

Management & Entrepreneurship

Subject Code - 15CS51

Prepared by,
Mrs.Aruna M G
Associate Professor
Department of CSE
MSEC

Text Books

- ▶ TB1 – Principles of Management – P. C. Tripathi, P. N. Reddy
- ▶ TB2 – Dynamics of Entrepreneurial Development & Management – Vasant Desai Himalaya
- ▶ TB3 – Entrepreneurship Development – Small Business Enterprises Poornima M
- ▶ TB4. Management and Entrepreneurship – Kanishka Bedi- Oxford University Press–2017

Reference Books

- ▶ 1. Management Fundamentals –Concepts, Application, Skill Development Robert Lusier – Thomson.
- ▶ 2. Entrepreneurship Development –S S Khanka –S Chand & Co.
- ▶ 3. Management –Stephen Robbins –Pearson Education /PHI –17th Edition, 2003

Module-1 : Introduction

- ▶ **Introduction** – Meaning, nature and characteristics of management, scope and Functional areas of management, goals of management, levels of management, brief overview of evolution of management theories,.
- ▶ **Planning**– Nature, importance, types of plans, steps in planning,
- ▶ **Organizing**– nature and purpose, types of Organization,
- ▶ **Staffing**– meaning, process of recruitment and selection

INTRODUCTION

- ▶ Management is what managers do.

M

A --- The Manager

N

A

G --- Knowledge

E

M

E --- The People

N

T --- Technology/Techniques/Tactics

Definition

- ▶ **DEFINITIONS:**
- ▶ “Management is the art of getting things done through and with people in formally organized groups” --- **Koontz**
- ▶ “Management is the art of getting things done through and with people” --- **Mary Parker**
- ▶ “Management is the art of knowing what you want to do and then seeing that it is done in the best and cheapest way”
- -- **F.W. Taylor**
- ▶ “Management is the accomplishment of results through the efforts of other people” --- **Lawrence**
- ▶ “Management is to manage is to forecast and plan, to organize, to command, to coordinate and control”. -- **Henry Fayol (1916)**

Management Defined

- 1 Management is the process of achieving goals and objectives effectively and efficiently through and with the people.



- 2 "Management is a process of designing and maintaining an environment in which individuals work together in groups to effectively and efficiently accomplish selected aims".



Management Defined Cont'd

3 Management is the process of achieving organizational goals and objectives effectively and efficiently by using management functions i.e.

- Planning
- Organizing
- Staffing
- Controlling



4 Management is a set of activities directed at an organization's resources with the aim of achieving organizational goals in an efficient and effective manner.

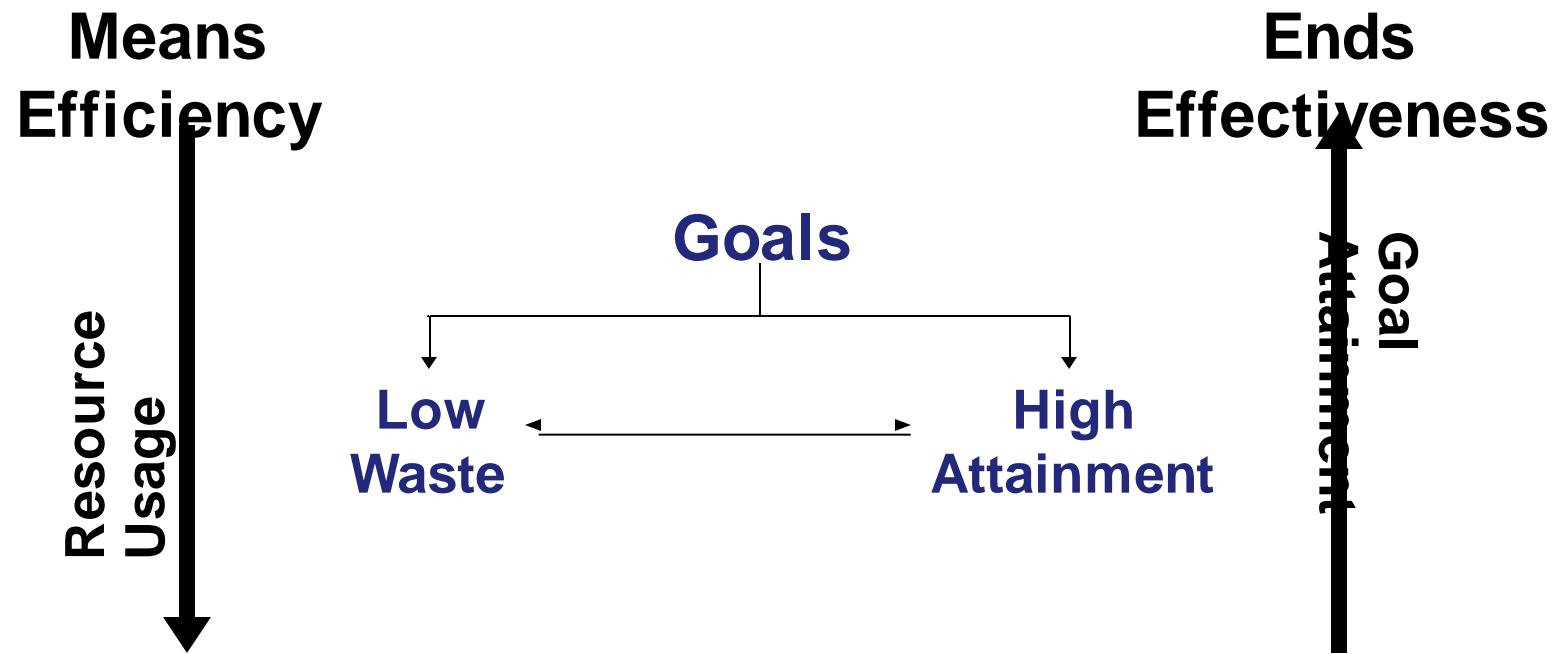


Elements of definition

- **Process** - represents ongoing functions or primary activities engaged in by managers
- **Efficiency** - getting the most output from the least amount of inputs
 - “doing things right”
 - concerned with means
 - Achieving the objectives in time
- **Effectiveness** - completing activities so that organizational goals are attained
 - “doing the right things”
 - concerned with ends
 - Achieving the objectives on time



Efficiency and Effectiveness



FOM 1.9

Management – Definition

- ▶ Every business need the direction this direction is given by Management.
- ▶ “Management is conduct of affairs of business moving towards its objectives through a continuous process of improvement and optimization of resources”.
- ▶ Simplest definition is that it is defined as the art of getting things done through people.

Cont....

- ▶ “Management is the process of designing and maintaining an environment in which individuals working together in groups effectively”.
- ▶ Management can also be defined as the process consisting of planning, organizing, actuating, and controlling performed to determine and accomplish the use of people and resources.
- ▶ It is process –systematic way of doing things.

Management: Science or Art?

Science is a collection of systematic knowledge, collection of truths and inferences after continuous study and experiments. It has fundamental principles discovered.

Art uses the known rules and principles and uses the skill, expertise, wisdom, experience to achieve the desired result.

Management has got two faces like a coin; on one side it is art and on the other it is science. Management has got scientific principles which constitute the elements of Science and Skills and talent which are attributes of Art.

Management is both art and science.

Nature of Management:

- 1)All the managers carry out the managerial functions of planning, organizing, staffing ,leading and controlling.
- 2)Management applies to any kind of organization.
- 3)It applies to managers at all organizational levels.
- 4)The aim of the managers is same: to create the surplus.
- 5)Managing is concerned with productivity, which implies effectiveness and efficiency.

Nature of Management

- ▶ Multidisciplinary
- ▶ Dynamic nature of Principles
- ▶ Relative, Not absolute Principles
- ▶ Management: Science or Art
- ▶ Management as profession
- ▶ Universality of management
- ▶ Management is a Situational in Nature

Characteristics of Management

1. It should be stable.
2. It should be applicable to all kinds of organization
3. It is transparent.
4. Its approaches are to be clear and objective oriented.
5. It should be simple yet effective
6. Intangible (not measurable and cannot be seen) but its presence can be felt by efforts in the production, sales and revenues.

Cont..

7. It is universal and it is applicable to all sizes and forms of organizations
8. It is a group activity and it involves getting things done with and through others
9. It is goal oriented and all actions of management are directed at achieving specific goals.
10. It is science as well as an art and emerging now as a profession
11. It is multidisciplinary and it has contributions from psychology, sociology, anthropology etc.
12. Management as a career.
13. Dynamic.
14. Management is decision-making

Scope of Management

The management is a must for every organization

- The existence of management ensures proper function and running of an enterprise.
- Management plans the activities , coordinates and utilizes the available resources effectively and efficiently at minimum cost.
- Scope of management is not limited only to business organization , but it is extended to business establishment, hospitals, educational institutions, Govt offices, Service organizations, security organizations etc.

Cont...

- ▶ They categorized into 3 distinct areas
 - 1. Management as an Economic resource(5M's– money, materials, manpower, machinery and method)
 - 2. Management as a system of authority– it flows from top level to lower level.
 - 3. Management as class is responsible for success or failure of an organization.

Cont...

- ▶ Management scope can be extended to the following areas of life –
 1. Developing Management
 2. Financial Management
 3. Marketing Management
 4. Transport Management
 5. Purchase Management
 6. Sales Management

Functional Areas of Management

1. Financial Management
2. Marketing Management
3. Human Resource Management
4. Production and operations Management

Marketing management:

Marketing management involves distribution of the product to the buyers. It may need number of steps. Sub areas are as follows

Advertising: This area deals with advertising of product, introducing new product in market by various means and encourage the customer to buy the products.

Sales management: Sales management deals with fixation of prices, actual transfer of products to the customer after fulfilling certain formalities and after sales services.

Market research: It involves in collection of data related to product demand and performance by research and analysis of market.

Production management:

Production means creation of utilities by converting raw material in to final product by various scientific methods and regulations. It is very important field of management. Various sub-areas of the production department are as follows.

Plant lay out and location: This area deals with designing of plant layout, decide about the plant location for various products and providing various plant utilities

Production planning: Managers has to plan about various production policies and production methods.

Material management: This area deals with purchase, storage, issue and control of the material required for production department.

Research and Development: This area deals with research and developmental activities of manufacturing department. Refinement in existing product line or develop a new product are the major activities.

Quality Control: Quality control department works for production of quality product by doing various tests which ensure the customer satisfaction

Finance and accounting management:

Financial and accounting management deals with managerial activities related to procurement and utilization of fund for business purpose. Its sub areas are as follows

Financial accounting: It relates to record keeping of various financial transactions their classification and preparation of financial statements to show the financial position of the organization.

Management accounting: It deals with analysis and interpretation of financial record so that management can take certain decisions on investment plans, return to investors and dividend policy

Taxation: This area deals with various direct and indirect taxes which organization has to pay.

Costing: Costing deals with recording of costs, their classification, analysis and cost control.

Personnel Management:

Personnel management is the phase of management which deals with effective use and control of manpower. Following are the sub areas of Personnel management

Personnel planning: This deals with preparation inventory of available manpower and actual requirement of workers in organization.

Recruitment and selection: This deals with hiring and employing human being for various positions as required.

Training and development: Training and development deals with process of making the employees more efficient and effective by arranging training programmes. It helps in making team of competent employees which work for growth of organisation.

Wage administration: It deals in job evaluation, merit rating of jobs and making wage and incentive policy for employees.

Industrial relation: It deals with maintenance of overall employee relation, providing good working conditions and welfare services to employees.

Difference between a manager and other personnel in the organization:

- ▶ A manager is one who contributes to the organizational goals indirectly by directing the efforts others by not performing the task by himself.
- ▶ A person who is not a manager makes his contribution to the organizations goals directing by performing the task himself.

Functions of Management

There are 5 essential functions of Management –

1. Planning
2. Organising
3. Staffing
4. Directing(Leading)
5. Controlling



Table 1.1: Management functions

	Writers	Management Functions
1	Henry Fayol	Planning, organizing, commanding, coordinating, controlling
2	Luther Gulick	Planning, organizing, staffing, directing, coordinating, reporting and budgeting (POSDCORB)
3	Lyndall Urwick	Planning, organizing, commanding, coordinating, communicating, forecasting, and investigating.
4	E.F.L. Brech	Planning, organizing, motivating, coordinating, controlling
5	Koontz and O'Donnell	Planning, organizing, staffing, directing (leading), controlling.

Table 1.2: Combined list of management functions

Planning	Directing	Controlling
Formulating purpose	Leading	Investigating
Decision making	Motivating	Evaluating
Innovating	Commanding	Coordinating
Organizing	Activating	Representing
Staffing	Securing Efforts	Administration
Appraising	Communicating	

Planning

- ▶ Planning is an executive function that is referred to as decision making.
- ▶ Setting short and long term goal for organization.
- ▶ Selecting objectives , strategies and policies for accomplishing the planned goals.
- ▶ Deciding in advance what to do, how to do, who has to do, when to do, where to do, why it is required, who is the person to do the task.
- ▶ Planning bridges the gap from where we are now to where we want to be in future.

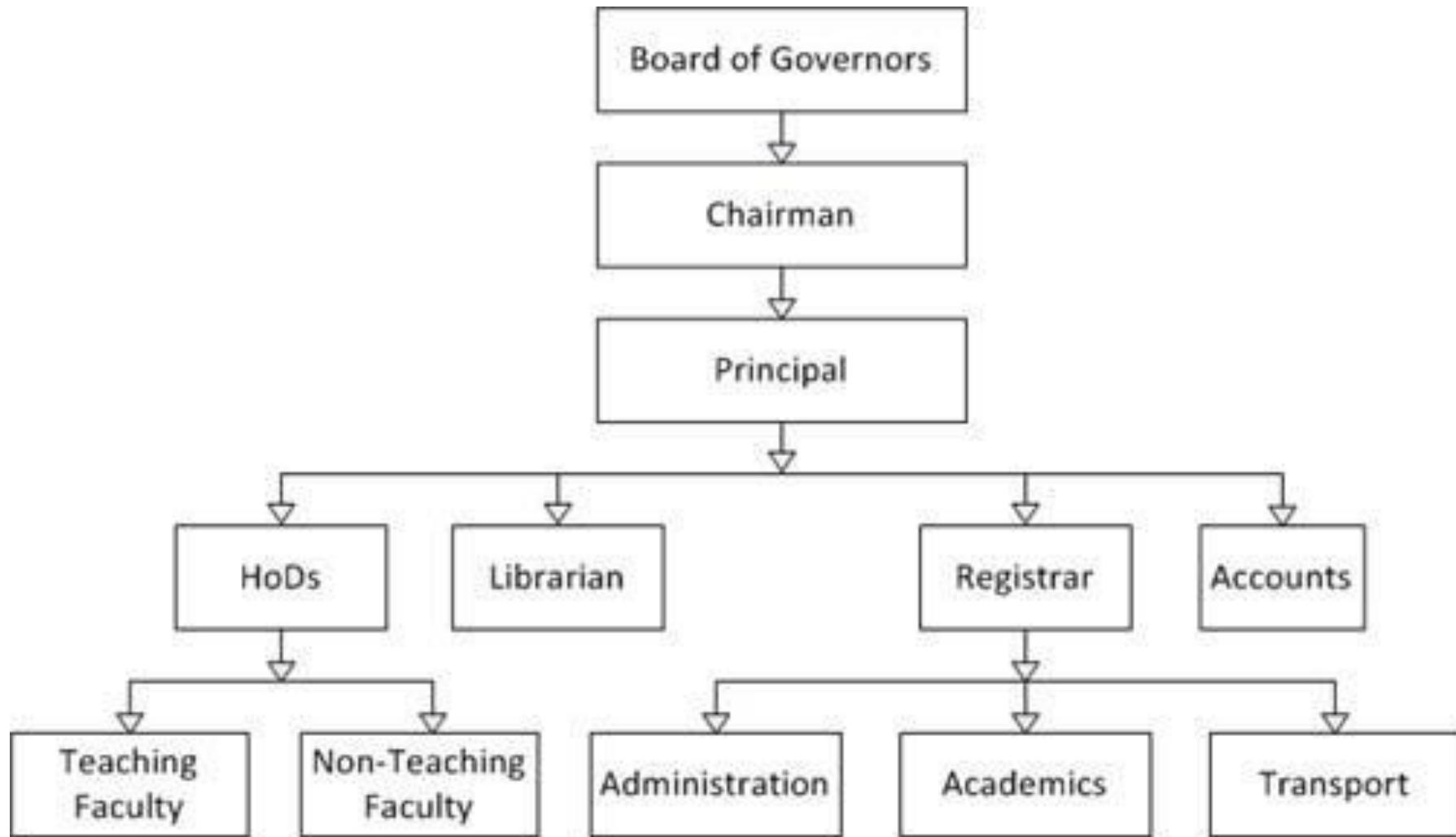
Cont...



