

## MODULE-1

# Introduction.

## Topics covered:

Management: Meaning, nature and characteristics of management, scope and functional areas of management, goals of management, level of management, brief overview of evolution of management.

Planning: nature, importance, types of plans, steps in planning.

Organizing: nature and purpose, types of organization.

Staffing: Meaning, process of recruitment and selection.

### ⇒ Definition of Management:

Simplest definition is that it is defined as the art of getting things done through people.

Management can also be defined as the process consisting of planning, organizing, actuating, and controlling performed to determine and accomplish the use of people and resources.

It is systematic way of doing things.

A manager is one who contributes to the organizational goals indirectly by directing the efforts of others by not performing the task by himself.

A person who is not a manager makes his contribution to the organization's goals by directing by performing the task himself.

⇒ Four management activities included in this process are:

1. Planning
2. Organizing
3. Actuating
4. Controlling.

Planning: Means thinking of their action in advance.

Organizing: Means that managers coordinate human and material resources of the organization.

Actuating: Means that managers motivate and direct subordinates.

Controlling: Means that managers attempt to ensure that there is no deviation from the norm or plan.

The definition involves the act of achieving the organization's objectives.

A manager also uses people and other resources such as finance equipment to achieve their goals.

Management involves the act of achieving organization objectives.

⇒ Description on Management Activities:

⇒ Planning: It is a function that determines in advance what should be done which is looking ahead and preparing for the future.

It is a process of determining the objectives and charting out the methods of attaining those objectives.

It is determination of what, where and how it is to be done and how the results are to be evaluated.

It is done for the organization as a whole but every division, department or subunit of the organization.

It is a function which is performed by the managers at all levels - top, middle and supervisory.

## ⇒ Organizing and staffing:

It is a function which may be divided into two main sections namely the human organization and material organization.

Once the plans have been developed and the objectives established they must design and develop a human organization to carry out plans successfully.

It may be defined as a structure which results from identifying and grouping work, defining and delegating responsibility and authority and establishing the relationships.

Staffing is also considered an important function in building the human organization involves building the right person for the right job.

Fixes responsibility for a manager to find the right person for the right job and ensures enough manpower for the various positions needed for the organization which involves selection and training of future managers and suitable systems of compensation.

Different objectives require different kinds of organizations.

→ Directing: is the next step after planning, organizing and staffing.

Involves three sub-functions namely communication, leadership and motivation.

Communication is the process of passing information from one person to another. Leadership is the process of guiding and influencing the work of his subordinates by the manager.

Motivation is the arousing the desire in the minds of the workers to give their best to their enterprise.

To pull out the weight effectively, to be loyal to their enterprise and carry out the task effectively.

Has two types of motivation financial and nonfinancial

Financial: takes the form of salary, bonus, profit-sharing etc.

Nonfinancial: takes the form of job security, opportunity of advancement recognition praise etc.

→ Controlling: is a function which ensures everything occurs in conformity with plans adopted and involves three elements:

1. establishing the standards of performance.
2. Measuring current performance and comparing it against the established standards.
3. taking action to correct any performance that does not meet the standards, management process:

⇒ Nature of management:

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

⇒ characteristics of management:

Management is

1. Intangible but its presence can be felt by efforts in the production sales and revenues.
2. Universal and it is applicable to all sizes and forms of organizations.

3. A group activity and it involves getting things done with and through others.
4. Is goal oriented and all actions of management are directed at achieving specific goals.
5. Is science as well art and emerging now as a profession.
6. Is multi-disciplinary and it has contributions from psychology, sociology, anthropology.

⇒ Scope of management:

The management is a must for every organization which encompasses for profit as well as non-profit organizations, government as well as non-government organizations, and service as well as manufacturing organizations.

It is in fact difficult to find an area of activity where management is not applicable.

Management is not only limited to business enterprises for profits but also to the for non-profit organizations like educational institutions, health care organizations, financial organizations, store management for keeping their cost of the operation at the optimal levels.

Government organizations like municipal corporations, water supply departments, electricity boards in providing best possible services to the public.

Non-government agencies like environmental agencies benefit from management in achieving their social objectives in cost effective manner.

Manufacturing organizations extensively use management to increase production to enhance the quality of the products manufactured and similarly, service organizations benefit from management in providing an exemplary service experience to the customers.

## ⇒ Roles of a manager:

### 1. Interpersonal roles:

- Figure head: Performs duties of ceremonial nature such as greeting the touring dignitaries, attending the wedding of an employee etc.
- Leader: Every manager must motivate and encourage their employees, try to reconcile their individual needs with the goals of the organization.
- Liaison: In this role, every manager must develop contacts outside the vertical chain of command to collect information useful for the organization.

### a. Informational roles:

- Monitor: Must perpetually scan his environment for information interroga to his liaison had subordinates to get any solicited information useful for the organization.
- Disseminator: Manager passes the privileged information directly to the subordinates who otherwise would not have access to it.
- Spokesman: May require spending a part of the time in representing the organization before various outside groups having some stake in the organization such as government officials, labour unions, and financial institutions.

