

UNIT - 1 IN 5 MINUTES

FUNCTIONS OF MANAGEMENT	STYLES OF LEADERSHIP	TYPES OF MANAGER	LEVELS OF MANAGEMENT
<p>1. Planning involves selection of goals and deciding the best method to achieve them. Planning process looks into the future and decides the future course of action.</p> <p>2. Organizing is the process of arranging and allocating work, authority and resources.</p> <p>3. Staffing is concerned with proper recruitment and training of the employees. Employee is the key factor in any organization.</p> <p>4. Leading in organization means movement towards objectives. Leading involves directing, influencing and motivating employees to perform essential task.</p> <p>5. Controlling is based on comparison of actual performance with planned objectives.</p>	<p>1. An Autocratic style means that the manager makes decisions unilaterally and without much regards for subordinates. Subordinates may become overly dependent upon the leader</p> <p>2. In Paternalistic Style, decisions will be taken into account the best interests of the employees</p> <p>3. In a Democratic style, the manager allows the employees to take part in decision-making</p> <p>4. In a Laissez-faire style, the leader's role is peripheral and staff manages their own areas of business.</p> <p>5. Managing by Walking Around (MBWA) is a classical technique in which managers listens carefully to employees' suggestion, managers gets real-time information</p>	<p>1. Functional Managers is manager who supervises specialized activities such accounting, marketing etc.</p> <p>2. General Managers supervises the work of several different groups that perform a variety of functions.</p> <p>3. An Administrator is typically a manager who works in government or nonprofit organization.</p> <p>4. An Entrepreneur is a person who founds and operates an innovative business.</p> <p>5. Small-business owners typically invest considerable emotional and physical energy into their firms.</p> <p>6. A Team Leader coordinates the work of a small group of people, while acting as facilitator or catalyst.</p>	<p>1. Top Level Management comprises board of directors, chief executives or managing directors. CEO, President, Vice President, Chairman fall into the category of Top Level Management. The top management is the ultimate authority.</p> <p>2. Middle Level Management is a link between Top Level and First Level Management. Middle level incorporates branch managers and departmental managers.</p> <p>3. First Level Management is also known as supervisory / operative level of management. It consists of supervisor, foreman, section officer, superintendent, workers and jobbers. Lower level managers are mediators between workers and higher level management.</p>
MINTZBERG'S MANAGER ROLES	PRINCIPLES OF MANAGEMENT	MANAGEMENT SKILLS	GUIDELINES FOR MANAGER
<p>Interpersonal Roles</p> <ol style="list-style-type: none"> 1) Figurehead 2) Leader 3) Liaison <p>Informational Roles</p> <ol style="list-style-type: none"> 4) Monitor 5) Disseminator 6) Spokesman <p>Decisional Roles</p> <ol style="list-style-type: none"> 7) Entrepreneur 8) Disturbance Handler 9) Resource Allocator 10) Negotiator 	<ol style="list-style-type: none"> (1) DIVISION OF WORK (2) AUTHORITY (3) DISCIPLINE (4) UNITY OF COMMAND (5) UNITY OF DIRECTION (6) SUBORDINATION OF INDIVIDUAL INTERESTS TO THE GENERAL INTERESTS (7) REMUNERATION (8) CENTRALIZATION (9) SCALAR CHAIN (10) ORDER (11) EQUITY (12) STABILITY OF TENURE OF PERSONNEL (13) INITIATIVE (14) ESPIRIT DE CORPS 	<ol style="list-style-type: none"> 1. Technical skills reflect the proficiency and understanding of a specialized job. Technical skills are associated with First or Supervisory Level Management. 2. Human Skills is also called as interpersonal skills. A manager with effective human skills can communicate properly and motivate them to perform well. 3. Conceptual Skills refers to the ability of man to think and to conceptualize abstract situations. 4. Time Skills is an art of scheduling, budgeting, arranging in organization for effective result. 	<ol style="list-style-type: none"> 1. "Create constancy of purpose towards improvement 2. "Adopt the new philosophy" 3. "Cease dependence on inspection". 4. "Move towards a single supplier for any one item 5. "Improve constantly and forever". 6. "Institute training on the job 7. "Institute leadership." 8. "Drive out fear" 9. "Break down barriers between departments". 10. "Eliminate slogans 11. "Eliminate management by objectives" 12. "Remove barriers to pride of workmanship 13. "Institute education and self-improvement" 14. "The transformation is everyone's job". <p>MANAGEMENT AS PROFESSION</p> <p>It is backed by a systematic body of knowledge. A number of management principles have been developed which need proper learning and education. Management is more creative rather than adaptive. It also deals with ethical and social responsibilities towards the society. Professional attributes are very much present in the concept of management.</p>
MANAGEMENT AS "ART"	MANAGEMENT AS "SCIENCE"	MANAGEMENT AS "PROCESS"	
<p>- Art is practical implementation of personal skills and knowledge to achieve outcome. Just like an Artist, a manager applies his knowledge and skills to coordinate the efforts of the people.</p> <p>- Art is a personalized process and every artist or a human being has his own style. Management is also a personalized process.</p> <p>- Art is essentially creative and the success of an artist is measured by the result he achieves. Management is creative like any other art.</p>	<p>Science refers to a systematic body of knowledge acquired through observation, experimentation and intelligent speculation. Management deals with the systematic knowledge of acquiring the skill of getting things done through others. Management is an accepted science as a way of solving problems and taking decisions. A scientific attitude is absolutely essential for a manager in problem solving and decision making.</p>	<p>George R. Terry is of the opinion that management is a distinct process consisting of planning, organizing, directing and controlling, which are performed to determine and accomplish objectives by the use of people and resources. Management is a process in the sense that it is concerned with planning, executing and controlling the activities of an enterprise. It is basically concerned with the interrelationship of people at work, mainly with directing the performance rather than with quantum of work done.</p>	
CLOSE SYSTEM VIEW OF ORG.	OPEN SYSTEM VIEW OF ORG.	FORMAL AND INFORMAL ORG.	CHARACTERISTICS OF MANAGEMENT
<p>Closed systems are sets of interacting elements operating without any exchange with the environment in which they exist.</p> <p>The two basic characteristics of a closed system are :</p> <ol style="list-style-type: none"> (1) It is perfectly deterministic and predictable (2) There is no exchange between the system and the external environment. 	<p>A set of elements that interact with each other and the environment, and whose structure originates as a result of interaction</p> <p>The open system concept is based on the assumption that no system is totally deterministic or predictable because of the uncertainties in the external environment.</p>	<p>A Formal Organization is a group of people working together cooperatively under authority. This Organization depends on authority, responsibility and accountability</p> <p>An informal organization is "a network of personal and social relation not established or required by the formal organization.</p>	<ol style="list-style-type: none"> (1) Management is Goal Oriented : (2) Management is Continuous (3) Management is Time Oriented (4) Management is a Group Activity : (5) Management integrates Human, Physical and Financial Resources <p>Management is a specialty in dealing with matters of time and human relationship.</p>

Very GoodNow Turn the Page and Read Main Pamphlet to get Good Marks

(P.T.O)

Unit – 1 : Introduction to Management and Organizations

Que : Define 'Management.' State the functions of management. Explain

Management is one of the most imperative and interesting disciplines of business. Management is a wide term and has different meaning at different time and under different situation. Management is an art of getting work done by different people working in different departments. Management can be defined as the process of designing and maintaining an environment in which individuals worked together as a group to accomplish any objectives. Management is the proper utilization of resources and people.

D.J.Clough says, "Management is the art and science of decision making and leadership." George R. Terry defines, "Management is a process consisting of planning, organizing, actuating and controlling."

Management can also be explained in the word itself Manage Men Tactfully.

There are basic five functions of Management :

(1) **Planning** : Planning is the management function that involves setting of goals and deciding the best method to achieve them. The first step in planning is the selection of goals for the organization. Goals are then established for the subunits of the organizations - its divisions, departments and so on. Programs are established to achieve these goals. The plan must be flexible so that it can be modified due to change in working environment and new information. Planning is a rational and intellectual process prior to the actual operations. The Planning process looks into the future and decides the future course of action. Planning is the function that determines in advances what should be done. It consists of selecting the enterprise objectives, policies, programs, procedures and other means of achieving the objectives. Plans made by top level management may cover periods as long as five or ten years. Planning at the lower level covers much shorter periods.

(2) **Organizing** : When two or more persons work together towards a common goals, authority and responsibility should be given to them. This is the task of organizing. Organizing is the process of arranging and allocating work, authority and resources among an organization's members so they can achieve the organization goals. Different goals require different structure. A list of activities is to be prepared and activities should be distributed among different department. Organizing is also concerned with building, developing and maintaining of working relationships.

