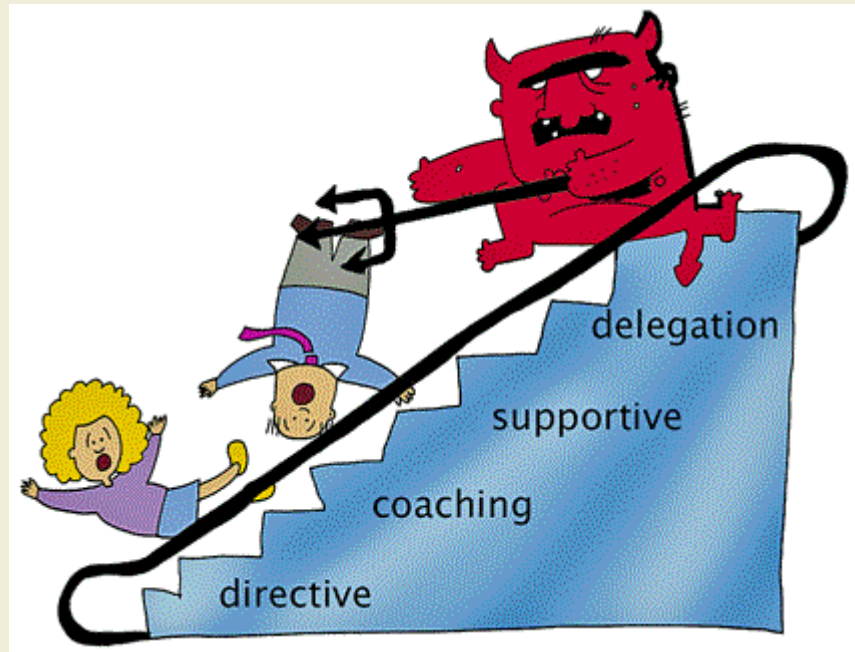


# BASIC CONCEPTS of MANAGEMENT




# Introduction


- Management is an important element in every organization. It is the element that coordinates current organizational activities and plans for the future.
- The management adapts the organization to its environment and shapes the organization to make it more suitable to the organization.



# Definition

 “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

 Management as a process “consisting of planning, organizing, actuating and controlling, performed to determine and accomplish the objective by the use of people and resources.”

.....George R. Terry





In this definition,

Planning means Plan in advance.

Organizing means coordination between human resources and material resources.






Actuating means motivation and giving direction to subordinate.

Controlling means to ensure about implementation of plan without deviation.

Thus this definition tells that management is act of achieving the organization objectives.




# MANAGEMENT FUNCTIONS OR THE PROCESS OF MANAGEMENT

-  Planning, Organizing, Leading & Controlling (Newman & Summer)
-  Planning, Organizing, Commanding, Coordinating and Controlling (Henri Fayol)
-  'POSDCORB': Planning, Organizing, Staffing, Directing, Coordinating, Reporting & Budgeting (Luther Gulick)
-  Decision Making, Organizing, Staffing, Planning, Controlling, Communicating & Directing (Warren Haynes & Joseph Massie)
-  Planning, Organizing, staffing, directing & Controlling (Koontz O'Donnell)



# Functions of Management

 **Planning:-** It is a process of deciding the business objectives and charting out the plan/ method for achieving the same. This includes determination of what is to be done, how, and where it is to be done, who will do it and how result are to be evaluated.

This function expected to be carried out throughout the organization. It should be performed by the manager at all levels.




# Organizing

- According to Allen, the organizing refers to “the structured which results from identifying and grouping the work, defining and delegating responsibility and authority and establishing relationships.”
- To organize a business is to provide it with everything useful to its functioning i.e. personnel, raw materials, machineries, capital etc.
- Once objectives are established, manager has to develop plan to achieve them with help of human resources as well as material resources.





# Directing

 Directing involves communication, leadership and motivation.

Communication is the process of passing the information and understanding it from one person to other person.


Leadership is the function whereby the person or manager guides and influences the work of his subordinates.

Motivation is to motivate the employee to give their best to the organization.





# Controlling

- 
- The controlling involves-
1. Establishing standards of performance.
  2. Measuring current performance and comparing it against the established standard.
  3. Taking corrective action that does not meet the standard.
- Control compels the events to confirm to plans.



# Innovation and Representation

- These are also two important additional managerial functions.
- Innovation means creating new ideas which may either result in the development of new products or finding new uses for older ones. It is necessary to grow better.
- The manager has to represent himself for the organization. A manager must win support effectively from different groups (either internal or external).






# IMPORTANCE OF MANGEMENT

- Management is critical element in the critical growth of the country.
- Management is essential in all organized effort, be it business activity or any other activity.
- Management is the dynamic, life giving element in every organization.

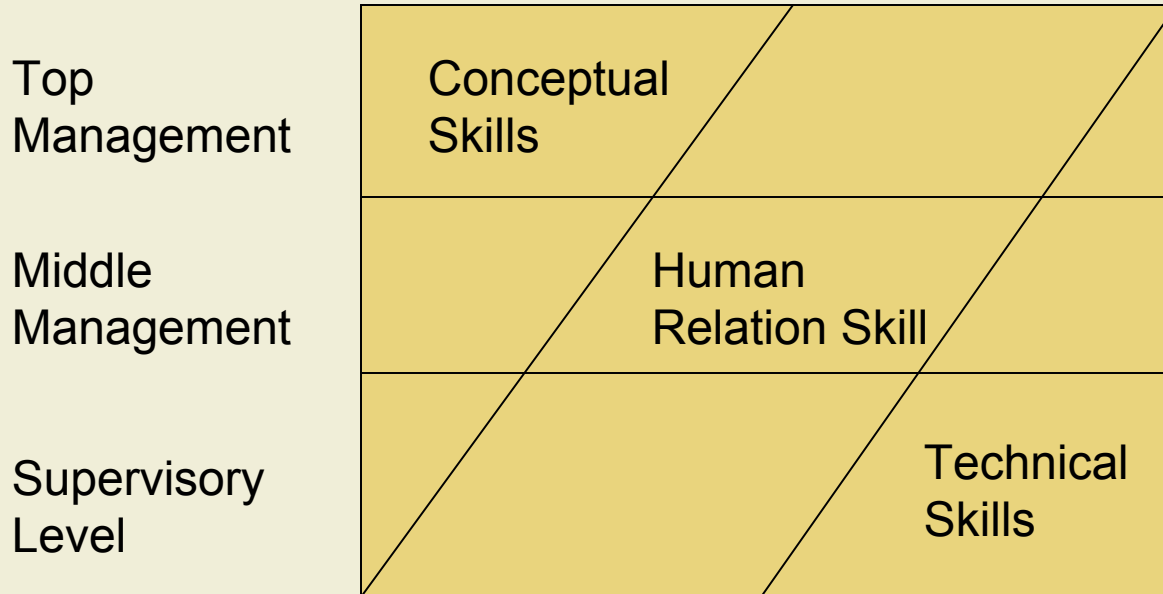


# LEVELS OF MANAGEMENT




-  LOWER LEVEL (FIRST LINE): FOREMEN & WHITE COLLAR SUPERVISOR
-  MIDDLE MANAGEMENT: SALES MANAGERS, PERSONNEL MANAGERS, OTHER DEPARTMENTAL HEADS
-  TOP MANAGEMENT: COMPANY PRESIDENTS, EXECUTIVES, VICE PRESIDENTS



# MANAGERIAL SKILLS





# Evolution of Management Thought

-  The need to study management arose with the industrial revolution in Europe (more specifically, England).
-  The industrial revolution and the systematic study of management are the result of a remarkable confluence of ideas and events.
-  Management and organizations are products of their historical and social times and places.



# SCIENTIFIC MANAGEMENT THEORY



-  Frederick W. Taylor, Henry L. Gantt, and Frank and Lillian Gilbreth devised the body of principles known as **scientific management theory**.
-  Taylor based his management system on production-line time studies. Using time study as his base, he broke each job down into its components and designed the quickest and best methods of performing each component.







- He also encouraged employers to pay more productive workers at a higher rate than others, using a "scientifically correct" rate that would benefit both company and worker.
- This system is called **Differential Rate System**
- Gantt originated a charting system for production scheduling.





 Every worker's progress was rated publicly and recorded on individual bar charts,--in black on days the worker made the standard, in red when he or she fell below it. Going beyond this. Frank B. and Lillian M. Gilbreth collaborated on fatigue and motion studies and focused on ways of promoting the individual worker's welfare. To them, the ultimate aim of scientific management was to help workers reach their full potential as human beings.

# CONTRIBUTIONS OF SCIENTIFIC MANAGEMENT THEORY

-  The modern assembly line pours out finished products faster than Taylor could ever have imagined. This production "miracle" is the gift of scientific management.
-  In addition, its efficiency techniques have been applied to many tasks in non-industrial organizations, ranging from fast-food service to the training of surgeons.







# LIMITATIONS OF SCIENTIFIC MANAGEMENT THEORY

-  Taylor's system clearly meant that time was of the essence. His critics objected to the "speed up" conditions that placed undue pressures on employees to perform at faster and faster levels.
-  The emphasis on productivity—and, by extension, profitability—led some managers to exploit both workers and customers. This condition created mistrust / suspicious relationship between labour and supervisor or management.



# CLASSICAL ORGANIZATION THEORY

-  **Classical organization theory** concerned about the need to find guidelines for managing complex organizations such as factories.
-  Henri Fayol is the founder of the classical management theory.
-  Fayol believed that sound management practice falls into certain patterns that can be identified and analyzed.
-  Fayol was interested in the *Total Organization* and focused on management, which he felt had been the most neglected of business operations.



# Fayol's 14 Principles of Management

1. *Division of Labor*
2. *Authority*
3. *Discipline*
4. *Unity of Command*
5. *Unity of Direction*
6. *Remuneration*
7. *Subordination of Individual Interest to the Common Good*
8. *Centralization*
9. *The Hierarchy*
10. *Order*
11. *Equity*
12. *Stability of Staff*
13. *Initiative*
14. *Espirit de Corps*



# Contribution of Classical Management Theory

- Before Fayol, it was generally believed that "managers are born, not made."
- Fayol however, said that management was a skill like any other--one that could be taught once its underlying principles were understood.
- It identified key management processes, functions and skills.
- It focused attention on management as a valid subject of scientific study.
- It lead foundation for latter developments in management theory.








# Limitations of Classical Theory

- This theory is more applicable for stable and simple organizations than today's complex and dynamic organizations.
- This theory treats employees as a elements rather than resources.
- The procedure governed by this theory may not be applicable in certain situation.







# Behavioural Management Theory

## Neo Classical Theory

-  This theory puts more emphasis on individual's attitudes, behaviours and on the group processes. In this approach of management human factor remain central focus.
-  This approach can be studied into two phases –
  - a. Human Relation Movement
  - b. Behavioural Science Approach
-  Major contributors to this approach were Elton Mayo, Abraham Maslow and Dugulas Mcgregor






# Human Relation Movement

-  Human relations is frequently used as a general term to describe the ways in which managers interact with their employees.
-  When "employee management" stimulates more and better work, the organization has effective human relations; when morale and efficiency deteriorate, its human relations are said to be ineffective.
-  The human relations movement arose from early attempts to systematically discover the social and psychological factors that would create effective human relations.
-  This approach aims at providing high degree of satisfaction and motivation through improved working conditions, style of supervision and sense of security.






# Contribution of Human Relation Movement

-  This movement thrown light on, an employee doesn't work always for money only. Non financial rewards also significantly affects the behaviour of the employee.
-  There is no correlation between improved working conditions and high production.
-  The informal group and not the individual is the dominant unit of analysis in organizations.






# Limitation of the Human Relations Movement

-  This approach over-emphasizes on symbolic rewards and underplays the role of material rewards.
-  This approach gives more importance to informal groups by describing them as a major sources of satisfaction for individual workers.
-  This approach is based on the assumption that satisfied workers are more productive workers. Attempts to increase output by improving working conditions and the human relation skills of manager.






# Behavioural Science Approach

-  This approach is an improved version of the human relations approach to management.
-  Douglas McGregor, Abraham Maslow, Kurt Lewin, Chester Barnard, Merry Follett etc. are some of the foremost behavioural scientists who made significant contributions to the development of the behavioural approach to the management.
-  This approach recognizes the practical and situational constraints on human rationality for making optimal decisions.






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-  To behavioural scientists, the realistic model of human motivation is complex man. It suggest that different people react differently to same situation or react same way to different situations.
-  The organization considered as a groups of individuals with certain goals.
-  It recognizes that conflict is inevitable and even sometimes desirable and should be faced with understanding and determination.





# Contribution of Behavioural Management Theory

-  It provides important insights into motivation, leadership, group dynamics and other interpersonal process in organizations.
-  This theory challenged the view that employees are tools instead employees are valuable resources.
-  Focused managerial attention on employee related process.



# Limitations of Behavioural Management Theory

- Many behavioural concepts couldn't be applied in organizational processes because of manager reluctance.
- The complex human nature can't be predicted.
- The findings of behavioural science often could not be communicated to the practicing manager in an understandable manner.





# Modern Approaches – Quantitative Approach

- This approach has been called as the management science approach.
- The focus of the quantitative approach is on decision making – to provide quantitative tools and techniques for making objectively rational decisions. It means as ability or willingness to follow a reasoned, unemotional, orderly and scientific approach in visualizing the totality of the decision environment.






## Contd...

-  This approach gained movement during World War II when UK and USA trying to seek solutions for a number of new complex problems occurred during the war. The group of scientists engaged for this purpose were known as Operations Research (OR) team.
-  The management approach gained popularity through two postwar phenomena. The development of high-speed computers and of communications among computers provided the means for tackling complex and large-scale organizational problems.






# Contributions of Quantitative Management Theory

-  The keynote of this approach is precision and perfection which is achieved by expressing relationships and facts in quantitative terms.
-  It is widely used in planning and control activities where problems can be precisely identified and defined in quantitative terms.
-  It has led to increasing use of information technology, electronic data processing system and other sophisticated quantitative devices for making decisions.






# Limitations of Quantitative Management Theory

-  This approach has very limited application because of only attention towards problem solving and decision-making.
-  It fails to explain or predict about behaviour of the people of the organization.
-  Management may able to achieve mathematical sophistication at the expense of other important managerial skills.






# System Approach

-  This approach is aimed at identifying the nature of relationship among various components of the organization which is considered as larger system.
-  Chester Barnard, George Homans, Herbert Simon etc. are the contributors in System Approach.
-  This approach gives managers a way of looking at the organization as a whole and as a part of the larger, external environment.







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-  Systems theory tells us that the activity of any segment of an organization affects, in varying degrees, the activity of every other segment.
-  It calls attention to the dynamic and interrelated nature of organizations and the management task.
-  It provides a framework within which we can plan actions and anticipate both immediate and far-reaching consequences while allowing us to understand unanticipated consequences as they develop.






# Key concepts of System Approach

-  A system is a set of interdependent parts –  
An organization is a system composed of four interdependent parts i.e. task, structure, people and technology.
-  Central to the System Approach is the concept of “holism” – Means no part of the system can be accurately analyzed and understood apart from whole system. Conversely the whole system cannot be accurately perceived without understanding all its parts.





# Contd...

-  Synergy – It means that as separate departments within an organization cooperate and interact, they become more productive than if each were to act in isolation.
-  A system can be either open or closed – An open system interact with its environment. A closed system is independent of the environment.
-  Every system has a boundary - Each system has a boundary that separates it from its environment. In a closed system, the system boundary is rigid; in an open system, the boundary is more flexible.





# Contd...

-  Flow - A system has flows of information, materials, and energy (including human energy). These enter the system from the environment as *inputs* (raw materials, for example), undergo transformation processes within the system (operations that alter them), and exit the system as outputs (goods and services).
-  Feedback - Feedback is the key to system controls. As operations of the system proceed, information is fed back to the appropriate people, and perhaps to a computer, so that the work can be assessed and, if necessary, corrected.



# Contribution of System Approach

-  System theory calls attention to the dynamic and interrelated nature of organizations and the management task. Thus, it provides a framework within which we can plan actions and anticipate both immediate and far-reaching consequences while allowing us to understand unanticipated consequences as they develop.
-  With a systems perspective, general managers can more easily maintain a balance between the needs of the various parts of the enterprise and the needs and goals the whole firm.



# Limitations of System Approach

- According to some experts, system approach is purely theoretical, conceptual and abstract. It can't be applied successfully to practical situation.
- The system Approach neither offers any tools or technique for analysis nor it recognizes the differences which exists between the systems.






# Contingency Approach

- According to the contingency approach the manager's task is to Identify which technique will, ***in a particular situation, under particular circumstances, and at particular time***, best contribute to the attainment of management goals.
- Methods and techniques which are highly effective in one situation may not work in other situations. Results differs with situational difference.








# Contribution of Contingency Approach

 Contingency views are applicable in designing organizational structure, in deciding the degree of centralization and decentralization, in planning information decision system, in motivational and leadership approaches, in establishing communication and control systems, in resolving conflicts and managing change, in employee development and training programmes etc.



# Limitation of Contingency Approach

-  It compromise between system approach and situational factors.
-  It is totally practical approach without support of theoretical and conceptual frame work.
-  Some time manager finds difficulties in analyzing the situation and discovering appropriate management technique in absence of proper research and understanding behaviour of the situation.



**Thank You**

