

EVOLUTION OF MANAGEMENT THEORY

INTRODUCTION

- Management is the discipline which has not evolved out of “**magic box**”, many people from different backgrounds ranging from engineers to psychologists and from academicians to practitioners have contributed to the field of management.

Why Study Management Theory?

- Coherent group of assumptions put forth to explain the relationship between two or more observable facts and to provide a sound basis for predicting future events

- It provide a *stable focus* for understanding what we experience
- Enable us to *communicate efficiently* and thus move into more and more complex relationships with other people (imagine the frustration you would encounter with other people, you always had to define even the most basic assumption you make about the world in which you live.)

- Theories Make it possible-indeed, challenge us-to *keep learning* about our world
- By definition, theories have boundaries; there is only so much that can be covered by any one theory.
- Once we are aware of this, we are better able to ask ourselves if there are alternative ways of looking at the world.

Schools of Management Thought

- Scientific Management School
- Classical Organization Theory school
- Behavioral School
- Management Science School
- The System Approach
- The Contingency Approach
- Dynamic Engagement Approach

Scientific Management Theory

- A management approach, formulated by Frederick W Taylor and others between 1890 and 1930, that sought to determine scientifically the best methods for performing any task, and for selecting, training, and motivating workers.
- The theory said that the only way to expand productivity was to **raise the efficiency of workers.**

Frederick W Taylor (1856-1915)

- **Time and Motion study**
- **The Development of a true science of management**, so that the best method for performing each task could be determined.
- **The Scientific selection of workers**, so that each worker would be given responsibility for the task for which he or she was best suited.
- **The Scientific education and development** of the worker
- **Intimate, friendly cooperation between management and labor**
- **Differential rate system** : Frederick W. Taylor's compensation system involving the payment of higher wages to more efficient workers.

- Rather than quarrel over profits, both side should try to increase production; by so doing, he believed, profits would rise to such an extent that labor and management would no longer have to fight over them.
- In short, Taylor believed that management and labor had a common interest in increasing productivity.

The Gilbreths:

- Frank B. and Lillian M. Gilbreth (1868-1924 and 1878-1972) made their contribution to the scientific management movement as a husband and wife team.
- Lillian and Frank collaborated on **Fatigue And Motion Studies** and focus on ways of **promoting the individual worker's welfare.**
- To them, the ultimate aim of scientific management was to help workers reach their full potential as human beings.

THERE CONTRIBUTION

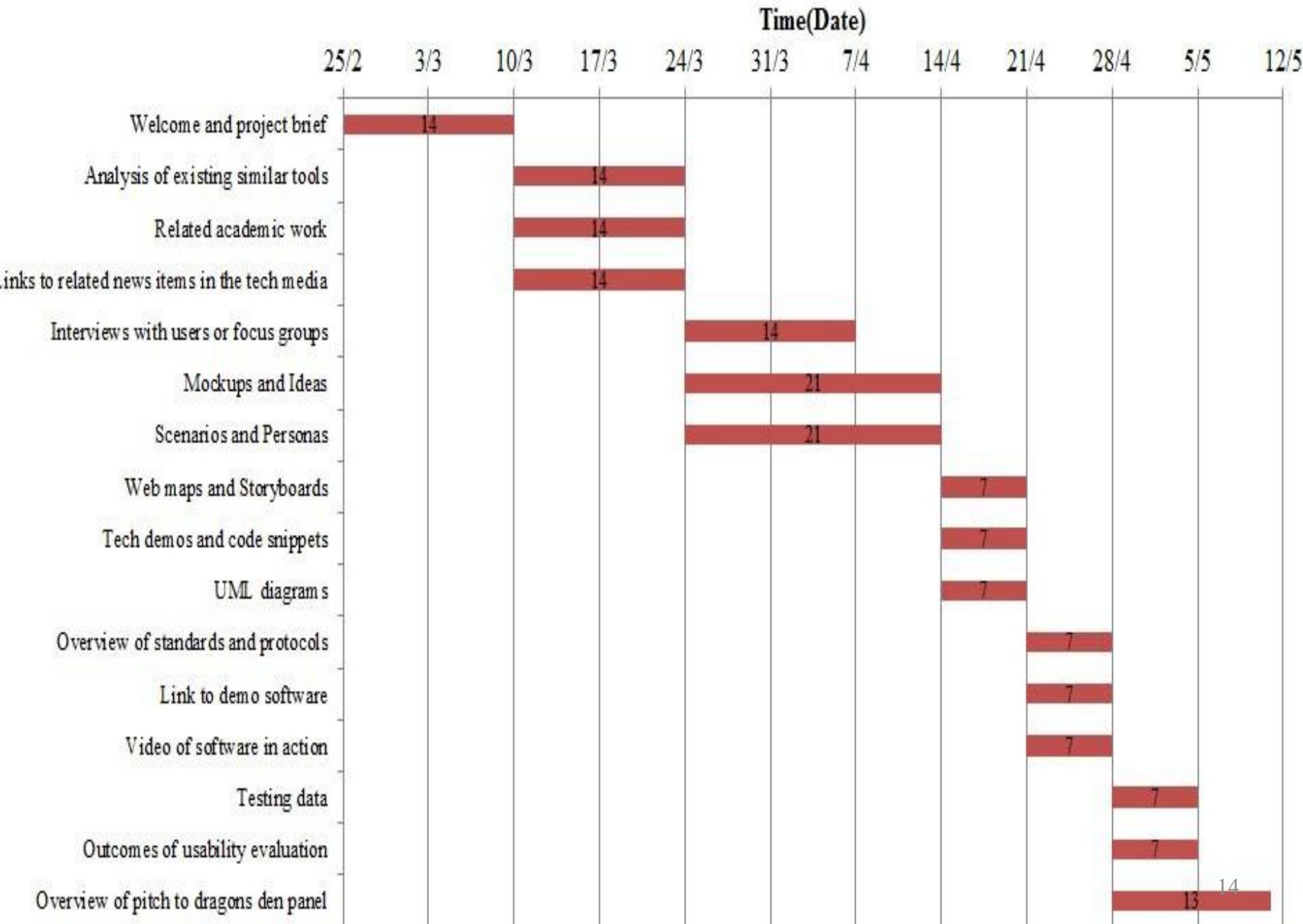
- Fatigue And Motion Study
- Individual Workers Welfare
- To Raise Workers Morale

Henry L. Gantt (1861-1919):

- Limitation of Taylor's incentive system
- DRS having less motivational impact
- New idea

Project Gantt Chart

27th, February, 2012



Classical Organization

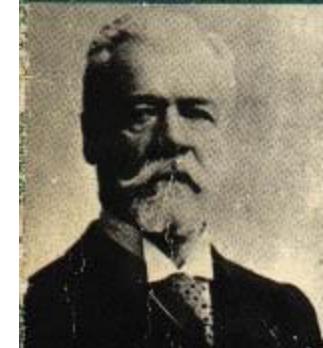
- To identify the Principles & skills that underlie effective management.
- Scientific management was concerned with increasing the productivity and individual workers this theory provides guidelines for managing such a complex organization.

ADMINISTRATIVE MANAGEMENT

FAYOL'S PRINCIPLES OF MANAGEMENT

- Began his career as an Engineer in a Mining Company.
- Later became the Managing Director of the company.
- He *formulated fourteen principles of management.*
- He has been rightly called the “*Father of Modern Management.*”

Henri Fayol (1841-1925):



14 Principles of Henry Fayol

▶ Division of Work

▶ Authority and Responsibility

▶ Discipline

▶ Unity of Command

▶ Unity of Direction

▶ Interest

▶ Remuneration

▶ Centralization

▶ Scalar Chain

▶ Order

▶ Equity

▶ Stability of Tenure

▶ Initiative

▶ Esprit De Corp

❖ *Division of Work.*

Work should be divided into small tasks. Each task should be assigned to a specific employee.

❖ *Authority and Responsibility.*

Authority means **right to give orders** to the subordinates.

Responsibility means obligation to perform the work in the manner desired and directed by the authority.

❖ *Discipline*

Discipline is essential for the smooth running of all organisations. It means respect for authority.

❖ *Unity of Command*

It states that an employee should receive orders from one superior only.

❖ *Unity of Direction*

It states that the activities which have a common objective must be grouped together and must be under one head.

❖ *Subordination of individual interest to general interest.*

The business enterprises is superior to individuals. When individuals work in a group ,group interest should prevail over that of each individual.

❖ *Remuneration of Personnel.*

Remuneration of work done must be **fair and reasonable**. Employees should be honest and sincere.

❖ **Centralisation and Decentralisation**

Centralisation refers to **concentration of authority at one place** or one level in the organisation.

Decentralisation means **dispersal of authority to the lower levels** in the organisation.

❖ Scalar Chain

It refers to the line of authority or the chain of superiors starting from the highest and moving towards the lowest rank.

❖ Order

It means have a place for everything and keep everything in its place.

Order has ***two*** components:

- (i)Material order:** It means having place for all materials and keeping them in their right place.
- (ii)Social order:** It means right man is assigned for the right job.

❖ **Equity**

It implies **being just and loyal to all concerns** and superiors should be impartial while dealing with their subordinates.

❖ *Stability of tenure of the Personnel*

This principle states that
**employees should not be removed from their
positions frequently.**

❖ *Initiative*

Employees at all levels should be allowed to take initiative in work related matters.

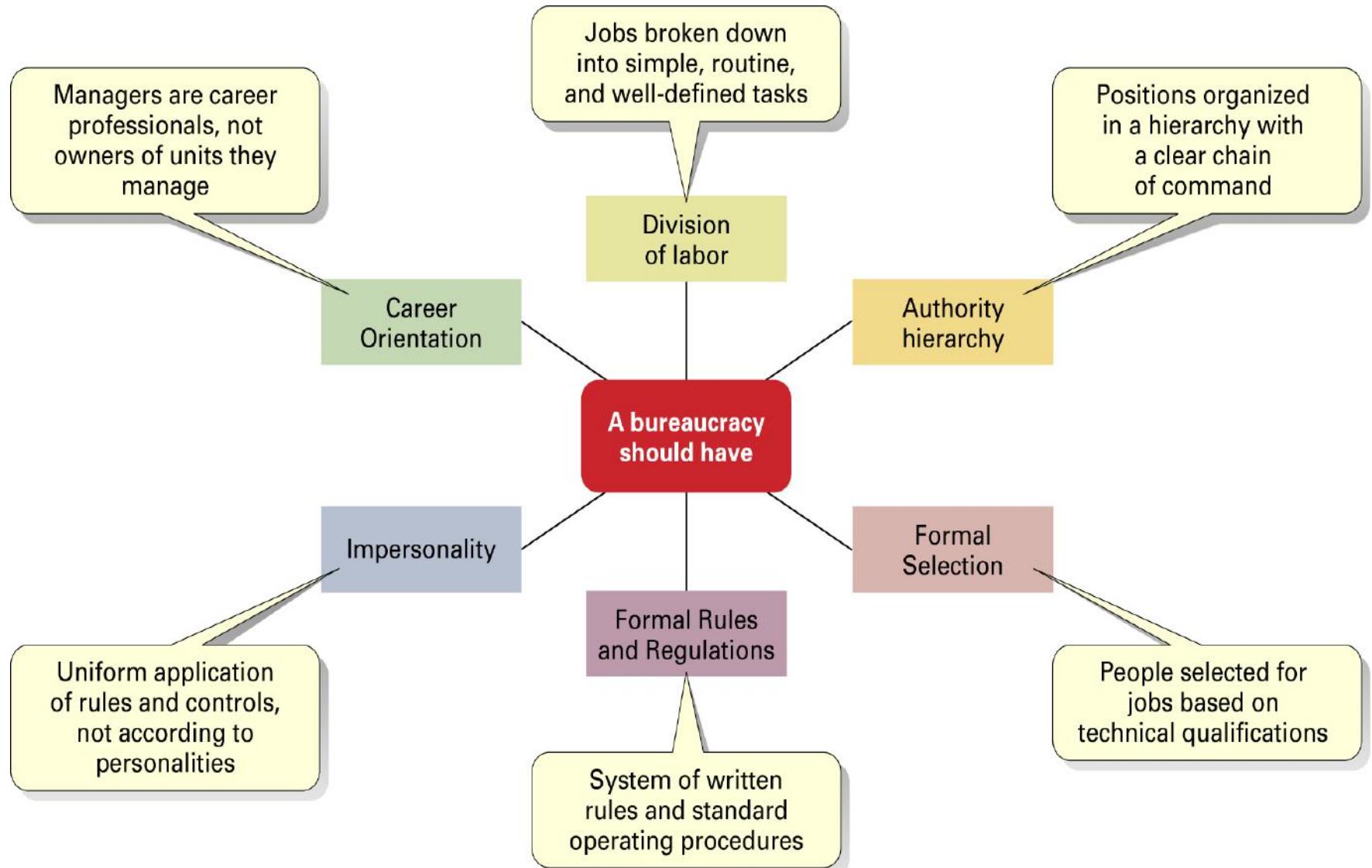
❖ *Espirit de corps.*

“Union is strength” is a well accepted principle. The contribution of a team is far better than that of individuals.

Max Weber: (pronounced as VAY-bar):

- A German sociologist (1864-1920) who studied organizational activity. He developed theory of **authority structures and relations**. Weber described an ideal type of organization he called a **bureaucracy**- a form of organization characterized by division labor, a clearly defined hierarchy, details rules and regulations and impersonal relationships.

