

UNIT I

Introduction to Management

Management is essential for organized life and necessary to run all types of management. Good management is the backbone of successful organizations. Managing life means getting things done to achieve life's objectives and managing an organization means getting things done with and through other people to achieve its objectives.

According to F.W. Taylor, "Management is an art of knowing what to do, when to do and see that it is done in the best and cheapest way"

Science or Art

Management is oldest of Art and Youngest of Science "Management is both a Science as well as an Art"

What is "Science"?

Science may be described- "as a systematic body of knowledge pertaining to an area of study and contains some general truths explaining past events or phenomena".

The above definition contains three important characteristics of science. They are

1. It is a systematized body of knowledge and uses scientific methods for observation
2. Its principles are evolved on the basis of continued observation and experiment and
3. Its principles are exact and have universal applicability without any limitation.

What is "Art"?

'Art' refers to "the way of doing specific things; it indicates how an objective is to be achieved." Management like any other operational activity has to be an art. Most of the managerial acts have to be cultivated as arts of attaining mastery to secure action and results.

The above definition contains three important characteristics of art. They are-

1. Art is the application of science. It is putting principle into practice.
2. After knowing a particular art, practice is needed to reach the level of perfection.
3. It is undertaken for accomplishing an end through deliberate efforts.

Difference between Entrepreneur and Manager

The term ‘entrepreneur’ is often contrasted with the term ‘manager’, as they are the key persons in an enterprise that help in the organisation, management, control and administration of the company. An entrepreneur is a person with an idea, skills, and courage to take any risk to pursue that idea, to turn it into reality. On the other hand, manager, as the name suggests, is the person who manages the operations and functions of the organization.

BASIS FOR COMPARISON	ENTREPRENEUR	MANAGER
Meaning	Entrepreneur refers to a person who creates an enterprise, by taking financial risk in order to get profit.	Manager is an individual who takes the responsibility of controlling and administering the organization.
Focus	Business startup	Ongoing operations
Primary motivation	Achievement	Power
Approach to task	Informal	Formal
Status	Owner	Employee
Reward	Profit	Salary
Decision making	Intuitive	Calculative
Driving force	Creativity and Innovation	Preserving status quo
Risk orientation	Risk taker	Risk averse

Types of Managers

Top-Level Managers

As you would expect, top-level managers (or top managers) are the “bosses” of the organization. They have titles such as chief executive officer (CEO), chief operations officer (COO), chief marketing officer (CMO), chief technology officer (CTO), and chief financial officer (CFO). A new executive position known as the chief compliance officer (CCO) is showing up on many organizational charts in response to the demands of the government to comply with complex rules and regulations.

Middle Managers

Middle managers have titles like department head, director, and chief supervisor. They are links between the top managers and the first-line managers and have one or two levels below them. Middle managers receive broad strategic plans from top managers and turn them into operational blueprints with specific objectives and programs for first-line managers. They also encourage, support, and foster talented employees within the organization.

First-Line Managers

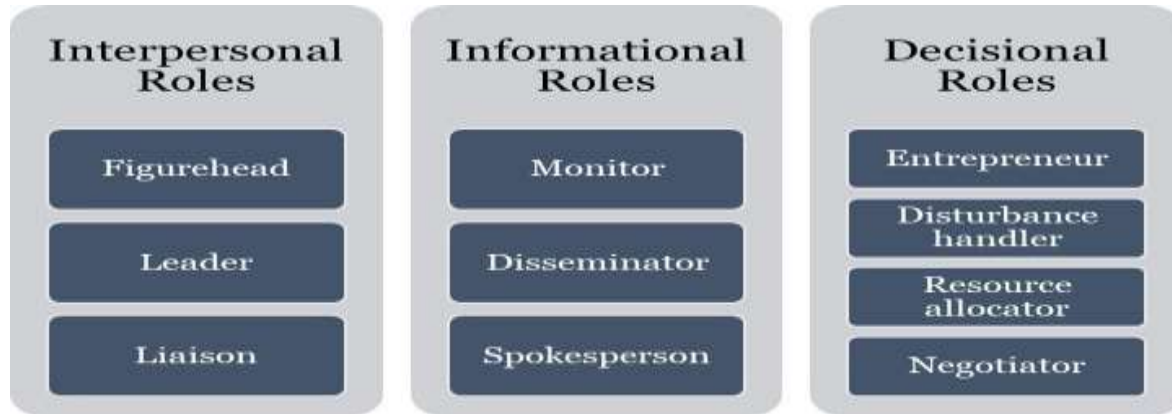
First-line managers are the entry level of management, the individuals “on the line” and in the closest contact with the workers. They may be called assistant managers, shift managers, foremen, section chiefs, or office managers. First-line managers are focused almost exclusively on the internal issues of the organization and are the first to see problems with the operation of the business, such as untrained labor, poor quality materials, machinery breakdowns, or new procedures that slow down production. It is essential that they communicate regularly with middle management.

