

- *General **Guidelines** for students to maintain decorum, while attending online lectures, to ensure a healthy communication with both your peers and your instructors.*
- Treat your teachers and classmates with respect
- Be regular in your daily class and work e.g. submission of assignments, self-study
- Use clear, courteous and concise language
- Avoid all forms of slang. Do not use any rude or sarcastic comments
- Be careful with personal/confidential information
- No file sharing is allowed without permission from the teacher
- Do not post/share (even privately) inappropriate material
- Ensure your technology is reliable and consistent and have a back up plan
- Make sure your identification is clear during online lecture
- Do not share your password with anyone – could put your safety or security at risk.

COMMERCE –III (SEMESTER – III)
MANAGEMENT: FUNCTIONS AND CHALLENGES

1 Introduction to Management

- Management- Concept, Nature, Functions, Managerial Skills & Competencies.
- Evolution of Management Thoughts Classical Approach: Scientific Management – F. W. Taylor's Contribution Classical Organisation Theory: Henri Fayol's Principles, Neo Classical: Human Relations Approach – Elton Mayo's Hawthorne experiments.
- Modern Management Approach Peter Drucker's Dimensions of Management, Indian Management Thoughts: Origin & Significance of Indian Ethos to Management

DEFINITIONS

Henry Fayol,

“To manage is to forecast and to plan, to organize, to command, to coordinate and to control”

Harold Koontz,

“ Management is the art of getting things done through and with people in formally organized groups”

DEFINITIONS

- **George Tery,**
“ **Management is a distinct process consisting of planning, organizing, actuating and controlling , performed to determine and accomplish the stated objectives with the use of human beings and other resources”**

NATURE AND CHARACTERISTICS OF MANAGEMENT

Process:

Systematic process undertaken to attain objectives. As a process it involves planning activities, organizing resources, directing subordinates and controlling activities.

All Pervasive:

It is applicable to business and non-business organizations.

Professional Approach:

Delegation of authority, invite suggestions, encourage initiatives etc.

Group Activity:

Effective management requires team work. Combine efforts of all participants brings success to the organization.

NATURE AND CHARACTERISTICS OF MANAGEMENT

Getting Things Done:

Management involves getting things done from the subordinate. (Lead, Communicate, Motivate)

Result Oriented:

The activities of all managers are focused on attainment of goals or results.

Art as well as Science:

In practice, managing is an art. However a manager can work better by using the organized knowledge (science)

NATURE AND CHARACTERISTICS OF MANAGEMENT

Dynamic in Nature:

Management need to be creative and innovative.

Established Principles:

Management follows established principles in managing the organization.

Invisible:

The effectiveness of management is reflected by the results of the management process. (higher productivity)

Multidisciplinary:

Managers need to have knowledge derived from various disciplines (management science, psychology, economics etc.)

IMPORTANCE OF MANAGEMENT

Innovation:

It helps to gain competitive advantage in today's competitive business world.

Corporate Image:

Higher management performance generates good corporate image in the minds of the stakeholders.

Efficiency:

Management facilitates higher efficiency in the organization.

Team work:

Management encourages team spirit in the organization. Team spirit leads team work, that brings success to the organization.

IMPORTANCE OF MANAGEMENT

Optimum use of resources:

Management must make proper arrangement and allocation of resources. Good management ensures reduction of wastage of all kind.

Motivation:

Management facilitates motivation of employees. Motivated employees work with application and dedication.

Helps to face competition:

Efficient management facilitates smooth functioning of the organization. As a result business firms can face the competition.

IMPORTANCE OF MANAGEMENT

Reduction in absenteeism:

Good management creates healthy environment in the organization, which leads to reduction of absenteeism in the organization.

Reduction in labor turnover:

Employees turnover takes place when some employees leave the organization. Effective management helps to reduce labour turnover.

Encourage initiative:

Professional managers encourage their subordinate to show their initiative; to come out with suggestions.

Better relations:

Management enables better relations in the organization. Good relations generate team work and bring success to the organization.

FUNCTIONS OF MANAGEMENT

PLANNING:

James Stoner - It is a process of establishing goals and a suitable course of action for achieving goals.

ORGANISING:

Louis Allen - It is a process of identifying & grouping of the work to be performed, defining and delegating authority & responsibility and establishing relationships to accomplish objectives.

STAFFING:

The major aspect of staffing is to select the right person for the right job.

DECISION MAKING:

James Stoner – The process of identifying and selecting a course of action to solve a specific problem.

FUNCTIONS OF MANAGEMENT

DIRECTING:

It involves not only instructing people what to do, but also ensuring that they know what is expected of them. (Leading, Communicating, Motivating)

CONTROLLING:

James Stoner – Controlling is the process of ensuring that actual activities conform to the planned activities.

COORDINATION:

It refers to the integration of activities or actions of the subordinates by the superior.
(Top level - Middle level, Middle level – Lower level, Lower level – subordinates)

MANAGERIAL SKILLS & COMPETENCIES

*A skill is a part of competency. Competency consists of 4 parameters -
Knowledge, Attitude, Skills and Social Behaviour.
Skills can be **general skills** and **specific skills**.*

Conceptual Skills (Top Level):

To visualize, analyze and understand the various aspects of problems.

