

B M S INSTITUTE OF TECHNOLOGY & MANAGEMENT
YELAHANKA, BENGALURU – 560064.



DEPARTMENT OF COMPUTER SCIENCE & ENGINEERING

MODULE -1 NOTES OF

Management, Entrepreneurship for IT industry -18CS51

[As per Choice Based Credit System (CBCS) scheme]

(Effective from the academic year 2018 -2019)

SEMESTER – V

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MODULE 1 INTRODUCTION

Topics to be covered in this Module:

Management-Meaning, nature and characteristics of management, scope and functional areas of management, goals of management, levels 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 & 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 others by not performing the task by himself
- A person who is not a manager makes his contribution to the organizations goals directing by performing the task himself.

Four management activities included in this process are: **Planning, organizing, actuating and controlling.**

1. **Planning:** means thinking of their actions in advance.
2. **Organizing:** means that managers coordinate human and material resources of the organization.
3. **Actuating:** means that managers motivate and direct subordinates.
4. **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 organizations objectives.

- A manager also uses people and other resources such as finance equipment to achieve their goals.
- Management involves the act of achieving organizations objectives.

Description on Management Activities:

Planning 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 (which may be as long as five years), middle (shorter may be week) and supervisory.

Organizing and staffing 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 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 system 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.

Two types of motivation financial and nonfinancial

1. **Financial:** takes the form of salary, bonus, profit-sharing etc.
2. **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. 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 (not measurable and cannot be seen) 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 multidisciplinary and it has contributions from psychology, sociology, anthropology

Scope of the 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, stores 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:**I) 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.

(II) Informational roles:

Monitor must perpetually scan his environment for information interrogate his liaison and 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.

(III) Decisional roles:

- **Entrepreneur:** in this role the manager proactively looks out for innovation to improve the organization by means of means creating new ideas, development of new products or services or finding new uses for the old ones.
- **Disturbance handler:** must act like a fire-fighter 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:

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 democracies 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 wrung 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. Redefine 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. De-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
12. mindlessly reinforce the status quo. In the future, they must facilitate innovation and change.
13. Share the work of setting direction. 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.
14. 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.
15. 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.
16. Create a democracy of information. Companies need holographic information systems that equip every employee to act in the interests of the entire enterprise.
17. 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.
18. Expand the scope of employee autonomy. Management systems must be redesigned to facilitate grassroots initiatives and local experimentation.

19. 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.
20. Depoliticize decision-making. Decision processes must be free of positional biases and should exploit the collective wisdom of the entire organization.
21. Better optimize trade-offs. Management systems tend to force either-or choices. What's needed are hybrid systems that subtly optimize key trade-offs.
22. Further unleash human imagination. Much is known about what engenders human creativity. This knowledge must be better applied in the design of management systems.
23. Enable communities of passion. To maximize employee engagement, management systems must facilitate the formation of self-defining communities of passion.
24. 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.
25. 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.
26. Retrain managerial minds. Managers' traditional deductive and analytical skills must be complemented by conceptual and systems-thinking skills.

Levels of management:

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

First-line management: is made up of foreman and white collared supervisors.

Middle management: consists of vast and diversified group consisting plant managers, personnel managers and department heads.

Top management: consists of board chairman, the company presidents, and the executive vice presidents.

Managerial skills:

The manager is required to possess three major skills: Conceptual skill which deals with ideas, human relations skill which deals with people and technical skill which deals with things.

- Conceptual skill: 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.
- Technical skill: are managers 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.
- Human relations skill: 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 and 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.

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 and
 3. Results are cumulative and communicable
- Systematic means orderly and unbiased attempt to gain knowledge must be with the personal or other prejudgment
 - Inquiry being empirical means that it is not an armchair speculation or priory 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 repletion 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

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 practiced which makes us 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 organized 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 behaviour 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 and c) Bureaucracy

2.Neoclassical approaches represented by

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

3. Modern approaches represented by

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

1 a) 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 as 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 worker. 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 extent that labour and management would no longer have to compete for them and should sow common interest in increasing productivity.

Contributions and limitations of scientific management:

Contributions:

1. 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. Taylors 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. Taylors 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 produces 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 personal power.
- 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 perforators etc. the work in the manner desired.

3).Discipline:

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

Best means of maintaining discipline are

- i. good supervisors at levels
- ii. Clear and fair agreements between the employees 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:

Scalar chain means the hierarchy of authority from the highest executive to the lower stones for the purpose of communication and states superior-subordinate relationship and the authority of superiors 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 in security 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.

Initiative is one of the keenest satisfactions for an intelligent man to experience and hence managers are required to 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 use achieved through avoiding divide and rule motto and use 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 writers 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.

In this way many of these principles are full of contradictions and dilemmas.

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 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 organization 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.
 - a. Leader oriented: Administration is one in which there is no delegation of management functions and all employees serve as loyal subjects of a leader.
 - b. 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.
 - c. Bureaucratic oriented: is based on the persons 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.
 - d. Important features of Bureaucratic Administration:

1).Insistence on following standard rules:

There should not govern by the personnel preferences of the employer but it should be governed by the standard rules which provides equality in the treatment of subordinates and continuity and predictability of action.

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 on winning peoples 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 hawthorns 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.

Relay 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 six women workers, who were friendly with each other, were selected for the experiment, were told about the experiment, were made to work in a informal atmosphere with the supervisor 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.

Results: the researchers found that the production group 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.

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

(b).warm informality ,tension- free interpersonal and social relations amongst small groups and relative freedom from strict supervision and rules lead to these results (c)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 favourite 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 assemblies, to determine banks of telephone wiring assemblies, to determine the effect of informal group norms and formal economic incentives on productivity.

