PRINCIPLES OF MANAGEMENT

MODULE 1

Introduction to Management

DEFINITIONS FOR MANAGEMENT

➢ Harold Koontz - "Management is the art of getting things done through and with people in formally organised groups"

➢ Henri Fayol - "To manage is to forecast and to plan, to organise, to command, to co-ordinate and to control"

➢ Peter Drucker - "Management is a multi-purpose organ that manages business and manages managers and manages workers and work"

➢ Mary Parker Follet - "Management is the art of getting things done through people"

MANAGERIAL ROLES

- Henry Mintzberg has identified ten roles common to the work of all managers

- The ten roles are divided into three groups: interpersonal, informational, and decisional

➢ INTERPERSONAL

- There are three interpersonal roles which are primarily concerned with interpersonal relationships

1. FIGUREHEAD: The manager performs ceremonial and symbolic duties as head of the organization

2. LEADER: Fosters a proper work atmosphere and motivates and develops subordinates

3. LIASION: Develops and maintains a network of external contacts to gather information

MANAGERIAL ROLES (CONTINUED...)

➢ INFORMATIONAL

• There are three informational roles which are primarily concerned with the information aspects of managerial work

1. MONITOR: gathers internal and external information relevant to the organization

2. DISSEMINATOR: transmits factual and value based information to subordinates

3. SPOKESPERSON: communicates to the outside world on performance and policies

MANAGERIAL ROLES (CONTINUED…)

➢ DECISIONAL

• There are four decisional roles which revolve around making choices

1. ENTREPRENEUR: designs and initiates change in the organization

2. DISTURBANCE HANDLER: deals with unexpected events and operational breakdowns

3. RESOURCE ALLOCATOR: controls and authorizes the use of organizational resources

4. NEGOTIATOR: participates in negotiation activities with other organizations and individuals

MANAGERIAL FUNCTIONS

- Planning : Deciding in advance; Bridges a gap between where we are today and where we want to reach; Setting goals

- Organising: It is the process of bringing together physical, financial and human resources

- Staffing: involves manpower Planning, recruitment, selection, training & development, remuneration, performance appraisal, and promotions & transfer

- Leading: It deals directly with influencing, guiding, supervising, and motivating sub-ordinates for the achievement of organizational goals

- Controlling: It is the process of checking whether or not proper progress is being made towards goals and if necessary, to correct any deviation; Matching actual performance with the planed goal

MANAGEMENT - SCIENCE OR ART PERSPECTIVES ?

- Webster's College Dictionary defines an art as "skill in conducting any human activity" and science as "any skill or technique that reflects a precise application of facts or a principle."

- Management – An art of making people to do work

- Management – Effective utilization of resources of an organization (4M's – Men, Money, Materials, and Machinery)

- Management – Both science and art perspectives

EXTERNAL ENVIRONMENT

- **Type 1 - External Micro Environment**

➢ **Suppliers:** Inputs such as raw materials and components, electricity, water …etc

➢ **Customers:** The people who buy and use a firm's product and services are an important part of external micro-environment

➢ **Marketing Intermediaries:** Play an essential role of selling and distributing its products to the final buyers which include agents and merchants such as distribution firms, wholesalers, and retailers

➢ **Competitors: D**ifferent firms in an industry compete with each other for sale of their products

➢ **Publics:** Environmentalists, media groups, women associations, consumer protection groups, local groups, citizens associations are some important examples of publics which have an important bearing on environment of the firms

EXTERNAL ENVIRONMENT (CONTINUED…)

- **Type 2 - External Macro Environment**

➢ **Economic Environment:** includes the type of economic system that exists in the economy, the nature and structure of the economy, the phase of the business cycle (for example, the conditions of boom or recession), the fiscal, monetary and financial policies of the Government, foreign trade and foreign investment policies of the government

➢ **Social and Cultural Environment:** Activities of business firms may harm the physical environment and impose heavy social costs or business practices may violate cultural values of a society

➢ **Political and Legal Environment:** Businesses are closely related to the government

EXTERNAL ENVIRONMENT (CONTINUED…)

➢ **Technological Environment:** The nature of technology used for production of goods and services is an important factor responsible for the success of a business firm

➢ **Demographic Environment:** includes the size and growth of population, life expectancy of the people, rural-urban distribution of population, the technological skills and educational levels of labour force

➢ **Natural Environment:** includes geographical and ecological factors such as minerals and oil reserves, water and forest resources, weather and climatic conditions, port facilities are all highly significant for various business activities

GLOBAL, INNOVATIVE AND ENTREPRENEURIAL PERSPECTIVES OF MANAGEMENT

- **A global perspective** is when someone can think about a situation as it relates to the rest of the world

- With the use of the Internet as a means of reaching customers, every mom-and-pop store on the corner can now compete on a global scale

- **Outsourcing** is when companies do not do all of the work themselves but hire another company (often overseas) to complete some part of the work based on cheaper labor or material costs

- Managers with a global perspective are able to research where materials originate in the world and seek to take advantage of cost savings by purchasing them right from the source

- Labor costs are often one of the largest considerations when it comes to manufacturing products

- After adding up all of the cost savings for materials and labor, it would seem that doing business globally is the best way to go in every case

- Each country has its own rules for international trade, in the form of tariffs, trade restrictions, or government regulations that are meant to protect the host country's companies and resources

GLOBAL, INNOVATIVE AND ENTREPRENEURIAL PERSPECTIVES OF MANAGEMENT (CONTINUED…)

- **The perspectives of management linked with innovation** offer organizations the opportunity to create new technologies, products, services and operational methods

- The process of generating new ideas and the process of translating thereof into new products and services require the training of creative and innovative personnel

- Transforming the creative talents in results can be achieved through an efficient management where exploring new ideas and their implementation and putting into value are encouraged

- Innovation management programs for different companies will vary significantly

- For instance, an emerging business is likely to be focusing on one main product, unlike a mature organization that is looking to fortify its position in the market or find new, disruptive innovations

- Rapidly growing firms could be looking for ways to extend their core businesses

GLOBAL, INNOVATIVE AND ENTREPRENEURIAL PERSPECTIVES OF MANAGEMENT (CONTINUED...)

