organizational structure.

##### Examples:

A manager decides to use social media to increase sales.

A manager reorganizes a weak department, or uses mergers or acquisitions.

##### Disturbance handler

* + A manager solves issues as they arise – like sales that grow too slowly, a client breaking a contract, or valuable employees leaving.
  + The task of the manager in the disturbance handler role is to fix the problem, maintaining productivity.

###### Example:

* + When two members of a team have a conflict, it’s the manager’s responsibility to help them resolve it.

##### Resource Allocator

* + The resource allocator role requires a manager to determine how and where to apply organizational resources.
  + By resources we mean equipment, staff, funding, facilities, and time.
  + Typically, the resources an organization has are limited, so it takes some effort to decide how to best allocate them.

###### Example:

* + A manager divides funding between the departments of his organization, based on their current and future needs.
  + A marketing manager divides funding between media advertizing and promotions.
  + A resource manager distributes project workload across people.

##### Negotiator

* + Managers participate in negotiations, trying to reach their goals.
  + This managerial role includes negotiating with external parties, where they represent the interests of their organizations, as well as negotiating with internal parties, such as other departments or team members.
  + The better negotiation skills managers have, the higher their chances to come to an agreement with customers, better organize the work process, and gain access to more resources.

###### Examples:

* + A manager negotiates pricing, delivery, and design with customers.
  + A manager negotiates over access to capital and personnel with seniors.

### Skills for a successful manager

##### Interpersonal skills

* + Management jobs are all about people and being able to build successful relationships is integral.
  + To lead a team you'll need to earn the respect of your colleagues, which involves learning how to effectively deal with people.
  + Setting time aside to get to know team members on both a personal and professional level, through social activities or team-building events while still maintaining professional boundaries, will go a long way to earning their respect.

##### Communication and motivation

* + Effective leaders must master all forms of communication, including written, verbal and listening skills.
  + As a team manager you're the line of communication between frontline staff and senior management.

##### Organization and delegation

* + As a manager you'll juggle multiple responsibilities, so excellent organizational skills are vital.
  + Effective organizational skills reduce stress, save time and ensure that important deadlines are met.
  + Many managers ease their own busy workload by delegating tasks to colleagues.
  + Delegation isn't a sign of weakness and can in fact increase the amount of work a manager can accomplish - while developing the team's confidence and skills.

##### Forward planning and strategic thinking

* + It's a manager's job to think of the bigger picture, so as well as focusing on today's tasks and responsibilities you'll need to plan for the future.
  + This means setting priorities in line with company goals, reviewing systems and policies, and attending training and managing the continuing professional development (CPD) activities of your team.

##### Problem solving and decision-making

* + You'll be tasked with spotting and solving problems on a daily basis in a managerial position.
  + This requires outstanding attention to detail and the ability to remain calm under pressure.
  + To ensure your team is productive, and the workflow runs smoothly, you'll have to think on your feet when problems arise.
  + Creative thinking will help you to come up with innovative solutions that minimise the impact on your team and the business.
  + Thinking on your feet also comes in useful when you have to make a snap decision about how to successfully complete a task or meet a business goal.
  + Being able to quickly weigh up the pros and cons of a situation and make an informed decision is essential.

##### Commercial awareness

* + According to recruiters, commercial awareness is something that most graduates lack.
  + It’s therefore in high demand among business employers.
  + If you want to progress to management level, an understanding of the marketplace in which a business operates and what it is that makes a business successful is crucial.

##### Mentoring

* + As well as being business-focused decision-makers, managers also need to play a supportive role.
  + If you've reached this senior level, you have a repertoire of experience, knowledge and skills, and it's your job to pass this knowledge on and share your skills with others.
  + This involves training and advising staff and building their confidence and skills.
  + In a management position, you'll be the driving force behind the progression of team members.

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# EVALUATION OF MANAGEMENT

### Evolution of Management

* + - Management is an interdisciplinary and global field that has been developed in parts over the years.
    - Numerous approaches to management theory developed by the contribution of various Schools of management thought, which emphasize certain philosophies and approaches as best for managing the organizations.
    - They are referred to as approaches / theories and provide various perspectives on management.
    - Evolution of Management is a constantly evolving process, from classical theories of management to modern management theories.
    - Each management theory has a different viewpoint on the best way to conduct management to be successful.
    - The evolution of management can be traced back to the days when human beings started living in groups.
    - One can argue that management took the form of leadership which was essential to coordinate the efforts of the group members in order to arrange the necessaries of life.
* The origin of management as a discipline was developed in the late 19th century. Over time, managementthinkers have sought ways to organize and classify the voluminous information about

management that has been collected and disseminated.

* These attempts at classification have resulted in the identification of management approaches.
* The approaches of management are theoretical frameworks for the study of management.
* Each of the approaches of management is based on somewhat different assumptions about human beings and the organizations for which they work.

### Approaches of management Evolution

The different approaches of management and the empirical or classical approach to management was proposed in the early part of the 20th century.

#### Four stages of evolution of management Thought

* The Evolution of Management Thought is divided into four sections:
  1. Early Management Thought
  2. The Scientific Management Era
  3. The Social Person Era and
  4. The Modern Era.