Results: Study revealed that group evolved its own production norms for each individual worker which were much lower than the 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 the group norm were isolated, harasses or punished by the group in the several ways and were called rate busters.

Those who were too slow were nicknamed as chisellers.

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.

Came 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 workers 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 co-workers.
4. Worker does not work for money only and also nonfinancial awards affect his behaviour 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 group and not the individual is the dominant unit of analysis in organizations.

Limitations:

1. It swings 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 groups 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.
2. Approach is in fact production oriented and not employee oriented as it claims to be.

Many of its techniques (running canteens, social groups) trick workers into false sense of happiness.

1. The leisurely process of decision making of this approach cannot work during emergency.
2. Makes an unrealistic demand on the superior and wants him to give up his desire.
3. Approach is based on wrong assumption that satisfied workers are more productive workers because attempts to increase output by improving working conditions and the human relations skills of a manager generally in the 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 structures 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 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.
- This may be because when a businessman's actions are not random arising as mere reaction to the market place
- Planning leads to success by doing beyond mere adaption to market fluctuations. With the help of a sound plan, management can act proactively and not simply react.
- It involves to attempt to shape the environment on the belief that business is not just the creation of environment but its creator as well.

3).Focus attention on the organizations goals:

- Planning helps the manger to focus attention on the organizations 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.
- It enables the manager to chalk out in advance an orderly sequence of steps for the realization of organizations goals and to avoid needless overlapping of activities.

4).Facilitates control:

- 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).Trains 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.

Forms of planning:

There are many forms and styles of planning, and planning practices are likely to vary from organization to organization.

- One useful way of classifying them is to distinguish between strategic planning and tactical planning.
- About Strategic planning involves deciding what the major goals of the entire organization will be and what policies will guide the organization in its pursuit of these goals and depends on the data collect in the outside the organization such as market analysis, estimates of costs, technological developments and so on and if the data being mostly imprecise make strategic planning less certain.
- About Tactical planning involves deciding specifically how the resources of the organization will be used to help the organization achieve these strategic goals. for example if the organization has prepared a ten- year strategic plan which envisages a profit rate of 25% on capital employed in the tenth year, it also necessary to prepare a more detailed tactical plan for the next year, with a specific target of 10% on the capital employed.

Strategic planning

Tactical planning that strategic planning being considered.

- 1).decides the major goals and policies of allocation of resources to achieve these goals
- 2).Done at higher levels of management. Middle managers sometimes not even aware
- 3).it is long term

Is generally based on long term forecasts about technology, political environment and is more uncertain is less detailed because it is not involved with the day to day operations of the organization decides the detail use of resources for achieving these goals is done at lower levels of management

4).it is short term

It is generally based on the past performance of the organization and is less uncertainly is more detailed because it is involved with the day-to-day operations of the organization

Types of plans:

- Plans are arranged in a hierarchy within the organization. At the top of this hierarchy stand objectives.
- Objectives are the broad ends of the organization which are achieved by means of strategies.
- Strategies in their turn are carried out by means of the two major groups of plans. Single use plans and standing plans.
- Single use plans are developed to achieve a specific end and when the end is reached the plan is dissolved.
- The two major types of plans are single use plans and standing plans. Single use plans on the other hand are designed for situations that recur often to justify the standardized approach.
- For example, it would be inefficient for a bank to develop a single use plan for processing a loan application for each new client. Instead it uses one standing plan that anticipates in advance whether to approve or turn down the request based on the information furnished, credit rating, etc. The major types of plans are policies, procedures, methods and rules.

Objectives:

- Are the goals of the organization which the management wishes the organization to achieve?
- These are the end points or pole-stars towards which all business activities like organizing, staffing, directing and controlling are directed.
- Only after having defined these end points can one determine the kind of organization, the kind of personnel and their qualifications, the kind of motivation, supervision and direction and the control techniques which he must employ to reach these points.

Objectives are the specific targets to be reached by an organization.

- They are the translation of the organization's mission into concrete terms against which the results can be measured.
- Example: 1) University decision to admit a certain number of students or the hospital's decision to admit a certain number of indoor patients.

Characteristics of the objectives:

Some of the important characteristics of the objectives are:

1).Objectives are multiple in numbers:

- Implies that every business enterprise has a package of objectives set out in various key areas.
- There are eight key areas in which objectives of performance and results are set which are (i) market standing (ii) innovation (iii) productivity(iv) physical and financial resources(v) profitability (vi) Manager performance and development (vii) worker performance(viii) attitude and public responsibility.

2).Objectives are either tangible or intangible:

- For some objectives such as in the areas of market standing, productivity, and physical and financial resources) there are quantifiable values available.
- Other areas of objectives are not readily quantifiable and are intangible, such as manager's performance, workers morale, public responsibility etc.

3).Objectives have priority:

- Implies that at one particular given point of time, the accomplishment of one objective is relatively more important than others.
- Priority of goals also says something about the relative importance of certain goals regardless of time.
- For example, the survival of organization is necessary condition for the realization of other goals.

4).Objectives are generally arranged in a hierarchy:

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

5).Objectives sometimes clash with each other:

- The process of breaking down the enterprise into units requires that objectives be assigned to each unit.
- Each unit is given the responsibility of attaining an assigned objective.

- The process of allocating objectives among various units creates the problem of potential goal conflict and sub optimization on, where in achieving the goals of one unit may put in risk of achieving the goals of the other.
- **Requirements of sound objectives:**
 - (i).**Objectives must be clear and acceptable:** The objectives must be clear and understandable amongst people which could be achieved by unambiguous communication, should be compatible with their individual goals.
 - (ii).**Objectives must support one another:** Objectives could interlock or interfere with one another which require the need for coordination and balancing the activities of the entire organization, otherwise its members may pursue different paths making it difficult for the manager to achieve the company's overall objectives.
 - (iii).**Objectives must be precise and measurable:** An objective must be spelled out in precise, measurable terms the reasons for which being
 - The more precise and measurable the goal, the easier it is to decide the way of achieving it.