The task of organizing is also known as design of an organizational structure. Organizing is the process of establishing the orderly use of assigning and coordinating tasks. Some important steps of organizing are as below :

- (a) Review Plans and Objectives
- (b) Determine the work activities necessary to accomplish objectives
- (c) Classify and group the necessary work activities into manageable units
- (d) Assign activities and delegate authority
- (e) Design a hierarchy of relationship

(3) **Staffing** : Employee is the key factor in any organization. No business enterprise can exist without employees. Staffing is concerned with the proper recruitment and training of the employees. Manager has to work with the human resources department to execute this function. Staffing or Human Resource Management (HRM) is the management function devoted for acquiring, training, apprising and compensating employees. Attracting, developing, rewarding and retaining the people needed to reach organizational goals are the activities that build up the staffing function.

(4) **Leading** : Leading is also known as "directing" and "motivating". Leading in organization means movement towards objectives. Leading involves directing, influencing and motivating employees to perform essential task. A manager has to be a leader as he directs the whole team towards the completion of the organization goal. Planning and organizing deal with the more abstract aspects of the management process, the activity of leading is very concrete; it involves working directly with people.

(5) **Controlling** : Controlling is based on comparison of actual post-operative data with planned data. Controlling is aimed at regulating organizational activities so that actual performance meets the expected or predetermined objectives and standards of company. Relationships and time are central to controlling activities. For best controlling, compare the result with standards and take the necessary corrective action. Planning and controlling are so correlated that many a times, they are performed concurrently. Harold Kontz said, "Planning and controlling are non-separable twins." Thus Controlling is carried out only after the operations are over. Suppose planned target production is 100 units per day, the actual day ends production is compared with the pre-planned production of 100 units. The day end actual production could be 95 units indicating inefficiency in the form of short fall of 5 units.

Unit – 1 : Introduction to Management and Organizations

Que : Explain Mintzberg’s 10 managerial roles. (Roles of Manager)

Henry Mintzberg in his book, “The Nature of Managerial Work” published in 1973, highlighted the roles of managers in an organization. He conducted a study of five executives, the way they spend their time in the organization. He conducted a study of five executives, the way they spend their time in the organization for serving the organization. He classified three major managerial roles each with sub-classification of ten roles. He classified such roles as under :

Interpersonal Roles	Figurehead	Performs ceremonial and symbolic duties such as greeting visitors , signing legal documents. (An executive is considered as a first person of the section, division, branch or a company. He performs all above duties)
	Leader	Direct and motivate subordinate, training counseling and communicating with subordinates. (As a leader, he leads his division through motivating and encouraging the employees under his span of control)
	Liasion	Maintain information links both inside and outside organization; use mail , phone calls , meetings. (As a Liasion, he collects the information of his section and co-ordinates it with other sections of the company.
Informational Roles	Monitor	Seek and receive information, scan periodicals and reports ,maintain personal contacts. (He collects and monitors the information is formal and informal through personal contacts)
	Disseminator	Forward information to other organization members; send memos and reports, make phone calls. (He is authorized to disseminate the information)
	Spokesman	Transmit information to outsiders through speeches, reports and memos. (A Manager is an authorized person to speak to either insiders or outsiders as far as his official jurisdiction is concerned.)
Decisional Roles	Entrepreneur	Initiate improvement projects, identify new ideas. (He has creative ideas)
	Disturbance Handler	Take corrective action during disputes or crises; resolve conflicts among subordinates. (As a head, he can handle disputes within his section or between the sections)
	Resource Allocator	Decide who gets resources , scheduling, budgeting , setting priorities (The corporate team allocates the resources among various divisions of the company)
	Negotiator	Represent department during negotiation of union contract, sales purchases, budgets ; represent departmental interests. (The Manager on behalf of the company negotiates various terms binding as well as benefiting the company.)

Trick : F L L M D S E D R N

Unit – 1 : Introduction to Management and Organizations

Que : Explain types of Managers.

The functions performed by managers can also be understood by describing different types of management jobs.

(1) **Functional Managers** : Functional managers supervise the work of employees engaged in specialized activities such as accounting, engineering, information systems, food preparation, marketing, and sales. A functional manager is a manager of specialists and of their support team, such as office assistants.

(2) **General Managers** : General managers are responsible for the work of several different groups that perform a variety of functions. The job title “Plant General Manager” offers insight into the meaning of general management. Reporting to the plant general manager are various departments engaged in both specialized and generalized work such as manufacturing, engineering, labor relations, quality control, safety, and information systems. Company presidents are general managers. Branch Managers also are general manager if employees from different disciplines report to them.

(3) **Administrator** : An administrator is typically a manager who works in a public (government) or nonprofit organization, including educational institutions, rather than in a business firm. Managers in all types of educational institutions are referred to as administrators. An employee is not an administrator in the managerial sense unless he or she supervises others.

(4) **Entrepreneurs** : An entrepreneur is a person who founds and operates an innovative business. Michael H. Morris defines entrepreneurship along three dimensions : innovativeness, risk taking and proactiveness. After the entrepreneur develops the business into something bigger than he or she can handle alone or with the help of only a few people, that person becomes a general manager. Michael Dell started Dell Computers from his dormitory room and He becomes wealthiest man and an entrepreneur in short time.

(5) **Small Business Owner** : Small-business owners typically invest considerable emotional and physical energy into their firms. Note that entrepreneurs are (or start as) small-business owners, but that the reverse is not necessarily true. You need an innovative idea to fit the strict definition of an entrepreneur. Simply running a franchise that sells sub sandwiches does not make a person an entrepreneur.

(7) **Team Leaders** : A major development in types of managerial positions during the last 20 years is the emergence of the team leader. A manager in such a position coordinates the work of a small group of people, while acting as facilitator or catalyst. Team leaders are found at several organizational levels, and are sometimes referred to as project managers, program managers, process managers, and task force leader. (**Note : The real answer ends here**)

Extra Points for this answer. You can add this point if you want to add.

When we are talking about types of managers, it is necessary to highlight “**Types of Leadership**” and “**Levels of Management**.”

(1) **Autocratic** : An Autocratic style means that the manager makes decisions unilaterally and without much regards for subordinates.

(2) **Paternalistic** : It is just like autocratic and is also essentially dictatorial ; however decisions take into account the best interests of the employees as well as the business.

(3) **Democratic** : In a Democratic style, the manager allows the employees to take part in decision-making : therefore everything is agreed by the majority.

(4) **Laissez-Faire** : In Laissez-faire , the leader’s role is peripheral and staff manage their own areas of business. The communication is horizontal. This style can be resulted in poor management.

(5) **MBWA** : Managing by Walking Around (MBWA) is a classical technique by good managers who are proactive listeners. Listening carefully to employee’s suggestions, managers gets real-time information processes and policies that is often left out in formal communication. The manager must maintain his role as coach or counselor not director.

There are three levels of management

- (1) Top Level Management consists of president, chairman, vice chairman etc.
- (2) Middle Level Management consists of head of all departments.
- (3) First Level / Lower Level Management consists of workers and supervisors.

Que : Explain the different styles/types/methods of leadership.

Types of managers are distinguished by the way they manage the activities within company. Management styles are the characteristics ways of making decisions. Different management styles can be employed dependent on the culture of the business, the nature of the task, the nature of the workforce and the personality and skills of the leaders. Robert Tannenbaum and Warren H. Schmidt argued that the style of leadership is dependent upon the prevailing circumstances.

(1) **Autocratic Leadership** : Autocratic leadership refers to the centralized authority in a top person usually the head of the organization. An Autocratic style means that the manager makes decisions unilaterally and without much regards for subordinates. His decision will reflect the opinions and personality of the manager. Subordinates may become overly dependent upon the leader and more supervision may be needed. In this style, the leader or the head of the organization retains all authorities in his hand.

There are two types of autocratic leaders :

- (a) The Directive Autocratic makes decisions unilaterally and closely supervises subordinates.
- (b) The Permissive style makes decisions unilaterally but gives subordinates latitude in carrying out their work.

Advantages : Quick decision-making is possible. Secrecy can be maintained. It ensured effective coordination and discipline.

Disadvantages : It kills creativity of subordinates. In case of weak leader flattery develops. It demoralizes talented people. Sometimes the decisions could immature and whimsical which may affect the organization.

(2) **Paternalistic Leadership** : It is just like autocratic and is also essentially dictatorial ; however decisions take into account the best interests of the employees as well as the business.

Advantages : The leader explains most decisions to the employees and ensures that their social and leisure needs are always taken care of. Communication is again generally downward but feedback to the management is encouraged to maintain morale.

Disadvantages : Employees once again become dependent on the leader.

(3) **Democratic Leadership** : In a Democratic style, the manager allows the employees to take part in decision-making : therefore everything is agreed by the majority. Communication gets both directions: Upward and Downward. From business's point of view, job satisfaction and quality of work will improve.

Advantages : It satisfies the ego of the employees and thus boosts up the moral. It develops relations between superior and subordinates. It develops creativity in the subordinates. It eliminates the conflicts between the superior and subordinates.

Disadvantages : This type assumes that subordinates are capable of decision making but sometimes incapable subordinates pretend to participate. It delay the decision making process. It is difficult to maintain the secrecy of the decisions.