WEBER'S IDEAL BUREAUCRACY



Chester Barnard (1886-1961)

- An enterprise can operate efficiently and survive only when the organization's goal are kept in balance with the aims and needs of the individuals working for it.
- According to him people come together in formal organizations to achieve ends they can not accomplish working alone.
- *Zone of indifference* (area of acceptance)
- Individual and organizational purpose kept in balance if manager understood an employee's Zol.
- What the employee can do without questioning the manager's authority.

MARY PARKER FOLLETT

- She introduce new element, specially in the new area of human relation and organizational structure.
- Follett was convinced that no one could become a whole person except as a member of a group;
- Human relationship with others in organization.
- She called Management as “art of getting things done through people”
- Follett’s “holistic” model of control took into account not just individuals and groups, but the effect of such environment factors as politics, economic, and biology.
- In her model she gave an idea that management meant more than just what was happening inside a particular organization.

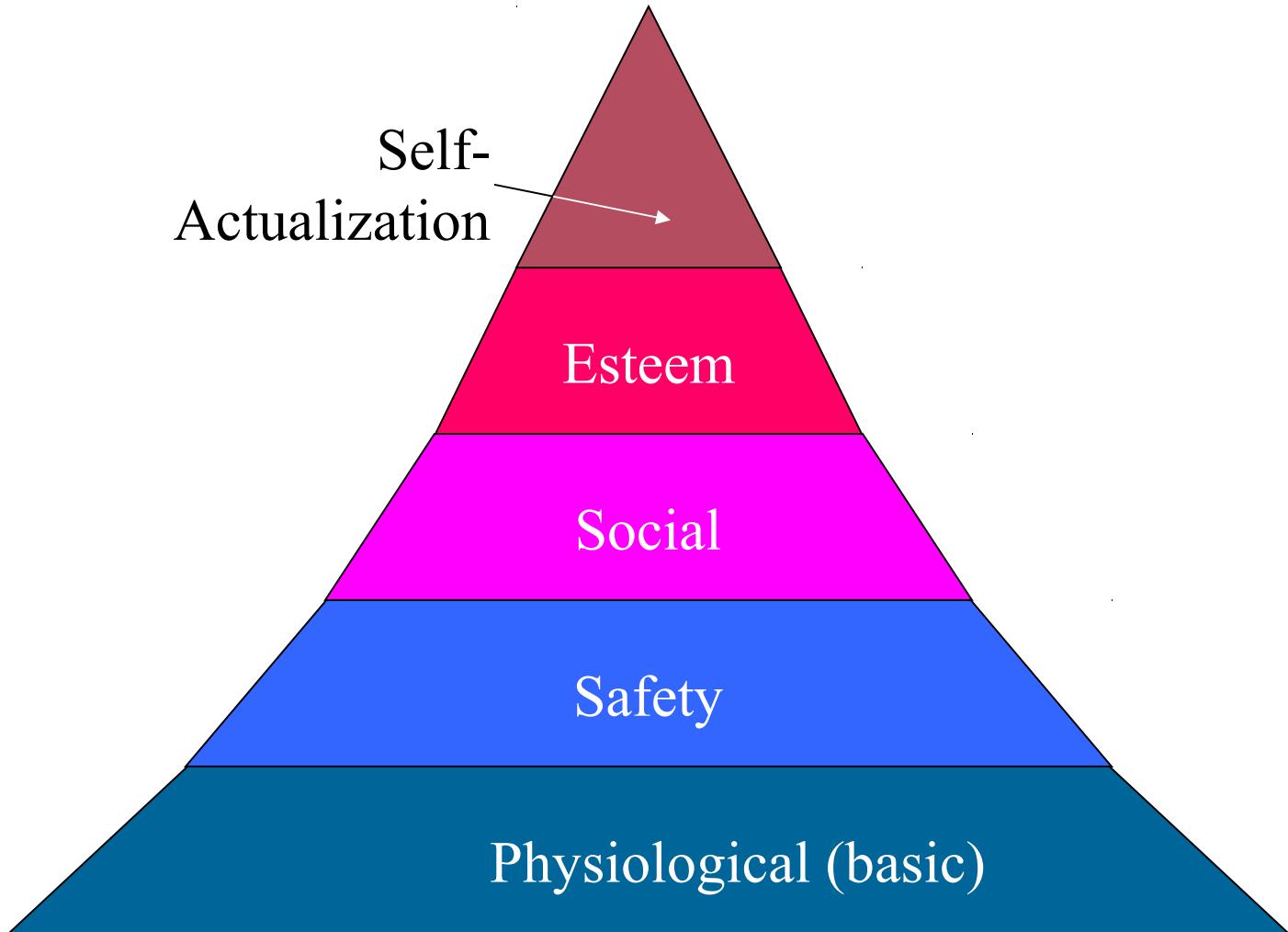
Behavioural School

- A group of management scholars trained in sociology, psychology, and related fields, who use their diverse knowledge to propose more effective ways to manage people in organization.
- This school evolved in recognition of the importance of human behavior.
- How managers interact with other employees or recruits.

Elton Mayo:

- Hawthorne effect
- The possibility that workers who receive special attention will perform better because they received special attention

A Maslow's theory



Douglas McGregor:

- McGregor's argument was that management had been ignoring the facts about people. It believes the Theory X to be truer while Theory Y is more truly representative of most people.
- → Models such as Theory X and Theory Y are also called **paradigms**.

Contd...

- There will be differences among people, so a few will be fit in the Theory X. Nearly all employees, however, have some potential for growth in their capabilities and demonstrated performance.

Theory X

- According to McGregor, a traditional view of motivation that holds that work is distasteful to employee, who must be motivated by force, money, or praise.

Theory X assumptions

- The typical person dislikes work and will avoid it if possible.
- The typical person lacks responsibility, has little ambition, and seeks security above all.
- Most people must be forced, controlled and threatened with punishment to get them to work

Theory Y

- According to McGregor, the assumption that people are inherently motivated to work and do a good job.

Theory Y assumptions

- Work is as natural as play or rest.
- People are not inherently lazy. They have become that way as a result of experience.
- People will exercise self-direction and self-control in the service of objectives to which they are committed.
- People have potential. Under proper conditions they learn to accept and seek responsibility. They have imagination, ingenuity, and creativity that can be applied to work.

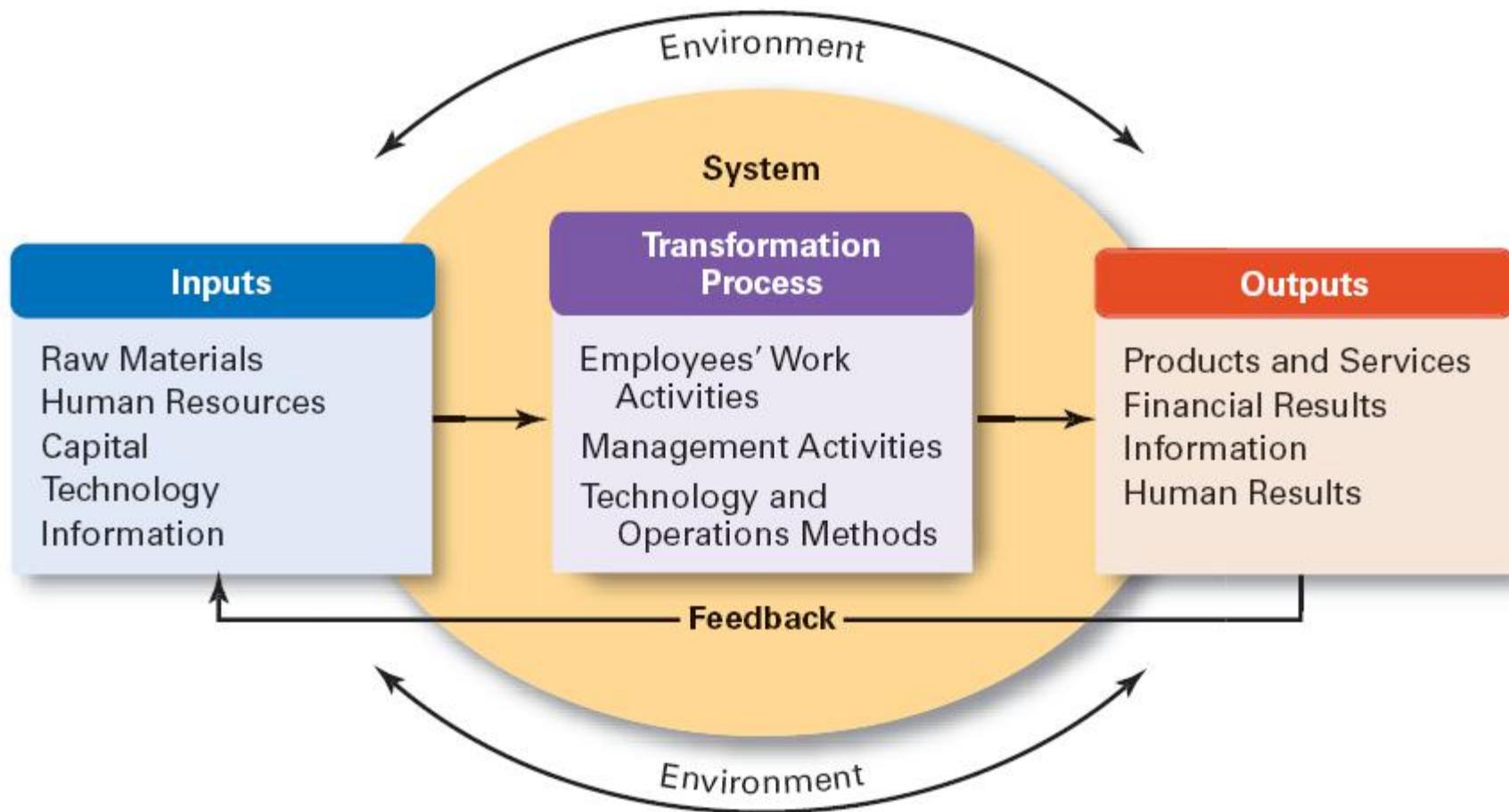
SYSTEM

- A set of things working together as parts of an interconnecting network.
- A system is a prescribed and usually repetitious way of carrying out an activity or a set of activities.

SYSTEM APPROACH

- A system may be defined as a goal-oriented organism that is composed of interrelated in such a way that the **total system is greater than the sum of its parts**. The system may be viewed as consisting of four basic elements- inputs, outputs, transformation process and feedback. Inputs are processed to achieve the desired output.

The Organization as an Open System



KEY CONCEPTS

- Subsystems : those parts making up the whole system.
- Synergy : $1+1>2$
- Open system : a system that interacts with its environment.
- Close system : a system that does not interact with its environment
- System boundary : the boundary that separates each system from its environment. It is rigid in a closed system, flexible in an open system.

The Contingency Approach

- The view that the management technique that best contributes to the attainment of organizational goals might vary in different types of situations or circumstances; also called the *situational approach*.

Contd...

- The Contingency approach was developed by managers, consultants, and researchers who tried to apply the concepts of the major schools to real life situations.
- According to the contingency approach the manager task is to identify which technique will be “**in a particular situation, under particular circumstances, and at a particular time**”, Best contribute to the attainment of management goals.

Dynamic Engagement Approach

- The view that time and human relationship are forcing management to rethink tradition approach in the face of constant, rapid change.
- The term Dynamic Engagement best expresses other vigorous way today's most successful managers focus on human a relationship and quickly adjust to changing conditions over time.
- The management has come limelight after 1990s.



Business Environment

What is Business Environment?