Human Skills (Middle Level):

It refers to the interpersonal skills.

Technical Skills (Lower Level):

These skills help to deal with day-to-day operations.

MANAGERIAL SKILLS & COMPETENCIES

Design skills:

It refers to the problem solving skills.

Administrative skills:

These skills are related to the ability to frame plans and policies.

Decision making skills:

These are the skills to generate alternative and then to select the best alternative, to make right decisions at the right time.

Communication skills:

Managers need to know what, when, to whom and how to communicate.

MANAGERIAL SKILLS & COMPETENCIES

Leadership skills:

Good managers need to be good leaders. They should preserve good leadership qualities to get expected results, depending on the situation.

Persuading and Negotiable skills:

Persuading involves being able to convince to others.

Negotiating involves being able to discuss and reach to mutually satisfactory agreement.

EVOLUTION OF MANAGEMENT THOUGHTS

- **A) Scientific Management Theory (Classical Theory of Management)**
F.W.Taylor (1900)
- **B) Classical Organization Theory:**
 - 1) Scientific Management Theory - F.W.Taylor
 - 2) The Bureaucratic Theory – Max Weber (1864-1920)
 - 3) Administrative Management Theory – Henry Fayol (1841-1925)
- **C) Neo-classical Theory**
 - 1) Human Relations Movement – Elton Mayo's Hawthorne experiments (1924-1932)
 - 2) Behavioural Science Approach – Elton Mayo, Abraham Maslow etc.
- **D) Modern Management Approach – Peter Drucker (1909-2005)**
- **5 dimensions of management.**

EVOLUTION OF MANAGEMENT THOUGHTS

A) Scientific Management Theory (Classical Theory of Management) (1900) By - F.W.Taylor (1856-1915)

This theory advocated a scientific study of task **to increase productivity.**

The contribution of Taylor to scientific management can be broadly divided into -

- 1. Principles of Scientific management**
- 2. Techniques/ Elements of Scientific management**

EVOLUTION OF MANAGEMENT THOUGHTS

1. Principles of Scientific management:

- a) Development of true science of management**
- b) Scientific selection of employees**
- c) Scientific training and development of workers**
- d) Close co-operation between management and workers**
- e) Maximum output in place of restricted output**
- f) Division of work**

EVOLUTION OF MANAGEMENT THOUGHTS

2. Techniques/ Elements of Scientific management:

- a) **Performance Standards** - Time studies to fix performance standards.
- b) **Differential Piece Rate System** - (Low/High wage)
- c) **Functional Foremanship** -
 - 1 At the Planning Level: Disciplinary, Instruction Card Clerk, Route Clerk, Time & Cost Clerk
 - 2 At the Shop Level: Repair Boss, Inspector, Gang Boss, Speed Boss

EVOLUTION OF MANAGEMENT THOUGHTS

- d) Mental Revolution** - Positive attitude on the part of management towards workers and vice versa.
- e) Time Study** - Standard for each day's work.
- f) Fatigue and Motion Study** - (Frank & Lillian Gilbreth)
To locate and eliminate unnecessary movements on the job. Time study (Taylor) is now combined with motion study (Gilbreth), this study is called as 'Time and Motion Study'

EVOLUTION OF MANAGEMENT THOUGHTS

CRITICISMS OF SCIENTIFIC MANAGEMENT THEORY

- A) BY EMPLOYEES
- B) BY EMPLOYERS
- C) BY INDUSTRIAL PSYCHOLOGISTS

A) BY EMPLOYEES:

- 1 Loss of Initiative
- 2 Exploitation of Workers
- 3 Mechanical Approach
- 4 Undemocratic in nature
- 5 Problem of Unity of Command

EVOLUTION OF MANAGEMENT THOUGHTS

B) BY EMPLOYERS

- 1 Expensive
- 2 Not suitable for small firms
- 3 Problem of Reorganisation
- 4 Problem of overproduction
- 5 Narrow applicability

EVOLUTION OF MANAGEMENT THOUGHTS

C) BY INDUSTRIAL PSYCHOLOGISTS

- 1 Faulty Assumptions
- 2 Individual Approach
- 3 Problem of separation of planning from doing
- 4 Monotony
- 5 Lack of non-monetary incentives

EVOLUTION OF MANAGEMENT THOUGHTS

- **B) Classical Organization Theory:**
- 1) Scientific Management Theory - F.W.Taylor (1900)
- 2) The Bureaucratic Theory – Max Weber (1864-1920)

This theory stressed the need for clearly defined hierarchy in the organisation and the organisation to be governed by clear rules and regulations. Bureaucracy (clearly defined hierarchy, formal relations, clearly defined rules & regulations, etc.) as most efficient form of organisation.

