

Unit – I – Over View Of Management

Management

- as how the mind controls the human body and its function similar management (mind) controls the various activities (human body) in the Organisation
- Collection of physical equipments, 4 M's in Organisation – Men, Machine, Materials, Money, and leads to nothing. For efficient and profitable functioning it is necessary that all these factors are put to work in a co-ordinated manner.

Management Definition

Management is the art of getting things done through others. Harold Koontz Def as “ Management is the process of designing and maintaining an environment in which individuals, working together in groups efficiently to accomplish selected aims”

- Managers carry out their managerial function
- Applies to any kind of Organisation
- Applies to managers at all Organisational levels
- Aim is to create a surplus
- Concerned with productivity, implies effectiveness and efficiency
- Mgt of 4 M's in the Orgn – Men, Machine, Materials & money

Characteristics of Management

- Mgt is Universal
- Mgt is dynamic
- Mgt is a group of managers
- Mgt is Purposeful
- Mgt is goal oriented
- Mgt is integrative Function
- Mgt is a Social process
- Mgt is a Multi-faceted discipline
- Mgt is a continuous process
- Mgt is a system of authority

- Mgt is a resource
- Mgt is intangible
- Mgt is profession, an art as well as a science

ADMINISTRATION VS MANAGEMENT

Basis of Distinction	Administration	Management
Policy and objectives	Determination of objectives & policies	Implementation of Policies
Main Functions	Legislative & determination function	Executive Function
	Planning, Organising staffing	Directing, Motivating, Coordinating Controlling
	Provides a sketch of the enterprise	Provides the entire body
Influence	Influenced mainly by public opinion & other outside force	Influenced mainly by administrative function
Levels of Management	Mainly top level function involves thinking & planning	Mainly middle level function involves doing and acting
Level of Executives	Owners/ Board of Directors	MD, GM & Managers
Position	Acts as a principal	Acts as an agency
Knowledge	Requires more admin ability	Requires more technical

	than technical ability	ability than admin ability
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Management as an Art

The main elements of an art are –

- Personal Skills
- Practical know-how
- Application of knowledge
- Result orientation
- Creativity
- Constant practice aimed at perfection

Management is basically an art because of the following reasons –

- A manager applies his knowledge and skills to coordinate the efforts of his people
- Mgt seeks to achieve concrete practical results
- Mgt is creative. It brings out new situation and converts into output
- Effective Mgt lead to realization of Organizational and other goals. Mastery in Mgt requires a sufficiently long period of experience in, managing.

Management as Science

The essential elements of Science

- Systematised body of Knowledge
- Underlying principles and theories developed through continuous observation, inquiry, experimentation and research.
- Universal truth and applicability.
- Organised body of knowledge can be taught and learnt in class room and outside.
- Mgt is a social science. It contains all the essentials of science. It is an inexact science.
- PERT, CPM, Cost A/C, Finance, MBO etc

Thus, the theory (Science) and practice (art) of Mgt go side by side for the efficient functioning of an organisation.

Management as a Profession

The essential attribute of a profession

- A well-defined and organised body of knowledge
- Learning and Experience
- Entry restricted by qualification
- Recognised national body
- Ethical code of conduct
- Dominance of service motive

Mgt is not a full fledged profession now due to the following shortcomings

- Skills not fully developed
- No uniform method of entry
- Objective is monetary rather than service
- Ethical code is not strict
- Associations are not statutory bodies

But in India it is developing into a profession and it will be achieved in due course.

Managerial Skills

- Conceptual skills
- Human Skills
- Technical Skills
- Design Skills – Decision making

Need for Management

1. To increase efficiency
2. To crystallize the nature of Mgt job
3. To improve research in Mgt
4. To attain social goals

Levels of Management

1. Top Level Mgt –

Board of Directors, MD, Owners, Chief Executives

- To analyse, evaluate and deal with th environmental forces
- To establish overall long term goals and broad policies of the company including the master budget
- To appoint departmental and other key executives
- To represent the company to the outside world
- To coordinate the activities and efforts of different department

2. Middle Level Mgt –

Sales Executives, Production Executives, Production executives etc.

- To interpret and explain the policies framed by top management
- To compile and issue detailed instruction regarding operations
- To Cooperate among themselves so as to integrate various parts of the division or a department
- To motivate supervisory personnel to work for Orgn goals
- To develop and train supervisory and operative personnel.