(4) **Laissez-Faire Leadership** : In a Laissez-faire leadership style, the leader's role is peripheral and staff manage their own areas of business. The communication is horizontal. This style can be resulted in poor management. Here, the leader detaches him from the duties of management and because of this, coordination gets disturbed. This style can create highly professional and creative groups

Advantages : The subordinates use their creativity and innovative way of handling a situation. It boosts up the morale of the subordinates.

Disadvantages : This style of leadership assumes that the subordinates are competent to decide in the best interest of the company which may not always be true. As there is no linear relationship in the organization, it breaks effective communication.

(5) **MBWA Leadership** : Managing by Walking Around (MBWA) is a classical technique by good managers who are proactive listeners. Listening carefully to employees' suggestion, managers gets real-time information processes and policies that is often left out in formal communication channel .The manager must maintain his role as coach or counselor not director. By leaving decision –making responsibilities with the employees, managers can be assured of the fastest possible response time. By walking around, management gets an idea of the level of morale in the organization and can offer help if there is trouble.

Unit – 1 : Introduction to Management and Organizations

Que – What, according to you, are the skills a modern manager will require to run an organization. (Explain management skills)

Three different types of skills are identified :

- (1) Technical Skills
- (2) Human Skills
- (3) Conceptual Skills
- (4) Time Skills

(1) **Technical Skills** : Technical Skills refers to the ability of man to carry out any activity in organization. Technical skills reflect the proficiency and understanding of a specialized job. Technical skills are associated with First or Supervisory Level Management. Managers often develop their technical skills through education or training. The technical skill development is continuous process.

(2) **Human Skills** : Human Skills is also called as interpersonal skills. Human skills is work with others as a team member and as a leader. A manager with effective human skills can communicate properly and motivate them to perform well. Every executive deals with human skills. Every manager should follow the employee centered rather than production centered management. Every manager should recognize and appreciate the feelings and expectations of the people and should strive to meet them in possible manner.

(3) **Conceptual Skills** : Conceptual Skills refers to the ability of man to think and to conceptualize abstract situations. Conceptual skills is very useful for finding problem. In organization, every problem must be solved with conceptual skills. Conceptual Skills is associated with top level management. Conceptual skills also include the ability to analyze a situation, determine the root-cause of any problem and devise an appropriate plan. A manager is supposed to be a strategist rather than a person with a short sighted and selfish consideration.

(4) **Time Skills** : Time Skills is an art of scheduling, budgeting, arranging in organization for effective result. Time management has become crucial in recent years. Time management is perhaps most essential for the person who owns his or her own business or who runs a business out of the home. An important aspects of time management is planning ahead.

In short, First Level Managers require more technical skills and human skills . However conceptual skills are not very essential for the managers at the supervisory level.

Que – Explain the principles of management as suggested by Henry Fayol.

(Trick : DAD UUS RCSO ESIS)

(1) **DIVISION OF WORK** : Work should be divided among individuals and groups to ensure that effort and attention are focused on special portions of the task.

(2) **AUTHORITY** : The concepts of Authority and responsibility are closely related. Authority was defined by Fayol as the right to give orders and the power to exact obedience. Responsibility involves being accountable, and is therefore naturally associated with authority.

(3) **DISCIPLINE** : A successful organization requires the common effort of workers. Penalties should be applied judiciously to encourage this common effort.

(4) **UNITY OF COMMAND** : Workers should receive orders from only one manager.

(5) **UNITY OF DIRECTION** : The entire organization should be moving towards a common objective in a common direction.

(6) **SUBORDINATION OF INDIVIDUAL INTERESTS TO THE GENERAL INTERESTS** : The interests of one person should not take priority over the interests of the organization as a whole.

(7) **REMUNERATION** : Many variables, such as cost of living, supply of qualified personnel, general business conditions, and success of the business, should be considered in determining a worker's rate of pay.

(8) **CENTRALIZATION** : Fayol defined centralization as lowering the importance of the subordinate role. Decentralization is increasing the importance. The degree to which centralization or decentralization should be adopted depends on the specific organization in which the manager is working.

(9) **SCALAR CHAIN** : Managers in hierarchies are part of a chain like authority scale. Each manager, from the first line supervisor to the president, possess certain amounts of authority. The President possesses the most authority; the first line supervisor the least. Lower level managers should always keep upper level managers informed of their work activities.

(10) **ORDER** : For the sake of efficiency and coordination, all materials and people related to a specific kind of work should be treated as equally as possible.

(11) **EQUITY** : All employees should be treated as equally as possible.

(12) **STABILITY OF TENURE OF PERSONNEL** : Retaining productive employees should always be a high priority of management. Recruitment and Selection Costs, as well as increased product-reject rates are usually associated with hiring new workers.

(13) **INITIATIVE** : Management should take steps to encourage worker initiative, which is defined as new or additional work activity undertaken through self direction.

(14) **ESPIRIT DE CORPS** : Management should encourage harmony and general good feelings among employees.

Unit – 1 : Introduction to Management and Organizations

Que : Explain Levels of Management.

In many small business enterprises, the owner is the only member of the management team. But as the size of an organization increases, a more sophisticated organizational structure is required. Every organization or company has a particular hierarchy. There are different levels in an organization. Basically there are three levels :

- (1) Top Level Management
- (2) Middle Level Management
- (3) First / Supervisory Level Management

(1) Top Level Management : Top Level Management comprises board of directors, chief executives or managing directors. CEO, President, Vice President, Chairman fall into the category of Top Level Management. The top management is the ultimate authority. They will decide goals and policies for an enterprise. They focus on planning and coordinating functions. Overall activities of company depend on top level management. They are also responsible towards the shareholders for the performance of the enterprise.

Top Level Managers are responsible for taking major decisions for the organization. Functions of top level management are as below :

- Develops and reviews long-range plans and strategies
- Evaluates overall performance
- Involved in selection of key personnel
- Consult subordinate managers for problems

(2) Middle Level Management : Middle Level Management is a link between Top Level and First Level Management. Middle level incorporates branch managers and departmental managers. They are accountable for the functioning of their department. They will do organization and directional function. There are chances for promotion for this level and goes to top level. Middle level managers execute the plans of the organization accordance with the goals and policies of the top management. Middle level management is a training opportunity for the higher positions. Functions of Middle Level Management are as below :

- Makes plans of intermediate range
- Analyze managerial performance to determine capability
- Establishes departmental policies
- Reviews daily and weekly reports on production or sales.
- Prepare long-range plans for review by top management

(3) First Level Management : It is also known as supervisory / operative level of management. It consist of supervisor, foreman, section officer, superintendent, workers and jobbers. People working in lower level management are responsible for direction and controlling functions of management. They are responsible for the quality as well as quantity of production. Lower level managers are mediators between workers and higher level management. This level is sometimes sub divided into two levels: a job level consisting of jobbers who are in charge of gang of workers, which is the lowest level and supervisory level of foreman and supervisors who are at upper lower level. Lower level management represents actually operating level management.

From the view point of function of management, planning is least at this level. The supervisors take part in planning of his department. Their main task is to implement the plans prepared by the top management. There is more staffing or personnel management at this level. The lower level is wide-ranging. The directing function is most important at this level, because it has direct control over employees who are actually engaged in production.

Here are the functions of first level management :

- Makes detailed, short-range operational plans
- Reviews performance of subordinates
- Supervises day-to-day operations.
- Make specific task assignments
- Maintains close contact with employees involved in operations.

Conclusion :

The policies and goals of the company are to be place before the workers. A supervisor is a link between the management and workers. He has to represent to top management the problems of workers.

The functions related to production are equally important at the lower level of management. The directives of the upper management concerning production are to be carried out at the lower level only. To achieve the targets of production, the lower level has to ensure that schedule of production fixed, production process is continued uninterruptedly and quality in controlled.

Unit – 1 : Introduction to Management and Organizations

Que : List 14 points guideline for manager of Deming.

W. Edwards Deming proposed 14 points as a guideline for top managers. Following are the points suggested by Deming :

1. "Create constancy of purpose towards improvement". Replace short-term reaction with long-term planning.
2. "Adopt the new philosophy". The implication is that management should actually adopt his philosophy, rather than merely expect the workforce to do so.
3. "Cease dependence on inspection". If variation is reduced, there is no need to inspect manufactured items for defects, because there won't be any.
4. "Move towards a single supplier for any one item". Multiple suppliers mean variation between feedstocks.
5. "Improve constantly and forever". Constantly strive to reduce variation.
6. "Institute training on the job". If people are inadequately trained, they will not all work the same way, and this will introduce variation.
7. "Institute leadership". Deming makes a distinction between leadership and mere supervision. The latter is quota- and target-based.
8. "Drive out fear". Deming sees management by fear as counter- productive in the long term, because it prevents workers from acting in the organization's best interests.
9. "Break down barriers between departments".
10. "Eliminate slogans". Another central TQM idea is that it's not people who make most mistakes - it's the process they are working within.
11. "Eliminate management by objectives". Deming saw production targets as encouraging the delivery of poor-quality goods.
12. "Remove barriers to pride of workmanship". Many of the other problems outlined reduce worker satisfaction.
13. "Institute education and self-improvement".
14. "The transformation is everyone's job".