### 3. Decisional roles:

- Entrepreneur: In this role the manager proactively looks out for innovation to improve the organization by means of creating new ideas, development of new products or services or finding new uses for the old ones.
- Disturbance handler: Must act like a firefighter to seek solutions to various unanticipated problems.
- Resource allocator: Must divide work and delegate authority among his subordinates.
- Negotiator: Must spend considerable time in negotiations.

Example: The foreman negotiating with the workers for the grievance problems.

## ⇒ Goals of Management's

1. Ensure that management's work serves a higher purpose:  
Management, both in theory and practice, must orient itself to the achievement of noble, socially significant goals.
2. Fully embed the ideas of community and citizenship in management systems: There's a need for processes and practices that reflect the interdependence of all stakeholder groups.
3. Reconstruct management's philosophical foundations:  
To build organizations that are more than merely efficient, we will need to draw lessons from such fields as biology and theology, and from such concepts as democracy and markets.
4. Eliminate the pathologies of formal hierarchy:  
There are advantages to natural hierarchies, where power flows up from the bottom and leaders emerge instead of being appointed.
5. Reduce fear and increase trust:  
Mistrust and fear are toxic to innovation and engagement and must be weeded out of tomorrow's management systems.

6. Reinvent the means of control:

To transcend the discipline-versus-freedom trade-off, control systems will have to encourage control from within rather than constraints from without.

7. Recast the work of leadership:

The notion of the leader as a heroic decision maker is untenable. Leaders must be recast as social-systems architects who enable innovation and collaboration.

8. Expand and exploit diversity:

We must create a management system that values diversity, disagreement, and divergence as much as conformance, consensus, and cohesion.

9. Reinvent strategy-making as an emergent process:

In a turbulent world, strategy making must reflect the biological principles of variety, selection, and retention.

10. Re-structure and disaggregate the organization:

To become more adaptable and innovative, large entities must be disaggregated into smaller, more malleable units.

11. Dramatically reduce the pull of the past:

Existing management systems often mindlessly reinforce the status quo. In the future, they must facilitate innovation and change.

12. Share the work of setting directions:  
To engender commitment, the responsibility for goal setting must be distributed through a process where share of voice is a function of insight, not power.

13. Develop holistic performance measures:  
Existing performance metrics must be recast, since they give inadequate attention to the critical human capabilities that drive success in the creative economy.

14. Stretch executive time frames and perspectives:  
Discover alternatives to compensation and reward systems that encourage managers to sacrifice long-term goals for short-term gains.

15. Create a democracy of information:  
Companies need holographic information systems that equip every employee to act in the interests of the entire enterprise.

16. Empower the renegades and disarm the reactionaries:  
Management systems must give more power to employees whose emotional equity is invested in the future rather than in the past.

17. Expand the scope of employee autonomy:  
Management systems must be redesigned to facilitate grassroots initiatives and local experimentation.

18. Create internal markets for ideas, talent, and resources:  
Markets are better than hierarchies at allocating resources, and companies' resource allocation processes need to reflect this fact.

19. Depoliticize decision-making:

Decision processes must be free of positional biases and should exploit the collective wisdom of the entire organization.

20. Better optimize trade-offs:

Management systems tend to force either-or choices. What's needed are hybrid systems that subtly optimize key trade-offs.

21. Further unleash human imagination:

Much is known about what engenders human creativity. This knowledge must be better applied in the design of management systems.

22. Enable communities of passions:

To maximize employee engagement, management systems must facilitate the formation of self-defining communities of passion.

23. Retool management for an open world:

Value-creating networks often transcend the company's boundaries and render traditional power-based management tools ineffective. New management tools are needed for building complex ecosystems.

## 24. Humanize the language and practice of business:

Tomorrow's management systems must give as much credence to such timeless human ideals as beauty, justice and community as they do to the traditional goals of efficiency, advantage, and profit.

## 25. Retrain managerial minds:

Manager's traditional deductive and analytical skills must be complemented by conceptual and systems-thinking skills.

### ⇒ Levels of management:

In any organization, there are 3 levels of management the first-line, middle and top level managers.

#### 1. First-line management:

It is made up of foreman and white collared supervisors.

#### 2. Middle management:

It consists of vast and diversified group consisting plant managers, personnel managers and department heads.

#### 3. Top management:

It consists of board chairman, the company presidents, and the executive vice presidents.

## ⇒ Managerial skills:

The manager is required to possess three major skills:

1. Conceptual skill which deals with ideas.
2. Human relations skill which deals with people
3. Technical skill which deals with things.

### ① Conceptual skill:

It deals with the ability of manager to take a broad and farsighted view of organization and its future, ability to think in abstract ability to analyse the forces working in a particular situation.

### ② Technical skill:

Are manager's understanding of the nature of the job that people under him have to perform.

Refers to the person's knowledge and proficiency in any type of process or technique.

