

UNIT – 1

Introduction to Management

What is Management

Management is the process of planning and organising the resources and activities of a business to achieve specific goals in the most effective and efficient manner possible.

Efficiency in management refers to the completion of tasks correctly and at minimal costs. Effectiveness in management relates to the completion of tasks within specific timelines to yield tangible results.

Importance of Management

Achieving Organizational Goals: Management is essential for setting, planning, and achieving organizational goals. Through effective planning, coordination, and control, management ensures that the efforts of individuals and teams align with the overall objectives of the organization.

Optimizing Resources: Efficient resource utilization is a key function of management. Whether it's human resources, financial capital, technology, or time, management ensures that resources are allocated effectively to maximize productivity and minimize waste.

Adaptation to Change: In a dynamic business environment, adaptability is crucial. Management helps organizations anticipate and respond to changes in the market, technology, and other external factors. This adaptability ensures the organization remains competitive and resilient.

Coordination and Teamwork: Management facilitates coordination among different departments and teams. Through effective communication and collaboration, management ensures that various parts of the organization work together harmoniously towards common goals.

Decision-Making: Managers are responsible for making informed and timely decisions. Effective decision-making is critical for addressing challenges, seizing opportunities, and guiding the organization in the right direction.

Motivating and Leading People: Management involves leading and motivating individuals and teams. Good leadership fosters a positive organizational culture, boosts employee morale, and encourages commitment to organizational objectives.

Conflict Resolution: Conflicts are inevitable in any organization. Management plays a key role in identifying, addressing, and resolving conflicts to maintain a healthy and productive work environment.

Innovation and Creativity: Management encourages innovation and creativity within the organization. By fostering a culture that values new ideas and continuous improvement, management contributes to the organization's ability to stay competitive and relevant.

Customer Satisfaction: Management focuses on meeting customer needs and expectations. Satisfied customers are more likely to remain loyal and contribute to the organization's success through repeat business and positive word-of-mouth.

Legal and Ethical Compliance: Management ensures that the organization operates within legal and ethical boundaries. Adhering to laws and ethical standards is not only a moral imperative but also crucial for the organization's reputation and long-term success.

Functions of Management

There is no universally accepted list of management functions. Different experts have classified the functions of management in different ways. Koontz and O'Donnell have given a very convenient classification of management functions that are generally accepted they are:

- Planning
- Organising
- Staffing
- Directing
- Controlling

Planning

A plan is a future series of actions decided beforehand. it specifies the objective to be achieved in the future and the steps required to achieve them. Planning is the most essential function of management. It is concerned with thinking in advance about what to do and who is going to do it. It is concerned with the certain determination of a future course of action to achieve the desired result. Planning bridges the gap between the initial point to the destination to reach. Selection of objectives, policies, and procedures are involved in planning. The essential elements of planning are decision-making and problem-solving.

Organising

Organising is the management function of allotting duties, grouping various activities, establishing authority, and allocating resources necessary to attain the specific plan. Once the plans are formulated, the organising function reviews the activities and resources needed to be applied to the plan.

Organising decides who will perform a particular task, and where and when it will be done. It affects the grouping of the necessary tasks into departments or work units so that they can be managed well. Therefore, there is an organisational hierarchy so that reporting is smooth within the organisation. The efficiency of operations and the effectiveness of results can be achieved only if there is a proper organisational technique. The nature and type of organisation structure depend upon the size and nature of the enterprise.

Staffing

Staffing refers to the process of hiring and developing the required personnel to fill in various positions in the organisation. It is that part of the management process, which is concerned with recruitment, selection, placement, allocation, conservation, and development of human resources. It is a very important aspect of management as it ensures that the organisation has the right number and right kind of people, with the right qualification at the right places, at the right times and that they are performing the right thing. It is also known as the human resource function.

Directing

Directing is that component of the management process which ensures that the members of an organisation work efficiently and effectively for achieving the desired objective. It involves leading, influencing, instructing, guiding, and inspiring employees to perform and achieve the predetermined objectives.

The two important components of directing are motivation and leadership. Communicating effectively and clearly with supervising employees at work is also a part of directing. It involves issuing orders and instructions to subordinates, overseeing people at work, and creating a work environment wherein the employees may perform to the best of their abilities.