Que : "Management is a Science as well as an Art" - Explain

Management as Process : George R. Terry is of the opinion that management is a distinct process consisting of planning, organizing, directing and controlling, which are performed to determine and accomplish objectives by the use of people and resources. Management is a process in the sense that it is concerned with planning, executing and controlling the activities of an enterprise. It is basically concerned with the interrelationship of people at work, mainly with directing the performance rather than with quantum of work done.

Management as Art :

- Personal Skills and Knowledge : Art is practical implementation of personal skills and knowledge to achieve outcome. Just like an Artist, a manager applies his knowledge and skills to coordinate the efforts of the people.
- Personalized Process : Art is a personalized process and every artist or a human being has his own style. Management is also a personalized process. Every manager has his own perception about the problem and accordingly he decides the solution for problem.
- Creativity : Art is essentially creative and the success of an artist is measured by the result he achieves. Management is creative like any other art. In case any new situations arise, it converts available resources into output and works towards the goal achievement earn.
- Practical Experience : As we know art is practice based. For perfection, it has to be practiced continuously e.g. Music, Dancing, and Painting are also arts. Management needs sufficiently long period of experience in managing.

Management as Science : Science refers to a systematic body of knowledge acquired through observation, experimentation and intelligent speculation. Management deals with the systematic knowledge of acquiring the skill of getting things done through others. Management is an accepted science as a way of solving problems and taking decisions. A scientific attitude is absolutely essential for a manager in problem solving and decision making. Management is neither a science nor an art but is combination of both.

Unit – 1 : Introduction to Management and Organizations

Que : Explain Closed and Open System View of Organization.

Closed System View of Organizations : According to Louis E. Boone and David L Kurtz, “Closed system are sets of interacting elements operating without any exchange with the environment in which they exist. This definition implies that closed system require no inputs – human , financial etc. – from the external environment in which they exist. But no organization can be totally closed system. For example, a closed system like a wind up alarm clock requires outside intervention when it slows down or goes out of order. Thus a totally closed system is only a theoretical concept.

The two basic characteristics of a closed system are :

- (1) It is perfectly deterministic and predictable
- (2) There is no exchange between the system and the external environment.

If one college campus converts into deemed university, then it becomes closed system. To some extent, you can predict styles of exam, schemes, and syllabus as there is no exchange with any affiliated university. So rules and norms somehow remain predictable.

Open System View of Organizations : Traditional closed system views ignored the influence of the external environment. This sometimes led to the failure of plans and inefficient handling of resources. Boone and Kurtz define an open system as “A set of elements that interact with each other and the environment, and whose structure originates as a result of interaction.”

The open system concept is based on the assumption that no system is totally deterministic or predictable because of the uncertainties in the external environment.

For example, If one college is affiliated with some university, then it is an open system because there is exchange with external environment. You cannot predicts rules and norms for upcoming semester as university can change rules. Thus, system remains unpredictable because of uncertainties in external environment.

Tihar jail is a closed system while an advertising agency is an example of open system.

An Organization is a system consisting of several subsystem which interact with another. The Organization is a subsystem of a larger system.

Que : Explain Formal and Informal Organization.

A Formal Organization is a group of people working together cooperatively under authority. This Organization depends on authority, responsibility and accountability.

An informal organization is “a network of personal and social relation not established or required by the formal organization.

An informal organization focuses on people and their relationships whereas a formal organization focuses on official positions in terms of authority, responsibility and accountability.

In an informal organization, ‘power’ is associated with a person but in a formal organization, ‘power’ is associated with a position. In other words, in informal organizations, power is purely personal in origin, while in formal organizations , power is institutional in origin. The informal organization may or may not support the goals and objectives established by the formal organizations.

Informal relationships develop spontaneously, supplementing or modifying the formal relationship established by the management. For example, an informal relationship may be established among people who may have lunch together. Informal relationship can help a company attain organizational goals as people may find it easier to seek help from someone they know informally.

The emergence of informal organizations within a formal framework is a natural process. Informal groups are formed to share their common attitudes, beliefs etc.

Formal Organization :

- Official
- Authority and Responsibility
- Position
- Delegated by Management
- Rules
- Reward and Penalties

Informal Organization :

- Unofficial
- Power and Politics
- Person
- Given by group
- Norms
- Sanctions

Unit – 1 : Introduction to Management and Organizations

Que : Explain Characteristics / Features of Management.

(1) Management is Goal Oriented : Management is highly goal oriented activity. The success of management can be measured in terms of the achievement of predetermined goals or objectives of an organization.

(2) Management is Continuous : Management involves continuous handling of problems and issues. It is an ongoing process. It includes the problem identification and finding out the solution by taking appropriate steps.

(3) Management is Time Oriented : Management is nothing but a race against time. In today's world everyone wants to impress customers. Customer is most impressed if he receives service in time. Management ensures that the production schedules are met and the targets are achieved.

(4) Management is a Group Activity : Management is more concerned with the group activity rather than individual's performance. The efforts measured are in terms of groups to achieve predetermined goals or objectives.

(5) Management integrates Human, Physical and Financial Resources : In any organization, the different resources used are humans, machines, materials, financial assets, building etc. Humans have to work with non-human resources to perform their jobs. The management plays very important role here. It integrates human efforts to those non-human resources. It brings harmony among available resources.

Management is concerned with guidelines to the human as well as the resources of the organization to achieve the organizational goal. Management is linked with other fields of study Anthropology, Economics, Philosophy and Political Science.

Management is basically a human process which deals with interpersonal relationship in any organization in the form of formal relationships of superior subordinates and peers. Management basically deals with the living human resources compared to the other non-human resources like machines, material, money etc. Management is a specialty in dealing with matters of time and human relationship.

Que : “Management is a specialty in dealing with matters of time and human relationship.” – Justify (Same Answer)

Que : Innovative Management for Turbulent Times

We are living in turbulent times. Turbulent times is a climate in which there is no stability for the business entities and there is change for all angles you never know what to expect. We have now entered the period of problem which contains climate change, financial instability, high unemployment and the financial consequences of an aging society.

There are problems of recession. Technology is changing continuously and businesses don't know how it will affect them. The million dollar question is how one is supposed to manage his business in such turbulent times. The second question that comes to one's mind is what happen to innovation. Innovations are rising like anything. But companies have faced this challenge and have planned to fight with this problem. Many thinkers believes that the innovation process should not stop but more innovation does not necessary mean smart innovation. These innovations should also responsible for the revival of business. Smart innovation is built on effective competence for renewal and superior management capabilities. Innovation gives growth and competitive advantaged to the company. The major challenge for the management is to reduce the risk element and the chances of failure in the innovation. The method to achieving this result is incremental innovation with cumulative impact.

Que : Explain Management as Profession.

A field or a concept is characterized as profession when the following special features are incorporated :

1. Systematic body of knowledge of a profession
2. Importance of its learning and proper organization of the science
3. Entry restricted on the basis of examination or education or training
4. Dominance of service motive

Management qualifies all test of a profession. It is backed by a systematic body of knowledge. A number of management principles have been developed which need proper learning and education. Management is more creative rather than adaptive. It also deals with ethical and social responsibilities towards the society.

Another important development in the field of management has been that the professional management consultants are growing both in number and quality. Professional attributes are very much present in the concept of management.