- An **entrepreneurial perspective of management** is characterised by the following facts;

- Discovers and exploits opportunities

- Initiates and motivates the process of change

- Accepts risks

- Uses intuition, is alert, explores new business

- Initiates new ways of acting

- Identifies business opportunities

- Creation of new enterprises

MANAGING PEOPLE AND ORGANIZATIONS IN THE CONTEXT OF NEW ERA

- Technology changes the competencies needed to lead a team or company successfully and hence managers need to expand their skills to be a successful leader

- Leaders need to retain their expertise and control over their tasks and processes, even when these tasks are undertaken by computers and algorithms and not individuals

- Managers need to adapt to adding managing artificial intelligence and digital algorithms to their skill set

- Managers need to change from optimizing a common workday for their team to flexible schedules

- Managers need to be flexible and thoughtful in how they manage people with different preferences in how they use technology and what IT they use

MANAGING FOR COMPETITIVE ADVANTAGE

- In business, a **competitive advantage** is the attribute that allows an organization to outperform its competitors

- A competitive advantage may include access to natural resources, such as high-grade ores or a low-cost power source, highly skilled labor, geographic location, high entry barriers, and access to new technology

- Michael Porter defined the two ways in which an organization can achieve competitive advantage over its rivals: cost advantage and differentiation advantage

- Cost advantage is when a business provides the same products and services as its competitors at a lesser cost

- Differentiation advantage is when a business provides better products and services than its competitors

THE CHALLENGES OF MANAGEMENT

- Accelerated pace of change

- Increased globalization of operations

- Variability of technology (especially information technology)

- A diverse workforce

- Transition from industrial to social knowledge

- Fluctuations of the market and the economic conditions

- Quality and innovation become managerial imperatives

- Number of requests from stakeholders

- Building a competitive advantage

- Maintaining ethical standards

ADDRESSING THE CHALLENGES OF MANAGEMENT (CONTINUED…)

- Creation of specialized teams (small and flexible)

- Networking and coordination of teams with the assistance of information and communication technology

- Reduction of differences between hierarchical levels and democratization in decision making

- Increase of the autonomy of staff and their independence in decision making

- Continuous investment in knowledge and education

- The creation of partnerships with suppliers and customers

- Encouraging further innovation and creativity

PRINCIPLES OF MANAGEMENT

MODULE 2

Early Contributions and Ethics in Management

SCIENTIFIC MANAGEMENT

➢ Replace working by "rule of thumb," or simple habit and common sense, and instead use the scientific method to study work and determine the most efficient way to perform specific tasks

➢ Rather than simply assign workers to just any job, match workers to their jobs based on capability and motivation, and train them to work at maximum efficiency

➢ Monitor worker performance, and provide instructions and supervision to ensure that they're using the most efficient ways of working

➢ Allocate the work between managers and workers so that the managers spend their time planning and training, allowing the workers to perform their tasks efficiently

CONTRIBUTIONS OF FREDRICK W. TAYLOR

- **Frederick Winslow Taylor (1856-1915)** was an American inventor and engineer that applied his engineering and scientific knowledge to management and developed a theory called scientific management theory

- Two most important books on his theory are *Shop Management* (1903) and *The Principles of Scientific Management* (1911)

- He is considered to be the father of scientific management

- Developed work study by the method - Time study

- Incentive scheme called TDPRP – Taylor's differential piece rate plan

- Promoted the specialization of workers

- Standardisation of tools and equipments

CONTRIBUTIONS OF GILBRETHS

- Frank and Lillian Gilbreth valued efficiency by identifying and replicating one best way to complete a task

- Fundamental aim is the elimination of waste, the attainment of worthwhile desired results with the least necessary amount of time and effort

- Placed high value on efficiency when managing an organization

- Their management theory outlined three main points:

➢ **Reduce the number of motions in a task -** Frank and Lillian coined the term "therbligs," or elemental motions required for tasks in the workplace (18 motions)

➢ **Focus on the incremental study of motions**

➢ **Increase efficiency to increase profit and worker satisfaction**

CONTRIBUTIONS OF ELTON MAYO

- Regarded as father of human relations

- Mayo management theory states that employees are motivated far more by relational factors such as attention and camaraderie than by monetary rewards or environmental factors such as lighting, humidity, etc

- He recognised the importance of human beings in management

- He was able to show that humane and respectful treatment, sense of participation and belonging, recognition, morale, human pride and social interaction are sometimes more important than pure monetary rewards

- Mayo was of the view that informal relationships in the organisation are more effective than formal relationships

MCGREGOR'S THEORY

- Theory X and Theory Y - Theories of human work motivation and management

- Theory X assumes that workers:

➢ Dislike their work

➢ Avoid responsibility and need constant direction

➢ Have to be controlled, forced and threatened to deliver work

➢ Need to be supervised at every step

➢ Have no incentive to work or ambition, and therefore need to be enticed by rewards to achieve goals

➢ Performance appraisals and remuneration are usually based on tangible results, such as sales figures or product output

\# Although Theory X management has largely fallen out of fashion in recent times, big organizations may find it unavoidable due to the sheer number of people that they employ and the tight deadlines that they have to meet

MCGREGOR'S THEORY (CONTINUED...)

- Theory Y assumes that workers:

➢ Happy to work on their own initiative

➢ More involved in decision making

➢ Self-motivated to complete their tasks

➢ Enjoy taking ownership of their work

➢ Seek and accept responsibility, and need little direction

➢ View work as fulfilling and challenging

➢ Solve problems creatively and imaginatively

\# Theory Y has become more popular among organizations which reflects workers' increasing desire for more meaningful careers that provide them with more than just money

OUCHI'S THEORY Z

- Theory Z suggests that large complex organisations are human systems and their effectiveness depends on the quality of humanism used

- The distinguishing features of Theory Z are as follows:

➢ Mutual Trust

➢ Strong Bond between Organisation and Employees

➢ Employee Involvement

➢ Coordination

➢ Informal Control System

➢ Human Resource Development

SYSTEMS APPROACH

- View organisation as an open system, which is composed of interacting and interdependent parts, called subsystems

- Systems approach is based on the generalization that everything is inter-related and interdependent

- The various sub-systems should be studied in their inter-relationships rather, than in isolation from each other

- An organisational system has a boundary that determines which parts are internal and which are external

