# Management and Entrepreneurship



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## Management

- Management
- Planning
- Organizing and Staffing
- Directing and Controlling



## Entrepreneurship

- Entrepreneur
- Small Scale Industry
- Institutional Support
- Preparation of Project



# Unit 1: Management

- Introduction
- Meaning-Nature and characteristics of Management
- Management as a science and art
- Roles of Management
- Development of Management thought
- Early Management approaches
- Modern Management approaches.

# Why Management?



# What is Management?

## Few Definitions of Management

- \* Management in all business and organizational activities is the act of getting people together to accomplish desired goals and objectives using available resources efficiently and effectively.
- "Management is the art of getting things done through others." - Mary Parker Follet.
- \* "Management is knowing exactly what you want to do and then seeing that they do it the best and cheapest ways." F W Taylor.

- \* "Manage is to forecast and to plan, organize, to command, to co-ordinate and to control." Henry Fayol.
- "Management is defined as the creation and maintenance of internal environment in an enterprise where individuals, working together in groups, can perform efficiently and effectively towards the attainment of group goals."
   Koontz and O'Donnel.
- \* "Management is a multipurpose organ that manages a business, manages a manager and manages workers and work." John F. Mee.

## Nature and Characteristics of Management

#### Management is Universal Process

- ➤ Applied in all types of institutions social, religious, political, military, commercial, bureaucratic etc.
- Every organization whose aim is to achieve its goals through group efforts, needs planning, coordination, direction and control Management

### Management is a goal oriented

Management is directed towards achieving effectiveness and efficiency. { Effectiveness is nothing but the actual achievement of specific organizational goals while Efficiency is the attainment of those goals with an optimal use of resources.}

#### Management is a social process

- Management basically deals with managing human beings and their emotions, talents, attitudes, culture, ethos, education etc.
- ➤ Management includes retaining, developing and motivating people at work, as well as taking care of their satisfaction as social beings.

#### Management is a coordinating force

- ➤ Orderly arrangement of activities to avoid duplication and overlapping.
- ➤ Integrates human and physical resources.

### Management is intangible

- Management cannot be touched and felt.
- ➤ It does not have physical presence (It is an unseen force).

#### Management is multi-disciplinary

- Management has received rich contribution from various disciplines like psychology, sociology, anthropology etc.
- Management is about creating synergy (Synergy means "the whole is greater than the sum of its parts").

#### Management is dynamic

➤ Management is an on going process, it continues to operate as long as there is organized action for the achievement of group goals.

#### Management is a creative activity

> Management provides creative ideas and new imagination

#### Management is decision making

Management of an organization continuously takes decisions which decides the fate of the organization.

#### Management is a profession

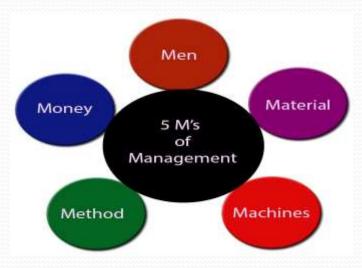
Individuals can be trained and turned to become a management professional.

## Scope of Management

#### Management as an Economic Resource

#### Five M's of Management

- > Money
- > Man
- > Material
- > Machinery
- > Methods



### Management as a class or Elite

- ➤ Managers constitutes a class of professional who are elite all over the world
- ➤ A manager is a person who has people working under him, and that could be in any part of the activity

### Management as a System of Authority

- > According to **Herbison** and **Myer**,
  - Rule making and rule enforcing body
  - Web of relationships
  - Mangers enjoy more authority than people working under them.
  - Top management defines objectives and provides directions
  - Middle management interprets and explains the policies framed by the top management
  - Lower management is concerned with routine activities.

# Scope of Management in Various areas of work (or) Functional areas of management

#### Production / Operations Management

Operations Management includes work analysis, planning, scheduling, routing, quality control, inventory control and work study.

#### Financial Management

It includes economic forecasting, cost accounting, budgeting, insurance and financial statistics.

## Personnel Management or HR Development

Personnel management takes care of recruitment, placement, training, transfer, promotion, safety, health, welfare, services etc., of the employees.