6).Precise and measurable goals are better motivators of people than general goals.

7).Precise and general goals make it easier for lower level managers to develop their own plans for actually achieving these goals.

8.It is easier for managers to ascertain whether they are succeeding or failing if their goals are precise and measurable.

9).Objectives should always remain valid: Means that the manager should constantly review, reassess and adjust them according to the changed conditions.

Advantages of objectives:

The following are the benefits of objectives

- They provide a basis for planning and for develop ing other type of plans such as policies, budgets and procedures.
- They act as motivators for individuals and departments of an enterprise imbuing their activities with a sense of purpose.ult in undesirable com
- They eliminate haphazard action which may result in undesirable consequences.
- Facilitate coordinated behavior of various groups which otherwise may pull in different directions.

- Function as a basis for managerial control by serving as standards against which actual performance can be measured.
- They facilitate better management of the enterprise by providing a basis for leading, guiding, directing and controlling the activities of people of various departments.
- (vii) Lessen misunderstanding and other conflict and facilitate communication among people by minimizing jurisdictional disputes.
- Provide legitimacy to organizations activities.

Strategies:

A corporate strategy is a plan which takes these factors into account and provides optimal match between the firm and the environment.

Two important activities are involved in strategy formulation

1. Environmental appraisal
2. Corporate appraisal (i) Environmental appraisal:

(1). Political and legal factors:

An analysis of the relevant environment results in the identification of threats and opportunities.

Key environment factors which need to be studied are

- (a). Stability of the government and its political philosophy.
- (b). Taxation and industrial licensing laws
- (c). Monetary and fiscal policies
- d) Restrictions on capital movement, repatriation of capital, state trading etc.

(2) Economic factors

- (a). level of economic development and distribution of income
- (b). Trend in prices, exchange rates, balance of payments.
- (c). Supply of labour, raw, material, capital etc.

(3) Competitive factors:

- (a). Identification of principle competitors
- (b). Analysis of their performance and programmes in major areas
- (c). Antimonopoly laws and rules of competition
- (d). protection of patents, trademarks, brand names and other industrial property rights

(4) Social and cultural factors:

- (a) Literacy levels of population
- (b) religious and social characteristics
- (c) extent and rate urbanization
- (d) Rate of social change

(ii).Corporate appraisal:

- Involves the analysis of company's strengths and weaknesses.
- A company's strength may lie in outstanding leadership, excellent product design, low- cost manufacturing skill, efficient distribution, efficient customer service, personal relationship with customers, efficient transportation and logistics, effective sales promotion, high turnover of inventories and capital etc.
- The company must plan to exploit these strengths to the maximum. Similarly it may suffer from a number of weaknesses.

Standing plans:**Policies:**

- A policy is a general guideline for decision making which sets up boundaries around decisions including those that cannot be made and shutting out those that cannot.
- A policy can be considered as a verbal, written or implied overall guide setting up boundaries that supply the general limits and the direction in which ,managerial action takes place Policies suggest how to do the work.
- They do not dictate terms to subordinates and provide only a framework within which the decisions must be made by the management in different spheres.

Example:

- 1) Recruitment policy of a company is to recruit meritorious people through the employment exchange
- 2) Distribution policy of a fertilizer company is farmer oriented. Policies and objectives guide thinking and action, but with a difference. Objectives are end points of planning while policies channelize decisions to these ends.

Advantages of policies:

- 1).Policies ensure uniformity of action in respect of matters at various organizational points which make actions more predictable.
- 2).Policies speed up decisions at lower levels because subordinates need not consult their superiors frequently.
- 3).Makes it easier for the superior to delegate more and more authority to the his subordinates without being unduly concerned because he knows that whatever decision the subordinates make will be within the boundaries of the policies.
- 4).Policies give a practical shape to the objectives by elaborating and directing the way in which the predetermined objectives are to be attained.

Types of policies:

Can be classified on the basis of sources, functions or organizational levels

1).Classification on the basis of sources: three types originated, appealed, implied and imposed policies**(a).Originated policies:**

Are usually established formally and deliberately by top managers for the purpose of guiding of actions of their subordinates and also their own.

These policies are set out in print and embodied in manual.

(b).Appealed policies:

Are those which arise from the appeal made by a subordinate to his superior regarding the manner of handling a given situation and comes into existence because of the appeal made by the subordinate to the supervisor.

(c).Implied policies:

Are also policies which are stated neither in writing nor verbally? Such policies are called implied policies.

Only by watching the actual behaviour of the various superiors in specific situations can the presence of implied policy is ascertained.

(d).Externally imposed policies:

Are the policies which are imposed on the business by external agencies such as government trade associations, and trade unions.

Example: policy dictated by the government law.

2).Classification on the basis of functions:

On the basis of business functions, policies may be classified into production, sales, finance, and Personnel policies.

Every one of these functions has number of policies. For example:

Sales function may have policies relating to market.

Production function: may policies relating to the method of production, output, inventory, research.

Finance function: may have policies relating to capital structure, working capital, internal financing etc.

Personal function: may have policies relating to recruitment, training, working activities, welfare activities etc.

3).Classification on the basis of organizational level:

On this basis range from major company policies through major departmental policies to minor or derivative policies applicable to the smallest element of organization.

Procedures:

- Policies are carried out by means of more detailed guidelines called procedures.
- A procedure provides a detailed set of instructions for performing a sequence of actions involved in doing a certain piece of work.