- A system does not exist in a vacuum but it receives information, material and energy from other systems as inputs and these inputs undergo a transformation process within a system and leave the system as output to other systems

- An organisation is a dynamic system as it is responsive to its environment

THE CONTINGENCY APPROACH

- Also known as situational approach, is a concept in management stating that there is no one universally applicable set of management principles (rules) to manage organizations

- Organizations are individually different, face different situations (contingency variables), and require different ways of managing

- Environmental change and uncertainty, work technology, and the size of a company are all identified as environmental factors impacting the effectiveness of different organizational forms

- The contingency approach is a management theory that suggests the most appropriate style of management is dependent on the context of the situation and that adopting a single, rigid style is inefficient in the long term

- Contingency managers typically pay attention to both the situation and their own styles and make efforts to ensure both interact efficiently

THE MCKINSEY 7-S FRAMEWORK

- Developed in the early 1980s by Tom Peters and Robert Waterman, two consultants working at the McKinsey & Company consulting firm, the basic premise of the model is that there are seven internal aspects of an organization that need to be aligned if it is to be successful

- The McKinsey 7-S model involves seven interdependent factors which are categorized as either "hard" or "soft" elements

- Hard Elements: easier to define or identify and management can directly influence them

➢ **Strategy:** the plan devised to maintain and build competitive advantage over the competition

➢ **Structure:** the way the organization is structured and who reports to whom

➢ **Systems:** the daily activities and procedures that staff members engage in to get the job done

THE MCKINSEY 7-S FRAMEWORK (CONTINUED…)

- Soft Elements: more difficult to describe, and are less tangible and more influenced by culture

➢ **Shared Values:** called "superordinate goals" when the model was first developed, these are the core values of the company that are evidenced in the corporate culture and the general work ethic (central to the development of all the other critical elements)

➢ **Style:** the style of leadership adopted

➢ **Staff:** the employees and their general capabilities

➢ **Skills:** the actual skills and competencies of the employees working for the company

- The model is based on the theory that, for an organization to perform well, these seven elements need to be aligned and mutually reinforcing

- So, the model can be used to help identify what needs to be realigned to improve performance, or to maintain alignment (and performance) during other types of change

CORPORATE SOCIAL RESPONSIBILITY (CSR)

- Self-regulating business model that helps a company be socially accountable — to itself, its stakeholders, and the public

- By practicing corporate social responsibility, also called corporate citizenship, companies can be conscious of the kind of impact they are having on all aspects of society including economic, social, and environmental

- To engage in CSR means that, in the normal course of business, a company is operating in ways that enhances society and the environment, instead of contributing negatively to it

- Corporate Social Responsibility refers to a code of conduct and action beyond what is required by laws, regulations and trade rules

- Examples:

➢ Levi's has trademarked their "Water Less" campaign by using less water when manufacturing their products

➢ Starbucks coffee is helping bring clean water to over one billion people who don't have access to it

➢ Ben & Jerry's created the "Ben & Jerry's Foundation" and set 7.5% of its pretax profits to charitable organizations around the world

MANAGERIAL ETHICS

- It is the set of moral principles that governs the actions of an individual or a group

- The discipline dealing with what is good and bad, or right and wrong, or with moral duty and obligation

- It is a standard of behaviour that guides individual managers in their works

- Guidelines for Ethical Behaviour:

➢ Obey the law

➢ Tell the truth

➢ Respect for people

➢ Treat others as you would want to be treated

➢ do no harm

➢ Practice participation

➢ Act when you have responsibility

PRINCIPLES OF MANAGEMENT

MODULE 3

PLANNING

NATURE AND IMPORTANCE OF PLANNING

- Planning is the most basic of all managerial functions

- Planning is deciding in advance what is to be done

- It may also be treated as a process of thinking before doing

- It is the process by which managers establish goals and define the methods by which these goals are to be attained

- Plans have two basic components: goals (the targets that managers hope to achieve) and action statements (the means by which an organization goes ahead to attain its goals)

- Planning to a manager means thinking about what is to be done, who is going to do it, and how and when to do it

- Planning is thus taken as the foundation for future activities

NATURE AND IMPORTANCE OF PLANNING (CONTINUED…)

- The nature of planning can be understood by examining its four major aspects:

➢ **Contribution to goals:** Since plans are made to attain goals, every plan and all its support will contribute to the achievement of the organization's goals

➢ **Primacy among the manager's tasks:** Planning is the prime managerial function which is proved by the fact that all other functions organizing, staffing, leading and controlling are designed to support the accomplishment of organisations' goals

➢ **Pervasiveness:** Planning is a unique and universal function of all managers

➢ **Efficiency of resulting plans:** Plans are efficient if they achieve their goals at a reasonable cost not only in terms of time, money or production but also in terms of satisfaction of the individuals

TYPES OF PLANS

- **The 4 Types of Plans**

➢ **Operational Planning**
- o Operational plans are about how things need to happen
- o Describes the day-to-day running of the company
- o Operational plans are often described as single use plans or ongoing plans
- o Single use plans are created for events and activities with a single occurrence (such as a single marketing campaign)
- o Ongoing plans include policies for approaching problems, rules for specific regulations and procedures for accomplishing particular objectives

➢ **Strategic Planning**
- o Strategic plans are all about why things need to happen
- o It's the foundational basis of the organization and will dictate long-term decisions
- o The scope of strategic planning can be anywhere from the next two years to the next 10 years

TYPES OF PLANS (CONTINUED…)

- **Tactical Planning**
  - Tactical plans are about what is going to happen
  - Tactical planning supports strategic planning
  - It includes tactics that the organization plans to use to achieve what's outlined in the strategic plan
  - The scope is less than one year and breaks down the strategic plan into actionable subplans

- **Contingency Planning**
  - Contingency plans are made when something unexpected happens or when something needs to be changed
  - Contingency planning is essential in moments when changes can't be foreseen
  - As the business world becomes more complicated, contingency planning becomes more important

STEPS IN PLANNING

1. Perception of Opportunities

2. Establishing Goals and Objectives

3. Planning Premises

4. Identification of Alternatives

5. Evaluation of Alternatives

6. Choice of Alternative

7. Implementation of Alternative

8. Monitoring and Controlling

LEVELS OF PLANNING

- **Top level planning:**
  - Also known as overall or strategic planning
  - Done by the top management, i.e., board of directors or governing body