### ③ Human relations skill:

It is the ability to interact effectively with people at all levels and the manager sufficient ability to

- a) to recognize the feelings and sentiments of others.
- b) to judge the possible reactions to and the outcomes of various courses of action.
- c) to examine his own concepts and values which may enable to more useful attitudes about himself.
  - Skill mix of a manager with the change in his level.

- (a) Top level: Technical skill becomes less important
- (b) Middle management: Human relations skill become more important.
- (c) Supervisory skill: Technical skill becomes more important.

$\Rightarrow$  A. management is called science if

1. The methods of the inquiry are systematic and empirical.
2. If the information can be ordered and analysed & reports are cumulative and communicable.

Systematic means orderly and unbiased attempt to gain knowledge must be with the personal or other pre-judgment.

Inquiry being empirical means that it is not an armchair speculation or priori approach,

The scientific information so collected as raw data must be finally ordered and analysed with the statistical tools which makes the results, communicable and intelligible which also permits completion of the study and the results in the sense that what is discovered is added to which has been found before which helps us to learn from past mistakes and obtain guides for the future.

$\Rightarrow$  B. Management as art

As the science considers the why phenomena management as an art is concerned with the understanding how a particular task can be

accomplished which involves art of getting things done through others in a dynamic and non-repetitive fashion and has to constantly analyse the existing situation, determine the objectives, seek the alternatives, implement, coordinate, control and evaluate information and make decisions.

As the knowledge of management theory and principles is a valuable kit of the manager but it cannot replace his managerial skills and qualities which has to be applied and practised which makes up to consider manager as an art.

Like the art of a musician or the art of a painter who uses his own skill and does not copy the skills of others.

⇒ C. Management is a profession.

Characteristics of a profession:

1. Existence of organised and systematic knowledge.
2. Formalized methods of acquiring training and experience.
3. Existence of an association with the professionalization as a goal.
4. Existence of an ethical code to regulate the behavior of the members of the profession.
5. Charging of fees based on service.

## ⇒ Management as Profession:

- (a) Does not have fixed norms of managerial behaviour.
- (b) no uniform of code of conduct or licensing of managers.
- (c) Entry of managerial jobs are not restricted to individuals with a special academic degree only and hence management cannot be called a profession.

## ⇒ Evolution of the management

### 1. Early classical approaches represented by

- (a) Scientific management
- (b) Administrative management.
- (c) Bureaucracy.

### 2. Neoclassical approaches represented by

- (a) Human relations movement
- (b) Behavioural approach.

### 3. Modern approaches represented by

- (a) Quantitative approach.
- (b) Systems approach.
- (c) Contingency approach.

## ⇒ 1 ① Scientific management:

⇒ Taylor's contributions under scientific management.

### ① Time and motion study:

Started time and motion study under which each motion of job was timed out with the help of stop watch of doing job was found and shorter and fewer motions were developed and amongst these the best job was found which replaced the old rule of thumb knowledge of the workman.

### ② Differential payment:

New payment plan called the differential piece work was introduced which was linked incentives with production. Under this plan a worker received low piece rate if he produced the standard number of pieces and high rate if he surpassed the standard which would motivate the workers to increase production.

### ③ Drastic reorganization and supervision:

Introduced two new concepts separation of planning and doing and functional foremanship.

Taylor suggested that the work should be planned by the foreman and not by the worker and there should be a foreman as there are special functions involved in doing a job and each of these foreman should give orders to the worker on his specialty.

#### ④ Scientific recruitment and training:

Taylor emphasized the need for scientific selection and development of the workers.

He says that management should develop and train every worker to bring out his best facilities and enable him to do a higher, more interesting and more profitable class of work than he has done in past.

#### ⑤ Intimate and friendly cooperation between the management and the workers:

Taylor argued that both the management and the workers both should try to increase production rather than quarrel over profits which would increase the profits to such an extend that labour and management would no longer have to compete for them and should saw common interest in increasing productivity.

⇒ Contributions and Limitations of scientific management:

⇒ Contributions:

- Time and motion studies have made us aware that the tools and physical movements involved in a task can be made more efficient and rationale.

2. Scientific selection of workers has made us recognize that without ability and training a person cannot be expected to do job properly.
3. The scientific management have to work design encouraged the managers to do one best way of doing the job.

⇒ Limitations:

1. Taylor's belief that economic incentives are strong enough to motivate workers for increased production proved wrong as there are other needs such as security, social needs, or egoistic needs rather than financial needs.
2. Taylor's time and motion study is not accepted as entirely scientific as there is no best way of doing the same job by two individuals as they may not have same rhythm, attention and learning speed.
3. Separation of planning and doing the greater specialization inherent in the system tends to reduce the need for skill and greater monotony of work.
4. Advances in methods and better tools and machines eliminated some workers who found it difficult to get other jobs and caused resentment among them.

## → Fayol's Administrative management:

Henry Fayol is considered as the father of administrative management (1841-1925) where the focus is on development of broad administrative principles.

He was a French mining engineer turned a leading industrialist and a successful manager.

He provided a broad analytical framework of the process of administration.