Organising

- ▶ According to Koonz O'Donnell, "**Organization consists of conscious coordination of people towards a desired goal**"
- ▶ It is a part of management that involves in establishing an structure of roles for people to fill in an organization.
- ▶ Determination of activities required to achieve objectives.
- ▶ Grouping these activities into departments
- ▶ Assigning such groups of activities to managers.
- ▶ Making provision for coordination of activities.

Cont..



Staffing

- ▶ Staffing involves managing various positions of the organizational structure.
- ▶ Staffing is an important function which makes provision for man power to fill different positions.
- ▶ Finding the right person for right job.
- ▶ Placement, Training and developing new skills required for present and future jobs.
- ▶ Creating new positions
- ▶ Apprising the staff and planning their growth and promotion etc

Cont...



Cont...



Directing (Leading)...

- ▶ Next important function of management is directing or leading the people towards the defined objective.
- ▶ Directing sub functions are –
 1. Communication
 2. Leadership
 3. Motivation

Cont..

- (a) Communicating:** It is the process of passing information and understanding from one person to another.
- (b) Leading:** It is a process by which a manager guides and influences the work of his subordinates.
- (c) Motivating:** It is arousing desire in the minds of workers to give their best to the enterprise.

Cont..

- ▶ To pull out the weight effectively, to be loyal to their enterprise and carry out the task effectively.
- ▶ It has two types of motivation financial and nonfinancial
- ▶ **Financial:** takes the form of salary, bonus, profit-sharing etc.
- ▶ **Nonfinancial:** takes the form of job security, promotions, opportunity of advancement recognition, praise etc.

Cont...



Cont...



Controlling

- ▶ Controlling is measuring and correcting of activities of subordinates to make sure that the work is going on as per the plan.
- ▶ Establishing standards of performance
- ▶ Measuring performance and comparing with established standards
- ▶ Taking necessary corrective action to meet the set standards.

Cont...



Innovation

- ▶ Innovation means creating new ideas which may be either results in the development of new products or finding new uses for the old ones.
- ▶ A manager who invents new products is an innovator.
- ▶ A salesman who **persuades Eskimos** to purchase refrigerator is an innovator.
- ▶ One has to note that innovation is not a separate function but a part of planning.

Representation

- ▶ A manager has to spend a part of his time in representing his organization before various groups which have some stake in the organization.
- ▶ A manager has to act as representative of a company.
- ▶ He has dealings with customers, suppliers, government officials, banks, trade unions and the like.
- ▶ It is the duty of every manager to have good relationship with others.

Management Cycle



Management & Administration

- ▶ Administration involves “thinking”, it is a top level function.
- ▶ Management involves “doing” and is a lower level function.

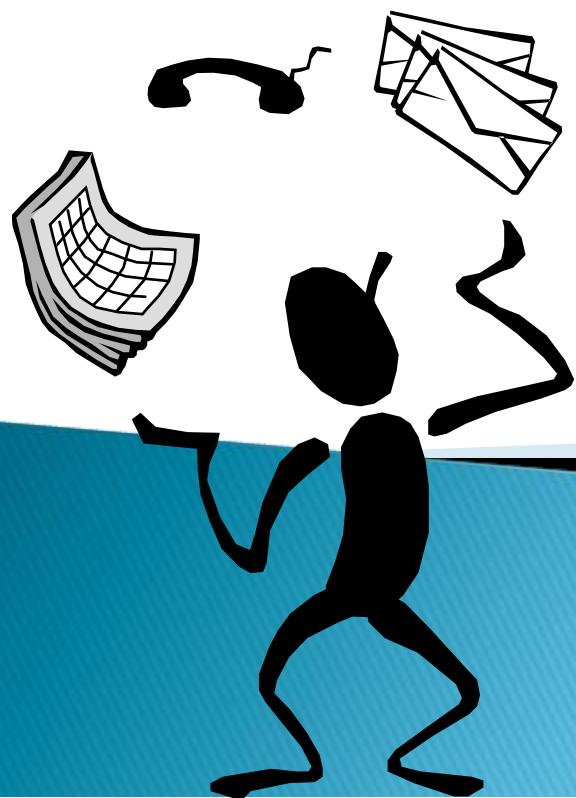
Cont....

Characteristics	Administration	Management
Main Function	Planning ,Organising and staffing	Leading, Motivation & Controlling
Status	Act as owner	Act as an agency
Skills	Good administrative skills	More technical skills
Level in the organization	Top level	Lower level
Position	MD, Owner, CEO	Manager , Supervisor, foremen etc...
Objective	Makes the policies & objective to be achieved	Implements the plans and policies
Involvement	No direct involvement in production or service	Directly involves in the execution of plans and achieving objectives

Table: 1.4: Differences between administration and management

Basis of difference	Administration	Management
1. Level of organization	Top Level	Middle and Lower Level
2. Major focus	Policies formulation and objective determination	Policies execution for objectives achievements
3. Nature of function	Determinative	Executive
4. Scope of functions	Broad & Conceptual	Narrow & Operational
5. Factors affecting decision	Mostly external	Mostly internal
6. Employer – Employee relation	Entrepreneurs & Owners	Employee
7. Qualities required	Administrative	Technical

MANAGEMENT ROLES



Define “role”

- ▶ A role is a set of behaviours associated with a particular job.

Roles of Management

- ▶ Manager plays variety of roles responding to a particular situation.
- ▶ In 1960, Henry Mintzberg has identified ten roles common to the work of all managers. The ten roles are divided into three groups.
- ▶ There are 3 important roles –
 1. Interpersonal Roles
 2. Decision Roles
 3. Information Roles

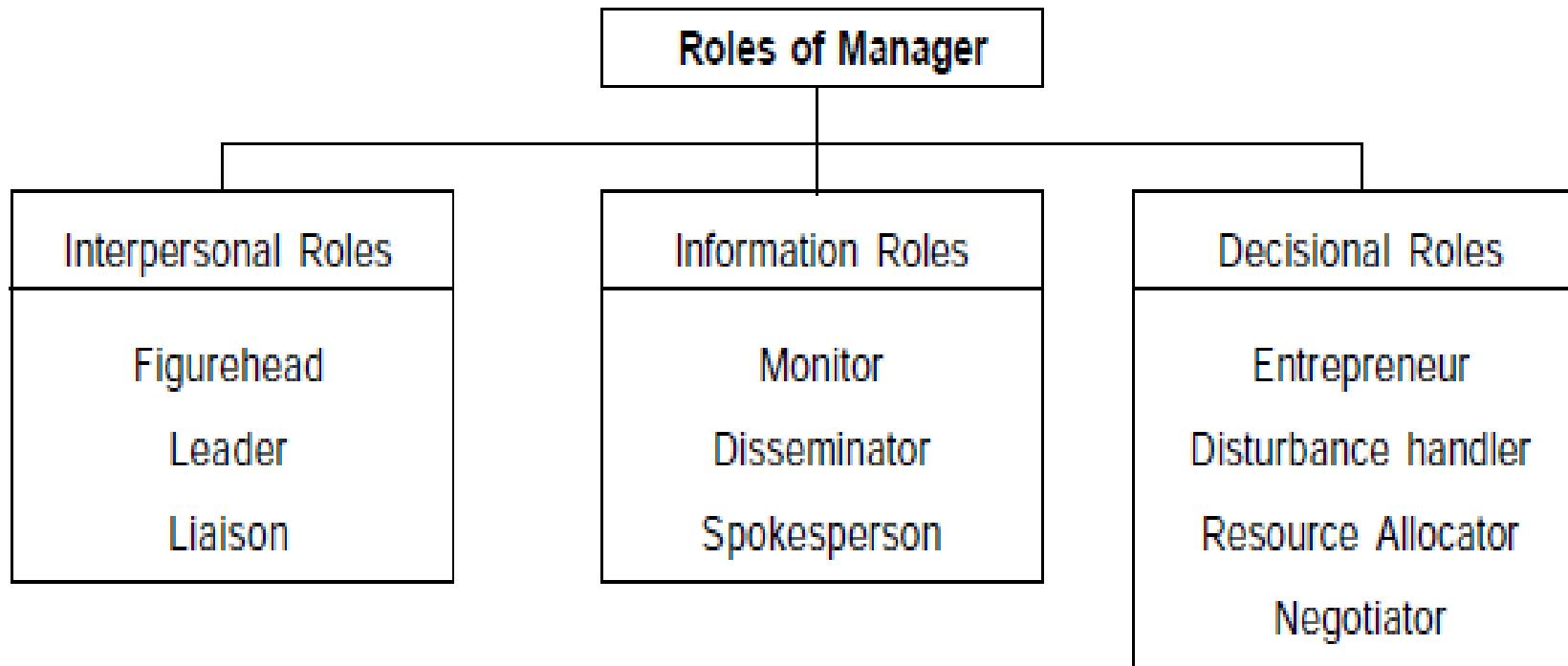
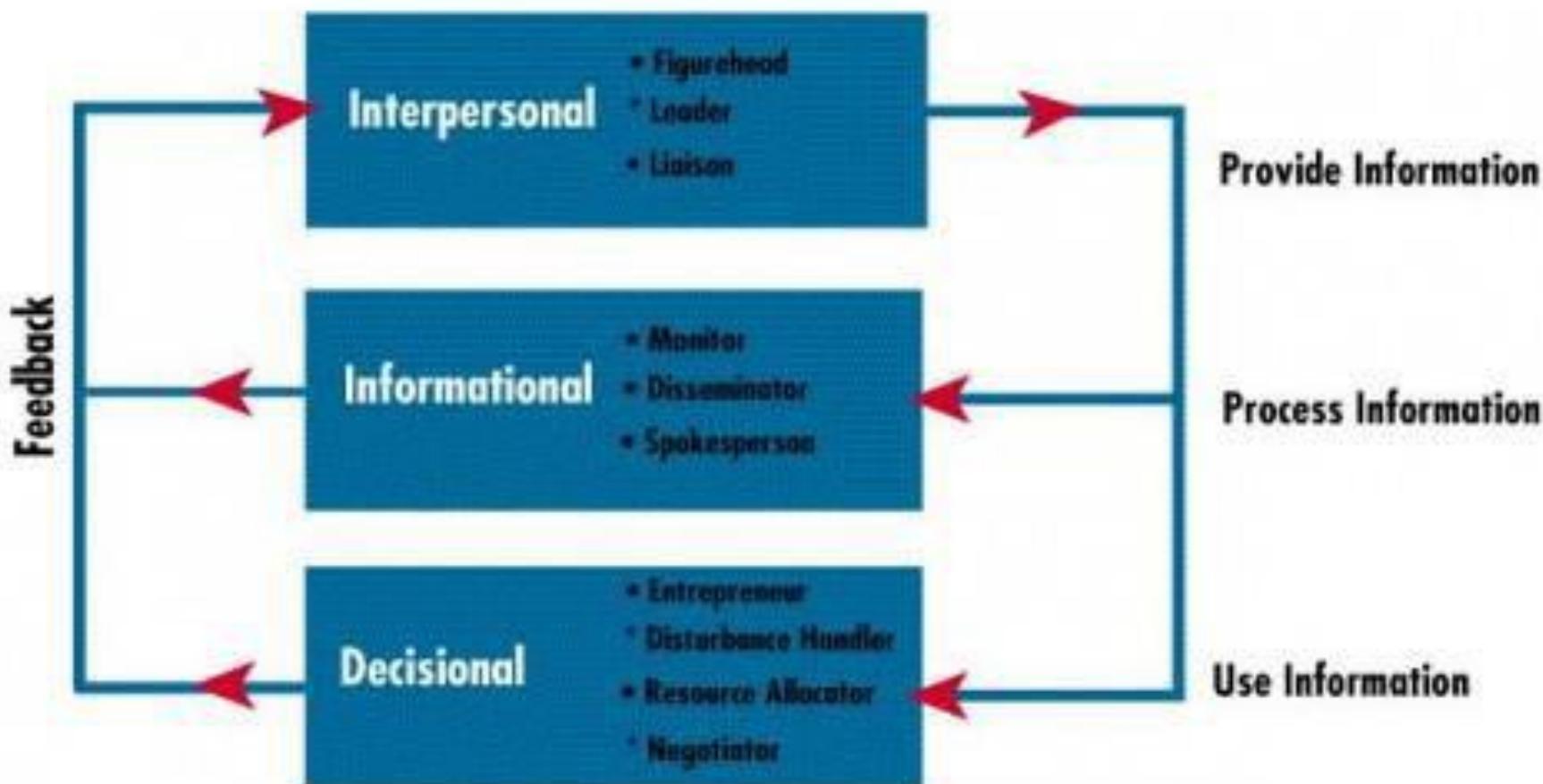


Fig. 1.1: Roles of manager

The Managerial Roles



* Indicates significant role for the supervisor

Interpersonal role:

- ▶ This role is concerned with his interacting with people both organizational members and outsiders.
- ▶ There are three types of interpersonal roles:



INTERPERSONAL



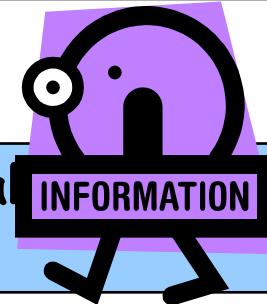
Role	Description	Identifiable Activity
Figurehead	Manager serves as an official representative of the organization or unit	Greeting visitors; welcome new staff, signing legal documents
Leader	Manager guides and motivates staff and acts as a positive influence in the workplace	Staffing, training, handling subordinates
Liaison	Manager interacts with people outside the organization to gain information. Ex:suppliers,buyers, partners.	Acknowledging mail/email; serving on boards; performing activities that involve outsiders

Information roles:

- ▶ Manager handle huge amount information and information is vital for decision making. It involves communication.
- ▶ There are three types of informational roles:



INFORMATIONAL



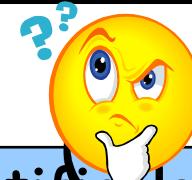
Role	Description	Identification
Monitor	Manager receives and collects information	Reading magazines and reports; maintaining personal contacts
Communication (Disseminator)	Manager distributes information within the organization	Meetings; making phone calls to relay information; email/memos
Spokesperson	Manager distributes information outside the organization	Board meetings; giving information to the media

Decisional roles:

- ▶ Decisional role involves choosing most appropriate alternative among all so that organizational objectives are achieved in an efficient manner.
- ▶ In his decisional role manager perform four roles:



DECISIONAL



Role	Description	Identifiable Activity
Entrepreneur	Manager initiates change	Organizing sessions to develop new programs; supervises design of projects
Disturbance Handler	Manager decides how conflicts between subordinates should be resolved	Steps in when an employee suddenly leaves or an important customer is lost
Resource Allocator	Manager decides how the organization will use its resources	Scheduling; requesting authorization; budgeting
Negotiator	Manager decides to negotiate major contracts with other organizations or individuals	Participating in contract negotiations or in those with suppliers

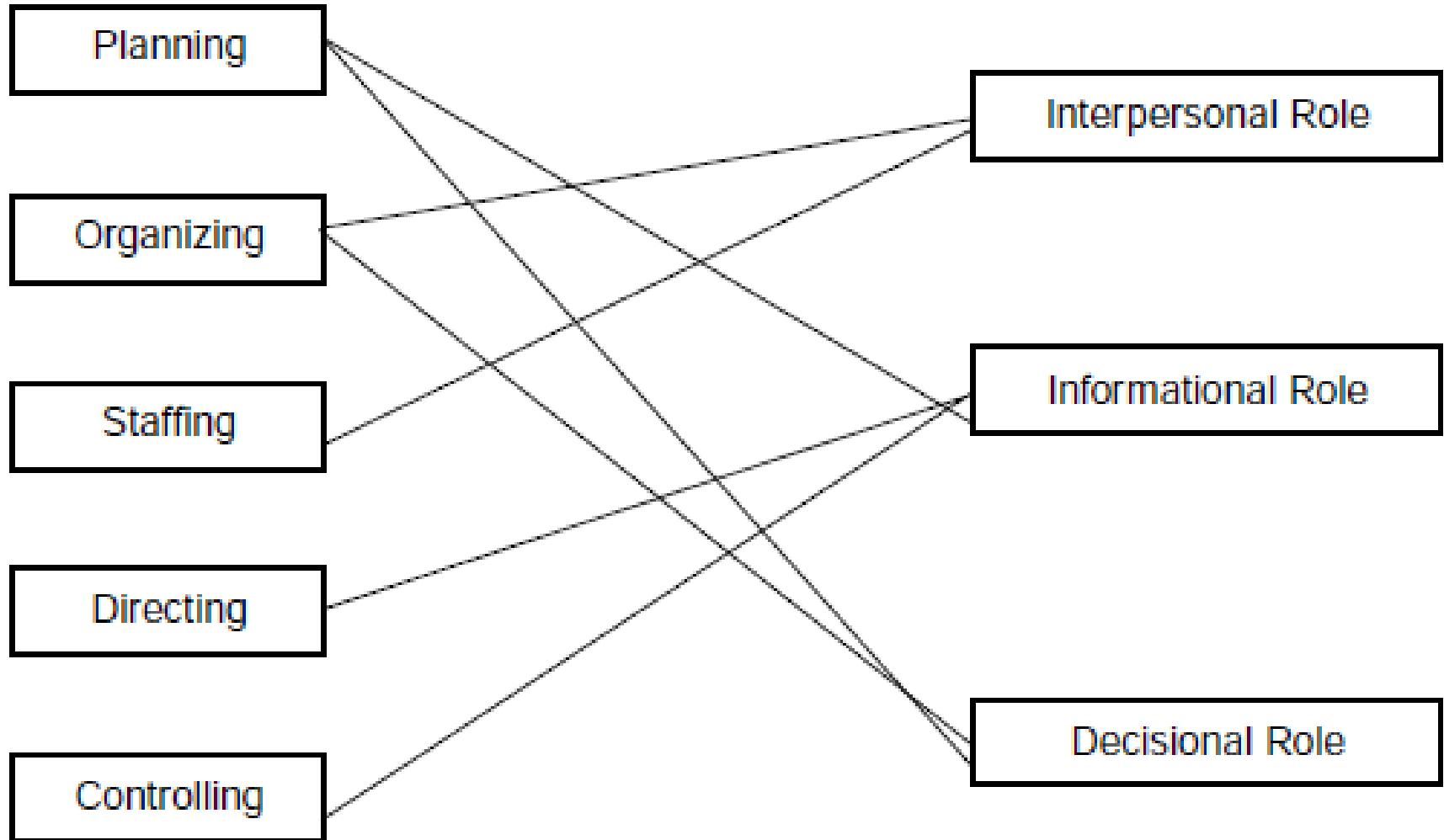


Fig. 1.2: Functions and roles of manager

Levels of management

- ▶ People in an organization are arranged in an hierarchy and they all have the relationship of superior-subordinates.
- ▶ Every manager in an organization performs all five management functions.
- ▶ The relative importance of these functions varies along the managerial levels.
- ▶ There may be as many levels in the organization as the number of superiors in a line of command.