- **Second level planning:**
  - Also known as tactical planning
  - Done by middle level managers

- **Third level planning:**
  - Also known as operational or activity planning
  - Concern of departmental managers and supervisors

MBO
(MANAGEMENT BY OBJECTIVES)

- A management model that aims to improve the performance of an organization by clearly defining objectives that are agreed to by both management and employees

- The organisation function based on objectives defined

- The establishment of a management information system to compare actual performance and achievements to the defined objectives

- Objectives are laid out with the help of employees and are meant to be challenging, but achievable

- There is daily feedback, and the focus is on rewards rather than punishment

- Personal growth and development are emphasized, rather than negativity for failing to reach the objectives

- The success of MBO is dependent on the support from top management, clearly outlined objectives, and trained managers who can implement it

PRINCIPLES OF MANAGEMENT

MODULE 4

ORGANISING

CONCEPT OF ORGANIZING

- Coordinating different type of activities to achieve organizational goals

- A function involving the process of bringing together resources of diverse nature and putting them together for the proper working of the system

- Organizing is the process of:
  - o identifying and grouping the work to be performed,
  - o defining and delegating responsibility and authority,
  - o and establishing relations for the purpose of enabling people to work most effectively together in accomplishing goals

NATURE OF ORGANIZING

- ***Organizing as a Process:***
  - The concept of organizing can be considered as a process, because a large number of events or activities are done under the process of organizing with-a-view to accomplish the preset goals in an appropriate way
  - In fact, organizing involves division of works, determination of activities, grouping of activities, delegation of authority and the establishment of proper co-ordination among various departments
  - On the whole it is clear that the objectives of business firm cannot be obtained by doing single activity, so organizing is set to be a process

- ***Organizing as a Structure of Relationship:***
  - Organizing refers to a structure of relationship due to involvement of a large number of groups
  - In fact, under the process of organizing the relationship of departments to departments, groups to groups and individuals to individuals are analyzed carefully to establish proper unity and co-ordination among them
  - Hence, it is clear that Organizing can be considered as a structure of relationship

ORGANIZATION LEVELS

- Most organizations have three management levels:

1. Top-level
   - The board of directors, president, vice-president, and CEO are all examples of top-level managers
   - Responsible for controlling and overseeing the entire organization
   - Develop goals, strategic plans, company policies, and make decisions on the direction of the business
   - In addition, top-level managers play a significant role in the mobilization of outside resources

2. Middle-level
   - General managers, branch managers, and department managers are all examples of middle-level managers
   - Executing organizational plans in conformance with the company's policies and the objectives of the top management
   - Defining and discussing information and policies from top management to lower management
   - Inspiring and providing guidance to low-level managers towards better performance

ORGANIZATION LEVELS (CONTINUED...)

3. Low-level
   - Supervisors, section leads, and foremen are examples of low-level management titles
   - These managers focus on controlling and directing the employees
   - Assigning employees tasks
   - Guiding and supervising employees on day-to-day activities
   - Ensuring the quality and quantity of production
   - Making recommendations and suggestions
   - Motivation
   - Career planning

SPAN OF CONTROL

- **Span of control** is the term now used more commonly in business management, particularly human resource management

- Span of control refers to the number of subordinates directly working under a superior

- Generally varies from 3 to 7

- **Factors affecting span of control**
  - Capability of workers : If workers are highly capable, need little supervision, and can be left on their own and hence, the span of control will be wider
  - Capability of superior : An experienced superior with good understanding of the tasks, good knowledge of the workers and good relationships with the workers, will be able to supervise more workers
  - Similarity of task: If the tasks that the subordinates are performing are similar, then the span of control can be wider
  - Volume of other tasks: If the superior has other responsibilities, such as membership of committees, involvement in other projects, liaising with stakeholders, the number of direct reports will need to be smaller

ORGANISATIONAL DESIGN AND STRUCTURE

- **Organizational design**
    - A formal process of integrating people, information and technology together in the right mix to achieve objectives
    - Designs are management choices that form an organizational culture
    - Design in an organization is much the same as for buildings, clothing and vehicles -- it's a plan