The same steps are followed each time that activity is performed.

For example: the procedure for purchasing raw material may be

- (i) the requisition from the storekeeper to the purchasing department.
- (ii).Calling tenders for purchase of materials.
- (iii).placing orders with the suppliers who are selected
- (iv) inspecting the materials purchased by the inspecting department
- (v) Making payment to the supplier of materials by the accounts department.

Similarly, the procedure for the recruitment of personnel may be

- (i) Inviting applications through advertisement
- (ii).Screening the applications
- (iii).Conducting written test

- (iv).Conducting interview for those who have passed the written test and
- (v).Medical examination of those who are selected for the posts.

Procedures may also exist for conducting the meetings of directors and shareholders, granting loans to employees, issuing raw materials from the stores department, granting sick leaves to the employees, passing bills by the accounts department.

Policies

1. Are the general guidelines to both thinking and action of people at higher levels
2. Help in fulfilling the objectives of the enterprise.
3. Are generally broad and allow some latitude in decision making
4. Are often established without any study or analysis

Procedures

- 1 .Are the guidelines to action only usually for the people at the lower levels
2. Show us the way to implement policies
3. Are specific and do not show latitude.
4. Are always established after thorough study and analysis of work

Advantages and limitations of procedures:

Advantages:

- 1).They indicate a standard way of performing a task which ensures a high level of uniformity in performance in the enterprise.
- 2).they result in work simplification and elimination of unnecessary steps and overlapping
- 3) they facilitate the executive control over performance by laying down the sequence and timing of each task, executives dependence on the personal attributes of his subordinates is reduced
- 4) they enable employees to improve their efficiency by providing them with knowledge about their entire range of work.

Limitations:

- (1).By prescribing one standard way of performing a task, they limit the scope for innovation or improvement of work performance.
- (2).By cutting across department lines and extending into various other departments, they sometimes result in duplication, overlapping and conflict. These limitations can be overcome if the

management reviews and appraises the procedures periodically with an intention to improve them.

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.

There are many types of objectives managers may select: desired sales volume or growth rate, the development of a new product or service or even a more abstract goal such as becoming more active in the community.

The type of goal selected will depend on a number of factors: the basic mission of the organization, the value its managers hold and the actual and the potential abilities of the organization.

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 such as population trends, general economic conditions, production costs and prices, probable competitive behavior, capital and material availability and government control and so on.

Planning can be variously classified as under

- a. internal and external premises
- b. tangible and intangible premises
- c. controllable and non controllable premises

(a) .Internal and external premises

Premises may exist within and outside company.

- **Internal premises** include sales forecasts, policies and programmes of the organization, capital investment in plant and equipment, competence of management, skill of labor, etc.
- **External premises** can be classified into three different groups Business environment, factors which influence the demand for the product, and the factors which affect the resources available to the enterprise.

(b).Tangible and non-tangible premises:

- **Tangible premises:** those which can be quantitatively measured while
- **Intangible premises** are those which being qualitative in character and cannot be measured.
Tangible examples: population growth, industry demand, capital and resources invested in the organization are all tangible.
- **Intangible:** political stability, sociological factors, business and economic environment are all tangible.

(c).Controllable and non controllable premises:

- Some of the planning premises are controllable and some are non-controllable and because of the non-controllable factors there is need for the organization to revise the plans periodically in accordance with the current development.
- **Examples of uncontrollable factors:** strikes, wars, natural calamities, emergency, legislation etc.
- **Examples of controllable factors:** company's advertising agency, competence of management member's skill of the labour force, availability of resources in terms of capital and labour, attitude and behaviour of the owner's of the organization.

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.
- Business plans are made in some instances once for a year and plans are made for decades based on some logic and future thinking.
- 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.

Example: securing the technical knowhow by engaging a foreign technician or by training staff abroad.

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.

Limitations of planning:

1. Planning is expensive and time consuming process. it involves significant amount of money, energy and also risk without any assurance of the fulfilment of the organizations objectives
2. Sometimes restricts the organization to the most rational and risk free opportunities. Curbs the initiatives of the manager and forces him to operate within the limits set by it and sometimes cause delay in decision making in case of emergency.
3. Scope of planning is limited with rapidly changing situations.
4. Establishment of advance plans tends to make administration inflexible.
5. Example: business changes, change in government policy, may make the original plan lose its value.
6. Another limiting factor in planning is the formulating of the accurate premises.
7. Planning may sometimes face people's resistance to it.

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 relationships for the purpose of enabling people to work most effectively together in the accomplishment of their objectives.

Nature of organization:

1. An organization basically consists of group 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 aides in achieving financial, physical material and human resources.
6. Organizations are part of the larger environment and hence they are influenced by the external environment.
7. Organization helps in the realization of the plans made by the managers
8. It helps in nurturing and growing special skills and talents by the virtue of division of labor
9. It facilities seamless communication.

Purpose of an organization:

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

For example:

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

For non-profit organization the purpose the objective would be to serve the members of the committee in a productive manner

Types of organization:

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

Example: Firms engaged in manufacturing, trading, services etc

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

Example: Rotary club, Lions club, Orphanages, Charitable hospitals etc.

Principles of organization:

The principles of organization are as follows

1). Objectives:

- The objectives of the enterprise influence the organization structure and hence the objectives of the enterprise should first be clearly defined.
- Then every part of the organization should be geared to the achievement of these objectives.

2). Specialization:

- Effective organization must promote specialization.
- The activities of the enterprise should be divided according to functions and assigned to persons according to their specialization.