Controlling

When the plans are put into operation from directing, it becomes essential to judge regularly whether the actual results are consistent with the planned results. It monitors the organisational performance towards the fulfilment of organisational goals. It enables the manager to detect errors and defects in the course of work and to take corrective actions whenever needed. It also provides proper direction to work in conformity with the plan of action or predetermined standards. Controlling serves the

purpose of finding out deficiencies in performance and rectifying them so that the organisation can prevent their recurrence.

Taylor Theory of Scientific Management

F.W. Taylor or Fredrick Winslow Taylor, also known as the 'Father of scientific management' proved with his practical theories that a scientific method can be implemented to management. Taylor gave much concentration on the supervisory level of management and performance of managers and workers at an operational level.

Principles of Scientific Management

1. Science, not Rule of Thumb

Taylor focused on the scientific study and analysis of each and every element of a work to replace the old rule of thumb method or hit and trial method. Rule of thumb is not based on science or exact measurement. Scientific method is based on cause and effect, whereas rule of thumb was based solely on the discretion of managerial decisions. Taylor focused that managers should scientifically analyze each and every component of work. According to him, even a small work, like loading of iron pigs into boxcars can be scientifically done. Doing a work scientifically reduces wastage of time and resources and helps to achieve the target effectively and efficiently.

2. Harmony, Not Discord

Taylor recognized the class conflict that existed between the workers and managers. He emphasized that there should be no conflict between the workers and managers. Both of them should realize the importance of each other and should work together for organizational goals. In order to achieve this harmonious relation, he focused on 'Mental Revolution', which means that workers and managers should transform their thinking.

3. Cooperation, Not Individualism

According to this, there should be cooperation between management and workers instead of individualism. This principle is an extension of Principle 'Harmony, Not Discord'. Both management and workers should realize that they need each other. There should be cooperation between them, and competition should be replaced by cooperation. For achieving this principle, management should welcome the constructive ideas and suggestions of the workers. The workers should be praised and rewarded for the suggestions given if their suggestions were helpful. Workers should be taken into consideration while taking important decisions. On the other hand, workers should avoid unreasonable demands and strikes and should work effectively and efficiently to achieve organizational goals.

4. Development of Workers to their Greatest Efficiency and Prosperity

Taylor focused on the efficiency of workers. According to him, every organization should follow the scientific method of selection of workers, and each worker should be scientifically selected. Then they should be assigned work according to their mental, physical and intellectual capabilities. To increase efficiency, training should be provided. This increase in efficiency will be beneficial for both workers and management.

Techniques of Scientific Management

1. Functional Foremanship: According to this technique, the work of supervision is divided into several specialized foremen. Taylor believes that one foreman is not an expert in all aspects of work. Therefore, each worker should be supervised by several foremen. Taylor suggested that 8 specialists out of these 4 will be responsible for looking after the planning work, and the other four will be responsible to supervise and executing of work.

2. Standardization and Simplification of Work: Standardization means fixing standards for everything. To attain standard production, the standard of performance is established for the workers. Standardization of work means standard set for material, machine method, and condition of work. Simplification refers to eliminating unnecessary varieties, sizes, and grades of the product. It aims at eliminating unnecessary varieties, sizes and dimensions.

3. Work-Study: Work-study means systematic and critical assessment of all the operational functions in the organization. The main objective of the work-study is to improve efficiency by making optimum utilization of resources.

Method Study: It is a concern with finding 'one best way' of doing a job. The main aim of this technique is to improve work methods to minimize the cost of products and maximize the satisfaction of customers.

Motion Study: This study refers to making a thorough analysis of various motions being performed by a worker while he is doing a particular job. The main purpose of motion study is to detect and eliminate unnecessary movement, and to find out the best method of doing a particular job.

Time Study: It is the technique that is used to determine the standard time taken by a worker. It helps in determining how much work an employee should be able to do in a given period.

Fatigue Study: It refers to determining the amount and frequency of rest intervals required in completing a work. Taylor suggested that a person gets tired when he works continuously without a break. So, he must be provided with a rest interval to regain his lost stamina.

4. Differential Price Wage System: This is a system in which efficient and inefficient workers are paid at different rates. According to Taylor, financial incentives act as a motivator. So, Taylor developed the concept of a differential piece wage system. In this technique, incentives are directly linked with productivity.