## → Fayol's 14 principles of management:

1. Division of work: In the management process producing more and better work with the same effort as the various functions of management like planning, organizing, directing and controlling cannot be performed efficiently by a single proprietor or by a group of directors which must be entrusted to specialists in related fields.

### 2. Authority and responsibility:

Implies that the manager should have the right to give orders and power to exact obedience and the manager also may exercise formal authority and also formal authority is derived from the official position and personal power is the result of Intelligence, experience, moral worth, ability to lead, past service etc.

Responsibility is closely related to authority and an individual who is willing to exercise authority must also be prepared to bear responsibility to perform etc. - the work in the manner desired.

### ③ Discipline:

Absolutely essential for smooth running of the discipline means the obedience of authority, observance of rules of rules of service and norms of performance, respect for agreements, sincere efforts of completing the given job, respect for superiors.

Bent means of maintaining discipline are

- ⑥ Good supervisors at levels.
- ⑦ Clear and fair agreements between the employee and the employer.

### ④ Unity of command:

This principle requires that each employee should receive instructions about a particular work from one superior only if reported to more than one superior would result in confusion and conflict of instructions.

### ⑤ Unity of direction:

Means that there should be complete identity between individual and organizational goals on the one hand and between the departmental goals on the other hand and both should not pull in different directions.

## ⑥ Subordination of individual interest to general interest:

In a business concern, an individual is always interested in maximizing his own satisfaction through more money, recognition, status etc. which is against the general interest which lies in maximizing production and hence there is a need to subordinate the individual interest to the general interest.

## ⑦ Remuneration:

Remuneration paid to the personnel of the firm should be fair and should be based on general business conditions such as cost of living, productivity of the concerned employees and the capacity of the firm to pay and the fair remuneration increases workers efficiency and morale and fosters good relations between them and management.

## ⑧ Centralization:

The degree of centralization or decentralization of authority must be decided on the basis of nature of the circumstances, size of the undertaking, the type of activities and the nature of organizational structure.

### ⑨ Scalar chain:

It means the hierarchy of authority from the highest executive to the lower stores for the purpose of communication and the status superior-subordinate relationship and the authority of superior in relation to subordinates at various levels and the orders or the communications should pass through the proper channels of authority along the scalar chain.

### ⑩ Order:

Putting things in order needs effort and the management should obtain orderliness in work through suitable organization of men and materials and the principle of right place for everything and for every man should be observed by the management which requires the need for scientific selection of competent personnel, correct assignment of duties to personnel and good organization.

### ⑪ Equity:

Means equality of fair treatment which results from a combination of kindness and justice and employees expect management to be equally just to everybody which requires managers to be free from all prejudices, personal likes or dislikes.

### ⑫ Stability of tenure of personnel:

Is necessary to motivate workers to do more and better work and they should be assured security of job by management which if not provided they have fear of insecurity of job.

their morale will be low and they cannot give more and better work.

### (13) Initiative:

Means freedom to think out and execute a plan which when provided to the employees leads to innovation which is the landmark of technological progress. It is one of the keenest satisfactions for an intelligent man to experience and hence managers are required to get or give sufficient scope to show their initiative.

### (14) Esprit de corps:

Means team spirit which should be created by the management among the employees and is possible only when all the employees pull together as a team and there is scope for realizing the objectives of the concern and there should be harmony and unity among the staff which is a great source of strength to the undertaking which could be achieved through avoiding divide and rule motto and one achieved through avoiding divide and rule motto and one of verbal communication and written communication to remove misunderstandings.

⇒ Contributions and limitations of administrative management:

⇒ Contributions:

1. Fayol's principles met with wide spread acceptance among critics on management and among managers and managers themselves.
2. Drawing inspiration from Fayol a new school of thought known as the Management Process School came into existence.

⇒ Limitations:

1. Fayol's principle of specialization lead to the following dysfunctional consequences:
  - (a) Leads to the formation of small work groups with norms and goals with each individual carrying out own assigned part without bothering about the overall purpose of the organization as a whole.
  - (b) Results in the dissatisfaction amongst workers as it does not provide them the opportunity to use all their abilities.
  - (c) Results in the dissatisfaction amongst workers as it does not provide them the opportunity to use all their abilities.

2. One of the findings of Fayol's principles is that there is nothing in Fayol's writings to indicate it is the proper one to apply like for example the principle of unity of command and the principle of unity of specialization or division of labour cannot be followed simultaneously.
3. Fayol's principles are based on a few case studies only and have not been tested empirically and whenever tested have fallen like autumn leaves.
4. These principles are often stated as unconditional statements of what should be done in all circumstances when what is needed are conditional principles of management.
5. The principles of Fayol such as the principles of specialization, chain of command, unity of direction and span of control result in the mechanistic organizational structures which are insensitive to employees social and psychological needs.
6. These principles are based on the assumption that the organizations are closed systems but in reality organizations are open systems and hence the rigid structures so created do not work well under stable conditions.

## ⇒ Bureaucracy :

German scientist Max Weber is considered to be the father of Bureaucracy.