UNIT - 2 IN 5 MINUTES

SCIENTIFIC MANAGEMENT APPROACH	BEHAVIORAL APPROACH TO MANAGEMENT	SYSTEM APPROACH TO MANAGEMENT
<p>Scientific Management is often called Taylorism. The core ideas of scientific management were developed by Frederick Winslow Taylor.</p> <p>SOLDERING AND FAULTY WAGE SYSTEM : Workers deliberately work at slowest rate because they will not get benefit if they give more output. Faulty Wage System is responsible for this problem. The Problem is often called "Soldering." Soldering means deliberately work at slow rate</p> <p>REST BREAK : Taylor suggested that labor should include rest breaks so that workers can recover themselves from mental or physical fatigue</p> <p>TIME AND MOTION STUDY : Taylor observed that every work includes some necessary and unnecessary movements. Unnecessary movements take away some time and energy from workers. If these movements were avoided, the performance and the output would increase.</p> <p>DIFFERENTIAL PAYMENT : Taylor proposed the setting up of differential piece rate system of payment. Differential Piece Rate Payment motivates the workers to perform better than the standards set. Taylor proposed that there is one best method to do any Job.</p>	<p>Behavioral approach to management is concerned with human element and human behavior.</p> <p>(1) ILLUMINATION EXPERIMENT : This experiment was conducted to establish relationship between output and illumination. it was concluded that there is no consistent relationship between output of workers and illumination in the factory.</p> <p>(2) RELAY ASSEMBLY TEST ROOM EXPERIMENT : In this experiment, a small homogeneous work-group of six girls was constituted. The researchers concluded that socio-psychological factors such as feeling of being important, recognition, attention held the key for higher productivity.</p> <p>(3) MASS INTERVIEW PROGRAM : Around 20000 workers have been interviewed. Researcher found that individual performance is motivated by group. Upward communication is important as workers felt that their voices have been heard by authority.</p> <p>(4) BANK WIRING TEST ROOM EXPERIMENT : The experiment was conducted to study a group of workers It was observed that the group evolved its own production norms for each individual worker, which was made lower than those set by the management.</p>	<p>(1) SYSTEM : A System is a set of interdependent parts which together form a unitary whole. The organization is a sub system of four interdependent parts task, structure, people and technology.</p> <p>(3) SYNERGY : Synergy means that the whole (system) is greater than the sum of its parts.</p> <p>(4) ENTROPY : Entropy is the tendency of system to run down or die if it does not receive fresh inputs from its environment</p> <p>(5) OPEN AND CLOSE SYSTEM : Open system interacts with external environment while close system do not interact with external environment.</p> <p>(6) SYSTEM BOUNDARY : Each system has its own boundary which separate it from other system in environment.</p> <p>(7) FLOW : Input are translated into outputs through the flows.</p> <p>(8) FEEDBACK : Feedback is a key process in controlling the system. This is the mechanism of control. Under the feedback process, the results are feedback to original inputs or other parts of the system.</p>
HENRY GANTT AND GILBRETHS	CONTINGENCY APPROACH TO MANAGEMENT	MASLOW'S HIERARCHY OF NEEDS
<p>Grantt saw the importance of the human element in production and introduced the concept of motivation as used in industry today. He introduced two new features in Taylor's pay incentive scheme. First, every worker who finished a day's assigned work load was to win a 50 cent bonus for that day. Second even the foreman was rewarded with a bonus</p> <p>Frank and Lillian Gilbreth made their contribution to the scientific management movement as a husband -wife team. The Gilbreths turned motion study into an exact science. They used motion pictures for studying and streamlining work motions. They catalogued seventeen different hand motions such as 'grasp', 'hold' thereby paving the way for work simplification.</p>	<p>The Contingency approach emerged out of the system approach. This is also known as the situational theory. According to this theory, there is no best way to manage all situations. In other words, there is no one best way to manage. The contingency approach was developed by managers, consultant and researchers. Paul Hersey and Ken Blanchard developed the contingency of leadership. The contingency approach to management emerged from the real life experience of managers who found that no single approach worked consistently in every situation. The basic idea of this approach is that number management technique or theory is that appropriate in all situations.</p>	<p>(1) PHYSIOLOGICAL NEEDS : These needs are related to the survival and maintenance of life. These include food, clothing, shelter etc.</p> <p>(2) SAFETY NEEDS : These consist of safety against murder, fire, accident, security against unemployment etc.</p> <p>(3) SOCIAL NEEDS : These needs include need for love, affection, belonging or association with family, friends and other social groups.</p> <p>(4) EGO OR ESTEEM NEEDS : These are needs derived from recognition, status , achievement, power , prestige etc.</p> <p>(5) SELF-FULFILLMENT : It is need to fulfill what a person considers to be his real mission of life.</p>
MECGREGOR'S THEORY X AND THEORY Y	QUANTITATIVE APPROACH TO MANAGEMENT	CLASSICAL APPROACH TO MANAGEMENT
<p>Douglas McGregor studied the general behavior of human beings</p> <p>Theory X revolves around the traditional assumption about the human behavior that they are pessimistic in nature. The basic assumptions of Theory X about worker's behavior are – they dislike the work, they are unwilling to assume responsibility, they are dull and not ambitious, they avoid any assigned work and so should be supervised closely.</p> <p>Theory Y poses optimistic behavior patterns of the workers. These assumptions highlights that workers are ready to do hard work, they are ready to assume responsibility, they exercise self-imposed discipline avoiding the need of close supervision, they possess the capacity to innovate, they get psychic pleasure in doing the work and consider work as rest or play. (please also refer Theory Z)</p>	<p>The quantitative approach to management involves the use of quantitative techniques, such as statistics, information models, and computer simulations, to improve decision making. This school consists of several branches, described in the following sections.</p> <p>MANAGEMENT SCIENCE Today, this view encourages managers to use mathematics, statistics, and other quantitative techniques to make management decisions.</p> <p>OPERATIONS MANAGEMENT is a narrow branch of the quantitative approach to management. It focuses on managing the process of transforming materials, labor, and capital into useful goods and/or services.</p> <p>MANAGEMENT INFORMATION SYSTEMS (MIS) is the most recent subfield of the quantitative school. A management information system organizes past, present, and projected data from both internal and external sources and processes it into usable information</p>	<p>This approach considered management as a process. The process of management consists of several functions like planning, organizing, directing and controlling. The pioneering work was done by Henry Fayol. The process concept was universally accepted and became the base around which the modern theory of management developed.</p> <p>(1) Management is a process consisting of several elements like planning, organizing, directing and controlling.</p> <p>(2) The authority originates at top and flows downwards in an unbroken manner passing through scalar chain.</p> <p>(3) The authority and responsibility should be equated and be communication in writing.</p> <p>(4) The span of control should be limited depending upon nature of work.</p> <p>(6) This approach emphasized the important human resources as compared to non-human resources like machine and material.</p>

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Unit-2 : Management History

Que – Explain the principles and techniques of Scientific Management Approach. (Taylor)

Scientific Management is often called Taylorism. Its main objective was improving economic efficiency. It was one of the earliest attempts to apply science to management. The core ideas of scientific management were developed by Frederick Winslow Taylor in the 1880s and 1890s, and were first published in his book Shop Management and The Principles of Scientific Management. While working as a lathe operator and foreman at Midvale Steel, Taylor noticed the natural differences in productivity between workers.

Soldering and Faulty Wage System : Taylor observed that some workers were more talented than others but they are unmotivated . He observed that most workers who are forced to perform repetitive tasks work at slowest rate. Workers deliberately work at slowest rate because they will not get benefit if they give more output. Workers feared that if they gave more output , others would lose their job. He therefore proposed that the work practice that had been developed in most work environments was crafted, intentionally or unintentionally, to be very inefficient in its execution. Faulty Wage System is responsible for this problem. The Problem is often called “Soldering.” Soldering means deliberately work at slow rate

Rest Break : Taylor suggested that labor should include rest breaks so that workers can recover themselves from mental or physical fatigue.

Time and Motion Study : Taylor observed that every work includes some necessary and unnecessary movements. Unnecessary movements take away some time and energy from workers. If these movements were avoided, the performance and the output would increase.

The main steps are

- (1) Observing the motion of the workers while working
- (2) Identify necessary and unnecessary movements,
- (3) With a stop watch count time of unnecessary movements
- (4) Eliminate unnecessary movements,
- (5) Develop the movements that are necessary and standard.

Pig Iron Experiment : Taylor is best known for his pig iron experiments Workers loaded pigs of iron onto rail cars. Their daily average output was 12.5. Taylor believed that output could be 48 tons by applying Scientific Management approach. After scientifically applying different combination of procedure, techniques and tools, Taylor succeeded in getting that level of productivity.

Differential Payment / Piece-rate incentive system :

Taylor proposed the setting up of differential piece rate system of payment.

- (1) Fix the standard level of production
- (2) Workers producing less than the standard receive less payment.
- (3) Workers producing more than the standard receive higher payment

Differential Piece Rate Payment motivates the workers to perform better than the standards set. Taylor proposed that there is one best method to do any Job. He believed that decisions based upon tradition and rules of thumb should be replaced by precise procedure developed after careful study of an individual at work.

Criticism of Scientific Management :

- (1) Taylor is only concerned with output / productivity. Taylor has totally overlooked other aspects of management like finance, accounting, marketing etc.
- (2) Union leaders felt that it was an exploitation of the workers.
- (3) Human element is absent in this theory.
- (4) The moral of the worker would go down if he did not complete his target.

Extra Points in Scientific Management Theory :

- (1) Scientific Management needs the cooperation of the workers and the management at various stages.
- (2) The workers should understand the point of view of the management in increasing the production and the profitability of the company.
- (3) Taylor advocates group harmony by eliminating the dissatisfaction amongst the works.
- (4) The movement of material within the company should be scientifically done.
- (5) Taylor emphasized the scientific selection of people and the need for appropriate training. He developed the concept of work : “one best way of doing a job”
- (6) He gave the concept of functional foremanship. As per this concept, he explained the division of functional authority. The supervisors were delegated the authorities in their specialized fields.

The theory was extended by Henry Grant, Frank Gilberth and Lillian Gilberth. Henry Grant had defined new payment system and flow chart for work. While Lillian couple had catalogued seventeen different hand motions such as “grasp”, “hold” for work.

Unit-2 : Management History

Que : Explain the contribution of Henry Gantt and Gilbreth to Management History.