3. Supervisory / Operating / Lower Level Mgt –

Superintendents, Branch managers, General Foremen

- To plan day to day production within the goals lay down by higher authority
- To assign jobs to workers and to make arrangement for their training and development
- To supervise and control workers and to maintain personal contact with them.

Roles of a manager (Mintzberg)

1. **Interpersonal Role** - Interacting with people inside and outside the Orgn
 - **Figurehead** – as a symbolic head of an organisation, the manager performs routine duties of a legal nature
 - **Leader** – Hiring, Training, motivating and guiding subordinates
 - **Liason** - Interacting with other managers outside the orgn to obtain favours and information

2. **Informational Role** – Serving as a focal point for exchange of Information
 - **Monitor** – Seeks and receive information concerning internal and external events so as to gain understanding of the Orgn and its environment.
 - **Disseminator** – Transmits information to subordinates, peers and superiors within the Organisation
 - **Spokesperson** – Speaking on behalf of the Orgn and transmitting information on Orgn plans, policies and actions to outsiders.

3. **Decisional Role** – Makes important decision
 - **Entrepreneur** – Initiating changes or improvements in the activities of the Orgn
 - **Disturbance handler**- Taking charge and corrective action when Orgn faces unexpected crises
 - **Resource allocator** – Distributing Orgn’s resources like money, time, equipment and labour
 - **Negotiator** – Representing the Orgn in bargaining and negotiations with outsiders and insiders

Importance of Management

Management is the dynamic life –giving element in every business. Without it the resources of production remain resources and never become production. Sound Management provides the following benefits .

- Achievement of group goals

- Optimum utilization of resources
- Fulfillment of social obligations
- Economic growth
- Stability
- Human Development
- Meets the challenge of change

Classification of managerial Functions

Functions	Sub Functions
Planning	Forecasting, decision making, strategy formulation, policy making, programming, scheduling, budgeting, problem-solving, innovation, investigation and research.
Organising	Grouping of Functions, Departmentation, delegation, decentralisation, activity analysis, task allocation
Staffing	Manpower planning, job analysis, Recruitment, Selection, Training, Placement, Compensation, Promotion, appraisal, etc.
Directing	Supervision, Motivation, communication, Leadership, etc
Controlling	Fixation of standard, recording, measurement, reporting corrective action.

Evolution of Management

Father of Management – Henry Fayol (1841 – 1925)

Henry Fayol contributed 14 principles to Mgt which is widely applied in all the Orgn

1. Division of Work
2. Authority and Responsibility

3. Discipline
4. Unity of Command
5. Unity of Direction
6. Subordination of individual interest to general interest
7. Remuneration of personnel
8. Centralisation
9. Scalar Chain
10. Order
11. Equity
12. Stability of Tenure of Personnel
13. Initiative
14. Esprit-de-corps

Critical Evaluation

- Too formal
 - Not pay adequate attention to workers
 - Vagueness
 - His principle hinted but did not elaborate that mgt can and should be taught.
- Despite these limitations, Fayol made a unique and outstanding contribution to Mgt theory.

Scientific Management

Father of Scientific Management F.W. Taylor (1856 –1915)

“The art of knowing exactly what you want men to do and see that they do it in the best and cheapest way.”

Mgt a Science based upon certain clearly defined principles

Principles of Scientific Management

- ◆ Science not rule of thumb
- ◆ Harmony not discord
- ◆ Co-operation not individualism
- ◆ Maximum output in place of restricted output

- ◆ Development of each individual to his greatest efficiency and prosperity
- ◆ Mental Revolution – Workers and Management, Workmen towards their work, their fellowmen and towards their employees. Mental attitude of the two parties.

Techniques of Scientific Management

1. Time Study
2. Motion Study
3. Scientific task Planning
4. Standardization and simplification
5. Differential piece rate system
6. Functional foremanship – According to Taylor, one supervisor cannot be an expert in all aspects of work supervision. In system of Functional Foremanship in which eight supervisors supervise a workers job.
 - i. Route Clerk
 - ii. Instruction card clerk
 - iii. Time and cost clerk
 - iv. Shop disciplinarian
 - v. Gang boss
 - vi. Speed boss
 - vii. Repair boss
 - viii. Inspector

Critical Evaluation

- Mechanistic Approach
- Unrealistic Assumptions
- Narrow View
- Impracticable
- Exploitation of Labour

George Elton Mayo (1880 – 1949)