## Scientific, human relations, system and contingency approaches

### Categories of Evolution of Management

* + - The evolution of management thought evidences the contribution of multiple perspectives from the classical approach, which provided the foundations of management.
    - The neo- classical school comprising of the perspectives of the sociologists, psychologists and business managers have contributed to the knowledge and the practice of management.
      1. Classical Theory Of Management
      2. Neoclassical Theory of Management
      3. Modern Theory Of Management

### Classical Theory Of Management

* + The classical theory of management was developed in the late 19th and early 20th centuries.
  + It is mainly based on the principles of scientific management and administrative management.
  + The classical approach is the oldest formal approach of management thought. Its roots pre-date the twentieth century.
  + The classical approach of thought generally concerns ways to manage work and organizations more efficiently.
  + Three areas of study that can be grouped under the classical approach are scientific management, administrative management, and bureaucratic management.

There are two classical management theories and are:

* + 1. Scientific Management Theory
    2. Administrative Management Theory

#### Scientific Management Theory

* + This perspective grew out of a need to improve manufacturing efficiency through more effective utilization of physical and human resources.
  + Scientific management has been defined as the application of scientific method of study, analysis and problem solving in organizations.
  + Frederick Winslow Taylor is the father of scientific management.
  + He believed that work should be analyzed scientifically and divided into smaller tasks to improve the efficiency of the organization.
  + He introduces time and motion studies to determine how long it takes to complete a task and how it can be improved.
  + His ideas paved the way for assembly line production and the standardization of work processes.
  + The scientific approach of Taylor describes that an increase in an organization’s efficiency can result in higher productivity and profits.

###### Criticism of Scientific Management

* + Scientific management focused on the stakeholders in the process of industrial management. Hence, it was criticized by the employers, workers and leaders.

The assumption that human beings are rational creatures who base their decisions on rationality and logical analysis of their needs is not universally applicable to all human beings.

##### Disadvantages of the Scientific Management.

1. Reduced the role of workers to that of rigid adherence to methods and procedures over which they have no discretion.
2. Led to fragmentation of work because of emphasis on analysis and organization of individual operations, hence boring, and repetitive jobs.
3. Generated a carrot and stick approach to the motivation of employees enabling pay to be geared tightly to output.
4. It put the planning and control of workplace activities exclusively in the hands of management, alienating workers.
5. Ruled out any realistic bargaining about wage rates since every job was measured, timed and rated scientifically.

#### Administrative Management Theory

* + Henry Fayol developed administrative management theory and is treated as the father of modern theory, which concentrated on the entire organization’s management.
  + Known as the functional or process approach, the administrative theory describes the efforts to define the universal functions that managers perform and the principles that constitute good management practice.
  + He laid down five functions of management that are planning, organizing, commanding, coordinating, and controlling.
  + His ideas formed the foundation of modern management and have had a global impact on management practices.
  + Henry Fayol suggested important managerial qualities and emphasized the importance of developing such qualities.
  + He developed fourteen principles of management out of his practical experience.
  + These principles are universal in nature and apply to all types of organizations.

### Neoclassical Theory of Management

* + The neoclassical theory of management was published in the 1920s and 1930s as a remedy for the flaws in the classical theory of management.

The non-classical theories are further divided into

1. The Behavioral Approach
2. The Quantitative Approach

#### The Behavioral Approach

* + The behavioral approach of management thought developed, in part, because of perceived weaknesses in the assumptions of the classical approach.
  + A behavioral approach to management determines the hierarchy of needs of the employees. This management theory was proposed by Abraham Maslow.
  + According to his theory, people have a hierarchy of needs that they try to fulfill.
  + These needs are physiological, psychological, and social. By identifying the needs of the employees and providing opportunities to fulfill them, managers can motivate their employees.
    - The classical approach emphasized efficiency, process, and principles.
    - Some felt that this emphasis disregarded important aspects of organizational life, particularly asit related to human behavior. Thus, the behavioral approach focused on trying to understand the factorsthat affect human behavior at work.

#### Human Relations Management

* + Elton Mayo developed a theory after the classical management theory received criticism.
  + The human relations approach to management was introduced by Elton Mayo. His contributions to the growth of management theory are exceptional.
  + In order to assess the characteristics and psychological responses of employees in on-the-job situations, Mayo oversaw the team that conducted the study at Western Electric’s Hawthorne Plant from 1927 to 1932.
  + Mayo talked about the things that affect how people behave.
  + He came to the conclusion that a combination of factors, such as less restrictive supervision, granting workers autonomy, and enabling the formation of small groups of workers, were the real causes of the increase in productivity.
  + The other factors included changing working hours and implementing rest breaks.

##### Human Relations:

* + The Hawthorne Experiments began in 1924 and continued through the early 1930s.
  + A variety of researchers participated in the studies, including Elton Mayo.
  + One of the major conclusions of the Hawthorne studies was that workers' attitudes are associated with productivity.
  + Another was that the workplace is a social system and informal group influence could exert a powerful effect on individual behavior.
  + A third was that the style of supervision is an important factor in increasing workers' job satisfaction.