Made a study on various business and government organizations and distinguished three types of administration amongst them.

Leader oriented tradition oriented and bureaucratic.

### (i) Leader oriented :

Administration in one in which there is no delegation of management functions and all employees serve as loyal subjects of a leader.

### (ii) Tradition oriented :

All managerial positions are handed down from generation to generation and who are you rather than what you can do becomes the primary function.

### (iii) Bureaucratic oriented :

It is based on the person's demonstrated ability to hold the position and no person can claim particular position either because of his loyalty to the leader or because the position has been traditionally held by members of his family and the people earn positions because they are presumed to be best capable of filling them.

## ⇒ Important features of Bureaucratic Administration:

### 1. Insistence on following standard rules:

These should not govern by the personnel preference of the employer but it should be governed by the standard rule which provides equality in the treatment of subordinates and continuity and predictability of actions.

### 2. Systematic division of work:

Increases production by improving efficiency and saving time in changing over from one job to another.

### 3. Principle of hierarchy followed:

Each lower officer is under the control and supervision of a higher one.

### 4. Not necessary for the individual to have knowledge of and training in the application of rules:

These form the basis on which legitimacy is granted to his authority.

5. Administrative acts, decisions and rules are recorded in writing:

makes the organization independent of people besides making peoples understanding more accurate.

6. There is rational personnel administration:

People are selected on the basis of their credentials and merit and are paid according to their option in their hierarchy, promotions are made systematically and there is an winning proper loyalty and commitment.

⇒ Neo-classical approach:

They are called neoclassical because they do not reject the classical concepts but only try to refine them.

The human relations movement:

Emerged to achieve complete production efficiency and workplace harmony was developed in helping managers to deal more effectively with the people side of their organizations.

Came into existence due hawthorn experiments conducted by Elton Mayo and his colleagues at the western electric company's plant in Cicero,

Illinois from 1927 to 1932 which employed 29,000 workers to manufacture telephone parts and equipment.

Elton Mayo's experiments can be divided into following four parts:

1. Illumination experiments.
2. Relay assembly test room.
3. Interviewing program
4. Bank wiring test room.

### Illumination Experiments:

Productivity was correlated with illumination, tested, experiments were done on a group of workers and the productivity was measured at various levels of illumination for the first time and two groups were formed and set up in different buildings for the second time this time one group called the control group worked under the constant level of illumination and the other group called the test group called worked changing levels of illumination.

### Results:

When post-productivity of two groups were compared, it was found that illumination affected production only marginally.

## ⇒ Belay assembly test room:

In this phase, the object of study being broadened, along with the impact of illumination on production, other factors such as the length of the working day, frequency and duration of rest pauses and other physical conditions were taken into consideration.

A group of 6 women workers, who were friendly with each other, were selected for the experiment, were told about the experiment, were made to work in an informal atmosphere with the supervisor or researcher in a separate room who acted as a friend, philosopher and guide.

Several variations were made in the working conditions during the study, to find the most ideal combination for production.

~~WWW.XAKSHITEST.COM~~ Results: The researchers found that the production groups had no relation with the working conditions which went on increasing and stabilized at a high level even when all the improvements were taken away and the poor pre-test conditions were reintroduced and something else was responsible for this.

④ feeling of importance among girls as a result of participation in the research and the attention they got.

- ⑥ Warm informality, tension-free interpersonal and social relations amongst small groups and relative freedom from strict supervision and rules lead to these results.
- ⑦ High group cohesion among girls.

⇒ Interviewing programme:

The knowledge about the informal group processes which were accidentally acquired in the second phase made researchers design the third phase.

They wanted to know about the basic factors responsible for human behavior at work.

Method used to know the basic factors: More than 20000 workers were interviewed.

Questions were asked relating to the type of supervision, working conditions, living conditions and so on.

Indirect questions were asked to the workers and the workers were free to talk about their favorite topics related to their work environment.

Results: The study revealed that the workers' social relations inside the organization had an unmistakable influence on their attitudes and behavior and about the all-pervasive nature of informal groups on their culture and the production norms which the members were forced to obey.

## ⇒ Bank wiring observation room:

Involved in-depth observation of 14 men making terminal banks of telephone wiring assembly, to determine banks of telephone wiring assembly, to determine the effect of informal group norms and formal economic incentives on productivity.

Results: Study revealed the group evolved its own production norms for each individual workers which were much lower than those set by the management and the workers would produce that much and no more thereby defeating the incentive system.

This artificial restriction of production saved workers from a possible cut in their piece rates and protected weaker and slower workers from being reprimanded or thrown out of jobs.

class of workers - production rate called foolish - was more than group norm were isolated, harassed or punished by the group in the several ways and were called rate busters.

Those who were too slow were nicknamed as chiselers. Those who complained to the supervisor against their coworkers were called squealers.

Conclusion: The experience of the Hawthorne experiments had a profound impact on the luminaries of the human relations movement.

come to realize the important role played by informal groups in the working of an organization.