Hawthorne Experiments

1. **Illumination Experiments** (illumination affected Productivity)
2. **Relay assembly Test room Experiments** (Working conditions and Productivity), piece work, rest pauses, shorter working hours,
3. **Mass interviewing Programme** (Direct Questions), Grievances, deep rooted disturbance, satisfactory level

Outcomes

- Workers working in a group develop bond of relationships
- Behaviour at workplace depends on their mental state, emotions and prejudices
- Emotional factors play an important role in determining
- Human and liberal attitude of supervisor helps in improving performance
- Managerial skills and technical skills are not necessary to be a successful leader.
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HENRY LAURENCE GANTT (1861 -1919)

- Contribution was famous, Gantt Chart, used for scheduling and control of work.
- Task and Bonus plan (Minimum wages is guaranteed to all workers irrespective of output, Extra wages are paid for extra work)

FRANK BUNKER GILBRETH (1868 – 1924)

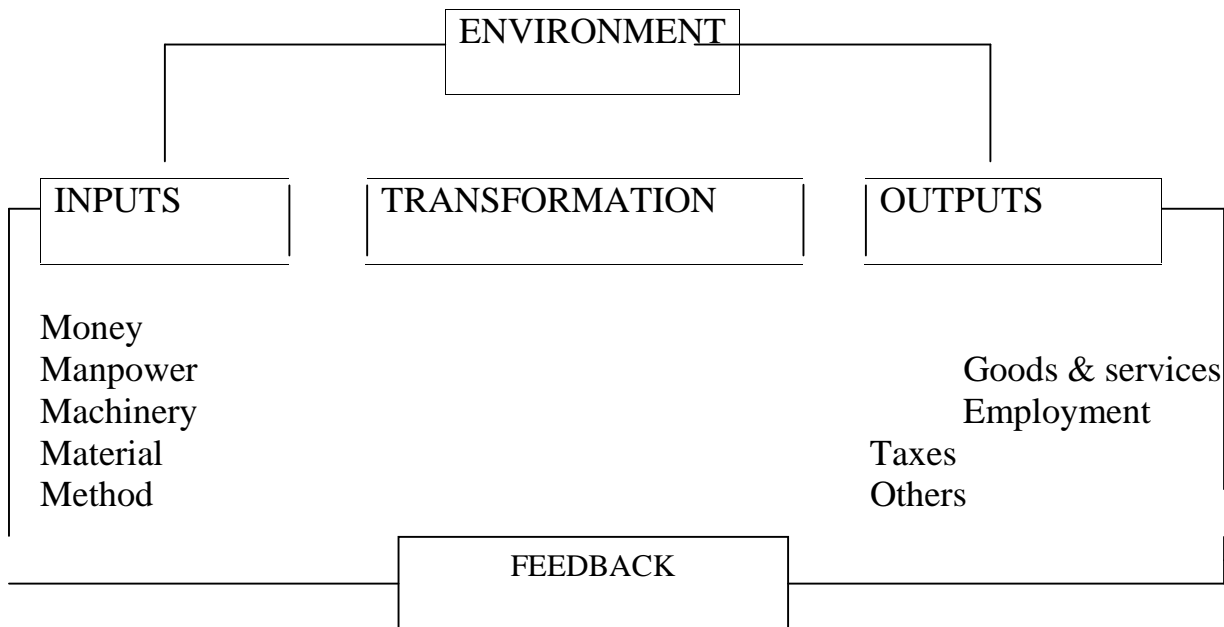
- Motion study, time study
- Fatigue Study
- Work Simplification – 3 positional promotion plan (present position, the position to be held before promotion to his present position and the next higher position)

APPROACHES TO MANAGEMENT

Modern management has developed through several stages or approaches.

These approaches to the study of management may be classified as under:

1. Classical Approach
2. Behavioral Approach
3. Management Science Approach
4. System Approach
5. Contingency Approach



Systems approach is an improvement over classical and neoclassical theories as it is closer to reality. The traditional theorists viewed organization as a closed system while modern theorists treat it as open system. The system approach highlights the multidimensional and multidisciplinary nature of management. It takes much wider and overall perspective of organizational functioning.

SOCIAL RESPONSIBILITY AND ETHICS

SOCIAL RESPONSIVENESS – The ability of a corporation to relate its operations and policies to the social environment in ways that are mutually beneficial to the company and to society.