##### Behavioral Science:

* + Behavioral science and the study of organizational behavior emerged in the 1950s and 1960s.
  + The behavioral science approach was a natural progression of the human relations movement.
  + It focused on applying conceptual and analytical tools to the problem of understanding and predicting behavior in the workplace.
  + The behavioral science approach has contributed to the study of management through its focus on personality, attitudes, values, motivation, group behavior, leadership, communication, and conflict, amongother issues.

##### The Quantitative Approach

* + The quantitative approach focuses on improving decision making via the application of quantitative techniques.
  + Its roots can be traced back to scientific management.



##### Management Science (Operations Research):

* + Management Science uses mathematical and statistical approaches to solve management problems.
  + It developed during World War II as strategists tried to apply scientific knowledge and methods to the complex problems of war.
  + Industry began to apply management science after the war.
  + The advent of the computer made many management science tools and concepts more practical for industry.

##### Production and Operations Management:

* + This approach focuses on the operation and control of the production process that transforms resources into finished goods and services.
  + It has its roots in scientific management but became an identifiable area of management study after World War II.
  + It uses many of the tools of management science.
  + Operations management emphasizes productivity and quality ofboth manufacturing and service organizations.
  + W. Edwards Deming exerted a tremendous influence in shaping modern ideas about improving productivity and quality.
  + Major areas of study within operations management include capacity planning, facilities location, facilities layout, materials requirement planning, scheduling, purchasing and inventory control, quality control, computer integrated manufacturing, just-in-time inventory systems, and flexible manufacturing systems.

##### System Approach

* + The systems approach focuses on understanding the organization as an open system that transformsinputs into outputs.
  + The systems approach began to have a strong impact on management thought in the 1960s as a way of thinking about managing techniques that would allow managers to relate different specialties and parts of the company to one another, as well as to external environmental factors.
  + The systems approach focuses on the organization as a whole, its interaction with the environment, and itsneed to achieve equilibrium

##### Contingency Approach

* + The contingency approach focuses on applying management principles and processes as dictated by the unique characteristics of each situation.
  + It emphasizes that there is no one best way to manage and that it depends on various situational factors, such as the external environment, technology, organizational characteristics, characteristics of the manager, and characteristics of the subordinates.
  + Contingency theorists often implicitly or explicitly criticize the classical approach for its emphasis on the universality of management principles; however, most classical writers recognized the need to consider aspects of the situation when applying management principles.

|  |  |  |
| --- | --- | --- |
| **Approaches** | **B Dates** | **Emphasis** |
| **CLASSICAL APPROACH** | | |
| Scientific | 1880s | Traditional rules of thumb are replaced by precise procedures  developed after careful study of an individual at work |
| Administrative | 1940s | Given ideas about the primary functions of management  and 14 |

|  |  |  |
| --- | --- | --- |
|  |  | principles of an administration |
| Bureaucratic | 1920s | Replaces traditional leadership and charismatic leadership with legal  leadership |
| **BEHAVIORAL APPROACH** | | |
| HRelations | 1930s | workers' attitudes are associated with productivity |
| B Science | 1950s | Gives idea to understand human behavior in the organization |
| **QUANTITATIVE APPROACH** | | |
| OR | 1940s | Uses mathematical and statistical approaches to solve management  problems. |
| POM | 1940s | This approach focuses on the operation and control of the production  process that transforms resources into finished goods and  services |
| **RECENT DEVELOPMENTS** | | |
| Systems | 1950s | Considers the organization as a systems that transforms inputs into  outputs while in interaction with its environment |
| Contingency | 1960s | Applies management principles and processes as dictated by the unique  characteristics of each situation. |

### Modern Theory Of Management

* The modern theory of management emerged in the 1950s and 1960s.
* This theory focused on the incorporation of various management theories.

##### Systems Theory of Management

* + This approach is an extension of the Human Relations approach and views management as a social system.
  + Influenced by the sociologists, it aims at identifying various social groups with the fundamental belief in the need to solve the biological, physical and social limitations through cooperation.
  + The Systems approach has proposed a new way of thinking about the organization and the managers.
  + The theory proposes that a system has a number of sub systems which are interdependent and each of which contributes to the unique characteristics of the whole system to achieve a set purpose.
  + Employees are not only thought of as physical laborers under the concept of knowledge workers, they also possess knowledge and skill sets that are important for the organization’s success.

##### Contingency Theory of Management

* + This approach emerges from the real life experiences of managers who found out that no single approach/model worked consistently in every situation.
  + This approach believes that managerial practices and styles differ in different situations/ contexts.
  + Closely dependent on the ground realities of the managerial function, it is believed to be a practical and the realistic approach to carry out the tasks of management.
  + This approach is based on the logic that organizations differ in size, scale, scope, purpose and so on, the values, the perception, the attitudes , needs and the experiences of individuals.
  + This theory has given rise to situational leadership, which entails adapting management styles to fit the demands of the circumstances.

##### Behavioral Theory of Management

* + The behavioral theory of management centers on the study of human behavior in the workplace.
  + This theory emerged in the 1940s and emphasizes the importance of leadership, communication, motivation, and job satisfaction in an organization’s success.
  + The cornerstone of the behavioral theory is Douglas McGregor’s Theory X and Theory Y.
  + Theory X states that employees are lazy, need constant monitoring, and are motivated by rewards and punishments.
  + On the other hand, theory Y states that employees are self-motivated, responsible, and capable of taking initiative.