- **Organizational structure**
    - The formal lines of authority and power, as well as the roles employees have to play
    - The skeleton of an organization
    - An expression of who is performing the various functions and tasks of a company and how these people relate to one another
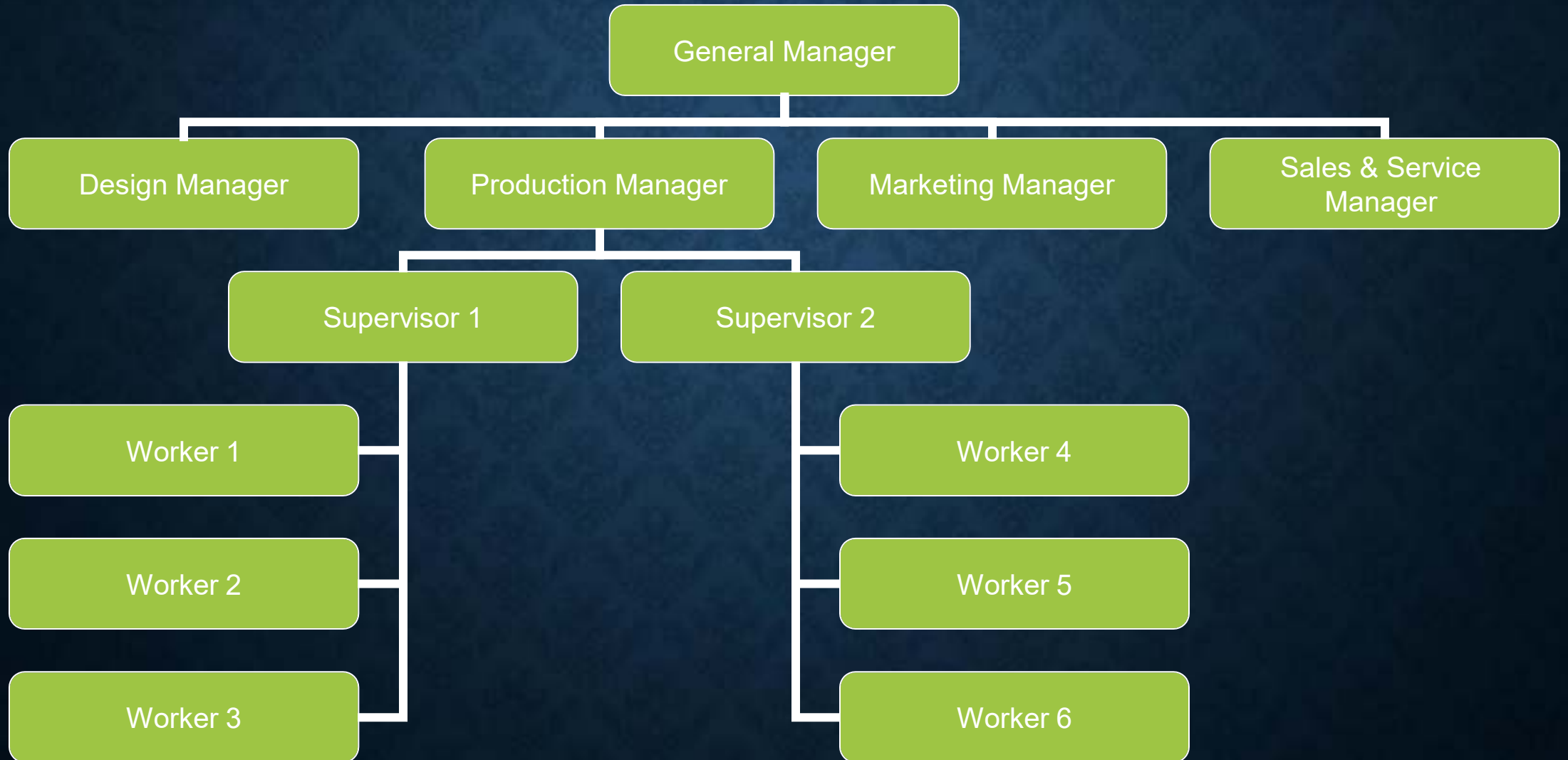
DEPARTMENTATION

- **Departmentation** is the foundation of organisation structure

- **Louis A. Allen:**

    "Departmentation is a means of dividing the large and monolithic

    functional organisation into smaller, flexible administrative units"
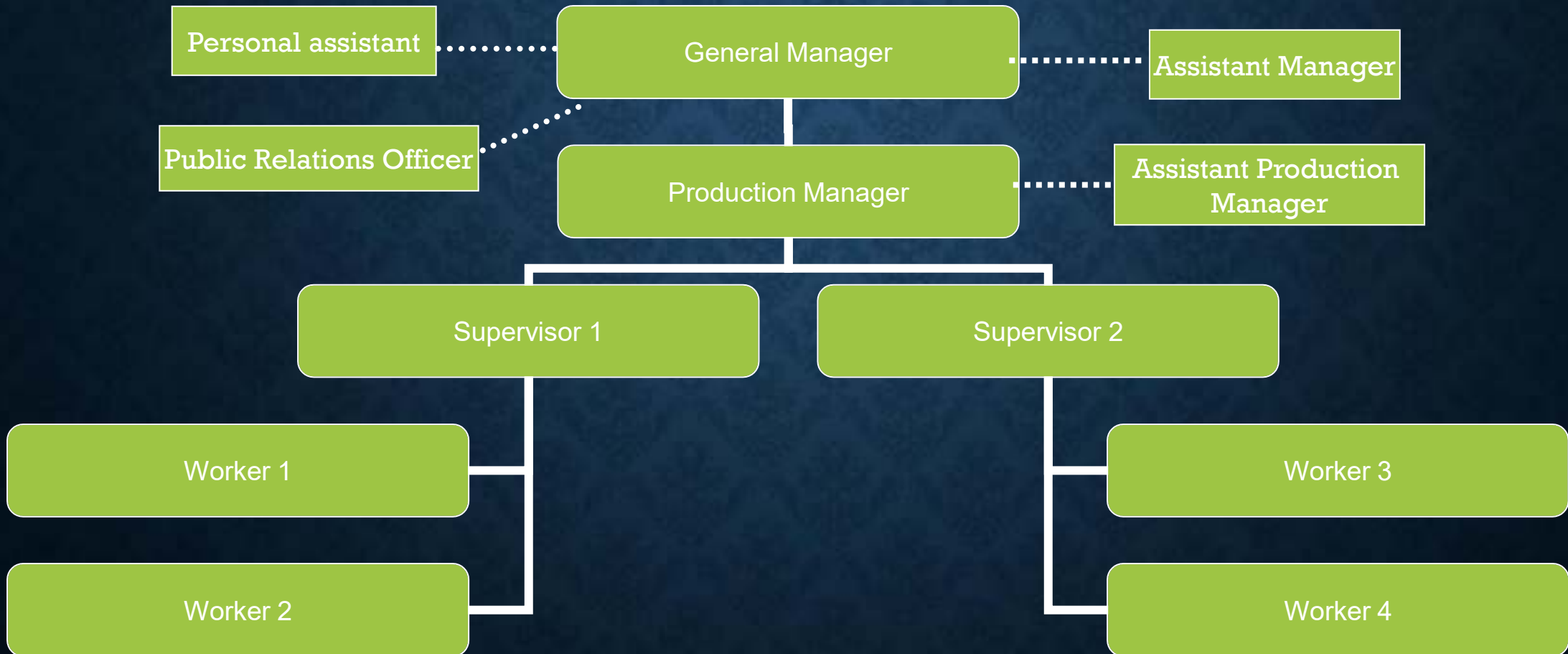
- **Pearce and Robinson:**

    "Departmentation is the grouping of jobs, processes and resources into logical units

    to perform some organisational task"

- **Terry and Franklin:**

    "Departmentation is the clustering of individuals into units and of units into departments

    and larger units in order to facilitate achieving organisational goals"

- Helps in expanding an organisation

- Promotes efficiency by dividing the work on the basis of specialisation of activities

- Appointing people in various departments on the basis of their specialised knowledge