It refers to all External Forces,

- ▶ “ Internal Relationships &
- ▶ “ Society

Which have impact on the functioning of business/ organization

Business Environment

- ▶ Internal Environment (Within the Company)
- ▶ External Environment
 - ▶ Micro (Task / operations)
 - ▶ Macro (General / Remote)

Internal Environment

- 1. Promoters' Values**
- 2. Mission & Objectives**
- 3. Management Structure**
- 4. Internal Power Relationship**
- 5. Company Image / Brand**
- 6. Physical Assets / Facilities**
- 7. R & D / Technological Capabilities**

Internal Environment

8. Human Resources

9. Internal Relationships

- ▶ Jobs & Wages
- ▶ Human Factor
- ▶ Safe & Hygienic Work Place
- ▶ Security

External Environment - Micro

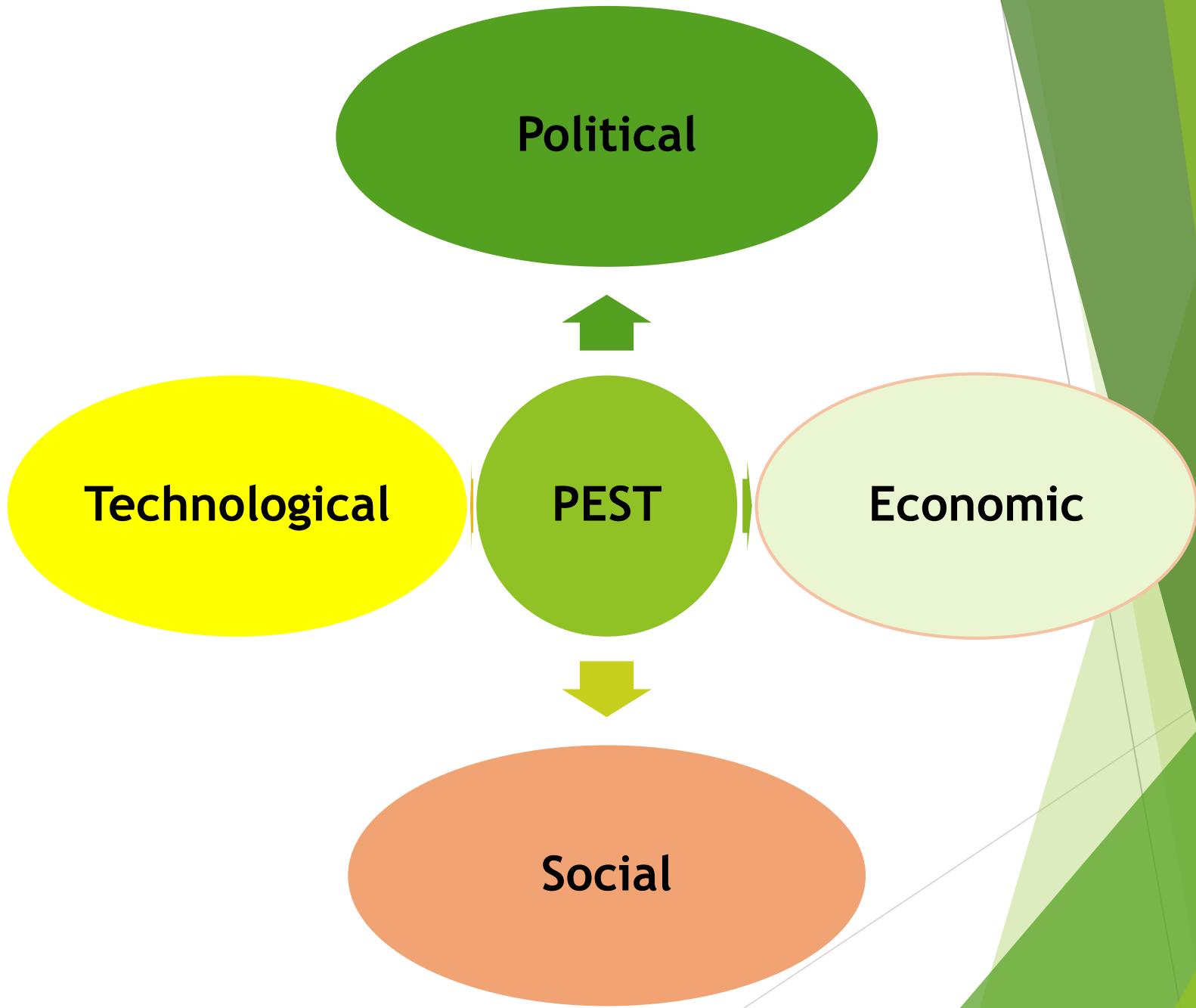
1. Customers
2. Suppliers
3. Competitors
4. Public
5. Financiers
6. Marketing Intermediaries

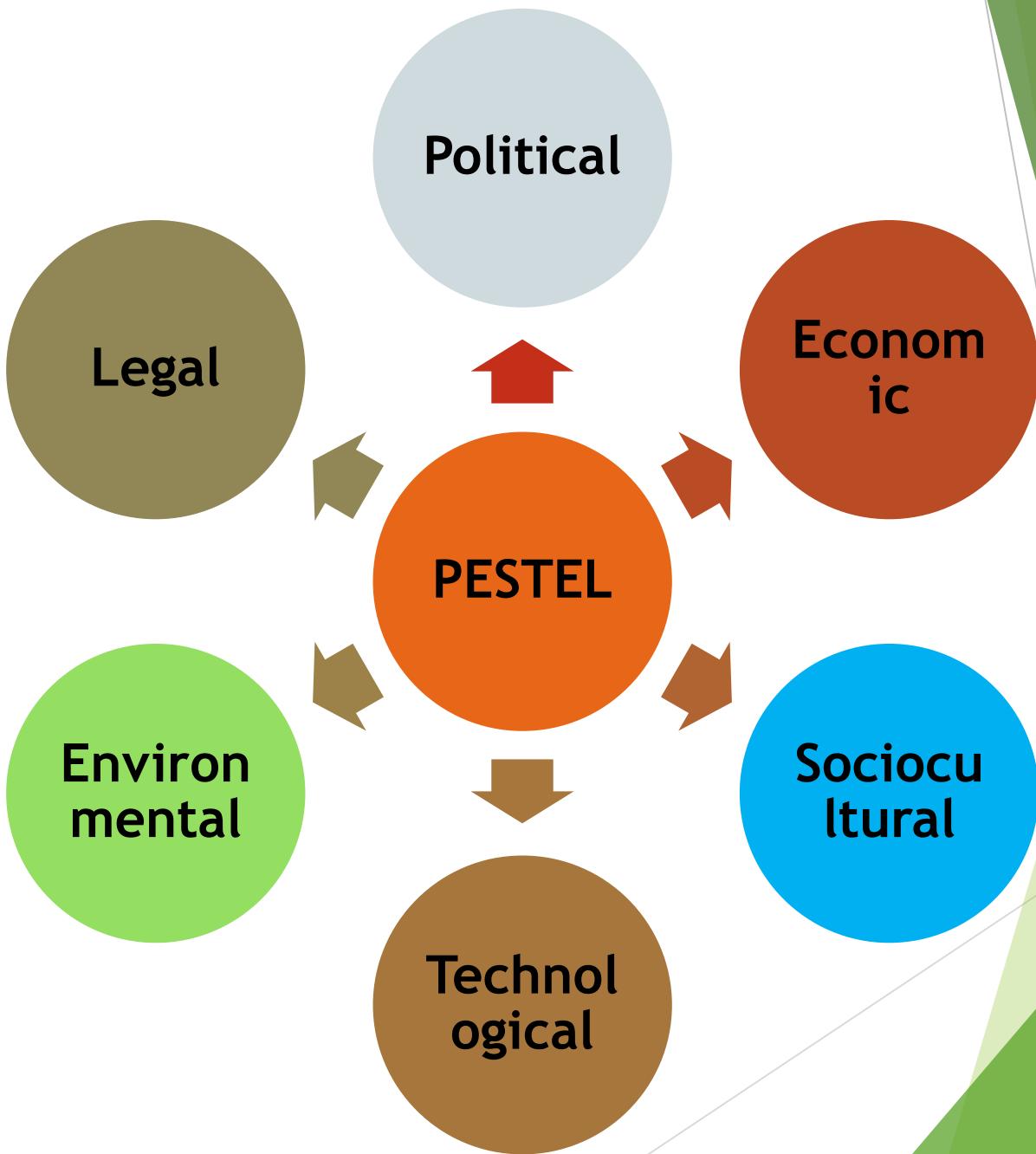
External Environment - Macro

- ▶ Economic Factors
- ▶ Social & Cultural Factors
- ▶ Demographic Factors
- ▶ Political & Government Factors
- ▶ Natural Factors
- ▶ Technological Factors
- ▶ Global Factors

Analysis of Environment







Political Factors

- ▶ 1. How stable is the political environment?
- ▶ 2. Will government policy influence laws that regulate or tax businesses?
- ▶ 3. What is the government's position on marketing ethics?
- ▶ 4. What is the government's policy on the economy?
- ▶ 5. Does the government have a view on culture and religion?
- ▶ 6. Is the government involved in trading agreements such as EU, NAFTA, ASEAN, or others?

Economic Factors

1. Interest Rates.
2. The level of inflation, Employment level
3. Long-term prospects for the economy - GDP, per capita, and so on.

Sociocultural Factors

- ▶ 1.What is the dominant religion?
- ▶ 2.What are attitudes to foreign products and services?
- ▶ 3.Does language impact upon the diffusion of products onto markets?
- ▶ 4.How much time do consumers have for leisure?
- ▶ 5.What are the roles of men and women within society?
- ▶ 6.How long are the population living? Are the older generations wealthy?
- ▶ 7.Do the population have a strong/weak opinion on green issues?

Source: <http://www.marketingteacher.com/pest-analysis/>

Technological Factors

- ▶ 1. Does technology allow for products and services to be made more cheaply and to a better standard of quality?
- ▶ 2. Do the technologies offer consumers and businesses more innovative products and services such as Internet banking, new generation mobile telephones, etc?
- ▶ 3. How is distribution changed by new technologies e.g. books via the Internet, flight tickets, auctions, etc?
- ▶ 4. Does technology offer companies a new way to communicate with consumers e.g. banners, Customer Relationship Management (CRM), etc?

Source: <http://www.marketingteacher.com/pest-analysis/>

Environmental Factors

- ▶ These factors have only really come to the forefront in the last fifteen years or so.
- ▶ They have become important due to the increasing scarcity of raw materials, pollution, doing business as an ethical and sustainable company, carbon footprint targets set by governments

Source: <https://www.professionalacademy.com/blogs-and-advice/marketing-theories---pestel-analysis>

Legal Factors

- ▶ Legal factors include - health and safety, equal opportunities, advertising standards, consumer rights and laws, product labelling and product safety.
- ▶ It is clear that companies need to know what is and what is not legal in order to trade successfully.
- ▶ If an organisation trades globally this becomes a very tricky area to get right as each country has its own set of rules and regulations.

Source: <https://www.professionalacademy.com/blogs-and-advice/marketing-theories---pestel-analysis>

**After you have completed a
PESTEL analysis you should
be able to use this to help
you identify the strengths
and weaknesses for a SWOT
Analysis**

SWOT ANALYSIS



Source: <https://www.professionalacademy.com/blogs-and-advice/marketing-theories---swot-analysis>

Strengths(Internal factor / Positive influence)

- ▶ **What are we best at?**
- ▶ **What intellectual property do we own that can help us with this objective?**
- ▶ **What specific skills does the current workforce have that can contribute to this objective?**
- ▶ **What financial resources do we have for reaching this objective?**
- ▶ **What connections and alliances do we have?**
- ▶ **What is our bargaining power with both suppliers and intermediaries?**

Source: <https://www.professionalacademy.com/blogs-and-advice/marketing-theories---swot-analysis>

Opportunities (External factor / Positive influence)

- ▶ **What changes in the external environment can we exploit?**
- ▶ **What weaknesses in our competitors can we use to our advantage?**
- ▶ **What new technology might become available to us?**
- ▶ **What new markets might be opening to us?**

Source: <https://www.professionalacademy.com/blogs-and-advice/marketing-theories---swot-analysis>

Weaknesses (Internal factor / Negative influence)

- ▶ **What are we worst at doing?**
- ▶ **Is our intellectual property outdated?**
- ▶ **What training does our workforce lack?**
- ▶ **What is our financial position?**
- ▶ **What connections and alliances should we have, but don't?**

Source: <https://www.professionalacademy.com/blogs-and-advice/marketing-theories---swot-analysis>

Threats (External factors / Negative influence)

- ▶ **What might our competitors be able to do to hurt us?**
- ▶ **What new legislation might damage our interests?**
- ▶ **What social changes might threaten us?**
- ▶ **How will the economic cycle affect us?**

Source: <https://www.professionalacademy.com/blogs-and-advice/marketing-theories---swot-analysis>

FUNCTIONS OF MANAGEMENT

MARGRAT C R
ROLL NO:6

DEFINITION OF MANAGEMENT

"Management is a distinct process consisting of planning, organizing, activating and controlling to determine and accomplish the objectives by the use of people and resources."- G.R. Terry

"To manage is to forecast and plan, to organise, to command, to co-ordinate and to control."
- Henry Fayol

"Management is simply the process of decision making and control over the action of human beings for the express purpose of attaining pre-determined goals."
- Stanley Vance