3). Span of control:

- As there is a limit to the number of persons that can be supervised effectively by one boss, the span of control should be as far as possible, the minimum.
- That means, an executive should be asked to supervise a reasonable number of subordinates only. 4)Exception :As the executives at the higher levels have limited time, only exceptionally complex problems should be referred and routine matters should be dealt with by the subordinates at lower levels.
- This will enable the executives at higher levels to devote time to more important and crucial issues.

5) Scalar Principle:

This Principle is sometimes known as the “chain of command”. The line of authority from the chief executive at the top to the first- line supervisor at the bottom must be clearly defined.

6).Unity of command:

Each subordinate should have only one superior whose command he has to obey. Multiple-subordination must be avoided for it causes Uneasiness, disorder, indiscipline and undermining of authority.

7).Delegation:

Proper authority should be delegated at the lower levels of manager of the organization also. The authority delegated should be equal to responsibility that is each manager should have enough authority to accomplish the task assigned to him. Inadequate delegation often results into multiplication of staff and service activity.

9) Responsibility:

The superior should be held responsible for the acts of his subordinates. No superior should be allowed to avoid responsibility by delegating authority to his subordinates

STAFFING: Nature and importance of proper staffing:**Definition of Staffing:**

The process of recruiting, retaining, developing and nurturing the workforce is called staffing

- 1).It helps in discovering talented and competent workers and developing them to move up the corporate ladder.
- 2).Ensures greater production by putting the right man in the right job.
- 3).It helps to avoid a sudden disruption of an enterprises production run by indicating shortages of personnel if any in advance.
- 4).Helps to prevent underutilization of personnel through over manning and the resultant high labour cost and low profit margins.
- 5).Provides information to management for the internal succession of managerial personnel in the event of unanticipated turnover.

Recruitment:

It is defined as the process of identifying the sources for prospective candidates and to stimulate them to apply for the jobs.

Sources of requirement:

- Can be broadly classified into two categories: internal and external

- Internal sources refer to the present working force of the company.
- Vacancies other than the lowest level may be filled by the existing employees of the company.

External sources of recruitment

1).Re-employing former employees: laid off employees or employees left due to personal reasons may be reemployed who may require less training compared to the strangers of the enterprise.

2).Friends and relatives of the present employees: personnel with a record of good relationships may be encouraged to recommend their friends and relatives for Appointment in the concern where they are employed.

3).Applicants at the gate: suitable unemployed employees who call at the gates of the factories or companies are called are interviewed by the factory or company personnel and those who are found suitable for the existing vacancies are selected.

4).College and technical institutes: many big companies remain in touch with the colleges and technical institutions to recruit young and talented personnel.

5).Employment exchanges: employment exchange set up by the government for bringing together those men who are in search of the employment and these who are in search of employment and those who are looking for men. Employment exchanges are considered a useful source for the recruitment of clerks, accountants, typists.

6).Advertising the vacancy: can be done by advertising the vacancy in leading newspapers which may be used when the company requires services of persons possessing certain special skills or when there is acute shortage of labour force.

7).Labour unions: persons are sometimes recommended for appointment by their labour unions.

Selection:

Steps in the selection procedure:

1).Job analysis: Is the process by means of which a description is developed of the present methods and procedures of doing a job, physical conditions in which the job is done, relation of the job to other jobs and other conditions of employment

2).Job description: The results of the job analysis are set down in job descriptions for production workers, clerical people and the first- line supervisors and managers also.

3).Job specification: A job specification is a statement of the minimum acceptable human qualities necessary to perform a job satisfactorily.

Commonly used selection procedure steps.

1). Application bank: Filling the application blank by the candidate is the first step in which the applicant gives relevant personal data such as qualification, experience, firms in which he has worked.

2).Initial interview: Selected personnel based on the particulars furnished in the application blank are called for the initial interview by the company which is the most important means of evaluating the poise or appearance of the candidate.

3).Employment tests: Are used for the further assessment of the candidate of his nature and abilities certain tests are conducted by the company. These are:

(i).**Aptitude test:** is used in finding out whether a candidate is suitable for clerical or a mechanical job which helps in assessing before training as how well the candidate will perform the job.

(ii).**Interest test:** is used to find out the type of work in which the candidate has an interest.

(iii).**Intelligent test:** used to find out the candidates intelligence and candidates mental alertness, reasoning ability, poor of understanding are judged.

(iv).**Trade or performance achievement test:** this test is used to measure the candidate's level of knowledge and skill in the particular trade or occupation in which all he will be appointed, in case he is finally selected. In this test the candidate is asked to do a simple operation of the proposed job.

Example: A candidate for a driver may be asked to drive to test his driving proficiency, a typist may be asked to type out some letters to find out his speed and efficiency. (v)**Personality test:** is used to measure those characteristics of a candidate.

4).Checking references: used to know about the important personal details about the candidate, his character, past history his background verified from the people mentioned in the application after selection and found satisfactory at the interview.

5).Physical or medical examination: is another step in selection procedure. The objectives of this examination are

- (i) to check the physical fitness of the applicant for the job applied for
- (ii) to protect the company against the unwarranted claims for compensation under certain legislative enactments.

6).Final interview: This interview is conducted for those who are ultimately selected for employment and the selected candidates are given an idea about their future projects within the organization.

Theories on the formation of informal groups:

1).Propinquity theory: Means that individuals affiliate to one another because of spatial or geographical proximity in an organization where employees who work in the same area or office become close to one another.

2).Similarity or balance theory: people with similar attributes, interests and work-related needs are attracted to one another where in the employees form union for fighting indiscriminate or unilateral treatment of the employer.

3).Complementarity theory: In this theory the people with complementary needs and/or abilities are attracted to one another.

4).Social comparison theory: individual suffers from the need of self-evaluation and he wants to test himself against other members to determine whether or not his ideas, opinions, and judgments correspond to those of others in the group.