##### Contemporary Theory of Management

* + The current trends and practices in management, including the integration of technology, globalization, sustainability, and diversity in the management of organizations, fall under the contemporary theory of management.
  + Digital management is the key aspect of contemporary management theory.
  + The way organizations operate, communicate, and compete has completely transformed with the arrival of technology.
  + The rise of social media, big data, and cloud computing has given managers new opportunities and challenges.
  + Now, managers need to think globally, as organizations are losing market shares even in the domestic market because of competition from foreign companies.

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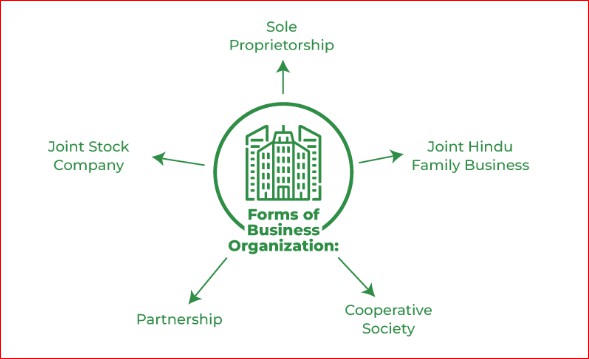
# TYPES OF BUSINESS ORGANIZATION

### Business Organization

* + - An Organization is a group of people working together to achieve a common goal.
    - Organization exists to achieve goals that individuals can not achieve on their own.
    - Organization is grouping of activities and putting under different departments according to their functions.
    - The Organization brings men and material resources together for fulfilling the goals of enterprises.
    - A business organization is an establishment intended to carry commercial business by producing goods or services and meet the customers’ needs.
    - Most of the organizations have a standard such as social structure, purpose goals, utilization of resources, rules and regulations, etc.
    - The tax incurred for business and how much tax business should pay depends on what form of business one owns.

### Types of Organization

1. Sole proprietorship / Individual
2. Partnership
3. Corporation – Private Ltd Company & Public Ltd Company
4. Cooperative
5. Limited liability company



## Sole proprietorship, partnership, company-public and private sector enterprises

### Sole proprietorship

* + - The ownership of one individual characterizes a sole proprietorship.
    - It is the easiest to set up. Sole proprietorships have one owner who makes all of the business decisions, and there is no distinction between the business and the owner.
    - It is the least complex type of business due to the minimal government regulation on this type of business.
    - The individual entrepreneur supplies the entire capital, employs labour and machines.
    - Individual uses his own skill in the management of affairs and is solely responsible for the good or bad result of its operation and working.
    - This is the traditional and popular form of business organization.
    - Its formation is simple, and the owner controls the complete operations of a business and is liable for all financial burdens and debts.
    - A long as they are the only owner, they have the right to operate any category of business.

##### These businesses operations include.

1. Shop or retail business
2. Home-based company
3. Individual consulting firm

##### The advantages of a sole proprietorship

###### The benefits of being a sole owner are listed below:

* A sole proprietor is entitled to all profits
* Starting this type of business is less complicated than other options due to low start-up costs and minimal paperwork required
* Taxation rules are relaxed. Any profit generated is treated as income
* Running a sole proprietorship is straightforward because the sole owner makes all decisions, including hiring and marketing plans
* Sole owners exercise complete control of their business

##### Other advantages of a sole proprietorship include:

* 1. **Total control of the business:** As the sole owner of your business, you have full control of business decisions and spending habits.
  2. **No public disclosure required**: Sole proprietorships are not required to file annual reports or other financial statements with the state or federal government.
  3. **Easy tax reporting**: Owners don't need to file any special tax forms with the IRS other than the Schedule C (Profit or Loss from Business) form.
  4. **Low start-up costs: While** you may need to register your business and obtain a business occupancy permit in some places, the costs of maintaining a sole proprietorship are much less than other business structures.

##### Disadvantages include:

1. **Unlimited liability:** You are personally responsible for all business debts and company actions under this business structure.
2. **Lack of structure**: Since you are not required to keep financial statements, there is a risk of becoming too relaxed when managing your money.
3. **Difficulty in raising funds:** Investors typically favor corporations when lending money because they know that those businesses have strong financial records and other forms of security.
4. **Some typical examples of sole proprietorships** include the personal businesses of freelancers, artists, consultants and other self-employed business owners who operate on a solo basis.

### Partnership

* + - Two or more persons come together and start a business with their own funds, the parties agree to share the profits as well as bear the losses in the agreed proportion.
    - An example of a partnership is a business set up between two or more family members, friends or colleagues in an industry that supports their skill sets.
    - The partners of a business typically divide the profits among themselves.
    - The formation and management of partnership organization is governed by the Indian Partnership Act, 1932.
    - In partnership, two or more individuals come together to start a business.
    - Each individual gives their share of capital, property, employment or experience, and expects some profits or losses from the business share.
    - All the partners must report their percentage of share on the tax return even if it’s not distributed. In a partnership business, partners are not defined as employees, so taxes are not retained from any distributions.

##### Merits

1. Has larger financial resources
2. greater personal contacts of the partners gives more customer base and benefits
3. Persons of different skills and abilities can work for betterment of Organization
4. Less expenditure per partner is involved in forming partnership Organization
5. Loss will be divided among the partners.