Cont..

- ▶ There are 3 levels of management –
 1. Top level Management
 2. Middle level Management
 3. Lower level or first line Management
 - Nonmanagement operative employees
 - Workers in the organization who are supervised by first-line managers

Top level Management

- ▶ The role of the top management can be summarized as follows –
 - Top management lays down the objectives and broad policies of the enterprise.
 - It issues necessary instructions for preparation of department budgets, procedures, schedules etc.
 - It prepares strategic plans & policies for the enterprise.
 - It appoints the executive for middle level i.e. departmental managers.
 - It is also responsible for maintaining a contact with the outside world.
 - It provides guidance and direction.
 - The top management is also responsible towards the shareholders for the performance of the enterprise.

Middle Level Management

► Their role can be emphasized as –

- ✓ They execute the plans of the organization in accordance with the policies and directives of the top management.
- ✓ They make plans for the sub-units of the organization.
- ✓ They participate in employment & training of lower level management.
- ✓ They interpret and explain policies from top level management to lower level.
- ✓ They interpret and explain policies from top level management to lower level.
- ✓ It also sends important reports and other important data to top level management.
- ✓ They evaluate performance of junior managers.
- ✓ They are also responsible for inspiring lower level managers towards better performance.

Lower level or first line Management

► Their activities include –

- a. Assigning of jobs and tasks to various workers.
- b. They guide and instruct workers for day to day activities.
- c. They are responsible for the quality as well as quantity of production.
- d. They are also entrusted with the responsibility of maintaining good relation in the organization.
- e. They communicate workers problems, suggestions, and recommendatory appeals etc to the higher level and higher level goals and objectives to the workers.
- f. They help to solve the grievances of the workers.

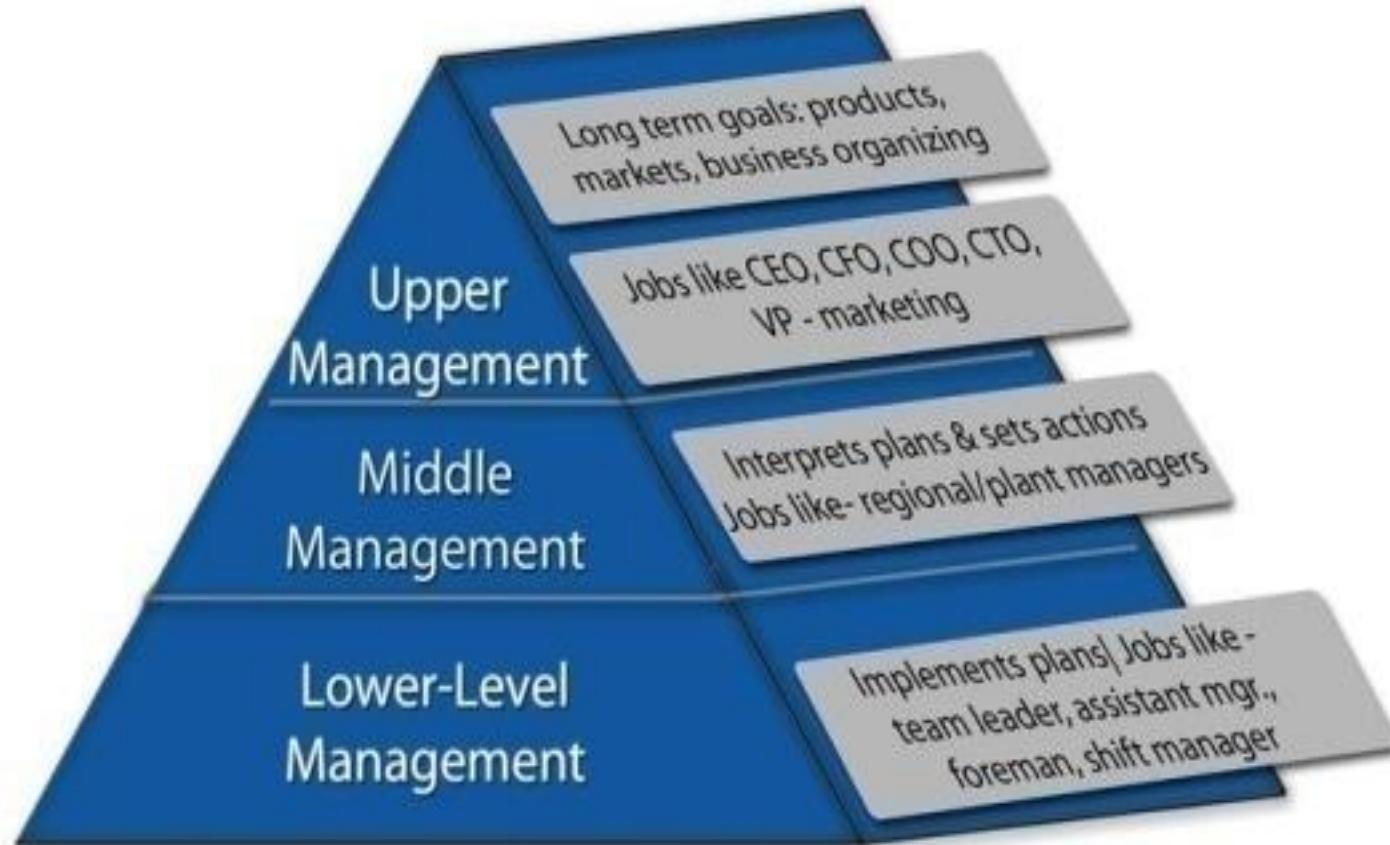
Cont..

- g. They supervise & guide the sub-ordinates.
- h. They are responsible for providing training to the workers.
- i. They arrange necessary materials, machines, tools etc for getting the things done.
- j. They prepare periodical reports about the performance of the workers.
- k. They ensure discipline in the enterprise.
- l. They motivate workers.
- m. They are the image builders of the enterprise because they are in direct contact with the workers.

Major functions of Levels of Management



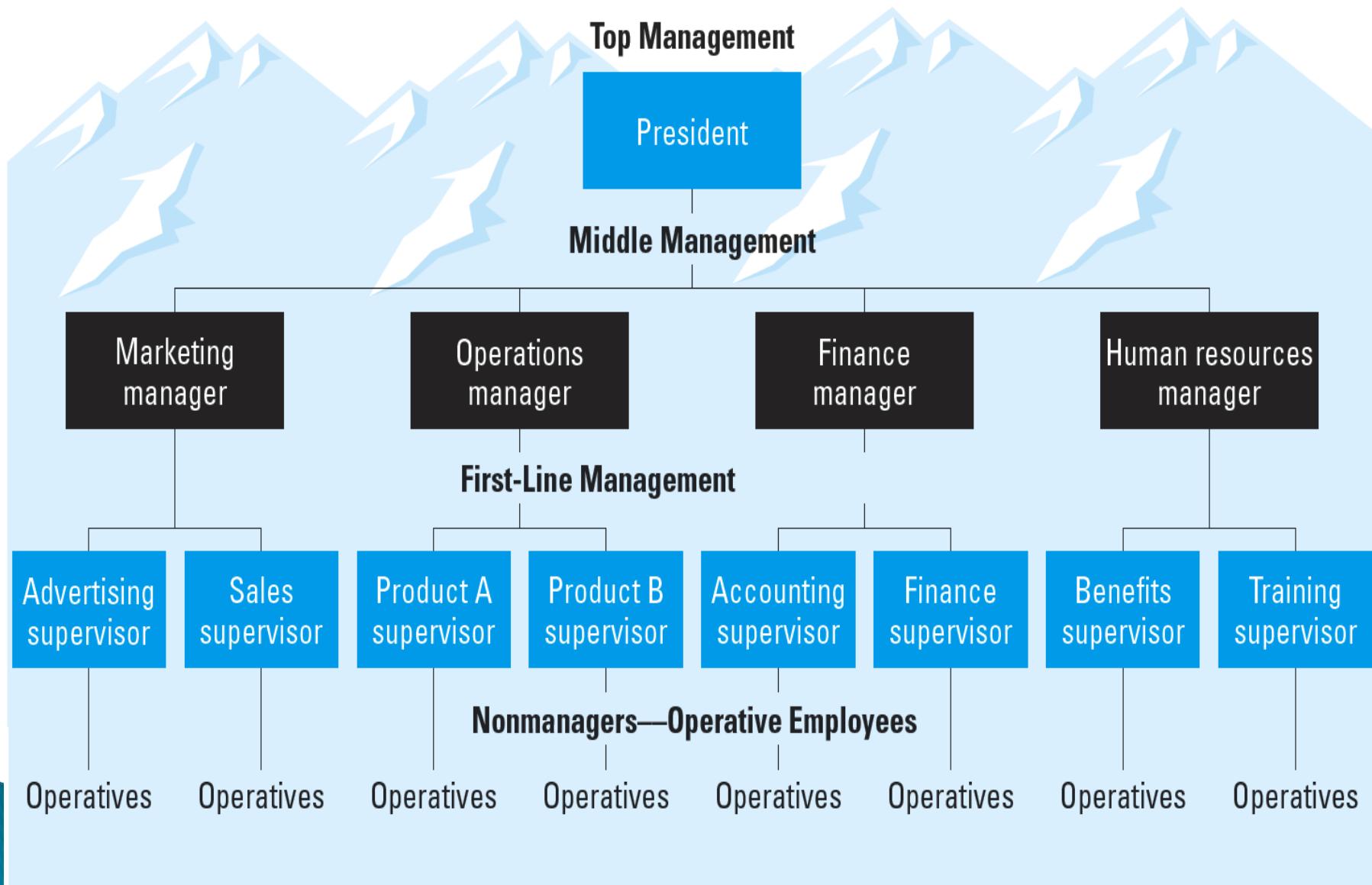
Cont...



Ex: Peoples of levels of Management



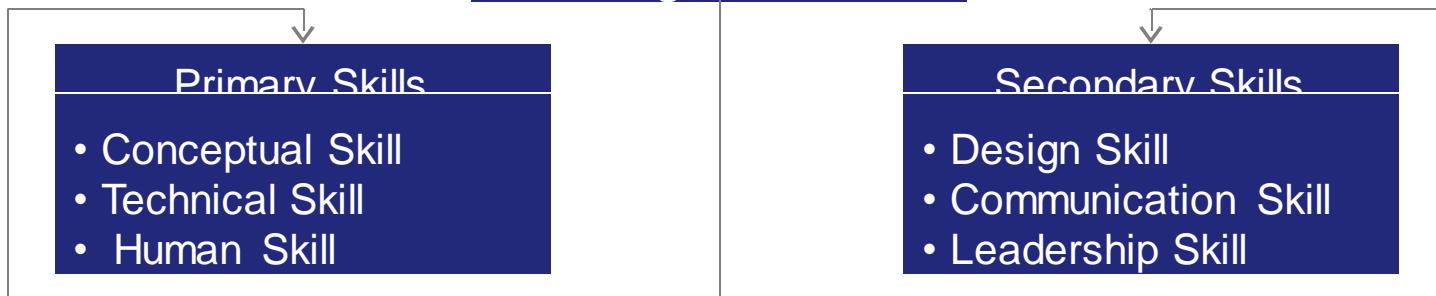
●Management Levels and Functional Areas



Managerial skills



Managerial Skills



Managerial skills

- ▶ The manager is required to posses three major skills:
- ▶ **Conceptual skill** which deals with ideas,
- ▶ **Human relations skill** which deals with people and
- ▶ **Technical skill** which deals with things.

Technical skills



- ✓ Technical skills refer to the ability and knowledge in using the equipment, techniques and procedure involved in performing specific tasks.
 - ✓ These skills require specialized knowledge and proficiency in the mechanics of a particular.
 - ✓ Technical skills lose relative importance at higher levels of the management hierarchy, but most top executives started out as technical experts.
- in short:
- The ability to use the knowledge or techniques of a particular discipline to attain ends

Human skills or interpersonal skills:



- ✓ Human skills refer to the ability of a manager to work effectively with other people both as individual and as members of a group.
 - ✓ Human skills are concerned with understanding or recognize the people feelings and sentiments of others.
 - ✓ These are required to win cooperation of others and to build effective work.
- In short it is:
- ← The ability to work with other people in teams

Conceptual skills

- ✓ Conceptual skills involve the ability to see the whole organization and the interrelationships between its parts.
- ✓ These skills refer to the ability to visualize the entire picture or to consider a situation in its totality.
- ✓ These skills help the managers to analyze the environment and to identify the opportunities.
- ✓ Conceptual skills are especially important for top-level managers who must develop long-range plans for the future direction of their organization.



- ▶ In short it is:
- The mental capacity to develop plans, strategies and vision

Cont..

- ▶ Skill mix of a manager with the change in his level:
 - (a) **Top level:** technical skill becomes less important
 - (b) **Middle management:** human relations skill become more important
- ▶ (c) **Supervisory skill:** technical skill becomes more important.

Managerial skills Cont'd

Design skills:

- These skills enable a manager to handle and solve any kind of unforeseen or actual problems, that may crop up in the organization. Such problems could arise due to internal factors or external factors and/or both.

In short it is:

- The problem solving skill



Communication skills:

- The abilities of exchanging ideas and information effectively. To understand others and let others understand comprehensively.