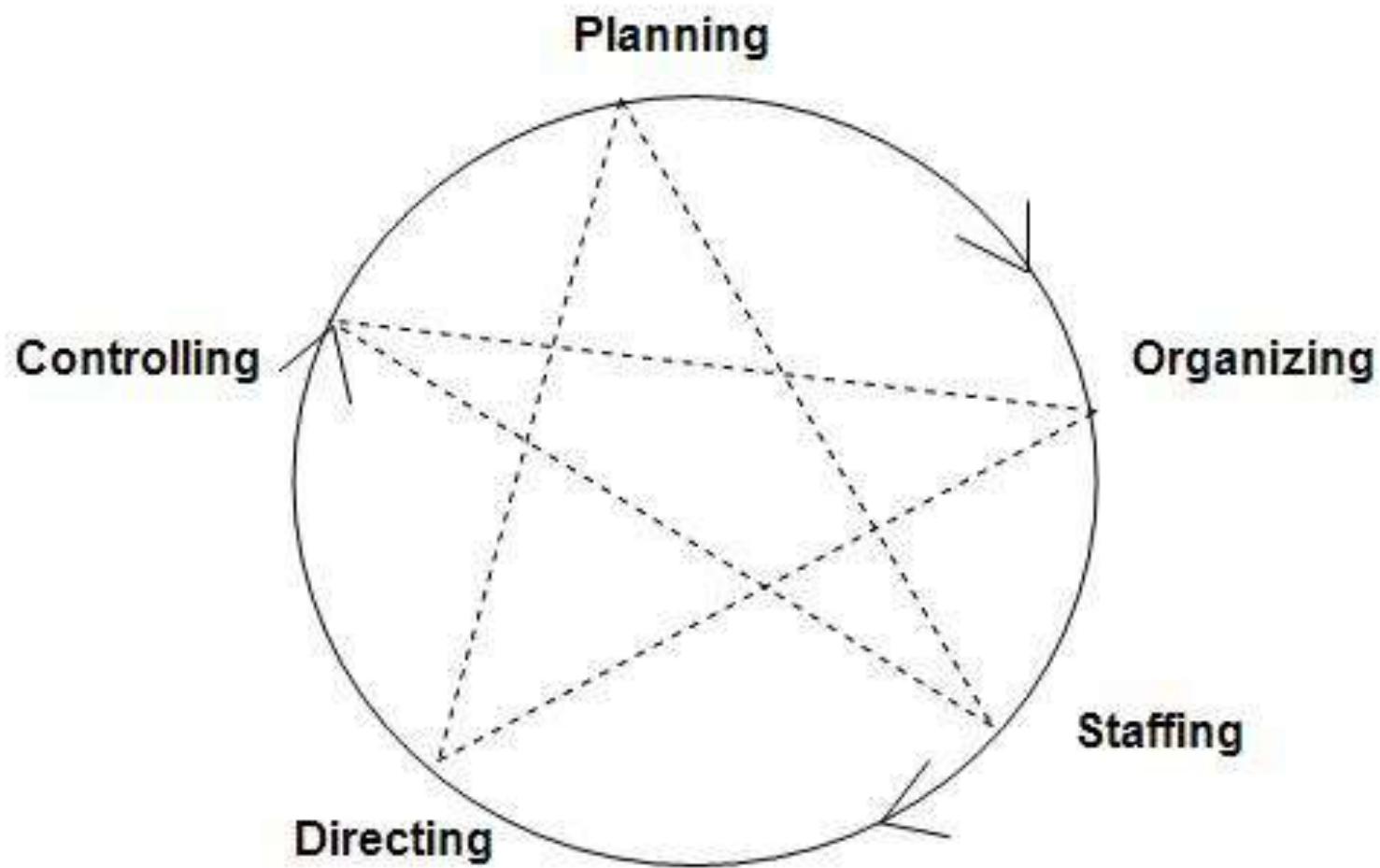
5 FUNCTIONS OF MANAGEMENT

Koontz and O'Donnell explained five functions of management. They have become widely accepted functions of management everywhere. They are

- Planning**
- Organizing**
- staffing**
- directing and**
- controlling.**



5 FUNCTIONS OF MANAGEMENT



PLANNING



Planning is deciding in advance

- ✓ what to do, how to do
- ✓ why to do
- ✓ where to do and
- ✓ who will be responsible for doing is planning.

Definition

"Planning bridges the gap from where we are to where we want to go. It makes it possible for things to occur which would not otherwise happen"
- Koontz and O'Donnell.

Importance of Planning

- ✓ Planning provides directions
- ✓ Planning reduces the risks of uncertainty
- ✓ Planning reduces overlapping and wasteful activities
- ✓ Planning promotes innovative ideas
- ✓ Planning facilitates decision making
- ✓ Planning establishes standards for controlling

Features of planning

- ✓ Planning focuses on achieving objectives
- ✓ Planning is a primary function of management
- ✓ Planning is pervasive
- ✓ Planning is continuous
- ✓ Planning is futuristic
- ✓ Planning involves decision making
- ✓ Planning is a mental exercise

Planning Process

Setting objectives: Objectives may be set for the entire organization and each department or unit within the organization.

Developing premises: Planning is concerned with the future which is uncertain and every planner is using conjuncture about what might happen in future.

Identifying alternative courses of action: Once objectives are set, assumptions are made. Then the next step would be to act upon them.

Evaluating alternative courses: The next step is to weigh the pros and cons of each alternative.

Selecting an alternative: This is the real point of decision making. The best plan has to be adopted and implemented.

Implement the plan: This is concerned with putting the plan into action.

Follow-up action: Monitoring the plans are equally important to ensure that objectives are achieved.

ORGANIZING



Division of work into functions and sub-functions, grouping of activities that are closely related in their nature, assigning of duties and responsibilities to the employees and finally delegation of authority and power to each employee or the group to discharge their duties accordingly are the processes come under the function of management organizing.

Definition

"Organization is the process of identifying and grouping of the works to be performed, defining and delegating responsibility and authority and establishing relationships for the purpose of enabling people to work most efficiently".

- Louis A. Allen

Importance of Organizing

- ✓ Organizing helps Organizations to reap the benefit of specialization.
- ✓ Organizing provides for Optimum utilization of resources.
- ✓ Organizing helps in Effective administration.
- ✓ Organizing channels for Expansion and growth.
- ✓ Organizing achieves co-ordination among different departments.
- ✓ Organizing creates scope for new change.

Organizing Process

Division of work: The first process of Organizing includes identification and division of work which shall be done in accordance with the plans that are determined previously.

Departmentation: once the work of identifying and dividing the work has been done those are similar are to be grouped.

Linking departments: When the process of departmentation was completed, linking of departments has to be done so that those departments operate in a co-ordinated manner which gives a shape to overall organization structure.

Assigning Duties: On completion of departmentation process assigning duties i.e. defining authority and responsibility to the employees on the basis of their skills and capabilities has to be done, which in consequence magnifies efficiency with regard to their work.

Defining hierachal structure: Each employee should also know from whom he has to take orders and to whom he is accountable/responsible.

DIRECTING



Directing is nothing but guiding and leading the people in an organization. It is not just giving instructions by a superior to the subordinates but also is a process of supervising, guiding and motivating the latter to achieve the organizational goals.

Definition

"Activating deals with the steps a manager takes to get subordinates and others to carry out plans".

- Newman and Warren.

Importance of Directing

- ✓ Direction initiates actions to get the desired results in an organisation.
- ✓ Direction attempts to get maximum out of employees by identifying their capabilities.
- ✓ Direction is essential to keep the elements like Supervision, Motivation, Leadership and Communication effective.
- ✓ It ensures that every employee work for organisational goals.
- ✓ Coping up with the changes in the Organisation is possible through effective direction.
- ✓ Stability and balance can be achieved through directing.

STAFFING



In the simplest terms, staffing in management is ‘putting people to jobs’.

Definition

"Staffing is the function by which managers build an organisation through the recruitment, selection, and development of individuals as capable employees"

- McFarland

Importance of Staffing

- ✓ Filling the Organisational positions
- ✓ Developing competencies to challenges
- ✓ Retaining personnel - professionalism
- ✓ Optimum utilisation of the human resources

Staffing Process

Analyzing Manpower requirements: It is making an analysis of work and estimating the manpower requirement to accomplish the same.

Recruitment: It is identifying and attracting capable applicants for employment. it ends with the submission of applications by the aspirants.

Selection: It is choosing the fit candidates from the applications received in the process of recruitment.

Placement: This may be on probation and on successfully completion of the same the candidate may be offered permanent employment.

Training and Development: It is concerned with imparting and developing specific skills for a particular purpose.

Performance Appraisal: Systematic evaluation of personnel by superiors or others familiar with their performance so as to rank employees to ascertain their eligibility for promotions.

CONTROLLING



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It is the process that ensures whether the resources are obtained and used efficiently in achieving the organizational objectives

Definition

"Controlling is determining what is being accomplished - that is, evaluating performance and, if necessary, applying corrective measures so that performance takes place according to plans".
- Terry and Franklin.



Principles of Management

By Sapna Suri

Define Management

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

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- As managers, people carry out the managerial functions of planning, organizing, staffing, leading, & controlling.
- Management applies to any kind of organization.
- It applies to managers at all organizational levels.
- The aim of all managers is the same: to create a surplus.
- Managing is concerned with productivity, this implies effectiveness & efficiency.

Define Organizations :

“Organizations which can be defined as group of people working together to create a surplus.”

- In business organizations, this surplus is profit.
- In nonprofit organizations, such as charitable organizations, it may be the satisfaction of needs.

Features of Management :

- **Organized activities**
- **Existence of objectives**
- **Relationship among resources**
- **Working with & Through people**
- **Decision- Making**

Management & Administration :

- **Administration is above management**
- **Administration is part of management**
- **Management & administration are same**

Administration is above management :

- **“administration is that phase of business enterprise that concerns itself with the overall determination of institutional objectives & the policies necessary to be followed in achieving those objectives.”**
- **“Management on the other hand, is an executive function which is primarily concerned with carrying out broad policies laid down by the administration.”**

Difference between administration & management :

	Basis of difference	Administration	Management
1	Level in organization	Top level	Middle & lower
2	Major focus	Policy formulation & objective determination	Policy execution for objective achievement
3	Nature of functions	Determinative	Executive
4	Scope of functions	Broad & conceptual	Narrow & operational
5	Factors affecting decisions	Mostly external	Mostly internal
6	Employer-employee	Entrepreneurs &	Employees

Administration is a part of management :

- **Management is a generic name for the total process of executive control in industry or commerce.**
- **It is a social process entailing responsibility for the executive & economic planning & regulation of the operation of an enterprise, in the fulfillment of a given purpose or task.**
- **Administration is that part of management which is concerned with the installation & carrying out the procedures by which it is laid down & communicated, & the process of activities regulated & checked against plans.**

Management & Administration are same

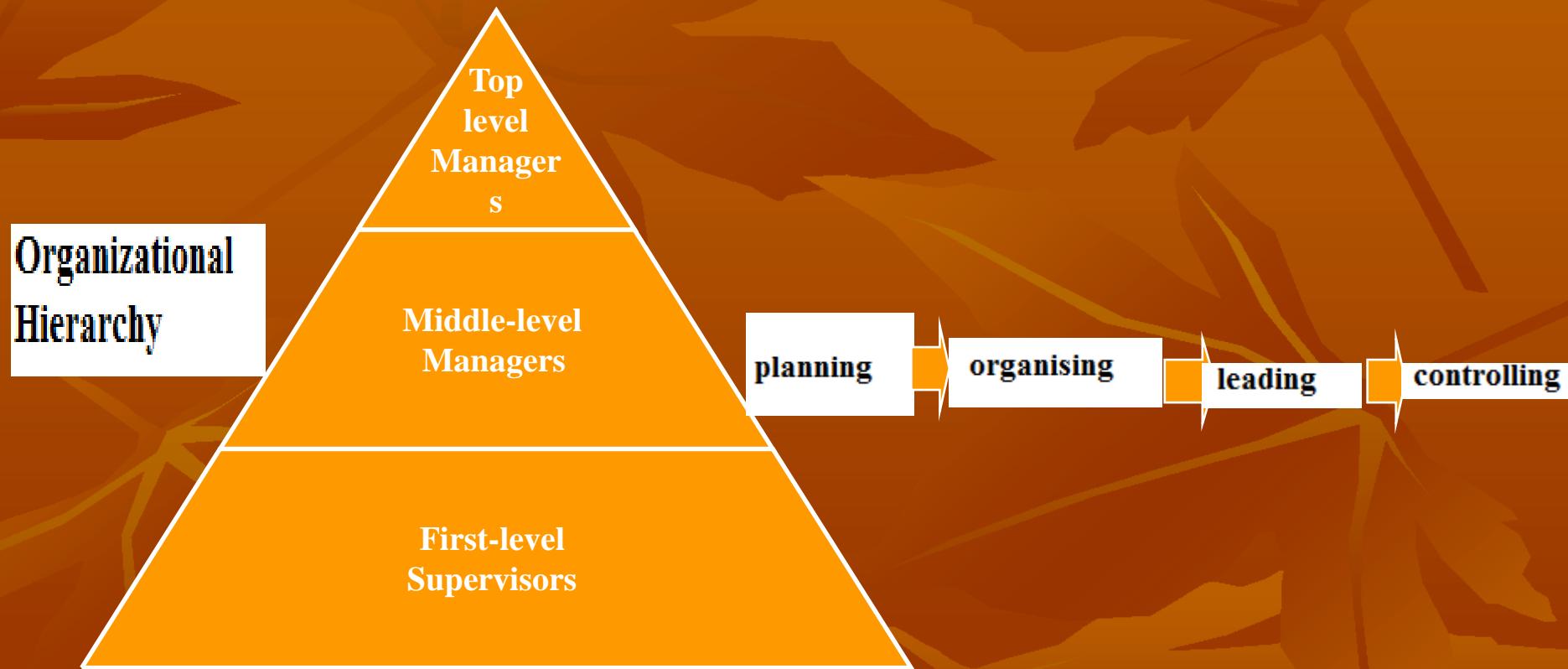
- Management & administration are synonymous; the difference between the two terms lies mostly in their usage in different countries or different fields of human organizations.
- The distinction between the two terms may be drawn by analyzing the origin of the word “administration”.
- The government often uses the word administrator, instead of manager, to handle & manage its affairs

The functions of management :

- **Management can be break down into 5 managerial functions : planning, organizing, staffing, leading & controlling**

- **Management as an essential for any organization**

Managerial functions as at different organizational levels .



Functions of Top Management :

- **To analyze, evaluate & deal with the external environmental forces**
- **To establish overall long-term goals strategy & policies of the company including the master budget to allocate resources.**
- **To create an organizational framework consisting of authority responsibility relationships.**
- **To appoint departmental & other key executives.**
- **To provide overall leadership to the company.**

Contd >>>>>

- To represent the company to the outside world, e.g. ; trade associations, government, trade unions, etc.
- To exercise overall review & control on the company's operations &
- To coordinate the activities & efforts of different departments.