#### Marketing Management

It is the process of getting the right product to the right place in the right quantity at the right price and at the right time.

#### Maintenance Management

- Maintenance refers to actions carried out to replace, repair or service all the components in a manufacturing plant so that it continues to operate at a required level for a specified time.
- Direction and organization of resources in order to keep the buildings, equipment's and other service facilities in the working condition.

## Materials Management and purchasing

- > 3 Inputs to organizations Men, Machines and Materials
- ➤ Material Management Planning, directing, controlling and coordinating all activities which are i/p to manufacturing process.
- ➤ Purchasing and Procurement 5 R's {of the Right Quality, in the Right Quantity, from the Right Source, at the Right Prices, and at the Right Time}

#### Transport Management

- > Transportation of raw materials as well as finished goods
- Includes studies on transportation by rail, road, air and water, packing and warehousing etc.,
- Actions to reduce transportation costs.

#### Systems Management

Modular decomposition of projects, delegate duties, track status periodically, communicate with clients, integrate modules, test the s/w and responsible for meeting the deadline for project completion.

#### Rural Management

Rural resources and issues management{such as Water resource management, forest and forest product management, crop management, cattle management, rural man power management}.

#### Office Management

- Organized documentation of all activities
- > Planning and controlling all office work including maintaining and keeping records.
- ➤ Clerks, Cashier, Accountants and Office Managers.

## Functions of Management

#### Forecasting

Forecasting in the estimation of future sales in order to effectively plan production activities.

#### Planning

- > Planning of all activities to achieve production & sales as per targets.
- > Planning is necessary to avoid difficulties that may arise in future.

#### Organizing

> Organizing in arranging money, material, machinery, men and selecting optimal methods of actual execution of work.

#### Staffing

> Staffing involves recruitment, selection, training and development of personnel required to run the organization.

#### Directing and Motivating

Directing and motivating the recruited employees so that they perform their duties effectively.

#### Controlling

Controlling the work of employees to ensure everything is proceeding as per plan.

#### Co-ordinating

> Co-ordinating the efforts of all employees in all departments to move towards common goals.

#### Communication

Communication system should be efficient so as to avoid confusion & misunderstanding.

#### Leadership

> Leadership qualities required in managers and supervision.

#### Decision Making

> Decision making to be professional and result oriented.

## Management as a Science, Art and Profession

#### Management as a Science:

- \* Establishment of management principles scientifically.
- ❖ Management is Social Science As it deals with humans.
- Management provides guidelines rather than absolute principles as in physics, chemistry and biology.
- Scientific inquiry and observation
- Experimentation

#### Management as a Art:

- Use of Knowledge
- Creativity
- Personal touch
- Constant Practice



#### Management as a Profession:

- ❖ Management is also considered as a profession one can study, acquire skills and qualify to become manager.
- Like any profession, management has a systematic body of principles, techniques, and skills.

#### Difference between Science and Art

| Science                  | Art                  |
|--------------------------|----------------------|
| 1. Defines               | Describes            |
| 2. Proves                | Feels                |
| 3. Predicts              | Guesses              |
| 4. Objective             | Subjective           |
| 5. Measures              | Opines               |
| 6. Impresses             | Expresses            |
| 7. Advances by knowledge | Advances by practice |

## Characteristics of Profession Vs Management

#### Well-defined body of knowledge

- > Profession have a systematic body of principles, techniques and skill.
- Management also has a systematic body of principles, techniques and skill.

#### Formal Education and Training

- Individual can enter a profession only after acquiring specific knowledge and skill through formal education and training.
- To enter into management also, an individual has to acquire appropriate knowledge and training.

#### Representative Body

- > Profession have regulatory bodies and strict code of conduct.
- ➤ Managers don't have a universal code of conduct and they also don't have common regulatory body to ensure standard practices.

#### Service Motto

- A professional has to have service as his motto and must safeguard the society from any risks.
- > Managers may not have such motto.

Management conforms to most of the characteristics of a profession, and hence can be called as profession.