Henry Gantt's Contribution in Scientific Management :

Henry Gantt was a consulting engineer who specialized in control systems for shop scheduling. Gantt saw the importance of the human element in production and introduced the concept of motivation as used in industry today.

He introduced two new features in Taylor's pay incentive scheme. First, every worker who finished a day's assigned work load was to win a 50 cent bonus for that day. Second even the foreman was rewarded with a bonus for each worker who reached the daily standard, plus an extra bonus if all the workers reached it. Gantt felt that this would motivate a foreman to teach his worker to do 'he job well. Gantt also developed the idea of rating an employee publicly.

Gantt developed the Gantt Charts that provides a graphical representation of the flow of work required to complete a give task. The chart represent each Planned stage of the work, showing both scheduled times and actual time. This chart is precursor of modern day control techniques like Critical Path Techniques (CPM) and Programme Evaluation and Review Technique (PERT)

Frank Gilbreth and Lillian Gilbreth's contribution to Scientific Management Theory :

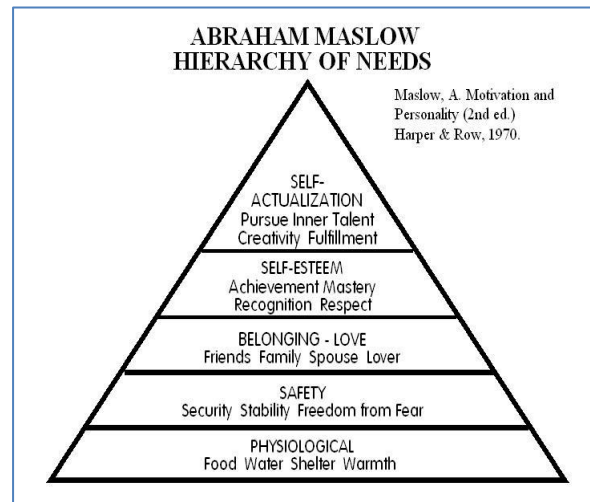
Frank and Lillian Gilbreth made their contribution to the scientific management movement as a husband –wife team. The Gilbreths turned motion study into an exact science. They used motion pictures for studying and streamlining work motions. They catalogued seventeen different hand motions such as 'grasp', 'hold' thereby paving the way for work simplification. These they called 'therbligs'. Thus, they focused more on the production system along with taking care of the human side of management.

Gilbreths had 12 children. Frank and Lillian Gilbreth were so dedicated to the idea of finding the one best way to do every job that two of their children wrote Cheaper by the Dozen, a humorous recollection of scientific management and motion study applied to Gilbreth household.

The use of the camera in motion study stems from this time and the Gilbreths used micro-motion study in order to record and examine detailed short-cycled movements as well as inventing cyclographs and chronocycle graphs to observe rhythm and movement.

Que : Explain Maslow's Hierarchy of Needs.

Maslow's hierarchy of needs is a theory in psychology, proposed by Abraham Maslow in his 1943 paper "A Theory of Human Motivation." In 1943, Abraham H. Maslow theorized that people were motivated by a hierarchy of needs. These needs are :



(1) **Physiological Needs** : These needs are related to the survival and maintenance of life. These include food, clothing, shelter etc.

For the most part, physiological needs are obvious – they are the literal requirements for human survival. If these requirements are not met, the human body simply cannot continue to function.

(2) **Safety Needs** : These consist of safety against murder, fire, accident, security against unemployment etc.

(3) **Social Needs** : These needs include need for love , affection, belonging or association with family, friends and other social groups.

After physiological and safety needs are fulfilled, the third layer of human needs are interpersonal and involve feelings of belongingness. The need is especially strong in childhood

(4) **Ego or esteem needs** : These are needs derived from recognition, status , achievement, power , prestige etc. *Esteem presents the normal human desire to be accepted and valued by others.*

(5) **Self-fulfillment** : It is need to fulfill what a person considers to be his real mission of life *"What a man can be, he must be." This forms the basis of the perceived need for self-actualization. This level of need pertains to what a person's full potential is and realizing that potential.*

Unit-2 : Management History

Que : Discuss the behavioral approach to management. Discuss the Hawthorne experiments in detail.

Scientific Management Approach was concerned with physical mechanical aspects of work. Human element is absent in it. Behavioral approach to management is concerned with human element and human behavior. The behavioral management theory is often called the human relations movement because it addresses the human dimension of work. They believed that a better understanding of human behavior at work such as motivation, conflict, and expectation will improve productivity.

A theory of motivation had three assumptions :

1. Human needs are never completely satisfied
2. Human behavior is motivated by the need for satisfaction
3. Need can be classified according to a hierarchical structure of important

In 1927, a group of researchers led by Elton Mayo and Fritz Roethlisberger of the Harvard Business School were invited to join in the studies at the Hawthorne Works of Western Electric Company, Chicago. The experiment lasted up to 1932. The Hawthorne Experiments brought out that the productivity of the employees is not the function of only physical conditions of work and money wages paid to them. Productivity of employees depends heavily upon the satisfaction of the employees in their work situation.

The Hawthorne experiment consists of four parts.

1. Illumination Experiment.
2. Relay Assembly Test Room Experiment.
3. Interviewing Programme.
4. Bank Wiring Test Room Experiment.

(1) Illumination Experiment : This experiment was conducted to establish relationship between output and illumination. When the intensity of light was increased, the output also increased. The output showed an upward trend even when the illumination was gradually brought down to the normal level. Therefore, it was concluded that there is no consistent relationship between output of workers and illumination in the factory. There must be some other factor which affected productivity.

(2) Relay Assembly Test Room Experiment :

This phase aimed at knowing not only the impact of illumination on production but also other factors like length of the working day, rest hours, and other physical conditions. In this experiment, a small homogeneous work-group of six girls was constituted. These girls were friendly to each other and were asked to work in a very

informal atmosphere under the supervision of a researcher. Productivity and morale increased considerably during the period of the experiment. Productivity went on increasing and stabilized at a high level even when all the improvements were taken away and the pre-test conditions were reintroduced. The researchers concluded that socio-psychological factors such as feeling of being important, recognition, attention, participation, cohesive work-group, and non-directive supervision held the key for higher productivity.

(3) Mass Interview Program : Around 20000 workers have been interviewed. The researchers observed that the replies of the workmen were guarded. Therefore, this approach was replaced by an indirect technique, where the interviewer simply listened to what the workmen had to say. Researcher found that individual performance is motivated by group. Upward communication is important as workers felt that their voices have been heard by authority.

(4) Bank Wiring Test Room Experiment : The experiment was conducted to study a group of workers under conditions which were as close as possible to normal. This group comprised of 14 workers. After the experiment, the production records of this group were compared with their earlier production records. It was observed that the group evolved its own production norms for each individual worker, which was made lower than those set by the management. There are Informal Groups in Organization. Informal Groups sets their own standards which is not compatible with company's standard. Because of this, workers would produce only that much, thereby defeating the incentive system. Those workers who tried to produce more than the group norms were isolated, harassed or punished by the group.

Conclusion : Behavioral science is concerned with the social and psychological aspects of human behavior in organization. Behavioral Approach proves that people working in an organization have their needs and goals, which may differ from the organization's needs and goals. It also proves that individual behavior is closely linked with the behavior of the group to which he belongs. Informal leadership, rather than the formal authority of supervision is more important for group performance. Behavioral Approach considered the human variables within the organization only and the other variables which also played a major role in the functioning of the organization were ignored. In Behavioral approach, concentration was on the lower level of organization and not the middle and the upper level of the organization.

Unit-2 : Management History

Que : Discuss Systems Approach of Management.

System Approach is the most acceptable approach in the modern management. The major contributors are Herbert A. Simon, George Homans, Philip Selznick etc. This approach considers organization as a unified, directed system of integrated parts. It emphasized that every organization is composed of different parts and one part affects all other parts in a varying degree.

The key concept of system approach is the holistic approach to a problem which indicates that no part or segment of the system can be analyzed accurately without considering the whole system and similarly no system can be conceived without understanding each of the parts of the system.

Following aspects of the system approach should be understood clearly :

(1) **System** : The term system is derived from Greek Word "synistanai," which means to bring together or combine. A System is a set of interdependent parts which together form a unitary whole. The organization is a sub-system of four interdependent parts: task, structure, people and technology.

(2) **Sub-system** : Each part of the system as a whole is known as a sub-system. The entire system is integrated with such a characteristic of sub-system in a linear manner. For example, machine shop is a sub-system of production department.

(3) **Synergy** : Synergy means that the whole (system) is greater than the sum of its parts. Synergy indicates two plus two is greater than four. This implies that departments within an organization which interact cooperatively are more productive than they would be if they operated in isolation.

