

22/08/19

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Ch-1 (Principles of Management)

- These are activities that plan, organise and control operations of the basic elements of materials, machines, methods, money & markets; providing direction and coordination.
- The process of planning includes identification of organised objectives and selection of policies, procedures and methods designed to lead to attainment of these objectives. Essentially, it is about selecting a goal and objective and also the means of accomplishing them.

- (i) Political Environment
 - (ii) Economic Environment
 - (iii) Social Environment
 - (iv) Technological Environment
 - (v) Legal Environment
 - (vi) Ecological Environment
 - (vii) Demographic Environment
- } Types of External Environment

- Managerial Roles are -
 - (i) Interpersonal
 - (ii) Informational
 - (iii) Delisional
- Interpersonal roles: indicates all those

activities that are directed to subordinates to influence and motivate them.

- Monitor role is about collecting inside and outside information is called informational roles.
- Decisional roles are resource allocation is controlling allocation of resources and takes recruiting decisions.
- Levels of Management -
 - (i) Top
 - (ii) Middle
 - (iii) Lower
- Top management consisting of chief executive officer, vice president is responsible for over all organisation and directs its relation with the external environment.
These managers needs conceptual skills the most.
- Middle consists of all managers below vice president but above supervisors, responsible for setting objectives i.e. inline with top management and further translates them into plans for first line

managers.

- Lower / Firstline consists of team leaders, facilitators, volunteers and they direct actual work of organisation at the operating level.
- Manager performs three types of skills:
 - (i) Technical
 - (ii) Conceptual
 - (iii) Human
- Functions of Management -
 - (i) Planning - A function that determine what should be done. It is a function which is performed by managers at all level.
 - (ii) Organising - It include personal, raw materials, tools and capital.
 - (iii) Directing - This function can be call by various names like leading and motivating. Directing in involves three sub-division : (a) Communication (b) Leadership (c) Motivation
 - (iv.) Controlling - It involves three elements-
 - (a) Establishing standards of performance
 - (b) Comparing actual performance with the estimated standard performance.

(c) Taking corrective actions to meet those standards (deadline).

- Process

- (i) Innovation (part of planning)
- (ii) Invention
- (iii) Representation

- Innovation means creating new ideas which may either result in the development of new products or finding new users for the old one.

- Representation → Every function has two dimensions:

- (i) Substantive (what is being done).
- (ii) Procedural (how it is done)

- Development of Management thoughts include:

- (i) Early Classical (scientific Management)
- (ii) Neo-Classical

- F.W. Taylor (1856 - 1915) is considered as father of scientific management. He knew how piece work employees used to hold back production because they feared that employers would cut their piece rate as soon as their is rise in production.

- Differential Payment, Drastic reorganisation of supervision, Rule of Thumb, Scientific recruitment & training, Intimate friendly cooperation between management & workers, these policies given by F.W. Taylor.
- Drawbacks of Management :-
 - (i) Taylor believes that economic incentives are strong enough to motivate workers for increased production proved wrong.
 - (ii) Time & Motion study is not accepted as entirely scientific.
 - (iii) Separation of planning & doing
 - (iv) Advances in jobs & methods provoke employees to switch to other job.
- Administrative Management by Henry Fayol (1821-1925), this period is known as administrative management and Henry got a tag as father of administrative management.
- He gives us 14 Principles :-
 - (i) Division of Work → Divide the work, more the benefit.
 - (ii) Authority and Responsibility → Manager has right to give order and exact supervision to subordinate. As the management consists of getting the work done through others; it implies that manager

should have the rights to give orders and power to exact obedience: A manager may exercise formal authority and also personal power.

(iii) Discipline → we mean obedience to authority, completing task on time & following the norms of performance.
The best means of maintaining discipline are -

- (a) Good supervisors at all levels.
- (b) Be clear and fair agreement between employer & the employees.
- (c) Judicious application of penalties.

Discipline is based on how leader behave.

(iv) Unity of Directions → There should be complete identity between individual & organisational goals on the one hand & departmental goals on the other. They should not pull in different directions.

(v) Subordination of individual interest to general interest → An individual is always interested in maximizing his whole satisfaction through more money, status, etc. This is very often against the general interest which lies in maximizing production.

(vi) Unity of Command → This principle requires that each employee should receive instructions about a particular work from

one superior only.

(vii) Remuneration → It is paid to the personal of the firm should be fair. It should be based on general business conditions, cost of living, productivity of the concern employees & capacity to pay

capacity: → firm

productivity: → employees

(viii) Centralization → If subordinates are given more role & importance in the management of the firm, it is called decentralization! The objective to pursue should be optimum utilization of every personal.

(ix) Scalar chain → The orders or communication should pass through proper channels of authority on the basis of superior - subordinate relationship but incase there is need for swift action, the proper channels of authority may be short-circuited by making direct contact called gang plank with the concerned authority.

(x) Order → It means right place for everything & for every man. There is need for scientific selection of competent personal, correct assignment of duties & good organisation.

(xi) Equity → It means equality of

fair treatment, it requires managers to be free from all pre-judices, personal likes or dislikes.

(xii) Stability of Tenure (term-period) of personal. → In order to motivate workers, it is necessary that they should be given security of job by the management.

(xiii) Initiating → Freedom to think & execute a plan, According to Fayol, initiative is one of the important satisfaction for an intelligent man to experience.

(xiv) Esprit-de-corp → This means team spirit when all the personal full together as a team, there is a scope for realising the objectives.

• Bureaucracy (for knowledge purpose only)

→ MAX WEBER gave this principle. He is known as father of bureaucracy.

(i) Leader-Oriented

(ii) Tradition-Oriented

(iii) Bureaucratic-Oriented

WEBER consider this last type as basis of administration. No person can claim a particular position either because of his loyalty to the leader or because the position has been

held traditionally by members of his family. People earned positions because they are presumed to be best capable of filling them.

- Concepts of Behavioural Approach :

- (i) Behavioural scientists attach great weightage to remove domination on workplace.
- (ii) Participative and group decision-making.
- (iii) Self-direction and control.
- (iv) Participation → Evaluation of employee feedback.
- (v) Consider organisation as group of individuals with certain goals.
- (vi) These scientists made extensive study on leadership (democracy should be there).
- (vii) Realistic model of human motivation is complex man.
- (viii) Conflict management

- Concepts of Contingency Approach :

→ It means uncertainty. (Mc Gregor)
There is no best way of doing things under all conditions, What is good for the one is bad for the other.
Managers have to develop a sort of situational sensitivity and practical selectivity.

• Concepts of System Approach:

→(i) A system is a set of interdependent parts:

There are four interdependent parts namely task, structure, people and technology

Task → main purpose of the organisation

Structure → Authority & Responsibility

People → Employee's motivation & attitudes

Technology → Tools & Equipments

(ii) Second approach, central to the system approach is the concept of holism which means that no part of organisation can be accurately analysed & understood apart from whole system.

(iii) Third approach, A system can be either open (intract with environment) or closed (independent of the system).

(iv) Fourth Approach, Every system has a boundary.

Note : Without classical, quantitative, and behavioural approach, System approach will not work.

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Ch-2 (Planning)

* Importance of Planning :

- (i) Minimizes risk & uncertainty
- (ii) Leads to success
- (iii) Focuses attention on organisation goal.
- (iv) Facilitates Control
- (v) Trains Executives

* Types of Planning (Difference) (non-repetitive)

- (i) Single - Use Plans → (programs, budget) ↗
- (ii) Standing Plans → (Rules, regulations, methods) ↗

(repetitive)

* Limitations

- (i) Expensive (money)
- (ii) Time Consuming Process (energy, time)
- (iii) Limited in Changing situations
- (iv) Difficulty of formulating accurate premises.
- (v) Resistance to Change

* Strategic Planning includes SWOT (Strength, Weakness, Opportunity and Threat)

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Ch-3 (Decision Making)

* Types of Decisions :