## Management and Administration

Three Views:

Administration is broader than Management

Management is broader than Administration

Management and administration are Identical

# First View: Administration is broader than Management

- Administration is Policy Making function
- Management is Policy realization function
- \* Administration is Largely determinative while Management is essentially executive

- Sprigel

# Difference Between Administration and Management

| Administration  | Management   |
|---|--|
| 1. Determining Objectives   | Planning the work to meet the objectives given by administration                           |
| 2. Framing policies and principles  | Executes the policies and programs   |
| 3. Framework under which one has to work                                  | Supervises and control execution of work   |
| 4. Direction, guidance and leadership and brings in resources             | Coordinates all the resources and activities   |
| 5. Comes first and Provides guidelines to the management and organization | Comes Second and derives strength and freedom from administration to plan and execute work |

# Second View: Management is broader than Administration

Management is wider concept than administration

- Henry Fayol, EFL Brech.

Management is the rule making, rule enforcing, all encompassing body while administration implements and carries out the policies of the management

# Third View: Administration and Management are identical

\* Hardly any distinction between the two terms, both administration and management do the same functions such as planning, organizing, commanding, coordination and controlling

- Haralod Koonz, Ernest Dale, William Newman

## Role of Management

#### Interpersonal Roles

- > Figure Head Representing an organization
- ➤ Leader Encouraging and Motivating Employees
- > Liaison Connecting outside world, develops external links

#### Informational Roles

- ➤ Monitor Receives information from various sources on matters concerning organization
- ➤ Disseminators Transmitting information within the organization
- > Spokesman Transmitting information outside the organization

#### Decision Roles

- > Entrepreneur Encouraging New Ideas
- > Disturbance handler Conflict handler
- > Resource allocator
- Negotiator Managers has to negotiate in important matters concerning the organization



## Levels of Management

## First line[Lowest] or Supervisory Management

➤ Made-up of white collar supervisor

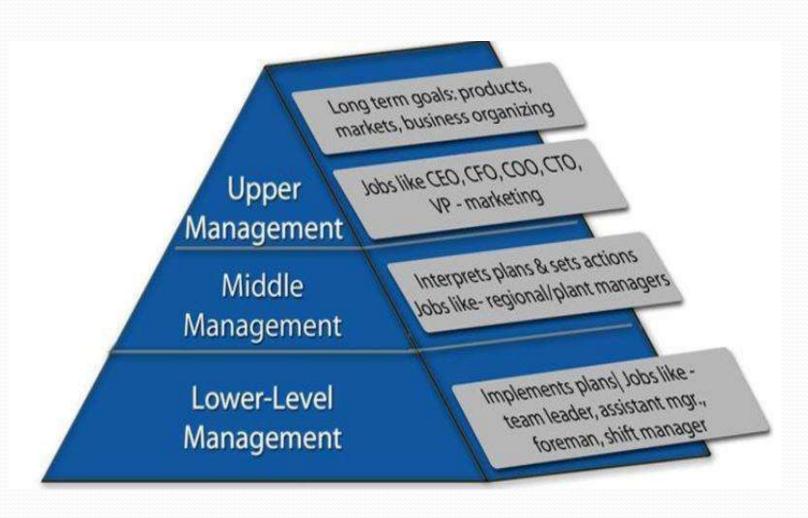
#### Middle line

Example: Sales Manager, Plant Manager, Personnel Manager, Department Heads

### Top Management

➤ Consist of Board Chairman, Executives, MD's, Secretary

## Levels of Management



## Managerial Skills Type

### Conceptual Skill

Ability to think in abstract, ability to analyze the forces working in a situation, creative and innovative ability.