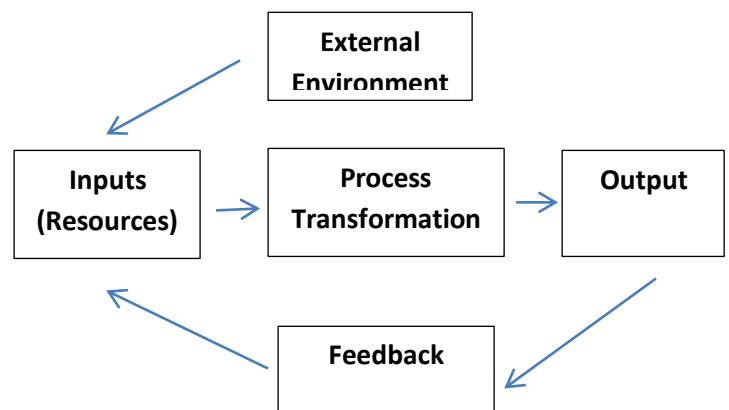
(4) **Entropy** : Entropy is the tendency of system to run down or die if it does not receive fresh inputs from its environment.

(5) **Open and Close System** : Open system interacts with external environment while close system does not interact with external environment.

(6) **System Boundary** : Each system has its own boundary which separates it from other systems in environment. The boundary is rigid in the close system and is flexible under open system. For example, chemical factory must consider pollution control as it will affect the surrounding climate.

(7) **Flow** : Inputs are translated into outputs through the flows. Such flows could be informational or physical. Information, Material and Energy enter into the system as input, then they undergo process and result in output. Input comes from the outer world and the resulting output once again goes to the outer world.

(8) **Feedback** : Feedback is a key process in controlling the system. This is the mechanism of control. Under the feedback process, the results are fed back to original inputs or other parts of the system. Information can be fed back either during the transformation process or at the output stage.



A few years ago, product developers at Motorola Corp. thought about building a stylish new mobile phone called the Razr. The developers consulted immediately with manufacturing, engineering, purchasing and dealers to discuss feasibility of their idea. Working together, the units of the organization produced a highly successful product in a tight competitive market.

Limitations/ Criticisms : This approach is theoretical and abstract and is not amenable practice in reality. People have their individual goals. Organization goals and individual goals make the whole system confusing. The system approach is more suitable for a large complex organization, not for small units. The system approach does not contribute to any newer knowledge.

Conclusion : System approach to management advocates that manager should not accept limited view of responsibility. They should not consider their units / departments as an individual and isolated units. Subordinate, Manager and individual department should try to maximize their performance and contribution to all departments of organization.

Unit-2 : Management History

Que – What is the major task of the manager according to the contingency approach ?

The Contingency approach emerged out of the system approach. It is extension rather a refinement of the system approach. This is also known as the situational theory. According to this theory, there is no best way to manage all situations. In other words, there is no one best way to manage. The contingency approach was developed by managers, consultant and researchers. Paul Hersey and Ken Blanchard developed the contingency of leadership. The contingency approach to management emerged from the real life experience of managers who found that no single approach worked consistently in every situation. The basic idea of this approach is that number management technique or theory is appropriate in all situations. The main determinants of a contingency are related to the external and internal environment of an organization.

Contingency approach advocates that managerial actions and organizational design must be appropriate to the given situation and a particular action is valid only under certain conditions. There is no one best approach to management and it all depends on the situation. In other words, managerial action is contingent upon external environment. There is no one best approach for all situations. What a manager does depends upon a given situation and there is an active inter-relationship between the variables in a situation and the managerial action

Under the contingency approach, the task of the manager can be as under :

- (1) To get familiarized with all available techniques
- (2) To possess the ability to diagnose the situation properly and in an objective manner by studying the prevailing conditions
- (3) The ability to decide that which technique will work best in a given situation.

According to Contingency approach, “The task of managers is to identify which technique will, in a particular situation, under particular circumstances, and at a particular time, best contribute to the attainment of management goals.

An Open System Perspective : Open system thinking is the fundamental characteristic. It is necessary to understand how organizational subsystems combine together to interact with the environment.

A Research Orientation : Contingency researcher believe in translating their observation into tools and situational refinements for more effective management. This is based on the assumption that practical research leads to effective management.

A Multivariate Approach : Multivariate analysis is used to determine how several variables interact to produce an outcome.

Features of contingency approach

1. Management is externally situational: the conditions of the situation will determine which techniques and control system should be designed to fit the particular situation.
2. Management is entirely situational.
3. There is no best way of doing anything.
4. One needs to adapt himself to the circumstances.
5. It is kind of “if” “then” approach
6. It is a practically suited.
7. Management policies and procedures should respond to environment.

There are three major elements of the overall conceptual framework for contingency management; the environment, management concepts and techniques and the contingent relationship between them.

Limitations/ Criticisms of Contingency Approach

- (1) This approach suggests that “managerial act depends on situation” but it has not developed the techniques of identifying a particular situation and the appropriateness of a particular techniques to a given situation.
- (2) A particular management problem in a given situation might have tacked in a unique manner. But it is very difficult to conclude that it was the best solution in the given situation.
- (3) This approach highlights that manager should study the situation. However it falls to develop the skill of anticipating situations to control.
- (4) Critics of the contingency approach have blamed it to lack theoretical foundation and are basically intuitive.
- (5) Managers need to analyze a situation and use ideas from the various schools of thought to find solution. This is very complex and confusing process.

Unit-2 : Management History

Que – What are the different approaches to management ? Explain them taking the essence of each approach.

ANSWER OF THIS QUESTION CAN BE GIVEN BY WRITING MAIN POINTS FROM SCIENTIFIC, BEHAVIORAL, SYSTEM AND CONTINGENCY APPROACH. THIS IS SAMPLE ANSWER. NO NEED TO READ IT AS YOU CAN WRITE DOWN FROM PREVIOUS QUESTIONS.

Scientific Management Approach

Scientific Management is often called Taylorism. Its main objective was improving economic efficiency. It was one of the earliest attempts to apply science to management. The core ideas of scientific management were developed by Frederick Winslow Taylor in the 1880s and 1890s, and were first published in his book Shop Management and The Principles of Scientific Management. While working as a lathe operator and foreman at Midvale Steel, Taylor noticed the natural differences in productivity between workers. Taylor observed that every work includes some necessary and unnecessary movements. Unnecessary movements take away some time and energy from workers. If these movements were avoided, the performance and the output would increase. Differential Piece Rate Payment motivates the workers to perform better than the standards set. Taylor proposed that there is one best method to do any Job. The movement of material within the company should be scientifically done. Taylor emphasized the scientific selection of people and the need for appropriate training. He developed the concept of work : “one best way of doing a job”

Behavioral Approach to Management

Scientific Management Approach was concerned with physical mechanical aspects of work. Human element is absent in it. Behavioral approach to management is concerned with human element and human behavior. The behavioral management theory is often called the human relations movement because it addresses the human dimension of work. They believed that a better understanding of human behavior at work such as motivation, conflict, and expectation will improve productivity. Behavioral science is concerned with the social and psychological aspects of human behavior in organization. Behavioral Approach proves that people working in an organization have their needs and goals, which may differ from the organization’s needs and goals. It also proves that individual behavior is closely linked with the behavior of the group to which he belongs. Informal leadership, rather than the formal authority of supervision is more important for group performance.

System Approach to Management

System Approach is the most acceptable approach in the modern management. The major contributors are Herbert A. Simon, George Homons, Philip Selznick etc. This approach considers organization as a unified, directed system of integrated parts. It emphasized that every organization is composed of different parts and one part affect all other parts in a varying degree. System approach to management advocates that manager should not accept limited view of responsibility. They should not consider their units / departments as an individual and isolated units. Subordinate, Manager and individual department should try to maximize their performance and contribution to all departments of organization.

Contingency Approach to Management

According to this theory, there is no best way to manage all situations. In other words, there is no one best way to manage. The contingency approach was developed by managers, consultant and researchers. Paul Hersey and Ken Blanchard developed the contingency of leadership. The contingency approach to management emerged from the real life experience of managers who found that no single approach worked consistently in every situation.

Universal Approach to Management

This approach considered management as a process. The process of management consists of several functions like planning, organizing, directing, controlling. The pioneering work was done by Henry Fayol. According to this approach, authority originates at top and flows downwards in unbroken manner,

Quantitative Approach

This approach primarily focuses on the use of mathematical models. This approach strived to resolve the problems amenable for quantitative analysis like transportation problems, linear programming etc. It provides an objective base for decision making.

Unit – 2 : Management History

Que : Distinguish Theory X and Theory Y given by Douglas McGregor.

Social psychologist Douglas McGregor studied the general behavior of human beings and classified such behavior into two parts which is popularly known as Theory X and Theory Y.

Theory X

Theory X revolves around the traditional assumption about the human behavior that they are pessimistic in nature. The basic assumptions of Theory X about worker's behavior are – they dislike the work, they are unwilling to assume responsibility, they are dull and not ambitious, they avoid any assigned work and so should be supervised closely. Douglas McGregor through his research support challenged these assumptions because they are untrue in most of the circumstances.