Functions of Middle Management :

- To interpret & explain the policies framed by top management .
- To compile & issue detailed instructions regarding operations.
- To maintain close contacts with operating results so as to evaluate performance.
- To participate in operating decisions
- To cooperate among themselves so as to integrate or coordinate various parts of a division or a department

Functions of Supervisory Management :

- To plan day-to-day production within the goals laid down by higher authorities.
- To assign jobs to workers to make arrangements for their training & development.
- To supervise & control workers & maintain personal contact with charge hands.
- To arrange materials & tools & to maintain machinery.
- To advise & assist workers by explaining work procedures, solving their problems, etc

Importance of Management :

- **Effective Utilization of Resources**
- **Development of Resources**
- **To Incorporate Innovations**
- **Integrating Various Interest Groups**
- **Stability in the Society**

Skills of Management :

- **Technical skills**
- **Human skills**
- **Conceptual skills**
- **Design skills**

Nature of Management :

- **Management as an activity (or a process)**

Planning Organizing Staffing Directing &

ii. Controlling

III. Staffing

IV. Directing &

V. Controlling

Contd >>>>>

- **Management as a discipline**

Management education is gaining popularity in the present day-times.

Scholars are interested in study of management discipline, for purposes of conducting research studies & studies making new & valuable contributions to this discipline

Practitioners of management are much interested in a study of management discipline

Management discipline is growing into specialized branches of management like production, marketing, personnel, finance & several others

Contd >>>>..

- **Management as a group (class or team or society)**
- I. **Micro-level : the economic results, in terms of the attainment of common objectives, of the group- endeavor**
Macro-level : the survival, growth & prosperity of the economy would be determined by the integrity, competence & efforts of the total management class
- **Management as an economic resource (or a factor of production) . The economist has been all the time been speaking of 4 factors viz , land, labour, capital & enterprise.**

Management science or Art :

Management science or art differ in the following ways :

- Commonsense is vague as compared to scientific knowledge
- Flagrant inconsistency often appears in commonsense whereas logical consistency is the basic of science
- Science systematically seeks to explain the events with which it deals, commonsense ignores the need for explanation
- The scientific method deliberately exposes claims to the critical evaluation of experimental analysis, commonsense method fails to test conclusions in any scientific fashion

Management as profession :

“Profession is an occupation for which specialized knowledge, skills & training are required & the use of these skills is not meant for self-satisfaction but these are used for larger interests of the society & the success of the use of these skills is measured not in terms of money alone.”

Characteristics of profession :

- **Existence of knowledge**
- **Acquisition of knowledge**
- **Professional association**
- **Ethical codes**
- **Service motive**

Objectives/ Advantages OR Significance of Management :

- **Micro level**

- **Macro level**

Micro level

Enterprise level

➤ Maximum results with minimum inputs

Securing results in terms of production, sales, employee satisfaction

Maintaining a balance between the internal environment of the enterprise & the external environment

Contd >>>>>

- Ensuring maximum prosperity for both employers & employees
- Stability of employment Satisfactory working conditions
- ii. Fair remuneration
- Job-satisfaction
- Justice & human treatment
- v. Justice & human treatment
- Ensuring survival, growth & prestige of the enterprise

Macro level

- **To further the process of economic growth**
- **To ensure social welfare**
- **Generation of employment opportunities**
- **Helping maintain healthy industrial relations**
- **Conversion of challenges into opportunities**

Role of Management Principles :

- **To increase efficiency**
- **To crystallize the nature of Management**
- **To carry on Researches**
- **To attain social objectives**

Evolution of Management Thought :

- Many different contributors of writers & practitioners have resulted in different approaches to management, & these make up a “management theory jungle”

Taylor & scientific management :

- The concept of scientific management was introduced by Frederick Taylor in USA in the beginning of 20th century.
- Scientific management was concerned essentially with improving the operational efficiency at the shop floor level

Contd >>>>>>

- “scientific management is concerned with knowing exactly what you want men to do & then see in that they do in the best & cheapest way”

Elements & Tools of scientific Management :

- **Separation of planning & doing**
- **Functional Foremanship**
- **Job analysis**
- 1. **Time study involves the determination of time a movement takes to complete**
- 2. **Motion study involves the study of movements in parts which are involved in doing a job & thereby eliminating the wasteful movements & performing only necessary movements**

Contd >>>>>

3. Fatigue study shows the amount & frequency of rest required in completing the work.

- **Standardization**
- **Scientific selection & training of workers**
- **Financial Incentives**
- **Economy**
- **Mental Revolution**

Principles of scientific management :

- Replacing rule of Thumb with science
- Harmony in Group Action
- Co-operation
- Maximum output
- Development of workers
- A more equal division of responsibility between management & workers

Contd >>>>>>>>.

- Mental revolution on the part of management & workers

Merits of scientific Management :

- More production & higher profits
- Job-satisfaction
- Personality development
- Higher standard of living

Fayol's Administrative management :

- Henry Fayol was a french mining engineer who turned a leading industrialist & a successful manager
- Perhaps the real father of modern operational management theory is the French industrialist Henry Fayol.

Contd >>>>>

Fayol found that activities of an industrial organization could be divided into 6 groups such as :

1. 1. Technical (relating to production)
2. 2. Commercial (buying, selling & exchange)
3. 3. Financial (search for capital & its optimum use)
4. 4. Security (protection of property & person)
5. Accounting (including statistics) & Managerial
(planning, organization, command, coordination, & control)

Managerial qualities & training :

- **Physical (health, vigour , & address)**
- **Mental (ability to understand & learn, judgment, mental vigour, & capability)**
- **Moral (energy, firmness, initiative, loyalty, tact, & dignity)**
- **Educational (general acquaintance with matters not belonging exclusively to the function performed)**
- **Technical (peculiar to the function being performed) &**
- **Experience (arising from the work)**

General Principles of Management :

- **Division of work**
- **Authority & Responsibility**
- **Discipline**
- **Unity of Command**
- **Unity of Direction**
- **Subordination of Individual to General Interest**
- **Remuneration of Personnel**

Contd >>>>.

- **Centralization**
- **Scalar chain**
- **Order**
- **Equity**
- **Stability of Tenure**
- **Initiative**
- **Esprit de corps**

Role & Functions of a manager & activities of management

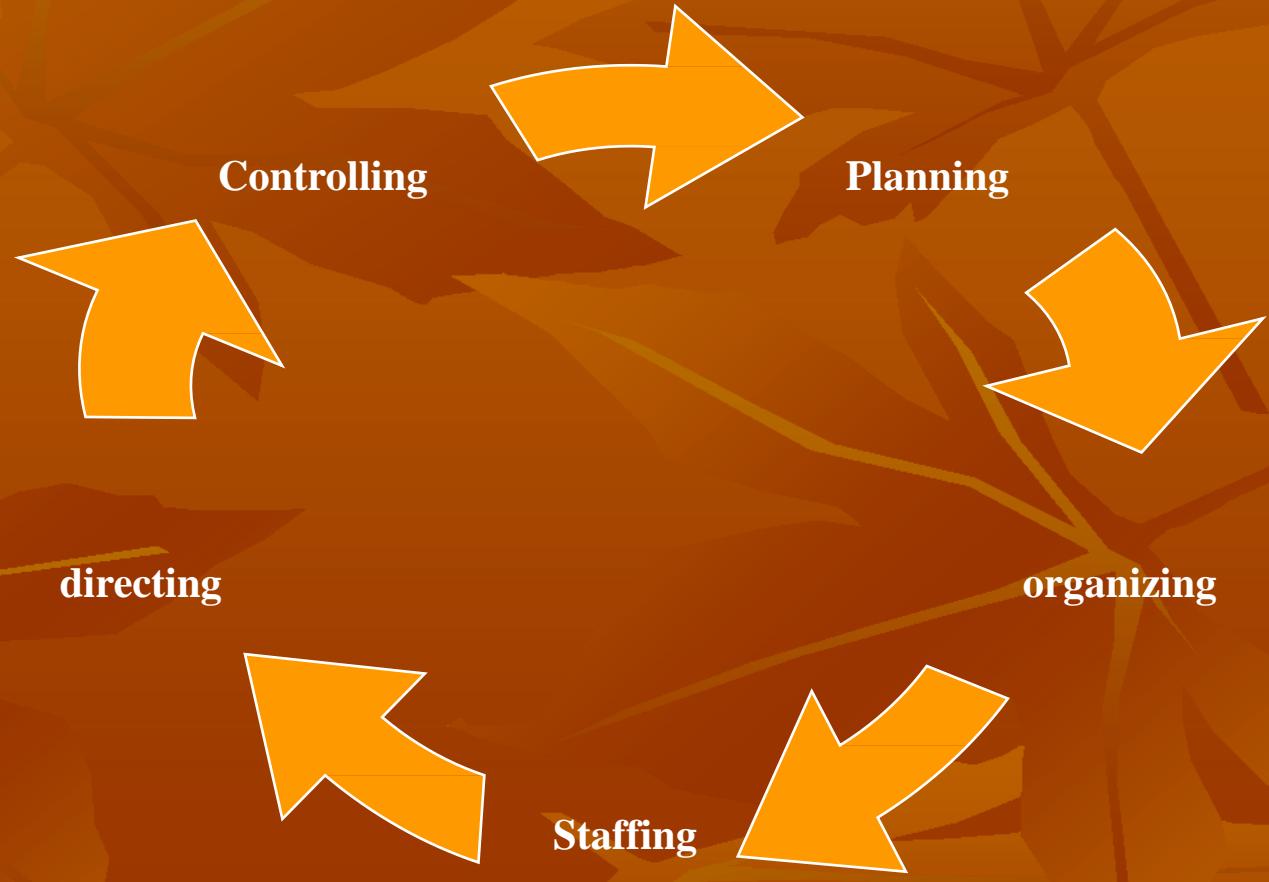
Functions of Manager :

- **Planning**
- **Organizing**
- **Staffing**
- **Directing**
- **Controlling**

Nature Management Functions :

- **Management functions are universal**
- **Management functions have interactive quality**
- **Although management process suggests a sequential arrangement of functions its not always possible in the performance of managerial functions strictly in a sequence**
- **Since there are many managerial functions often a question arises which management function is more important so that managers devote more time to that**

Diagram

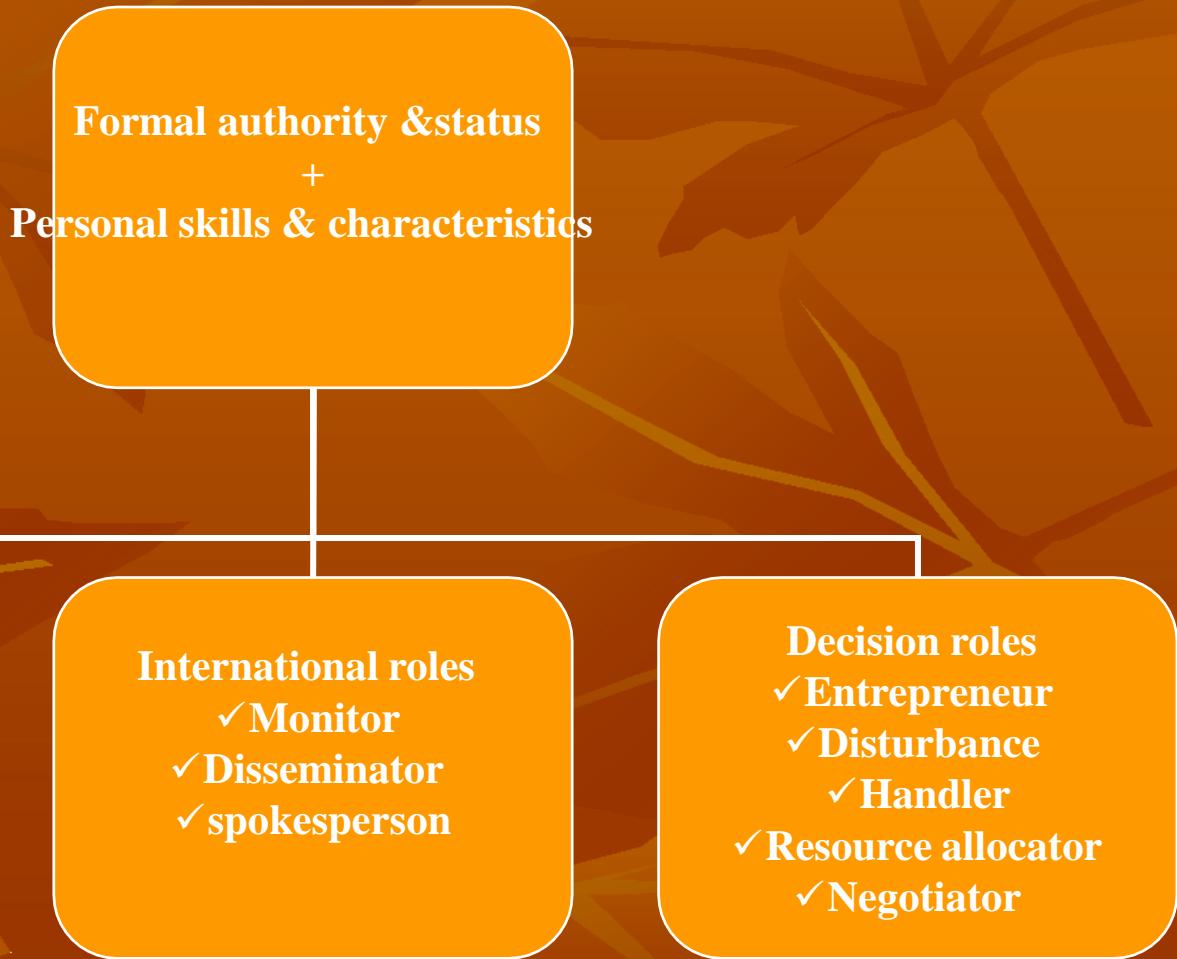


Management functions

Roles Of Manager :