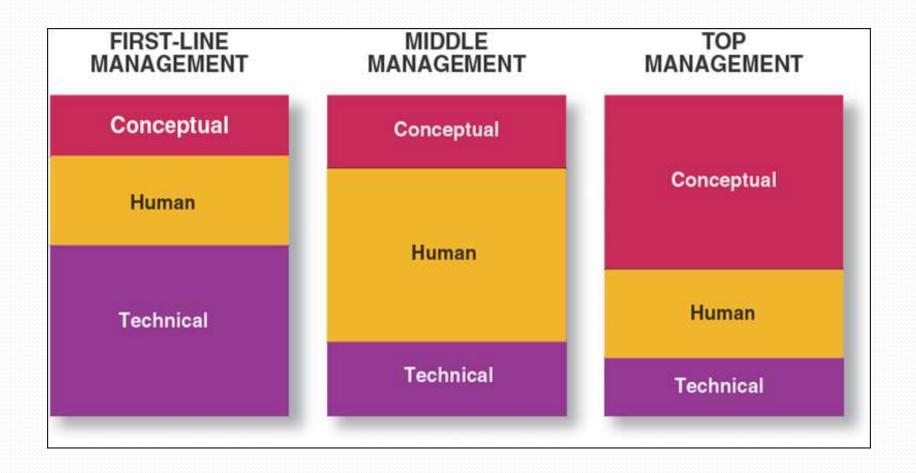
#### Technical Skill

Managers understanding of the nature of job that people under him have to perform

#### Human Relation Skills

> Ability to interact effectively with people at all level

## Managerial Skills at Different Management Levels



## Development of Management Thought

Management in antiquity[Ancient]

Early Management approaches(1750 - 1950)

Modern Management approaches(Post - 1950)

## Management in Antiquity

#### Egypt

Egyptians planned, organized and managed thousands of workers to build pyramids.

#### China

- > 'The Great Wall of China' is a proof of organization.
- ➤ Sun Tzu 'The Art of War' {Early Management Thoughts}

#### India

➤ 'Artha Shastra' written by Kautilya deals with trade, commerce, law and order, taxation and revenue, war and military strategies etc.

#### Greece

> Greek philosopher Socrates defined management as skill separate from technical knowledge and experience.

#### Rome

- The Roman Catholic Church was an organization with well defined structure and hierarchy.
- First managers evolved were in Rome where people were hand picked and trained by the Roman Govt. to accomplish much of its work

## Early Management Approaches

- Effect of Industrial Revolution
- ii. Evolution of Scientific Management
- iii. Contribution of pioneers like
  - a) F W Taylor
  - b) Henri Fayol
  - c) Frank and Lilian Gilberth
  - d) Max Weber

#### i. Effect of Industrial Revolution

- Prior to industrial revolution era, 'Cottage Industry Dominated'
- ❖ James Hargreaves Spinning Jenny, 1770 {First Machine to Spin Yarn}
- ❖ Richard Arkwright Water Frame, 1771
- ❖ Samuel Crompton Mule, 1779
- ❖ Edmund Cartwright Power Loon, 1785
- ❖ James Watt Steam Engine

- Essence of Industrial Revolution
  - > Transfer of skill from worker to machine
  - Creation of Machine
- ❖ Few Individuals took charge of large group in order to manage and coordinate the efforts of group members – Industrial Management

## ii. Evolution of Scientific Management

- Science, not rule of thumb.
- Harmony, not discord.
- Cooperation, not individualism.
- \* Maximum output, not restricted output.
- Specialization, not generalization.

## Evolution of Management

## Early classical approaches

- Scientific approach
- Administrative management and bureaucracy

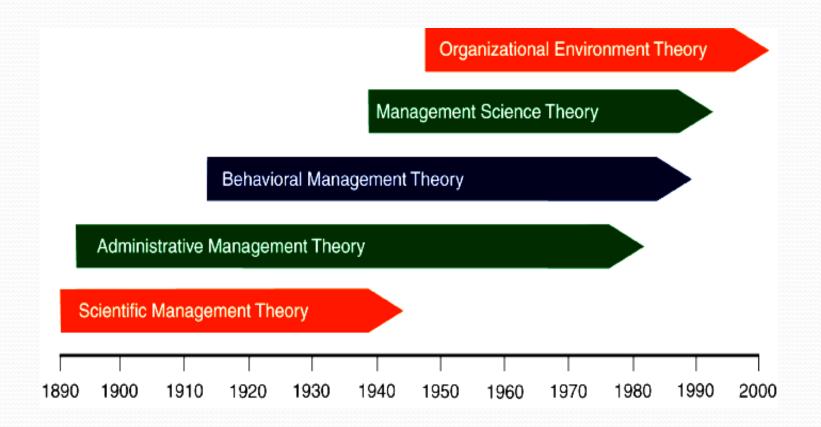
## Neo-classical approaches

> Human relations movement and behavioral approach

## Modern approaches

> Represented by quantitative approach, systems approach and contingency approach

## The Evolution of Management Theory



# Contributions of F W Taylor (1856 - 1915)

#### Time-and-motion study

> Study the way workers perform their tasks, gather all the informal job knowledge that workers possess and experiment with ways of improving how tasks are performed

#### Differential Payment

➤ F.W. Taylor, founder of the scientific management evolved this system of wag payment. Under this system, there is no guarantee of minimum wages. Standard time and standard work is determined on the basis of time study.