##### Some advantages of partnerships include:

* 1. **Easy to establish:** Compared to other business structures, partnerships require minimal paperwork and legal documents to establish.
  2. **Partners can combine expertise:** With more than one like-minded individual, there are more opportunities to increase their collaborative skillset.
  3. **Distributed workload:** People in partnerships commonly share responsibilities so that one person doesn't have to do all the work.

#### Disadvantages to consider:

1. **Possibility for disagreements:** By having more than one person involved in business decisions, partners may disagree on some aspects of the operation.
2. **Difficulty in transferring ownership:** Without a formal agreement that explicitly states processes, a business may come to a halt if partners disagree and choose to end their partnership.
3. **Full liability:** In a partnership, all members are personally liable for business-related debts and may be pursued in a lawsuit.

### Corporation

* + - A corporation is a business organization that acts as a unique and separate entity from its shareholders.
    - A corporation pays its own taxes before distributing profits or dividends to shareholders.
    - There are three main forms of corporations: a C corporation, an S corporation and an LLC, or limited liability corporation.

##### Advantages of corporations include:

1. Owners aren't responsible for business debts: In general, the shareholders of a corporation are not liable for its debts. Instead, shareholders risk their equity.
2. Tax exemptions: Corporations can deduct expenses related to company benefits, including health insurance premiums, wages, taxes, travel, equipment and more.
3. Quick capital through stocks: To raise additional funds for the business, shareholders may sell shares in the corporation.

##### Disadvantages include:

1. Double taxation for C-corporations: The corporation must pay income tax at the corporate rate before profits transfer to the shareholders, who must then pay taxes on an individual level.
2. Annual record-keeping requirements: With the exception of an S-corporation, the corporate business structure involves a substantial amount of paperwork.
3. Owners are less involved than managers: When there are several investors with no clear majority interest, the management team may direct business operations rather than the owners.

##### Common examples of corporations includes

* + - a business organization that possesses a board of directors and a large company that employs hundreds of people.
    - About half of all corporations have at least 500 employees.

### Other Types of Organization

1. **Cooperative**
   * A cooperative, or a co-op, is a private business, organization or farm that a group of individuals owns and runs to meet a common goal.
   * These owners work together to operate the business, and they share the profits and other benefits. Most of the time, the members or part-owners of the cooperative also work for the business and use its services.

##### Advantages of a cooperative include:

1. Greater funding options: Cooperatives have access to government-sponsored grant programs, like the USDA Rural Development program, depending on the type of cooperative.
2. Democratic structure: Members of a cooperative follow the "one member, one vote" philosophy, meaning that everyone has a say, regardless of their investment in the co-op.
3. Less disruption: Cooperatives allow members to join and leave the business without disrupting its structure or dissolving it.

##### Disadvantages include:

1. Raising capital: Larger investors may choose to invest in other business structures that allow them to earn a larger share, as the cooperative structure treats all investors the same, both large and small.
2. Lack of accountability: Cooperatives are more relaxed in terms of structure, so members who don't fully participate or contribute to the business leave others at a disadvantage and risk turning other members away.
3. Many cooperatives exist in the retail, service, production and housing industries. Examples of businesses operating as cooperatives include credit unions, utility cooperatives, housing cooperatives and retail stores that sell food and agricultural products.

##### Limited Liability Company(LLC)

* + The most common form of business structure for small businesses is a limited liability company, or LLC, which is defined as a separate legal entity and may have an unlimited amount of owners.
  + They are typically taxed as a sole proprietorship and require insurance in case of a lawsuit.
  + This form of business is a hybrid of other forms because it has some characteristics of a corporation as well as a partnership, so its structure is more flexible.

##### Some advantages of an LLC include:

1. Limited liability: As the name states, owners and managers have limited personal liability for business debts, whereas individuals assume full responsibility in a sole proprietorship or partnership.
2. Pass-through taxation: Owners of LLCs may take advantage of "pass-through" taxation, which allows them to avoid LLC and corporation taxes, and owners pay personal taxes on business profits.
3. Flexible management: LLCs lack a formal business structure, meaning that their owners are free to make choices regarding the operation of their businesses.

##### Some disadvantages include:

1. Associated costs: The start-up costs associated with an LLC are more expensive than setting up a sole proprietorship or partnership, and there are annual fees involved as well.
2. Separate records: Owners of LLCs must take care to keep their personal and business expenses separate, including any company records, whereas sole proprietorships are less formal.
3. Taxes: In regards to unemployment compensation, owners may have to pay it themselves.

##### Common examples of limited liability companies include s

* start-ups and other small businesses. Family-owned businesses and companies with a small number of members may operate as an LLC because it is a flexible business model that allows members to be active or passive in their roles.

##### Joint Stock Company

Capital is contributed by a large number of person in the form of shares of different values.

##### Co-operative Enterprises

* + Co-operation is a form of Organisation where persons irrespective of caste, creed and religion, voluntarily associate together as human beings.
  + It is based on the democratic principles and functions for the welfare of the public at large.
  + It protects the interest of consumer as well as that of small producers.