- **Interpersonal Role**
- **Informational Role**
- **Decisional Role**

Management Role :



Functions at Various Levels of Management :



Top Management :

- **Top management of an organization consists of board of directors, chairman & chief executive officer**

Functions of Board of Directors :

- A board is elected by the owners (shareholders) & is responsible to them as their agent for managing the affairs of the organization.
- Board has authority to manage subject to the limitations imposed by the Memorandum of Association & Articles of Association of the company as well as the provisions of the Companies Act

Board of Directors

Divided into 6 categories :

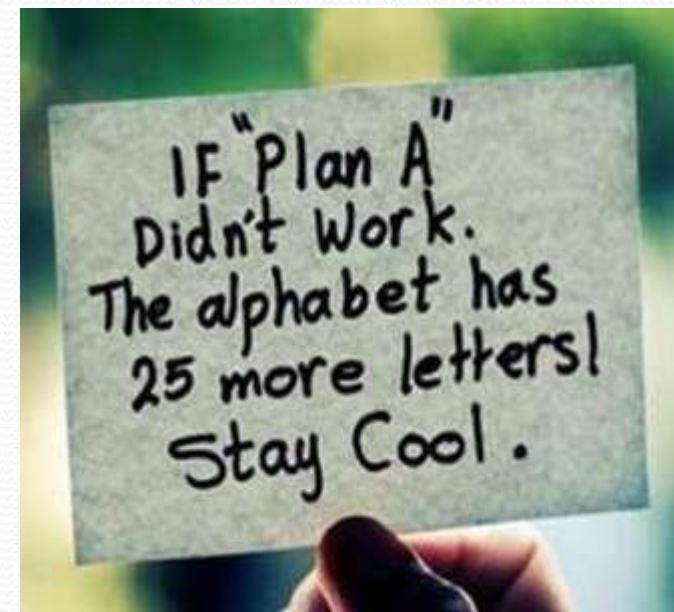
- trusteeship, function implying that board must use the property of the company
- Determination of basic objectives & policies
- Determination of basic objectives & policies of the organization
- Selection of top executives & determination of overall organization structure
- Approval of financial matters like
- Approval of financial matters like

PLANNING

Contents

- Nature
- Importance and purpose of planning process
- Steps in Planning and Planning Premises
- Types of plans
- Objectives
- Decision Making
- Types of planning
- Hierarchy of plans

❖ **Planning** (also called **forethought**) is the process of thinking about and organizing the activities required to achieve a desired goal.



- ❖ “If you don't have daily objectives, you qualify as a dreamer.” - **Zig Ziglar**
- ❖ “Planning is deciding in advance what is to be done. It involves the selection of objectives, policies, procedures and programs from alternatives” - **M E Harley**
- ❖ “Planning is a trap laid down to capture the future” - **Allen**
- ❖ “If you don't know where you are going, how can you expect to get there?” - **Basil S. Walsh**

Nature or Features or Characteristics of Planning

❖ **Planning is goal oriented**

➤ Plans are made in order to seek certain predetermined goals.

❖ **Planning is a primary function**

➤ “Planning provides the basic foundation from which all future management functions arise”

❖ **Planning is a thinking process**

➤ Involves imagination, foresight and sound judgement.

❖ **Planning is flexible**

- Planning should not be rigid.

❖ **Planning is all-pervasive**

- Planning is an on-going activity at all levels of an organizational hierarchy, right from CEO to first line managers.

❖ **Planning is a continuous process**

- Planning involves continuous assessment and reassessment of the resources, directions, opportunities and problems of the organization while converting them to achieve goals.

❖ **Planning involves choice**

- Planning always involves choices among various alternatives.
- If there is only one way of doing something, there is no need for planning, planning arises only when there are alternatives available.

❖ **Planning is rational**

- Planners should be objective and unemotional in their approach to planning.
- Aim would be to achieve efficiency and effectiveness while optimally deploying resources.

❖ **Planning is an integrated process**

- Plans are structured in a logical way such that every lower level plan serves as a means to accomplish higher level plans.

- Plans are inter-related, interdependent and mutually supportive.

❖ **Planning is futuristic**

- Planning attempts to peep into the future, analyses it and prepare for it.

Importance and Purpose of Planning

- ❖ **Planning provides direction**
 - Planning provides clear sense of direction and purpose of activities of an organization.
- ❖ **Planning minimizes risk and uncertainty**
 - In fast changing organizations, planning based on hard facts and data help managers to reduce risk and uncertainties.
- ❖ **Planning ensures co-ordination**
 - Planning helps to establish co-ordinated efforts from various divisions, departments and people.

❖ **Planning leads to economy**

- Planning helps accomplish an optimal utilization of physical and human resources, leading towards cost reduction, higher efficiency and productivity which lead to better economy.

❖ **Planning facilitates decision-making**

- Planning helps in providing guidelines and thus facilitate decision-making.

❖ **Planning reduces overlapping and wastage of efforts**

- Planning avoids duplication of efforts, and overlapping of tasks and responsibilities, reducing wastage.

❖ **Planning encourages innovation and creativity**

- Planning helps to remain competitive.
- Innovation and creativity are like ‘trump cards’ in competitive world.

❖ **Planning facilitates control**

- Control is key to success of any organization, and in order to control there has to be a plan.

❖ **Planning improves morale**

- If Employees participate in planning process it boosts their morale and develops a broad mentality and thinking of achieving organizational goals.

Steps in Planning

Step 1: To establish objectives which are verifiable

Step 2: To establish planning premises

Step 3: To determine alternative course of action

Step 4: To evaluate the alternatives and select the best Step 5:

To formulate derivative plans

Step 6: To secure co-operation and participation of all employees

Step 7: To measure and control the progress through follow-up

Steps in Planning

Step 1: To establish objectives which are verifiable

- ❖ Identify goals of the organization
- ❖ Internal(Financial position of company, human resources available, manufacturing facility, company image, etc.) and external environment(Government rules and regulations, Socio-economic condition of the society, competition level, suppliers reliability) of the organization has to be studied

Step 2: To establish planning premises

- ❖ Planning premises are assumptions of future market conditions which become the basis for current planning process.
- ❖ Planning premises usually relate to cost and availability of raw materials, labour, power, product demands, population trends, technology growth, government policies etc.

Step 3: To determine alternative course of action

- ❖ Search and list all possible alternatives in order to be compared and analytically evaluated.

Step 4: To evaluate the alternatives and select the best

- ❖ Select most suitable and best course of action.
- ❖ Alternatives have to be compared and evaluated with respect to their expected contribution to organizational goals.
- ❖ Evaluation and selection is often done with the help of quantitative techniques and operations research.

Step 5: To formulate derivative plans

- ❖ Management has to formulate derivative plans or secondary plans to support the basic plan.
- ❖ Derivative plans are sub plans or departmental plans.
- ❖ For Example, if the production plan of TATA MOTORS is to produce a million of Nano's in the next five years, the derivative plans would be plans for various departments like fabrication, forging, casting, purchase, assembly etc.

Step 6: To secure co-operation and participation of all employees

- ❖ Involving employees in planning process enhances their co-operation and participation.
- ❖ Continuous suggestions, complaints and criticisms must be solicited from the employees.

Step 7: To measure and control the progress through follow-up

- ❖ Continuous evaluation of plans help in identifying recurring mistakes and avoiding them in future.

Planning Premises

- ❖ Planning premises are assumptions of future market conditions which become the basis for current planning process.
- ❖ Planning premises have to be established even before planning.
- ❖ To establish planning premises means to forecast future business conditions under which a plan has to operate.
- ❖ Planning premises provide bedrock upon which the plans are based.

Classification of Planning Premises

1. Internal and External premises
2. Tangible and Intangible premises
3. Controllable, Semi-controllable and Uncontrollable premises

Internal premises

- ❖ Internal premises are those factors which exist within organization and are generally under the control of management.
- ❖ Internal premises include – men, money, machinery, materials and methods.

External premises

- ❖ External premises are those factors which exist outside the purview of the organization and are generally not under the control of the management.
- ❖ External premises include government policies, general economy of country, technological trends, climatic conditions etc.

Tangible and Intangible Premises

Tangible premises

- ❖ Tangible premises are those which are quantifiable in nature.
- ❖ For Example, production quality, quality standards, capital required, machinery to purchase.
- ❖ These info. Is needed for planning and are quantifiable and measurable in nature.

Intangible premises

- ❖ Intangible premises are those which are abstract and non-quantifiable in nature.
- ❖ For Example, company image, brand loyalty, political situation etc., are needed for planning but are qualitative in character.

Controllable, Semi-controllable and Uncontrollable Premises

Controllable premises

- ❖ Controllable premises are those factors which are said to be completely under the control of management.
- ❖ For Example, Managerial policies, rules and regulations etc.

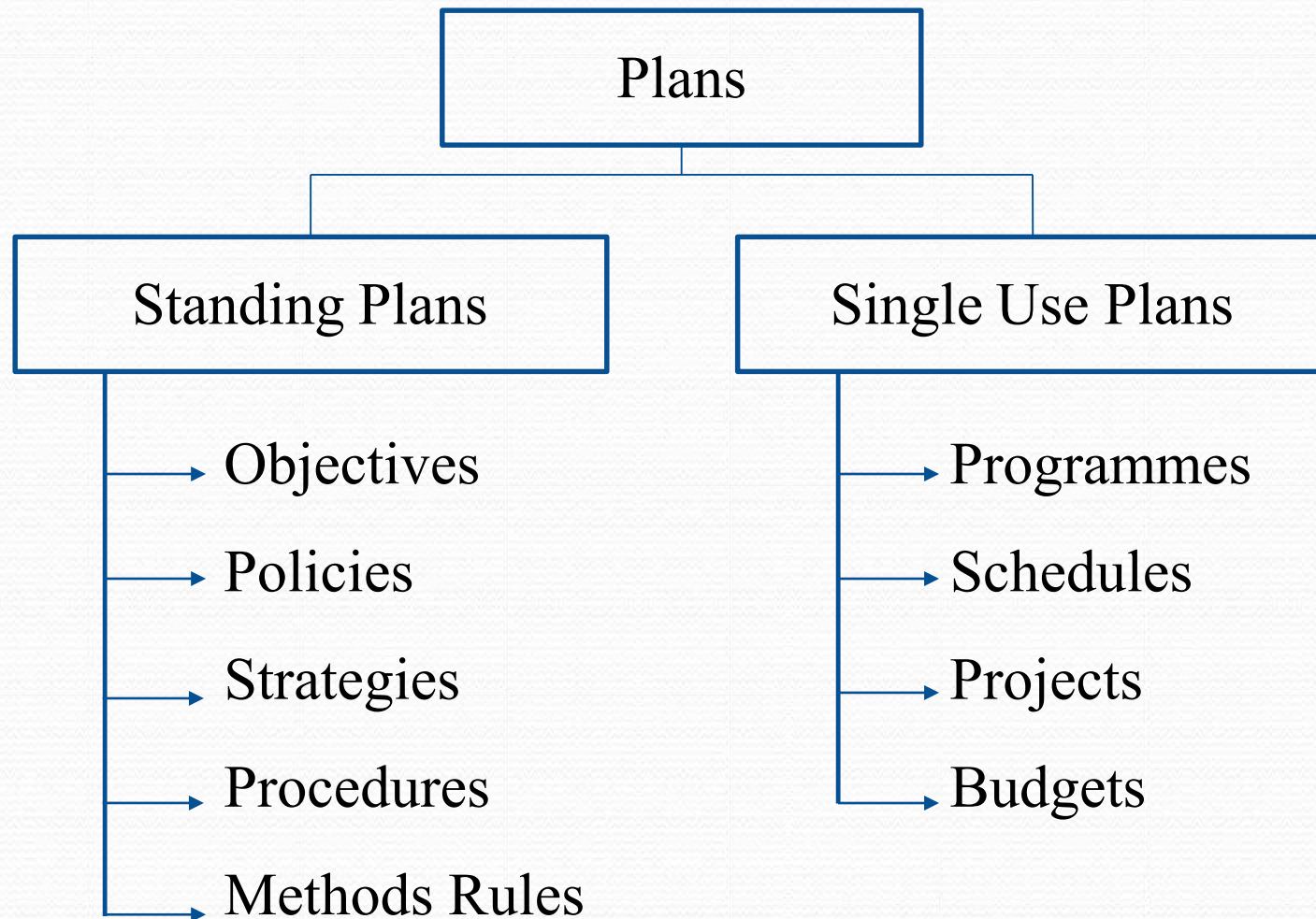
Semi-controllable premises

- ❖ Controllable premises are those which management has partial control.
- ❖ For Example, workers attitude and efficiency, firms pricing policy, firms marketing programs, raw materials etc.

Uncontrollable premises

- ❖ Internal premises are those factors over which management has absolutely no control.
- ❖ For Example, Natural calamities, new inventions, wars, strikes imposition of emergency, government etc.