Team Leaders

A team leader is a special kind of manager who may be appointed to manage a particular task or activity. The team leader reports to a first-line or middle manager. Responsibilities of the team leader include developing timelines, making specific work assignments, providing needed training to team members, communicating clear instructions, and generally ensuring that the team is operating at peak efficiency. Once the task is complete, the team leader position may be eliminated and a new team may be formed to complete a different task.

Managerial Roles

For better understanding, Mintzberg categorized all activities into ten managerial roles performed over the course of a day. These are as follows:



Interpersonal Roles

- Figurehead – includes symbolic duties which are legal or social in nature.
- Leader – includes all aspects of being a good leader. This involves building a team, coaching the members, motivating them, and developing strong relationships.
- Liaison – includes developing and maintaining a network outside the office for information and assistance.

Informational Roles

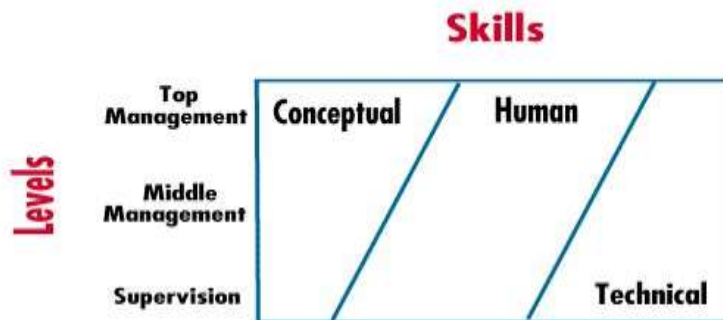
- Monitor – includes seeking information regarding the issues that are affecting the organization. Also, this includes internal as well as external information.
- Disseminator – On receiving any important information from internal or external sources, the same needs to be disseminated or transmitted within the organization.
- Spokesperson – includes representing the organization and providing information about the organization to outsiders.

Decisional Roles

- Entrepreneur – involves all aspects associated with acting as an initiator, designer, and also an encourager of innovation and change.

- Disturbance handler – taking corrective action when the organization faces unexpected difficulties which are important in nature.
- Resource Allocator – being responsible for the optimum allocation of resources like time, equipment, funds, and also human resources, etc.
- Negotiator – includes representing the organization in negotiations which affect the manager’s scope of responsibility.

Managerial Skills



Skill Distribution at Various Management Levels

Technical skills:

- Technical skills refer to the ability and knowledge in using the equipment, techniques and procedure involved in performing specific tasks.
- These skills require specialized knowledge and proficiency in the mechanics of a particular.
- Technical skills lose relative importance at higher levels of the management hierarchy, but most top executives started out as technical experts.

Human skills:

- Human skills refer to the ability of a manager to work effectively with other people both as individual and as members of a group.
- Human skills are concerned with understanding of people.
- These are required to win cooperation of others and to build effective work teams.

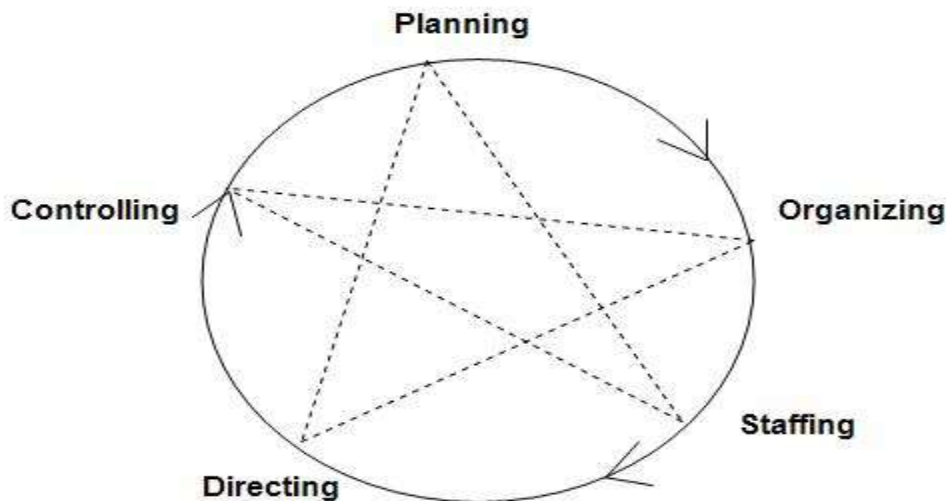
Conceptual skills:

- Conceptual skills involve the ability to see the whole organization and the interrelationships between its parts. These skills refer to the ability to visualize the entire picture or to consider a situation in its totality.
- These skills help the managers to analyze the environment and to identify the opportunities.
- Conceptual skills are especially important for top-level managers, who must develop long-range plans for the future direction of their organization.

Functions of Management

According to Henry Fayol, “To manage is to forecast and plan, to organize, to command, & to control”. Whereas Luther Gullick has given a keyword 'POSDCORB' where P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for reporting & B for Budgeting.

But the most widely accepted are functions of management given by KOONTZ and O'DONNELL i.e. Planning, Organizing, Staffing, Directing and Controlling.



Planning

It is the basic function of management. It deals with chalking out a future course of action & deciding in advance the most appropriate course of actions for achievement of pre-determined goals.

According to KOONTZ, “Planning is deciding in advance - what to do, when to do & how to do. It bridges the gap from where we are & where we want to be”. A plan is a future course of actions. It is an exercise in problem solving & decision making.

Organizing

It is the process of bringing together physical, financial and human resources and developing productive relationship amongst them for achievement of organizational goals.

Organizing as a process involves:

- Identification of activities.
- Classification of grouping of activities.
- Assignment of duties.
- Delegation of authority and creation of responsibility.
- Coordinating authority and responsibility relationships.

Staffing

It is the function of manning the organization structure and keeping it manned. Staffing has assumed greater importance in the recent years due to advancement of technology, increase in size of business, complexity of human behavior etc.

Staffing involves:

- Manpower Planning (estimating man power in terms of searching, choose the person and giving the right place).
- Recruitment, Selection & Placement.
- Training & Development.

- Remuneration.
- Performance Appraisal.
- Promotions & Transfer

Directing

It is that part of managerial function which actuates the organizational methods to work efficiently for achievement of organizational purposes. It is considered life-spark of the enterprise which sets it in motion the action of people because planning, organizing and staffing are the mere preparations for doing the work.

Direction has following elements:

- Supervision
- Motivation
- Leadership
- Communication

Controlling

It implies measurement of accomplishment against the standards and correction of deviation if any to ensure achievement of organizational goals. The purpose of controlling is to ensure that everything occurs in conformities with the standards. An efficient system of control helps to predict deviations before they actually occur.

According to Koontz & O'Donell "Controlling is the measurement & correction of performance activities of subordinates in order to make sure that the enterprise objectives and plans desired to obtain them as being accomplished". Therefore controlling has following steps:

- a. Establishment of standard performance.
- b. Measurement of actual performance.
- c. Comparison of actual performance with the standards and finding out deviation if any.
- d. Corrective action.

Principles of Management:

Henry Fayol, also known as the ‘father of modern management theory’ gave a new perception of the concept of management. He introduced a general theory that can be applied to all levels of management and every department. The Fayol theory is practised by the managers to organize and regulate the internal activities of an organization. He concentrated on accomplishing managerial efficiency.

The fourteen principles of management created by Henri Fayol are explained below.

1. Division of Work-

Henri believed that segregating work in the workforce amongst the worker will enhance the quality of the product. Similarly, he also concluded that the division of work improves the productivity, efficiency, accuracy and speed of the workers. This principle is appropriate for both the managerial as well as a technical work level.

2. Authority and Responsibility-

These are the two key aspects of management. Authority facilitates the management to work efficiently, and responsibility makes them responsible for the work done under their guidance or leadership.

3. Discipline-

Without discipline, nothing can be accomplished. It is the core value for any project or any management. Good performance and sensible interrelation make the management job easy and comprehensive. Employees good behaviour also helps them smoothly build and progress in their professional careers.

4. Unity of Command-

This means an employee should have only one boss and follow his command. If an employee has to follow more than one boss, there begins a conflict of interest and can create confusion.

5. Unity of Direction-

Whoever is engaged in the same activity should have a unified goal. This means all the person working in a company should have one goal and motive which will make the work easier and achieve the set goal easily.