- 3) Administrative Management Theory – Henry Fayol Father of Modern Management (1841-1925)

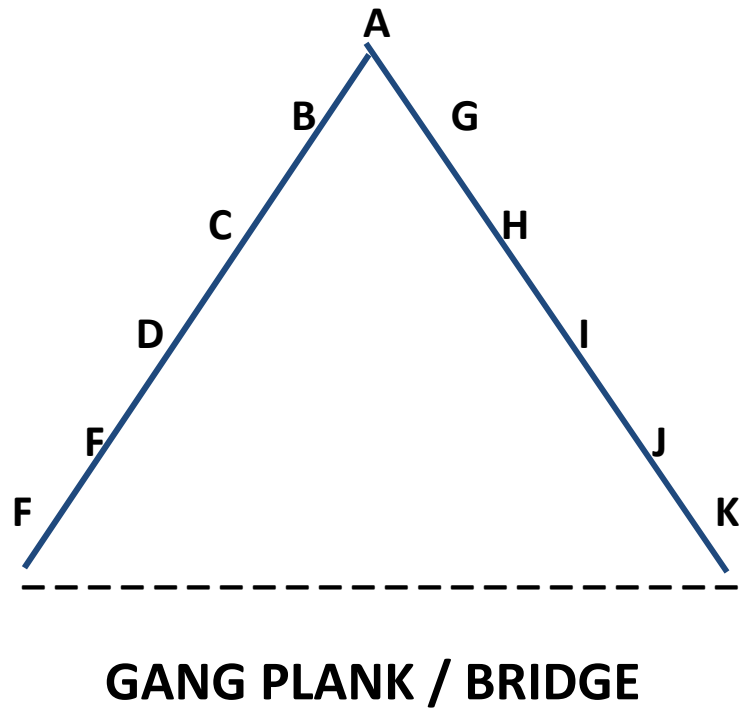
This theory regards management as the process of getting things done through people as member of work groups rather than as individuals.

EVOLUTION OF MANAGEMENT THOUGHTS

HENRY FAYOL'S 14 PRINCIPLES OF MANAGEMENT (1916)

1 Division of work		8	
Centralisation			
2 Authority and Responsibility	9	Scalar Chain	
3 Discipline			10
Order			
4 Unity of Command		11	
Equity			
5 Unity of Direction		12	

Scalar Chain



EVOLUTION OF MANAGEMENT THOUGHTS

- **C) Neo-classical Theory**

- **1) Human Relations Movement** – It began with the Elton Mayo's Hawthorne experiments at Western Electrical Works in USA (1924-1932). It was conducted in four parts:

- a) Illumination Experiments (1924-27)
- b) Relay Assembly Test (Room Experiments) (1927-29)
- c) Mass Interviewing programme (1928-31)
- d) Bank Wiring Observation (Room Experiments) (1932)

Conclusions of the Hawthorne experiments:

- 1 Not just monetary incentives, but social and psychological factors are responsible for workers productivity and job satisfaction
- 2 Informal and interpersonal relations among workers influence the workers behaviour and performance

EVOLUTION OF MANAGEMENT THOUGHTS

- 3 Employees would perform better when they are given freedom to participate in decision-making affecting their interest
- 4 When employees are treated with respect and dignity, their performance tends to improve significantly
- 5 Effective communication between the supervisors and subordinates can improve the relations and overall productivity of the subordinates.

• **D) Modern Management Approach – Peter Drucker (1909-2005)**

Management is the organ of the organisation, through which it operates to fulfill the specific social purpose and to satisfy specific need of the society, community or a group. **Peter Drucker** states **five** dimensions of management to facilitate managerial performance.

- | | | |
|--|-------------------|---------|
| a) Purpose and Mission | | d) Time |
| Dimension | | |
| b) Productive work and Workers Achievement | e) Administration | & |

INDIAN ETHOS & ITS SIGNIFICANCE TO MANAGEMENT

Ethos - Greek word - means Character

‘The characteristic spirit and beliefs of community/people which distinguishes on culture from other’ - Oxford dictionary

Various customs, traditions, and habits developed over a period of time are called ethos.

Indian ethos has originated since the early days of civilisation. Indian ethos has its roots in the culture of India. Indian culture is mainly based on religious practices - Hinduism, Islam, Christianity, Buddhism, Jainism, Sikhism and other religions. It is derived from ancient scriptures like-the Vedas, Upanishads, Manusmriti, Arthashastra, Eight-fold Path of Buddhism etc. Rig Veda & Atharva Veda places emphasis on honesty, non-violence, truthfulness, modesty, religious conviction and purity of heart.

INDIAN ETHOS & ITS SIGNIFICANCE TO MANAGEMENT

The ideals and thoughts of Indian Ethos in management which are originated from our ancient scriptures are applicable to management of business as well as non-business organisations.

- | | |
|---------------------------------------|---------------------------------------|
| 1 Ethics in Functional Areas | 8 Loyalty |
| 2 Professionalism | 9 Attitude |
| 3 Respect | 10 Humility |
| 4 Equity | 11 Passion |
| 5 Team Spirit | 12 Law of giving and Receiving |
| 6 Authority and Responsibility | 13 Law of Dharma |
| 7 Discipline | 14 Law of Karma |