#### Drastic Recognition of Supervision

- Separation of planning and doing
  - Work has to be planned by foreman and not by worker
- > Functional Foremanship
  - worker has to select his tools and decide the order in which the operations were to be performed

#### Scientific Recruitment Training

- > Need for scientific selection and development
- > Training every worker to bring out his best.
- Intimate Friendly Cooperation between Management and Workers

## Frederick Taylor Scientific Management Concepts

- \* 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 the each workers would be given responsibility for the task for which he or she was best suited.
- The scientific education and development of workers.
- Intimate friendly cooperation between management and labor

## Contribution of F W Taylor

#### Separation of Planning from Doing

#### Functional Organization

➤ Workshop should be organized on the basis of workers Specialization (Specialization not Generalization)

#### Analysis of Jobs

➤ Time Study — Breaking a job into elements and then studying the time required to complete each of these elements.

## Careful Selection and Systematic Training

#### Differential Piece-Rate Plan

- 'More work, more Pay' motto
- More efficient worker got a higher wage rate and a less efficient worker got a lower wage

## Standardization of Tools and Equipment's

Note: Taylor wrote two books – 'Shop Management (1903)' and 'Principles of Scientific Management (1911)'

## Contribution of Henri Fayol

- Henri Fayol is considered as the real Father of Modern Management Theory.
- ❖ Henri Fayol published a book 'General and Industrial Administration (1915)'.
- \* He was a mining engineer in a coal mining company in France and then became a manager.

# Contribution of Henri Fayol (1841-1925)

- Division of Work: People work best when they specialize.
- \* Authority and Responsibility: Managers have authority for work (Getting the work done through others)
- Discipline: Good discipline is essential and the responsibility of managers.
- **Unity of Command:** Every employee should have one superior who is responsible for their work.

- ❖ Unity of Direction: There should be one manager in charge of each group of organizational activities and they should work to one plan.
- Subordination of Individual Interest to General Interest:

  The interests of the organization as a whole come before the interests of employees.
- \* Remunerations: Fair remunerations to be paid.
- **Centralization:** Managers have to decide the degree of involvement of subordinates in decision-taking depending on the task.

- Scalar Chain: (Hierarchy of Authority for Communication)
  Communications should be from top down unless this causes
  delays when a form of cross-communications can be agreed by
  all involved.
- **Order:** People and materials should be in the right place at the right time.
- **Equity:** Managers should be kind and fair to their subordinates.
- \* Stability of tenure of personnel: There should be stability in employee turnover and replacements.

- ❖ Initiative: Employees who are allowed to originate and carry out plans will exert high levels of effort.
- \*Team spirit (Esprit de Corps): Managers should promote team spirit in order to create harmony and unity in the organization.

#### Contribution of F B Gilbreth

- Evolving the principles of Motion Economy
- He proposed Motion study concept
- Introduced process chart in 1921 which gives overall picture of an activity
- He Identifies Therbligs the fundamental motions involved in doing an activity
- Developed micro motion study and Simo; Simultaneous Motion chart

- ❖ Invented Micro Chronometer, Cycle graph, Chrono cycle graph and flow diagram.
- Carried out studies on fatigue and its elimination.



## What is Motion study?

- \*Motion study is formal engineering analysis of motions perform to accomplish work. The motion or movements of limbs of a worker play a major part in the fabrication or the manufacture of the products. By carefully observing a worker while he is doing an operation, a number of movements made by him which appear to be unnecessary and unproductive can be identified and eliminated.
- \*The purpose of motion study is to design as improved method which eliminates unnecessary motions and employs human efforts more productively. In doing so the principles of motion economy proves to be very helpful.

## What is Work study?

- \*Work study is a term used to embrace the techniques of method study and work measurement, which are employed to ensure the best possible use of human and material resources in carrying out s specified activity.
- \*Work study is a generic term for those techniques, particularly 'method study' and 'work measurement', which are used in the examination of human work in all its contexts and which lead systematically to the investigation of all factors which affect the efficiency and economy of the situation being renewed, in order to effect improvement".

#### Contributions of Max Weber

- ❖ Max Weber German Sociologist Father of Bureaucracy
- Categories of organizations:
  - ➤ Leader Oriented no delegation of management activities, employees serve as loyal subject of a leader.
  - ➤ **Tradition Oriented** Managerial positions are handled down from generation to generation.
  - ➤ **Bureaucratic** delegation of management responsibilities based on individuals ability to hold position.

#### Features of Bureaucratic Administration

- \* Insistence on following standard rules.
- Systematic division of work
- Principle of hierarchy
- Individuals should have knowledge and training in the application rules
- \* Administrative acts, decisions, rules are recorded in writing
- ❖ Rational Personnel Administration Merit based selection and are paid according to hierarchy.

# Dysfunctional Consequences of Bureaucracy

- Over conformity to rules
- ❖ Buck-passing ("stick to rule") independency of decision making
- Categorization of queries in advance
- Displacement of goals
- ❖ No real right of appeal − client feel dissatisfied
- Neglect of informal groups group dynamics
- Right structure
- Inability to satisfy the needs of mature individuals

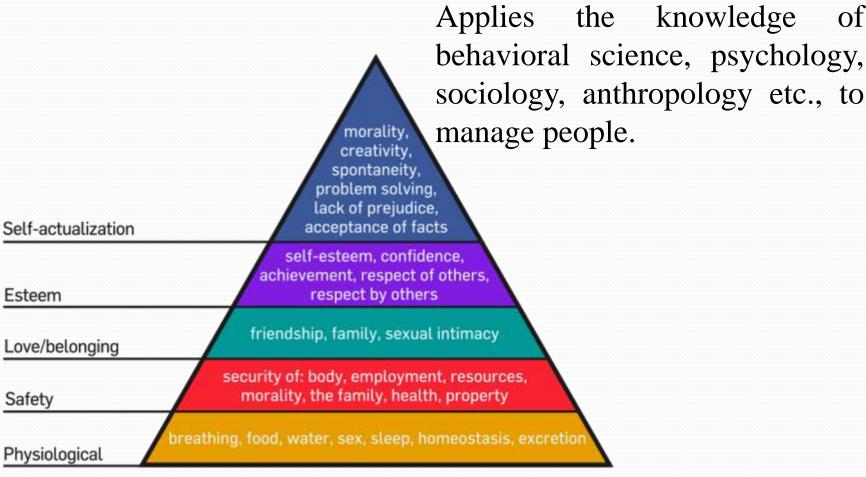
## Modern Management Approaches

- Quantitative Approach to Management
- Behavioral or Human Relations Approach to Management
- Systems Approach to Management
- Contingency or Situational Approach to Management

# Quantitative Approach to Management

- Expressed in terms of mathematical symbols/statistics and relationships.
- Criteria Costs, revenues, return on investment, break even point etc.
- Areas of quantitative approach:
  - Operation Research
  - Engineering Economy
  - Operation Management
  - ➤ Management Information Systems (MIS) etc.

# Behavioral Approach to Management



Theory of Needs/ Hierarchy of Needs

of

## Systems Approach to Management

\* System: "a purposeful collection of people, objects and procedures for operating within an environment to achieve a pre-determined objective"

#### **System Comprises of :**

- > Input
- Conversion process
- > Feedback System
- ➤ Goals and Plans

## Contingency Approach to Management

- The contingency approach to management emerged from the real life experience of managers who found that no single approach worked consistently in every situation.
- Contingency approach advocates that managerial actions and organizational design must be appropriate to the given situation and a particular action is valid only under certain conditions.
- There is no one best approach to management and it all depends on the situation.

# Thank you