- Reaction or proaction
- The role of government
- The influence of values and performance
- Criteria on behaviour

Def . Peter Drucker “ Social Responsibility requires managers to consider whether their action is likely to promote the public good, to advance the basic beliefs of our society, to contribute to its stability, strength and harmony.”

The Social Audit

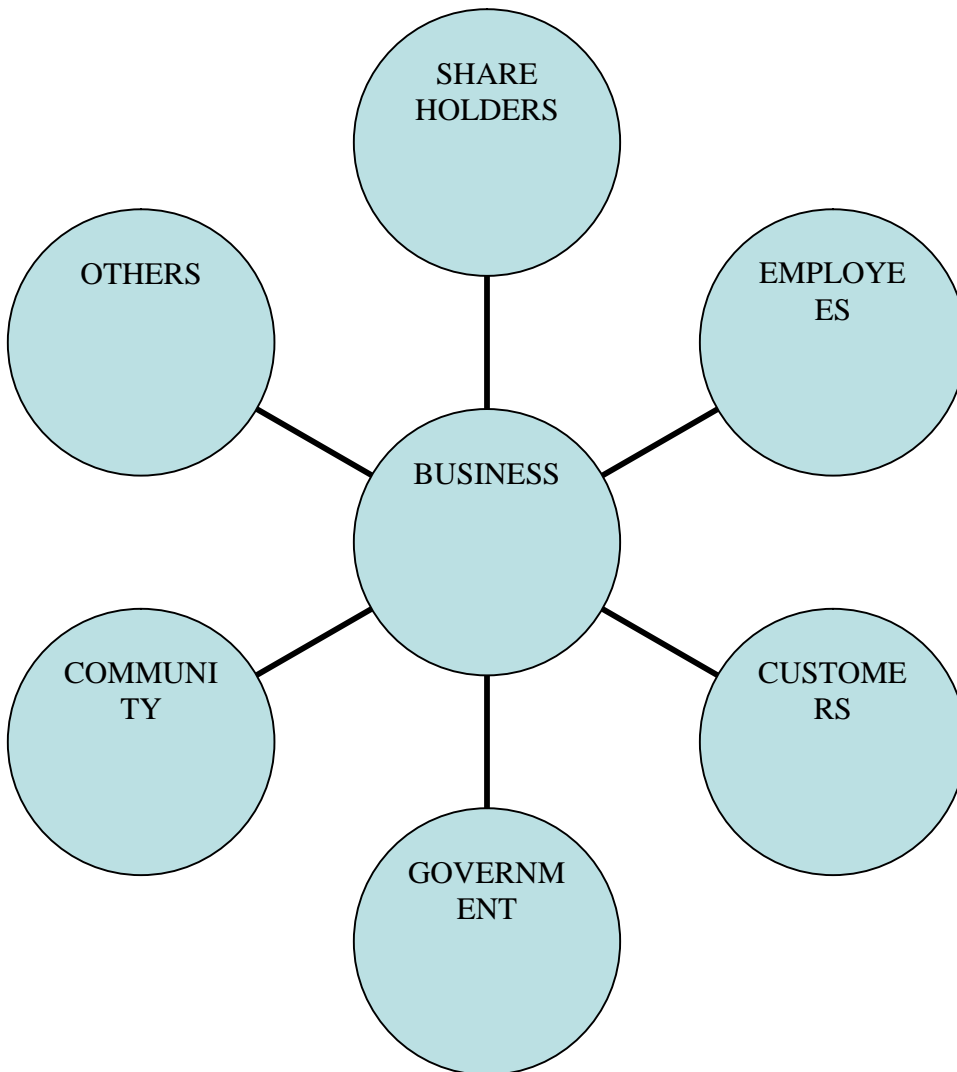
The Social audit has been defined as “ a commitment to systematic assessment of and reporting on some meaningful, definable domain of company’s activities that have social impact.”

Society has become increasingly aware of the interdependence between the business and its environment. As business grow in size and power, society expects more from them several forces have led to the development of the concept of social Responsibility. Some of the forces are -

- Consumerism
- Trade Union
- Public Opinion
- Enlightened Self Interest
- Professionalisation
- Trusteeship

Responsibility of business to perform its basic economic function of producing and supplying products and services in the most efficient manner so as to maximize profits.

Social Responsibility of Business



Ethics in Managing

- Ethics is defined as the discipline dealing with what is good and bad, with moral duty and obligation.