6. Subordination of Individual Interest-

This indicates a company should work unitedly towards the interest of a company rather than personal interest. Be subordinate to the purposes of an organization. This refers to the whole chain of command in a company.

7. Remuneration-

This plays an important role in motivating the workers of a company. Remuneration can be monetary or non-monetary. However, it should be according to an individual's efforts they have made.

8. Centralization-

In any company, the management or any authority responsible for the decision-making process should be neutral. However, this depends on the size of an organization. Henri Fayol stressed on the point that there should be a balance between the hierarchy and division of power.

9. Scalar Chain-

Fayol on this principle highlights that the hierarchy steps should be from the top to the lowest. This is necessary so that every employee knows their immediate senior also they should be able to contact any, if needed.

10. Order-

A company should maintain a well-defined work order to have a favourable work culture. The positive atmosphere in the workplace will boost more positive productivity.

11. Equity-

All employees should be treated equally and respectfully. It's the responsibility of a manager that no employees face discrimination.

12. Stability-

An employee delivers the best if they feel secure in their job. It is the duty of the management to offer job security to their employees.

13. Initiative-

The management should support and encourage the employees to take initiatives in an organization. It will help them to increase their interest and make them worth.

14. Esprit de Corps-

It is the responsibility of the management to motivate their employees and be supportive of each other regularly. Developing trust and mutual understanding will lead to a positive outcome and work environment.

Principles of Scientific Management by Taylor:

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

1. Science, not the Rule of Thumb-

This rule focuses on increasing the efficiency of an organisation through scientific analysis of work and not with the 'Rule of Thumb' method. Taylor believed that even a small activity like loading paper sheets into boxcars can be planned scientifically. This will save time and also human energy. This decision should be based on scientific analysis and cause and effect relationships rather than 'Rule of Thumb' where the decision is taken according to the manager's personal judgement.

2. Harmony, Not Discord-

Taylor indicated and believed that the relationship between the workers and management should be cordial and completely harmonious. Difference between the two will never be beneficial to either side. Management and workers should acknowledge and understand each other's importance. Taylor also suggested the mental revolution for both management and workers to achieve total harmony.

3. Mental Revolution-

This technique involves a shift of attitude of management and workers towards each other. Both should understand the value of each other and work with full participation and cooperation. The aim of both should be to improve and boost the profits of the organisation.

4. Cooperation, not Individualism-

It is similar to 'Harmony, not discord' and believes in mutual collaboration between workers and the management. Managers and workers should have mutual cooperation and confidence and a sense of goodwill. The main purpose is to substitute internal competition with cooperation.

5. Development of Every Person to his Greatest Efficiency-

The effectiveness of a company also relies on the abilities and skills of its employees. Thus, implementing training, learning best practices and technology, is the scientific approach to brush up the employee skill.

Approaches of Scientific Management

Human Relations Approach



1. Human Relations

- Human relations management emerged in the 1920s and dealt with the human aspects of organizations.
- It has been referred to as the neo-classical school because it was initially a reaction to the shortcoming of the classical approaches to management.
- The human relations movement began with the Hawthorne studies.

Visual



There are four major phases to the Hawthorne studies:

- The illumination experiment: Tried to determine whether better lighting would lead to increased productivity.
- The real assembly group experiments
- The interviewing program and
- The bank wiring group studies.



Visual

System Approach

Following are the important features of systems approach to management thought:

1. System approach considers the organisation as a dynamic and inter-related set of parts. Each part represents a department or a sub-system. Each department has its sub-system. Continuous and effective interaction of sub-systems helps to attain goals of the larger system. Thus, every sub-system is a system and has sub-systems which together make an organisation a set of mutually dependent parts and their sub-parts.

2. It considers the impact of both near and distant future on organisational activities. Organisations constantly respond to changes in the internal and external environmental conditions. They also act as market leaders in the dynamic, competitive environment.

Contingency Approach

The 'Contingency Approach to Management' is relatively a new approach to management. It is an extension of the system approach. The basic idea of the contingency approach is that the organisation has to come up with different situations in different ways. There is no single best way of managing applicable to all situations.

In order to be effective, the internal functioning of an organisation must be consistent with the demands of the external environment. The managers must keep the functioning of an organisation in harmony with the needs of its members and the external forces.