5. Mental Resolution: It means a total change in the attitude of workers and management towards one another from competition to cooperation. It requires that management should create suitable working conditions, and they should do their work with full devotion.

14 Principles of Management by Henri Fayol

Henri Fayol (1841–1925) was a French management theorist and industrialist who developed a comprehensive theory of management known as Fayolism. Fayol's work laid the foundation for modern management principles.

1. Division of Work

It refers to dividing the work into different individuals. Fayol recommended that work of all kinds must be divided and allocated as per competence, qualification, and experience of individuals. According to Fayol, "Division of work intends to produce more and better work for the same effort. Specialization is the most efficient way to use human effort."

2. Authority and Responsibility

According to this principle, there should be a proper balance between authority and responsibility. Authority is the duty, which a subordinate is expected to perform. Authority and responsibility go hand in hand. Authority without responsibility leads to irresponsible behaviour, while responsibility without authority will make a person ineffective.

3. Discipline

Discipline refers to obedience to the rules and regulations of the organization. Discipline requires good supervision at all levels of management. According to Fayol, good supervision at all levels, clear and fair rules, and a built-in system of penalties will help to maintain discipline. It is a must for all levels of management.

4. Unity of Command

According to this principle, each subordinate should receive orders and be accountable to only the superior. No person can serve several masters at the same time. If an employee gets orders from two superiors at the same time, then the principle of unity of command is violated, and he will find it very difficult to decide who he has

to obey first. So, to avoid confusion, employees should receive an order from one superior.

5. Unity of Direction

It implies that there should be one head and one person for proof of activities having the same objectives. According to this principle, all the activities should be carried under the direction of one head, and there should be effective coordination in all the activities. This principle ensures unity of action and avoids unnecessary duplication of work.

6. Subordination of Individual Interest to General Interest

According to this principle, the interest of the organization as a whole must prevail over the interest of the individual. It must be the interest of the organization that should be placed above the interest of employees. It is the duty of the manager to reconcile them. If reconciliation is impossible, then general interest must supersede individual interest. A manager must sacrifice his interest. Manager can achieve their objectives when the organization recovers from financial crises.

7. Remuneration of Employees

According to this principle, remuneration should be fair and satisfactory to both employees and the organization. This principle leads to harmonious relations in the organization. Fair remuneration should be determined based on government rules related to wages, financial position of the organization, nature of work, and cost of living. Employees should be paid reasonable wages for their service, which should provide them with a moderate standard of living.

8. Centralization and Decentralization

Centralization refers to the concentration of authority at the top level, and decentralization means distribution at all levels of management. According to this principle, there should be a proper balance between centralization and decentralization. The degree of centralization and decentralization depends on various factors, such as experience of the employees, ability of subordinates, size of the organization, etc. Too much centralization lead to loss of control of top management. Therefore, an optimum balance should be maintained according to the need of the organization.

9. Scalar Chain

According to this principle, there is a scalar chain of authority and communication that moves in a straight line from the superior to the lowest subordinate. Henri Fayol permitted a shortcut of chain in case of urgency known as gang plank. Gang plank allows direct communication between two employees of the same level.

10. Order

According to this principle, there should be a proper place for everything and everyone. Henri Fayol emphasized on two types of order: material order and social order. In material order, there must be a plan for everything. It ensures fix a place for various material tools. Whereas in social order, there must be an appointed place for every employee, which ensures a proper and fixed place/cabin for each employee.

11. Equity

According to this principle, there should not be any discrimination amongst employees based on religion, caste, language, or nationality. Equity ensures coordinated relations between superiors and subordinates. It leads to the smooth and successful working of the enterprise. It improves satisfaction and motivation of the employee, creating relation between manager and employees.

12. Stability of Personnel

According to this principle, there should be proper effort to achieve stability and continuity of employment. Fayol said that employees should be kept in their position for a reasonable time to show result stability creates a sense of belonging, and workers are encouraged to improve their quality of work. This will increase the efficiency of employees, and it will also increase the reputation of the organization. Unnecessary labour turnover creates an atmosphere of disbelief. Continuous changes in employees disturb the working environment.