Types of Plans



Objectives

- ❖ Objectives, goals, aims, purposes, missions are the terms with same meaning.
- ❖ Objectives are goals or end-points towards which all business activities are directed.
- ❖ Objectives or goals are the desirable end results planned by the management or administration and expected to be achieved by the organization.
- ❖ Objectives are the products of specific, concrete thinking, they commit employees and organization to verifiable accomplishments.

Characteristics of Objectives

i. Objectives are multiple in nature

- Organizations have multiple objectives due to many areas of business operations where organizations try to set their goals.
- Key areas for setting objectives of performance are;
 - Market Standing of the company
 - Innovation achieved by the company
 - Productivity in various parameters
 - Physical and financial resources

- Managerial performance and development
 - Worker performance and attitude
 - Fulfillment of public responsibility
- Objectives are always multiple in nature in order to get a right balance.

ii.Objectives have a hierarchy

- we have corporate objectives of the total enterprise at the top, followed by divisional or departmental objectives, then each section and finally individual objectives. Objectives at all levels serve as an end and as a means.

iii. Objectives form a network

- Objectives of the organization across various dept. and along the hierarchy are all inter-related and independent.

iv. Objectives may be long-range or short-range

- Long range objectives are vague. For Example, survival and growth of the company, diversification plans, expansion plan etc.
- Short range objectives are specific and definite. For Example, Profit maximization, inventory control, ensuring adequate cash flows etc.

v. Objectives are either tangible or intangible

- Objectives could be tangible which means they could be quantifiable. For Example, productivity, profitability etc.
- Objectives could be intangible which means they are qualitative in nature and cannot be quantified. For Example, Workers morale, company image etc.

vi. Objective have priority

vii. Objectives sometimes clash with each other

Importance or Advantages of Objectives

- ❖ Objectives provide directions to the individual efforts and activities of an organization.
- ❖ Provide strong basis for determining policies, procedures, strategies, programs, budgets and other plans.
- ❖ Help in effective delegation of authority.
- ❖ Serve as standards for the evaluation of actual performance.
- ❖ Help in coordinating the efforts of various departments and people.
- ❖ Help in achieving personal goals

Policies

- ❖ Policies are guidelines set up by the company for managerial decision making.
- ❖ ‘A policy is a verbal, written or implied overall guide setting up boundaries that supply the general limits and directions in which managerial actions will take place’.
- ❖ For Example,
 - Policy of recruiting only MBA’s from top 10 institutes.
 - Policy of promotion of in-house employees.
 - Policy on selling goods only for cash and not credit.

Strategies

- ❖ Strategies specify the route taken to achieve company objectives and policies.
- ❖ Strategy comprises of;
 - a course of action
 - a commitment of resources
 - a detailed blue print of all moves, initiatives, responses with timing concern.
- ❖ Strategy is a unified and critical plan of action to achieve a goal

Strategies Cont.

- ❖ A Strategy is a master plan for moving the organization towards its objectives through the complex and volatile environment of market forces.
- ❖ Strategy involve innovation and creativity.
- ❖ For Example;
 - Strategy for wining an approval in the board meeting.
 - Strategy to make the best use of media coverage.
 - Strategy to convince the lecturer that he should let you free in the class! etc.

Procedures

- ❖ Procedures are action guidelines which specify how particular activity has to take place.
- ❖ Procedures provide chronological step-by-step sequence of required actions in order to achieve a certain goal or policy.
- ❖ A procedure lays down the manner and method by which work is to be performed in a standard or uniform way.
- ❖ Procedure ensures higher than average level performance, which results in work simplification and eliminates duplication of efforts.

Procedures Cont.

- ❖ A good procedure should be;
 - Purposeful and functional
 - In written form
 - Simple and clear
 - Flexible
 - Exposed to periodic review
- ❖ For Example;
 - Procedure for recruitment of employees.
 - The CET procedure for engineering admission.
 - Procedure for processing customer complaints.

Methods

- ❖ Methods are basically sub-units of procedure.
- ❖ Break-up of each steps of a procedure into sub-steps.
- ❖ Methods indicate the simplified and standardized techniques to be employed in carrying out a particular task in the best way.
- ❖ Methods are products of research, experimentation and analysis.
- ❖ For Example;
 - Method of conducting a written test for recruitment.
 - Method employed for failure analysis.
 - Method employed for distracting the professor.

Rules

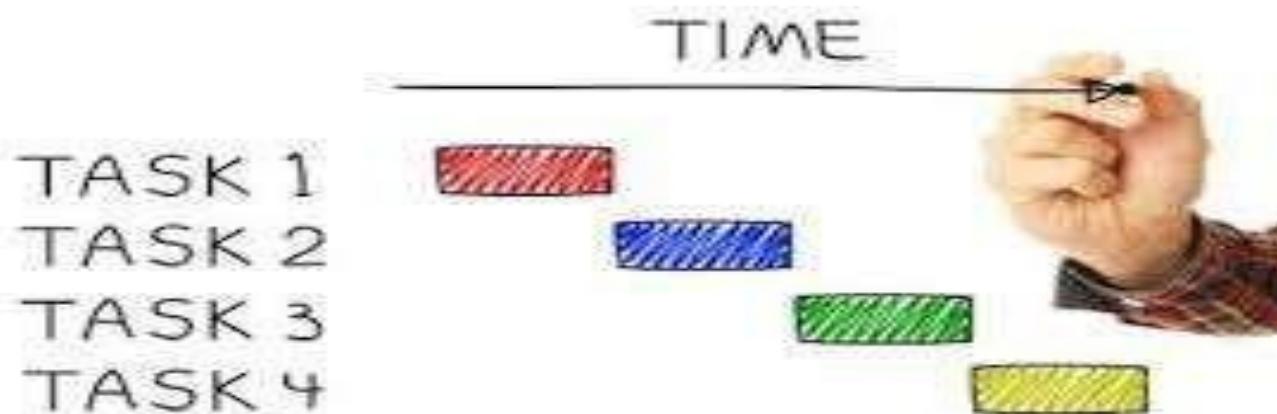
- ❖ Rules are standard guidelines which specify what is good and what is bad for an employee/organization.
- ❖ Rules are always established to direct or restrict action in order to govern the behavior of individuals.
- ❖ Rules if violated are viewed seriously and penalties are imposed.
- ❖ For Example;
 - Rule of ‘No Smoking’
 - Rule of formal dressing
 - Rule of not using cell phones in academic promises.

Programmes

- ❖ A program is a precise plan which lays down the operations to be carried out to accomplish a given work.
- ❖ Program is aggregate of several related action plans that have been designed to accomplish a mission within specified time.
- ❖ A program is a comprehensive plan that includes a complex set of goals, procedures, methods, strategies etc.
- ❖ For Example;
 - Program of organizing an international seminar.
 - An Expansion program for a company.

Schedules

- ❖ Schedules are time-tables which clearly specify when, what and where each element of work is carried out.
- ❖ Aim of scheduling is to plan the sequences of work so that all units of work can be systematically arranged towards their completion by due date.



Projects

- ❖ Project is small program. Several projects may also make up a program.
- ❖ Projects are individual portions of a general program which are clear-cut and relatively distinct.
- ❖ For Example;
 - A Software project part of a larger program.
 - SPSS Project work
 - Demolition Project as part of an encroachment-removal program.

Budgets

- ❖ A Budget is a written plan of future activities of the company in monetary terms.
- ❖ Budgets are managerial tools for planning, programming, and controlling business activities.
- ❖ Budget defines the anticipated cost of attaining an objective.
- ❖ For Example;
 - Sales Budget
 - Production Budget
 - Advertising Budget

Budgets Cont.

- ❖ General features of budget are:
 - It is statement in terms of money.
 - It is prepared for a definite future period.
 - It is prepared in advance.
 - It gives an overall view of the business in terms of sales, production and expenditure.
 - It helps in anticipation and control of financial requirements of different branches of business.

Decision Making

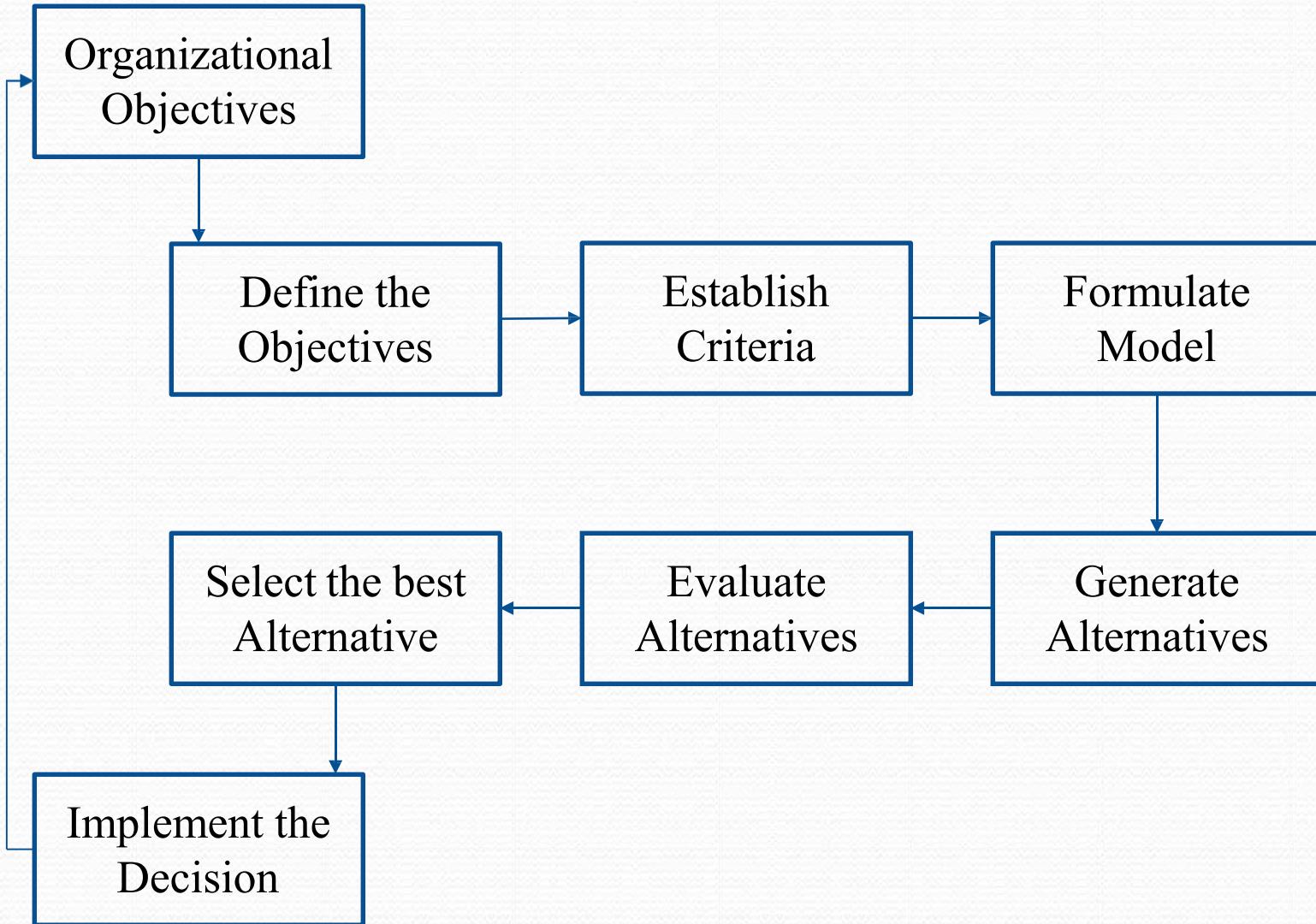
- ❖ In an organization decisions are routinely taken in operations, marketing, maintenance, R & D, transportation, finance, human resource etc.
- ❖ Decision making is the cognitive process leading to the selection of a course of action among alternatives.
- ❖ Every decision making process produces a final choice. It can be an action or an opinion.



Characteristics of Decision Making

- ❖ Decision making is goal oriented
- ❖ Decision making involves alternatives
- ❖ Decision making is an analytical intellectual process
- ❖ Decision making is a continuous activity
- ❖ Decision making is an all pervasive function
- ❖ Decision making is situational and dynamic.

Decision Making Process



Decision Making Process

- ❖ To define the problem and parameters influencing it
- ❖ To establish criteria for decision making
- ❖ To formulate a model considering all decision variables
 - Physical model – architects idea of a building
 - Computer Model – CAD model of cars and machines
 - Mathematical Models – Forecasting
model, simplex model, transportation model etc.
 - Verbal Models – Words and description

Decision Making Process

- ❖ To generate alternatives solution by varying parameters
 - By varying the values of the parameters several alternatives can be framed.
- ❖ Evaluate all alternatives – Selecting the course of action that best satisfies the criteria
- ❖ Select the best alternatives
- ❖ Implement the decision and monitor the result.

