

1. PRINCIPLES OF MANAGEMENT

1.1 Definition of Management

Management is a universal phenomenon. Every individual or entity requires setting objectives, making plans, handling people, coordinating and controlling activities, achieving goals and evaluating performance directed towards organizational goals. These activities relate to the utilization of variables or resources from the environment – human, monetary, physical, and informational.

Human resources refer to managerial talent, labor (managerial talent, labor, and services provided by them), monetary resources (the monetary investment the organization uses to finance its current and long-term operations), physical resources (raw materials, physical and production facilities and equipment) and information resources (data and other kinds of information). Management is essentially the bringing together these resources within an organization towards reaching objectives of an organization.

Management has been defined by various authors/authorities in various ways. Following are few often-quoted definitions:

Management **guru, Peter Drucker**, says the basic task of management includes both marketing and innovation. According to him, “Management is a multipurpose organ that manages a business and manages managers, and manages workers and work.”

Harold Koontz defined management as “the art of getting things done through and with people in formally organized groups.”

“Management is the process of designing and maintaining of an environment in which individuals working together in groups efficiently accomplish selected aims”.

and weihrich

“Management is the art of knowing what you want to do and then seeing that it is done in the best and cheapest way.”

F.W.Taylor

All these definitions place an emphasis on the attainment of organizational goals/objectives through deployment of the management process (planning, organizing, directing, etc.) for the best use of organization's resources. Management makes human effort more fruitful thus effecting enhancements and development.

Management is the process of planning, organizing, leading, and controlling an organization's human, financial, physical, and information resources to achieve organizational goals in an efficient and effective manner.

The principles of management are the means by which a manager actually manages, that is, get things done through others—individually, in groups, or in organizations. Formally defined, the principles of management are the activities that “plan, organize, and control the operations of the basic elements of [people], materials, machines, methods, money and markets, providing direction and coordination, and giving leadership to human efforts, so as to achieve the sought objectives of the enterprise.”

Management has drawn most of its principles and concepts from various disciplines such like economics, statistics, psychology, sociology and anthropology etc.,

1.2 Management --- Science or an Art

What is science?

The following characteristics are essential for a subject to be recognized as a science.

- The existence of a systematic body of knowledge with array of principles.
- Based on scientific enquiry.
- Principle should be verifiable.
- Reliable basis for predicting future events.

Management as a discipline fulfills the science criterion. The application of these principles helps any practicing manager to achieve the desired goals. Management is a dynamic subject in that it has heavily from economic, psychology, sociology, mathematics and engineering. Management is multi-disciplinary in nature.

Science classified in to two types.

There are exact science and inexact science.

Exact science where the results are accurate. In the case of management it is an inexact science.

Management is inexact science because

□□ Every organizations human resources are different attitudes, aspirations and perceptions. So standard results may not be obtained.

□□ Ready-made and standard solutions cannot be obtained.

□□ Management is complex and unpredictable.

□□ Every organization decisions are influenced by the environment. The environment is so complexes and unexpected changes.

What is an art?

Art means application of skill in finding a desired result. Art is the way of doing things skillfully. Management is an art because of the following facts.

- Management process involves the use of practical knowledge and personal skills.
- Management is creative.
- Application of practical knowledge and certain skills helps to achieve concrete results.

Management is both - science and an art:

Management is a science because it contains general principles. It is also an art because it requires certain personal skills to achieve desired results.

Is Management a Profession?

According to **McFarland**, following are the characteristics of profession:

1. Existence of an organized and systematic knowledge.
2. Formalized methods of acquiring training and experience
3. Existence of an association with professionalization as its goal.
4. Existence of an ethical code to regulate the behaviour of the members of the profession.
5. charging of fees based on service, but with due regard for the priority of service over the desire for monetary reward.

Management does not possess all the above characteristics of a profession. Unlike medicine or law, Management does not have any fixed norms of managerial behaviour. There is no uniform code of conduct or licensing of managers. Further the entry to managerial jobs is not restricted to individuals with a special academic degree only. In the light of this analysis we can conclude that management cannot be called a profession.

Management is a distinct activity having the following features

1. Goal oriented; - Management is a purposeful activity.

It coordinates the effort of workers to achieve the goal of organization.

The success of management is measured by the extent to which the organization goals are achieved.

2. Economic resources;- Management is one of the factor production and customer satisfaction. It is the most critical input in the successes of any organized group activity.

It the force which assembles and integrate other resource. All resource and factors do not by themselves yield output without the catalyst of the manager to produce goods and service required by the society. Thus management is essential ingredient of organization.

3. Distinct process; - management involves decision making and putting them in to action. It consists the managerial function planning, organizing, staffing, leading, and controlling.

4. Integrative force;- the essence of management is integration of human and other resources to achieve the desired objectives. Manager apply knowledge, experience and management principle to get the result from workers by the use of non-human resource

5. Intangible force;- management has been called unseen force. Its presence is evidenced by the result of its efforts and work out put. One may not see with the necked eyes the function of management but its results are apparently known.

6. Result through others; - the managers cannot do everything by themselves. They must have the necessary ability and skills to get work accomplished of the task assigned to them.

7. A science and an art;- management has an organized body of knowledge consisting of well-defined concepts, principles and techniques which have wide application. So it is treated as a science the application of these concepts, principles and techniques requires specialized knowledge and skill in

the part of manager. Since the skills acquired by a manager are his personal possession, management is viewed as art.

8. System of Authority;- Management is a team of managers represents a system of authority, a hierarchy of command and control. As we move down in the managerial hierarchy the degree of authority gets gradually reduced. Authority enables the manager to perform their function effectively.

9. Universal application;- Management is universal in character. The principle and technique of management equally applied in the field of business, education, military, government and hospitals.

1.3 MANAGEMENT AND ADMINISTRATION

The two terms Management and Administration are used interchangeably. There is a lot of controversy on the use of these two terms

1. Administration is above management:

Many management experts like Oliver Shelton, Milward, Lansberg, etc are view that administration is higher-level activity. Administration is concerned with decision -making and policy formulation, while management is concerned with the execution of what has been laid down by the administrators.

2. Administration is a part of management:

According to E.F.L.Breech “management is the generic term for total process of executive control involving responsibility for effective planning and guidance of the operations of an enterprise. Administration is the part of management which is concerned with the installation and carrying out of the procedure by which the programme is laid down and communicated and the progress of activities is resulted and checked against plans. This breech concerns administration as part of management.

3. Administration and management are the same:

The third view is a more practical one, where there is no distinction between the two terms management and administration. Management is used for higher level functions like plans, organizing, directions and controlling in a business organization whereas administration is used for the same set of functions in government organizations.

Sl. no	Administration	Management
1.	It is the higher level functions	It is the lower level functions
2.	It refers to the owners of the organization	It refers the employees
3.	Administration is concerned with decision making	Management is concerned with execution of decision
4.	It acts through the management	It acts through the organization
5.	Administration lays down broad policies and principles for guidance	Management executes these policies into practice.

1.4 Management Levels

The three levels of management that are commonly found in any organizations are top, middle and lower management.

1. Top level management
2. Middle level management
3. Lower/first line/operational/supervisory level management

Top level management:

The main functions of top management are

1. To formulate goals and policies of the company.
2. To formulate budgets.
3. Lay down the objectives of enterprise
4. To appoint top executives to the middle level
5. To provide overall direction and leadership of company.
6. It coordinates the activities of different department
7. Control the activities of all departments with the help of report memorandum etc

Middle level management:

The improvement functions of middle level management.

1. To monitor and control the operating performance.
2. To train, motivate and develop supervisory level.
3. To co-ordinate among themselves so as to integrate various activities of a department.

Lower level management:

The main functions of lower level management

1. To train and develop the efficiency of the workers.
2. To assign jobs to workers.
3. To give orders and instructions.
4. To maintain discipline and good human relationship among workers.
5. To report feedback information about workers.

1.5 Managerial Skills

For analysis, skills required of any manager are classified under three different heads technical, human and conceptual skill.

A. Technical skill:

It refers to the ability to the tools, equipment, procedures and techniques.

Effective supervision and coordinating of the work of the subordinates. Therefore depends on technical possessed by the lower level market.

Knowledge and skills used to perform specific tasks.

Accountants, engineers, surgeons all have their specialized technical skills necessary for their respective professions.

Managers, especially at the lower and middle levels, need technical skills for effective task performance.

Technical skills are important especially for first line managers, who spend much of their time training subordinates and supervising their work-related problems.

B. Human skill:

Human skill refers to the ability of manager to work effectively as a group member and to build cooperative effort in the team he leads.

Human skills are concerned with understanding of people.

Managers skill in working with others is natural and conditions.

Ability to work with, understand, and motivate other people as individuals or in groups.

According to Management theorist Mintzberg, the top (and middle) managers spend their time: 59 percent in meetings, 6 percent on the phone, and 3 percent on tours.

Ability to work with others and get co-operation from people in the work group. For example, knowing what to do and being able to communicate ideas and beliefs to others and understanding what thoughts others are trying to convey to the manager.

C. Conceptual skills:

This skill also called design and problem Solving skill involves the ability.

- To see the organization and the various components of it's as a whole.
- To understand how its various parts and functions mesh together.
- To foresee how changes in any one of these may affect all the others.
- A higher degree of conceptual skill helps in analyzing the environment and in identifying the opportunities. conceive

Ability to visualize the enterprise as a whole, to envision all the functions involved in a given situation or circumstance, to understand how its parts depend on one another, and anticipate how a change in any of its parts will affect the whole.

Creativity, broad knowledge and ability to conceive abstract ideas. For example, the managing director of a telecom company visualizes the importance of better service for its clients which ultimately helps attract a vast number of clients and an unexpected increase in its subscriber base and profits.

Other Managerial Skills

Besides the skills discussed above, there are two other skills that a manager should possess, namely

- A. Diagnostic skill and
- B. Analytical skill.

Diagnostic Skill: Diagnose a problem in the organization by studying its symptoms. For example, a particular division may be suffering from high turnover. With the help of diagnostic skill, the manager may find out that the division's supervisor has poor human skill in dealing with employees. This problem might then be solved by transferring or training the supervisor.

Analytical Skill: Ability to identify the vital or basic elements in a given situation, evaluate their interdependence, and decide which ones should receive the most attention. This skill enables the manager to determine possible strategies and to select the most appropriate one for the situation.

For example, when adding a new product to the existing product line, a manager may analyze the advantages and risks in doing so and make a recommendation to the board of directors, who make the final decision.

- ❖ Diagnostic skill enables managers to understand a situation, whereas analytical skill helps determine what to do in a given situation.

1.6 Managerial Roles

Mintzbers a management thinker identified **ten** roles and classified them within three broad categories.

1 .Interpersonal Roles

2. Informational Roles

3. Decisional Roles

1 .Interpersonal Roles:

The managerial roles in this category involve **providing** information and ideas.

a) Figure head role:

In this role a manager performs symbolic duties required by the status of his office.

His activities include to greet the visitors attends the employee family functions.

As a manager, you have social, ceremonial and legal responsibilities. You're expected to be a source of inspiration. People look up to you as a person with authority, and as a figurehead.

b) Leader:

Responsible for the motivation and activation of subordinates.

Responsible for staffing, training and associated duties.

This is where you provide leadership for your team, your department or perhaps your entire organization; and it's where you manage the performance and responsibilities of everyone in the group.

c) Liaison:

It describes a manager's relationship with the outsiders.

A manager maintains smooth relation with other organization government's industry groups etc.

Managers must communicate with internal and external contacts. You need to be able to network effectively on behalf of your organization.

2. Informational Roles:

The managerial roles in this category involve **processing** information.

a) Monitor:

A manager scans the environment and collects internal and external information's.

In this role, you regularly seek out information related to your organization and industry, looking for relevant changes in the environment. You also monitor your team, in terms of both their productivity, and their well-being.

b) Disseminator:

Manager distributes the information to his subordinates in order to achieve organizational objectives.

This is where you communicate potentially useful information to your colleagues and your team.

c) Spokesperson:

Transmits the information's to the outside of the organization.

Managers represent and speak for their organization. In this role, you're responsible for transmitting information about your organization and its goals to the people outside it.

4. Decision Role:

The managerial roles in this category involve **using** information.

a) Entrepreneur:

Initiates and supervises design of organizational improvement projects.

As a manager, you create and control change within the organization. This means solving problems, generating new ideas, and implementing them.

b) Disturbance handler:

Responsible for corrective action when organization faces on expected problems.

When an organization or team hits an unexpected roadblock, it's the manager who must take charge. You also need to help mediate disputes within it.

c) Resource allocated:

Manager is responsible for allocation of human, monetary and material resources.

You'll also need to determine where organizational resources are best applied. This involves allocating funding, as well as assigning staff and other organizational resources.

d) Negotiator:

As a manager he bargains with suppliers, dealers, trade union, agents etc.

You may be needed to take part in, and direct, important negotiations within your team, department, or organization.

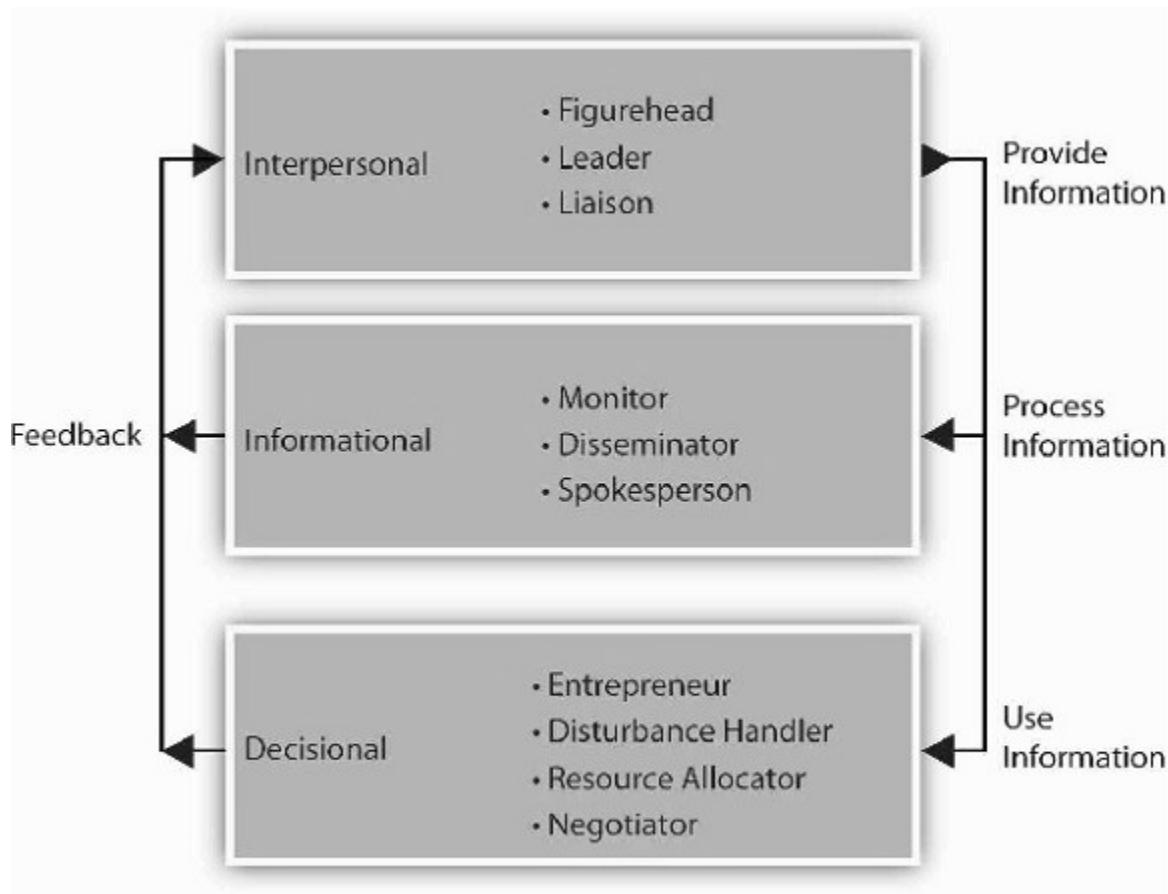


Table 1 contains a more in-depth look at each category of roles that help managers carry out all five functions described in the preceding “Functions of Managers” section.

1.7 Functions of Managers

Managers just don't go out and haphazardly perform their responsibilities.

Good managers discover how to master five basic functions: planning, organizing, staffing, leading, and controlling.

Planning:

Planning is defined as the process of deciding the future course of action in advance. It is the primary function of management. Since management is a universal phenomenon the planning function is also have universal usage.

Planning is the first and the most important function of management that involves setting objectives and determining a course of action for achieving those objectives. Planners are essentially the managers who are best aware of environmental conditions facing their organization and are able to effectively analyze and predict future conditions. It also requires that managers should be good decision makers.

Planning involves selecting missions and objectives and the actions to achieve them, it requires decision making, i.e. choosing future courses of action from among alternatives.

Planning means determining what the organization's position and situation should be at some time in the future and deciding how best to bring about that situation. It helps maintain managerial effectiveness by guiding future activities.

Planning is a complex process which requires high level of studies and analysis. To create a plan there must be determination of objectives and outlining of the course of action to achieve the goals. There is no set formula for planning. A planning process which is suitable for one kind of organization

may not be suitable for another type of organization. However, we can take the following steps as the guideline to draw a plan:

1. **Analysis of the environment:** Planning begins with the awareness of the opportunities in the external environment and within the organization. For this SWOT analysis is most suitable. Strength and weaknesses are the internal factors whereas opportunities and threats are the environmental factors which are to be analyzed.
2. **Setting the objectives:** The second step of planning is to set objectives and goals for the organization as a whole and for each department. Long term, as well as short-term plans, are to be created. Objectives are specified to each and every manager and department head. Objectives give direction to the major plans. So managers should have an opportunity to contribute their ideas for setting their own objectives and of the organization.
3. **Develop premises:** Planning premises are the assumptions about the future on the basis of which the plans will be ultimately formulated. Planning premises are the key to the success of planning as they supply pertinent facts and information regarding the future such as general economic conditions, production cost, and prices, probable competitive behavior, governmental control etc. Forecasting is an essential part of premises.
4. **Determine and evaluate alternatives:** The fourth step is to search and identify the alternative course of action. It suggests that a particular objective can be achieved through numerous ways. But the most relevant alternatives must be listed down so that selection is made easier. Once various alternatives are identified, they must be well analyzed with their strong and weak points.
5. **Selection of Best Alternative:** This is the point where the certain plan is adopted. When the alternatives are determined most suitable alternative must be chosen out from the list which can give maximum output with minimum risk.

6. **Formulation of a derivative plan:** Derivative plans are the backing plans which are very essential. Once the basic plan has been formulated, it must be translated into day to day operation of the organization. Middle and low-level managers must draw up the appropriate plans, programs and budget for their sub-units.
7. **Budget formulation:** After decisions are made and plans are set the next step is giving them sufficient funds to carry them out. Optimum budgeting must be done for every course of action.
8. **Implementation of a plan:** Once the plans are set up, now the plans must be well informed and shared with the employees and managers expecting full commitment and trust. Finally, the plans must be carried out.
9. **Follow up action:** Obviously once a plan is carried out it generates certain output. The progress must be well monitored and managers need to check the progress of their plans so they can take necessary steps to improve the plans if needed.

Planning as a process typically involves the following steps:

- ❖ Selection of goals for the organization.
- ❖ Establishment of goals for each of the organization's sub-units.
- ❖ Establishment of programs for achieving goals in a systematic manner.

Types of Planning

On the basis of Nature

Strategic planning involves analyzing competitive opportunities and threats, as well as the strengths and weaknesses of the organization. It also involves determining how to position the organization to compete effectively in their environment.

Tactical planning is creating the blueprint for the larger strategic plan. These plans are often short term and are carried out by middle-level managers.

Operational planning generally covers the entire organization's goals and objectives and put into practice the ways and action steps to achieve the strategic plans. They are very short terms usually less than a year.

On the basis of time:

- **Long Term Plan:** Long-term plan is the long-term process that business owners use to reach their business mission and vision. It determines the path for business owners to reach their goals. It also reinforces and makes corrections to the goals as the plan progresses.
- **Intermediate Plan:** Intermediate planning covers 6 months to 2 years. It outlines how the strategic plan will be pursued. In business, intermediate plans are most often used for campaigns.
- **Short-term Plan:** Short-term plan involves plans for a few weeks or at most a year. It allocates resources for the day-to-day business development and management within the strategic plan. Short-term plans outline objectives necessary to meet intermediate plans and the strategic planning process.

On the basis of use:

- **Single Plan:** These plans are connected with some special problems. These plans end the moment of the problems to be solved. They are not used, once after their use. They are further re-created whenever required.
- **Standing Plan:** These plans are formulated once and they are repeatedly used. These plans continuously guide the managers. That is why it is said that a standing plan is a

standing guide to solving the problems. These plans include mission, policies, objective, rules and strategy.

On the basis of managerial level:

- **Top level Plans:** Plans which are formulated by general managers and directors are called top-level plans. Under these plans, the objectives, budget, policies etc. for the whole organization are laid down. These plans are mostly long term plans.
- **Middle-level Plans:** Managerial hierarchy at the middle level includes the departmental managers. A corporate has many departments like purchase department, sales department, finance department, personnel department etc. The plans formulated by the departmental managers are called middle-level plans.
- **Lower level Plans:** These plans are prepared by the foreman or the supervisors. They take the existence of the actual workplace and the problems connected with it. They are formulated for a short period of time and called short term plans.

- **Organizing:**

Organizing may be referred to as the process of arranging and distributing the planned work, authority and resources among an organization's members, so they can achieve the organization's goals.

Once a manager has created a work plan, the next phase in management cycle is to organize the people and other resources necessary to carry out the plan. Organizing should also consider the resources and physical facilities available, in order to maximize returns with minimum expenditure.

Process of organizing

Organizing, like planning, is a process which is to be carefully worked out and applied. This process involves determining what work is needed, assigning those tasks, and arranging them in a decision-making framework (organizational structure). If this process is not conducted well, the results may be confusion, frustration, loss of efficiency, and limited effectiveness.

The process of organising consists of the following five steps.

1. **Identification of activities** – Each organization exists for fulfilling a specific purpose. This purpose identifies the activities which are performed by the organization. For example, in a manufacturing organization, production of the goods and their selling are the major activities in addition to the routine activities. And these activities are in variance with the activities of a service organization or an organization involved in the trading activities. Hence the identification of the various activities of the organization is an important step in the organizing function.
2. **Grouping of activities** – Once the activities have been identified, then there is a necessity that they are grouped. The activities are grouped in various ways. The activities which are similar in nature can be grouped as one and a separate department can be created. For example, activities related to the purchasing, production, marketing, and accounting and finance can be grouped respectively under purchase, production, marketing, and finance departments

etc. Further in each department the activities can be further subdivided into various specific jobs.

3. **Assignment of responsibilities** – Having completed the exercise of identifying, grouping and classifying of all activities into specific jobs, the individual employees comes into picture since the employees are to be assign with the responsibilities to take care of activities related to the specific jobs.
4. **Granting authority** – On the basis of specific responsibilities given to individual employees, they are to be provided with the necessary authority for the discharge of the assigned responsibilities in order to ensure their effective performance and in turn the performance of the organization.
5. **Establishing relationship** – This is a very important part of the organizing function since each employee in the organisation is to know as to whom to report and which are the employees who are to work with him. This establishes a structure of relationships in the organization which helps to ensure that the organization has clear relationships. This structure of relationships also facilitates the delegation.

Benefits of organizing

The benefits of the organizing function are as follows.

- The end result of the organizing process is an organization which is whole consisting of unified parts (a system) acting in harmony to execute tasks to achieve goals, both effectively and efficiently.
- A properly implemented organizing process results in a clarified work environment. Everyone in the organization knows what to do. The tasks and responsibilities of all individuals, departments, and major divisions gets clarified. The type and limits of authority also gets determined.
- There is an environment of coordination and cooperation in the organization. The interrelationship of the various work units gets developed. The principle of unity of direction which calls for the establishment of one authority figure for each designated task of the organization is achieved. This

person has the authority to coordinate all plans concerning that task.

- A formal decision-making structure gets established in the organization. This chain of command allows the orderly progression up and down the hierarchy for decision making and decision-making communications.

- **Staffing:**

Staffing is another major function in management which is related to personnel department. The main objective of staffing is to place the right person in the right job at the right time. Staffing may be processed by recruitment and selection procedures adopted by the organization.

After a manager discerns his area's needs, he may decide to beef up his staffing by recruiting, selecting, training, and developing employees. A manager in a large organization often works with the company's human resources department to accomplish this goal.

- **Leading:.**

Organizations as they grow develop complex structures with an increasing need for co-ordination and control. To cope and manage such situations, leadership is necessary to influence people to cooperate towards a common goal and create a situation for collective response.

Leading entails directing, influencing, and motivating employees to perform essential tasks. It also involves the social and informal sources of influence to inspire others. Effective managers lead

subordinates through motivation to progressively attain organizational objectives.

Personality research and study of job attitudes in Behavioral Science provides important insight on the need for coordination and control. Thus it becomes important for leadership to create harmony among individual efforts to collectively work towards organizational goals.

A manager needs to do more than just plan, organize, and staff her team to achieve a goal. She must also lead. Leading involves motivating, communicating, guiding, and encouraging. It requires the manager to coach, assist, and problem solve with employees.

➤ **Controlling:**

Controlling is the management function of establishing performance standards, measuring actual performance activities to see if the standards have been met, and taking corrective action.

Managers at all levels engage in the managerial function of controlling to some degree. Two traditional control techniques are **budget** and **performance audits**. An **audit** involves a physical examination and verification of the organization's records and supporting documents.

A **budget audit** provides information about where the organization is with respect to procedures followed for financial planning and control, whereas a **performance audit** might try to determine whether the figures reported are a reflection of actual performance.

Controlling involves measuring performance against goals and plans, and helping correct deviations from standards. As a matter of fact, controlling facilitates the accomplishment of plans by ensuring that performance does not deviate from standards.

Controlling is not just limited to organization's financial state, but also spans across areas like operations, compliance with company policies and other regulatory policies, including many other activities within the organization.

The management functions thus most effectively cover the broad scope of a manager's duties and responsibilities. Though the nature and complexities faced by businesses have undergone a vast change over the years, the functions of management remain the same.

The concept of control confined with correcting the deviations from the fixed objectives. The control factors keep the employees approach in the same direction as like the top management. The factors like performance appraisal, training and development are closely related to controlling.

After the other elements are in place, a manager's job is not finished. He needs to continuously check results against goals and take any corrective actions necessary to make sure that his area's plans remain on track.

All managers at all levels of every organization perform these functions, but the amount of time a manager spends on each one depends on both the level of management and the specific organization.

The P-O-L-C Framework

Planning	• Defining Organization Vision & Mission • Setting Goals & Objectives • Strategizing • Plan of Action to Achieve Goals
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Organizing	• Formulate Organizational Structure • Resource Allocation • Job Design It Involves • recruitment, selection, placement • Man power planning • Training and development • Remuneration • Performance appraisal • Promotion and transfer
Leading	• Leadership & Direction • Motivation • Coordination & Communication • Supervision
Controlling	• Process & Standards • Review & Evaluation • Corrective Action

APPROACHES TO MANAGEMENT

I. Early Classical Approach

F.W. Taylor's scientific Management

Fredrick Winslow Taylor is called "father of scientific management." He joined as a labour at Midvale steel company in U.S.A at 1878. He became chief engineer in the year 1884 in the same company. He published papers on "price rate system" and

shop management. He published a book on “the principles of scientific management” in 1911.

Taylor attempted a more scientific approach to management as well as the problems and the approach was based upon four basic principles.

- Observation and measurement should be used in the Organizations.

- The employees should be scientifically selected and trained.

Due to scientific selection and training of employee has the opportunity of earning a high rate of pay.

A mental revolution in the form of constant cooperation between the employer and employees should be given the benefits of scientific management.

Principles of scientific management

Taylor conducted various experiments at the work place to find out how human beings could be made more efficient by standardization the work. The following are the features of scientific management.

1 .Separation of planning and doing:

- Taylor suggests the separation of planning from actual doing.

- Taylor says that supervisor should be done the planning.

- The workers only concentrate on doing the work.

2. Functional foremanship:

□ Taylor developed a theory called functional foremanship based on specialization of functions.

□ In this system eight foreman were involved to direct and control the activities of the workers.

3 .Job analysis:

Every job that requires minimum movements and less cost and least time is the best way of doing the job. This can be determined by motion, time and fatigue study.

(a)Time study:

The movement, which takes minimum time, is the best one. This helps in firms the fair work for a period.

(b) Motion study:

Taylor suggested that eliminating wasteful movements and performing only necessary movements.

(c)Fatigue study:

Employees are both physical as well as mental fatigue easily. Fatigue study indicates the amount and frequency of rest required in completing the job. Taylor suggests a fair day"s work requiring certain movements and periods to complete it.

4. Standardization:

Standards must be maintained in respect a instruments and tools, period of work, amount of work, working conditions, cost of production etc. Normally these standards will be fixed in advance on the basis of various experiments **Scientific selection and training:**

Taylor has suggested that workers should be selected on scientifically.

A worker should be physically and technically most suitable.

After selection should be given on the training of workers which makes them more efficient and effective.

6. Financial incentives:

Financial incentives can motivate the workers to put in their maximum efforts.

According to this scheme a worker who completes the normal work gets wages at higher rate.

Who does not complete gets at a lower rate.

Taylor has suggested that wages should be based on individual performance and not on the position which he occupies.

7. Economy:

Scientific management enhances profit and economy.

The economy and profit can be achieved by making the resources more productive as well as by eliminating the wastages.

8. Mental Revolution:

Scientific management is based on co-operation between management and workers.

Co-operation enhances the effective managerial activities.

Mutual conflict should be replaced by mutual co-operation which is beneficial to both.

Henry Fayol's Contribution

Henry Fayol, a French industrialist concentrated on that administrative aspect of scientific management. His contributions and concentrated in his famous book "The general and industrial administration". Fayol's famous book into two parts. The first is concerned with the theory of administration in which Fayol divided the total industrial activities into six categories which are given below:

- 1. Technical (Production, Manufacture)**
- 2. Commercial (Buying, Selling, Exchange)**
- 3. Financial (Search for and optimum use of capital)**
- 4. Security (Protection of property and person)**
- 5. Accounting (Balance sheets, Cost statistics)**

II. NEO- CLASSICAL APPROACHES

These approaches are called neo-classical because they do not reject the classical concepts but only try to refine and improve them.

A.THE HUMAN RELATIONS MOVEMENT:

The real inspiration for the movement, however, came from the Hawthorne experiments which were done by Prof. Elton Mayo and his colleagues at the Western Electric Company's plant in Cicero, Illinois from 1927 to 1932. The plant employed 29,000 workers to manufacture telephone parts and equipment. We briefly describe these experiments in the following four parts:

- Illumination Experiments.
- Relay Assembly Test Room.
- Interviewing Programme.

□ Bank Wiring Test Room.

B. BEHAVIOURAL APPROACH

This approach is an improved and a more mature version of the human relations approach to management. Douglas McGregor, Abraham Maslow, Kurt Lewin, Chester Barnard, Mary Parker Follett, George Homans, Rensis Likert, Argyris, and Warren Bennis¹⁸ are some of the foremost behavioral scientists contributed to the development of the behavioral approach to management. These people prefer more flexible organisation structures and jobs built around the capabilities and aptitudes of average employees. to participative and group decision-making. Encouraging the process of self-direction and control . It organisations as groups of individuals with certain goals. The democratic-participative style is desirable, motivation is complex man. This model suggests that different people react differently to the same situation or react the same way to different situations. No two people are exactly alike, and the manager should tailor his attempts to influence people according to their individual needs. Conflict is inevitable and sometimes is even desirable.

III. MODERN APPROACH

A. QUANTITATIVE APPROACH

This approach is also called the management science approach. It gained momentum during the Second World War . The interdisciplinary groups of scientists who were engaged for this purpose were known as Operations Research (OR) teams. In later years, when the war ended, people made use of this technique in solving problems of industry also. A mixed team of specialists from relevant disciplines is called in to analyse the

problem a course of action to the management. The OR team presents the management with a rational base for making a decision.

B. SYSTEM APPROACH

Like a human organism an organization is a system. In an organization also people, tasks and the management are interdependent.

SYSTEM CONCEPTS:

System theory was first applied in the fields of science and engineering.

“A system is essentially a set or assemblage of things interconnected or independent, so as to form a complex unity”.

SOME KEY CONCEPTS:

SUBSYSTEM:

While an organization as a whole is a system, the various components or parts within it are called the subsystem. Thus a department is a subsystem of the organization.

CLOSED SYSTEM;

A system that does not interact with its environment A closed system has fixed boundaries, its operation is relatively independent of the environment outside the system.

OPEN SYSTEM;

A system that interacts with its environment. Thus an open system is one which constantly comes into contact with the environment.

SYNERGY:

Synergy means that departments that interact cooperatively are more productive than they would be if they operated in isolation.

These resources are called as inputs. These inputs are converted into products using technology, systems and methods.

Systems approach of management provides an integral approach to management. This approach is more useful in managerial decision. It provides a framework through which organization. Environment interaction can be analyzed and contributes for effective decision-making.

C. CONTINGENCY APPROACH:

The contingency approach is also called as situational approach. It is developed by managers, consultants and researchers who tried to apply it for real life situation. Some management concepts are very effectively in one situation. The same management concept is failed in other situation. Results or solutions differ.

In contingency approach theory managers identify which is suitable technique for a particular person, particular environment of the organization at a specific time.

The contingency approach theory is more favor to the modern management theory.

DIFFERENT APPROACHES TO THE ANALYSIS OF MANAGEMENT**EMPIRICAL OR CASE APPROACH**

Studies experience through cases. Identifies successes and failures.

INTERPERSONAL BEHAVIOR APPROACH

Focus on interpersonal behavior, human relations, leadership, and motivation. Based on individual psychology.

GROUP BEHAVIOR APPROACH

Emphasis on behavior of people in groups. Based on sociology and social psychology. Primarily study of group behavior patterns. The study of large groups is often called "Organization behavior."

COOPERATIVE SOCIAL SYSTEMS APPROACH

Concerned with both interpersonal and group behavioral aspects leading to a system of cooperation. Expanded concept includes any cooperative group with a clear purpose.

SOCIO- TECHNICAL SYSTEMS APPROACH

Technical system has great effect on social system (Personal attitudes, group behavior). Focus on production, office operations, and other areas with close relationships between the technical system and people.

DECISION THEORY APPROACH

Focus on the making of decisions, persons or groups making decisions, and the decision making process .

SYSTEMS APPROACH

Systems concepts have broad applicability. Systems have boundaries, but they also interact with the external environment; i.e., organizations are open systems. Recognizes importance of studying interrelatedness of planning, Organizing , and controlling in an organization as well as the many subsystems.

MATHEMATICAL OR " MANAGEMENT SCIENCE " APPROACH

Managing is seen as mathematical processes, concepts, symbols, and models. Looks at management as a purely logical process, expressed in mathematical symbols and relationships.

CONTINGENCY OR SITUATIONAL APPROACH

Managerial practice depends on circumstances (i.e., a contingency or a situation). Contingency theory recognizes the influence of given solutions on organizational behavior patterns.

MINTZBERG'S MANAGERIAL ROLES APPROACH

Original study consisted of observations of five chief executives. On the basis of this study. Ten managerial roles were identified and grouped into (1) interpersonal, (2) informational, and (3) decision roles.

McKINSEY'S 7-S FRAMEWORK APPROACH

The seven S's are (1) strategy, (2) structure, (3) systems, (4) style, (5) staff, and (6) shared values, (7) skills.

OPERATIONAL APPROACH

Draws together concepts, principles, techniques, and knowledge from other fields and managerial approaches. The attempt is to develop science and theory with practical application. Develops classification system built around the managerial functions of planning, organizing, staffing, leading, and controlling

CONTINGENCY APPROACH:

The contingency approach is also called as situational approach. It is developed by manager consultants and researchers who tried to apply for real life situation. Some management concepts are very effectively in one situation. The same management concept is failed in other situation. Results or solutions differ.

In contingency approach theory managers identify which is suitable technique for a particular person, particular environment of the organization at a specific time.

The contingency approach theory is more favors to the modern management theory.

2. Management - Classical Schools of Thought

Management as a practice gained ground when the concept of working together in groups to achieve common objectives was realized by men. But the study of management as a systematic field of knowledge began at the advent of the Industrial Revolution, which ushered in a new era of serious thinking and theorizing on management.

To begin with, there is no single universally accepted theory of management. "The wild array of management theories could even look like a jungle" says Harold Koontz. However, to help put the different theories in perspective, we shall discuss them as representing different schools of thought.

2.1 Classical School of Management Thought

Scientific Management and F. W. Taylor

Scientific management, according to an early definition, refers to "that kind of management which conducts a business or affairs by standards established by facts or truths gained through systematic observation, experiment, or reasoning." Advocators of this school of thought attempted to raise labor efficiency primarily by managing the work of employees on the shop floor.

Frederick Winslow Taylor, who is generally acknowledged as “the father of scientific management” believed that organizations should study tasks and prepare precise procedures. His varied experience gave him ample opportunity to have firsthand knowledge and intimate insight into the problems and attitude of workers, and to explore great possibilities for improving the quality of management in the workplace.

Formulating his theory based on firsthand experience, Taylor’s theory focused on ways to increase the efficiency of employees by molding their thought and scientific management.

Henry Gantt, an associate of Taylor, developed the **Gantt Chart**, a bar graph that measures planned and completed work along with each stage of production. This visual display chart has been a widely used control and planning tool since its development in 1910. Following is a sample of Gantt Chart.

Frank Gilbreth and his wife, **Lillian Moller Gilbreth** further improvised on Taylor’s time studies, devising “motion studies” by photographing the individual movements of each worker. They carefully analyzed the motions and eliminated unnecessary ones. These motion studies were preceded by timing each task, so the studies were called “time and motion studies.”

The Basic Principles of Scientific Management

- a) Developing new standard method of doing each job.
- b) Selecting training and developing workers instead of allowing them to self-train and choose their own tasks.
- c) Develop cooperation between workers and management.
- d) Division of work on the basis of the group that is best fitted to do the job.

Henry Fayol's Universal Process Theory

One of the oldest and most popular approaches, Henry Fayol's theory holds that administration of all organizations – whether public or private, large or small – requires the same rational process or functions.

This school of thought is based on two assumptions:

- Although the objective of an organization may differ (for example, business, government, education, or religion), yet there is a core management process that remains the same for all institutions.
- Successful managers, therefore, are interchangeable among organizations of differing purposes. The universal management process can be reduced to a set of separate functions and related principles.

Fayol identifies fourteen universal principles of management, which are aimed at showing managers how to carry out their functional duties.

1	Specialization of labor	This improves the efficiency of labor through specialization, reducing labor time and increasing skill development.
2	Authority	This is the right to give orders which always carry responsibility commensurate with its privileges.
3	Discipline	It relies on respect for the rules, policies, and agreements that govern an organization. Fayol ordains that discipline requires good superiors at all levels.
4		This means that subordinates

	Unity of command	should receive orders from one superior only, thus avoiding confusion and conflict.
5	Unity of direction	This means that there should be unity in the directions given by a boss to his subordinates. There should not be any conflict in the directions given by a boss.
6	Subordination of individual interest to common good	According to this principle, the needs of individuals and groups within an organization should not take precedence over the needs of the organization as a whole.
7	Remuneration	Wages should be equitable and satisfactory to employees and superiors.
8	Centralization	Levels at which decisions are to be made should depend on the specific situation, no level of centralization or decentralization is ideal for all situations.
9	Scale of chain	The relationship among all levels in the organizational hierarchy and exact lines of authority should be unmistakably clear and usually followed at all times, excepting special circumstances when some departure might be necessary.
10	Order	There should be a place for everything, and everything should be in its place. This is essentially a principle of organization in the arrangement of things and

		people.
11	Equity	Employees should be treated equitably in order to elicit loyalty and devotion from personnel.
12	Personal tenure	Views unnecessary turnover to be both the cause and the effect of bad management; Fayol points out its danger and costs.
13	Initiative	Subordinates should be encouraged to conceive and carryout ideas.
14	Esprit de corps	Team work, a sense of unity and togetherness, should be fostered and maintained.

2.2 Behavioral and Human Relations

Approach

Behavioral school of thought

Focus on human behavior in an organization.

It calls for the manager to use the best human relation practices.

Summary of Behavioral school of thought

1. It emphasize informal group
2. Recognize group conflict
3. Stress upon groups, groups behavior, group dynamics
4. Recognize individual difference in terms of their personality, goal, believe, views and perception.

Human Relations school of thought

Reflect the modification over classical theories. It recognizes the physiological and social aspect of workers as individuals and groups.

Basics feature of Human Relations school of thought

1. Organizations are a social system.

2. Human factor is the most important elements in the social system.
3. It revealed the importance of social and physiological factor in determining workers' productivity and satisfaction.
4. The behavior of an individual is dominated by the informal group of which is a member.
5. The aim of management is to develop social and leadership skill in addition to technical skill.

Criticism of Human Relations Approach

1. It is believed to undermine the role of economic incentive in motivation and gave excessive stress on social and psychological factors
2. It drew conclusion from **Hawthorne** experiment not scientific focused on particular group chosen for study which did not represent the entire work force
3. It presented a negative view of conflict b/n organizational and individual goals.
4. It did not give adequate focus on work
5. It put all the emphasis on inter personal relation and on the informal groups.
6. It over emphasized human social needs at the expense of tasks.

In general it is people oriented.

3. Management – Modern Schools of Thought

This school of thought primarily focuses on the development of each factor of both workers and the organization. It analyzes the interrelationship of workers and management in all aspects. System Approach and Contingency Approach are the two approaches by this school of thought.

Chester Barnard and Social Systems Theory

One of the most important contributions to this school has been made by Chester I. Barnard. His classic treatise entitled "**The Functions of the Executive**", published in 1938, is considered by some management scholars as one of the most influential books published in the entire field of management. Like Fayol,

Barnard based his theories and approach to management on the basis of his first-hand experience as a top-level executive.

Fundamentals of System Approach:

- All organizations are a co-operative system.
- As co-operative systems, organizations are a combination of complex physical, biological, personal and social components, which are in a specific systematic relationship by reason of the co-operation of two or more persons for at least one definite end.
- An employee's role and his co-operation are a strategic factor in achieving organizational objectives.

Criticism

Following are the criticisms that this theory received.

- Long on intellectual appeal and catchy terminology and short on verifiable facts and practical advice.
- Complex in nature, particularly when it comes to the study of large and complex organizations.

However, we can conclude that the system approach is an instructive approach and way of thinking rather than a systematic model of solution to explain the complexities of managing modern organization

3.1 Contingency Approach and Recent Contributions

The Contingency Management theory evolved out of the System Approach to managing organizations. According to the Contingency approach, management is situational; hence there exists no single best approach to management, as situations that a manager faces is always changing. However, situations are often similar to the extent that some principles of management can be effectively applied by identifying the relevant contingency variables in the situation and then evaluating them.

Peter F. Drucker, W. Edwards Deming, Laurence Peter, William Ouchi, Thomas Peters, Robert Waterman, and Nancy Austin are some of the most important contributors to management thought in recent times. This has emerged perhaps as the best approach as it encourages management to search for the correct situational factors for applying appropriate management principles effectively.

3.2 Quality School of Management

The Quality School of Management (also known as **Total Quality Management**, TQM) is a fairly recent and comprehensive model for leading and operating an organization. The prime focus is on continually improving performance by focusing on customers while addressing the needs of all stakeholders. In other words, this concept focuses on managing the entire organization to deliver high quality to customers.

The quality school of management considers the following in its theory:

- ❖ **Quality of the Company's Output:** Focus on providing goods and services that satisfy the customer requirements, which is presumed to be a key to organizational survival and growth.
- ❖ **Organizational Structure:** Every organization is made up of complex systems of customers and suppliers and every individual will need to function as both a supplier and a customer.
- ❖ **Group Dynamics:** Organization should foster an environment of working in groups. Management should recognize and nurture harmony and efficiency in these groups, which are the catalysts for planning and problem solving.

- ❖ **Continuous Improvement:** Constantly review the company's policies and processes. This will lead to specialization and ultimately better outcomes.
- ❖ **Transparency and Trust:** Connect with employees at all levels and create a culture of trust and stability.

3.3 Kaizen Approach

Kaizen means that everyone is involved in making improvements. **Kaizen** (pronounced *ky-zen*) is based on the Japanese management concept for incremental change and improvement. The idea of continuous improvement suggests that managers, teams, and individuals learn from both their accomplishments and their mistakes. It is a long-term approach to work that systematically seeks to achieve small, incremental changes in processes in order to improve efficiency and quality. While the majority of changes may be small, the greatest impact may be improvements or changes that are led by senior management as transformational projects, or by cross-functional teams as Kaizen events.

Kaizen Process

Following are the steps involved in Kaizen Process.

- ✓ Identifying opportunities for improvement
- ✓ Testing new approaches
- ✓ Recording the results
- ✓ Recommending changes

3.4. Reengineering Approach

Reengineering Approach sometimes called **Business Process Reengineering** (BPR), involves a complete rethinking and transformation of key business processes, leading to strong horizontal coordination and greater flexibility in responding to changes in the environment. The reengineering approach focuses

on sensing the need to change, anticipating changes, and reacting effectively when it happens.

Reengineering Process

Following are the steps involved in reengineering process.

- Develop business vision and process objectives
- Identify business processes
- Scope and measure existing processes
- Design and build new process prototypes
- Implement and manage changes
-

3.5 Future of Management

Modern management approaches respect the classical, human resource, and quantitative approaches to management. However, successful managers recognize that although each theoretical school has limitations in its applications, each approach also offers valuable insights that can broaden a manager's options in solving problems and achieving organizational goals. Successful managers work to extend these approaches to meet the demands of a dynamic environment.

Just as organizations evolve and grow, employee needs also change over time; people possess a range of talents and capabilities that can be developed. In order to optimize outcomes, organizations and managers, should respond to individuals with a wide variety of managerial strategies and job opportunities.

Important aspects to be considered, as the 21st century progresses, include the following:

- ❖ Organizations need to commit to not just meeting customer needs but exceeding customer expectations through quality management and continuous improvement of operations.

- ❖ Reinvent new methods of process improvements and constantly learn new ways and best practices from practices in other organizations and environments.
- ❖ Organizations must reinvest in their most important asset, their human capital. They need commit to effectively and positively use human resources by reducing attrition rates.
- ❖ Managers must excel in their leadership responsibilities to perform numerous different roles.

4. Management - Ecosystem

In this chapter, we will discuss the environment of management and the factors that affect the environment.

The terms organization, administration and management are often used interchangeably. Sometimes they are used to mean one and the same thing.

Organization is:

- The “collection, preservation and co-ordination of the elements of an enterprise in an integrated manner.”
- It brings together various resources of an enterprise into a single harmonious whole.
- It warrants the utilization of resources for the accomplishment of its objectives.

Administration is:

- The efficient organization or utilization of the resources of an organization to achieve the goals.
- It determines the principles for ensuring the effective performance of the activities of different divisions and branches of the enterprise.

- Administration is above management, and exercises control over the finance and licensing of an organization.

Management is:

- An executive function that makes the decisions within the confines of the framework, which is set up by the administration.
- Management consists of a group of managerial persons, who leverage their specialist skills to fulfill the objectives of an organization.
- The success of an enterprise/institution is dependent on how efficiently the management can execute plans and policies set by the administration.

The Management and Administration Inter-Relationship

Management is the act or function of putting into practice the policies and plans decided upon by the administration.

Administration cannot be successful without the co-operation of management. The job of each manager is, therefore, to win the co-operation of all those who work under him so that they work for enterprise goals set by administration.

Administrators are mainly found in the government, military, religious and educational organizations. Management, on the other hand, is used by business enterprises. The role of a manager is to monitor and shape the environment, to anticipate changes, and react quickly to them.

5. Factors Affecting Management

There are numerous factors that affect an organization or the management. Managers can monitor these factors/environments through boundary spanning — a process of gathering information about developments that could impact the future of the organization.

Following types of factor/environment affect management:

5. Microeconomic factors
6. Macroeconomic factors

To lead an organization efficiently, every organization must know where it is situated, what are its external and internal influences.

Microeconomic Factors	Macroeconomic Factors
Company-specific influences that have a direct impact on its business operations and success. • Components within the control of an organization can be managed and altered.	• Broad economic forces and global events are out of control of any business or company. • Forces indirectly affect company objectives. • Volatile and risky, and a savvy manager must be agile to sidestep a cascading macroeconomic crisis to keep the company intact.
For example, a company's revenue, earnings and margin. • The employees, stakeholders, the production volume of the products and the advertising campaigns can also be called micro factors.	• For example, the country's economic output, inflation, its political environment, , etc.

5.1 Macro Environment (Outer Environment)

Factors that indirectly impact the organization, its operation and working condition is known as the outer environment or macro environment. These external factors cannot be controlled by the organization.

Following are some of the macro environment factors

Political-legal environment	The country's unique political and legal landscape within which organizations function. The effects of this are quite visible. For e.g.: the effect of changing taxes or raising interest rates.
Technology	Companies have to carefully evaluate the technological developments that it wishes to embrace as it is a cost intensive factor and provide millions in return to one company and take millions from another.
Socio-cultural environment	The means of communication, the country's infrastructure, its education system, the purchasing power of the citizens, family values, work ethics and preferences, etc.

5.2 Microenvironment (Inner Environment)

These are the factors within an organization that can be controlled and affect the immediate area of an organization's operations.

Though not all factors can be effectively controlled, but relative to the macro environment factors, a visible control can be exercised in this case.

Following are some of the **micro environment factors**:

Employees	
------------------	--

	• Employees exert great influence on the organization. It is imperative to find the right people for each job. • Organizations need to motivate employees positively and retain specialized talent.
Owners and the Management	• Investors are major influencers on a company's revenue and operations. • It is important that the owners are satisfied with the company. It is the manager's job to balance the aims of the company and the owners.
Consumers	• Competition and consumerism has rendered multiple alternatives for the same product in different brands. Organizations recognize that it is in their own interest to keep consumers happy.
Suppliers	• The suppliers or contractors manage the inputs of organizations and provide products or services that a company needs directly or need it to add value to the company's own products or services. • It is important to keep suppliers happy to ensure a smooth input supply system.

6. Systems of Management

Professor Rensis Likert of Michigan University studied the patterns and styles of managers and leaders for three decades. He suggests four styles of management, which are the following:

6.1 Exploitative-authoritative management:

- Managers are highly autocratic, showing little trust in subordinates.
- The prime drivers are motivating people through fear and punishment.
- Managers engage in downward communication and limit decision making to the top.

6.2 Benevolent-authoritative management:

- The manager has condescending confidence and trust in subordinates (master-servant relationship).
- Management uses rewards and upward communication is censored or restricted.
- The subordinates do not feel free to discuss things about the job with their superior. Teamwork or communication is minimal and motivation is based on a system of rewards.

6.3 Consultative management:

- Managers have substantial but not complete confidence and trust in subordinates.
- Use rewards for motivation with occasional punishment and some participation, usually try to make use of subordinates' ideas and opinions.
- Communication flow is both up and down.
- Broad policy and general decisions are made at the top while allowing specific decisions to be made at lower levels and act consultatively in other ways.

6.4 Participative management:

- Managers have trust and confidence in subordinates.
- Responsibility is spread widely through the organizational hierarchy.
- Some amount of discussion about job-related issues takes place between the superior and subordinates.

Likert concluded that managers who applied the participative management approach to their operations had the greatest success as leaders.

7. Management - Framework

7.1 Management – Mission, Vision, & Values

Every organization to be successful needs to be guided by a clear strategy. Vision, mission, and values form the ground for building the strategic foundation of the organization. They direct and guide the purpose, principles and values that govern the activities of the organization and communicate this purpose of the organization internally and externally.

Successful organizations ensure that their goals and objectives are always in synergy with their vision, mission and values and consider this as the basis for all strategic planning and decision making.

By developing clear and meaningful mission and vision statements, organizations can powerfully communicate their intentions and inspire people within and outside the organization to ensure that they understand the objectives of the organization, and align their expectations and goals toward a common sense of purpose.

7.2 Importance of Mission, Vision, and Values

Vision and mission statements play an important role in strategy development by:

- Providing means to create and weigh various strategic plans and alternatives.
- Laying down the fundamentals of an organization's identity and defining its purpose for existence.
- Providing an understanding of its business directions.

By identifying and understanding how values, mission, and vision interact with one another, an organization can create a well-designed and successful strategic plan leading to competitive advantage.

An organizational mission is a statement specifying the kind of business it wants to undertake. It puts forward the vision of management based on internal and external environments, capabilities, and the nature of customers of the organization.

A mission statement therefore:

- Communicates the organization's reason for being.
- Reveals a company's philosophy, as well as its purpose.
- Specifies how it aims to serve its key stakeholders.
- Defines the current and future business in terms of product, markets, customer, etc.
- Is often longer than vision statements and sometimes also includes a summation of the firm's values.

A vision is a clear, comprehensive snapshot of an organization at some point in the future. It defines the company's direction and entails what the organization needs to be like, to be successful in future.

It is of strategic importance to an organization to create a clear and effective vision. A clear vision helps to define the values of the organization and guides the conduct of all employees. A strong vision also leads to improved productivity and efficiency.

A Vision Statement is:

- A future-oriented declaration of the organization's purpose and aspirations.
- Lays out the organization's "purpose for being".
- A clear vision helps in aligning everyone towards the same state of objective, providing a basis for goal congruence.

8. Management - Personality & Attitude

Every organization is a mix of individuals with a variety of personalities, values, and attitudes. Personality and characteristics determine an employee's behavior and ability to perform. Organizations hire people on the premise that they have certain knowledge, skills, abilities, personalities, and values which they bring to the workplace.

8.1 Role of Personality and Attitude in Organization

Personality contributes in part to workplace behavior because the way that people think, feel, and behave affects many aspects of the workplace. Attitude is another major factor to be considered here. People's personalities influence their behavior in groups, their attitudes, and the way they make decisions. Today, at the hiring stage itself many organizations are attempting to screen applicants who are more likely to fit with their company culture. Organizations want to hire individuals with positive traits and attitudes to create a healthy environment.

8.2 Importance of Personality

Personality is a set of distinctive individual characteristics, including motives, emotions, values, interests, attitudes, and competencies. It is a stable set of characteristics representing internal properties of an individual, which are reflected in behavioral tendencies across a variety of situations.

It determines an employee's fitment in terms of personality, attitude and general work style. In managing the day-to-day challenges, it is the personality of the people involved that affects the decisions taken in an organization. For example, a manager who cannot motivate his staff positively risks the integrity of the team which directly impacts the quality of service resulting in low productivity.

A manager's personality greatly impacts motivation, leadership, performance, and conflict. The more understanding a manager

has on how personality in organizational behavior works, the better equipped he will be to bring out the best in people and situation.

8.3 Personality Traits

Organizations have greatly evolved over the years in the way organizations operate and react to situations. Today they are leaner with fewer levels and more transparency. Managers are more participative involving subordinates at all levels. The shifts towards more knowledge-oriented and customer-focused jobs have rendered more autonomy even at fairly low levels within organizations.

The constant volatility of the environment affecting organizations has made them open to changes and newness. All of these factors have contributed to personality being seen as more important now than it was in the past.

Behavior patterns have been a constantly evolving field of study where psychologists attempt to identify and measure individual personality characteristics, often called **personality traits** which are assumed to be some enduring characteristics that are relatively constant like dependable, trustworthy, friendly, cheerful, etc.

The Big 5 Personality Traits

There are a number of traits on which persons can be ranked or measured. However, five core personality traits called the five factor model have been found to be of value for use in organizational situations.

Each of these 5 personality traits describes, relative to other people, the frequency or intensity of a person's feelings,

thoughts, or behaviors. Every individual possesses all 5 of these traits, but in varying degree.

For example, we can describe two managers as 'tolerant'. But there could be significant variation in the degree to which they exercise their tolerance levels.

There are '5 trait' model which is now widely accepted among psychologists. These 5 aspects of personality are referred to as the 5-factors or sometimes just 'the Big 5'.

The model categorizes people as possessing the following traits in varying degrees of high scope and low scope.

Conscientiousness

- High Score - Productive and disciplined, rigid and "single tasking".
- Low Score - Less structured, less productive, more flexible, inventive, and capable of multitasking.

It includes Meticulous (careful), Cautious, Organized, Self - efficacy and Discipline

Agreeableness

- High Score - Co-operative can be submissive, and empathetic to others.
- Low Score - Demanding, challenging and competitive, sometimes even argumentative.

It includes morality, tolerance, trust, cooperation and sympathy

Extraversion

- High Score - Energetic, Cooperative, talkative, enthusiastic and seek excitement.
- Low Score - Loners, not sympathetic, difficult to understand, even a bit eccentric.

It includes friendly, assertive, cheerful, excitement and seeking

Openness to Experience

- High Score - Beginners, curious and sometimes unrealistic.
- Low Score - Grounded, practical and sometimes resist change.

It includes emotional, imaginative, intellectual, adventurous and liberalism

Neuroticism

- High Score - Calm, relaxed and rational. Sometimes can be perceived as being lazy and incapable of taking things seriously.
- Low Score - Alert, anxious, sometimes unnecessarily worried.

It includes anger, depression, anxiety and vulnerability

The 5 personality traits exist on a continuum rather than as attributes that a person does or does not have. Each of these 5 traits is made up individual aspects, which can be measured independently.

The personality traits cannot be studied in isolation. Both positive and negative associations that these traits imply should be considered. For example, conscientiousness is necessary for achieving goals through dedication and focus. Conscientious people reach their goals faster. Conversely, conscientiousness is not very helpful in situations that require multi-tasking.

8.4 Other Personality Traits-Self Variables

In addition to the Big Five, researchers have proposed various other dimensions or traits of personality. They are called self-variables. People's understanding about themselves is called self-concept in personality theory and are important self-variables that have application in organizational behavior. These include self-monitoring, self-esteem, self-efficacy, etc

- **Self-esteem** is the self-perceived competence and self-image. It is related to higher levels of job satisfaction and performance levels on the job. People with low self-esteem experience high levels of self-doubt and question their self-worth.

- **Self-monitoring** is the extent to which a person is capable of monitoring his or her actions and appearance in social situations.
- **Self-efficacy** is the belief in one's abilities that one can perform a specific task successfully. A person may have high self-efficacy in being successful academically, but low self-efficacy in relation to his/her ability to fix the car.

Personality thus impacts a person's performance in various dimensions in the workplace. Not every personality is suited for every job position, so organizations need to carefully consider personality traits and assign duties/roles accordingly. This can lead to increased productivity and job satisfaction.

9. Management – Work Attitude and Behavior

Each one of us has our own belief or attitude towards the food we eat, the place we live, the clothes we wear, etc. Similarly, work attitude refers to how an individual feels about his work and shows his commitment towards it.

Attitudes are a way of thinking, and they shape how we relate to the world, both at work and outside of work. An attitude denotes our opinions, beliefs, and feelings about various aspects of our environment.

9.1 Positive Work Attitude

Positive work attitude is extremely important because it fosters productive thinking and leads to productive working. A positive person is more approachable and easily builds constructive relationships, which are essential in building cohesive teams.

The two job attitudes that have the greatest potential to influence how an individual behaves at work are – Job Satisfaction and Organizational Commitment.

People consider and evaluate their work environment based on several factors like the nature of the job, the rapport and relationship they share with their superiors and peers, how they are treated in the organization and the level of stress the job involves. Work attitudes that have the greatest potential to influence how an employee behaves are job satisfaction and organizational commitment.

9.2 Job Satisfaction

The feelings people have toward their job. It is probably the most important job attitude and denotes how satisfied an employee is at his work. A person with high job satisfaction appears to hold generally positive attitude, and one who is dissatisfied holds negative attitude towards their job.

9.3 Organizational Commitment

Organizational commitment is the emotional or psychological attachment people have toward the company they work for. A highly committed employee identifies completely with the organizations' objectives and is willing to put in whatever effort it takes to meet them. Such an employee will be willing to remain with the organization and grow with it.

9.4 Factors Contributing to Job Satisfaction and Organizational Commitment

Employees tend to associate satisfaction and commitment in jobs with certain characteristics.

Nature of Job - Employees are satisfied and committed when they feel that their job provides the ability to use their inherent skills, having autonomy at work, performing a seemingly significant task, having healthy feedback mechanism, etc.

Employees also tend to be more satisfied when their jobs help them build new skills and improve themselves.

Job Fitment - It is the degree to which an employee's personal beliefs, values and goals are in synergy with those of the organization. An employee who sees a healthy synergy will remain satisfied and committed.

Organizational Justice - Every individual likes to be treated fairly in all situations. This also applies to the workplace and plays a big role in creating and sustaining satisfaction and commitment levels. How fair the companies policies are, how fairly the management and superiors treat the employees and how fair is the compensation an employee receives in return for his contribution, are some factors.

Work Relationships - Another major influence of an employee's satisfaction and commitment is the relationship with juniors, peers and managers. Relationship refers to the way they are treated, whether they are socially accepted in the work group, how considerate is the manager, how fair he is towards the employees, etc.

Psychological Association - An employee who is emotionally attached with the organization will be satisfied and willing to commit himself to achieving the organizational objectives. It is the unspoken informal bond that silently plays a major positive influence.

10. Management - Decision Making

2. DECISION MAKING:

The process of decision making is the vital element in the management process. The decision making is necessary in each and every step of managerial functions. The basic idea of decision making process is to identify a suitable solution for a problem provided, by evaluating various possible solutions for that particular problem.

Decision making is a conscious and human process involving both individual and social phenomenon based upon factual and value premises, which concludes with a choice of one behavioral activity from among one or more alternatives with the intension of moving toward some desired state of affairs.

10.1 Decision Making - Nature and Significance

Decision making is an integral part of every aspect of life. This also applies to organizations. It is one of the key factors that pave the way for its success or failure. Every manager is required to execute decisions at various levels of the management cycle beginning from planning to control. It is the effectiveness and quality of those decisions that determine how successful a manager is.

Without decision making, different managerial functions such as planning, organizing, directing, controlling, and staffing cannot be conducted. Decision making is a cumulative and consultative process, and should support organizational growth.

The main function of every management is making the right decisions and seeing them through to their logical end through execution. Every management decision also affects employee morale and performance, ultimately influencing the overall business performance. The importance of decision making in management is immense, as the business policy and strategies adopted ultimately affects the company's output and performance.

Decision making is the coherent and rational process of identifying a set of feasible alternatives and choosing a course of action from them.

10.2 Types of Decisions

Decision making and problem solving is a continuous process of analyzing and considering various alternatives in various situations, choosing the most appropriate course of action and following them up with the necessary actions.

There are two basic types of decisions

1. Programmed Decisions
2. Non-programmed Decisions

1. Programmed Decisions

Programmed decisions are those that are made using standard operating procedures or other well-defined methods. They are situations that are routine and occur frequently.

Organizations come up with specific ways to handle them.

Programmed decisions are effective for day-to-day issues such as requests for leave or permissions by employees. Once the decision is taken, the program specifies processes or procedures to be followed when similar situation arises. Creating such programed routines lead to the formulation of rules, procedures and policies, this becomes a standard in the organization.

2. Non-programmed Decisions

Non-programmed decisions are unique and one-shot decisions. They are not as structured as programmed decisions and are usually tackled through judgment and creativity.

They are innovative in essence, as newly created or unexpected problems are settled through unconventional and novel solutions.

10.3 Management – Factors Affecting Decision Making

Decisions are typically made under one of three conditions:

- Certainty
- Risk and
- Uncertainty

These conditions are based on the amount of knowledge the decision maker has regarding the final outcome of the decision. The manager's decision depends on a number of factors, like the manager's **knowledge, experience, understanding and intuition.**

Certainty

- Decisions are made under conditions of certainty when the manager has enough information to know the outcome of the decision before it is made.
- The manager knows the available alternatives as well as the conditions and consequences of those actions.
- There is little ambiguity and hence relatively low possibility of making a bad decision.

Risk

- Most managerial decisions are made under conditions of risk.
- Decisions are taken in risk when the manager has some information leading to the decision but does not know everything and is unsure or unaware of the consequences.

Under conditions of risk, the manager may find it helpful to use probability estimates. This is where the manager's experience and/or intelligence are of great help.

Uncertainty

- Decisions are made under uncertainty when the probabilities of the results are unknown.
- There is no awareness of all the alternatives and also the outcomes, even for the known alternatives.

Under such conditions managers need to make certain assumptions about the situation in order to provide a reasonable framework for decision making. Intuition, judgment, and experience always play a major role in the decision making process under conditions of uncertainty.

The decision-making process involves the following steps:

- Define the problem
- Identify limiting factors
- Develop potential alternatives
- Analyze and select the best alternatives
- Implement the decision

- **Define the Problem**

The first step in the process of decision making is the recognition or identification of the problem, and recognizing that a decision needs to be taken.

It is important to accurately define the problem. Managers can do this by identifying the problem separately from its symptoms. Studying the symptoms helps getting closer to the root cause of the problem.

- **Identify Limiting Factors**

In order to choose the best alternative and make a decision every manager needs to have the ideal resources — information, time, personnel, equipment, and supplies. But this is an ideal situation and may not always be possible.

A limiting factor is something that stands in the way of accomplishing a desired objective.

- **Develop Potential Alternatives**

Recognizing the limiting factor in a given situation makes it possible to narrow down the search for alternatives and make the best decision possible with the information, resources, and time available.

Some methods for developing alternatives are:

- **Brainstorming**, where a group works together to generate ideas and alternative solutions.
- **Nominal group technique** is a method that involves the use of a highly structured meeting, complete with an agenda, and restricts discussion or interpersonal communication during the decision-making process.

- **Delphi technique** where the participants do not meet, but a group leader uses written questionnaires to conduct the decision making.

Analyze the Alternatives

This is an important stage in the decision-making process and perhaps the toughest. Managers must identify the merits and demerits of each alternative and weigh them in light of various situations before making a final decision. Evaluating the alternatives can be done in numerous ways. Here are a few possibilities:

- Qualitative and quantitative measurements
- Perform a cost-effectiveness analysis for each alternative
- Marginal analysis

Selecting Alternatives

Once the alternatives are analyzed and evaluated, the manager has to choose the best one. The manager needs to choose the alternative that gives the most advantage while meeting all the required criteria. Sometimes the choice is simple with obvious benefits, at times the optimal solution is a combination of several alternatives. At times when the best alternative may not be obvious, the manager uses probability estimates, research and analysis aided by his experience and judgment.

Evaluating Decision Effectiveness

The job of the managers does not end with making decisions. They are also responsible to get favorable results from the decision taken and implemented.

The effectiveness of a decision can be understood through a systematic and scientific evaluation system that provides feedback on how well the decision is being implemented, what the results have been, and what amendments and adjustments have been made to get the intended results.

11. Decision Making - Styles

Decision making style of managers depends greatly on their personality and approach towards problem solving. Every leader or manager has his own individualistic style augmented by his experience, background, and abilities.

Directive or Autocratic Decision Making	Managers who follow this style assess few alternatives and consider limited information while taking any decision. They do not find it important to consult with others or seek information in any form and use their logic and idea while taking decisions.
Analytical Decision Making	Managers using analytic decision making style would like to have more information and consider more alternatives before coming to a conclusion. They seek relevant information from their sources and consider factual and detailed information before taking any decision. Such managers are careful decision makers as they have the ability to adapt or cope with unique situations.
Behavioral Decision Making	Leaders who follow this model believe in participative management and consider the achievement of subordinates and always take suggestions from them. They try to get inputs from subordinates through meetings and discussions. They try to avoid/resolve conflicts as acceptance by others is important to them.

conceptual Decision Making	Managers using conceptual decision making style are intuitive in their thinking and have high tolerance for ambiguity. They look at many alternatives and focus on long run outcomes.
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12. Decision Making - Tools

Decision making is a very important and complex process. In order to aid decision makers make the right choice, quantitative techniques are used that improve the overall quality of decision making.

Following are some of the commonly used techniques:

Decision Trees

Decision Trees are tools that help choose between several courses of action or alternatives. They are:

- Represented as tree-shaped diagram used to determine a course of action or show a statistical probability.
- Each branch of the decision tree represents a possible decision or occurrence.
- The tree structure shows how one choice leads to the next, and the use of branches indicates that each option is mutually exclusive.
- A decision tree can be used by a manager to graphically represent which actions could be taken and how these actions relate to future events.

Delphi Technique

Delphi Technique is a method used to estimate the likelihood and outcome of future events. It is unique because:

- It is a group process using written responses to a series of questionnaires instead of physically bringing individuals together to make a decision.
- Individuals are required to respond to a set of multiple questionnaires, with each subsequent questionnaire built from the information gathered in the previous one.
- The process ends when the group reaches a consensus.
- The responses can be kept anonymous if required.

Payback Analysis

Payback analysis is a technique generally used in financial management.

- It refers to the period of time required to recoup the funds expended in an investment, or to reach the break-even point.
- It is generally used to evaluate capital-purchasing alternatives.
- Alternatives are ranked according to the time each takes to pay back its initial cost.
- The strategy is to choose the alternative that has the quickest payback of the initial cost.

Simulations

Simulation is a technique that attempts to replace and amplify real experiences with guided techniques.

- It is a widely used technique in operations research.
- It models the behavior of individual elements within a given system.
- Methods generally used in simulation are random sampling to generate realistic variability.
- The overall behavior of the system emerges from the interactions between the elements.
- Widely used application areas of the simulation technique are - logistics and supply chain, service and operations management, business process improvement, health and social care information system, environment, etc.