Corporate Social Responsibility Definition:

Corporate Social Responsibility (CSR) is a type of business self-regulation norms, which are designed and integrated with business model of the company. CSR focuses on the ethical behavior of business. It promotes transparency in conversation among the actors of the company: customers, suppliers, shareholders, banks, insurers, also local residents, governments, communities, associations, etc. CSR translates into ethical and transparent behavior which contributes to the sustainable development, including health and welfare of the society, is integrated throughout the Organization and implemented in its relations.



Organizational culture

Organizational culture is the collection of values, expectations, and practices that guide and inform the actions of all team members. Think of it as the collection of traits that make your company what it is. A great culture exemplifies positive traits that lead to improved performance, while a dysfunctional company culture brings out qualities that can hinder even the most successful organizations.

Qualities of a great organizational culture

- **Alignment** comes when the company's objectives and its employees' motivations are all pulling in the same direction. Exceptional organizations work to build continuous alignment to their vision, purpose, and goals.

- **Appreciation** can take many forms: a public kudos, a note of thanks, or a promotion. A culture of appreciation is one in which all team members frequently provide recognition and thanks for the contributions of others.

Trust is vital to an organization. With a culture of trust, team members can express themselves and rely on others to have their back when they try something new.

Performance is key, as great companies create a culture that means business. In these companies, talented employees motivate each other to excel, and, as shown above, greater profitability and productivity are the results.

- **Resilience** is a key quality in highly dynamic environments where change is continuous. A resilient culture will teach leaders to watch for and respond to change with ease.

- **Teamwork** encompasses collaboration, communication, and respect between team members. When everyone on the team supports each other, employees will get more done and feel happier while doing

Integrity, like trust, is vital to all teams when they rely on each other to make decisions, interpret results, and form partnerships. Honesty and transparency are critical components of this aspect of culture.

- **Innovation** leads organizations to get the most out of available technologies, resources, and markets. A culture of innovation means that you apply creative thinking to all aspects of your business, [even your own cultural initiatives](#).

- **Psychological safety** provides the [support employees need](#) to take risks and provide honest feedback. Remember that psychological safety starts at the team level, not the individual level, so managers need to take the lead in creating a safe environment where everyone feels comfortable contributing. Now that you know what a great culture looks like, let's tackle how to build one in your organization.

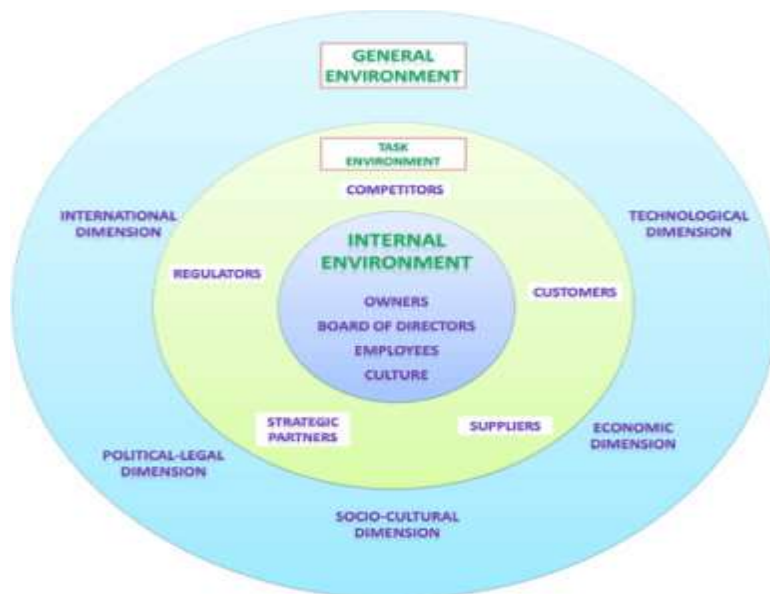
Organizational environment

Organizational environment denotes internal and external environmental factors influencing organizational activities and decision making. Every organization, whether business or non-business, has its environment. The organizational environment is always dynamic and ever-changing.

Types of Organizational Environment

Internal environment

The internal environment generally consists of those elements that exist within or inside the organization such as physical resources, financial resources, human resources, information resources, technological resources, organization's goodwill, corporate culture



External Environment

The external environment embraces all general environmental factors and an organization's specific industry-related factors. The general environmental factors include those factors that are common in nature and generally affect all organizations.

Managers have to continuously read signals from the external environment to spot emerging opportunities and threats. The external environment presents opportunities for growth leadership, and market dominance, it also poses the threat of obsolescence for products, technology, and markets.