13. Initiative

According to this principle, workers should encourage and should be given an opportunity to take initiative in making and executing the plan. Henri Fayol suggested that employees at all levels should be encouraged to take initiative in work. It motivates employees to work better and to take more interest in the organization. The initiative is a powerful motivator of human behaviour and a source of strength for the organization. This increases the mental growth and feeling of belongingness in employees. It increases the commitment of employees toward the organization. Lack of initiatives may create an atmosphere of non-cooperation.

14. Esprit De Corps

According to this principle, management should take reasonable steps to develop a sense of belongingness and a feeling of team spirit amongst employees. In order to achieve the best possible result, individual and group efforts need to be integrated. Production is a teamwork and it requires the full support of all members. For this purpose, a manager should replace 'I' with 'We' in his conversations to bring a team spirit among the employees. This will develop an atmosphere of mutual trust. It will help in achieving group goals, leading to cordial relations between management and workers.

Leadership Styles

Leadership styles refer to the behavioral approach employed by leaders to influence, motivate, and direct their followers. A leadership style determines how leaders implement plans and strategies to accomplish given objectives while accounting for stakeholder expectations and the wellbeing and soundness of their team.

Common Leadership Styles

1. Democratic Leadership

A democratic leadership style is where a leader makes decisions based on the input received from team members. It is a collaborative and consultative leadership style where each team member has an opportunity to contribute to the direction of ongoing projects. However, the leader holds the final responsibility to make the decision.

Democratic leadership is one of the most popular and effective leadership styles because of its ability to provide lower-level employees a voice making it equally important in the organization.

2. Autocratic Leadership

Autocratic leadership is the direct opposite of democratic leadership. In this case, the leader makes all decisions on behalf of the team without taking any input or suggestions from them. The leader holds all authority and responsibility. They have absolute power and dictate all tasks to be undertaken. There is no consultation with employees before a decision is made. After the decision is made, everyone is expected to support the decision made by the leader. There is often some level of fear of the leader by the team.

3. Laissez-Faire Leadership

Laissez-faire leadership is accurately defined as a hands-off or passive approach to leadership. Instead, leaders provide their team members with the necessary tools, information, and resources to carry out their work tasks. The “let them be” style of leadership entails that a leader steps back and lets team members work without supervision and free to plan, organize, make decisions, tackle problems, and complete the assigned projects.

The laissez-faire leadership approach is empowering to employees who are creative, skilled, and self-motivated. The level of trust and independence given to the team can prove to be uplifting and productive and can lead to job satisfaction.

4. Transformational Leadership

Transformational leadership is all about transforming the business or groups by inspiring team members to keep increasing their bar and achieve what they never thought they were capable of. Transformational leaders expect the best out of their

team and push them consistently until their work, lives, and businesses go through a transformation or considerable improvement.

5. Transactional Leadership

Transactional leadership is more short-term and can best be described as a “give and take” kind of transaction. Team members agree to follow their leader on job acceptance; therefore, it’s a transaction involving payment for services rendered. Employees are rewarded for exactly the work they would’ve performed. If you meet a certain target, you receive the bonus that you’ve been promised. It is especially so in sales and marketing jobs.

6. Bureaucratic Leadership

Bureaucratic leadership is a “go by the book” type of leadership. Processes and regulations are followed according to policy with no room for flexibility. Rules are set on how work should be done, and bureaucratic leaders ensure that team members follow these procedures meticulously. Input from employees is considered by the leader; however, it is rejected if it does not conform to organizational policy. New ideas flow in a trickle, and a lot of red tape is present. Another characteristic is a hierarchical authority structure implying that power flows from top to bottom and is assigned to formal titles.

7. Servant Leadership

Servant leadership involves a leader being a servant to the team first before being a leader. A servant leader strives to serve the needs of their team above their own. It is also a form of leading by example. Servant leaders try to find ways to develop, elevate and inspire people following their lead to achieve the best results.

Social responsibilities of Management

Social responsibility is a moral obligation on a company or an individual to take decisions or actions that is in favor and useful to society.



Towards Employees

Payment of Fair wages

Providing a good working environment

Providing proper training and education

Providing fair performance appraisal and career growth opportunities

Providing opportunity to participate in management decision making

Providing adequate grievance handling, recreational and retirement facilities.