5).Interaction theory: Group formation is the result of activities, interactions and sentiments and the more activities they share, the more numerous will be their interactions and the stronger will be their sentiments.

6).Exchange theory: Group formation is based upon reward-cost outcomes of interaction. Rewards from interactions gratify the needs while costs incur anxiety, frustration, fatigue or boredom.

Distinction between formal and informal organization:

Formal organization	Informal organization
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1) It is prescribed structure of roles and relationships	1) It is natural and spontaneous structure, arising out of the social tendency of people to associate and interact.
--	---

2) Its values goals and tasks are oriented towards	2) Values goals and tasks predominantly centre on individual and group productivity, efficiency, growth and so satisfaction, esteem, affiliation, on. Friendship.
--	---

3) Well defined in shape, majority of the	3) It is shapeless and there are a number
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Formal organizations being pyramid of multi-directional, intricate relationships Shaped. Which can be easily charted.

4) There is prescribed, mostly written reward and punishment and the punishment and rewards take the form of continues membership.	4) There is unwritten system of reward system of reward and punishment and the rewards can be monetary
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DEPARTMENT OF COMPUTER SCIENCE & ENGINEERING

MODULE -2 NOTES OF

Management, Entrepreneurship for IT industry -18CS51

[As per Choice Based Credit System (CBCS) scheme]

(Effective from the academic year 2018 -2019)

SEMESTER – V

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MODULE 2: DIRECTING AND CONTROLLING

Topics to be covered in this Module:

Directing and controlling- meaning and nature of directing, leadership styles, motivation theories.

Controlling- meaning, steps in controlling, methods of establishing control,

Communication- Meaning and importance,

Coordination- meaning and importance

DIRECTING AND CONTROLLING, COMMUNICATION, COORDINATION:

Definition:

- Means issuance of orders and leading and motivating subordinates as they go about executing orders Consists of the process and techniques utilized in issuing instructions and making certain that operations are carried on as originally planned.
- Is a vital in managerial function Is used to stimulate action by giving direction to his subordinates through orders and also supervise their work to ensure that the plans and policies achieve the desired actions and results
- To conclude direction is the process of utilizing the techniques in issuing instructions and making certain that operations are carried out on as originally planned.

Requirements or principles of effective direction:

a) Harmony of objectives:

- The goals of its members must be in complete harmony with the goals of an organization
- The manager must direct the subordinates in such a way that they that they perceive their goals to be in harmony with enterprise objectives.
- For Example, the company's profits may be associated with the employee's gains by giving additional bonus or promotion.

b) Unity of Command:

The subordinates must receive orders and instructions from one supervisor only the violation of which may lead to conflicting orders, divided loyalties and decreased personal responsibility for results.

c) Direct supervision

Every supervisor must maintain face-to-face contact with his subordinates which boosts the morale of the employees, increases their loyalty and provides them with feedback on how well they are doing.

d) Efficient Communication:

- Communication is an instrument of direction through which the supervisor gives orders, allocates jobs and explains duties and ensures performance.
- Is a two-way process which enables the superior to know how his subordinates feel about the company and how the company feels on a number of issues concerning them.
- In communication comprehension is more important than the content.

e) Follow-through:

Is an act of following through the whole performance of his subordinates to keep check on their activities, help them in their cat and point out deficiencies if any and revise their direction if required.

Leadership Styles:

Three leadership styles widely used:

1. Traits approach
2. Behavioural approach
3. Contingency approach

1. Traits approach:

- Trait is basically a character and deals with personal abilities and assumed to be God's gift and abilities are identified as mental and physical energy, emotional stability, knowledge of human relations, empathy, objectivity, personal motivation, communication skills, teaching ability, social skills, technical competence, friendliness and affection, integrity and faith, intelligence etc.
- Trait theories argue that leaders share a number of common personality traits and characteristics, and that leadership emerges from these traits.

- Early trait theories promoted the idea that leadership is an innate, instinctive quality that you either have or don't have.
- Now we have moved on from this approach, and we're learning more about what we can do as individuals to develop leadership qualities within ourselves and others.
- Traits are external behaviours that emerge from things going on within the leader's mind and it's these internal beliefs and processes that are important for effective leadership.

2. Behavioural approach:

Behavioural theories focus on how leaders behave.

There are three types of leaders:

- a) Autocratic leaders make decisions without consulting their teams. This is considered appropriate when decisions genuinely need to be taken quickly, when there's no need for input, and when team agreement isn't necessary for a successful outcome.
- b) Democratic leaders allow the team to provide input before making a decision, although the degree of input can vary from leader to leader. This type of style is important when team agreement matters, but it can be quite difficult to manage when there are lots of different perspectives and ideas.
- c) Laissez-faire leaders don't interfere; they allow people within the team to make many of the decisions. This works well when the team is highly capable and motivated, and when it doesn't need close monitoring or supervision. However, this style can arise because the leader is lazy or distracted, and, here, this approach can fail.