##### Features

1. Voluntary Organisation
2. Open Membership
3. Common purpose / Interest
4. Democratic Management
5. Not profit oriented

### Modern Organization Types

##### ‘S’ Corporation

* + The ‘S’ Corporation is a variety of a standard corporation.
  + The ‘S’ corporation authorise profit or losses to be transferred to individual tax returns.

##### Limited Liability Company (LLC)

* + This is a new form of business structure and gained its popularity in the short-term because the owner has limited individual liability for the debts and actions of the LLC.
  + It had similar features like a partnership such as administration flexibility and the advantage of passing the taxation.
  + The proprietor of LLC is known as members as they can include many, corporations, additional LLC and foreign entities.

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## Public and Private sector enterprises

* Private sector enterprises are businesses owned and managed by individuals, groups, or business entities.
* Public sector enterprises are organizations owned and managed by the government, either partly or wholly.
* The main difference between the two is ownership.

### Private sector

* + - These businesses aim to make a profit by selling goods and services.
    - Examples include tech startups, clothing stores, private schools, colleges, universities, and professional courses.

##### Private Ltd Company

* + - Private Ltd can be established with two to fifty members.
    - The maximum number of membership is limited to 50.
    - When this type of Organization expands beyond certain limit, it can restrict its liability by registering the firm as a limited company.
    - The company is registered under Indian Company act 1956.

### Public sector

* + - These organizations participate in economic activities on behalf of the government.
    - Examples include Indian Railways, Bharat Heavy Electricals Limited (BHEL), and Oil and Natural Gas Corporation (ONGC). Other examples include schools, hospitals, and libraries.

##### Public Ltd Company

* + - The minimum number of members required are 7 and there is no upper limit.
    - Such companies offer shares to general public. Public Ltd companies are supervised and controlled by the Government to protect the interest of Share holder public.
    - The company is governed by an elected body called board of directors.

##### Merits

1. The shareholders bears no risk as the liability is limited
2. Large scale business can be undertaken
3. Take advantage of economies of scale in production because management can employ specialized labour, can use latest machinery and thus can achieve large scale production at low cost.
4. Not affected by the retirement of any share holder hence the existence of Organisation is permanent in nature.
5. Works on democratic principles, which results in economy and efficiency.

#### Private sector Vs Public sector

* + - The main difference between public and private sector is that the government owns, controls, and manages public sectors.
    - In contrast, private sectors are owned, controlled, and managed by individuals, groups, or business entities.

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# THE ORGANIZATION CULTURE AND ENVIRONMENT

### Introduction to Organization’s Culture

* + - Just as individuals have a personality, so, too, do organizations.
    - We refer to an organization‘s personalityas its culture.

##### Definition : Organizational culture

**Organizational culture** is the shared values, principles, traditions, and ways of doing things thatinfluence the way organizational members act.

##### This implies:

* + - * Individuals perceive organizational culture based on what they see, hear, or experience within theorganization.
      * Organizational culture is shared by individuals within the organization.
        + Organizational culture is a descriptive term. It describes, rather than evaluates.Seven dimensions of an organization‘s culture have been proposed
      * Innovation and risk taking (the degree to which employees are encouraged to be innovative andtake risks)
      * Attention to detail (the degree to which employees are expected to exhibit precision, analysis, andattention to detail)
      * Outcome orientation (degree to which managers focus on results rather than techniques andprocesses used to achieve those outcomes)
      * People orientation (the degree to which management decisions take into consideration the effect onpeople within the organization)
      * Team orientation (the degree to which work activities are organized around teams rather thanindividuals)
      * Aggressiveness (the degree to which people are aggressive and competitive rather than easygoingand cooperative)
      * Stability (the degree to which organizational activities emphasize maintaining the status quo incontrast to growth)

### Strong versus Weak Cultures

* + - **Strong cultures** are found in organizations where key values are intensely held and widely shared.
    - Whether a company‘s culture is strong, weak, or somewhere in between depends on organizational factors such as size, age, employee turnover rate, and intensity of original culture.
    - A culture has increasing impacton what managers do as the culture becomes stronger.
    - Most organizations have moderate-to-strong cultures. In these organizations, high agreement exists about what is important and what defines ―good‖ employee behavior. Culture is transmitted and learned by employees principally through stories, rituals, material symbols, and language.
    - An innovative culture should have these characteristics:Challenge & involvement, Freedom, Trust and openness, Idea time, Playfulness/humor, Conflict resolution, Debates,Risk taking.

### Organization Environment

* + - An organizational environment is composed of forces or institutions surrounding an organization that affect performance, operations, and resources.
    - To manage the organization effectively, managers need to properly understand the environment.
    - An environmental organization is an organization coming out of the conservation or environmental movements that seek to protect, analyze or monitor the environment against misuse or degradation from human forces.
    - In this sense the environment may refer to the biophysical environment or the natural environment.

An organizational environment involves forces, both internal and external, that affect the operations of the organization.

* + - It is the duty of management to let to learn the definition of internal and external business environments, and explore the use of a SWOT analysis to assess an organization's environment.