LINE AND STAFF ORGANISATION STRUCTURE

Personal assistant

General Manager

Assistant Manager

Public Relations Officer

Production Manager

Assistant Production Manager

Supervisor 1

Supervisor 2

Worker 1

Worker 3

Worker 2

Worker 4

LINE AND STAFF ORGANISATION STRUCTURE (CONTINUED…)

- Line and Staff Organization is more complex than line organization
- Division of work and specialization takes place in line and staff organization
- Comprises line executives and staff executives
- Line executives have the authority to take decisions, to take actions, and to give command
- Staff executives have the authority and responsibility of providing advice and service to the line executives
- Line executives are accountable for the achievement of objectives
- Most common type
- Applicable to large firms

LINE AND STAFF ORGANISATION STRUCTURE (CONTINUED…)

- Advantages
  - ➢ Relief to line executives
  - ➢ No overloading for line executives
  - ➢ Better division of work
  - ➢ Benefit of Specialization
  - ➢ Service of experts are utilised
  - ➢ Clear authority and responsibility
  - ➢ Training to line executives

- Disadvantages
  - ➢ Service of staff executives are purely advisory
  - ➢ Lack of understanding
  - ➢ Possibility of conflicts among line executives and staff executives
  - ➢ Possibility for poor coordination
  - ➢ High cost of labour

DECISION MAKING

- Regarded as the cognitive process resulting in the selection of a belief or a course of action among several alternative possibilities

- Every decision-making process produces a final choice, which may or may not prompt action

- Decision-making can be regarded as a problem-solving activity terminated by a solution deemed to be optimal, or at least satisfactory

- A major part of decision-making involves the analysis of a finite set of alternatives described in terms of evaluative criteria

- Then the task might be to rank these alternatives in terms of how attractive they are to the decision-maker(s) when all the criteria are considered simultaneously

- Another task might be to find the best alternative or to determine the relative total priority of each alternative (for instance, if alternatives represent projects competing for funds) when all the criteria are considered simultaneously

LIMITATIONS OF DECISION MAKING

- Time Consuming for individual decisions

- Compromised decisions for group decisions

- Subjective decisions for individual decisions

- Biased decisions

- Limited analysis for individual decisions

- Uncontrollable environmental factors

- Uncertain future

- Responsibility is diluted for group decisions

(In a group decision, all managers are responsible for the decision. That is, everybody's responsibility is nobody's responsibility)

EVALUATION AND SELECTING FROM ALTERNATIVES

- Evaluation is required in order to select the best alternative for implementation

- While evaluating alternatives, the managers must compare the alternative plans for which the managers must consider the quantitative and qualitative factors

- **Quantitative Factors** : The quantitative factors are those factors that can be measured numerically (e.g. Number of units sold, costs in rupees, etc.)

- **Qualitative Factors** : The managers must also consider the qualitative factors which are intangible in nature (e.g. quality of labour force, customer satisfaction, etc.)

- Techniques for Evaluation of Alternatives
  - ➢ Marginal Analysis : helps to compare additional revenues with additional costs ; If the additional revenue is greater than the additional costs, more profit can be made by producing more
  - ➢ Cost Effectiveness Analysis : In this case, the manager considers the cost-benefit analysis ; The alternative that provides the maximum benefits at the minimum cost is selected

PROGRAMMED AND NON PROGRAMMED DECISIONS

- **Programmed decisions** are those that are traditionally made using standard operating procedures or other well-defined methods

- Deals with frequently occurring situations (Such as requests for leaves of absence by employees)

- Much more appropriate for managers to use programmed decision for similar and frequent situations

- Leads to the formulation of rules, procedures, and policies

- **Non-programmed decisions** are unique

- Traditionally they have been handled by techniques such as judgment, intuition, and creativity

- Non-programmed decisions are one-shot decisions

- A logical approach to deal with extraordinary, unexpected, and unique problems

DECISION UNDER CERTAINTY, RISK AND UNCERTAINTY

- **Decision-making under Certainty**

  ➢ A condition of certainty exists when the decision-maker knows with reasonable certainty what the alternatives are, what conditions are associated with each alternative, and the outcome of each alternative

  ➢ Under conditions of certainty, accurate, measurable, and reliable information on which to base decisions is available

  ➢ The cause and effect relationships are known and the future is highly predictable under conditions of certainty

  ➢ Such conditions exist in case of routine and repetitive decisions concerning the day-to-day operations of the business

DECISION UNDER CERTAINTY, RISK AND UNCERTAINTY (CONTINUED...)

- Decision-making under risk
  - ➢ When a manager lacks perfect information or whenever an information asymmetry exists, risk arises
  - ➢ Under a state of risk, the decision maker has incomplete information about available alternatives but has a good idea of the probability of outcomes for each alternative
  - ➢ While making decisions under a state of risk, managers must determine the probability associated with each alternative on the basis of the available information and his experience

- Decision-making under uncertainty
  - ➢ Most significant decisions made in today's complex environment are formulated under a state of uncertainty
  - ➢ The decision-maker is not aware of all available alternatives, the risks associated with each, and the consequences of each alternative or their probabilities
  - ➢ In the face of such uncertainty, managers need to make certain assumptions about the situation and they have to depend upon their judgment and experience for making decisions

CREATIVE PROCESS AND INNOVATION

- Today's reality dictates that only those organizations that embrace creativity and innovation management will achieve sustainable competitive advantage in the market place

- Successful innovations create change in the marketplace and in society

- Businesses must make the "right" change by choosing the right ideas, create the right products, develop processes that will improve performance, create services that add value and create products that consumers want

- While creativity is the generation and development of new and useful ideas, innovation is the realization and implementation of those ideas

- Understanding the various levels of innovation, will predict the degree to which product, service or process will have an impact on the market place, even on society

- In a broad perspective, there are four levels of innovation based on the degree to which value and newness is added to the product, service or process

- Incremental (Larger TV), Breakthrough (Instant noodles), Disruptor (mobile phone), & Game changer (3D printers)

PRINCIPLES OF MANAGEMENT

MODULE 5

STAFFING

STAFFING

- One of the most important functions of management

- It is a truth that human resource is the prime resource of every organization

- Because in any organization all other resources like money, material, machinery etc. can be utilized effectively and efficiently by the efforts of human resource

- Therefore it is very important that each and every person should get right position in the organization according to their talent, aptitude, and specializations

- That will enable the organization to achieve the goals by the contribution of manpower