3. Contingency approach:

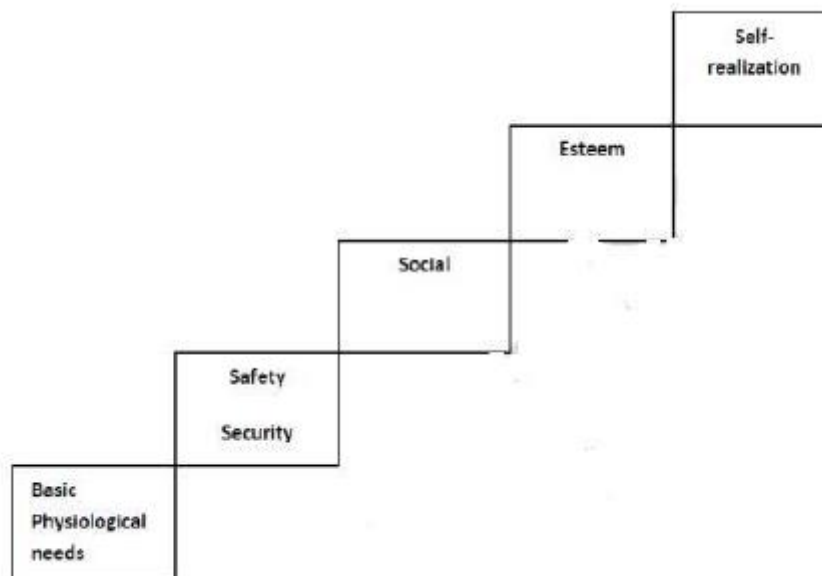
- Situation influencing good leadership
- The realization that there isn't one correct type of leader led to theories that the best leadership style is contingent on, or depends on, the situation.
- These theories try to predict which leadership style is best in which circumstance.

Motivation theories:

- 1) Maslow's need hierarchy theory
- 2) Herzberg's two factor theory
- 3) McClelland's achievement theory
- 4) Victor Vroom's Expectancy theory
- 5) Adams equity theory
- 6) Skinners behaviour modification theory

1) Maslow's need hierarchy theory:

An unsatisfied need is the basis for the motivation process and the starting point and begins the chain of events leading to behaviour as shown in the figure below.



- Order of priority of human needs begins with the person's unsatisfied need at the lowest level- identification of the need develops in the form of as goal which leads to the fulfilment of the need to achieve the goal.
- These needs are arranged in the form of a ladder of five successive categories as shown in the figure above.

a) **Physiological needs:**

Arise of the basic physiology of life like the need for food, water, air, etc. which must be at least satisfied partially for continued survival.

b) **Security needs:**

Needs to feel free from economic threat and physical harm which need protection from arbitrary lay-off and dismissal, disaster and avoidance of the unexpected.

c) **Egoistic needs:**

Egoistic needs are the needs which relate to respect and prestige the need for dominance for example, can be classified as self-esteem and esteem from others. Self-esteem is the need for worthiness of oneself and the esteem is the necessity to think others that he is worthy

d) Self-fulfilment needs:

Self-fulfilment needs are the needs to realize one's potential that is realizing one's own capabilities to the fullest-for accomplishing what one is capable of to the fullest. example a musician must make music etc.

According to Maslow, people attempt satisfy their physical needs first. as long as the needs are unsatisfied they dominate and after they become reasonably satisfied and progress to the next level and so on.

2) Herzberg's Two-factor theory:

Original study based on the research by Fredrick and Herzberg who interviewed 200 engineers and accountants and were asked about the good times and bad times they think about their jobs.

Out of these interviews two factors emerged called the

- a) Maintenance factors
- b) Motivators or satisfiers.

a) Maintenance factors (Factor 1)

- 1) Fair company polices and administration
- 2) A supervisor who knows the work
- 3) A good relationship with one's supervisor.
- 4) A good relationship with one's peers.
- 5) A good relationship with one's subordinates.
- 6) A fair salary
- 7) Job security
- 8) Personal life
- 9) Good working conditions
- 10) Status

a) Motivators or satisfiers (Factor 2)

- 1) Opportunity to accomplish something significant
- 2) Recognition for significant achievements
- 3) Chance for advancement
- 4) Opportunity to grow and develop on the job
- 5) Chance for increased responsibility
- 6) The job itself.

Some facts about the two factors:

- 1) Motivators are job centered
- 2) Maintenance factors are related working conditions and environmental conditions.
- 3) These two groups of factors are also known as intrinsic and extrinsic rewards.
- 4) These two sets of factors are unidirectional.

3) McClelland's need for achievement theory:

According to McClelland there are three important needs

- a) The need for affiliation
- b) The need for power
- c) The need for achievement

a) Need for affiliation:

Reflects desire to interact socially with people Concerned about the quality of an important personal relationship

b) The need for power:

Person having high need for power tries to exercise the power and authority Concerned with influencing others and winning arguments

c) The need for achievement (n Ach):

Has three distinct characteristics

- a. Preference in setting moderately difficult but potentially achievable goals
- b. Doing most things himself rather than getting them done by others and willing to take personal responsibility for his success or failure and does not want to hold responsible for it.
- c. Seeking situations where concrete feedback is possible.

4) Victor Vroom's Expectancy theory:

Works under conditions of free choice where an individual is motivated towards activity which he is most capable of rendering and which he believes has the highest probability of leading to his most preferred goal. The basic concepts of this theory are:

a) First and second level outcomes:

- ✓ Job related goals before an individual such as promotion, increase in salary, recognition, and praise and so on are called second level outcomes.