## ⇒ Contributions:

The contributions can be summarized as follows:

1. A business organization is not merely a techno-economic system but is also a social system and hence it is important to provide social satisfaction to the workers to produce goods.
2. There is no correlation between improved working conditions and high production.
3. A worker's production norm is set and enforced by his group and not by the time and motion study done by the industrial engineer and those deviating from the group were penalized by the coworkers.
4. Worker does not work for money only and also nonfinancial awards affect his behavior and limit the economic incentive plan.
5. Employee centered, democratic and participative style of supervisory leadership is more effective than task centered leadership.

6. The informal groups and not the individual is the dominant unit of analysis in organizations.

### Limitations:

1. Is swing in the opposite direction and is as much incomplete as the scientific management and administrative management. The human relations writers saw only the human variable as critical factor.
2. The implicit belief that every organization can be turned down into one big happy family which could satisfy everybody was not correct as every organization is made up of a number of diverse social group with incompatible values and interests.
3. This approach emphasizes the importance of symbolic rewards and underplays the role of material rewards.
4. Approach provides an unrealistic picture about informal groups by describing them as major source of satisfaction for industrial workers and it is assumed that many workers do not come to the factory to seek affiliation and affection.
5. Approach is in fact production oriented and not employee oriented as it claims to be. Many of its techniques trick workers into false sense of happiness.

6. The lengthy process of decision making of this approach cannot work during emergency.
7. makes an unrealistic demand on the superior and wants him to give up his desire.
8. Approach is based on wrong assumption that satisfied workers are more productive workers because to attempt to increase output by improving working conditions and the human relations skills of a manager generally no dramatic productivity increases that are expected.

⇒ Behavioral approach

This version is an improved and a more mature version of the human relation approach management.

These do not believe in the highly classical organization structures which were built around the traditional concepts of hierarchical authority, unity of command, line and staff relationships and narrow spans of control.

They believe that lot of domination takes place by the managers which causes subordinates to become passive and dependent on them.

These scientists prefer more flexible organization structure, and jobs built around the capabilities and aptitudes of average employees.

⇒ Modern approaches:

1. Quantitative approach.
2. Systems approach.
3. Contingency approach.

## PLANNING:

⇒ Meaning of planning:

Planning is an intellectual process which requires manager to think before acting. It is thinking in advance, it is planning that managers of organization decide what is to be done, when it is to be done, how it is to be done, and how has to do it.

~~Decision making~~ Planning is an integral part of planning.

It is the process of choosing among alternatives. Obviously, decision making will occur at many points in the planning process.

Planning is a continuous process like a navigator constantly checks where his ship is going in the vast ocean, a manager must constantly watch his plans must constantly monitor the conditions, both within and outside the organization to determine if changes are

required in his plans.

## Importance of planning

### 1. Minimizes risk and uncertainty:

By providing a more rational, fact-based procedure for making decisions, planning allows managers and organizations to minimize risk and uncertainty. Planning does not deal with future decisions, but in futurity of present decisions.

### 2. Leads to success:

Planning does not guarantee success but studies have shown that, often things being equal, companies which plan not only outperform the non-planners but also their past results.

Planning leads to success by doing beyond mere adaptation to market fluctuations.

### 3. Focus attention on the organization's goals:

Planning helps the manager to focus attention on the organization's goals and activities. This makes it easier to apply and coordinate the resources of the organization more economically.

The whole organization is forced to embrace identical goals and collaborate in achieving them.

### 4. Facilitates controls:

In planning, the manager sets goals and develops plans and to accomplish these goals.

These goals and plans then become standards against which performance can be measured. The function of control is to ensure that activities conform to the plans. Thus control can be exercised only if there are plans.

### 5. Training executives:

Planning is also an excellent means for training executives. They become involved in the activities of the organization and the plans arouse their interest in the multifarious aspects of planning.

### Nature of Planning:

The nature of planning can be understood by examining its four major aspects. They are;

① It is a contribution to objectives: Since plans are made to attain goals or objectives, every plan and all its support should contribute to the achievement of the organization's purpose and objectives. An organized enterprise exists to accomplish group objective through willing and purposeful co-operation.

② It is primary among the manager's tasks: That planning is the prime managerial function is proved by the fact that all other functions such as organizing, staffing, leading and controlling are designed to support the accomplishment of the enterprise's objectives.

(3) It is pervasive: planning is a unique and universal function of all managers. The character and scope of planning may vary with each manager's authority and with the nature of the policies and plans outlined by superiors, but all managers must have some function of planning.

(4) The efficiency of resulting plans: Plans should not only be effective, but also efficient. The effectiveness of a plan relates to the extent to which it accomplishes the objectives.

### Types of plans

There are main 4 types of plan:

#### 1. Hierarchical Plans:

These plans are drawn at 3 major hierarchical levels, namely, the institutional, the managerial and the technical core. The plans for these three levels are,

- strategic plan.
- Administrative plan.
- operational plan.