- Thus staffing is an essential function of every business organization

STAFFING - DEFINITION

- Staffing is the process of hiring eligible candidates in the organization for specific positions

- It is an operation of recruiting employees by evaluating their skills, knowledge and then offering them specific jobs

- The recruitment, selection, development, training and compensation of individuals

- Filling up of vacancies in the organisational structure and developing, training, and compensating of those individuals

- Involves the process of filling the vacant position of the right personnel at the right job, at right time

BENEFITS OF STAFFING

- In staffing, since the right person is recruited for the right jobs, it leads to maximum productivity and higher performance

- Staffing helps to ensure better utilization of human resources

- It helps in promoting the optimum utilization of other resources of an organisation

- Job satisfaction and morale of the workers increases through the recruitment of the right person

- Develops organisational commitment

- Proper staffing leads to higher profit for the organisation

- It ensures the continuity and growth of the organization

EMPOWERMENT

- The process of becoming stronger and more confident, especially in controlling one's life and claiming one's rights

- Refers both to the process of self-empowerment and to professional support of people, which enables them to overcome their sense of powerlessness and lack of confidence

- Characterized by a move away from a deficit-oriented towards a more strength-oriented perception

- It is to recognize and use one's own resources

- To do work with power, both physically and mentally

EMPOWERMENT IN ORGANISATIONS

- Giving employees resources, authority, opportunity, motivation, and as well as holding them responsible and accountable for outcomes of their actions

- This will contribute to their competence and satisfaction

- Employee empowerment is a management strategy that aims to give employees the tools and resources necessary to make confident decisions in the workplace without supervision

- Empowerment is a long-term, resource-intensive strategy that involves significant time and financial investment from the organisation's leaders

- Three tools managers should be using to empower their staff are information sharing with everyone, creating autonomy with boundaries and replacing old hierarchies with self-managed teams

DELEGATION

- It is one of the core concepts of management leadership

- Sharing or transfer of authority and the associated responsibility, from an employer to an employee or from a superior to a subordinate

- Delegation is the assignment of any authority to another person to carry out specific activities

- However, the person who delegated the work remains accountable for the outcome of the delegated work

- Delegation empowers a subordinate to make decisions

- It is a shifting of decision-making authority from one organizational level to a lower one

- In general, delegation is good and can save money and time, help in building skills, and motivate people

- On the other hand, poor delegation might cause frustration and confusion to all involved parties

AUTHORITY

- Authority means power to act, power to take decisions, and power to give commands

- Authority, in the sense of "authorization", can also mean the right to complete an action or execute an order or take a decision

- In government, authority is often used interchangeably with power

- While power is the ability to order or accomplish a goal or to influence others, authority refers to a claim of legitimacy, the justification and right to exercise that power

- **Centralisation of authority:** The systematic and consistent concentration of authority **at** a central point or in a person within the organization

- **Decentralisation of authority:** The systematic and consistent delegation of authority **at** various levels within the organization

- **Recentralisation of authority:** Back to centralisation (When situation demands, the top management may hold back the authority from lower levels which were earlier decentralised)

EFFECTIVE ORGANISING & ORGANISATIONAL CULTURE

- **Organising**: Aims at developing a definite structure of roles along with assigning resources to achieve efficient organisational structure

- **Effective organising**: Aims at making organisation flexible such that organisation adapts to changes in the working environments

- Effective enterprises develop and nurture an organisational culture

- Organisational culture refers to a set of values influencing the behaviour of its members

- This can be achieved by:
  - ➢ Careful selection of employees
  - ➢ Providing proper training
  - ➢ Rewarding for performance
  - ➢ Promoting for good performance and using them as role models for the new employees

MANAGER INVENTORY CHART

- Used in HRM in an orgnisation

- It indicates an overview of the human resource situation of an organization

- It shows the future internal supply of employees

- It shows the schedule of retirements

- It also indicates the position to which an employee may be promoted

- Employees who do not perform well can be identified and the need for training can be highlighted

- It also include details like :

➢ Age

➢ Year of Employment

➢ Present Position

➢ Duration of current Posting

➢ Performance Ratings

➢ Strengths and Weaknesses

JOB DESIGN

- A core function of HRM

- It is related to the specifications of contents, methods, and relationship of jobs

- It is to satisfy organizational requirements and personal requirements of the job holder

- Aims at how the nature of a person's job affects their attitudes and behavior at work

- Specifically the following areas are fine tuned by job design:

➤ Checking the work overload

➤ Ensuring that employees do not remain isolated

➤ Defining working hours clearly

➤ Defining the work processes clearly

JOB DESIGN

- Benefits of Job Design

➢ Employee Input: A good job design enables a good job feedback

➢ Employee Training: Training is an integral part of job design

➢ Work / Rest Schedules: Job design offers good work and rest schedule by clearly defining the number of hours an individual has to spend in his/her job

➢ Minimising energy: A good job design allows minimum energy spent for physically demanding jobs

- The aim of job design:

➢ To improve job satisfaction

➢ To improve quality of job

➢ To reduce employee problem

SKILLS & PERSONAL CHARACTERISTICS NEEDED IN MANAGERS

- Creativity

- Intuition

- Knowledge

- Commitment

- Versatility

- Being human

- Leadership

- Building relationships

- Effective communication

SELECTION PROCESS, TECHNIQUES & INSTRUMENTS

Selection process

1. The selection criteria are established on the basis of current and future job requirements such as education, knowledge, skills, and experience

2. The candidate is requested to complete an application form

3. The information provided by the candidate is checked and verified

4. A written test is conducted to identify the more promising candidates

5. Formal interviews are conducted to further screen the candidates

6. A physical examination may be required

7. On the basis of the results of previous steps, the candidate is either offered the job or informed that he or she has not been selected for the position

TECHNIQUES & INSTRUMENTS OF SELECTION

- Application forms and Biodata

- Scrutinising (screening and shortlisting)

- Aptitude tests

- Technical tests

- Personality tests

- Physical tests

- Interviews

- Presentations

- Group exercises

- Physical examination

PRINCIPLES OF MANAGEMENT

MODULE 6

CONTROLLING & LEADING

LEADING Vs MANAGING

- Managing

➤ Giving proper directions and guidance to the employees

➤ It aims at managing people with what they have in terms of their ability and other talents