- Personal Ethics has been referred to as “ the rules by which an individual lives his or her personal life.

- Accounting ethics pertains to the code that guides the Professional conduct of accountants.

Business Ethics is concerned with truth and justice and has a variety of aspects such as expectations of society, fair competition, advertising, public relations, Social

responsibilities, Consumer autonomy and Corporate behaviour in the home country as well as abroad.

Ethical Theories

- Utilitarian Theory suggests that plans and actions should be evaluated by their consequences.
- Theory based on rights holds that all people have basic rights.
- Theory of justice demands that decision makers be guided by fairness and equity, as well as impartiality.

Institutionalizing Ethics

This means applying and integrating ethical concepts into daily action. This can be accomplished in 3 ways-

1. By establishing appropriate company policy or a code of Ethics
2. By using a formally appointed ethics committee
3. By teaching ethics in Management development programs

A code is a statement of Policies, principles, or rules that guide behaviour.

The functions of Ethics Committee includes-

1. holding regular meeting to discuss ethical issues
2. dealing with gray areas
3. Communicating the code to all members of the Organization
4. Checking for possible violations of the Code
5. Enforcing the Code
6. Rewarding compliance and punishing violations
7. Reviewing and updating the code
8. reporting activities of the committee to the board of directors

Factors that raise Ethical Standards

1. Public disclosure and publicity
2. The increased concern of a well informed public.

Globalisation

Globalization means covering or affecting the whole world. It means integration of the domestic economy of a country with the international economy. Recent developments in information and communication technology have accelerated the pace of globalization.

- Globalisation means the internationalization of trade. Particularly product transaction and the integrating of economic and capital markets throughout the world.
- The integration takes place when trade exists freely among the different countries, thus the world economy becomes a single market or single economy.
- In globalization there is no restriction of quota, license, tariff and other administrative barrier for trade.

The term globalization has four parameters:

- Reduction of trade barriers, so as to permit free flow of goods across national frontiers.
- Free flow of capital among nations.
- Free flow of technology among nations.
- Free movement of labour among different countries of the world.

Benefits of Globalisation

- Improves efficiency
- Improves factor Income
- Improves finance
- Gains from Migrations

Drawbacks of Globalisation

- Globalisation increases the problems of unemployment
- Domestic Industries finds difficulty in survival.
- Only group of people who participate in the process of Globalization will be benefited, this creates income inequality within the country
- Control on domestic economy becomes more difficult
- Developing country suffers from the problem of brain-drain

International Business

- Involves commercial activities that cross national frontiers

- It is a process of Entrepreneur conducting business activities across national boundaries
- It consist of Exporting, Importing, licensing, opening of Sales office
- The activities necessary for ascertaining the need and want of target consumer often takes place in more than one country. When an Entrepreneur executes his or her business model in more than one country International Business Occurring.

Entry into International Business

The method of entering or engaging in International Business can be divided into three categories

1. Exporting

- Indirect Exporting
- Direct Exporting

2. Non Equity arrangement – Doing international business through an arrangement that does not involve any investments.

- Licensing - allowing someone else to use something of the company's in return for the payment of royalty
- Turn key Projects – A foreign Entrepreneur build a factory or other facility, training the workers, train the management and then turn it over to the local owners once the operation is completed, hence the name turn key operation
- Management Contracts – Contracting management techniques and skills. The management contracts allow the purchasing country to gain foreign expertise without giving ownership of its resources to a foreigner.

3. Direct Foreign Investments – preferred mode of ownership

- Minority Interest – Having less than 50% Ownership Position
- Joint Ventures – Merger of two companies.

Globalization in India

Some major aspects of the policy of globalization in India are:

i) Liberalisation of imports:

Most imports has been put under open general licence (OGL) where automatic permission is granted to import goods. Export oriented units (EOUs) have been allowed to import freely all types of goods require by the unit for manufacturing, production or processing. The Government in it's trade policy announced on 31st August 2004 has permitted import of second hand capital goods without any age restrictions.

ii) Export promotion through rationalization of tariff structure:

Tariff structure refers to the pattern of custom duties levied on the imports of various commodity groups. The government initiated the process of tariff reduction in 1991, to bring our tariff rates in line with the other developing countries: making Indian goods competitive in the world market. High quality and low cost goods can offer competition in the world market and improve India's exports.

iii) Foreign direct investment:

iv) Foreign technology: