

Year	Subject Title	Sem.	Sub Code
2018 -19 Onwards	CORE-I: MANAGEMENT CONCEPTS & ORGANISATIONAL BEHAVIOUR	I	18MTT11C

### Objectives:

- Familiarize the students with various functional areas of management and contemporary issues.
- To study the contemporary concepts in management and organizational behavior

### UNIT - I

Management Concepts and Functions: Nature and Levels in Management – Managerial Roles and Skills– Tasks of a Professional Manager –Manager and Environment. Case Studies of Managerial Skills – Steve Jobs, Sundar Pichai and Satya Nadella

### UNIT - II

Planning: Planning Process – Scope and Limitations – Short Range Vs. Long Range Planning – Characteristics of a Sound Plan – MBO, MBE - Organising: Organisation Structure & Design – Span of Control- Delegation of Authority and Decentralisation – Decision Making – Process - Approaches in Decision Making, Group Decision Making - Interdepartmental Coordination – Emerging Trends in Corporate Structure, Strategy and Culture

### UNIT - III

Directing & Controlling: Supervision, Motivation – Motives – Characteristics of Motivation– Elements – Methods –Leadership: T Styles & Models – Communication- Process of Communication – Control System and Process –Staffing –Meaning &Types

### UNIT - IV

Organizational Behaviour: Individual Behaviour and Differences - Personality – Attitudes and Beliefs – Values - Perception – Perceptual Selectivity – Management of Stress –Understanding Work Teams– Conflict Management -Selected case studies of Domestic & International Companies

### UNIT - V

Organisational Culture – Cross-Cultural Management – Change Management – Knowledge Management – Dimensions and Process - Impact of Technology on Organization

### TEXT BOOKS

1. Koontz & Weirich (2004), Management, McGraw– Hill, Tokyo.

### REFERENCE BOOKS

1. K, Aswathappa & Kariminder Ghuman (2017), Management Concepts Practice and Cases, McGraw Hill, New Delhi
2. Richard .M Hodgets (1993), Management, Academic Press, New Jersey.
3. Hampton (1992), Management, McGraw– Hill, International Edition, Tokyo.
4. Stoner & Wankel (1999), Management, Prentice Hall India, New Delhi.
5. Peter F. Drucker (1987), Practice of Management, Pan Books, London, Reprint.
6. Peter F. Drucker (1983), Innovation and Entrepreneurship, Heinman, New York.
7. Virmani.B.R. (2006), The Challenges of Indian Management, Response books, New Delhi.
8. Important Business Magazines like: Business India, Business World and Fortune International

# Unit 1

## Management:

Management is required for an established life and essential to managing all types of management. Sound management is the fortitude of thriving companies. Managing life implies getting everything done to accomplish life's aspirations and maintaining an establishment means getting everything done with and by other people to deliver its objectives.

According to Harold **Koontz**, "**Management** is an art of getting things done through and with the people in formally organized groups.

## Nature of Management:

- **Universal Process:** Wherever there exists human pursuit, there exists management. Without effective management, the intentions of the organisation cannot be accomplished.
- **The factor of Production:** Equipped and experienced managers are necessary for the utilisation of funds and labour.
- **Goal-Oriented:** The most significant aim of all management pursuit is to achieve the purposes of a firm. The aims must be practical and reachable.
- **Supreme in Thought and Action:** Managers set achievable goals and then direct execution on all aspects to achieve them. For this, they need complete assistance from middle and lower degrees of management.
- **The system of authority:** Well-defined principles of regulation, the regulation of proper power and efficiency at all degrees of decision-making. This is important so that each self must perform what is required from him or her and to whom he must report.
- **Profession:** Managers require to control managerial expertise and education, and have to adhere to a verified law of demeanour and stay informed of their human and social responsibilities.
- **Process:** The management method incorporates a range of activities or services directed towards an object.

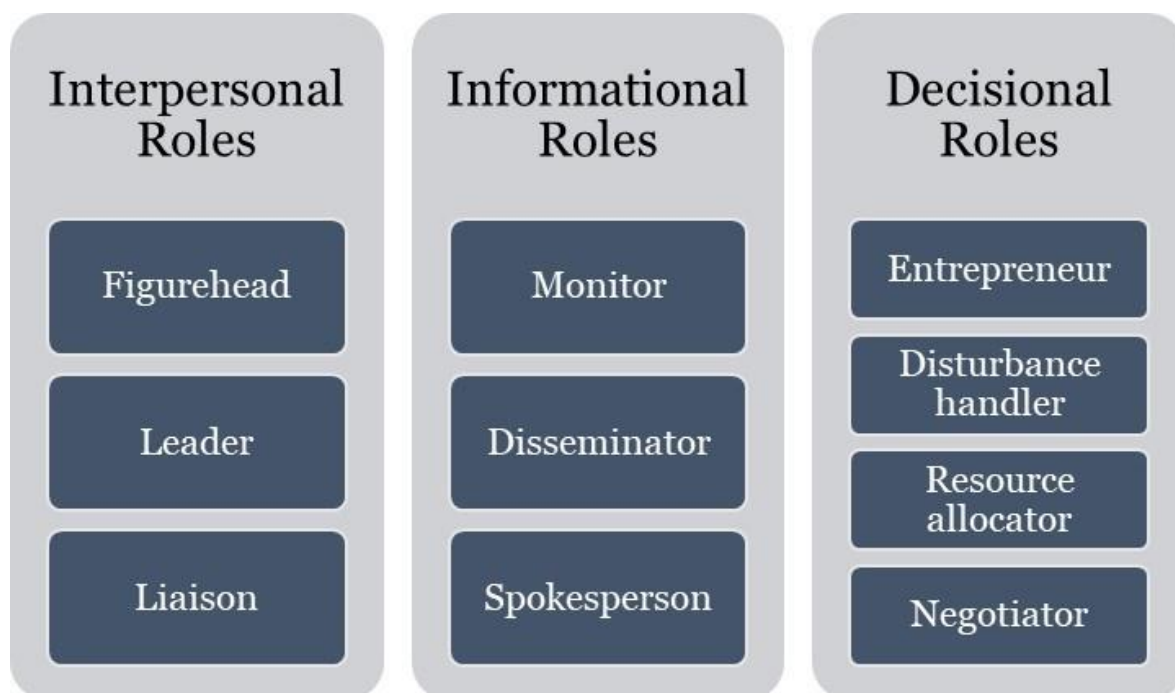
## Significance of Management:

- **Achieving Group Goals:** Management encourages collaboration and coordination amongst workers. A general control must be provided to the organisational and personal objectives in order to favourably accomplish the aims.
- **Increases Efficiency:** Management improves productivity by managing resources in a reliable conceivable way in order to decrease cost upscale potency.
- **Creates Dynamic organisation:** Management undertakes the conditions by assuring that these variations are well accepted privately and that objection to change is controlled.

- **Achieving personal objectives:** Management promotes leadership and furnishes motivation to the employees to operate effectively in order to accomplish their personal aims while working towards the organisational goals.
- **Development of Society:** Management helps in the enhancement of community by manufacturing reliable quality commodities, establishing employment chances and fostering innovative technologies.

## Managerial Roles

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



### Interpersonal Roles

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

## Informational Roles

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

## Decisional Roles

- Entrepreneur – involves all aspects associated with acting as an initiator, designer, and also an encourager of innovation and change.
- Disturbance handler – taking corrective action when the organization faces unexpected difficulties which are important in nature.
- Resource Allocator – being responsible for the optimum allocation of resources like time, equipment, funds, and also human resources, etc.
- Negotiator – includes representing the organization in negotiations which affect the manager's scope of responsibility.

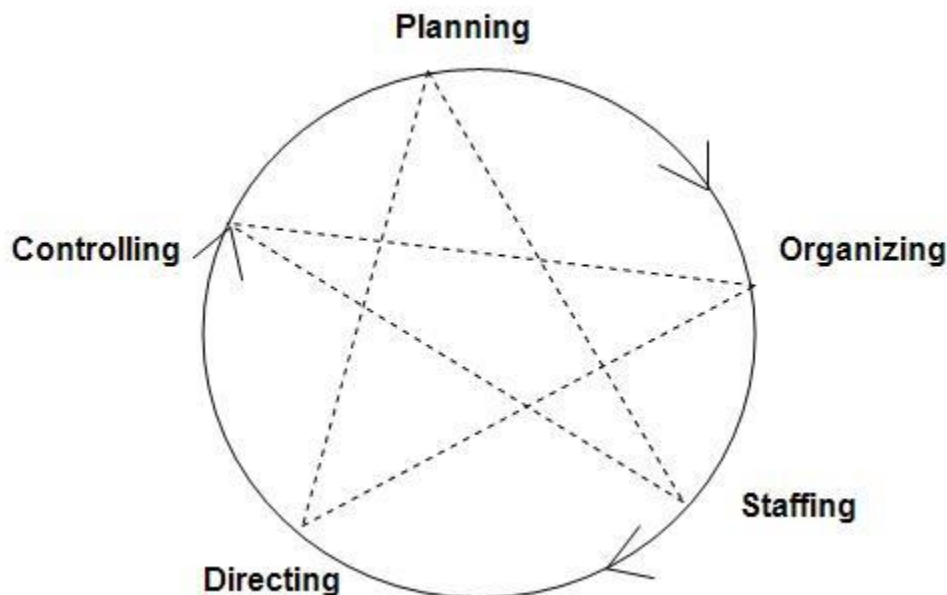
## Functions of Management/Management Process:

Management has been described as a social process involving responsibility for economical and effective planning & regulation of operation of an enterprise in the fulfillment of given purposes. It is a dynamic process consisting of various elements and activities. These activities are different from operative functions like marketing, finance, purchase etc. Rather these activities are common to each and every manager irrespective of his level or status.

Different experts have classified functions of management. According to George & Jerry, "There are four fundamental functions of management i.e. planning, organizing, actuating and controlling".

According to Henry Fayol, "To manage is to forecast and plan, to organize, to command, & to control". Whereas Luther Gullick has given a keyword '**POSDCORB**' where P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for reporting & B for Budgeting. But the most widely accepted are functions of management given by KOONTZ and O'DONNEL i.e. **Planning, Organizing, Staffing, Directing and Controlling**.

For theoretical purposes, it may be convenient to separate the function of management but practically these functions are overlapping in nature i.e. they are highly inseparable. Each function blends into the other & each affects the performance of others.



## 1. Planning

It is the basic function of management. It deals with chalking out a future course of action & deciding in advance the most appropriate course of actions for achievement of pre-determined goals. According to KOONTZ, "Planning is deciding in advance - what to do, when to do & how to do. It bridges the gap from where we are & where we want to be". A plan is a future course of actions. It is an exercise in problem solving & decision making. Planning is determination of courses of action to achieve desired goals. Thus, planning is a systematic thinking about ways & means for accomplishment of pre-determined goals. Planning is necessary to ensure proper utilization of human & non-human resources. It is all pervasive, it is an intellectual activity and it also helps in avoiding confusion, uncertainties, risks, wastages etc.

## 2. Organizing

It is the process of bringing together physical, financial and human resources and developing productive relationship amongst them for achievement of organizational goals. According to Henry Fayol, "To organize a business is to provide it with everything useful or its functioning i.e. raw material, tools, capital and personnel's". To organize a business involves determining & providing human and non-human resources to the organizational structure. Organizing as a process involves:

- Identification of activities.
- Classification of grouping of activities.

- Assignment of duties.
- Delegation of authority and creation of responsibility.
- Coordinating authority and responsibility relationships.

### 3. Staffing

It is the function of manning the organization structure and keeping it manned. Staffing has assumed greater importance in the recent years due to advancement of technology, increase in size of business, complexity of human behavior etc. The main purpose of staffing is to put right man on right job i.e. square pegs in square holes and round pegs in round holes. According to Kootz & O'Donell, "Managerial function of staffing involves manning the organization structure through proper and effective selection, appraisal & development of personnel to fill the roles designed on the structure". Staffing involves:

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

### 4. Directing

It is that part of managerial function which actuates the organizational methods to work efficiently for achievement of organizational purposes. It is considered life-spark of the enterprise which sets it in motion the action of people because planning, organizing and staffing are the mere preparations for doing the work. Direction is that inert-personnel aspect of management which deals directly with influencing, guiding, supervising, motivating sub-ordinate for the achievement of organizational goals. Direction has following elements:

- Supervision
- Motivation
- Leadership
- Communication

**Supervision-** implies overseeing the work of subordinates by their superiors. It is the act of watching & directing work & workers.

**Motivation-** means inspiring, stimulating or encouraging the sub-ordinates with zeal to work. Positive, negative, monetary, non-monetary incentives may be used for this purpose.

**Leadership-** may be defined as a process by which manager guides and influences the work of subordinates in desired direction.

**Communications-** is the process of passing information, experience, opinion etc from one person to another. It is a bridge of understanding.

## 5. Controlling

It implies measurement of accomplishment against the standards and correction of deviation if any to ensure achievement of organizational goals. The purpose of controlling is to ensure that everything occurs in conformities with the standards. An efficient system of control helps to predict deviations before they actually occur. According to Theo Haimann, "Controlling is the process of checking whether or not proper progress is being made towards the objectives and goals and acting if necessary, to correct any deviation". According to Koontz & O'Donell "Controlling is the measurement & correction of performance activities of subordinates in order to make sure that the enterprise objectives and plans desired to obtain them as being accomplished". Therefore controlling has following steps:

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

## Is Management an Art or Science?

### Management as an Art:

An art is often regarded as the systematic application of skill or knowledge in effecting accomplishment of results. It represents the methods or ways of doing specific things and indicates how an objective is to be achieved. The function of art is to effect change and accomplish results through deliberate efforts. Art is a personalized process and every artist has his own style. It is practice-based and perfection in it requires continuous practice over a long period of time.

### The main elements of art are discussed below:

**(a) Personal Skill:** Like any other artist, a manager also uses his knowledge and skill in coordinating the activities of people in the organisation. Management is an art of dealing with people to accomplish desired results.

**(b) Practical Knowledge:** Management is concerned with the application of knowledge and skill. Unless managerial principles are used for making the things effective and better, these will not be covered in art.

**(c) Result-Oriented Approach:** Management is result oriented because it is concerned with accomplishment of objectives. It aims at achieving maximum productivity at lowest costs.

**(d) Regular Practice:** Like an artist, management always tries to attain higher and higher goals in order to reach the state of absolute perfection. This efficiency and effectiveness is attained through regular practice.

**(e) Creativity:** Every art has an element of creativity and in this sense also management is one of the most creative art as it is concerned with getting work done through others by motivating them to work and coordinating their activities.

### **Management as a Science:**

The word science literally means knowledge. It is a systematised body of knowledge acquired by mankind through observation and experimentation which is capable sense of verification.

The basic difference between art and science is that art implies knowing, how the application, whereas science is concerned with knowing, why? In the words of Keynes, "Science is a systematised body of knowledge which establishes relationship between cause and effect."

### **The essential features of science are as follows:**

1. It is a systematised body of knowledge that uses scientific methods for observation.
2. The principles are evolved on the basis of continued observation.
3. The principles are exact and have universal applicability without any limitation.
4. The principles establish a cause and effect relationship between various factors.
5. The validity of scientific principles can be verified and they provide a reliable basis for predicting future events.

### **1. Systematised Body of Knowledge:**

Management is viewed as a science as it is an organised body of knowledge built up by management practitioners, thinkers and philosophers over a period of years. "Management science is a body of systematised knowledge accumulated and accepted with reference to the understanding of general truths concerning management." The principles of management make



use of scientific methods for observation. Frederick W. Taylor, the Father of Scientific Management applied scientific techniques to studies of planning, organising, staffing, motivating, etc.

## **2. Continued Observation:**

As applied to management, the principles of management have been developed after continued observations. The knowledge of management has been acquired through continuous and vigorous efforts of many theorists and practitioners over a period of years.

## **3. Universal Application:**

Scientific principles represent basic truths and can be applied in all situations and at all times , i.e., they have universal application. In the field of management also, this knowledge has been accumulated and accepted with reference to general truths. There are certain fundamental principles of management which can be universally applied. In the words of Taylor, ‘The fundamental principles of management are applicable to all human activities from our simplest individual acts to the working of our great corporations.’”

## **4. Cause and Effect Relationship:**

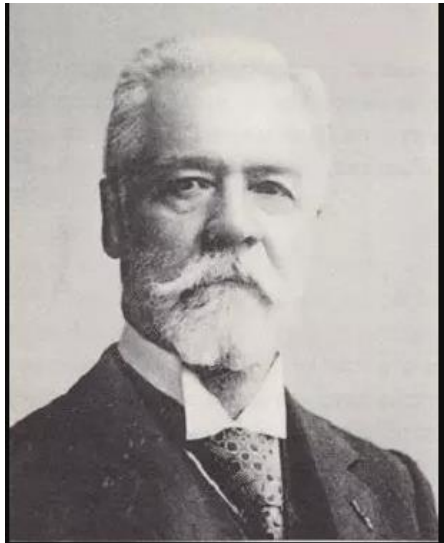
Scientific principles establish cause and effect relationship between various factors. When applied to management, the principles of management also establish cause and effect relationship, e.g., poor planning and plant layout cause low productivity.

## **5. Validity and Predictability:**

Mere knowledge or collection of facts is not science. It is only when the knowledge so gathered can be verified, it becomes science. The principles of management can also be verified for their validity. The principles of management have been put to several tests and found to be valid. For example, a subordinate put under one boss will show better results, than a subordinate who has to follow two or more bosses. Further, the principles of management by finding cause and effect relationship can serve reliable basis for predicting further events.

## **Principles of Management:**

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



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

### **1. Division of Work-**

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

### **2. Authority and Responsibility-**

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

### **3. Discipline-**

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

#### **4. Unity of Command-**

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

#### **5. Unity of Direction-**

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

#### **6. Subordination of Individual Interest-**

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

#### **7. Remuneration-**

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

#### **8. Centralization-**

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

#### **9. Scalar Chain-**

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

#### **10. Order-**

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

#### **11. Equity-**

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

#### **12. Stability-**

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

### **13. Initiative-**

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

### **14. Esprit de Corps-**

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

### **Principles of Scientific Management by Taylor:**

F.W. Taylor or Fredrick Winslow Taylor is also known as the 'father of scientific management' proved with his practical theories that a scientific method can be implemented to management. Taylor gave much concentration on the supervisory level of management and performance of managers and workers at an operational level. Let's discuss in detail the five(5) principles of management by F.W Taylor.

#### **1. Science, not the Rule of Thumb**

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

#### **2. Harmony, Not Discord**

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

#### **3. Mental Revolution**

This technique involves a shift of attitude of management and workers towards each other. Both should understand the value of each other and work with full participation and cooperation. The aim of both should be to improve and boost the profits of the organisation. Mental Revolution demands a complete change in the outlook of both the workers and management; both should have a sense of togetherness.

#### 4. Cooperation, not Individualism

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

#### 5. Development of Every Person to his Greatest Efficiency

The effectiveness of a company also relies on the abilities and skills of its employees. Thus, implementing training, learning best practices and technology, is the scientific approach to brush up the employee skill. To assure that the training is given to the right employee, the right steps should be taken at the time of selection and recruiting candidates based on a scientific selection.



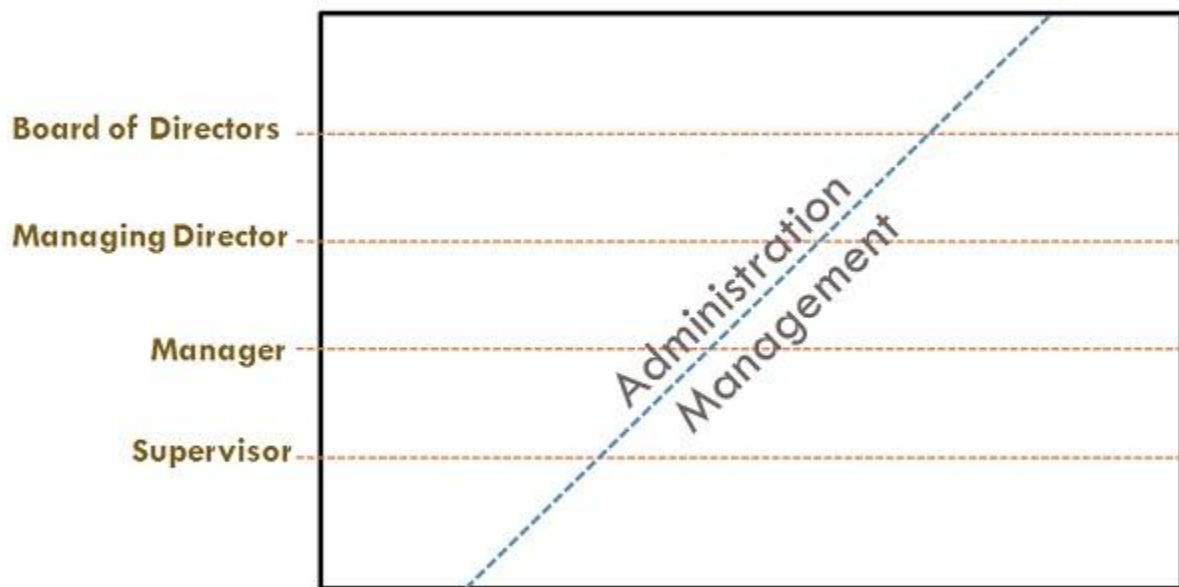
**Management** can be understood as the skill of getting the work done from others. It is not exactly same as **Administration**, which alludes to a process of effectively administering the entire organization. The most important point that differs management from the administration is that the former is concerned with directing or guiding the operations of the organization, whereas the latter stresses on laying down the policies and establishing the objectives of the organization.

#### Comparison Chart

BASIS FOR COMPARISON	MANAGEMENT	ADMINISTRATION
Meaning	An organized way of managing	The process of administering an

<b>BASIS FOR COMPARISON</b>	<b>MANAGEMENT</b>	<b>ADMINISTRATION</b>
	people and things of a business organization is called the Management.	organization by a group of people is known as the Administration.
Authority	Middle and Lower Level	Top level
Role	Executive	Decisive
Concerned with	Policy Implementation	Policy Formulation
Area of operation	It works under administration.	It has full control over the activities of the organization.
Applicable to	Profit making organizations, i.e. business organizations.	Government offices, military, clubs, business enterprises, hospitals, religious and educational organizations.
Decides	Who will do the work? And How will it be done?	What should be done? And When is should be done?
Work	Putting plans and policies into actions.	Formulation of plans, framing policies and setting objectives
Focus on	Managing work	Making best possible allocation of limited resources.
Key person	Manager	Administrator

BASIS FOR COMPARISON	MANAGEMENT	ADMINISTRATION
Represents	Employees, who work for remuneration	Owners, who get a return on the capital invested by them.
Function	Executive and Governing	Legislative and Determinative



### Levels of Management

The term “**Levels of Management**’ refers to a line of demarcation between various managerial positions in an organization. The number of levels in management increases when the size of the business and work force increases and vice versa. The level of management determines a chain of command, the amount of authority & status enjoyed by any managerial position. The levels of management can be classified in three broad categories:

1. **Top level / Administrative level**
2. **Middle level / Executory**
3. **Low level / Supervisory / Operative / First-line managers**

Managers at all these levels perform different functions. The role of managers at all the three levels is discussed below:



## LEVELS OF MANAGEMENT

### 1. Top Level of Management

It consists of board of directors, chief executive or managing director. The top management is the ultimate source of authority and it manages goals and policies for an enterprise. It devotes more time on planning and coordinating functions.

The role of the top management can be summarized as follows -

- a. Top management lays down the objectives and broad policies of the enterprise.
- b. It issues necessary instructions for preparation of department budgets, procedures, schedules etc.
- c. It prepares strategic plans & policies for the enterprise.
- d. It appoints the executive for middle level i.e. departmental managers.
- e. It controls & coordinates the activities of all the departments.
- f. It is also responsible for maintaining a contact with the outside world.
- g. It provides guidance and direction.
- h. The top management is also responsible towards the shareholders for the performance of the enterprise.

### 2. Middle Level of Management

The branch managers and departmental managers constitute middle level. They are responsible to the top management for the functioning of their department. They devote more time to organizational and directional functions. In small organization, there is only one layer of middle level of management but in big enterprises, there may be senior and junior middle level management. Their role can be emphasized as -



- a. They execute the plans of the organization in accordance with the policies and directives of the top management.
- b. They make plans for the sub-units of the organization.
- c. They participate in employment & training of lower level management.
- d. They interpret and explain policies from top level management to lower level.
- e. They are responsible for coordinating the activities within the division or department.
- f. It also sends important reports and other important data to top level management.
- g. They evaluate performance of junior managers.
- h. They are also responsible for inspiring lower level managers towards better performance.

### **3. Lower Level of Management**

Lower level is also known as supervisory / operative level of management. It consists of supervisors, foreman, section officers, superintendent etc. According to R.C. Davis, "Supervisory management refers to those executives whose work has to be largely with personal oversight and direction of operative employees". In other words, they are concerned with direction and controlling function of management. Their activities include -

- a. Assigning of jobs and tasks to various workers.
- b. They guide and instruct workers for day to day activities.
- c. They are responsible for the quality as well as quantity of production.
- d. They are also entrusted with the responsibility of maintaining good relation in the organization.
- e. They communicate workers problems, suggestions, and recommendatory appeals etc to the higher level and higher level goals and objectives to the workers.
- f. They help to solve the grievances of the workers.
- g. They supervise & guide the sub-ordinates.
- h. They are responsible for providing training to the workers.
- i. They arrange necessary materials, machines, tools etc for getting the things done.
- j. They prepare periodical reports about the performance of the workers.
- k. They ensure discipline in the enterprise.
- l. They motivate workers.
- m. They are the image builders of the enterprise because they are in direct contact with the workers.

## SKILLS OF MANAGEMENT:

### Types of Management Skills:

According to American social and organizational psychologist Robert Katz, the three basic types of management skills include:

#### 1. Technical Skills

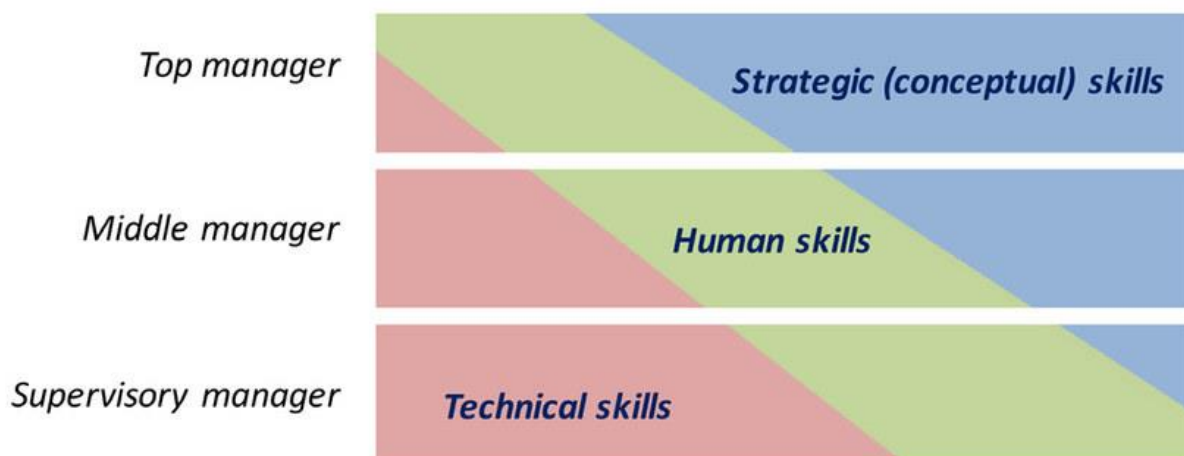
Technical skills involve skills that give the managers the ability and the knowledge to use a variety of techniques to achieve their objectives. These skills not only involve operating machines and software, production tools, and pieces of equipment but also the skills needed to boost sales, design different types of products and services, and market the services and the products.

#### 2. Conceptual Skills

These involve the skills managers present in terms of the knowledge and ability for abstract thinking and formulating ideas. The manager is able to see an entire concept, analyze and diagnose a problem, and find creative solutions. This helps the manager to effectively predict hurdles their department or the business as a whole may face.

#### 3. Human or Interpersonal Skills

The human or the interpersonal skills are the skills that present the managers' ability to interact, work or relate effectively with people. These skills enable the managers to make use of human potential in the company and motivate the employees for better results.



## **Tasks of a Professional Managers:**

### **1. Envisioning Goals**

The first and most important task of any manager is providing a direction to the organization. This entails mapping out their visions and missions.

This is one task the manager must not delegate, but perform himself. Defining the company's objectives helps unify the employees and gets them working towards a common goal.

### **2. Managing Growth**

One of the main roles and responsibilities of the manager is to manage the growth and ensure the survival of the firm. There are both internal and external factors that are a threat to this growth and survival of the firm.

Internal factors (such as choosing the right technology, hiring the correct people etc) are mostly in the firm's control. External factors (government policy, economic conditions) pose a concern the manager must deal with.

### **3. Improving and Maintaining Efficiency**

The manager has many roles and responsibilities regarding the efficiency of the firm. Firstly he must ensure that the firm is efficient, i.e. resources are not being wasted. And then this efficiency has to be effectively maintained.

### **4. Innovation**

It is the task of the manager to be innovative in his job. He must find new and creative solutions to the problems faced by the firm. Innovation not only means having new ideas but also cultivating and implementing them. This is one of the on-going jobs of a professional manager.

### **5. Looking out for the competition**

A manager has to plan and prepare for the competition in the market. He must never be caught unaware, he must prepare for new and/or increased competition.

### **6. Leadership**

The quality of the leadership usually dictates the future of a firm. Hence the manager must also be a good leader. He should be able to inspire and motivate people to work towards the goals of the company.

A leader leads from the front, and the manager must also possess exceptional qualities and work ethic that his team members can learn from.

## **7. Change Management**

In any company or organization, change is a given. The manager has to be the agent of change in such cases. It is his roles and responsibilities to ensure the process of change is smooth and uneventful for the company.

## **8. Choosing correct Information Technology**

This is a problem that all managers of today's era are facing. There are so many choices available in the market for various IT processes.

It is a challenge to use the best and most suitable technology for your organization. So this entails choosing the correct software, communication system, network system etc.

## **Manager and Environment:**

A manager's environment is made up of constantly changing factors — both external and internal — that affect the operation of the organization. If a new competitor appears in the marketplace, the managerial environment is affected. If key clients take their business elsewhere, managers feel the impact. And if technological advances date an organization's current methods of doing business, once again, the managerial environment has to adapt.

Although managers can't always control their environments, they need to be aware of any changes that occur, because changes ultimately affect their daily decisions and actions. For example, in the airline industry, deregulation opened up the market to new airlines, forcing existing airlines to be more competitive. Managers in existing airlines couldn't afford to ignore the cheaper airfares and increased service that resulted. Not only did managers have to identify the new challenge, but they also had to act quickly and efficiently to remain competitive.

## **The Internal Environment**

An organization's internal environment is composed of the elements within the organization, including current employees, management, and especially corporate culture, which defines employee behavior. Although some elements affect the organization as a whole, others affect only the manager. A manager's philosophical or leadership style directly impacts employees. Traditional managers give explicit instructions to employees, while progressive managers empower employees to make many of their own decisions. Changes in philosophy and/or leadership style are under the control of the manager. The following sections describe some of the elements that make up the internal environment.

An organization's mission statement describes what the organization stands for and why it exists. It explains the overall purpose of the organization and includes the attributes that distinguish it from other organizations of its type.

A mission statement should be more than words on a piece of paper; it should reveal a company's philosophy, as well as its purpose. This declaration should be a living, breathing document that provides information and inspiration for the members of the organization. A mission statement should answer the questions, "What are our values?" and "What do we stand for?" This statement provides focus for an organization by rallying its members to work together to achieve its common goals.

Effective mission statements lead to effective efforts. In today's quality-conscious and highly competitive environments, an effective mission statement's purpose is centered on serving the needs of customers. A good mission statement is precise in identifying the following intents of a company:

Customers — who will be served

Products/services — what will be produced

Location — where the products/services will be produced

Philosophy — what ideology will be followed

Company policies are guidelines that govern how certain organizational situations are addressed. Just as colleges maintain policies about admittance, grade appeals, prerequisites, and waivers, companies establish policies to provide guidance to managers who must make decisions about circumstances that occur frequently within their organization. Company policies are an indication of an organization's personality and should coincide with its mission statement.

The formal structure of an organization is the hierarchical arrangement of tasks and people. This structure determines how information flows within the organization, which departments are responsible for which activities, and where the decision-making power rests.

Some organizations use a chart to simplify the breakdown of its formal structure. This organizational chart is a pictorial display of the official lines of authority and communication within an organization.

The organizational culture is an organization's personality. Just as each person has a distinct personality, so does each organization. The culture of an organization distinguishes it from others and shapes the actions of its members.

Four main components make up an organization's culture:

Values

Heroes

Rites and rituals

Social network

Values are the basic beliefs that define employees' successes in an organization. For example, many universities place high values on professors being published. If a faculty member is published in a professional journal, for example, his or her chances of receiving tenure may be enhanced. The university wants to ensure that a published professor stays with the university for the duration of his or her academic career — and this professor's ability to write for publications is a value.

The second component is heroes. A hero is an exemplary person who reflects the image, attitudes, or values of the organization and serves as a role model to other employees. A hero is sometimes the founder of the organization (think Sam Walton of Wal-Mart).

Rites and rituals, the third component, are routines or ceremonies that the company uses to recognize high-performing employees. Awards banquets, company gatherings, and quarterly meetings can acknowledge distinguished employees for outstanding service. The honorees are meant to exemplify and inspire all employees of the company during the rest of the year.

The final component, the social network, is the informal means of communication within an organization. This network, sometimes referred to as the company grapevine, carries the stories of both heroes and those who have failed. It is through this network that employees really learn about the organization's culture and values.

A byproduct of the company's culture is the organizational climate. The overall tone of the workplace and the morale of its workers are elements of daily climate. Worker attitudes dictate the positive or negative “atmosphere” of the workplace. The daily relationships and interactions of employees are indicative of an organization's climate.

Resources are the people, information, facilities, infrastructure, machinery, equipment, supplies, and finances at an organization's disposal. People are the paramount resource of all organizations. Information, facilities, machinery equipment, materials, supplies, and finances are supporting, nonhuman resources that complement workers in their quests to accomplish the organization's mission statement. The availability of resources and the way that managers value the human and nonhuman resources impact the organization's environment.

Philosophy of management is the manager's set of personal beliefs and values about people and work and as such, is something that the manager can control. McGregor emphasized that a manager's philosophy creates a self-fulfilling prophecy. Theory X managers treat employees

almost as children who need constant direction, while Theory Y managers treat employees as competent adults capable of participating in work-related decisions. These managerial philosophies then have a subsequent effect on employee behavior, leading to the self-fulfilling prophecy. As a result, organizational philosophies and managerial philosophies need to be in harmony.

## **The External Environment**

All outside factors that may affect an organization make up the external environment. The external environment is divided into two parts:

**Directly interactive:** This environment has an immediate and firsthand impact upon the organization. A new competitor entering the market is an example.

**Indirectly interactive:** This environment has a secondary and more distant effect upon the organization. New legislation taking effect may have a great impact. For example, complying with the Americans with Disabilities Act requires employers to update their facilities to accommodate those with disabilities.

Directly interactive forces include owners, customers, suppliers, competitors, employees, and employee unions. Management has a responsibility to each of these groups. Here are some examples:

Owners expect managers to watch over their interests and provide a return on investments.

Customers demand satisfaction with the products and services they purchase and use.

Suppliers require attentive communication, payment, and a strong working relationship to provide needed resources.

Competitors present challenges as they vie for customers in a marketplace with similar products or services.

Employees and employee unions provide both the people to do the jobs and the representation of work force concerns to management.

The second type of external environment is the indirectly interactive forces. These forces include sociocultural, political and legal, technological, economic, and global influences. Indirectly interactive forces may impact one organization more than another simply because of the nature of a particular business. For example, a company that relies heavily on technology will be more affected by software updates than a company that uses just one computer. Although somewhat removed, indirect forces are still important to the interactive nature of an organization.

The sociocultural dimension is especially important because it determines the goods, services, and standards that society values. The sociocultural force includes the demographics and values of a particular customer base.

Demographics are measures of the various characteristics of the people and social groups who make up a society. Age, gender, and income are examples of commonly used demographic characteristics.

Values refer to certain beliefs that people have about different forms of behavior or products. Changes in how a society values an item or a behavior can greatly affect a business. (Think of all the fads that have come and gone!)

The political and legal dimensions of the external environment include regulatory parameters within which an organization must operate. Political parties create or influence laws, and business owners must abide by these laws. Tax policies, trade regulations, and minimum wage legislation are just a few examples of political and legal issues that may affect the way an organization operates.

The technological dimension of the external environment impacts the scientific processes used in changing inputs (resources, labor, money) to outputs (goods and services). The success of many organizations depends on how well they identify and respond to external technological changes.

For example, one of the most significant technological dimensions of the last several decades has been the increasing availability and affordability of management information systems (also known as MIS). Through these systems, managers have access to information that can improve the way they operate and manage their businesses.

The economic dimension reflects worldwide financial conditions. Certain economic conditions of special concern to organizations include interest rates, inflation, unemployment rates, gross national product, and the value of the U.S. dollar against other currencies.

A favorable economic climate generally represents opportunities for growth in many industries, such as sales of clothing, jewelry, and new cars. But some businesses traditionally benefit in poor economic conditions. The alcoholic beverage industry, for example, traditionally fares well during times of economic downturn.

The global dimension of the environment refers to factors in other countries that affect U.S. organizations. Although the basic management functions of planning, organizing, staffing, leading, and controlling are the same whether a company operates domestically or internationally, managers encounter difficulties and risks on an international scale. Whether it be unfamiliarity with language or customs or a problem within the country itself (think mad cow disease), managers encounter global risks that they probably wouldn't have encountered if they had stayed on their own shores.



## **CASE STUDY:**

Case 1: Ramesh is the owner of a printing press. The size of his organization has y/increased during the recent past. There are many employees who work in his organization. The organization is considered good and has earned a lot of reputation in the market. However when it comes to making key decisions in the organization related to many things he never considers the opinions of his subordinates. Even though the size of the organization has increased yet he tries to take all the key decisions on his own.

**Question:** Which principle of Fayol has been violated by him?

**Answer:** The principle of Fayol which has been violated here is 'Centralization and Decentralization'. This principle explains the need of balance between Centralization and Decentralization. He is making all the decisions on his own and he is not giving any decision making authority to his subordinates so he is not following this principle.

Case 2: ABCDEF is a world renowned retail chain store. The customers here are very much pleased with the products and services provided in the stores. The customer satisfaction and internal efficiency indicator of the organization is rated best in the industry. However there have been a few steps taken by the organization which provide the organization this edge. The organization has used a special type of software which integrates all the stores and brings uniformity in its billing and working pattern.

**Question:** Which principle of management is mentioned here?

**Answer:** The principle of management which is followed here is 'Science not Rule of Thumb' as the organization tries to bring uniformity in its approach.