- 1) Planned → Investment, Capital Budgeting
Unplanned → Day to day activities, Uncertainties
 - 2) Programmed → only higher authorities
Non-Programmed → All in the organisation are involved
- Major or Minor Decisions :
- a) See the futurity of the decision
 - b) Impact on decision on other functional areas.
 - c) Quantitative factors that enter the decision like ethics, values, code of conduct.
 - d) Recurrence decisions
- 3) Routine
- Strategic → decisions like upgradation of technology, changing the project line, giving discount, lowering price of the product.
- 4) Individual and Group decisions
 - 5) Simple → situations are few and easy
Complex → situations are several and difficult

* Steps in Decision Making :

- 1.) Recognising the problem (past experience analysis)
- 2.) Decide priorities among problems
- 3.) Diagnose the problem (symptoms, fact & figures analysis)
- 4.) Developing alternative solutions and choosing among them.
- 5.) Measuring and comparing consequences of alternative solution

* Problems faced by decision makers or Limitations :

- 1.) Incomplete Information
- 2.) Unsupporting environment (Eg: plastic bags)
- 3.) Non-acceptance by subordinates
- 4.) Ineffective Communication
- 5.) Incorrect Timing

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Ch-4 (Organising)

* Characteristics of Organising :

- 1.) Goals are achieved in organised manner
- 2.) Major activities required to achieve the objective
- 3.) Classification of activities into jobs
- 4.) Establishment of relationship between these jobs.

* Typology of Organising :

- 1.) Organisation which benefit their owners
- 2.) Organisation which benefit their members
- 3.) Organisation which benefit their clients
- 4.) Organisation which benefit the whole society
(governmental department or Non-profit Org.)

* Process of Organising by Peter Drucker :

- 1.) Consideration of objectives
- 2.) Grouping of activities into departments
- 3.) Deciding which department will be key-department
- 4.) Determining levels at which various types of decision are to be made.
- 5.) Determining span of management.
- 6.) Setting up a coordination mechanism

* Principles of Organising by EFL Brech :

- 1.) Objectives (should be clear, reachable & defined)

- 2) Specialisation (distribute work in personnel)
- 3) Span of Control (should be minimum)
- 4) Exception (top-level should be excluded from issues)
- 5) Scalar Principle (chain of command)
- 6) Unity of Command (Each one have only one superior)
- 7) Delegation (proper authority should be delegated to lower-level)
- 8) Responsibility (superior should be responsible for subordinate)
- 9) Authority
- 10) Simplicity
- 11) Balance (equality between departments)
- 12) Acceptability (structure should be acceptable by all)

* Departmentalisation (Imp.):

- The Horizontal Differentiation of task or activities into discrete segments is called departmentalisation
- The aim is to take advantage of the division of labour and specialisation upto a certain limit.
- There are several basis for departmentalisation:-

(i) Functions → Most widely used base for departmentalisation. It's majorly grouped by departments:

Advantages :-

- a) It is helpful for small organisation which manufactures a limited number of products or vendor limited number of services.

- b) Leads to improve planning and control
- c) Only one department related to one function makes the process easier.

Disadvantages:-

- a) It is difficult for anyone to understand the task of the goal & to relate his own work to it.
- b) Does not offer good training for overall development of managers.
- c) Procedures are overall complicated, wasteful & time consuming.
- d) Difficult to judge whether activities of a particular department are birth their cost.

(ii) Products → This is for large organisation manufacturing a wide product range.

Product departmentalisation is the logical pattern to follow when each product requires raw-materials, manufacturing technology, marketing methods, that are different from those used by other products in organisation.

Advantages:-

- a) Release top-management of operating task responsibility.
- b) Natural team work develops.
- c) Better opportunity for improving the performance.

Drawbacks:-

- a) Result in duplication of staff & facilities.

- will result in
- b) Extra expenditure is incurred, extra expense on sales force.
 - c) Employment of large number of managerial personnel needed.

(iii) Customer → An enterprise may be divided into a no. of department on the basis of customer that it services. Eg: An electronics firm may have separate departments for military, industrial & consumer.

Advantages :-

- a) Ensure full attention to major customer groups which have very different set of criteria governing their decision to purchase.

Disadvantages :-

- a) Result in underutilization of resources & facilities in some departments.
- b) There may be duplication of facilities.