#### 2. Standing plans:

These are drawn to cover issues that managers face repeatedly. Generally, five types of standing plans are used,

- mission
- strategy
- policy
- Rule
- Procedure

### 3. Single - use plans:

These are prepared for single or unique situations and are normally discarded after one use. Generally, four types of single - use plans are used. They are

- objectives or goals
- programs
- projects
- Budgets

### 4. Contingency plans:

These are made to deal with situations that might crop up if those assumptions turn out to be wrong. Thus contingency planning is the development of alternative courses of action to be taken if events disrupt a planned course of action.

### ⇒ Steps in planning:

The various steps involved in planning are as follows:

#### 1. Establishing verifiable goals or set of goals to be achieved

The first step in planning is to determine the enterprise objectives which are often set up by the upper level or top managers, usually after number of possible objectives have been carefully considered.

2. Establishing planning premises:  
It is the second step in planning to establish planning premises which is vital to the success of planning as they supply pertinent facts and information relating to the future.

3. Deciding the planning period:

It is the next task once the upper level managers have selected the basic long term goals and the planning premises.

The factors which affect the choice of period are:

- (a) Lead time in development and commercialization of new product.
- (b) The time required to recover capital investments or the pay-back period and
- (c) Length of the commitments which are already made.

4. Finding alternate courses of action:

The fourth step of planning is to find the alternate courses of action.

5. Evaluating and selecting the alternate courses of action:

After selecting the alternate courses selection the best course or course of action with the help of quantitative techniques and operations research.

6. Developing the derivative plans:

Once plan formulated, its broad goals must be translated on day to day operations of organization. middle level managers must draw up the appropriate plans, programmes and budgets for their sub-units which are described as derivative plans.

### 7. Measuring and controlling the process:

Plan cannot be run without monitoring its progress. The managers must check the progress of their plans.

## Organizing:

### Definition:

An organization can be defined as a social unit or human grouping deliberately structured for the purpose of attaining specific goals.

An organization can also be defined as the process of identifying and grouping of the work to be performed, defining and delegating responsibility and authority and establishing relationship for the purpose of enabling people to work most effectively together in the accomplishment of their objectives.

### Nature of organizations:

1. An organization basically consists of groups of people who form the dynamic human element of the organization
2. Organization helps in identifying the various tasks to be performed which are assigned to the individuals to perform to achieve the common objectives or common purpose of the organization.

3. It ensures to achieve coordination amongst the people working in various departments of the organization and ensures integrated efforts to achieve organizational objectives or goals.
4. It delegates authority to the managers with commensurate responsibility and accountability for the discharge of their duties and also amongst different hierarchical levels in an organization.
5. It also aids in achieving financial, physical, material and human resources.
6. It helps in nurturing and growing special skills and talents by the virtue of division of labour.
7. It facilitates seamless communication.

⇒ Purpose of an organizations

- The purpose of any organization is to achieve goals for which it is formed which aim at achieving common objectives through its group members' efforts.
- The organizations exist for different purpose and the efforts for organizational members are directed for the achievement of this purpose.

For business organization: The purpose is to develop people and their skills for contributing towards the growth of the enterprise through profits.

## For nonprofit organization:

The purpose/the objective would be to serve the members of the committee in a productive manner.

## Types of organization:

- (a) Business organizations: Are those organizations which are formed with the purpose of earning profit the sole purpose being to earn surplus in the form of profits without which they cannot survive and grow.

Ex: Firms engaged in manufacturing, trading, services etc.

- (b) Non-profit service organizations: Are those organizations that do not have the motive of making profit but to serve the people of the specific community or a segment of a society.

Ex: Rotary club, Lions club, Orphanage, etc.

## Principles of Organization:

1. Objectives
2. Specialization
3. Span of control
4. Exception
5. Scalar principle
6. Unity of command
7. Delegation
8. Responsibility.

⇒ Staffing:

⇒ Meaning:

Staffing is the process of hiring eligible candidates in the organization or company for specific positions.

In management, the meaning of staffing is an operation of recruiting the employees by valuing their skills, knowledge and then offering them specific job roles accordingly.

⇒ Process of Recruitment and Selection.

Staffing involves filling the positions needed in the organization structure by appointing competent and qualified persons for the job.

The staffing process encompasses man power planning, recruitment, selection, and training.

⇒ Recruitment process

Recruitment is the process of finding and attempting to attract job candidates who are capable of effectively filling job vacancies. The recruitment process consists of the following steps

## Identification vacancy

preparation of job description  
and job specification

selection of sources

advertising the vacancy

managing the response

### (a) Identification of vacancy:

The recruitment process begins with the human resource department receiving requisitions for recruitment from any department of the company. These contain: post to be filled, Number of persons, Duties to be performed, Qualification required.

### (b) Preparation of job description and job specification:

#### (c) Selection of sources:

Every organization has the option of choosing the candidates for its recruitment process from two kinds of sources: internal and external source. The sources within the organization to fill a position are known as the internal sources of recruitment.

Recruitment candidate from all the other sources are known as the external sources of the recruitment.