- ✓ Each second level outcome can be associated with a value called valence for each individual.
- ✓ The valence can be positive, negative or zero

Valence positive: individual wants to attain promotion

Valence negative: does not want to attain promotion

Valence zero: outcome towards which he is indifferent Second level outcomes can be achieved in different ways:

- ✓ promotion by leaving the organization, by absenting himself to show dissatisfaction, by joining a pressure group, by attending a training programme, or developing intimacy with the boss, by bribing somebody, by improving performance or by bribing somebody and so on.

b) Instrumentality:

- ✓ All first level outcomes have equal probability of leading the individual to the second level outcome the individual has subjective estimates of these probabilities ranging from - 1 to +1 which are called instrumentalities. -1 indicates a belief that second level outcome is certain without the first level outcome 0 indicates a belief that second level outcome is impossible without first level outcome 1 indicates a belief that second level outcome is certain with first level outcome
- ✓ These instrumentalities are helpful in determining the valence of each first-level outcome The valence of each first-level outcome is the summation of all products arrived by multiplying its instrumentalities with the related valences of the second level outcomes.

c) Expectancy:

- ✓ It is the probability estimate which joins the individual's efforts to first level outcome
- ✓ Expectancy values are always positive ranging from 0 to 1.

d) Motivation:

- ✓ Motivation is the multiplicative function of the valence of each first- level outcome (V1) And they believed expectancy (E) that given effort will be followed by a particular first level outcome, that is $M=f(V1 \cdot E)$

e) Adams equity theory:

- ✓ In this theory, Equity is defined as the ratio between The individual's job inputs (such as effort, skill, experience, education and seniority) to the job re wards (such as pay or promotion) it is believed that the individuals motivation, performance and satisfaction

will depend on his on his or her subjective evaluation of his or her effort/reward ratio and the effort/reward ratio of others in similar situations

f) Skinners behavior modification theory: (The theory developed by researches done by B.F Skinner.)

- ✓ The theory is believed and based on the behavior of the past circumstances which they have learnt that the certain behaviors associated with pleasant outcomes and certain other behaviors are associated with unpleasant outcomes.

Example: Obedience to authority leads to praise and disobedience leads to punishment.

- ✓ The consequences that increase the frequency of a behavior are positive reinforcement (praise or monetary rewards) or negative enforcement (A manager requiring all subordinates to attend early morning meetings if the performance falls below a certain desired level of the organization.

- ✓ Negatives of the above theory proposed: Avoids concern for the inner motivation of the

Individual. Skinners behaviour modification theory is criticized for two reasons

- I. Overemphasis of extrinsic rewards ignores the fact that people are better motivated by intrinsic rewards.
- II. The theory is unethical no manager has a right to manipulate and control his employee's behavior life.

➤ **Communication**

Communication means Exchange of opinions, facts ideas or emotions by two or more persons. The sum of all things what one does to create an understanding in the minds of others. Is the process of passing information, correct understanding and with right Interpretation from one person to another.

➤ **Importance of communication:**

- ✓ The importance of communication rose from the fact that earlier business was considered only a technical and formal structure.
- ✓ But by Hawthorne's experiments it was realized that every organization requires structure is a social system involving the interactions of the people working at different levels and proper communication is required to the goals of the organization, organizations existence from the birth to continuing

➤ **Coordination**

- ✓ Is the orderly synchronization or fitting together of the interdependent efforts of individuals to attain a common goal
- ✓ For example, in hospital the proper synchronization of the activities of the nurses, doctors, wards attendants and lab technicians to give a good care to the patient.
- ✓ Can be considered as an essential part of all managerial functions of planning, organizing, directing and directing if the manger performs these functions efficiently and expertly coordination is automatically generated and there remains no need for special coordination.

Coordination is required at every level of all managerial functions

- ✓ **In planning:** performs his function of planning by coordination of the interrelating the plans of various departments
- ✓ **In organizing:** coordination is required in grouping and various activities to subordinates and in creating department.
- ✓ **In directing:** coordination is required to take effect of his particular action will have on other departments and executives
- ✓ **In controlling:** coordination is required manger evaluates operations and checks whether performance is in conformity with the desired results.

➤ **Techniques of coordination:**

The following are the important techniques of coordination

a) Rules procedures and policies:

- ✓ Helps in coordinating the subunits in the performance of their Repetitive activities.
- ✓ Standard policies, procedures and policies are laid down to cover all possible situations
- ✓ If the breakdown of the above occurs more rules, regulations are required to be framed to take care of the breakdown

b) Planning:

- ✓ Ensures coordinated effort and targets of each department dovetail with the targets of all other departments.

Example: fixing the targets of the 10000 units of additional production and consequently the sales requires the coordination of the two departments respectively to meet the demands and achieve the target.

c) Hierarchy:

- ✓ Is the simplest device of achieving coordination by hierarchy or chain of command. By putting together independent units under one boss some coordination among their activities is achieved.
- ✓ Sometimes defective because makes individuals dependent upon, passive towards and subordinates to the leader.

d) Direct contact:

- ✓ Used to solve the problems created at the lower levels which affects the employees can be resolved by formal informal contacts to prevent overloading to top executives.

e) Task force:

- ✓ Temporary group made up of representatives from the same departments facing problems and exists as long as the problems lasts and each participant returns to normal tasks once the solution is reached

f) Committees:

- ✓ Arise due the fact when certain decisions consistently become permanent.
- ✓ These groups are labelled committees.
- ✓ This device greatly eases the rigidity of the hierarchical structure, promotes effective communication and understanding, of ideas, encourages the acceptance of commitment to policies and makes implantation more effective.

g) Induction:

- ✓ Of a new employee is a social setting of his work is also a coordinating mechanism.
- ✓ The device familiarizes the new employee with organizations rules and regulations dominant norms and behaviour, values and beliefs and integrates his personal goals with organizational goals.

h) Indoctrination:

- ✓ Device commonly used in religious and military organizations is another coordinating device which develops the desire to work together for a purpose. The major task of a leader being to build an organization can be succeeded by the

indoctrination and other means by converting the neutral body into a committed body

i) Incentives:

- ✓ providing independent units with an incentive to collaborate such as profit sharing plan is another mechanism.

j) Liaison departments:

- ✓ evolved to handle transactions and typically occurs between the sales and production departments.

k) Workflow:

- ✓ Is the sequence of steps by which the organization acquires inputs and transforms them into outputs and exports these to the environment which is largely shaped by the technological, economic and social considerations and helps them in coordination.