Towards Consumers

To provide goods and services at a reasonable price

To ensure good quality in products

To introduce new and innovative products by proper research and development

To not mislead the customer

To provide adequate information about the product

To provide good after sale services

Towards Society

To take measures for maintaining environmental harmony

To raise the standard of living of the society

To help in development of backward areas and promote small scale industries

To help in economic development of the society

To conserve the natural resources of the country

To follow the norms and traditions laid down by the society

To maintain a fairness and equity in recruitment and compensation of manpower

Towards Competitors

To have a healthy competitive spirit

To not use unfair means to succeed in business

To not harm or defame the competitors

To not copy competitors' strategy

Towards Government

Timely payment of taxes and duties

To not involve in corruption

To follow the norms and guidelines laid down by the government

To follow the legal system of the country

To support the government in its public welfare initiatives

Towards Suppliers/Creditors

To make regular orders for purchase

To deal on fair terms and conditions

To Have a fair credit policy Timely payment of dues

Organizational Structures

An organisational structure is a framework that determines how an organisation is organised, including the arrangement of roles, responsibilities, and tasks. It outlines the hierarchy, reporting relationships, and communication channels within the organisation. By clarifying roles and responsibilities, the structure helps to establish clear lines of authority and decision-making, promoting efficient coordination and control.

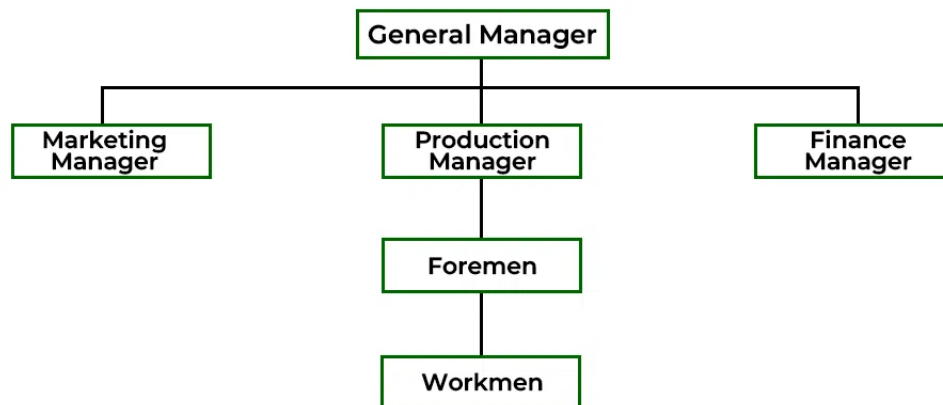
Types of Organisation Structure

There are various types of organisational structures that an organisation can adopt, each with its advantages and characteristics. The six main types of organisation structure are given below:

1. Line Organisation
2. Functional Organisation
3. Line and Staff Organisation
4. Project Organisation
5. Matrix Organisation
6. Committee Organisation

Line Organisation

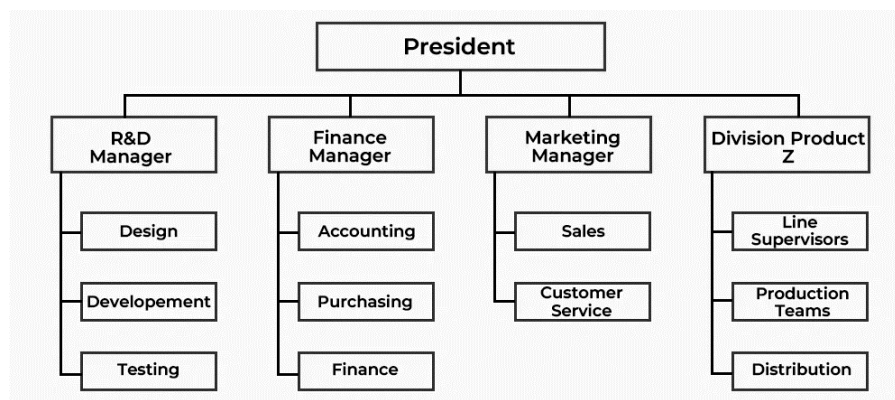
Line organisation, also known as a scalar or military organisation, is the simplest and oldest form of organisational structure. It is characterised by a clear and direct chain of command, where authority flows vertically from top to bottom. Each employee has a single supervisor to whom they report, creating a clear line of responsibility and accountability.