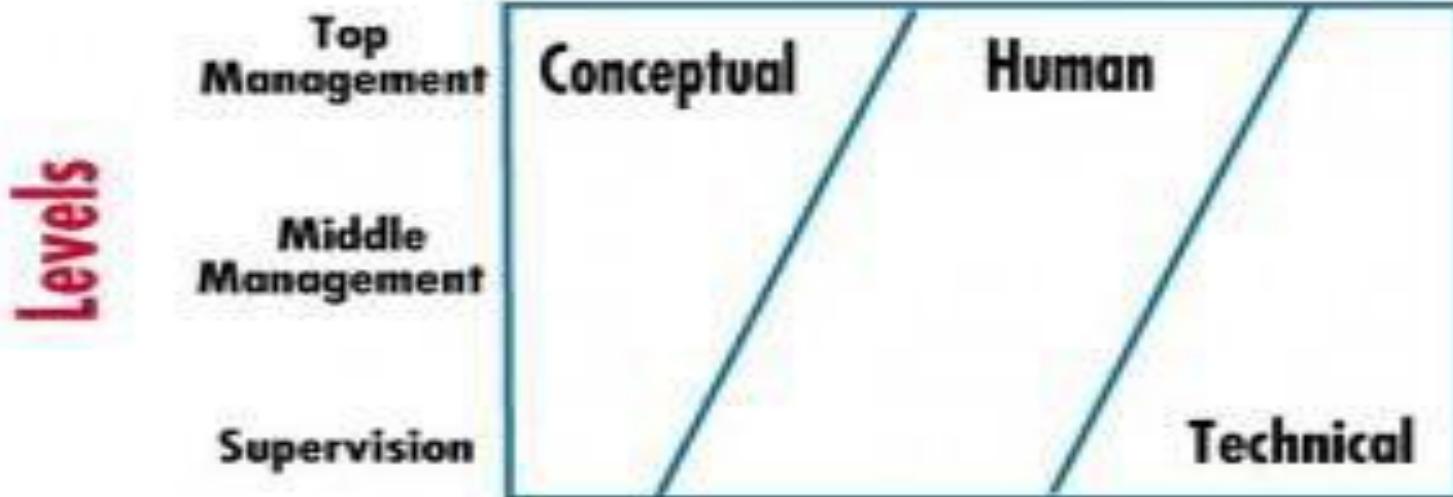


Leadership skills

- The abilities to influence other people to achieve the common goal.

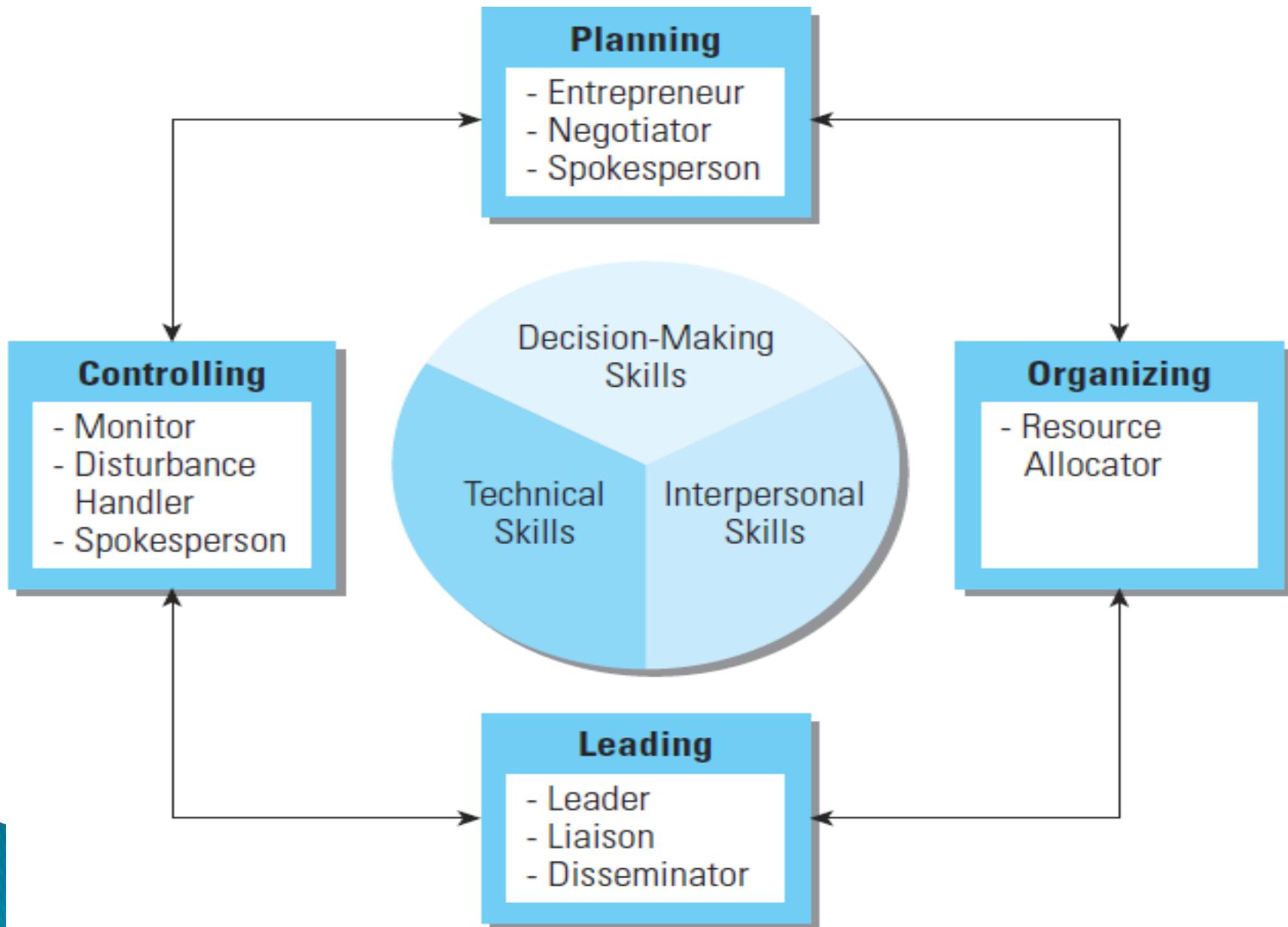


Skills

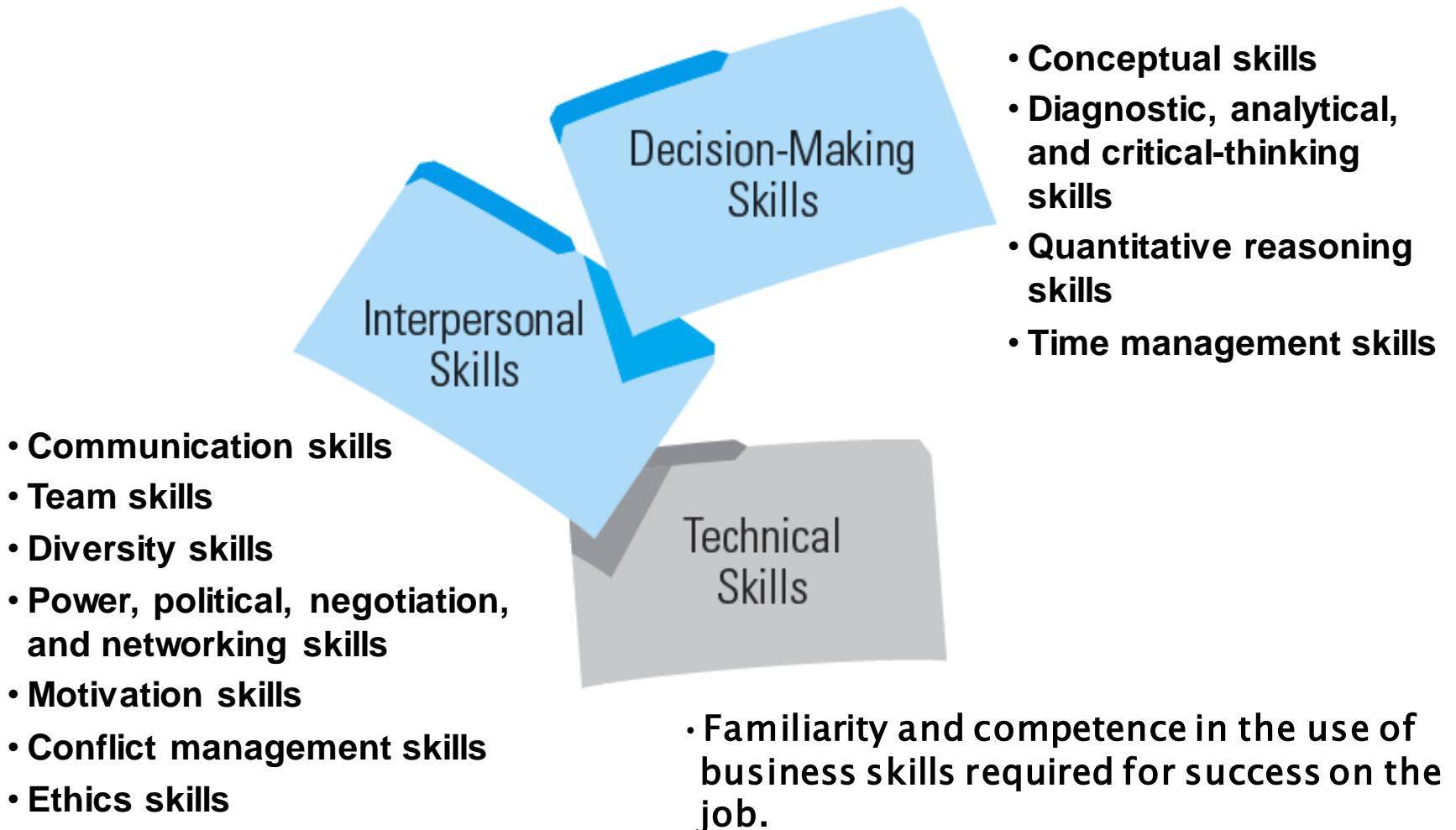


**Skill Distribution at Various
Management Levels**

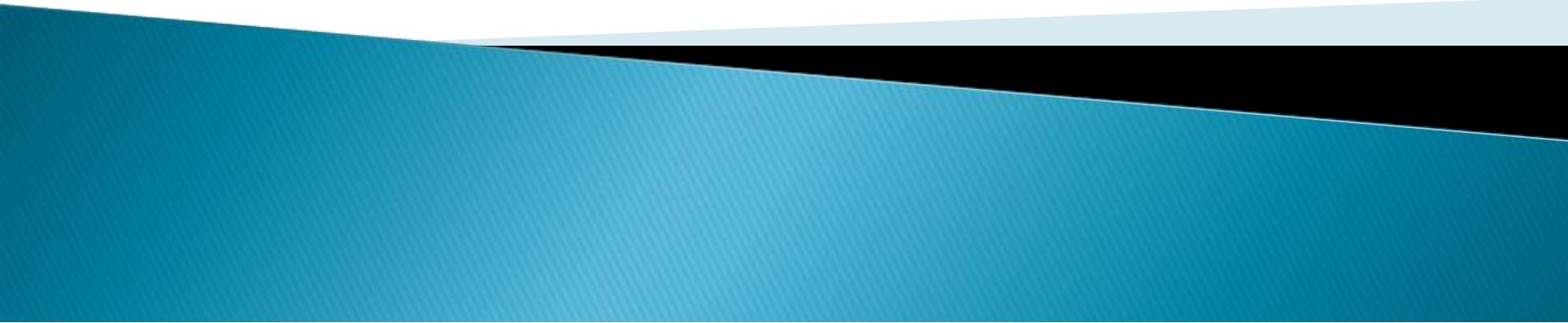
Management Skills, Functions, and Roles



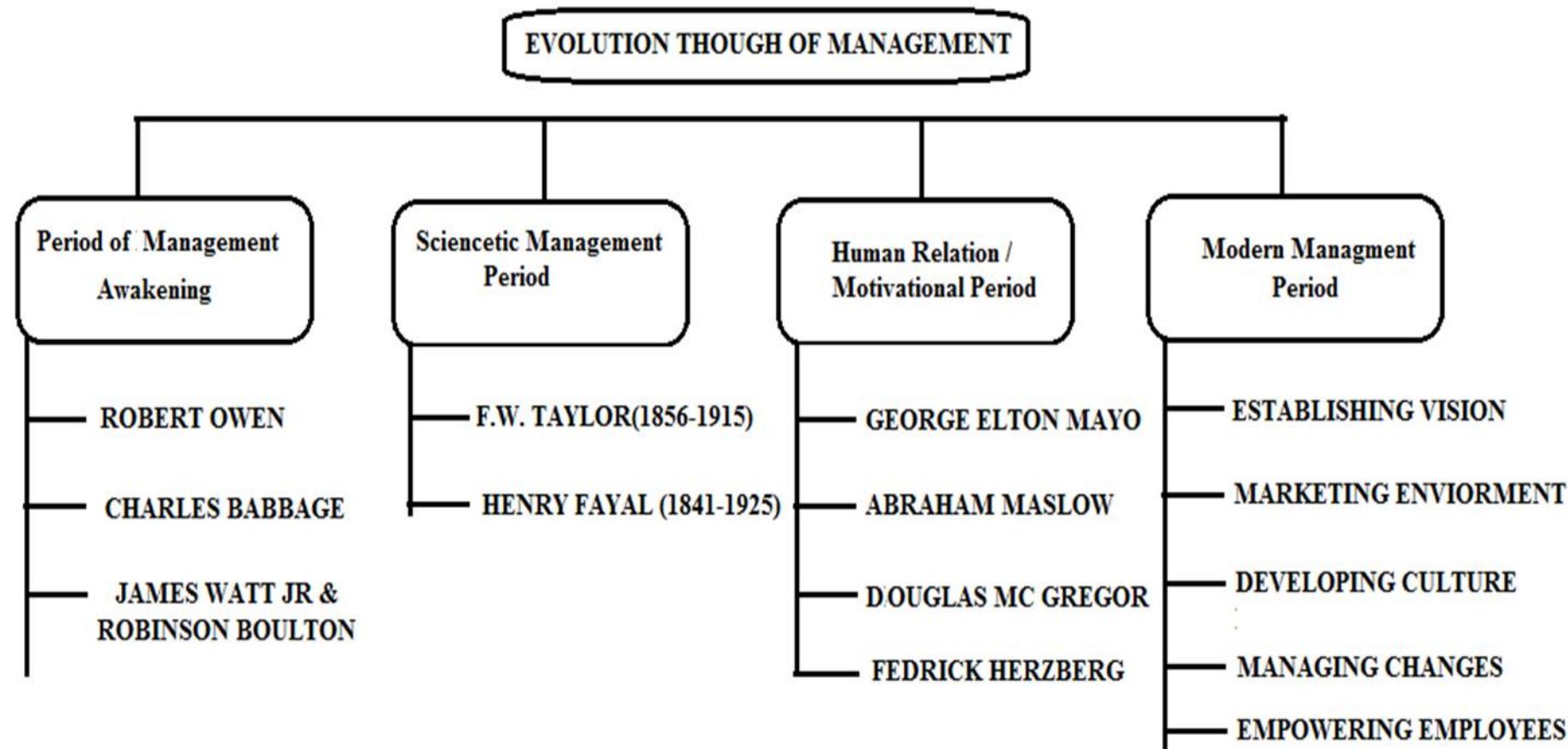
●Management Skills



MANAGEMENT HISTORY



STAGES IN THE EVOLUTION THOUGHT OF MANAGEMENT



- ▶ The evaluation of management thought during this period can be **classified into three** parts namely

1) Early classical approaches represented by

- a)scientific management
- b)administrative management and
- c)bureaucracy

2) Neoclassical approaches represented by

- a)human relations movement and behavioral approach

3) Modern approaches represented by

- a)quantitative approach
- b)systems approach and
- c)contingency approach

8. Early Management Approaches

1. Psychological development (Before 17th century)
2. Scientific Management (18th – 19th century)
3. Administrative Management(1841–1925)
4. Human relations movement

Psychological development

- ▶ People having universal belief that managers are born and cannot be made
- ▶ In olden days when there was no experience and knowledge of business, they had to depend upon their in born abilities

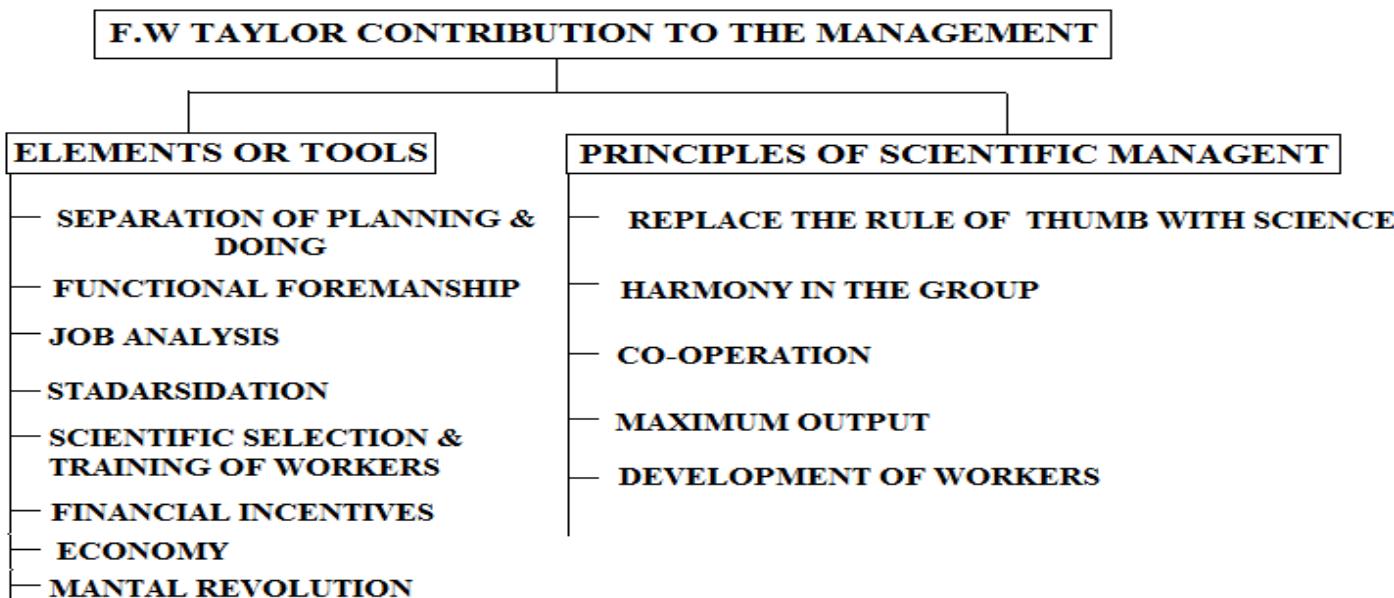
SCIENTIFIC MANAGEMENT

- ▶ The scientific management period hold prominently two greatest exponents of classical theories. They are
- ▶ F.W.Taylor (1856–1915)
- ▶ Henry Fayol (1841–1925)
- ▶ **“Scientific management is concerned with art of knowing exactly what you want to do and then see in that they do it in the best and cheapest way”**