- Leading

➤ Influencing employees in addition to giving proper directions

➤ This is to get the most out of employees in terms of their ability and other talents

- In managing, managers have subordinates while in leading, leaders have followers

- Managers create circles of power while leaders create circles of influence

- To achieve goals, managers control people whereas leaders motivate people

TRAIT APPROACH TO LEADERSHIP

- According to this approach, leaders are born not made

- The trait approach to leadership concentrates on the idea that leaders are born with the given abilities, and not a learned ability

- As per this theory, people having some inborn talents like intelligence, self-confidence, determination, sincerity, ethics, integrity, and sociability will become leaders

- Trait approach attempted to identify some of the following characteristics with leader emergence:

➢ Physiological (appearance, height, and weight)

➢ Demographic (age, education and socioeconomic background)

➢ Personality (self-confidence, and aggressiveness)

➢ Intellective (intelligence, judgment, and knowledge)

➢ Task-related (achievement drive, initiative, and persistence)

➢ Social characteristics (sociability and cooperativeness)

CONTINGENCY APPROACH TO LEADERSHIP

- The success of a leader does not only depend on his abilities

- There are many other factors relating to the work environment, company culture and employee attitude which impact a manager's success in the process of leadership

- This approach talks about the best match between a leader and a situation

- According to this theory, a person becomes a leader when there is proper fitness between his/her style of functioning with respect to a situation

- The three factors combine to form the situation in which a leader's style is effective or ineffective:

➢ Leader-Member Relation - how the leader interacts with employees

➢ Task Structure - how tasks are set up by the leader

➢ Positional Power - the amount of power a leader has over followers

- If the above three factors match up to the style of the leader, success is projected

DIMENSIONS OF LEADERSHIP

1. Authenticity

➤ A person's thoughts and feelings are consistent with their actions

➤ Authentic leaders are trusted

➤ They have integrity underpinned by lived values

➤ They stand out because they challenge themselves

➤ They empower others to be the best they can be

DIMENSIONS OF LEADERSHIP

2. Vision

➢ Visionary leaders inspire people to action and achievement

➢ They embrace change and constantly adapt

➢ Understand risk

➢ Link the present to the future

➢ Vision is a significant aspect of leadership

➢ Vision is essential for leaders to respond effectively to business environments that continue to transform at a rapid pace

DIMENSIONS OF LEADERSHIP

3. Achievement

➢ Achievement requires ongoing engagement in activities that improve performance

➢ Achieving leaders are high performers

➢ They deliver increasingly more challenging and sustainable results

➢ They are proud of their work

➢ An achievement orientation is about having a purpose, delivering outcomes, being proud of one's work, stretching oneself and others, and being willing to adapt as necessary

DIMENSIONS OF LEADERSHIP

4. Ownership

➤ Ownership to mean being responsible and accountable

➤ Leaders who assume ownership keep on learning

➤ They understand the importance of reputation

➤ Create a safe environment

➤ They stick up for their staff

➤ They are important role models

DIMENSIONS OF LEADERSHIP

5. Collaboration

➢ Collaboration to mean being able to work effectively with others inside and outside the organisation

➢ A collaborative leader is emotionally intelligent

➢ Understands team dynamics

➢ Accesses networks

➢ Appreciate diversity

LEADERSHIP STYLES

- A leadership style is a leader's method of providing direction, implementing plans, and motivating people

- As seen by the employees, it includes the total pattern of explicit and implicit actions performed by their leader

- There are many different leadership styles as exhibited by leaders in the political, business or other fields

- Great leaders can inspire political movements and social change

- They can also motivate others to perform, create, and innovate

- Some leadership styles are Democratic Leadership, Autocratic Leadership, Laissez-Faire Leadership, Strategic Leadership, Transformational Leadership, Transactional Leadership, Coach-Style Leadership, and Bureaucratic Leadership

TRANSACTIONAL LEADERSHIP STYLE

- Focuses on supervision and performance

- These managers reward their employees for precisely the work they do

- Leaders promote followers through both rewards and punishments

- Through a rewards and punishments system, transactional leaders are able to keep followers motivated for a short-term

- Transactional leaders are not looking to change the future, they look to keep things the same

- Leaders using transactional leadership as a model pay attention to followers' work in order to find faults and deviations, and giving directions to correct them

- This type of leadership is effective in crisis and emergency situations as well as for projects that need to be carried out in a specific way

TRANSFORMATIONAL LEADERSHIP STYLE

- A theory of leadership where:

➢ A leader works with teams to identify needed change

➢ Creating a vision to guide the change through inspiration

➢ Executing the change with committed followers

- Transformational leadership serves to enhance the motivation, morale, and job performance of followers

- Understand the strengths and weaknesses of followers, which allows the leader to align followers with tasks that enhance their performance

- Create an ethical climate (share values, high ethical standards)

- Encouraging followers to look beyond self-interests to the common goal

- Promoting cooperation and harmony

- Providing individual coaching and mentoring for followers

CONTROLLING

- Control is a function of management which helps to check errors in order to take corrective actions

- This is done to minimize deviation from standards and ensure that the stated goals of the organization are achieved in a desired manner

- Ensure activities in an organization are performed as per the plans

- Controlling also ensures that an organization's resources are being used effectively & efficiently for the achievement of predetermined goals

- Planning and Controlling are two inseparable functions of management because without planning controlling is a meaningless exercise and without controlling planning is useless

BASIC CONTROL PROCESS

1. Establishing Standards for Measuring Performance

➤ Standards are the criteria of performance

➤ Standard elements form precisely worded, measurable objectives

➤ Standards could include sales and production targets, work attendance goals, safety
   records, etc.

2. Measuring the Performance

➤ The measurement of performance against standards should be done on a forward-
   looking basis so that deviations may be detected in advance of their occurrence and
   avoided by appropriate actions

BASIC CONTROL PROCESS

3. Determining whether Performance Matches the Standard

➢ Involves comparing the measured results with the standards already set

➢ If performance matches the standard, managers may assume that "everything is under control"

4. Taking Corrective Action

➢ This step becomes essential if performance falls short of standards and the analysis indicates that corrective action is required

➢ The corrective action could involve a change in one or more activities of the organization's operations