Decision-making is typically centralised at the top of the hierarchy, with limited delegation. This structure is suitable for small organisations with a straightforward hierarchy, where decision-making needs to be efficient and communication is direct.

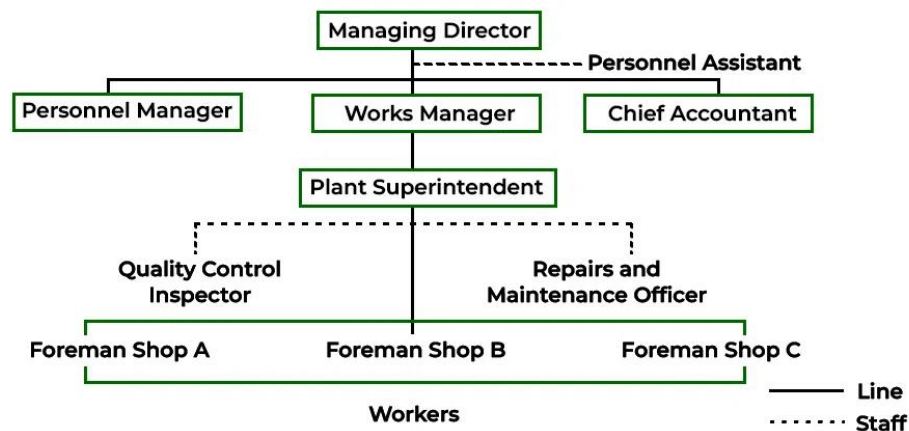
2. Functional Organisation

Functional organisation is a common structure where departments are organised based on specialised functions or tasks. For example, there might be separate departments for marketing, finance, operations, human resources, and so on. Each department is headed by a functional manager who has expertise in that particular area.



This structure allows for the efficient utilisation of specialised skills and knowledge, as employees within each department can focus on their areas of expertise. It also enables clear career paths within each function. Specialists operate here with considerable independence.

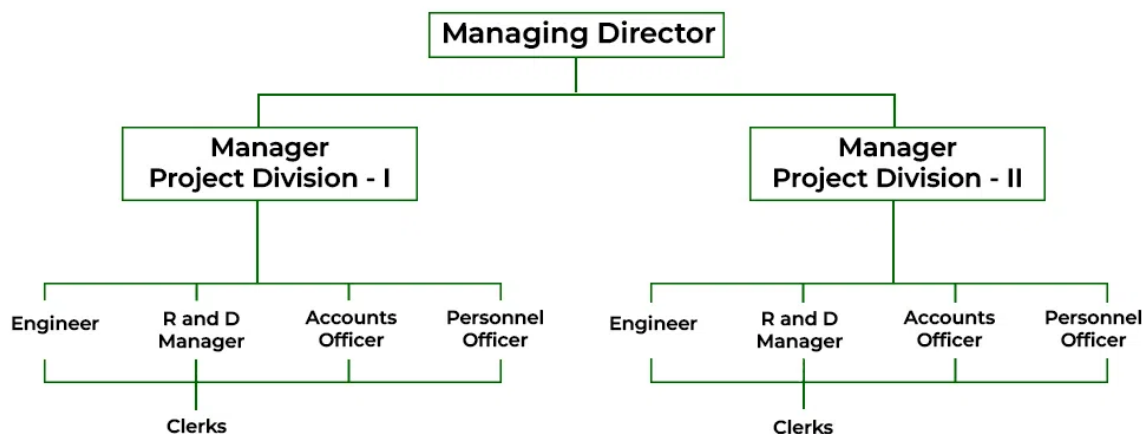
3. Line and Staff Organisation



In a line and staff organisation structure, line positions focus on core operations, while staff positions provide specialised support and guidance. Staff roles, like human resources or legal, offer expertise and advice to line managers. This structure balances operational responsibilities with specialised support, enabling better decision-making and problem-solving.

4. Project Organisation

A project organisation is a temporary structure formed specifically for a particular project or initiative. It is characterised by a project team that is assembled to achieve specific goals within a defined timeframe. The project team is led by a project manager who has authority over team members and resources.