The general environment includes these broad external conditions that may affect the organization:

* + - Economic conditions include interest rates, inflation rates, changes in disposable income, stock market fluctuations, and the general business cycle.
    - Political/legal conditions include the general political stability of countries in which an organization does business and the specific attitudes that elected officials have toward business.
    - Sociocultural conditions include the changing expectations of society. Societal values, customs,and tastes can change, and managers must be aware of these changes.
    - Demographic conditions, including physical characteristics of a population (e.g., gender, age, level of education, geographic location, income, composition of family) can change, and managers must adapt to these changes.
    - Technological conditions, which have changed more rapidly than any other element of the general environment.
      * Global factors include global competitors and global consumer markets.
      * Environments differ in their amount of environmental uncertainty, which relates to

##### The degree of change in an organization’s environment:

Degree of change is characterized as being dynamic or stable. In a dynamic environment, components of the environment change frequently. If change is minimal, the environment is called a stable environment.

##### The degree of complexity in that environment:

The degree of environmental complexity is the number of components in an organization‘s environment and the extent of an organization‘s knowledge about those components. If the number of components and the need for sophisticated knowledge is minimal, the environment is classified as simple. If a number of dissimilar components and a high need for sophisticated knowledge exist, the environment is complex. As uncertainty is a threat to organizationaleffectiveness, managers try to minimize environmental uncertainty.

### Types of Environmental Factors

There are two types of Environmental Factors:

1. Internal environmental Factors
2. External environmental Factors

#### Internal environmental Factors

* + The internal environment is the environment that has a direct impact on the business.
  + The internal factors are generally controllable because the company has control over these factors.
  + It can alter or modify these factors.
  + The internal environmental factors are resources, capabilities and culture.

##### Resources:

* + A good starting point to identify company resources is to look at tangible, intangible and

human resources.

* + Tangible resources are the easiest to identify and evaluate: financial resources and physical assets are identifies and valued in the firm‗s financial statements.
  + Intangible resources are largely invisible, but over time become more important to the firm than tangible assets because they can be a main source for a competitive advantage.
  + Such intangible recourses include reputational assets (brands, image, etc.) and technological assets (Proprietary technology and know-how).
  + Human resources or human capital are the productive services human beings offer the firm in terms of their skills, knowledge, reasoning, and decision-making abilities.

##### Capabilities:

* + Resources are not productive on their own. The most productive tasks require that resources collaborate closely together within teams.
  + The term organizational capabilities are used to refer to a firm‗s capacity for undertaking a particular productive activity. Our interest is not in capabilities per se, but in capabilities relative to other firms.
  + To identify the firm‗s capabilities we will use the functional classification approach. A functional classification identifies organizational capabilities in relation to each of the principal functional areas.

##### Culture:

* + It is the specific collection of values and norms that are shared by people and groups in an organization and that helps in achieving the organizational goals.

#### External environmental Factors

It refers to the environment that has an indirect influence on the business. The factors are uncontrollable by the business.

The two types of external environment are micro environment and macro environment.

##### MICRO ENVIRONMENTAL FACTORS

These are external factors close to the company that have a direct impact on the organizations process. These factors include:

##### Shareholders:

* Any person or company that owns at least one share (a percentage of ownership) in a company is known as shareholder.
* A shareholder may also be referred to as a "stockholder". As organization requires greater inward investment for growth they face increasing pressure to move from private ownership to public.
* However this movement unleashes the forces of shareholder pressure on the strategy of organizations.

##### Suppliers:

* + An individual or an organization involved in the process of making a product or service available for use or consumption by a consumer or business user is known as supplier.
  + Increase in raw material prices will have a knock on affect on the marketing mix strategy of an organization. Prices maybe forced up as a result.
  + A closer supplier relationship is one way of ensuring competitive and quality products for an organization.

##### Distributors:

* + Entity that buys non-competing products or product-lines, warehouses them, and resells them to retailers or direct to the end users or customers is known as distributor.
  + Most distributors provide strong manpower and cash support to the supplier or manufacturer's promotional efforts.
  + They usually alsoprovide a range of services (such as product information, estimates, technical support, after-sales services, credit) to their customers. Often getting products to the end customers can be a major issue for firms.
  + The distributors used will determine the final price of the product and how it is presented to the end customer.
  + When selling via retailers, for example, the retailer has control over where the products are

displayed, how they are priced and how much they are promoted in-store.

* + You can also gain a competitive advantageby using changing distribution channels.

##### Customers:

* + - A person, company, or other entity which buys goods and services produced by another person, company, or other entity is known as customer.
    - Organizations survive on the basis of meeting the needs, wants and providing benefits for their customers. Failure to do so will result in a failed business strategy.

##### Competitors:

* + - A company in the same industry or a similar industry which offers a similar product or service is known as competitor.
    - The presence of one or more competitors can reduce the prices of goods and services as the companies attempt to gain a larger market share.
    - Competition also requires companies to become more efficient in order to reduce costs.
    - Fast-food restaurants McDonald's and Burger King are competitors, as are Coca-Cola and Pepsi, and W al-Mart and Target.

##### Media:

* + - Positive or adverse media attention on an organisations product or service can in some cases make or break an organisation..
    - Consumer programmes with a wider and more direct audience can also have a very powerful and positive impact, hforcing organisations to change their tactics.