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Unit-5 (Authority, Delegation & Decentralisation)

- Henry Fayol defines Authority, the right to give orders & power to exact obedience.
 - (i) Classical View
 - (ii) Human relation View
- Classical View have Hierarchical Tradition and Human relation view have a kind of relationship between employees and employers.
- Responsibilities cannot be delegated, it is specific but power can be ability.
- Authority :
 - (i) It is institutional right of superior to order the subordinates.
 - (ii) It rest in a chair
 - (iii) Most well-defined.
 - (iv) Previal in formal behaviour
- Delegation of Authority :
According to Louis, if the manager requires his subordinates to perform the work he must give them certain power & duties to get the work done.
- Advantages :
 - (i) Relieves manager of heavy workload.
 - (ii) Leads to better decisions
 - (iii) Trains subordinates

(iv) Creates a formal organisational structure

- Decentralisation of authority :

According to Fayol, everything that goes to increase the importance of subordinate roles is decentralisation.

Ques Difference between delegation & decentralisation

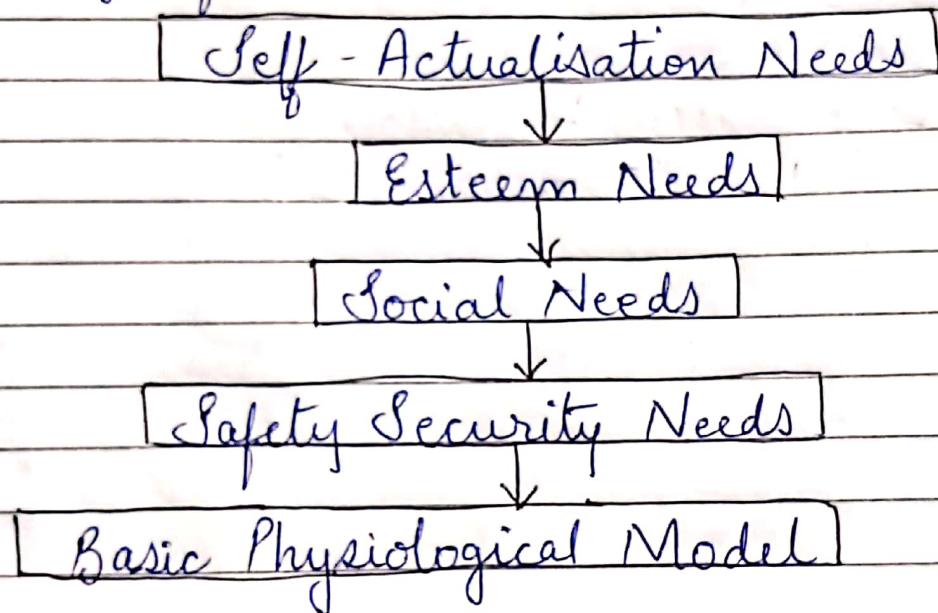
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(Motivation)

- Process of Motivation :

- Needs
- Interpretation of Goals / incentives
- Goal directed behaviour
- Accomplishment of goals & need reduction

- Hierarchy of Motivation :



- According to Meso, People attempt to satisfy physiological needs at first then the level goes on increasing.

- Herzberg Two-Factor Theory :

According to Herzberg, the absence of certain job factor tends to make workers dissatisfied. However, the presence of

these same factors does not themselves produce high level of motivation they only help avoid dissatisfaction & the problem it creates such as absenteeism, turnover and grievances.

Herzberg called these factors, maintenance or hygiene factors because they are need to maintain reasonable level of satisfaction

* 6 Motivators or Satisfiers are -

- (i) Opportunity to accomplish something significant.
- (ii) Recognition for significant accomplishments
- (iii) Chance for advancement
- (iv) Opportunity to grow & develop on the job
- (v) Chance for the increased responsibility
- (vi) The job itself.

• Motivation through participation :

McClelland → Need for achievement

theory, According to him :

- (i) The Need for affiliation (interact socially)
- (ii) The Need for power
- (iii) The Need for achievement