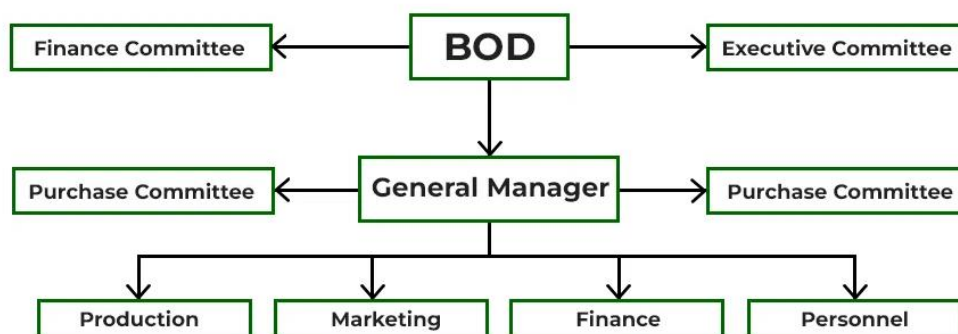
This structure allows for a dedicated and focused approach to project management, with team members working together to accomplish project objectives. It facilitates effective coordination, communication, and collaboration within the project team. Once the project is completed, the team is disbanded.

5. Matrix Organisation

A hybrid grid structure wherein pure project organisation is superimposed on a functional structure is known as Matrix Organisation. It combines elements of both functional and project structures. It involves dual reporting lines, where employees have both a functional manager and a project manager. The functional manager oversees employees' functional responsibilities, while the project manager manages their involvement in specific projects. This structure allows for flexible resource allocation, as employees can be assigned to different projects based on their skills and availability.

6. Committee Organisation

The committee organisation structure distributes decision-making and authority across committees or groups. These committees are formed to address specific areas or functions within the organisation, bringing together individuals from different departments and levels. Decisions are made collectively through discussions and consensus-building, ensuring diverse perspectives and expertise are considered.



Management by Objectives (MBO)

Management by objectives (MBO) is a strategic management model that aims to improve the performance of an organization by clearly defining objectives that are agreed to by both management and employees.

Steps in Management by Objectives Process

1. Define organization goals

Setting objectives is not only critical to the success of any company, but it also serves a variety of purposes. It needs to include several different types of managers in setting goals. The objectives set by the supervisors are provisional, based on an interpretation and evaluation of what the company can and should achieve within a specified time.

2. Define employee objectives

Once the employees are briefed about the general objectives, plan, and the strategies to follow, the managers can start working with their subordinates on establishing their personal objectives. This will be a one-on-one discussion where the subordinates will let the managers know about their targets and which goals they can accomplish within a specific time and with what resources. They can then share some tentative thoughts about which goals the organization or department can find feasible.

3. Continuous monitoring performance and progress

Though the management by objectives approach is necessary for increasing the effectiveness of managers, it is equally essential for monitoring the performance and progress of each employee in the organization.

4. Performance evaluation

Within the MBO framework, the performance review is achieved by the participation of the managers concerned.

5. Providing feedback

In the management by objectives approach, the most essential step is the continuous feedback on the results and objectives, as it enables the employees to track and make corrections to their actions. The ongoing feedback is complemented by frequent formal evaluation meetings in which superiors and subordinates may discuss progress towards objectives, leading to more feedback.

6. Performance appraisal

Performance reviews are a routine review of the success of employees within MBO organizations.

Benefits of Management by Objectives

- Management by objectives helps employees appreciate their on-the-job roles and responsibilities.
- The Key Result Areas (KRAs) planned are specific to each employee, depending on their interest, educational qualification, and specialization.
- The MBO approach usually results in better teamwork and communication.
- It provides the employees with a clear understanding of what is expected of them. The supervisors set goals for every member of the team, and every employee is provided with a list of unique tasks.
- Every employee is assigned unique goals. Hence, each employee feels indispensable to the organization and eventually develops a sense of loyalty to the organization.

- Managers help ensure that subordinates' goals are related to the objectives of the organization.

Limitations of Management by Objectives

- Management by objectives often ignores the organization's existing ethos and working conditions.
- More emphasis is given on goals and targets. The managers put constant pressure on the employees to accomplish their goals and forget about the use of MBO for involvement, willingness to contribute, and growth of management.
- The managers sometimes over-emphasize the target setting, as compared to operational issues, as a generator of success.