SCIENTIFIC MANAGEMENT

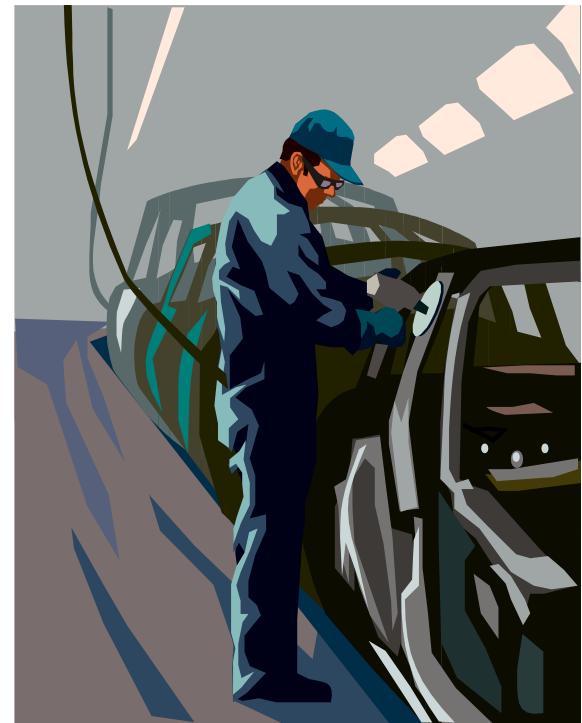
Frederic Winslow Talyor (1856-1915) is father of scientific Management

- ▶ Piece rate incentive system
- ▶ Time and motion study



SCIENTIFIC MANAGEMENT

- ▶ Underlying Assumptions
 - There is “One Best Way” to do a job Workers are primarily motivated by increased earnings.



SCIENTIFIC MANAGEMENT

1. There is “One Best Way” to do a job
 - ▶ By applying scientific methods of analysis, it is possible to breakdown the work into tasks and subtasks and rearrange them into the most efficient method of working.

Ex: Dividing the job and labour/ workers/ employee.

SCIENTIFIC MANAGEMENT

2. Workers are primarily motivated by increased earnings.

By finding the best way of producing, productivity will rise and so workers should receive better wages.

This is the basis of the argument that scientific management uses money as a motivator for workers.

Scientific Management

a) Work Study –(time and motion study)

- ▶ Work study includes time and motion study
- ▶ He observed that workers were not producing their full capacity of work.
- ▶ Start recording the time required for each motion of job with the help of stop watch
- ▶ The time required to complete one job was is standard time.

Scientific Management

b) Differential Payment -(Payment Plan)

- ▶ Taylor linked the incentives with production
- ▶ Workers get minimum wage if he produces a standard number of pieces, if he produces more he is paid incentives.
- ▶ This would motivate the workers to produce more.

Scientific Management

- c) Reorganization of Supervision –
 - ▶ Taylor observed that the workers himself had to plan his work and do the job.
 - ▶ He advocated that the planning of work and selection of tools are to be done by foreman and the workers has to carry out the work.

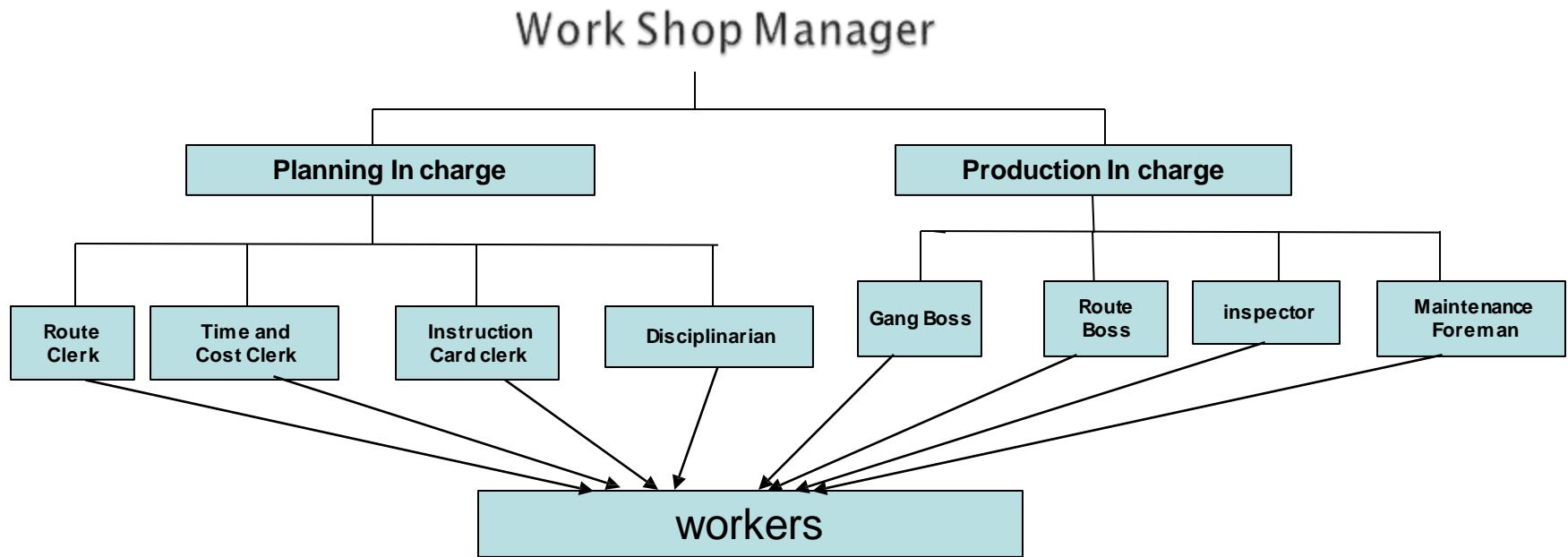
Scientific Management

d) Scientific Recruitment and Training -

- ▶ Taylor has suggested the need for scientific training and development of a worker to carry out a specific task.

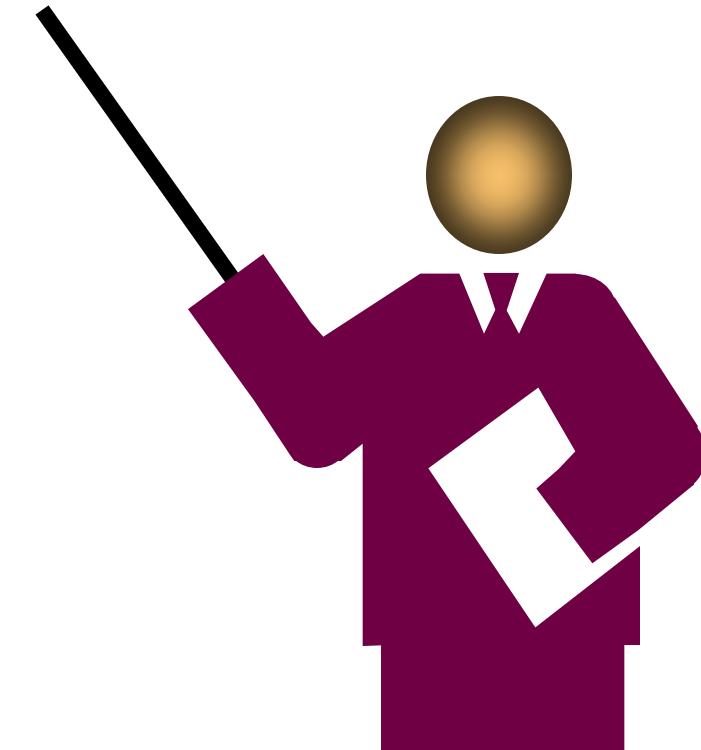
TAYLOR SCIENTIFIC MANAGEMENT

- ▶ Tools:
- ▶ Functional Foremanship



Taylor's Five Principles of Management

- ▶ Develop standard methods for performing each job
- ▶ Select workers with appropriate abilities for each job
- ▶ Train workers in standard methods
- ▶ Support workers & eliminate interruptions
- ▶ Provide wage incentives



Cont..

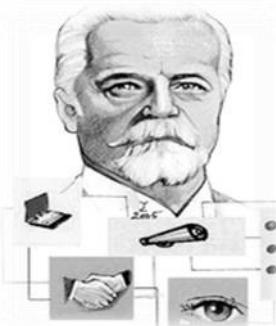
- ▶ Taylor summed up his approach in these words:
 - ❖ Science, not rule of thumb
 - ❖ Harmony, not discard
 - ❖ Cooperation and not individualism
 - ❖ Maximum output, in place of restricted output
 - ❖ The development of each man to his greatest efficiency and prosperity.

Criticism of Scientific Management

- ▶ The theory of Scientific Management was heavily criticised by the employers, the workers, and psychologists. Employers criticised the process of scientific approach as costly and unworkable
- ▶ It ignores the functional areas of management such as marketing, finance and so on
- ▶ Individual creativity is ignored by favoring one best way. Workers is reduced to a cog in the machines.
- ▶ Mobility among workers gets restricted because of narrow specialisation
- ▶ Workers are not involved in the planning part of the job which was controlled by the management.

Administrative Management

- ▶ Henri Fayol (1841–1925) is consider as father of Administrative Management
- ▶ He focused on the development of administrative principles, applicable to middle and top level managers
- ▶ It focused on principles that could be used by managers to coordinate the internal activities of organizations.



HENRY FAYOL MANAGEMENT CONTRIBUTIONS

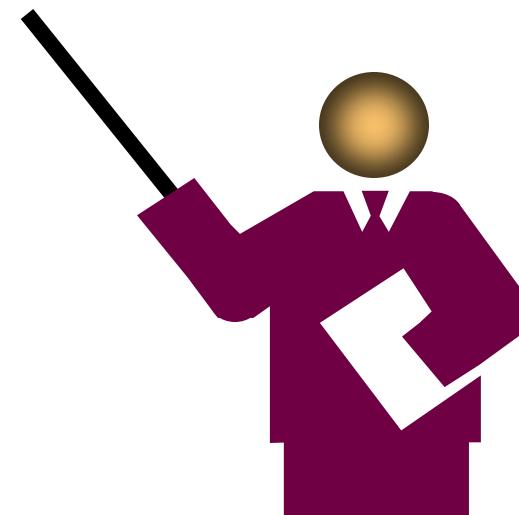
- ▶ “Management is to manage is to forecast and plan, to organize, to command, to coordinate and control”.
- ▶ Qualities of a manager
- ▶ General principles of management
- ▶ Elements of management

Qualities of a manager

- ▶ Physical (Health, Vigor and Health)
- ▶ Mental (Ability to understand and learn, judgment , mental vigor and capability)
- ▶ Moral (energy, firmness, initiative, loyalty, tact etc.,)
- ▶ Educational
- ▶ Technical (peculiar to the function being performed)
- ▶ Experience

Fayol's 14 Principles of Management

1. Division of Work
2. Authority
3. Responsibility
4. Discipline
5. Unity of command
6. Unity of Direction (One Boss)
7. Subordinate of individual to general Interests
8. Remuneration
9. Centralization
10. Hierarchy/scalar chain
11. Equity
12. Initiative
13. Stability of tenure
14. Esprit de corps



14 Principles of Henri Fayol

1. Division of Labor

Work of all kinds must be divided & subdivided and allotted to various persons according to their expertise in a particular area.



2. Authority & Responsibility

Authority refers to the right of superiors to get exactness from their subordinates

Responsibility means obligation for the performance of the job assigned.

Note that responsibility arises wherever authority is exercised



14 Principles of Henri Fayol Cont'd

3. Unity of Command

A sub-ordinate should receive orders and be accountable to one and only one boss at a time.

He should not receive instructions from more than one person



4. Unity of Direction

People engaged in the same kind of business or same kind of activities must have the same objectives in a single plan.

Without unity of direction, unity of action cannot be achieved.



14 Principles of Henri Fayol Cont'd

5. Equity

Equity means combination of fairness, kindness & justice.

The employees should be treated with kindness & equity if devotion is expected of them.



6. Order

This principle is concerned with proper & systematic arrangement of things and people.

Arrangement of things is called material order and placement of people is called social order.



14 Principles of Henri Fayol Cont'd

7. Discipline

Discipline means sincerity, obedience, respect of authority & observance of rules and regulations of the enterprise.

Subordinate should respect their superiors and obey their order.



8. Initiative

Initiative means eagerness to initiate actions without being asked to do so.

Management should provide opportunity to its employees to suggest ideas

experiences& new method of work.



14 Principles of Henri Fayol Cont'd

9. Remuneration

Remuneration to be paid to the workers should be fair, reasonable, satisfactory & rewarding of the efforts.

It should accord satisfaction to both employer and the employees.



10. Stability of Tenure

Employees should not be moved frequently from one job position to another i.e. the period of service in a job should be fixed.



14 Principles of Henri Fayol Cont'd

11. Scalar Chain

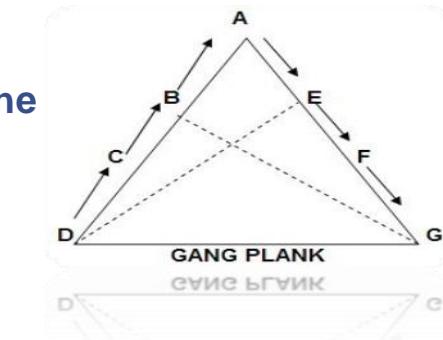
Scalar chain is the chain of superiors ranging from the ultimate authority to the lowest.

Communications should follow this chain. However, if following the chain creates delays, cross-communications can be allowed if agreed to by all parties and superiors are kept informed.

12. Sub-ordination of Individual Interest to common goal

An organization is much bigger than the individual it constitutes therefore interest of the undertaking should prevail in all circumstances.

The interests of any one employee or group of employees should not take precedence over the interests of the organization as a whole.



14 Principles of Henri Fayol Cont'd

13. Espirit De' Corps

It refers to team spirit i.e. harmony in the work groups and mutual understanding among the members.

Espirit De' Corps inspires workers to work harder.



14. Centralization

Centralization refers to the degree to which subordinates are involved in decision making.

Whether decision making is centralized (to management) or decentralized (to subordinates) is a question of proper proportion. The task is to find the optimum degree of centralization for each situation.



HAWTHORNE EXPERIMENTS AND HUMAN RELATIONS

A team of four members

- ▶ Elton mayo,
- ▶ White head,
- ▶ Roethlisberger and
- ▶ William Dickson



They conducted various researches in four phases with each phase attempting to answer the question raised at the previous phase.

The phases are ---

- ▶ Illumination experiments (1924-27)
- ▶ Relay assembly test room experiments (1927-28)
- ▶ Mass Interviewing Programme (1928-1930)
- ▶ Bank wiring observation room experiments (1931-32)

Human Relation Movement

- ▶ Taylor and Fayol did not consider or focus on human side
- ▶ Elton Mayo conducted series of experiments regarding human relations
- ▶ Business organization is not only a technical and economical unit where only production & profit are considered but it should have human system.

Human Relation Movement

- ▶ In addition to incentives , it is important to create human relations
- ▶ Workers will expect social respect by his co-workers and supervisors.