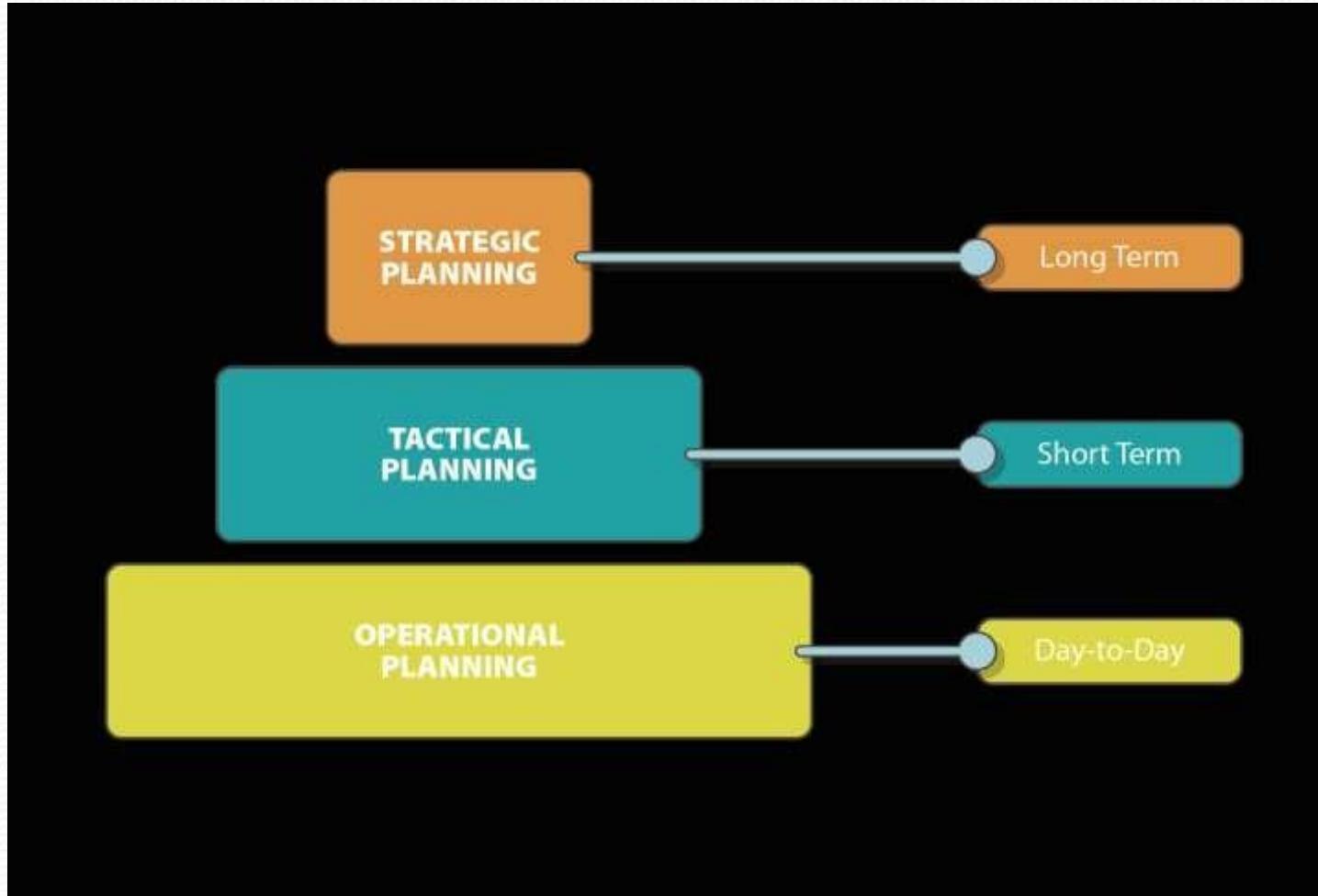
Decision Methodology

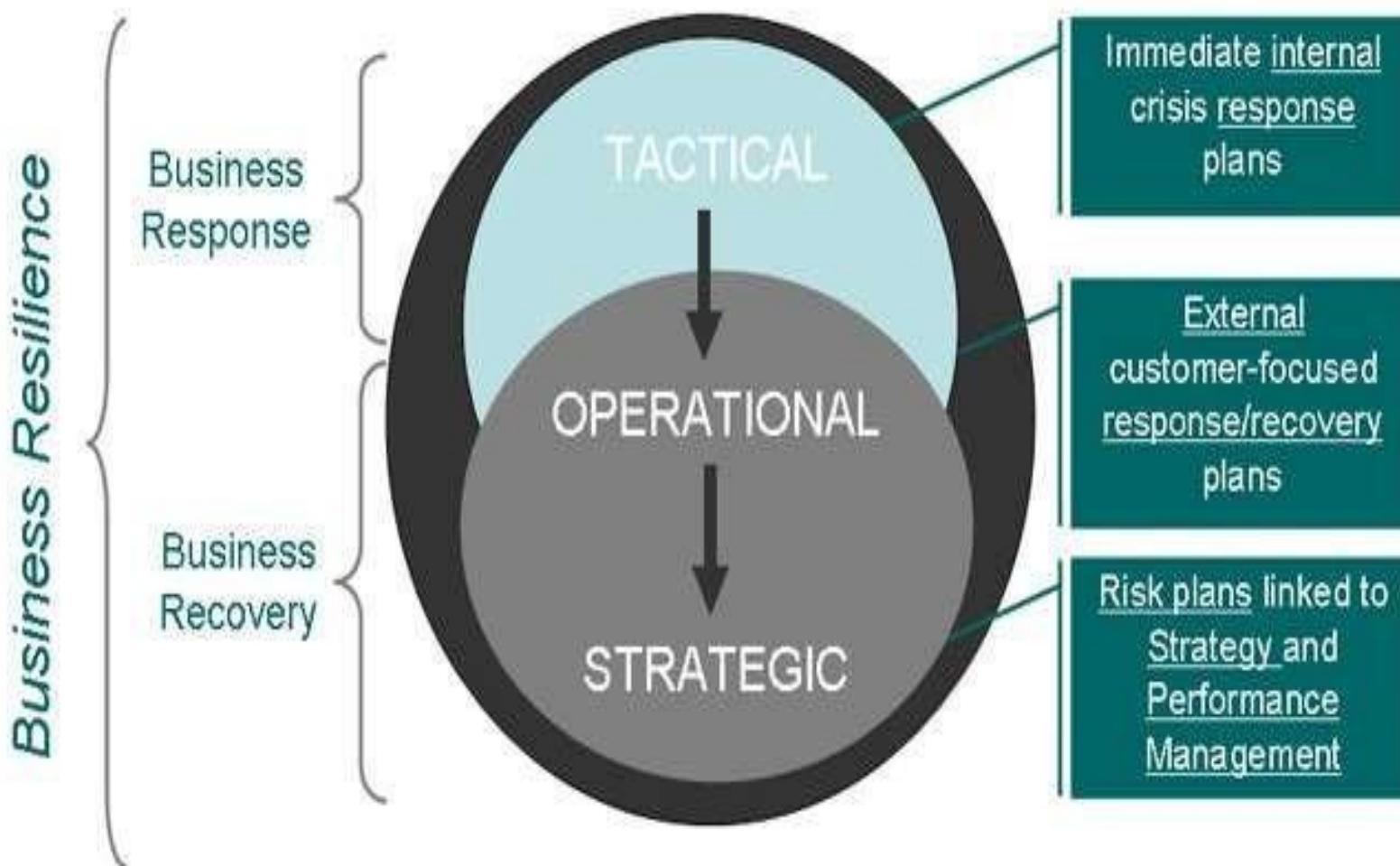
- ❖ Engineers and managers are expected to use a number of quantitative technique to serve as basis for decision making.
- ❖ Type of quantitative technique depends on nature of variables influencing the problem.
- ❖ In some cases,
 - All information about decision variables are known
 - Some information about decision variables are known
 - No information about decision variables are known

Several Quantitative Techniques

- ❖ Variables with complete certainty
 - For Example: Break-even analysis, Scheduling, Linear and Non-linear programming, Dynamic programming, Cost benefit analysis etc.
- ❖ Variables with risk and partial certainty
 - For Example: Forecasting, Simulation, theory, Queueing Decision trees, Regression, Aggregate planning etc.
- ❖ Variables with extreme uncertainty
 - For Example: Game theory, Flip of coin, Astrology etc.

Types of Planning





Strategic Planning	Tactical Planning	Operational Planning
Long range plans	Intermediate range plans	Short range plans
Time Frame: 3 or more years	Time Frame: 2-3 years	Time Frame: one year
Responsibility of top Management	Responsibility of middle management	Responsibility of lower level management
Concerned with objectives, policies, programmes	Concerned with procedures, projects and strategies	Concerned with schedules and methods
Responsible for overall progress of the company	Responsible for integrating the work of various department of the organization	Responsible for covering day-to-day operation and implementing internal goals
Focus on planning and forecasting	Focus on co-ordination	Focus on directing and controlling

STRATEGIC X TACTICAL X OPERATIONAL



Strategic Planning

- Why and When?
- Entrepreneur: President, Partners, Directors.
- Long Term. More Comprehensive.



STRATEGIC



Tactical Plan

- Where and How?
- Administrator: Manager, Coordinator.
- Medium-term. Link between levels.



TACTICAL



Operational Plan

- What?
- Technical: Executor.
- Short Term. Specific.



OPERATIONAL

Hierarchy of Plans



Thank you

**PRESTIGE INSTITUTE OF MANAGEMENT & RESEARCH,
INDORE**

Functions and Roles & Responsibilities of a Manager

GUIDED BY~

PROF. SONAM MATHUR

PRESENTED BY~

ISHA JOSHI

(MIB – I SEMESTER)

CONTENTS

- WHO IS A MANAGER?
- FUNCTIONS OF A MANAGER
- ROLES & RESPONSIBILITIES OF A MANAGER

WHO IS A MANAGER?

- A Manager is the person responsible for planning and directing the work of a group of individuals, monitoring their work, and taking corrective action when necessary.
- A manager is a person responsible for supervising and motivating employees and for directing the progress of an organization.

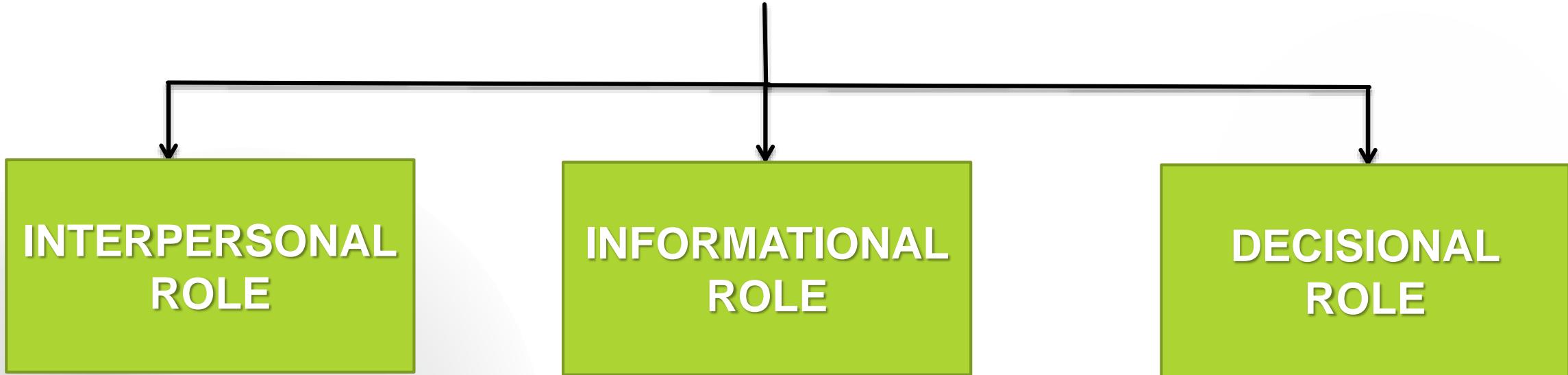


FUNCTIONS OF A MANAGER





ROLES & RESPONSIBILITIES OF A MANAGER



INTERPERSONAL ROLE OF A MANAGER

The roles in this category involve providing information and ideas.

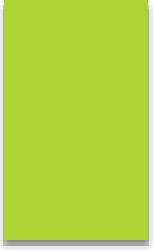
- **Figurehead** - A manager has social, ceremonial and legal responsibilities. He is expected to be a source of inspiration. People look up to him as a person with authority, and as a figurehead.
- **Leader** - This is where manager provide leadership for his team, his department or perhaps his entire organization; and it's where he (manager) manage the performance and responsibilities of everyone in the group.
- **Liaison** - Managers must communicate with internal and external contacts. He needs to be able to network effectively on behalf of his organization.

INFORMATIONAL ROLE OF A MANAGER

The roles in this category involve processing information.

- **Monitor** - In this role, manager regularly seek out information related to his organization and industry, looking for relevant changes in the environment. He also monitors his team, in terms of both their productivity, and their well-being.
- **Disseminator** - This is where manager communicate potentially useful information to his colleagues and his team.
- **Spokesperson** - Manager represents and speaks for his organization. In this role he is responsible for transmitting information about his organization and its goals to the people outside it.

DECISIONAL ROLE OF A MANAGER



The roles in this category involve using information.

- **Entrepreneur** - A manager creates and control change within the organization. This means solving problems, generating new ideas, and implementing them.
- **Disturbance Handler** - When an organization or team hits an unexpected roadblock, it's the manager who must take charge. He also needs to help mediate disputes within it.
- **Resource Allocator** – A manager also needs to determine where organizational resources are best applied. This involves allocating funding, as well as assigning staff and other organizational resources.
- **Negotiator** – A manager may be needed to take part in, and direct, important negotiations his team, department, or organization.

Thank
You