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MANONMANIAM SUNDARANAR UNIVERSITY

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BBA Course material

Core Paper 1 – Principles of Management

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BBA

PRINCIPLES OF MANAGEMENT

Unit I

Management: Importance – Definition – Nature and scope of Management – Process – Role and functions of a Manager – levels of management –Development of Scientific Management and other Schools of thought and approaches.

Unit II

Planning: Nature –Importance – Forms –Types – Steps in planning – objectives – policies – procedure and Methods – Nature and Types of policies –Decision making – process of Decision making – Types of Decisions.

Unit III

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Unit V

Definitions of Business ethics – Types of Ethical issues – Role and importance of Business Ethics and Values in Business – Ethics internal – Ethics External – Environmental Protection – Responsibilities of Business.

Recommended Text:

1. JAF Stoner, Freeman R.E and Daniel R Gilbert S “Management”, 6th Edition, Pearson Education, 2004.

2. Griffin, T.O., Management, Houghton Mifflin Company, Boston, USA, 2014.

3. Stephen A. Robbins & David A. Decenzo & Mary Counter, "Fundamentals of Management" 7th Edition Pearson Education, 2011.

4. Stoner, Freeman Gilbert Jr. (2014). Management (6th Edition), New Delhi: Prentice Hall India.

5. Robbins, S., Coulter, M, Sidani D., and Jamali, D., Management: Arab World Edition, Pearson, 2014.

UNIT –I

INTRODUCTION TO MANAGEMENT:

Management is a crucial aspect of organising and coordinating resources to achieve specific goals and objectives efficiently. It involves planning, organizing, Directing, and controlling resources, including people, finances, and materials, to accomplish organisational goals. The field of management is dynamic and constantly evolving to adapt to the changing business environment.

MEANING:

Management refers to the process of planning, organizing, directing, and controlling resources to achieve organisational objectives.

DEFINITIONS OF MANAGEMENT:

Harold Koontz – "Management is the art of getting things done through and with people informally organised groups"

Henry Fayol – "To manage is to forecast and to plan, to organize, to command, to co-ordinate and to control"

Peter Drucker -"Management is the process of planning, organizing, directing, and controlling resources to achieve specific goals effectively and efficiently."

CONCEPT OF MANAGEMENT:

Principles of Management are the broad and general guidelines for managerial decision making. They are different from principles of science as they deal with human behaviour. They are different from techniques of management as techniques are methods whereas principles are guidelines to action and decision making. Principles of management are different from values which are formed as generally accepted behaviour in society and are having moral coordination whereas principles are formed through research having technical nature. The management principles are derived from observation, analysis, experimental studies and personal experiences of the managers.

OBJECTIVES OF MANAGEMENT

Objectives can be classified into organizational objectives, social objectives and personal or individual objectives

(i) Organisational Objectives: Management is responsible for setting and achieving objectives for the organisation. It has to achieve a variety of objectives in all areas considering the interest of all stakeholders including, shareholders, employees, customers and the government. The main objective of any organisation should be to utilise human and material resources to the maximum possible advantage, These are survival, profit and growth.

(ii) Social Objectives: It involves the creation of benefit for society. As a part of society, every organisation whether it is business or non-business, has a social obligation to fulfil.

(iii) Personnel Objectives: Organisations are made up of people who have different personalities, backgrounds, experiences and objectives. They all become part of the organisation to satisfy their diverse needs. These vary from financial needs such as competitive salaries and perks, social needs such as peer recognition and higher level needs such as personal growth and development. Management has to reconcile personal goals with organisational objectives for harmony in the organization.

MANAGEMENT AS A SCIENCE, ARTS AND PROFESSION!

Some authors regard management as science because there are well tested and experimented principles of management, some authors describe management as an art because more practice is required in management and some authors consider that management is going towards the paths of profession. To conclude whether management is science, art or profession, we must understand the features and meanings of science, art and profession and compare them with management meaning and features.

Management as a Science: Science can be defined as a systematic and organized body of knowledge based on logically observed findings, facts and events. Science comprises of exact principles which can be verified and it can establish cause and effect relations.

Main characteristics/features of science are:

1. Systematic body of knowledge: In science organized and systematic study material is available which is used to acquire the knowledge of science. Like science in management also there is availability of systematic and organised study material. So first feature of science is present in management.

2. Scientific principles are derived on the basis of logical and scientific observations: The scientists perform logical observation before deriving any principle or theory. They are very objective while doing the observations. But when managers are observing they have to observe human beings and observation of human being cannot be purely logical and objective. Some kind of subjectivity enters in the observations so this feature of science is not present in management. All the scientific principles have same effect, wherever we try them whereas effect of management principles varies from one situation to other.

3. Principles are based on repeated experiments: Before developing scientific principles scientists test these principles under different conditions and places. Similarly, managers also test and experiment managerial principles under different conditions in different organisations. So this feature of science is present in management.

4. Universal Validity: Scientific principles have universal application and validity. Management principles are not exact like scientific principles so their application and use is not universal. They have to be modified according to the given situation. So this feature of science isnot present in management.

5. Replication is possible: In science replication is possible as when two scientists are undertaking the same investigation working independently and treating the same data under the same conditions may desire or obtain the identical or exactly same result. But in management managers have to conduct research or experiments on human beings. So if‛ two managers are investigating same data, on different sets of human beings they will not get identical or same result because human beings never respond in exactly identical manner. So this feature ofscience is also not present in management.

Management as an Art: Art can be defined as systematic body of knowledge which requiresskill, creativity and practice to get perfection.

The main features of art are:

1. Systematic body of knowledge/Existence of theoretical knowledge: In every art there is systematic and organized study material available to acquire theoretical knowledge of theart. For example, various books on different ragas are available in music. In management also there is systematic and organised body of knowledge available which can help in acquiring managerial studies. So this feature of art is present in management also.

2. Personalized application: In the field of art only theoretical knowledge is not enough.Every artist must have personal skill and creativity to apply that knowledge. For example, all musicians learn same ragas but they apply these ragas according to their personal skill and creativity which makes them different. In management also all managers learn same management theories and principles. But their efficiency depends on how well they use these principles under different situations by applying personal skills and creativity so this feature of art is also present in management.

3. Based on Practice and creativity: The artist requires regular practice of art to becomemore fine and perfect. Without practice artists lose their perfection. Art requires creative practice, i.e., artist must add his creativity to the theoretical knowledge he has learned. Same waywith experience managers also improves their managerial skills and efficiency. So this feature ofart is also present in management.

Management: Both Science and Art: Management is both science as well as art. Like science it has systematic and well- organised body of knowledge and like art it requires personal skill, creativity and practice to apply such knowledge in the best possible way. Science and art are not in contrast to each other; both exist together in every function of management.

Management as a Profession: Profession can be defined as an occupation backed by specialized knowledge and training, in which entry is restricted.

The main features of profession are:

1. Well defined Body of knowledge: In every profession there is practice of systematic body of knowledge which helps the professionals to gain specialised knowledge of that profession. In case of management also there is availability of systematic body of knowledge.

There are large numbers of books available on management studies. Scholars are studying various business situations and are trying to develop new principles to tackle these situations. So presently this feature of profession is present in management also.

2. Restricted Entry: The entry to a profession is restricted through an examination or degree. For example a person can practice as Doctor only when he is having MBBS degree. Whereas there is no legal restriction on appointment of a manager, anyone can become amanager irrespective of the educational qualification. But now many companies prefer to appointmanagers only with MBA degree. So presently this feature of profession is not present in management but very soon it will be included with statutory backing.

3. Presence of professional associations: For all the professions, special associations are established and every professional has to get himself registered with his association before practising that profession. For example, doctors have to get themselves registered with Medical Council of India, lawyers with Bar Council of India etc. In case of management various management associations are set up at national and international levels which have some membership rules and set of ethical codes, for example, AIMA in New Delhi, National Institute of Personal Management at Calcutta etc., but legally it is not compulsory for managers to become a part of these organisations by registration. So presently this feature of profession is not present in management but very soon it will be included and get statutory backing also.

4. Existence of ethical codes: For every profession there are set of ethical codes fixed by professional organisations and are binding on all the professionals of that profession. In case of management there is growing emphasis on ethical behaviour of managers. All India Management Association (AIMA) has devised a code of conduct for Indian managers. But legally it is not compulsory for all the managers to get registered with AIMA and abide by the ethical codes. So presently this feature of profession is not present in management but very soon it will be included with statutory backing.

5. Service Motive: The basic motive of every profession is to serve the clients with dedication. Whereas basic purpose of management is achievement of management goal, for example for a business organisation the goal can be profit maximization. But nowadays only profit maximisation cannot be the sole goal of an enterprise. To survive in market for a long period of time, a businessman must give due importance to social objectives along with economic objectives. So presently this feature of profession is not present but very soon it will beincluded.

IMPORTANCE OF MANAGEMENT:

1 Achieving organisational goals:

Management ensures that the organisation's goals and objectives are clearly defined and that all activities are directed towards their achievement.

2 Optimal Resource Utilization:

Effective management involves the efficient allocation and utilization of resources, including human capital, financial assets, and materials, to maximize productivity and minimize waste.

3 Enhancing Efficiency and Effectiveness:

Management practices such as planning, organizing, and controlling are essential for improving the efficiency and effectiveness of operations. This leads to better overall performance and competitiveness.

4 Adaptations to Change:

Management helps organisations adapt to external changes such as technological advancements, market trends, and regulatory shifts. This adaptability is crucial for long-term sustainability.

5 Decision-Making and Problem-Solving:

Managers play a central role in decision-making, utilizing their skills to analyze situations, evaluate alternatives, and choose the best course of action. This is essential for overcoming challenges and seizing opportunities.

6 Creating a Motivated Workforce

Management is responsible for fostering a positive work environment, motivating employees, and promoting teamwork.

7 **Innovation and adaptability:**

Management encourages innovation by fostering a culture that values creativity and continuous improvement.

NATURE AND SCOPE OF MANAGEMENT:

The nature of management encompasses the fundamental characteristics and principles that define the role and functions of management within an organization. It reflects the dynamic and ever-evolving nature of management in response to changing business environments, societal trends, and technological advancements. Several key aspects contribute to the nature of management:

1. Universal Application: Management principles are universally applicable across various industries, sectors, and types of organizations. Regardless of the field, whether it's manufacturing, healthcare, education, or entertainment, the core principles of management remain consistent. This universality is due to the fundamental nature of management, which focuses on achieving objectives, allocating resources, and coordinating activities effectively.

2. Goal-Oriented: The central purpose of management is to achieve specific organizational goals and objectives. Managers work strategically to ensure that all efforts are aligned with these goals. They set targets, measure progress, and make necessary adjustments to reach these objectives efficiently.

3. Process-Oriented: Management is not a one-time activity; it's an ongoing and cyclical process. The management process typically includes four functions: planning, organizing, leading, and controlling. These functions are interconnected and sequential, forming a continuous loop that guides an organization's activities.

- **Planning:** Managers set goals, outline strategies, and create action plans to achieve objectives. They analyze the current situation, forecast future trends, and make decisions that guide the organization's direction.
- **Organizing:** Managers arrange resources, define roles, and establish a structure that facilitates efficient work processes. This involves designing an organizational hierarchy, assigning responsibilities, and ensuring effective communication.
- **Leading:** Leadership involves inspiring and motivating employees to work towards the organization's goals. Managers guide, support, and empower their teams to achieve high levels of performance and productivity.

- **Controlling:** Managers monitor performance, compare it to established standards, and take corrective actions when necessary. Controlling ensures that the organization stays on track and deviations from plans are addressed promptly.