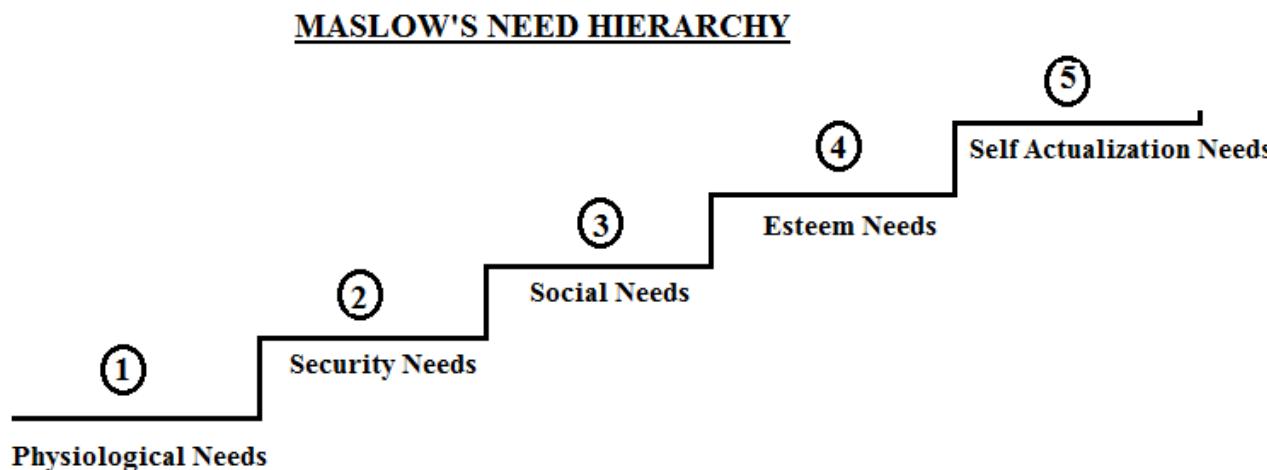
HAWTHORNE EXPERIMENTS AND HUMAN RELATIONS

▶ Conclusions

- ▶ Individual workers must be seen as members of a group
- ▶ The sense of belongingness and effective management were the two secrets unfolded by the Hawthorne experiments.
- ▶ Informal or personal groups influenced the behaviour of workers on the job
- ▶ To seek workers cooperation, the management should be aware of their social needs and cater to them

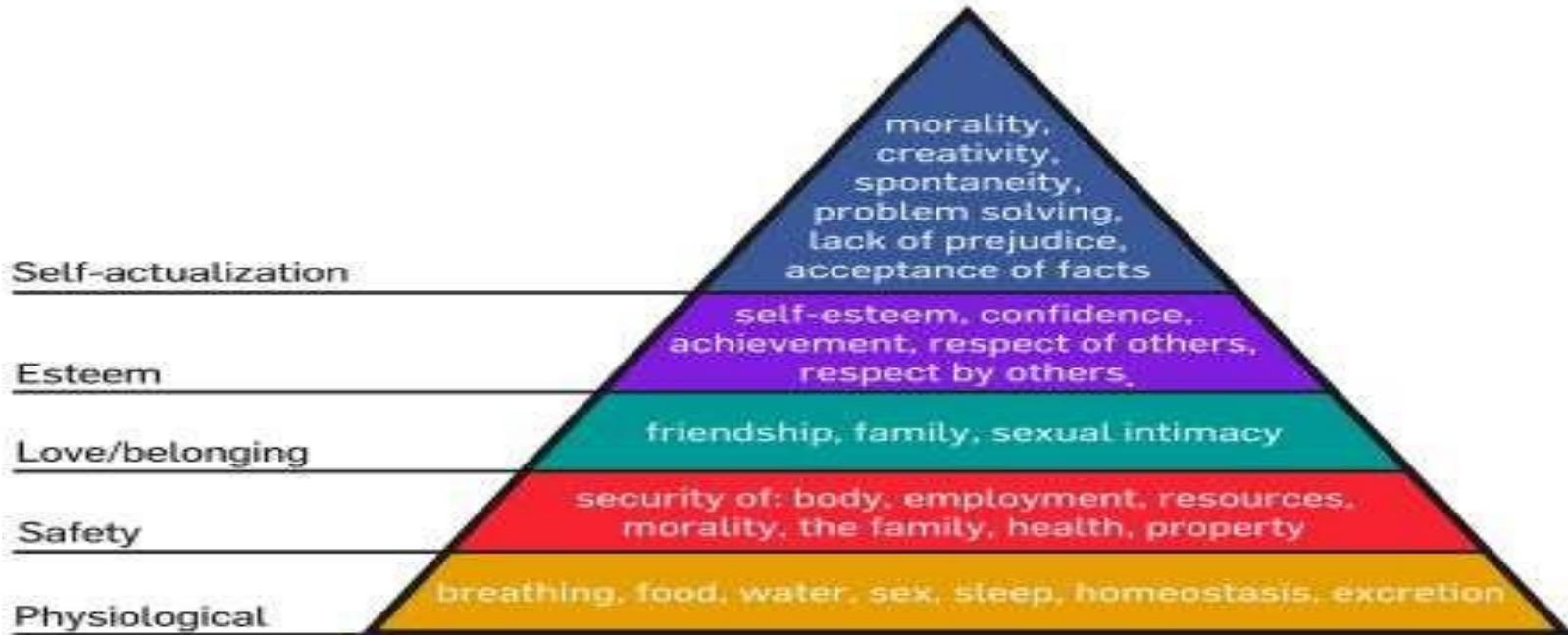
MASLOW'S NEED HIERARCHY

- ▶ Maslow's hierarchy of needs is a theory in psychology proposed by Abraham Maslow in his 1943 paper "A Theory of Human Motivation". Maslow subsequently extended the idea to include his observations of humans' innate curiosity.



Abraham Maslow

MASLOW'S NEED HIERARCHY



Conclusion:

- ▶ Maslow suggest that the various levels are interdependent and overlapping, each higher level need emerging before the lower level need has been completely satisfied. Since one need does not disappear when another emerges, all needs tend to be partially satisfied in each area.

HERZBERG'S MOTIVATION – HYGIENE THEORY

- ▶ Frederick Irving Herzberg born in Massachusetts was an American psychologist who became one of the most influential names in business management. He is most famous for introducing job enrichment and the Motivator- Hygiene theory.



- ▶ **Frederick Hertzberg conducted a structured interview programme to analyse the experience and feelings of 200 engineers and accountants in nine different companies in Pittsburg area, U.S.A during the structured interview, they were asked to describe a few previous job experiences in which they felt ‘exceptionally good’ or exceptionally bad about jobs.**

HERZBERG'S MOTIVATION – HYGIENE THEORY

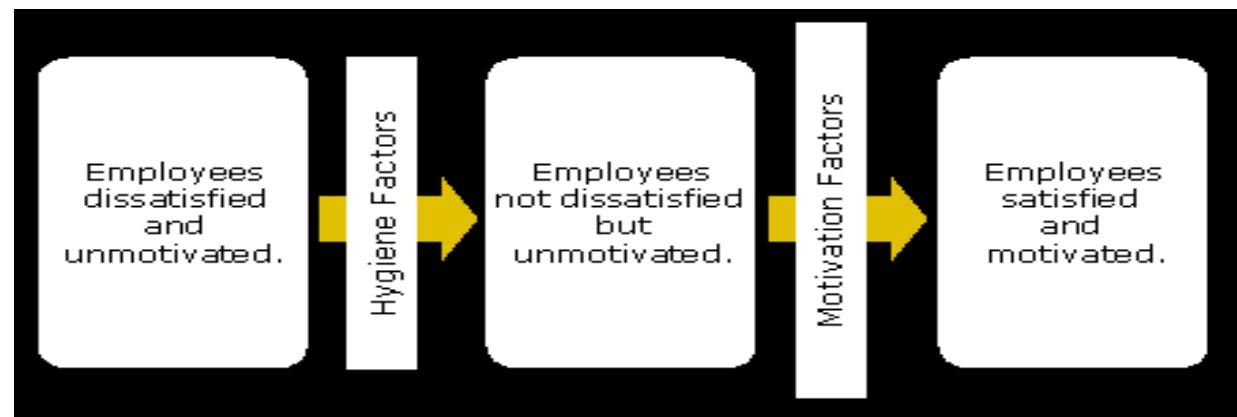
TWO FACTORS THEORY

Hygiene / Maintenance Factors

- Company Administration & Policy
- Technical Supervision
- Salary
- Job Security
- Personal Life
- Status
- Working Condition
- Inpersonal Relation with Superiors
- Interpersonal Relation with Subordinates
- Interpersonal Relation with Peers

Motivation Factors

- Achievement
- Recognition
- Advancement
- Work Itself
- Possibility of Growth
- Responsibility



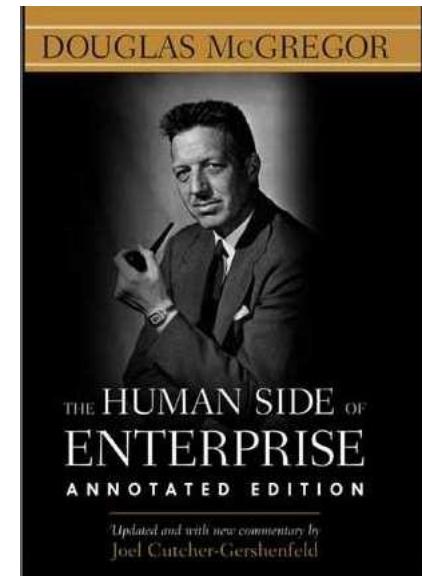
THEORY “X” AND THEORY “Y”

Douglas Mc Gregor in his books “The Human Side of the Enterprise” has pointed out two sharply opposite concepts of Management Styles for the Motivation of Human Behaviour.

There are two sets of assumptions about human nature:

Theory X and Theory Y

- ✿ Theory X presents an essentially negative view of people
- ✿ Theory Y offers a positive view



THEORY “X” AND THEORY “Y”

<i>Basis of Distinction</i>	<i>Theory X</i>	<i>Theory Y</i>
1	2	3
1. Views about the human behaviour	It represents a negative or pessimistic view of human behaviour.	It represents a positive or optimistic view of human behaviour.
2. Liking for work	This theory assumes that people dislike work and will try to avoid work, if possible.	This theory assumes that people regard work as natural as play or rest.
3. Direction	It also assumes that people seek direction from superior.	It assumes that people will exercise self-direction and self-control if they are committed to the objectives.
4. Responsibility	It assumes that people avoid responsibility.	It assumes that people seek and accept responsibility.
5. Creativity and change	It assumes that people lack creativity and resist change.	It assumes that people are creative by nature and ready to accept change.

• Theory X and Y Douglas McGregor

Theory X

- Average worker is lazy
- Dislikes work
- Will try to do as little as possible.
- Have little ambition and avoid responsibility

Theory Y

- Workers are not inherently lazy
- Do not naturally dislike work
- If given the opportunity, will do what is good for the organization.

Modern Management Approaches

1. Behaviour Approach
2. Systems Approach
3. Quantitative Approach
4. Contingency Approach

Behavioral Approach

- The behavioral approach to management emphasized individual attitudes and behaviors and group processes, and recognized the significance of behavioral process in the workplace.

Quantitative Approach

- ▶ It is also known as Management Science Approach
- ▶ This approach is used to find the solution to some complex new problems
- ▶ As a result the quantitative approach called Operation Research(OR) was developed.

Systems Approach

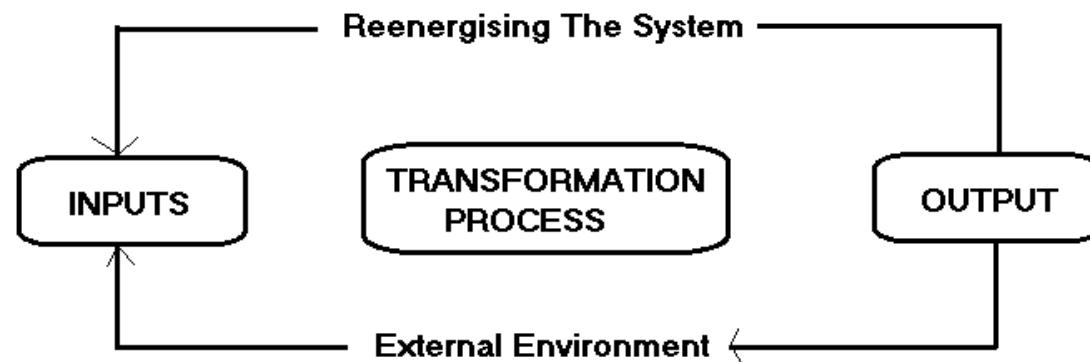
- ▶ A system is defined as a set of independent parts together form a whole that performs a defined task.
- ▶ Organization is a system that consists of people, task structure and Technology.
- ▶ A system that interacts with out side environment is called as open system
- ▶ A system that works with in close boundary is called as close system

SYSTEM APPROACH TO MANAGEMENT

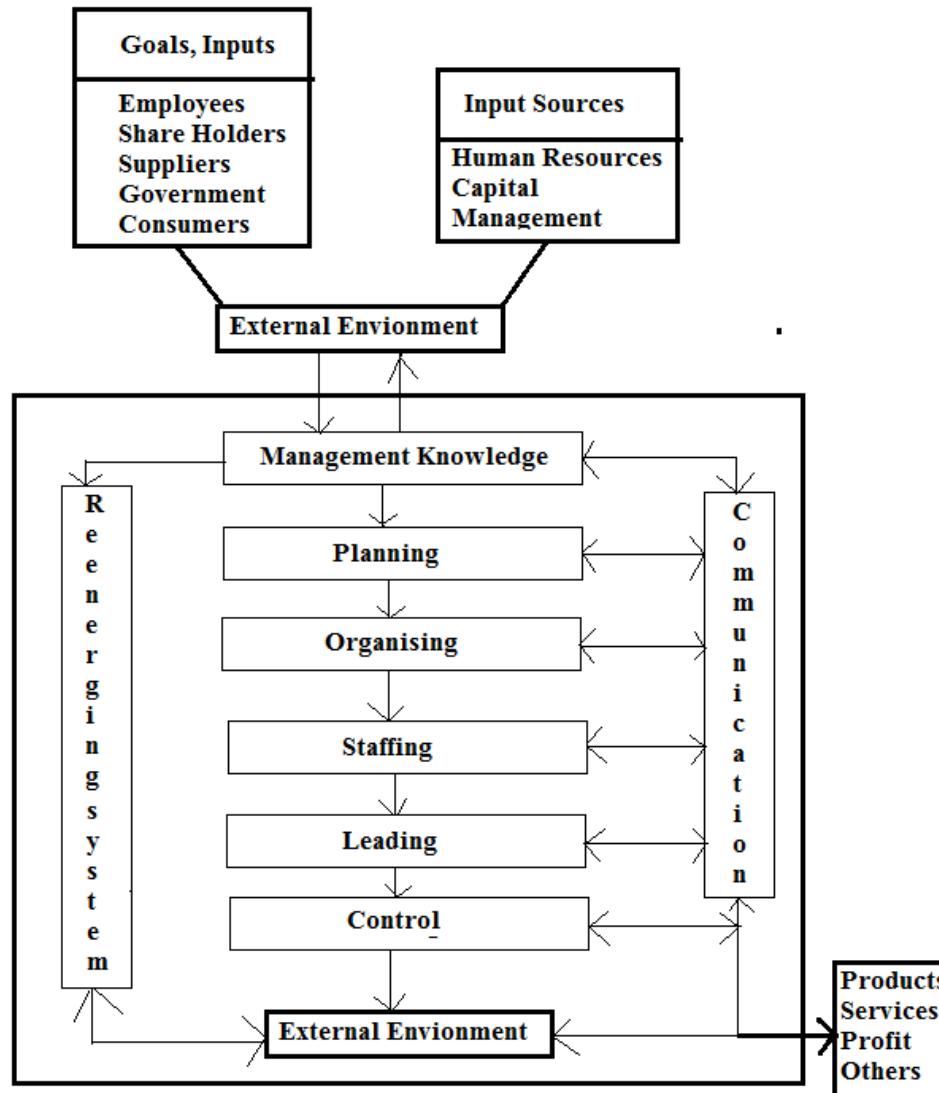
The central idea of this approach is that any object depends on a method of analysis involving simultaneous variations of mutually dependent variables. Systems are a set or assemblage of various interdependent and inter related variables. i.e. sub-systems, so as to form a complex unity