##### MACRO ENVIRONMENTAL FACTORS

* An organization's macro environment consists of nonspecific aspects in the organization's surroundings that have the potential to affect the organization's strategies.
* W hen compared to a firm's taskenvironment, the impact of macro environmental variables is less direct and the organization has a more limited impact on these elements of the environment.
* The macro environment consists of forces that originate outside of an organization and generally cannot be altered by actions of the organization.
* In other words, a firm may be influenced by changes within this element of its environment, but cannot itself influence the environment.
* The curved lines in Figure 1 indicate the indirect influence of the environment on the organization.
* Macro environment includes political, economic, social and technological factors.
* A firm considers these as part of its environmental scanning to better understand the threats and opportunities created by the variables and how strategic plans need to be adjusted so the firm can obtain and retain competitive advantage.

1. **Political Factors:** Political factors include government regulations and legal issues and define bothformal and informal rules under which the firm must operate.

##### Some examples include:

* + tax policy
  + employment laws
  + environmental regulations
  + trade restrictions and tariffs
  + political stability

1. **Economic Factors:** Economic factors affect the purchasing power of potential customers and the firm'scost of capital.

The following are examples of factors in the macro economy:

* + economic growth
  + interest rates
  + exchange rates
  + inflation rate

1. **Social Factors:** Social factors include the demographic and cultural aspects of the external macro environment.

These factors affect customer needs and the size of potential markets.

##### Some social factors include:

* + health consciousness
  + population growth rate
  + age distribution
  + career attitudes
  + emphasis on safety

1. **Technological Factors:** Technological factors can lower barriers to entry, reduce minimum efficientproduction levels, and influence outsourcing decisions. Some technological factors include:
   * + R&D activity
     + automation
     + technology incentives
     + rate of technological change

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# CURRENT TRENDS AND ISSUES

### Current Trends

Recent trends in management refer to the latest managerial practices that managers use to effectively manage their employees.

As the market situation evolves, the managerial trends also evolve and change. These changes are subject to the market conditions of that time period.

###### The most popular recent trends in management are :

1. Total Quality Management,
2. Risk Management,
3. Crisis Management etc.

### Current Issues

##### Tending issues in Organizational environment are:

1. **Globalization:**
   * Organizational operations are no longer limited by national borders.
   * Managers throughout the world must deal with new opportunities and challenges inherent in the globalization of business.

##### Ethics:

* + Cases of corporate lying, misrepresentations, and financial manipulations have been widespread inrecent years

##### Workforce diversity:

* It refers to a workforce that is heterogeneous in terms of gender, race, ethnicity, age, and other characteristics that reflect differences.
* Accommodating diverse groups of people by addressing different lifestyles, family needs, and work styles is a major challenge for today‘s managers.

##### Entrepreneurship:

* + It is the process whereby an individual or group of individuals use organized efforts to pursue opportunities to create value and grow by fulfilling wants and needs through innovation and uniqueness, no matter what resources the entrepreneur currently has.

Three important themes stand out in this definition:

1. The pursuit of opportunities
2. Innovation
3. Growth Entrepreneurship will continue to be important to societies around the world.

##### Managing in an E-Business World:

* + E-business is a comprehensive term describing the way an organization does its work by using electronic (Internet-based) linkages with its key constituencies in order to efficiently and effectively achieve its goals.

##### Knowledge Management and Learning Organizations:

* + Change is occurring at an unprecedented rate.
  + To be successful, today‘s organization must become a learning organization —one that has developed the capacity to continuously learn, adapt, and change.
  + It involves cultivating a learning culture where organizational members systematically gather knowledge and share it with others in the organization so as to achieve better performance.

##### Quality Management:

* + It is a philosophy of management that is driven by continual improvement and response to customer needs and expectations.
  + The objective of quality management is to create an organization committed to continuous improvement in work.

***The key challenges posed by trends and emerging issues include:***

1. **Uncertainty and volatility:**
   * Rapid changes in technology, markets, and societal norms can create significant uncertainty, making it difficult to plan and prepare effectively.
   * Emerging issues may arise suddenly and have unpredictable impacts.
2. **Skills gaps:**
   * As new technologies and ways of working emerge, there can be a mismatch between the skills and knowledge of the workforce and the demands of the changing environment.
   * Upskilling and reskilling the workforce becomes a critical challenge.
3. **Regulatory and policy lag:**

Policymakers and regulators often struggle to keep up with the pace of change, leading to regulatory uncertainty and the potential for unintended consequences as new issues arise.

1. **Ethical and societal implications**:
   * Many emerging technologies and trends raise complex ethical questions around privacy, equity, environmental impact, and the distribution of benefits and risks.
   * Addressing these societal implications is a significant challenge.
2. **Organizational adaptability:**
   * Established organizations can find it difficult to pivot quickly and adapt their processes, structures, and cultures to effectively navigate trends and emerging issues.
   * Cultivating organizational agility is crucial.
3. **Resource constraints**:

* Trends and emerging issues may require significant investment in new infrastructure, equipment, or research and development, which can strain organizational resources and budgets.

1. **Competing priorities**:

As new issues arise, organizations and policymakers often face difficult trade-offs between addressing emerging challenges and maintaining focus on existing priorities and responsibilities.

* Addressing these challenges requires a combination of foresight, strategic planning, workforce development, policy innovation, and organizational resilience.
* Proactive and collaborative approaches are essential for navigating the complexities of trends and emerging issues.

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