4. Influence and Authority: Managers possess varying degrees of authority and influence within an organization. Their level of authority is determined by their position in the hierarchy. Top-level managers have more strategic authority, while middle-level managers have authority over specific functions or departments. Front-line managers exercise authority over day-to-day operations.

5. Adaptability: The business environment is constantly evolving due to technological advancements, market fluctuations, and changes in consumer preferences. Effective managers are adaptable and responsive to these changes. They adjust strategies, adopt new technologies, and make timely decisions to keep the organization competitive.

6. Problem-Solving and Decision-Making: Managers are problem solvers. They encounter various challenges, such as resource constraints, competition, and changes in market demand. Effective managers analyze situations, identify root causes, and make informed decisions that align with the organization's goals and values.

7. Interdisciplinary Nature: Management draws insights from diverse fields such as psychology, sociology, economics, and communication. Understanding human behavior, economic principles, market dynamics, and cultural influences helps managers make well-rounded decisions.

8. Human-Centered: At its core, management involves working with people. Managers are responsible for leading teams, motivating employees, resolving conflicts, and creating a positive work culture. Effective interpersonal skills and the ability to understand and address the needs of employees are essential for successful management.

9. Ethical Considerations: Ethics play a vital role in management. Managers must make decisions that align with ethical standards and social responsibilities. They consider the impact of their choices on employees, stakeholders, and society as a whole.

SCOPE OF MANAGEMENT:

The scope of management refers to the wide range of activities, responsibilities, and areas of operation that fall under the purview of managers. It encompasses various functions and tasks that managers perform to achieve organizational objectives:

a. Planning: Planning involves setting organizational goals, creating strategies to achieve them, and outlining the steps required to execute those strategies. It encompasses setting objectives, forecasting, resource allocation, and determining timelines for various projects and initiatives.

b. Organizing: Organizing involves arranging resources, both human and non-human, to ensure the efficient attainment of organizational goals. Managers design structures, establish reporting relationships, and allocate responsibilities to create a smooth workflow.

c. Leading: Leading encompasses providing direction, guidance, and inspiration to employees. Managers act as role models, communicate expectations, and create a work environment that encourages creativity, collaboration, and high performance.

d. Controlling: Controlling ensures that activities are consistent with the established plans and standards. Managers monitor performance through various metrics, assess results, and take corrective actions when necessary to ensure that the organization stays on track.

e. Coordinating: Coordination involves harmonizing the efforts of different departments, teams, and individuals to avoid duplication of efforts and promote synergy. Effective coordination enhances efficiency and minimizes conflicts.

f. Decision-Making: Decision-making is a core function of management. Managers analyze information, evaluate alternatives, and make choices that impact the organization. Decision-making ranges from routine operational decisions to strategic choices that shape the organization's future.

g. Communication: Effective communication is essential for managers to convey goals, expectations, changes, and feedback within the organization. Managers also listen to employee concerns and facilitate transparent communication channels.

h. Human Resource Management: Human resource management involves recruitment, hiring, training, and development of employees. Managers create an inclusive work environment, ensure fair compensation, and provide opportunities for career growth.

i. Innovation and Change Management: Managers promote innovation by encouraging creative thinking and exploring new ideas. They also lead the organization through changes by ensuring smooth transitions, minimizing resistance, and maximizing the benefits of change initiatives.

j. Ethical Considerations: Managers make decisions that uphold ethical standards and corporate social responsibility. They ensure that the organization's actions are aligned with ethical values and societal expectations.

k. Risk Management: Managers assess risks associated with various decisions and actions and develop strategies to mitigate them. Effective risk management minimizes potential negative impacts on the organization.

l. Strategic Management: Strategic management involves setting long-term goals, crafting strategies, and allocating resources to achieve competitive advantage and sustainable growth. Managers analyze the competitive landscape, identify opportunities, and make strategic choices that position the organization for success.

m. Financial Management: Managers are responsible for financial planning, budgeting, cost control, and resource allocation. Financial management ensures the organization's financial health and sustainability.

n. Marketing Management: Marketing managers develop strategies to promote products or services, analyze market trends, identify target audiences, and create campaigns that resonate with customers.

o. Operations Management: Operations managers oversee the production process, optimize resource utilization, and ensure the efficient delivery of products or services to customers.

p. Corporate Social Responsibility: Managers consider the organization's impact on the environment, society, and stakeholders. They develop strategies to ensure responsible business practices and contribute positively to the community.

q. Entrepreneurship and Innovation: Managers foster a culture of entrepreneurship and innovation by encouraging employees to generate new ideas, explore opportunities, and drive the organization's growth through creative solutions.

r. Globalization and International Management: In a globalized world, managers need to navigate cross-cultural challenges, expand markets, and manage operations across borders. International management involves understanding cultural nuances, legal frameworks, and economic factors in different regions.

MANAGEMENT PROCESS:

A process is a systematic way of executing tasks. It is concerned with the transformation of inputs into outputs. An analysis of the management process will help us understand the functions that managers perform. Management is a process that brings scarce human and material resources together and motivates people to achieve common organisational goals. It is not a one-time act but an ongoing progression of complementary activities.

In simple words, a management process is a well-defined system of setting goals, planning and controlling any action's execution. It constitutes a set of interrelated operations or functions necessary to accomplish desired organisational objectives.

Salient Features of a Management Process

The following features characterize a management process:

1. Management is Highly Aspirational

The achievement of pre-defined objectives is an essential aspect of the management process. It is a medium to accomplish the goals and objectives established well in advance. Without any purpose, there is no rationale for a management process in place. Every activity undertaken by an organisation’s management should be goal-oriented. This achievement of pre-defined goals is a measurement of the success of any organisation’s leadership.

2. Management is Omnipresent

In today’s world, management is pervasive. Be it clubs, governments, armies, or business organisations; all require an efficient management system. The basic principles of management apply to all spheres within an organisation. Managers at all levels execute the same essential functions day in and day out. It is this persistent need that makes the management process a universal concept.

3. Management is an Ongoing Process

Management is not a one-off affair; rather, it is a continuous exercise. The constant desire to achieve varied organisational goals makes management an ongoing process.

4. Management is Abstract

Management is neither visible nor can it be felt in a real sense. One can only observe management’s accomplishments and compare a well-managed organisation with one that has been poorly managed.

5. Management is Social in Nature

Management is social because it involves interpersonal relations. The human element is the most crucial factor in the management process as it is dictated by contrasting social values and cultures. It is a function that transforms society, preserves the community, and endorses its future interests.

6. Management is Versatile

Management deals with human reactions under enterprising conditions. The awareness and the aptitude required for management comes from several disciplines like Sociology, Psychology, Engineering, Economics, Anthropology, Mathematics, etc. It is this aspect that makes managing a multifaceted experience.

7. Management is Conditional

There are several ways of doing things. An existing situation determines the most suitable method of performing any task. Sometimes, it may be possible that management is not doing things in the right manner due to the situation. Successful managers should account for these specific situations.

8. Management is a Team Effort

An individual's efforts are harmonised with the team's efforts. A single individual cannot manage the management function alone. All the managerial activities like the setting of goals, the formation of plans and policies, implementation, and follow-up are the coordinated effort of a group of people who envision an organisation's future.

9. Management is an Administrative Function

The administration and management of the activities of people to accomplish predetermined objectives are concerned with the management. Management is also known as an approach through which a human group's goals are set, defined and achieved.

FUNCTIONS OF A MANAGEMENT PROCESS:

At the basic level, management is a regimen that comprises five standard functions, namely, planning, organising, staffing, leading, and controlling. These functions are part of a body of practices and theories that educate on becoming an efficient manager.

The functions of the management process help managers focus their efforts to ensure beneficial results. Let us take a look at the five conventional functions of the management process.

1. Planning

Planning in management is a process of choosing apt goals and actions to pursue, and then determining what strategies to use, what steps to take, and what resources are needed to achieve the goals.

- **Objective Setting:** Managers define specific and measurable goals that align with the organisation's overall mission and vision.
- **Strategy Development:** Managers create strategies and action plans that outline the steps to be taken in order to achieve the defined objectives. They consider factors such as available resources, market conditions, and potential obstacles.
- **Decision Making:** Managers analyze relevant information, evaluate alternatives, and make informed decisions that support the planning process.
- **Forecasting:** Managers use historical data, market trends, and future projections to anticipate potential opportunities and challenges that may affect the organisation's operations.

2. Organising

This process of defining working relationships allows workers to synergise their efforts to achieve common organisational objectives.

- **Organisational Structure:** Managers design an optimal structure that clarifies roles, responsibilities, and reporting relationships within the organisation. This promotes coordination and effective communication.
- **Resource Allocation:** Managers allocate resources such as human capital, finances, technology, and physical assets to different departments or projects, ensuring their optimal utilization.
- **Staffing:** Managers determine staffing needs, recruit talented individuals, and provide training and development opportunities to enhance their skills and knowledge.
- **Policies and Procedures:** Managers establish policies and procedures that guide employees in various operational areas, ensuring consistency and adherence to organisational standards.

3. Leading

This function involves stating a vision, influencing, persuading, motivating and inspiring employees.

- **Communication:** Managers foster open and transparent communication channels within the organisation, facilitating the exchange of information and ideas.
- **Motivation:** Managers inspire and motivate employees by recognizing their contributions, providing constructive feedback, and cultivating a positive work environment.
- **Team Building:** Managers encourage collaboration and synergy among team members, fostering a sense of unity and cooperation.
- **Coaching and Development:** Managers provide guidance, mentorship, and support to help employees reach their full potential. They identify training needs and offer opportunities for skill enhancement while addressing performance issues.

4. Staffing

Enlisting and recruiting employees for positions within the various teams and departments in an organised manner.

5. Controlling

Evaluate the achievement of goals, improvement in performance and the ability to take action. Put processes in place to help you establish standards, so you can measure, compare, and make decisions.

- **Performance Measurement:** Managers establish relevant performance metrics and key performance indicators (KPIs) to assess progress towards goals and evaluate individual and team performance.

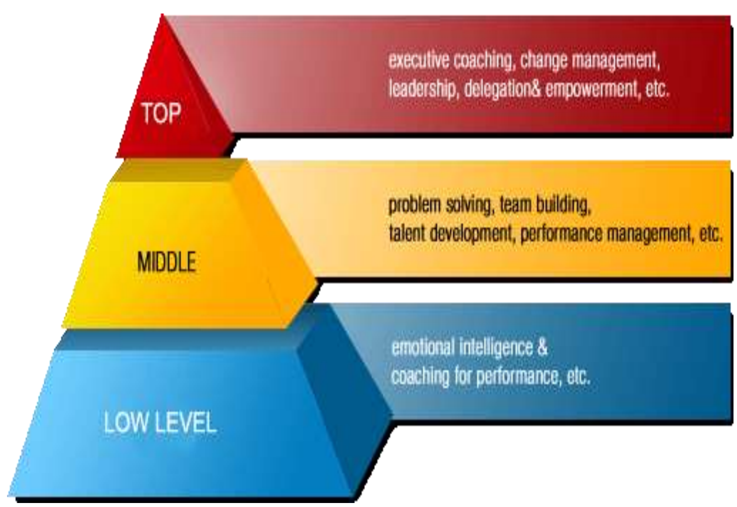
- **Monitoring:** Managers closely monitor ongoing activities to ensure they align with established plans and standards.
- **Analysis:** Managers analyze performance data, identifying any deviations from expected outcomes and examining the underlying causes.
- **Corrective Actions:** Managers implement appropriate corrective measures to address performance gaps, such as allocating additional resources, adjusting strategies, or implementing process improvements.

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 threelevels is discussed below:



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 -

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

- ➢ They execute the plans of the organization in accordance with the policies anddirectives of the top management.
- ➢ They make plans for the sub-units of the organization.
- ➢ They participate in employment & training of lower level management.
- ➢ They interpret and explain policies from top level management to lower level.
- ➢ They are responsible for coordinating the activities within the division ordepartment.
- ➢ It also sends important reports and other important data to top level management.
- ➢ They evaluate performance of junior managers.
- ➢ They are also responsible for inspiring lower level managers towards betterperformance.

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 -

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

ROLES OF MANAGER:

A) Interpersonal Roles:

- Leader – Responsible for staffing, training, and associated duties.
- Figurehead – The symbolic head of the organisation.
- Liaison – Maintains the communication between all contacts and informers that compose the organisational network.

B) Informational Roles

- Monitor – Personally seek and receive information, to be able to understand the organisation.
- Disseminator – Transmits all import information received from outsiders to the members of the organisation.
- Spokesperson – On the contrary to the above role, here the manager transmits the organisation's plans, policies and actions to outsiders.

C) Decisional Roles

- Entrepreneur – Seeks opportunities. Basically they search for change, respond to it, and exploit it.
- Negotiator – Represents the organisation at major negotiations.
- Resource Allocator – Makes or approves all significant decisions related to the allocation of resources.
- Disturbance Handler – Responsible for corrective action when the organisation faces disturbances.

DEVELOPMENT OF SCIENTIFIC MANAGEMENT

Scientific management theory is a method of improving efficiency in the workforce. As its name implies, this management theory uses scientific methods to assess work processes.

The scientific method consists of three steps: observation, experimentation, and analysis. In science, this could mean observing the effects of a treatment, experimenting with a different treatment, and analyzing the results. Similarly, managers use scientific management theory to observe their workplaces, test different methods of completing tasks, and analyze the effect of the changes.

When properly implemented, scientific management theory improves productivity. It is an evidence-based method that prioritizes efficiency and reliability. Having scientifically rigorous work methods in place creates clear expectations for employees because it establishes a single right way to do things. It also gives managers a unified standard against which to evaluate their employees.

Scientific management theory has grown exponentially since its inception. There are now a variety of management strategies that fall under the umbrella label of scientific management theory. Each of these strategies has its own set of strengths and weaknesses. It's important to do your own research into scientific management theory to find the best applications for it in your workplace.

The History of Scientific Management Theory

The history of scientific management theory begins with 20th century mechanical engineer Frederick Winslow Taylor. In Taylor's time, America was on the cusp of industrialization, but management methods had not yet changed to keep up with changes in technology. While working at a steel manufacturing plant, Taylor observed several production problems.

For one thing, there was little specialization of labor or tools. Work shifts were randomly assigned, so inexperienced workers often ended up trying and failing to complete important projects. Tools were crude, and since only a small number of tools were used for every task, they wore out quickly. For another, there was no one single "best" standard for workers to aspire to. Everyone did their job in whatever way they thought worked best, regardless of whether it was effective. Finally, managers were completely disconnected from the workers they supervised. The average manager had no idea how the workers' tasks were performed, so they were unable to provide suggestions for improvement.

Taylor set out to solve these problems. He designed specialized shovels and other tools. He advocated for workers to be matched to the projects for which they were most naturally gifted. He trained managers in his methods so that they could implement scientific management theory in their own workplaces.

Taylor is credited with revolutionizing productivity in the American workforce. At his own steel plant, the amount of pig iron the workers could transport in a day reportedly tripled once they adopted his methods. His ideas spread rapidly and helped give rise to the Industrial Age. Scientific management is sometimes even referred to as "Taylorism" in his honor.

Taylorism and Classical Management Theory

When people talk about “Taylorism,” they often mean scientific management theory as it existed in the early 20th century. This specific management style is also called classical management theory.

Classical management theory is distinguished by three characteristics: hierarchical structure, specialization, and financial incentives. In a company operating on classical management theory, there is a rigid hierarchy. Business owners are on top, supervisors are in the middle, and regular employees are on the bottom. Everyone has a specialized, small-scale task. Anyone who is especially successful is rewarded with financial benefits.

Classic Taylorism does a good job of addressing the physical needs of workers, but it ignores social needs and creativity. Inflexible hierarchies make it difficult for talented people to rise the ranks of leadership. Specialization is efficient, but it discourages people from experimenting, and therefore prevents the development of new methods. And although good pay incentivizes good behavior, money isn’t the only thing workers care about. Employees also want to feel valued and take pride in their work.

Classical management theory is no longer widely followed, but it still has uses. Since Taylor developed his theory while working in a manufacturing plant, classic Taylorism is well-designed for manufacturers. It also tends to function better in small enterprises where everyone knows each other, and social needs are easy to address.

The Principles of Scientific Management

There are four principles of Taylorism.

Choose methods based on science: Use the scientific method to determine the most efficient way to complete a task. Focus on increasing productivity and profits.

Assign workers to tasks based on their natural skillset: Get to know your workers, discover what they’re good at, and place them where their skills will be the most useful.

Monitor your workers' performance: Observe what your workers are doing while they are on the clock so that you can quickly address any problems. If some workers are confused or unproductive, it is up to their managers to step in and fix the issue.

Divide workloads appropriately between workers and managers: Make sure that managers understand how to plan and train workers and that workers understand how to implement those plans.

Goals and Objectives of Scientific Management

The primary goal of scientific management is to increase efficiency. When Taylor began his scientific management experiments, he focused on increasing efficiency by reducing the amount of time needed to perform tasks. This was a good first step, but there's a lot more to improving efficiency than just decreasing work time. Since Taylor's time, other innovators have found more ways to increase efficiency, such as implementing automation software.

Another objective of scientific management theory is increasing profits. If everyone is working as efficiently as possible, then they should be able to produce huge amounts of high-quality products. That translates into more sales and bigger profit margins.

Real-World Applications of Scientific Management Theory

Scientific management theory is flexible enough to be applied in just about any industry. Whether you're designing software or selling real estate, there are certain tasks that need to be done regularly. Identifying those tasks and optimizing them for efficiency is a great way to bring Taylorism into your workplace. Here's an example.

Imagine your company has a newsletter mailing list. Every time a new person wants to be added to the mailing list, they send an email requesting to be added. An employee then manually adds them to the list.

This is an inefficient, multi-step method of adding newsletter subscribers. Your employee probably doesn't get any job satisfaction from typing a name into a mailing list. Moreover, the time spent manually adding names is time that could be spent on more pressing projects.

If you were the manager tasked with implementing the principles of scientific management in this company, you might suggest designing a system that automatically adds people to the mailing list as soon as they submit a request. The subscribers get newsletter access sooner and the employee now has more time to concentrate on important assignments.

Applying Scientific Management Techniques

The theory of scientific management is not perfect. Optimizing efficiency while trying to maximize profits may not solve all your workplace problems. Moreover, Taylorism has been criticized as being ineffective for modern businesses. After all, Taylor was working in a pre-industrial era. He could not have foreseen how businesses and management styles would change in the future.

Taylor's brand of scientific management may not be a perfect fit for contemporary life. However, the scientific management theory could be a starting point for designing your own management style. You also can consider other alternative management styles such as the Great Man Theory of Leadership and the Contingency Theory of Leadership.

BEHAVIORIST SCHOOL OF THOUGHT AND APPROACHES

As management research continued in the 20th century, questions began to come up regarding the interactions and motivations of the individual within organizations. Management principles developed during the classical period were simply not useful in dealing with many management situations and could not explain the behavior of individual employees. In short, classical theory ignored employee motivation and behavior. As a result, the behavioral school was a natural outgrowth of this revolutionary management experiment.

The **behavioral management theory** is often called the human relations movement because it addresses the human dimension of work. Behavioral theorists believed that a better understanding of human behavior at work, such as motivation, conflict, expectations, and group dynamics, improved productivity.

The theorists who contributed to this school viewed employees as individuals, resources, and assets to be developed and worked with — not as machines, as in the past. Several individuals and experiments contributed to this theory.

Elton Mayo's contributions came as part of the *Hawthorne studies*, a series of experiments that rigorously applied classical management theory only to reveal its shortcomings. The Hawthorne experiments consisted of two studies conducted at the Hawthorne Works of the Western Electric Company in Chicago from 1924 to 1932. The first study was conducted by a group of engineers seeking to determine the relationship of lighting levels to worker productivity. Surprisingly enough, they discovered that worker productivity increased as the lighting levels decreased — that is, until the employees were unable to see what they were doing, after which performance naturally declined.

A few years later, a second group of experiments began. Harvard researchers Mayo and F. J. Roethlisberger supervised a group of five women in a bank wiring room. They gave the women special privileges, such as the right to leave their workstations without permission, take rest periods, enjoy free lunches, and have variations in pay levels and workdays. This experiment also resulted in significantly increased rates of productivity.

In this case, Mayo and Roethlisberger concluded that the increase in productivity resulted from the supervisory arrangement rather than the changes in lighting or other associated worker benefits. Because the experimenters became the primary supervisors of the employees, the intense interest they displayed for the workers was the basis for the increased motivation and resulting productivity. Essentially, the experimenters became a part of the study and influenced its outcome. This is the origin of the term *Hawthorne effect*, which describes the special attention researchers give to a study's subjects and the impact that attention has on the study's findings.

The general conclusion from the Hawthorne studies was that human relations and the social needs of workers are crucial aspects of business management. This principle of human motivation helped revolutionize theories and practices of management.

Abraham Maslow, a practicing psychologist, developed one of the most widely recognized **need theories,** a theory of motivation based upon a consideration of human needs . His theory of human needs had three assumptions:

- Human needs are never completely satisfied.
- Human behavior is purposeful and is motivated by the need for satisfaction.

➢ Needs can be classified according to a hierarchical structure of importance, from the lowest to highest.

Maslow broke down the needs hierarchy into five specific areas:

1. **Physiological needs.** Maslow grouped all physical needs necessary for maintaining basic human well-being, such as food and drink, into this category. After the need is satisfied, however, it is no longer is a motivator.
2. **Safety needs.** These needs include the need for basic security, stability, protection, and freedom from fear. A normal state exists for an individual to have all these needs generally satisfied. Otherwise, they become primary motivators.
3. **Belonging and love needs.** After the physical and safety needs are satisfied and are no longer motivators, the need for belonging and love emerges as a primary motivator. The individual strives to establish meaningful relationships with significant others.
4. **Esteem needs.** An individual must develop self-confidence and wants to achieve status, reputation, fame, and glory.
5. **Self-actualization needs.** Assuming that all the previous needs in the hierarchy are satisfied, an individual feels a need to find himself.

Maslow's hierarchy of needs theory helped managers visualize employee motivation.

Douglas McGregor was heavily influenced by both the Hawthorne studies and Maslow. He believed that two basic kinds of managers exist. One type, the Theory X manager, has a negative view of employees and assumes that they are lazy, untrustworthy, and incapable of assuming responsibility. On the other hand, the Theory Y manager assumes that employees are not only trustworthy and capable of assuming responsibility, but also have high levels of motivation.

An important aspect of McGregor's idea was his belief that managers who hold either set of assumptions can create **self-fulfilling prophecies** — that through their behavior, these managers create situations where subordinates act in ways that confirm the manager's original expectations.

As a group, these theorists discovered that people worked for inner satisfaction and not materialistic rewards, shifting the focus to the role of individuals in an organization's performance.

Unit II

PLANNING

Meaning:

Planning is the first and foremost functions of Management. Planning (also called forethought) is the process of thinking about and organizing the activities required toachieve a desired goal.

Planning involves the creation and maintenance of a plan. As such, planning is a fundamental property of intelligent behavior. This thought process is essential to the creation and refinement of a plan, or integration of it with other plans; that is, it combines forecasting of developments with the preparation of scenarios of how to react to them.

In simple words, planning is deciding in advance what is to be done, when where, how and by whom it is to be done. Planning bridges the gap from where we are to where we want to go. It includes the selection of objectives, policies, procedures and programmes from among alternatives. A plan is a predetermined course of action to achieve a specified goal. It is an intellectual process characterized by thinking before doing. It is an attempt on the part of manager to anticipate the future in order to achieve better performance. Planning is the primary function of management.

Definition

Different authors have given different definitions of planning from time to time. The main definitions of planning are as follows:

- According to Alford and Beatt, "Planning is the thinking process, the organized foresight, thevision based on fact and experience that is required for intelligent action."
- According to Theo Haimann, "Planning is deciding in advance what is to be done. When a manager plans, he projects a course of action for further attempting to achieve a consistent co-ordinate structure of operations aimed at the desired results.
- According to Billy E. Goetz, "Planning is fundamentally choosing and a planning problem arises when an alternative course of action is discovered."

- ❖ According to Koontz and O' Donnell, "Planning is an intellectual process, conscious determination of course of action, the basing of decision on purpose, facts and considered estimates."
- ❖ According to Allen, "A plan is a trap laid to capture the future."

NATURE OF PLANNING: The nature of planning is given below:

1. **Planning is an Intellectual Process:** Planning is an intellectual process of thinking in advance. It is a process of deciding the future on the series of events to follow. Planningis a process where a number of steps are to be taken to decide the future course of action. Managers or executives have to consider various courses of action, achieve the desired goals, go in details of the pros and cons of every course of action and then finally decide what course of action may suit them best.
2. **Planning Contributes to the Objectives:** Planning contributes positively in attaining the objectives of the business enterprise. Since plans are there from the very first stage of operation, the management is able to handle every problem successfully. Plan tries to set everything right. A purposeful, sound and effective planning process knows how and when to tackle a problem. This leads to success. Objectives thus are easily achieved.
3. **Planning is a Primary Function of Management:** Planning precedes other functions in the management process. Certainly, setting of goals to be achieved and lines of action to be followed precedes the organization, direction, supervision and control. No doubt, planning precedes other functions of management. It is primary requisite before other managerial functions step in. But all functions are inter-connected. It is mixed in all managerial functions but there too it gets precedence. It thus gets primary everywhere.

4. **A continuous Process:** Planning is a continuous process and a never ending activity of a manager in an enterprise based upon some assumptions which may or may not come true in the future. Therefore, the manager has to go on modifying revising and adjusting plans in the light of changing circumstances. According to George R. Terry, "Planning is a continuous process and there is no end to it. It involves continuous collection, evaluation and selection of data, and scientific investigation and analysis of the possible alternative courses of action and the selection of the best alternative.

5. **Planning Pervades Managerial Activities**: From primary of planning follows pervasiveness of planning. It is the function of every managerial personnel. The character, nature and scope of planning may change from personnel to personnel but the planning as an action remains intact. According to Billy E. Goetz, "Plans cannot make an enterprise successful. Action is required, the enterprise must operate managerial planning seeks to achieve a consistent, coordinated structure of operations focused on desired trends. Without plans, action must become merely activity producing nothing but chaos."

Importance of Planning:

1. **Goal Achievement:**

Planning helps individuals and organizations set clear objectives and define the steps needed to accomplish them. It provides a roadmap for success and ensures efforts are directed towards specific outcomes.

2. **Resource Allocation:**

Effective planning involves identifying the resources required for a task or project. It helps allocate resources such as time, money, and manpower efficiently, minimizing waste and optimizing productivity.

3. **Risk Management:**

Planning allows for the identification of potential risks and challenges in advance. By anticipating obstacles, individuals and organizations can develop strategies to mitigate risks and respond effectively to unexpected events.

4. **Time Management:**

Planning helps in organizing tasks and allocating time appropriately. It enables individuals to prioritize activities, meet deadlines, and avoid procrastination, leading to increased productivity.

5. **Decision Making:**

Well-thought-out plans provide a basis for informed decision-making. Having a clear understanding of goals and available resources helps in making better choices and navigating uncertainties.

6. **Coordination and Collaboration:**

In organizational settings, planning facilitates coordination among team members. It ensures that everyone is on the same page, working towards common objectives, and promotes effective collaboration.

7. **Efficiency and Effectiveness:**

Planning contributes to efficiency by streamlining processes and eliminating redundancies. It also enhances effectiveness by aligning efforts with strategic goals, reducing trial-and-error approaches.

8. **Flexibility and Adaptability:**

While planning sets a structured framework, it also allows for adjustments based on changing circumstances. This flexibility ensures that plans can be adapted to new information or unforeseen developments.

FORMS OF PLANNING:

There are four types of planning:

1. Strategic
2. Operational
3. Tactical
4. Contingency

1. Strategic planning

Strategic planning is defining a company's direction and goals and allocating its resources to pursue them. It consists of analyzing the competitive environment and identifying external and internal factors that can affect the organization.

An example of strategic planning for a SaaS company that offers project management software and wants to expand its customer base and increase revenue would look like this:

- Conduct market research to understand the needs and preferences of its target audience.
- Analyze the competitive landscape to identify potential opportunities and threats.

Based on this analysis, the company sets the following goals:

- Introduce new features and functionality to the software that addresses the specific needs and pain points of the construction and engineering industries.
- Develop targeted marketing campaigns to reach small and medium-sized businesses in these industries through targeted online advertising, social media marketing, and content marketing.
- Increase customer retention by providing exceptional customer support and offering a loyalty program for long-term subscribers.

To achieve these goals, the company allocates needed resources for marketing, development, and customer support staff.

2. Operational planning

Operational planning is the process of defining specific actions and resources needed to achieve the goals set out in the strategic plan.

It involves developing detailed plans and budgets to implement the strategies and tactics outlined in the strategic plan and identifying and addressing any potential risks or challenges that may arise.

The example SaaS company has identified introducing new features and functionality to its software as a key goal in its strategic plan. To achieve this goal, the company develops an operational plan that outlines the specific actions and resources needed to execute this strategy.

The operational plan includes tasks such as:

- Implementing new features.
- Allocating development resources and setting goals and timelines for developing the new features.
- Developing a budget for testing and quality assurance efforts.
- Assigning staff members to oversee the development and testing of the new features.

3. Tactical planning

Tactical planning develops plans and actions to achieve the goals set out in the operational plan. It involves breaking down the larger goals and objectives into smaller, more manageable tasks that can be completed within a shorter time frame, typically ranging from a few weeks to a few months.

Tactical planning includes developing content marketing campaigns, promoting new features, assigning tasks to developers, etc.

4. Contingency planning

Contingency planning is the process of identifying potential risks or challenges that may arise and developing plans to mitigate or address them.

To ensure the success of the launch of the new features, our example SaaS company develops a contingency plan to mitigate potential risks or challenges that may arise.

The contingency plan includes the following measures:

- Identifying potential disruptions to the development process, such as staff illness or unexpected delays, and minimizing their impact on the timeline for launching the new software.

- Identifying potential IT issues, such as server outages or security breaches, and ensuring that the software remains accessible to customers and secure.
- Sudden change in market conditions or a major competitor entering the market.

TYPES OF PLANS:

Planning is a process and plan is its outcome. Plan is a sort of commitment to accomplish all the activities needed for the attainment of special results, from this point of view there are many plans. The following study will help in understanding different kinds of plans.

1. Objectives: objectives are those end points for the attainment of which all the activities are undertaken. For example, to improve the communication system to hold regular staff meeting and publish a newsletter.

2 Strategies: Strategies refer to those plans which are prepared in view of the move of the competitors and whose objective is to make possible the optimum utilization of resources.

3. Policies: Policies are those general statements which are decided for the guidance of the employees while taking decision. Their purpose is laying down a limit within which a particular work can be done or decision taken. Objectives decide what is to be achieved and the policies tell us how it can be achieved.

4. Procedures: Procedures are those plans which determine the sequence of any work performance. For example, the recovery of money from the debtors can be done in the following order: Writing letters, connecting on telephone, Meeting personally, and taking legal action. This is the procedure of collecting money from all the debtors. There is a difference between policies and procedures. There can be two policies of the organization regarding the recovery of money from the debtors. (A) Tight collection policy, and (B) Lenient collection policy. Under the first policy an effort is made to recover money from debtors is by treating him harshly. Under the second policy the debtors will be given enough time for the payment of money while treating him leniently.

5. Methods: Methods are that plan which determines how different activities of the procedure are completed. Methods are not related to all steps but only to one step of the procedure. It is more detailed than procedure. There may be many methods to do a particular work. After extensive study, a method has to be selected from which a worker feels minimum fatigue, increase in productivity and there is reduction in costs.

6 Rules: Rules till us what is to be done and what is not to be done in particular situation. In the absence of rules there is no need to take any decision. Whatever is said in the rules has to be followed without any thinking. For example, the rule ―No smoking in the factory ―is applicable to everybody and it must be observed. Provision for punishment in case of non-observing of the rule can also be made.

7. Budget: Budgets describe the desired results in numerical terms. A budget is that planning which provides detailers about estimated money, material time and other resources for the achievement of pre-determined objectives of various departments. For example, the sales department‘s budget gives estimated figures about the type of material that will be purchased, its quantity, the time of purchase and the amount to be spent on it. Similarly, budget of other departments are also prepared.

8. Programmes: A programme means a single-use comprehensive plan laying down the what, how who and when of accomplishing a specific job. Through program me the managers are informed in advance about various needs so that there is no problem in future. The programmers can be different types-production programme, Training programme Sales promotion programme management developing programme.etc.

STEPS IN PLANNING

1 Define Objectives:

Clearly articulate what you want to achieve. Objectives should be specific, measurable, achievable, relevant, and time-bound (SMART).

2 Assess the current situation:

Evaluate the current state of affairs, considering internal and external factors that may affect the plan. This includes a SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats).

3 Identify Alternatives/Options:

Generate possible courses of action to achieve the defined objectives. Consider various strategies and approaches that align with the organization's goals.

4 Evaluate Alternatives:

Assess the pros and cons of each alternative. Consider factors such as feasibility, cost, risks, and potential outcomes. This step involves a thorough analysis to make informed decisions.

5 Select the best option:

Choose the alternative that best aligns with the objectives and is feasible within the given constraints. This is the decision-making stage of the planning process.

6 Develop the plan:

Outline the specific steps, tasks, and resources required to implement the chosen alternative. This involves creating a detailed plan that serves as a roadmap for execution.

7 Implement the plan:

Put the plan into action by executing the outlined tasks and activities. This step involves coordinating resources, communicating responsibilities, and managing the workflow.

8 Monitor and evaluate progress:

Regularly track the progress of plan implementation against the defined objectives. Evaluate whether the plan is achieving the desired outcomes and make adjustments as necessary.

9 Review and revise:

Periodically review the effectiveness of the plan. If there are changes in the internal or external environment, or if the plan is not producing the desired results, be willing to revise and adapt the plan accordingly.

OBJECTIVES:

Objectives are goals established to guide the efforts of the company and each one of its sections and departments. There must be clarity and precision in setting the objectives.

Merits of objectives:

1) It brings unity of planning

2) It facilitates co-ordination of works, efforts and resources of the enterprise.

3) It is the effective means to decentralize the authority.

4) It motivates the individuals.

5) It provides the basic standards for control.

Limitations of objectives:

1) It is very difficult to define the objective

2) It is very difficult to devise suitable means.

3) It is very difficult to avoid conflicts.

4) Budget estimates may be inaccurate

POLICIES:

Policies are guides to thinking and action of subordinates for the successful achievement of business objectives. Policies give a concrete touch to objectives. However, it should be noted that policies do not provide any decision as such

Characteristics of Good policies:

1) A policy should provide one broad outline

2) Policies should be consistent

3) The enterprise should have a adequate number of policies.

4) Policies should be sound and logical in every respect

Merits of policies

- It provides guides to thinking and action and provides support to the sub-ordinates.
- It saves time and effort by pre deciding problems.
- It permits delegation of authority to managers at the lower levels.
- It delimits the area within which a decision is to be made.

Limitation of policies:

- It cannot provide a solution to every problem.
- It serves only as guidelines to thinking and action by mangers.
- Policies are no substitute for human judgments.
- It serves no room for imaginative

PROCEDURES:

Procedures can be defined as “the process of establishment time sequences for work to be done”

That is, procedures are concerned with fixing a time table for starting a given work, going through the different phase’s ant its completion

Procedures are framed in keeping with the objectives and policies.

Procedures are of great use in case of repetitive work.

Merits:

1) It is the basis of control that is, it provides a good standard for the manager to appraise his employees.

2) It ensures uniformity of action.

3) It decreases the need for further decision making.

4) It increases co-ordination among the employees and the departments.

Limitations:

1) Procedures, once established, are allowed to remain even after they have lost their utility.

2) To remain effective, procedures are to be constantly reviewed and evaluated.

NATURE OF POLICIES

Guiding Principles:

Policies are based on the guiding principles and values of the organisation. They reflect the organisation's mission, vision, and overall strategic objectives.

i. Prescriptive Natures:

Policies are prescriptive in nature, meaning they prescribe specific courses of action or conduct. They provide a set of rules or guidelines that employees or members are expected to follow.

ii. **Scopes and Coverage**:

Policies define the scope of their application, specifying the areas, functions, or processes to which they are relevant. They can cover a wide range of organisational aspects, including human resources, finance, ethics, and more.

iii. **Consistencies and Uniformity**:

Policies aim to promote consistency and uniformity in decision-making and actions across the organisation. This helps create a standardized approach to various issues.

iv. **Long-Term Orientations:**

Policies are typically designed for the long term and are not intended to change frequently. They provide stability and continuity to organisational practices.

v. **Compliance and Enforcement**:

Policies often include mechanisms for compliance monitoring and enforcement. Non-compliance may lead to disciplinary actions or other consequences.

vi. **Adaptability to Change:**

While policies are generally stable, they should have some degree of adaptability to changes in the internal or external environment. Periodic reviews and updates may be necessary to ensure relevance.

vii. **Communication and Transparency:**

Policies need to be effectively communicated to all relevant stakeholders within the organisation. Transparency in policy development and implementation fosters trust and understanding.

viii. **Legal and Regulatory Compliance:**

Policies are often developed to ensure compliance with legal and regulatory requirements. They help organisations operate within the bounds of the law and ethical standards.

ix. **Risk Management:**

Some policies are formulated to manage risks and prevent undesirable outcomes. They may include measures to mitigate potential risks associated with specific activities or processes.

KINDS OF POLICIES:

1. Internal or originated policies

These are policies formulated by the members of management at different level top, middle and lower.

2. External or imposed policies

An imposed policy is a policy that is imposed by some external force like the government, trade union or a trade association. For example labour policies.

3 Appealed policies:

An appealed policy is formulated when a sub-ordinate refers an exceptional problem to his superior and appeals for a policy decision.

4. Stated or explicit policies (policy manual):

These are those which are in writing or in print and form part of the enterprise manual or records.

DECISION MAKING

Meaning of Decision Making:

A method for systematically selecting among possible choices that is based on reason and facts. In a rational decision making process, a business manager will often employ a series of analytical steps to review relevant facts, observations and possible outcomes before choosing a particular course of action

Definition:

Decision making is defined as the process of choosing the best alternative among alternative courses of actions. Decision making involves a choice among alternatives.

TYPES OF DECISION

1 Programmed Decisions:

Routine decisions that are made in response to recurring organisational problems. These decisions are typically well-structured, and organisations often have established procedures or rules to follow.

2 Non-Programmed Decisions:

Unusual or unique decisions that require a custom approach because they are not covered by existing rules or procedures. These decisions are often complex and may involve a higher level of uncertainty.

3 Individual Decisions:

Decisions made by a single person. The individual has full control and authority in the decision-making process.

4 Group Decisions:

Decisions made collectively by a group of individuals. Group decision making often involves collaboration, discussion, and consensus-building.

5 Strategic Decisions:

High-level decisions that affect the overall direction and success of an organisation. These decisions are typically made by top-level executives and have a long-term impact.

6 Tactical Decisions:

Decisions that concern the implementation of specific strategies. They are more focused on the short to medium term and are often made by middle-level managers.

7 Operational Decisions:

Day-to-day decisions that are necessary for the routine functioning of an organisation. These decisions are often made by front-line employees and supervisors.

8 Routine Decisions:

Decisions that are made regularly and have become habitual. They are often simple and do not require much deliberation.

9 Strategic Decision-Making Models:

Different approaches or models used to make strategic decisions. Examples include the rational decision-making model, the incremental model, and the garbage can model.

10 Crisis Decision Making:

Decisions made in response to unexpected and potentially damaging events. Quick and effective decision making is crucial in crisis situations.

PROCESS OF DECISION MAKING:

1) To identify the problem :

The first step is to determine what is the real and correct problems.. The problem is to be identified by taking an overall view of the situation. Clear understanding of the problem is necessary.

2) Analysing the problem :

The next step is to analyse the problem to determine its causes and scope. It depends upon the quality of the information used. Information is collected from external and internal sources.

3) Developing alternative solutions :

The decision maker has to develop alternative solutions for the problem. It is the best guarantee for ensuring adequate attention on the part of managers. The principle of limiting factor should be kept in view during the search of alternatives. Past experience, consultation with experts and brainstorming are useful techniques for generating alternatives.

4) Evaluation the alternatives :

The decision maker has to evaluate the various alternative and select one that will best contribute to the goal. They are evaluated by taking both tangible and intangible factors. Various theories and techniques were developed to evaluate the various alternatives.

5) Selecting the best solution :

a) Experience. While making the choice, the manager is guided by past experience, the past error may be corrected in the new decision.

b) Experimentation. It suggests that a particular alternative should be put in practice and the result should be observed and the alternative giving best result should be selected.

c) Research and analysis. This involves a search for the limiting variable and their placement in a logical relationship to each other as they affect goals.

6**) Implementing the Decisions:**

After an alternative is selected, it is put into action. This requires the communication of decision to sub-ordinates, getting acceptance to the decision, and getting their support and co-operation for conversing the decision into effective action.

7) Feedback and control

Once the decision has been put into practice, actual results of action should be compared with the expected results. If there is any deviation, this should be analysed and factors should be located. According to the factors, the decision can be modified.

Unit-III

ORGANISING

MEANING:

A social unit of people that is structured and managed to meet a need or to pursue collective goals. All organisations have a management structure that determines relationships between the different activities and the members, and subdivides and assigns roles, responsibilities, and authority to carry out different tasks. Organisations are open systems - they affect and are affected by their environment.

Definitions for Organisation

According to Louis A Allen, "Organisation is the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority, and establishing relationships for the purpose of enabling people to work most effectively together in accomplishing objectives

In the words of Theo Haimann, "Organising is the process of defining and grouping the activities of the enterprise and establishing the authority relationships among them. In performing the organising function, the manager defines, departmentalises and assigns activities so that they can be most effectively executed."

In the words of Koontz and O'Donnell, "Organisation involves the grouping of activities necessary to accomplish goals and plans, the assignment of these activities to appropriate departments and the provision of authority, delegation and co-ordination."

TYPES OF ORGANISATION:

1 Functional organisation:

These organisations are structured based on specialized functions or departments, such as marketing, finance, human resources, etc.

Employees are grouped based on their skills and expertise.

2 Divisional organisations:

Divisional organisations are structured around products, services, or geographic regions.

Each division operates as a separate entity with its own functions and resources.

3 Matrix organisation:

Matrix organisations combine aspects of both functional and divisional structures.

Employees report to both functional managers and project managers, resulting in a dual reporting structure.

4 Line organisation:

In a line organisation, authority and responsibility flow in a direct, linear fashion from the top to the bottom of the organisation.

It is a simple and clear chain of command.

5 Line-and-Staff organisation:

This type combines the features of both line and functional organisations.

Staff functions (like advisory and support roles) assist the line functions (involved in the core activities).

6 Nonprofit organisation:

These organisations are focused on fulfilling a social mission rather than making a profit.

Examples include charities, educational institutions, and NGOs.

7 For-Profit organisation:

These organisations operate with the primary goal of making a profit for their owners or shareholders.

Examples include corporations, partnerships, and sole proprietorships.

8 Government organisations:

Entities formed by government bodies to provide public services.

They can be at the federal, state, or local levels.

9 organisation:

Cooperatives are owned and operated by their members for mutual benefit.

Members typically share responsibilities, risks, and rewards.

10 Franchise organisation:

Franchises allow individuals (franchisees) to operate businesses under the established brand and business model of a franchisor.

ORGANISATION STRUCTURE:

An organisation structure is a framework that allots a particular space for a particular department or an individual and shows its relationship to the other. An organisation structure shows the authority and responsibility relationships between the various positions in the organisation by showing who reports to whom. It is an established pattern of relationship among the components of the organisation.

March and Simon have stated that-"Organisation structure consists simply of those aspects of pattern of behavior in the organisation that are relatively stable and change only slowly." The structure of an organisation is generally shown on an organisation chart. It shows the authority and responsibility relationships between various positions in the organisation while designing the organisation structure, due attention should be given to the principles of sound organisation.

Significance of Organisation Structure:

1 Properly designed organisation can help improve teamwork and productivity by providing a framework within which the people can work together most effectively.

2 Organisation structure determines the location of decision-making in the organisation.

3 Sound organisation structure stimulates creative thinking and initiative among organisational members by providing well defined patterns of authority.

4 A sound organisation structure facilitates growth of enterprise by increasing its capacity to handle increased level of authority.

5 Organisation structure provides the pattern of communication and coordination.

6 The organisation structure helps a member to know what his role is and how it relates to other roles.

SPAN OF CONTROL:

Span of Control means the number of subordinates that can be managed efficiently and effectively by a superior in an organisation. It suggests how the relations are designed between a superior and a subordinate in an organisation.

Span of control is of two types:

1. Narrow span of control: Narrow Span of control means a single manager or supervisor oversees few subordinates. This gives rise to a tall organisational structure.

Advantages:

1. Close supervision

2. Close control of subordinates

3. Fast communication

Disadvantages:

1. Too much control

2. Many levels of management

3. High costs

4. Excessive distances between lowest level and highest level

2. Wide span of control:

Wide span of control means a single manager or supervisor oversees a large number of subordinates. This gives rise to a flat organisational structure.

Advantages:

1. More Delegation of Authority

2. Developments of Managers

3. Clear policies

Disadvantages:

1. Overloaded supervisors

2. Danger of superior's loss of control

3. Requirement of highly trained managerial personnel

4. Block in decision making

COMMITTEES

Meaning:

A committee is a group of individuals selected or appointed to perform a specific function, make decisions, or address particular issues within an organisation or a larger entity. Committees are commonly used in various settings, including businesses, government bodies, non-profit organisations, and community groups. The purpose of a committee is to bring together individuals with diverse skills, knowledge, and perspectives to collaboratively address a common goal or objective.

CHARACTERISTICS OF COMMITTEES:

1 Purpose: Committees are formed with a specific purpose or mandate, such as making decisions, conducting investigations, providing recommendations, or overseeing certain functions.

2 Composition: Committee members are chosen based on their expertise, experience, or relevance to the committee's purpose. The composition may include individuals from different departments, roles, or levels within an organisation.

3 Decision-Making: Committees often play a role in the decision-making process. They may discuss issues, review information, and collectively make decisions or recommendations that impact the organisation.

4 Structure: Committees typically have a structure that includes a chairperson or leader who facilitates meetings, sets the agenda, and ensures that the committee functions effectively. Some committees may also have a secretary or recording officer responsible for documenting meeting minutes.

5 Meetings: Committees hold regular or ad-hoc meetings to discuss relevant topics, share information, and work towards achieving their goals. Meetings provide a platform for members to collaborate and contribute to the committee's objectives.

6 Types: Committees can take various forms, including standing committees (permanent), ad hoc or special committees (temporary), and subcommittees (formed within a larger committee to address specific aspects).

7 Advisory Role: Some committees serve in an advisory capacity, providing guidance and recommendations to the organisation's leadership.

8 Accountability: Committees are accountable for the tasks assigned to them. This may include reporting progress, making recommendations, or presenting findings to higher levels of authority.

9 Decision-Making Authority: The level of decision-making authority granted to a committee can vary. In some cases, committees may have the power to make final decisions, while in others they may make recommendations to a higher authority for approval.

DEPARTMENTALIZATION

Meaning:

Departmentalization is a process of organizing an enterprise into different departments or units based on certain criteria. This helps in achieving efficiency, coordination, and effective management within an organisation.

NEED AND IMPORTANCE OF DEPARTMENTALIZATION

1 Specialization and Expertise:

Departmentalization allows for the specialization of tasks. Each department can focus on specific functions, leading to the development of expertise and efficiency within that area.

2 Efficient Workflow:

By grouping related tasks together, departmentalization helps create a smooth and efficient workflow. Employees within a department can work collaboratively, leading to improved productivity and reduced redundancy.

3 Effective Communication:

Clear lines of communication are established within departments, facilitating effective communication among team members. This is essential for the successful completion of tasks and projects.

4 Coordination and Integration:

Departmentalization enables better coordination of activities. It allows different departments to work in harmony, ensuring that their efforts are integrated to achieve overall organisational goals.

5 Improved Management Control:

With departmentalization, management can more easily monitor and control the performance of each department. This helps in identifying areas of strength and weakness and enables timely intervention to address issues.

6 Employee Motivations and Job Satisfaction:

Employees within a department can identify with a specific set of tasks, leading to a sense of ownership and responsibility. This, in turn, can contribute to higher levels of job satisfaction and motivation.

INFORMAL ORGANISATION:

Meaning:

Informal organisation refers to the network of personal and social relationships that develop spontaneously among people within an organisation. Unlike the formal organisational structure that is officially documented, the informal organisation is based on social connections, shared interests, and personal affiliations

IMPORTANCE OF INFORMAL ORGANISATION

1. Communication and Information Flow:

Informal networks facilitate quick and effective communication within the organisation.Information often flows more rapidly through informal channels, allowing employees to stay informed about organisational developments.

2. Employee Morale and Satisfaction:

Positive relationships within the informal organisation contribute to higher levels of employee morale and job satisfaction.Social support networks foster a sense of belonging and emotional well-being among employees.

3. Adaptability and Flexibility:

The informal organisation is more flexible and adaptable than the formal structure.Informal networks can quickly respond to changes in the workplace environment, helping the organisation adapt to evolving circumstances.

4. Identification of Leaders:

Informal organisations often reveal natural leaders within the workplace.Employees who emerge as influential figures within informal networks can be identified and leveraged for leadership roles.

5. Cultural Elements:

The informal organisation contributes to the development of workplace culture.Shared values, norms, and traditions within informal networks help shape the overall organisational culture.

6. Enhanced Problem Solving:

Informal groups may provide a platform for collaborative problem-solving.Employees within informal networks can share ideas, perspectives, and experiences, leading to innovative solutions.

7. Social Support and Team Building:

Informal networks provide a basis for social support and team building.Employees who are part of informal groups may collaborate more effectively on tasks and projects.

8. Reduced Resistance to Change:

Informal leaders can play a crucial role in reducing resistance to change.When influential individuals within the informal organisation support new initiatives, it can positively influence the acceptance of change among employees.

9. Identification of Issues:

Informal networks can help identify issues or concerns that might not be immediately apparent through formal channels.Managers can gain insights into employee sentiments and concerns by understanding the dynamics of the informal organisation.

10. Employee Engagement:

Positive relationships within the informal organisation contribute to higher levels of employee engagement.Engaged employees are more likely to contribute positively to the organisation's goals.

11. Conflict Resolution:

Informal networks can play a role in resolving conflicts.Trusted individuals within the informal organisation may mediate conflicts or provide support to those involved.

12. Networking and Career Development:

Employees can use informal networks for networking and career development.Opportunities for mentorship, knowledge sharing, and career advice often arise within informal relationships.

AUTHORITY:

Meaning:

Authority is the power legitimized by organisation which empowers a manager to make decisions, to use organisational resources, and to monitor and regulate the behaviour of subordinates for the efficient performance of assigned work responsibilities. Authority (right do something) is different from power (ability to do something). Authority is positional, but power may not be positional. Authority has the legal power, but power is because of personal influence and resource fullness. Authority always moves downward, but power can move in any direction. Authority can be delegated, but not power. Authority commands fear but power commands respect.

CHARACTERISTICS OF AUTHORITY:

- It is the right given to the managers.
- The right is vested in position and the manger gets it when he occupies the position.
- Authority originates at the top and moves downward.
- Authority can be delegated by a superior to his subordinate.
- Authority creates superior –subordinate relationship.
- Manager exercises authority to influence subordinates‘behaviour so as to get the things done.

TYPES OF AUTHORITY:

1. Line, Staff and functional Authorities:

Line authority contributes directly to attain the goals of an organisation. Staff authority does not form part of the chain of command and is advisory in nature. Functional authority is the right to give orders within specific task areas and is operational only for designated amount of time.

2. Shared Authority and wholesome Authority:

When authority is delegated to two or more persons to solve a common problem, it is called shared authority. Wholesome authority means giving authority to one person only to solve the problem.

3. General and specific Authority:

When the authority to perform all the functions in this department or division subject to overall guidance and control of the superior (like chief Marketing officer in the Marketing department), it is known as general authority. Under a specific authority, a person is given authority regarding specific function or functions. Specific delegation is functional in nature and is precise.

4. Formal and informal:

When the authority is delegated according to organisation structure, it is known as formal delegation. A salesman being granted authority to give cash discount of 5% on sales by the sales manager is formal authority. Informal authority is given to short circuit the formal procedure to perform the task quickly.

5. Charismatic Authority and Positional Authority:

When the rights and power come through the charm and influence of one‘s personality (like Mahatma Gandhi and Napoleon) it is known as charismatic authority. When the authority is acquired because one is appointed as a manager, it is positional authority.

6. Written and oral Authority:

When the authority is granted in writing it may be called legal or written authority. Oral authority is known as traditional authority guided by traditions and customs.

7. Downward and sideward Authority:

When authority is granted to immediate subordinate it is referred to as downward delegation. If the authority is given to another official of the same rank, it is known as sidewalk authority or delegation of authority.

DELEGATION:

Meaning:

Delegation is the process of assigning authority and responsibility to another person or a group of people to carry out specific tasks or responsibilities. It is a fundamental aspect of effective leadership and organisational management. Delegation involves entrusting others with the authority to make decisions and take action within certain defined limits.

1 Authority and Responsibility:

Delegation involves transferring both authority (the right to make decisions) and responsibility (being accountable for the outcomes) from one person (the delegator) to another (the delegate).

2 Clear Communication:

Clear and concise communication is essential when delegating tasks. The delegator should provide detailed instructions, expectations, and any relevant information to ensure a common understanding.

3 Appropriate task assignment:

Tasks should be assigned based on the skills, knowledge, and capabilities of the person being delegated to them. Matching tasks to the skills of the delegate enhances the likelihood of successful completion.

4 Defining Limits and Boundaries:

Delegation involves setting limits on the authority given to the delegate. The delegator specifies the scope of decision-making and the boundaries within which the delegate is expected to operate.

5 Training and support:

If necessary, the delegator should provide training, guidance, and support to the delegate to ensure they have the necessary tools and information to perform the delegated tasks effectively.

6 Monitoring and Feedback:

The delegator should monitor the progress of delegated tasks and provide feedback as needed. Regular check-ins help ensure that the work aligns with expectations and allow for adjustments if necessary.

7 Encouraging Initiative:

Delegation encourages individuals to take initiative and make decisions within their assigned responsibilities. It fosters a sense of ownership and accountability.

8 Time Management:

Delegating tasks allows leaders to focus on high-priority activities that require their specific expertise. It helps distribute the workload more efficiently across the organisation.

9 Building team skills:

Delegation contributes to the development of team members by providing them with opportunities to learn new skills, gain experience, and take on greater responsibilities.

10 Risk Management:

Delegating tasks helps distribute risks across the organisation. It ensures that no single individual is overwhelmed with responsibilities, reducing the impact of potential setbacks.

DECENTRALIZATION:

Meaning:

Decentralization refers to the distribution of decision-making authority, power, and responsibility from a central authority or higher levels of an organisation to lower levels or individual departments. In a decentralized structure, decision-making is dispersed among various units, allowing for more autonomy and local control. This contrasts with a centralized structure where decision-making authority is concentrated at the top levels of the organisation.

IMPORTANCE OF DECENTRALIZATION:

1 Lesser burden on manager Decentralization

Helps to reduce the work load of executive. So they can concentrate mainly on policy matters.

2 Diversification possibilities Decentralization

Structure facilitated diversification. So the losses in one line may be compensated by the profit in other line.

3 Motivation of sub-ordinates:

Decentralisation results in development of initative, responsibility and moral among employees.

4 Quick decisions

Decision on any matter can be taken very quickly

5 Executive developments

When authority is decentralised, subordinates get the opportunity of exercising their own judgement. So their executive knowledge is developed.

6 Intimate relationships

Due to better communication, intimate relationship between sub-ordinates and superiors can be developed.

DIFFERENT BETWEEN AUTHORITY AND POWER

Characteristic	Power	Authority
Derived from force, manipulation, or control	Power can be gained through control over resources, manipulation, or force. It is situation-specific and not necessarily tied to formal roles or positions.	Authority stems from a recognized position or role, such as a managerial or political role. It is institutionalized and tied to specific roles.
Can lead to resistance or resentment	Power, due to coercion or manipulation, can result in resentment or resistance from those being influenced, especially if perceived as unjust or exploitative.	Authority, being seen as legitimate, is often accepted willingly by the governed, leading to compliance with decisions or commands.
Might not be legitimate	Power does not always have a basis in legitimacy. It can arise from personal charisma, manipulative tactics, or control over resources, among other factors.	Authority, by definition, is legitimate. It is granted by recognized entities such as legal systems, religious institutions, or societal consensus.
More flexible and personal	Power can vary in source, scope, and application. It is not always tied to formal roles and can be a more personal and individualistic form of influence.	Authority is usually associated with specific positions or roles and is tied to the responsibilities and duties they entail.
Can be coercive	Power can involve the use of coercion, such as threats or negative consequences, to influence others.	Authority relies on voluntary compliance rather than coercion, as its acceptance comes from perceived legitimacy and belief in a larger purpose.
May be temporary or fluctuating	Power dynamics can change with personal relationships, control over resources, or societal conditions,	Authority is generally stable as long as the individual maintains the role or position that grants it, but it can change

	leading to temporary or fluctuating power.	if the position is vacated or its legitimacy is questioned.
Can exist without authority	Power does not require formal recognition or approval. It can be based on personal charisma, knowledge, or social connections.	Authority involves the right to influence or command, inherently requiring some power to affect change or enforce decisions.
Does not always require consent	Power can be exercised without consent through manipulation, coercion, or control.	Authority requires recognition and consent from those being governed, based on belief in its legitimacy and the validity of decisions.
Influences through persuasion or force	Power can influence others by changing attitudes, beliefs, or actions through persuasion or the use of force.	Authority influences others through legitimacy and the perceived right to make decisions or give commands.
Example	A bully in a schoolyard may have power over peers through intimidation or force, significantly influencing their behavior.	A judge has the authority to interpret the law and make legal decisions, which is recognized and accepted by society, leading to non-coercive compliance.

RESPONSIBILITY:

Meaning:

Responsibility refers to the state or quality of being accountable for one's actions, decisions, and obligations. It involves a sense of duty, reliability, and the willingness to accept the consequences of one's choices. Responsibility can manifest in various aspects of life, including personal, social, professional, and ethical domains.

NATURE OF RESPONSIBILITY:

1 Personal Growth and Development:

Taking responsibility for one's actions fosters personal growth and development. It encourages self-reflection, learning from mistakes, and making informed choices.

2 Building Trust and Credibility:

Responsible behavior enhances trust and credibility. When individuals fulfill their commitments and obligations, others are more likely to trust them, whether in personal relationships, professional settings, or within communities.

3 Social Harmony:

Social responsibility contributes to the overall well-being of society. When individuals and organisations act responsibly, it promotes a harmonious and cooperative community where people can rely on each other.

4 Professional Success:

In the workplace, employees who demonstrate responsibility are often more valued. They meet deadlines, fulfill their roles, and contribute to the success of the organisation, ultimately enhancing their professional reputation and opportunities.

5 Ethical Integrity:

Responsibility is closely tied to ethical behavior. It involves making choices that align with moral principles and values, contributing to a more ethical and just society.

6 Environmental Sustainability:

Responsible actions toward the environment, such as sustainable practices and conservation efforts, are essential for the long-term health of the planet. This includes reducing waste, conserving resources, and minimizing environmental impact.

7 Effective leadership:

Leaders who demonstrate responsibility set positive examples for their teams. Responsible leaders inspire trust, foster a sense of accountability among team members, and contribute to the overall success of the organisation.

8 Personal and Financial Well-Being:

Financial responsibility, such as budgeting and managing resources wisely, is crucial for personal and family well-being. It helps avoid financial crises and provides a foundation for a secure future.

9 Legal Compliance:

Adhering to laws and regulations is a fundamental aspect of responsibility. It ensures the smooth functioning of societies and organisations and helps prevent legal consequences.

10 Problem Solving Adaptability:

Taking responsibility for challenges and problems enables individuals to proactively seek solutions. It promotes adaptability and resilience in the face of difficulties.

11 Healthy Relationships:

Responsibility is integral to healthy relationships. Whether in friendships, romantic partnerships, or family dynamics, individuals who take responsibility for their actions contribute to the overall strength and stability of relationships.

Unit IV

DIRECTION

Meaning:

Direction is said to be consisting of human factors. In simple words, it can be described as providing guidance to workers is doing work. In field of management, direction is said to be all those activities which are designed to encourage the subordinates to work effectively and efficiently. According to Human, ―Directing consists of process or technique by which instruction can be issued and operations can be carried out as originally planned‖ Therefore, Directing is the function of guiding, inspiring, overseeing and instructing people towards accomplishment of organisational goals.

PRINCIPLES OF DIRECTION:

(I) Principle of leadership:

Ability to lead effectively is essential to effective direction.

(ii) Principle of informed communication:

The management should recognize and utilize informal organisation constructively.

(iii) Principle of direct supervision:

The manager should supplement objective methods of supervision and control with direct personal supervision to ensure personal contact.

(iv) Principle of direct objectives:

The manager should communicate effectively and motivate the subordinates for most effective performance.

(v) Principle of harmony of objectives:

The manager should guide the subordinates so that their individual interest harmonizes with group interests.

(vi) Principle of unity of command:

For most effective direction, subordinates should be responsible to one superior.

(vii) Principle of managerial communication:

The manager being the principle medium of communication, should keep lines of communication open.

(viii) Principle of comprehension:

The communication should ensure that the recipients of the information actually comprehend it.

(ix) Principle of direct communication:

The direct flow of information is most effective for communications.

NATURE OF DIRECTION:

1. It is a Dynamic Function:

Directing is a dynamic and continuing function. A manager has to continuously direct, guide, motivate and lead his subordinates. With change in plans and organisational relationships, he will have to change the methods and techniques to direction.

2. It Initiates Action:

Directing initiates organized and planned action and ensures effective performance by subordinates towards the accomplishment of group activities. It is regarded as the essence of management-in-action.

3. It Provides Necessary Link between Various Managerial Functions:

Directing links the various managerial functions of planning, organizing, staffing and controlling. Without directing the function of controlling will never arise and the other preparatory functions of management will become meaningless. In the words of Haimann, "nothing happens unless and until the business automobile is put into gear and the accelerator pressed."

4. It is a Universal Function:

Directing is a universal function that is performed in all organisations and at all the levels of management. All managers have to guide, motivate, lead, supervise and communicate with their subordinates, although more time is spent on directing at higher levels of management.

5. It is concerned with Human Relationships:

The direction function of management deals with relationship between people working in an organisation. It creates cooperation and harmony among the members of the group. It seeks to achieve orderly arrangement of group effort to provide unity of action in the pursuit of common objectives.

CO-ORDINATION:

Meaning:

The process by which a manager integrates their activities is known as coordination. Coordination is an orderly arrangement of group efforts to maintain harmony among individual‘s efforts towards the accomplishment of common goals of an organisation. It is the force that integrates all functions of the management.

NEED FOR COORDINATION

Any action or activity involving several people or organisations requires coordination. It makes sure that everyone is pursuing the same objectives and that their efforts are supportive rather than competitive. Some of the needs or significance of coordination are as follows-

1 Avoids Duplication:

Individuals or organisations who work separately without coordination run the risk of duplicating activities, which wastes time, money, and energy.

2 Improves Efficiency:

Coordination of activities can provide more efficient and successful outcomes. When everyone is working in unity, organisations and individuals may use each other’s strengths and respond to their differences.

3 Encourages Teamwork:

Effective coordination involves effective collaboration and communication. It promotes teamwork, idea sharing, and mutual support for each other's efforts.

4 Improves Decision-making:

In any organisation, the decisions of stakeholders are often better than those of individuals. Where there is coordination, there is a unity of stakeholders, who can take decisions more efficiently and informatively.

5 Promotes sharing of Knowledge:

When people work together, they share their knowledge and skills. As a result, the team becomes more knowledgeable and can prepare themselves better to handle difficulties and challenges.

6 Enhances organisational Culture:

Coordination helps in developing a culture inside an organisation that encourages the open exchange of ideas, mutual respect, and appreciation for other viewpoints. This helps employees last longer and stay loyal and motivated to the team.

TYPES OF COORDINATION:

Coordination is a critical aspect of effective management and teamwork. Excellent coordination ensures that different parts of an organisation work together seamlessly to achieve common goals. Here are types of coordination, techniques, and requisites for achieving excellent coordination:

1 Vertical Coordination:

It involves coordination between different levels of hierarchy within an organisation (e.g., top management coordinating with middle and lower management).

2 Horizontal Coordination:

Involves coordination between different departments or units at the same organisational level.

3 Diagonal (cross-functional) coordination:

Involves coordination between different departments or units at different levels of the organisation.

TECHNIQUES FOR COORDINATION:

1. Communication:

Open and effective communication channels are essential. Regular meetings, reports, and updates help ensure everyone is on the same page.

2. Information Systems:

Use of technology and information systems for real-time data sharing and collaboration.

3. Team Building:

Encouraging a positive team culture helps build trust and understanding among team members.

4. Standardization of Procedures:

Clearly defined and standardized processes and procedures reduce confusion and enhance coordination.

5. Interdepartmental Liaisons:

Designate liaisons or coordinators between departments to facilitate communication and collaboration.

6. Task Forces:

Form temporary task forces or committees to address specific issues or projects that require cross-functional collaboration.

7. Regular Meetings:

Scheduled meetings at various levels to discuss progress, issues, and plans.

8. Training Programs:

Provide training programs to employees to enhance their skills and understanding of the organisation’s overall objectives.

REQUISITES FOR EXCELLENT COORDINATION:

1 Clear goals and objectives:

Everyone should have a clear understanding of the organisation's goals and how their roles contribute to those goals.

2 Effective Leadership:

Strong leadership is crucial for setting a clear vision, fostering a positive culture, and guiding the team toward common objectives.

3 Mutual trust and respect:

Team members and departments need to trust each other and respect each other's expertise.

4 Flexibility:

The ability to adapt to changes and be flexible in approaches is vital for successful coordination.

5 Timely and accurate information:

Access to accurate and timely information is necessary for making informed decisions and taking coordinated actions.

6 Conflict Resolution Mechanisms:

Establish mechanisms for resolving conflicts promptly and constructively.

7 Feedback Mechanisms:

Regular feedback loops help in assessing the effectiveness of coordination efforts and making necessary adjustments.

8 Incentives and Recognition:

Recognize and reward individuals and teams for their contributions to encourage a collaborative spirit.

9 Continuous Improvement:

Regularly assess coordination processes and seek ways to improve efficiency and effectiveness.

CONTROLLING

Meaning:

Control is the last function of management. If there is imperfection in the planning and actual performance, control will be needed. The deviations are set right by the controlling function. This function ensures desired results. Planning identifies the activities and controlling regulates the activities. Success or failure of planning depends upon the result of success or failure of controlling. It is an important function because it helps to check the errors and to take the corrective action so that deviation from standards are minimized and stated goals of the organisation are achieved in a desired manner.

DEFINITIONS OF CONTROLLING:

In the words of Koontz and O'Donnell - "Managerial control implies measurement of accomplishment against the standard and the correction of deviations to assure attainment of objectives according to plans."

According to Harold Koontz, ―Controlling is the measurement and correction of performance in order to make sure that enterprise objectives and the plans devised to attain them are accomplished.

IMPORTANCE OF CONTROLLING:

1. Basis of planning

It enables the management to verify the quality of various plans and policies. It reveals deficiency in planning so that suitable action can be taken to improve it.

1. Appraisal of performance

It provides standard for the appraisal and measurement of actual performance.

2. Co-ordination

It helps in achieving co-ordination which is the essence of management.

3. Efficiency in the organisation

It ensures efficiency and effectiveness in the organisation by using all the available resources. It also helps o increase the efficiency of the employees.

4. Extension of decentralization

It makes the sub-division of work possible, assignment of responsibilities to lower levels feasible and the policy of exceptions a success.

5. Check on the sub-ordinates

A control system ensures the achievement of objectives.

PROCESS OF CONTROL

1. Establishing Standards

i). Measurable or tangible (Output Standards):

Standards can be measured and expressed quantitatively are called as measurable standards. they can be in form of cost, output, expenditure, time, profit, etc.

ii). Non-measurable or intangible (Input Standards):

There are standards which cannot be measured quantitatively. For example- performance of a manager, deviation of workers, their attitudes towards a concern. These are called as intangible standards.

2. Measuring Actual Performance:

Measurements must be accurate enough to spot deviations or variances between what really occurs and what is most desired. Without measurement, effective control is not possible.

3. Comparing Actual with Standard:

Deviation is as the gap between actual performance and the planned targets. For example, if stationery charges increase by a minor 5 to 10%, it can be called as a minor deviation. On the other hand, if monthly production decreases continuously, it is called as major deviation. 4. Correction of Deviation: Taking any action necessary to correct or improve things. There are two types of exceptions:

i. Problems - below standard

ii. Opportunities - above standard

Unit-V

BUSINESS ETHICS

Meaning of Business Ethics:

Business ethics means both as written and unwritten codes of moral standards that are critical to the current activities and future aspirations of a business organisation. They can differ from one company to another because of differences in cultural perspectives, operational structures and strategic orientations. The guiding framework of business ethics exists at all levels of the organisation. It is all about having the wisdom to determine the difference between right actions and wrong decisions. In simple terms, business ethics fundamentally denotes the organisation's codes of corporate governance. It stipulates the morality standards and behavioral patterns expected of individuals and the business as a whole. These moral benchmarks can be perceived in terms of the microenvironment and macro environment of the business. Ethics is a set of standard, or a code value system worked out from human reason and experience, by which free human actions are determined as ultimately right or wrong, good or evil. If an action agrees with these standards, it is ethical; if it does not agree, it is unethical.

Definitions of Business Ethics:

According to Kirk O. Hanson, a renowned ethics expert who also doubles as the Executive Director of the Markkula Center for Applied Ethics, "business ethics is the study of the standards of business behavior which promote human welfare and the good."

"Business Ethics'' can be defined as the critical, structured examination of how people & institutions should behave in the world of commerce. In particular, it involves examining appropriate constraints on the pursuit of self – interest or (for firm). "Business ethics' is defined by the IBE as 'the application of ethical values to business behavior'.

According to Wiley is defined as "Ethics reflects the character of the individual and more contemporarily, perhaps the character of the business firm, which is a collection of individuals". According to Baumhart "Ethical standards are principles of ideals of human conduct"

TYPES OF BUSINESS ETHICS:

1. Personal Responsibility:

This refers to the personal beliefs of an individual. Every individual has certain firm beliefs on certain matters' such as honesty, avoiding criminal acts, obedience to elders, willing to perform accepted duties, promptly settling the dues etc.

2. Official Responsibilities:

Only persons or human beings occupy positions. A person who-is occupying a certain position should strictly follow certain norms and other standards set for that official capacity.

3. Personal Loyalties:

These include loyalties of a subordinate to his superior. So long as the superior is just and honest, the subordinates shall not face any problem.

4. Corporate Responsibilities:

Corporations, as separate legal entities, have certain moral responsibilities. The responsibilities may not be identical with the personal moral codes of the managers who run the company. These responsibilities may be internal or external.

5. Organisational Loyalties:

Many people develop a deep sense of loyalty towards the organisation as an entity that goes beyond their personal interest. This loyalty has arisen out of love and affection. This factor can be stimulated effectively. If so, the employees will work hard and help the enterprise in achieving its objectives.

6. **Economic Responsibilities**:

This type of morality guides the individual actions of an economic nature. For instance, some businessmen think it immoral to borrow. However, this type of people is very rare to see.

7. **Technical Morality**:

Professional people should adhere to certain ethical standards established by competent bodies or persons or by customs. The Code of Conduct set for them by the concerned institutions governing the profession binds lawyers, chartered accountants, doctors etc.

8. **Legal Responsibility**:

It refers to the responsibility imposed by law. What are all illegal are supposed to be unethical also. Everyone should be a law-abiding citizen,

ROLES OF BUSINESS ETHICS

1 Guiding Decision-Making:

Individual Level:

Helps employees and leaders make ethical decisions in their day-to-day activities.

Organisational Level:

Guides the development of policies and procedures that align with ethical principles.

2 Building Trust:

Fosters trust among stakeholders, including customers, employees, investors, and the community. Trust is crucial for long-term relationships and business success.

3 Promoting Fair Practices:

Ensures fairness in dealings with employees, customers, suppliers, and competitors.Prevents discrimination and promotes equal opportunities.

4 Social Responsibility:

Encourages businesses to contribute positively to society.Addresses environmental concerns, supports community development, and engages in philanthropy.

5 compliance with Laws and Regulations:

Ensures that businesses operate within legal boundaries.Prevents legal issues and protects the company's reputation.

6 Enhancing Corporate Reputation:

A strong commitment to ethical behavior enhances a company's reputation.Positive reputation attracts customers, investors, and top talent.

IMPORTANCE OF BUSINESS ETHICS

1 Customer Loyalty:

Ethical business practices build trust and loyalty among customers, leading to repeat business and positive word-of-mouth.

2 Employee Engagements:

Employees are more likely to be engaged and committed to an organisation that values and practices ethics.

3 Investor Confidences:

Ethical behavior attracts investors who are increasingly considering ethical factors when making investment decisions.

4 Risk Management:

Adhering to ethical standards helps in identifying and managing risks associated with legal, financial, and reputational issues.

5 Long-Term Sustainability:

Ethical businesses are better positioned for long-term success as they are less likely to face scandals or legal troubles that could harm their sustainability.

6 Competitive Advantages:

Ethical behavior can be a source of competitive advantage, differentiating a company from its competitors.

7 Legal Compliance:

Following ethical practices ensures compliance with laws and regulations, reducing the risk of legal action.

8 Stakeholder Relations:

Ethical behavior contributes to positive relationships with various stakeholders, including employees, customers, suppliers, and the community.

9 Employee Recruitment and Retention:

Ethical companies attract and retain top talent who are often more interested in working for organisations that align with their values.

VALUES IN BUSINESS

1 Respect:

Treating others with respect creates a positive work environment. It includes respecting diversity, opinions, and the dignity of individuals.

2 Responsibility:

Taking responsibility for one's actions and the impact of business activities on society and the environment. This value is essential for sustainable and socially responsible business practices.0

3 Innovation:

Encouraging a culture of innovation fosters creativity and adaptability, helping businesses stay competitive and responsive to changing market dynamics.

4 Customer Focus:

Placing the customer at the center of business activities ensures that products and services meet customer needs. It contributes to customer satisfaction and loyalty.

5 Team work:

Emphasizing collaboration and teamwork promotes a cooperative and supportive work environment. It leads to increased efficiency, better problem-solving, and employee satisfaction.

6 Excellence:

Striving for excellence in all aspects of business operations contributes to the continuous improvement of products, services, and processes.

7 Inclusivity and Diversity:

Valuing and promoting diversity and inclusivity fosters a culture of equality and openness. It can lead to increased creativity, innovation, and a broader range of perspectives.

INTERNAL ETHICS

1. Employee Conduct:

Internal ethics involves the ethical behavior of employees within the organization. This includes issues such as honesty, integrity, and professionalism in their interactions with colleagues, superiors, and subordinates.

2. Workplace Culture:

The organization's internal ethics also extend to the overall workplace culture. This involves promoting values such as respect, fairness, and inclusivity among employees.

3. Decision-Making Processes:

Ethical decision-making processes within the organization are crucial. This includes how decisions are made, whether they consider the impact on stakeholders, and if they align with the organization's values.

4. Treatment of Employees:

Internal ethics cover how employees are treated by the organization. This includes fair compensation, equal opportunities, and a safe working environment.

5. Training and Development:

Organizations with strong internal ethics invest in the training and development of their employees, ensuring that they are equipped with the necessary skills and knowledge to perform their roles ethically.

6. Compliance and Governance:

Adhering to laws and regulations, both internal and external, is a part of internal ethics. This includes having robust governance structures to ensure accountability and transparency.

EXTERNAL ETHICS

1. Customer Relations:

External ethics involve how the organization interacts with its customers. This includes providing accurate information, fair pricing, and delivering products or services that meet quality standards.

2. Supplier and Partner Relationships:

Organizations are expected to treat their suppliers and business partners ethically. This includes fair business practices, timely payments, and transparency in transactions.

3. Environmental Responsibility:

External ethics encompass the organization's impact on the environment. This involves sustainable practices, minimizing ecological footprints, and complying with environmental regulations.

4. Social Responsibility:

Organizations are increasingly expected to contribute positively to the communities in which they operate. This could involve philanthropy, community engagement, and initiatives that address social issues.

5. Transparency with Stakeholders:

External ethics include maintaining transparency with stakeholders such as investors, shareholders, and the public. This involves clear communication about the organization's performance, financial health, and future plans.

6. Marketing and Advertising Practices:

Ethical considerations in external dealings extend to marketing and advertising. This includes avoiding deceptive practices and ensuring that promotional activities are truthful and not misleading.

7. Legal Compliance in External Interactions:

Adhering to external laws and regulations in the broader business environment is a critical aspect of external ethics. This includes compliance with industry standards and international laws, where applicable.

RESPONSIBILITIES OF BUSINESS

1. Legal and Ethical Compliance:

Adhering to the laws and regulations governing the industry and region in which the business operates .Conducting business with integrity and adhering to ethical standards.

2. Economic Responsibility:

Generating profits and economic value for shareholders and other stakeholdersContributing to economic development through job creation and innovation.

3. Social Responsibility:

Contributing to the well-being of society by addressing social issues and supporting community development.Engaging in philanthropy and supporting charitable initiatives.

4. Environmental Responsibility:

Minimizing the environmental impact of business operations.Adopting sustainable practices and promoting environmentally friendly technologies

5. Customer Satisfaction:

Providing high-quality products or services that meet customer needs. Ensuring fair business practices and transparent communication with customers.

6. Employee Welfare:

Providing a safe and healthy work environment. Offering fair wages, benefits, and opportunities for professional development. Promoting diversity, equity, and inclusion within the workplace

7. Supplier and Partner Relations:

Building fair and mutually beneficial relationships with suppliers and business partners. Ensuring ethical sourcing and supply chain practices.

8. Innovation and Research:

Investing in research and development to foster innovation. Contributing to technological advancements and the overall progress of society.

9. Transparency and Accountability:

Maintaining transparency in financial reporting and business practices.Taking responsibility for the consequences of business actions.

10. Stakeholder Engagement:

Actively engaging with and considering the interests of various stakeholders, including employees, customers, investors, and the local community.

Environmental Protection Responsibilities of Business:

Business organizations worldwide can adopt the following measures to curb environmental pollution and safeguard the environment:

1. Businesses engaged in manufacturing can adopt green technologies that are environmentally friendly, produce minimal waste, and utilize clean energy sources for their equipment and machinery.

2. They should strive to recycle industrial waste whenever possible to reduce the likelihood of environmental pollution.

3. Upgrading machinery to meet pollution norms can significantly help in reducing pollution levels.

4. Regular audits should be conducted to assess the efficacy of pollution control programs and to make necessary changes for their improvement.

5. Businesses should adhere to government regulations concerning environmental pollution prevention.

6. Initiatives such as tree plantation drives and river clean-up campaigns should be organized to contribute to environmental conservation.

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