* Kast and Rosenweig defines,

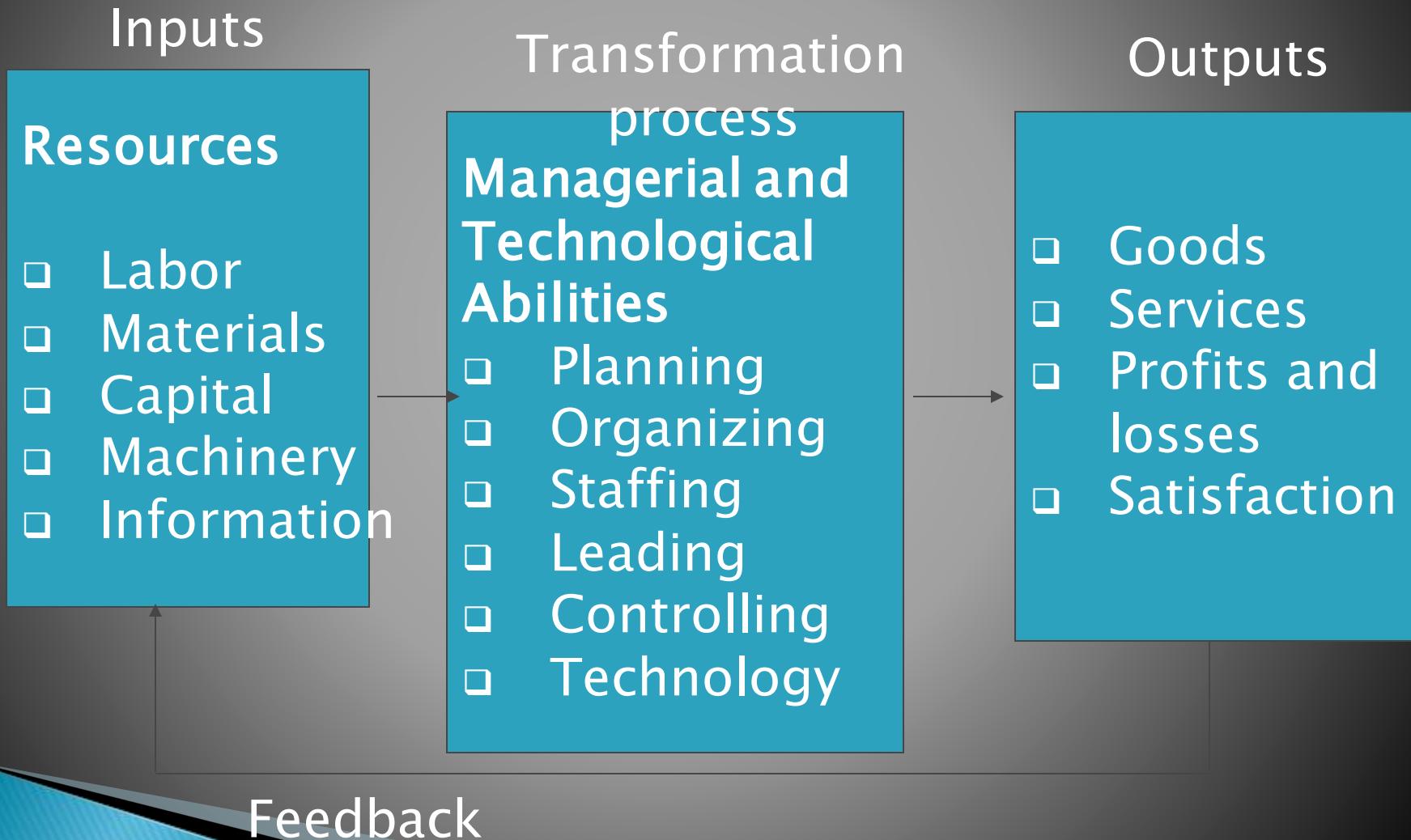
“A system is an organised or complex whole: an assemblage or combination of things or parts forming a complex unitary whole”.



SYSTEM APPROACH TO MANAGEMENT



Systems Theory



Contingency Approach/Situational

- ▶ The techniques and methods that are highly effective in one particular situation may be failure in similar situation in other area.
- ▶ This approach suggests that the task of managers is to identify the correct techniques that will suit a particular situation and apply them to solve problem

Planning

- ▶ **Definition**
- ▶ According to Koontz O'Donnell – "Planning is an intellectual process, the conscious determination of courses of action, the basing of decisions on purpose, acts and considered estimates".
- ▶ According to Koontz and O'Donnell "Planning is deciding in advance what to do, how to do it, when to do it and who is to do it. It bridges the gap from where we are and to where we want to go. It is in essence the exercise of foresight" ..

Cont..

- ▶ According to M.S. Hardly “Planning is deciding in advance what is to be done. It involves the selection of objectives, policies, procedures and programmes from among alternatives.
- ▶ Heying and Massie define “Planning is that function of the manager in which he decides in advance what he will do. It is a decision making process of a special kind. It is an intellectual process in which creative mind and imagination are essential”.

Nature and Purpose of Planning

► **Nature of Planning**

- ✓ Planning is goal-oriented: Every plan must contribute in some positive way towards the accomplishment of group objectives. Planning has no meaning without being related to goals.
- ✓ Primacy of Planning: Planning is the first of the managerial functions. It precedes all other management functions.
- ✓ Pervasiveness of Planning: Planning is found at all levels of management. Top management looks after strategic planning.
- ✓ Middle management is in charge of administrative planning. Lower management has to concentrate on operational planning.

Cont..

- ✓ Efficiency, Economy and Accuracy: Efficiency of plan is measured by its contribution to the objectives as economically as possible. Planning also focuses on accurate forecasts.
- ✓ Co-ordination: Planning co-ordinates the what, who, how, where and why of planning. Without co-ordination of all activities, we cannot have united efforts.
- ✓ Limiting Factors: A planner must recognize the limiting factors (money, manpower etc) and formulate plans in the light of these critical factors.
- ✓ Flexibility: The process of planning should be adaptable to changing environmental conditions.
- ✓ Planning is an intellectual process: The quality of planning will vary according to the quality of the mind of the manager.

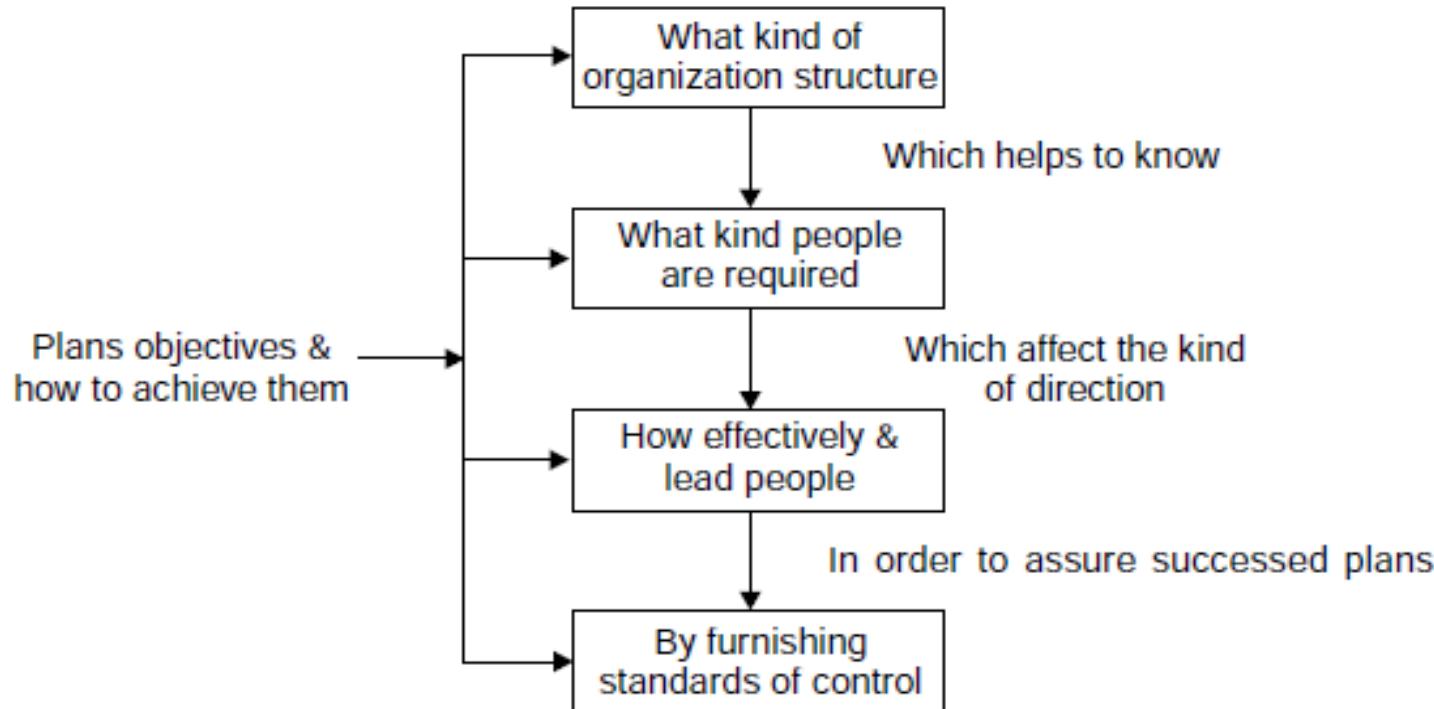
Cont..

- ▶ **Planning is purposeful** : it is objective oriented. It is directed towards efficiency.
- ▶ **Planning is a primary function** : It is the basic level of management process.
- ▶ **Universal process** : Many people believe in planning. It is the job of all the managers in all types of organizations.
- ▶ **Intellectual process** : A process involving imagination, foresight and knowledge but not guesswork.
- ▶ **Continuous process** : An on-going/dynamic exercise as old assumptions change, old plans are revised or new ones are prepared.
- ▶ **Forward process** : No plan can be prepared without knowledge of future.
- ▶ **Involves choice** : Decision making is core of planning

Importance Of Planning/Purpose Of Planning

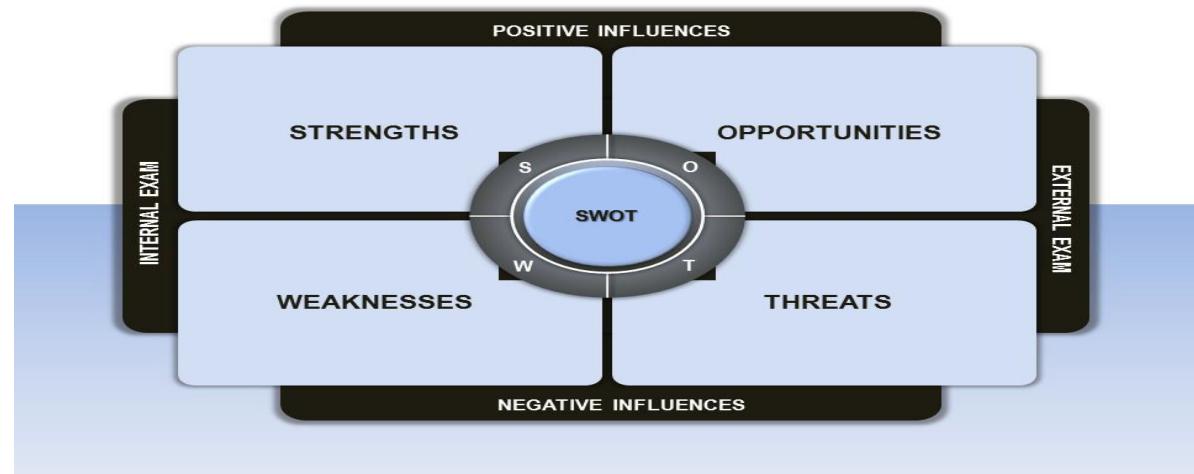
- ▶ Planning is of great importance in all types of organization whether business or nonbusiness, private or public, small or large.
- ❖ Primacy of planning
- ❖ To minimize risk and uncertainty
- ❖ To focus attention on objectives
- ❖ To make control effective
- ❖ To increase organizational effectiveness
- ❖ To secure economy in operation
- ❖ To help in co-ordination
- ❖ Leads to success
- ❖ To bridge between present and future
- ❖ Provides sense of direction
- ❖ Encourages innovation and creativity
- ❖ Guides decision-making
- ❖ Provide efficiency in operation

Primacy of planning



Analyzing opportunities

- ▶ Not a step of Planning, It is pre-step of planning.
- ▶ Essential to make a successful plan.
- ▶ SWOT analysis



Features of Planning

- ✓ It is primary function of management.
- ✓ It is an intellectual process
- ✓ Focuses on determining the objectives
- ✓ Involves choice and decision making
- ✓ It is a continuous process
- ✓ It is a pervasive function

Types of Plans

- Strategic plan
- Tactical plan
- Single use plan
- Standing plan
- Long Range plan
- Short Range plan
- Proactive Plan
- Reactive Plan

Types of Planning / Components of Planning

- ▶ Planning can take many forms and styles in practice. Plans can be broadly classified as

Dimension	Types of planning
1. Coverage of activity	Corporate and functional planning
2. Importance of contents	Strategic and tactical/operational planning
3. Time period involved	Long term and short term planning
4. Approach adopted	Proactive and reactive planning
5. Degree of formalization	Formal and Informal planning

Corporate Planning and Functional Planning

- ▶ Corporate Planning covering the entire organization
- ▶ Sub-corporate or functional Planning – within the various divisions or units.

Long term planning and Short term planning

- ▶ Long term planning covering periods of more than one year.
- ▶ Short term planning covering a period of one year or less.

Proactive And Reactive Plans

- ▶ Proactive changes do not wait for environment to change, but take action in advance of environmental changes.
- ▶ Reactive planning response comes after environmental changes take place

Formal And Informal Planning

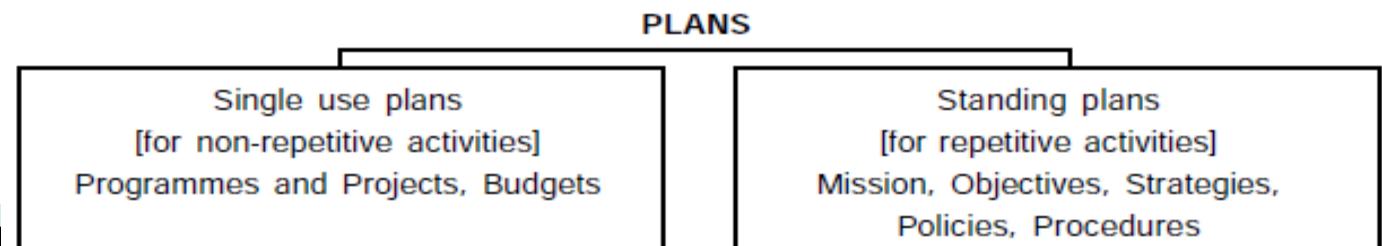
- ▶ Large organizations undertake planning in a formal way.
- ▶ Informal planning is undertaken generally by small organizations

Distinction between strategic planning and tactical planning

Strategic planning	Operational planning
1. It decides major goals and policies of allocation of resources to achieve these goals.	1. It decides the detailed use of resources for achieving these goals
2. It is carried at higher level of management.	2. It is carried at lower level of management.
3. It is long term.	3. It is short term.
4. It is based on long term forecasting considering the possible impact of political, economical, technological and competitive factors and is more uncertain.	4. It is generally based on past performance of the organization and is less uncertain.
5. It is less detailed.	5. It is more detailed.

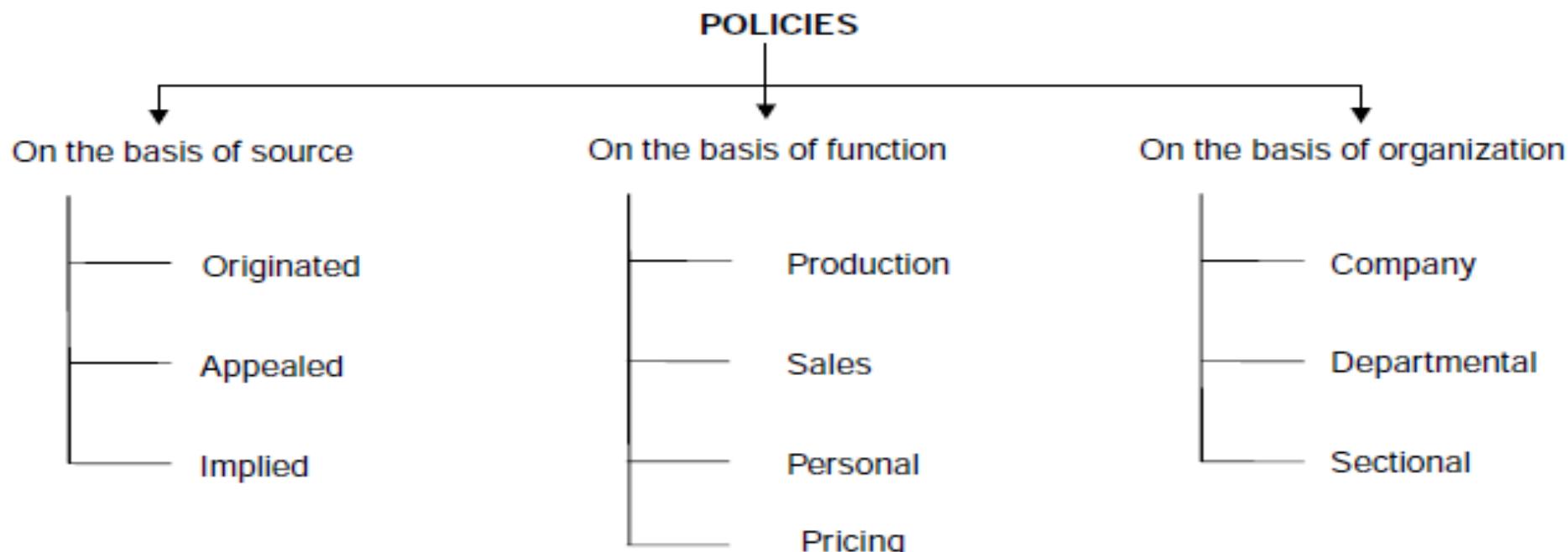
Types of plans

- ▶ Plans are categorized into two groups:
- ▶ Single use plans – those which are designed to meet specific, non-repetitive and unique situations. Developed to carry out a course of action that is not likely to be repeated in future.
- ▶ Ex: Schedules, Projects, Budgets
- ▶ Standing Plans – those which are fairly stable and are meant to handle a wide range of repetitive situations over a period of time. Developed for activities that occur regularly over a period of time.
- ▶ Ex: Objectives, Policies, Procedures, Rules



Standing Plans

- ▶ These are the policies, procedures, rules and methods of any organization.
- ▶ **Policies:** A policy is a general guideline for decision making. It sets up boundaries around decisions.
- ▶ Types of policies based on source, function and organization.



Cont..

- ▶ **Procedures:** A procedure provides a detailed set of instructions for performing a sequence of actions involved in doing a certain piece of work.
- ▶ **Method:** A method is a prescribed way in which one step of procedure is to be performed.
- ▶ **Rules:** Rules are detailed and recorded instructions that a specific action must or must not be performed in a given situation.

Difference b/w Policies And Procedures

Policies

1. Are the general guidelines to both thinking and action of people at higher levels
2. help in fulfilling the objectives of the enterprise
3. are generally broad and allow some latitude in decision making
4. are often established without any study or analysis

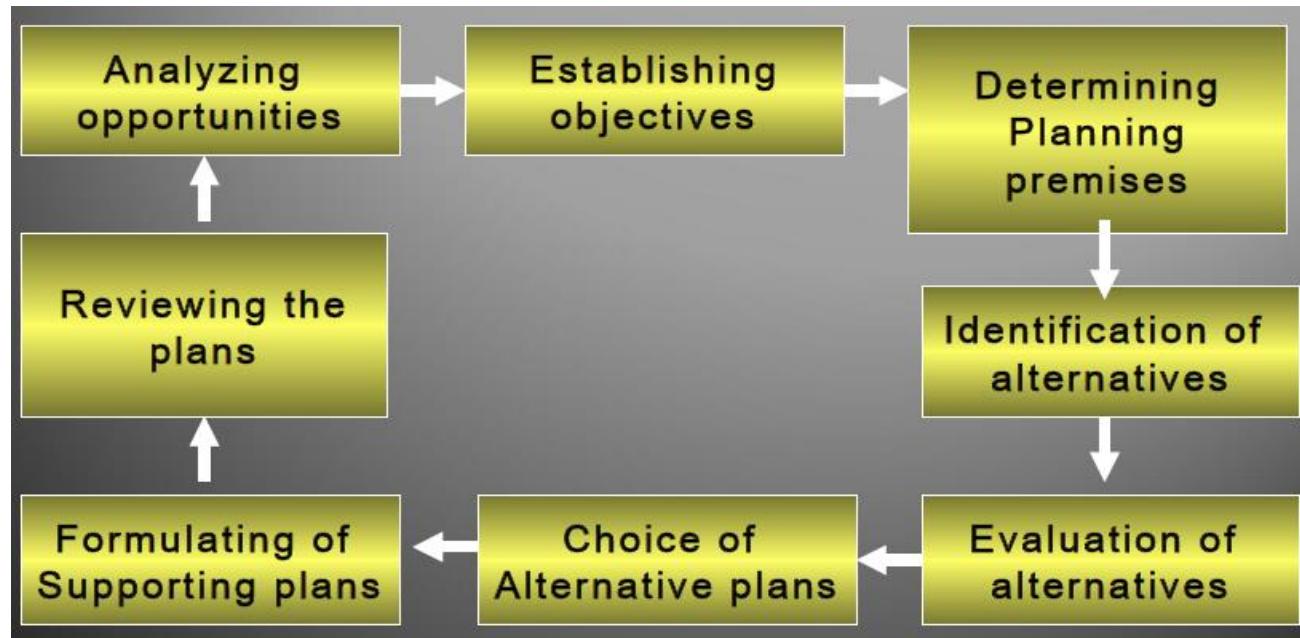
Procedures

1. are the guidelines to action only usually for the people at the lower levels
2. show us the way to implement policies
3. Are specific and do not show latitude.
4. are always established after thorough study and analysis of work

Single Use Plans

- ▶ **Programme:** A programme is a sequence of activities directed towards the achievement of certain objectives. A programme is action based and result oriented.
- ▶ **Budgets:** A budget is a single use plan since it is drafted for a particular period of time. A budget is a statement of expected results expressed in quantitative terms i.e. rupees, man hours, product units etc.

Planning Process

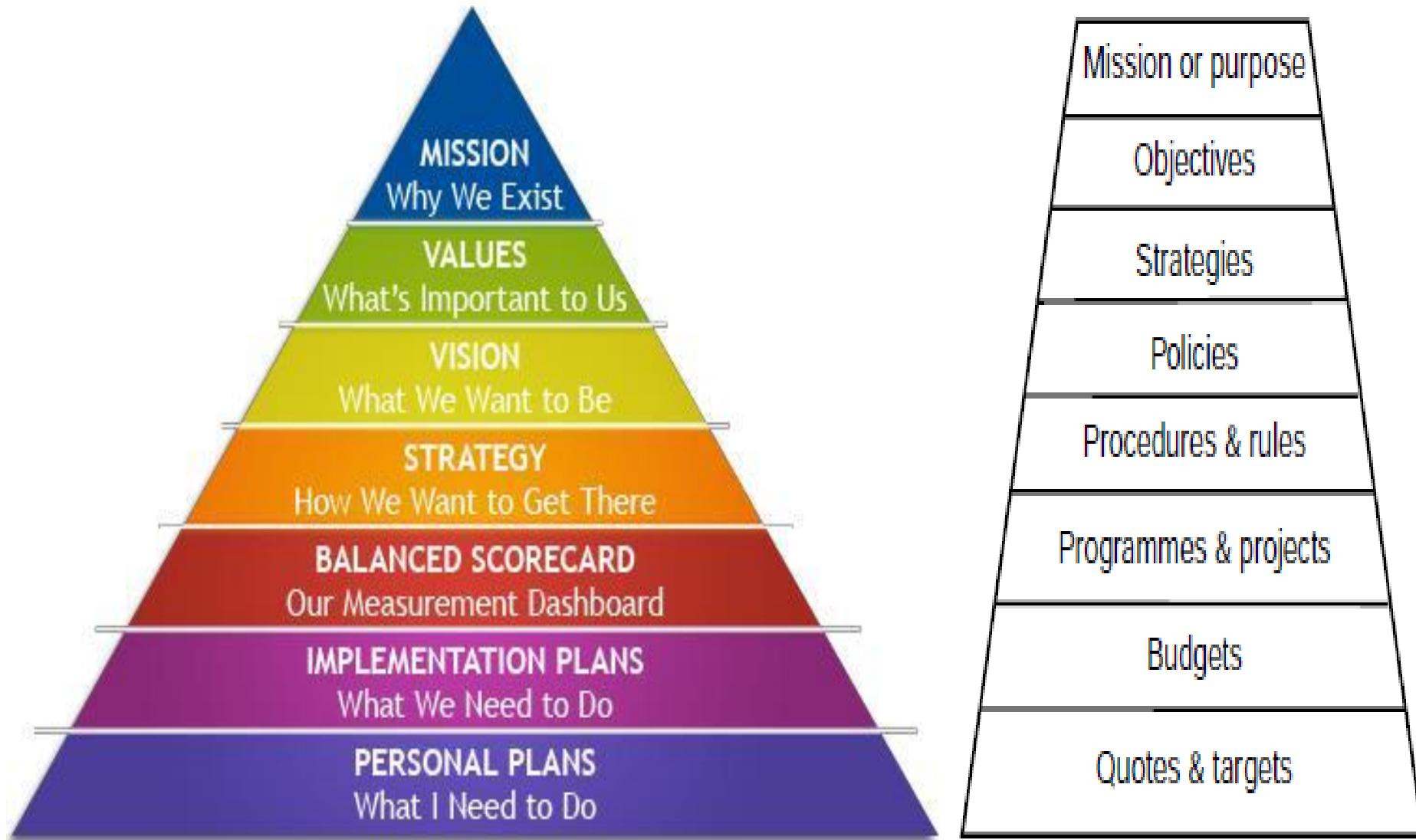


STEPS IN PLANNING

1. *Being aware of opportunities*
2. *Establishing goals/objectives*
3. Establishing planning premises
4. *Deciding the planning period*
5. *Identification of alternatives*
6. *Evaluation and selection of alternative*
7. *Developing derivative/supportive plans*
8. *Measuring and controlling the process*

Planning Hierarchy

- ▶ A planning hierarchy represents the organizational levels and units in your company for which you want to plan.
- ▶ Planning hierarchies provide a framework for your planning activities in consistent planning and level-by-level planning.



Definition of an organization

- ▶ An organization can be defined as a social unit or human grouping deliberately structured for the purpose of attaining specific goals.
- ▶ An organization can also be defined as the process of identifying and grouping of the work to be performed, defining and delegating responsibility and authority and establishing relationships for the purpose of enabling people to work most effectively together in the accomplishment of their objectives.

Nature or Characteristics of organization

1. Division of Work
2. Coordination
3. Plurality of Persons
4. Common Objectives
5. Well-defined Authority and Responsibility
6. Organization is a Structure of Relationship
7. Organization is a Machine of Management
8. Organization is a Universal Process
9. Organization is a Dynamic Process

Purpose of an organization

- ▶ *The purpose of any organization is to achieve goals for which it is formed which aims at achieving common objectives through its group member efforts.*
- ▶ The organizations exist for different purpose and the efforts for organizational members are directed for the achievement of this purpose.
- ▶ Organization is essential for the following purposes:

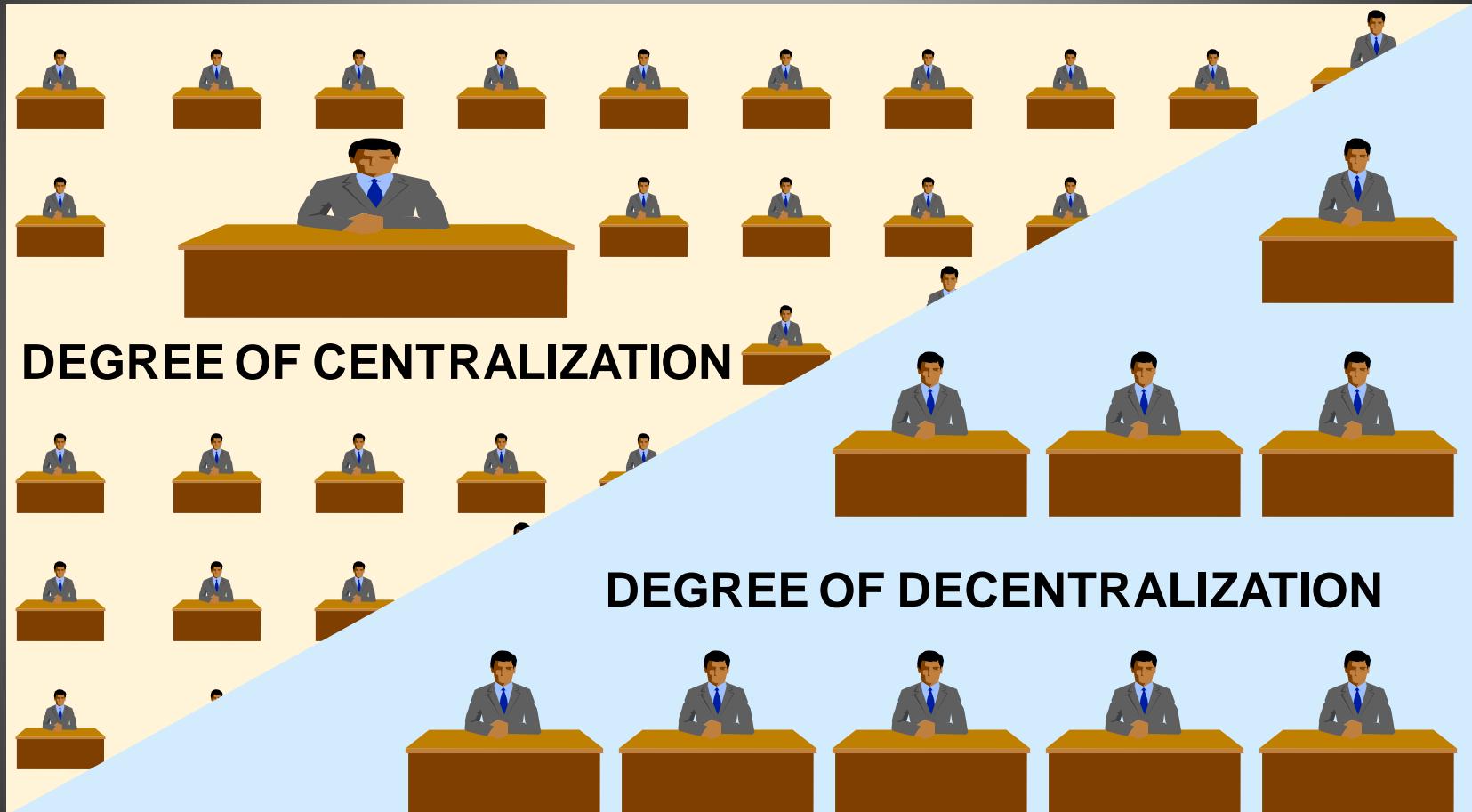
Cont..

- ▶ *To facilitate pattern of communication*
- ▶ *To allocate authority and responsibility*
- ▶ *To locate decision centers*
- ▶ *To create proper balance*
- ▶ *To stimulate creativity*
- ▶ *To encourage growth*
- ▶ *To make use of technological improvements*

TYPES OF ORGANIZATION

- ▶ Line, Military or Scalar Organization
- ▶ Functional or Staff Organization
- ▶ Line and Staff Organization
- ▶ Committee Organization
- ▶ Matrix Organization

Centralization and Decentralization



Staffing

- ▶ The process of recruiting, retaining, developing and nurturing the workforce is called staffing.
- ▶ The staffing function performs the following sub functions:
 - (1) Manpower planning.
 - (2) Recruitment
 - (3) Selection of the best qualified from those who seeks job,
 - (4) Training and Development.
 - (5) Performance appraisal and compensation.

Selection Process

- ▶ Selecting the right person for job.
- ▶ There are three steps in the selection procedure namely job analysis, job description and job specification.

The step involved in selection procedure are.

- ▶ Initial Screening
- ▶ Preliminary Interview/screening interviews
- ▶ Filling Application Form
- ▶ Personal Interview (ex:Intelligent tests, Aptitude tests, proficiency tests, personality tests, interest tests etc.)
- ▶ References check
- ▶ Background Verification
- ▶ Final Interview
- ▶ Physical Examination

RECRUITMENT

- ▶ It is defined as the process of identifying the sources for prospective candidates and to stimulate them to apply for the jobs.
- ▶ It is also defined as the generating of the applications or applicants for specific positions.
- ▶ Is defined as the process of attracting potential employees to the company.
- ▶ The management should have a proper plan of recruitment regarding the quantity and quality of personnel required and the time when it is needed.

Cont..

The various sources of recruitment are divided into two categories:

- (1) Internal Sources.
- (2) External Sources.

Internal sources

- ▶ Internal sources involve transfer and promotion to higher position.
- ▶ Transfer involves the shifting of an employee from one job to another.

External Sources

- ▶ Direct recruitment/Applicants at the gate
- ▶ Re-employing former employees
- ▶ Friends and relatives of the present employees
- ▶ Advertising
- ▶ Employment agencies
- ▶ Educational institutions
- ▶ Labour contractor /unions
- ▶ Recommendations



Question paper discussion.