## ⑥ Preparation of job description and job specification:

A job description is a list of the general tasks, or functions, and responsibilities of a position. It may often include to whom the position reports, specifications such as the qualifications or skills needed by the person in the job, or a salary range. A job specification describes the knowledge, skills, education, experience, and abilities you believe are essential to performing a particular job.

## ⑦ Advertising the vacancy:

After choosing the appropriate sources, the vacancy is communicated to the candidates by means of a suitable media such as television, radio, newspaper, internet etc.

## ⑧ Managing the response:

After receiving an adequate no. of responses from job seekers, the viewing process of the responses begins. This is a very essential step of the recruitment selection process, because selecting the correct resources that matches the job profile, is very important. Candidates with the given skill set are then chosen and further called for interview. Also, the applications of candidates that do not match the present nature of the position but may be considered for future.

requirements are filled or filed separately and preserved.

The recruitment process is immediately followed by the selection process.

## ⇒ Selection Process :

Selecting a suitable candidate can be the biggest challenge for any organization. The success of an organization largely depends on its staff. Selection of the right candidate builds the foundation of any organization's success and helps in reducing turnover.

The following steps generally make up the selection process :-

### (A) Initial Screening

This is generally the starting point of any employee selection process. Initial Screening eliminates unqualified applicants and help save time. Applications received from various sources are scrutinized and irrelevant ones are discarded.

### (B) Preliminary Interview

It is used to eliminate those candidates who do not meet the minimum eligibility criteria laid down by the organization.

### ③ Filling Application form

An candidate who passes the preliminary interview and is found to be eligible for the job is asked to fill in a formal application form.

### ④ Personal Interview

Most employers believe that the personal interview is very important. It helps them in obtaining more information about the prospective employee.

### ⑤ References check

most application form include a section that requires prospective candidates to put down names of a few references. It can be classified into - former employer, former customers, business references, reputable persons.

### ⑥ Background Verification

A background check is a review of a person's commercial, criminal and financial records.

### ⑦ Final Interviews

It is a process in which a potential employee is evaluated by an employer

for prospective employment in their organization.

During this process, the employer hopes to determine whether or not the applicant is suitable for the job.

### (b) Physical Examination:

If all goes well, then at this stage, this examination is conducted by make sure that the candidate has sound health and does not suffer from any serious ailment.

### (i) Job offer:

A candidate who clears all the steps is finally considered right for a particular job and is presented with the job offer. An applicant can be dropped at any given stage if considered unfit for the job.

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## Modern Approach

### 1. Quantitative approach:

This school emerged during world war II. During the war, managers, government officials, and scientists were brought together to help the army to effectively utilize resources. These experts, using some earlier mathematical concepts, advocated by F.W.Taylor and Gantt, solved many logistical problems in the war.

Subsequent to the war, such techniques were applied by many organizations to solve their business problems. This school of thought extensively utilizes statistics, optimization models, information models, and computer simulations for decision making and economic effectiveness to solve business problems.

### Management Science:

This approach visualizes management as a logical entity, expressing management terms of mathematical symbols, relationships, and measurement data. This approach is also known as operations research approach. It is used areas such as capital budgeting and cash flow management etc.

Various mathematical tools such as queuing theory, linear programming, PERT, CPM, decision theory, simulation, replacement, probability theory and sampling, time series analysis are used to minimize errors in management decisions.

## Operations Management:

It is primarily concerned with production management and its related areas. In fact, it is difficult to draw a line between management science and operations management. We use most of the mathematical tools mentioned earlier in operations management also. Moreover, this approach helps in decision making in other functional areas like finance, marketing, human resource etc.

## Management Information System:

This approach focuses on designing and implementing computer based information system for use by the management. It converts raw data into information inputs, which are subsequently used by the management for decision making. Nowadays, management information system help in enterprise wide decision making by integrating the different functions of management.

## 2. Systems Theory:

The systems theory approach is an extension of the quantitative school of thought. This approach considers organizations, as a whole because of the interdependent nature of activities that requires organizations to interact with the external environmental factors. In this competitive scenario, organizations cannot function in isolation.

They have to operate in an open system, interacting with their environment. Whether it is the issue relating to development of a new product or a new employee, an organization has to decide on it as an open system.

Synergy is the phenomenon of open system of management in which the total system is more than a simple sum of its parts. This means that if a manager effectively co-ordinates the efforts of the related sub system, the result would be greater than the sum total of such independent efforts.

Systems approach to management is also important because it helps in avoiding entropy. By relating an organization to its environment and following the system approach, such a situation can be averted.

### 3. Contingency Theory:

The contingency theory approach, another extension of the modern approach, also contributed significantly to the evolution of management thought. This approach discards the concept of the universality of management principles and favours taking managerial decisions after carefully considering the situational factors.

- The task of a manager, according to this theory, is to identify which technique will, in a particular point of time, contribute best of achieving organizational goals.
- The theory contends that organizational phenomena exist in a logical pattern, which managers can understand gradually by interpreting the various situations.

Contingency theory and system theory together are classified as the integrative school of management through because these two theories integrate the classical, behavioural, and quantitative theories into a framework.