Theory Y

He propounded an alternative theory y which poses optimistic behavior patterns of the workers. These assumptions highlights that workers are ready to do hard work, they are ready to assume responsibility, they exercise self-imposed discipline avoiding the need of close supervision, they possess the capacity to innovate, they get psychic pleasure in doing the work and consider work as rest or play

Theory X assumes that the average person :

- Dislikes work and attempts to avoid it.
- Has no ambition, wants no responsibility, and would rather follow than lead.
- Is self-centered and therefore does not care about organizational goals.
- Resists change.
- Is gullible and not particularly intelligent.

Theory Y makes the following general assumptions:

- Work can be as natural as play and rest.
- People will be self-directed to meet their work objectives if they are committed to them.
- Most people can handle responsibility because creativity and ingenuity are common in the population.

McGregor argued that the managers should change their mindset about theory X and should motivate the employees taking into account the set of theory Y assumptions. It will contribute to the better results through tapping the creative and innovative capabilities of the employees

Theory Z by William Ouchi

William Ouchi conducted the research on both American and Japanese management approaches to identify the underlying critical factors for success. These research findings resulted into the evolution of new theory known as "Theory Z." Theory Z combines the positive aspects of both American and Japanese management styles. Theory Z approaches considers the following issues :

Main Points of Theory Z

- (1) Job security to employees to ensure their loyalty, committed behavior and long-term association with the company they serve.
- (2) It also emphasizes the job rotation for the development of the cross-sectional skills.
- (3) It advocates the participation of employees in the decision-making process.
- (4) The organization is concerned about the development of employees through providing training opportunities and also in the well-being of the employees and their families.

Theory Z is an approach to management based upon a combination of American and Japanese management philosophies and characterized by, among other things, long-term job security, consensual decision making, slow evaluation and promotion procedures, and individual responsibility within a group context.

Research shows that, since the boom years of Japanese industry in the 1980's and 90's, the effect of Ouchi's theory Z has been fairly mixed. Some suggest that its impact has been limited. Others suggest that organizations that adopt Theory Z-type practices reap big rewards in terms of employee satisfaction, motivation and performance. Either way, there is no doubt that William Ouchi left his mark on the development of management thinking.

Unit-2 : Management History

Que : Explain Quantitative Approach to Management. (Out of Syllabus)

During World War II, mathematicians, physicists, and other scientists joined together to solve military problems. The quantitative school of management is a result of the research conducted during World War II. The quantitative approach to management involves the use of quantitative techniques, such as statistics, information models, and computer simulations, to improve decision making. This school consists of several branches, described in the following sections.

Management Science

The management science school emerged to treat the problems associated with global warfare. Today, this view encourages managers to use mathematics, statistics, and other quantitative techniques to make management decisions. Managers can use computer models to figure out the best way to do something — saving both money and time. Managers use several science applications. Mathematical forecasting helps make projections that are useful in the planning process.

Inventory modeling helps control inventories by mathematically establishing how and when to order a product. Queuing theory helps allocate service personnel or workstations to minimize customer waiting and service cost.

Operations management

Operations management is a narrow branch of the quantitative approach to management. It focuses on managing the process of transforming materials, labor, and capital into useful goods and/or services. The product outputs can be either goods or services; effective operations management is a concern for both manufacturing and service organizations. Operations management today pays close attention to the demands of quality, customer service, and competition.

Management information systems

Management information systems (MIS) is the most recent subfield of the quantitative school. A management information system organizes past, present, and projected data from both internal and external sources and processes it into usable information, which it then makes available to managers at all organizational levels. The information systems are also able to organize data into usable and accessible formats. As a result, managers can identify alternatives quickly, evaluate alternatives by using a spreadsheet program, pose a series of “what-if” questions, and finally, select the best alternatives based on the answers to these questions.

Que : Explain Classical / Universal Approach to Management. (Out of Syllabus)

This approach considered management as a process. The process of management consists of several functions like planning, organizing, directing and controlling. The pioneering work was done by Henry Fayol. The process concept was universally accepted and became the base around which the modern theory of management developed. Some other contributors of this approach are Max. Weber, Marry Parker, Follett Chester 1 Barnard, Colonel L. Urwick, James Mooney, Railey etc.

Main points of this Classical /Universal approach

- (1) Management is a process consisting of several elements like planning, organizing, directing and controlling.
- (2) The authority originates at top and flows downwards in an unbroken manner passing through scalar chain.
- (3) The authority and responsibility should be equated and be communication in writing.
- (4) The span of control should be limited depending upon nature of work. In repetitive work, the span can be longer but for non-repetitive work, it should be shorter.
- (5) Authorities can be delegated but responsibilities are absolute and cannot be delegated.
- (6) This approach emphasized the important human resources as compared to non-human resources like machine and material.
- (7) Max Webber’s concept of bureaucracy emphasized the rational division of activities to be integrated into a formal hierarchical structure.

Limitations / Criticisms

- (1) This approach emphasized the mechanistic organization structure which ignored the psychological and social need of people like social acceptance, esteem and self-actualization. Some principles developed under this approach are contradictory e.g. the principles of unity of command of superior and the principles of specialization of subordinates do not stand simultaneously.

If any questions related to Henry Fayol, Classical Theory, Administration Theory, Modern Theory will be asked, then you need to merge this answer with “Principles of Management” (Unit-1)

Unit-2 : Management History

Que : Explain Schools (thoughts) of Management.

The schools of management thought are theoretical frameworks for the study of management. Each of the schools of management thought are based on somewhat different assumptions about human beings and the organizations for which they work.

Disagreement exists as to the exact number of management schools. Different writers have identified as few as three and as many as twelve. Those discussed below include (1) the classical school, (2) the behavioral school, (3) the quantitative or management science school, (4) the systems school, (5) and the contingency school.

THE CLASSICAL SCHOOL

The classical school is the oldest formal school of management thought. Its roots pre-date the twentieth century. The classical school of thought generally concerns ways to manage work and organizations more efficiently. Three areas of study that can be grouped under the classical school are scientific management, administrative management, and bureaucratic management.

(1) SCIENTIFIC MANAGEMENT.

Scientific management was introduced in an attempt to create a mental revolution in the workplace. It can be defined as the systematic study of work methods in order to improve efficiency. Frederick W. Taylor was its main proponent. Other major contributors were Frank Gilbreth, Lillian Gilbreth, and Henry Gantt.

(2) ADMINISTRATIVE MANAGEMENT.

Administrative management focuses on the management process and principles of management. Henri Fayol is the major contributor to this school of management thought.

Fayol argued that management was a universal process consisting of functions, which he termed planning, organizing, commanding, coordinating, and controlling. Fayol believed that all managers performed these functions and that the functions distinguished management as a separate discipline of study apart from accounting, finance, and production. Fayol also presented fourteen principles of management.

(3) BUREAUCRATIC MANAGEMENT

Bureaucratic management focuses on the ideal form of organization. Max Weber was the major contributor to bureaucratic management. Based on observation, Weber concluded that many early organizations were inefficiently managed, with decisions based on personal relationships and loyalty. He proposed that a form of organization, called a bureaucracy, characterized by division of labor, hierarchy, formalized rules, impersonality, and the selection and promotion of employees based on ability, would lead to more efficient management. Weber also contended that managers' authority in an organization should be based not on tradition or charisma but on the position held by managers in the organizational hierarchy.

THE BEHAVIORAL SCHOOL

The behavioral school of management thought developed, in part, because of perceived weaknesses in the assumptions of the classical school. The classical school emphasized efficiency, process, and principles. Some felt that this emphasis disregarded important aspects of organizational life, particularly as it related to human behavior. Thus, the behavioral school focused on trying to understand the factors that affect human behavior at work. It includes :

- (1) Human Relations (Hawthorne Experiments)
- (2) Behavioral Science

THE QUANTITATIVE SCHOOL

The quantitative school focuses on improving decision making via the application of quantitative techniques. Its roots can be traced back to scientific management. It includes ;

- (1) Management Science
- (2) Operations Management
- (3) Management Information Systems

SYSTEMS SCHOOL

The systems school focuses on understanding the organization as an open system that transforms inputs into outputs. This school is based on the work of a biologist, Ludwig von Bertalanffy, who believed that a general systems model could be used to unite science. Early contributors to this school included Kenneth Boulding, Richard Johnson, Fremont Kast, and James Rosenzweig.

The systems school began to have a strong impact on management thought in the 1960s as a way of thinking about managing techniques that would allow managers to relate different specialties and parts of the company to one another, as well as to external environmental factors. The systems school focuses on the organization as a whole, its interaction with the environment, and its need to achieve equilibrium.

CONTINGENCY SCHOOL

The contingency school focuses on applying management principles and processes as dictated by the unique characteristics of each situation. It emphasizes that there is no one best way to manage and that it depends on various situational factors, such as the external environment, technology, organizational characteristics, characteristics of the manager, and characteristics of the subordinates

CONTEMPORARY "SCHOOLS" OF MANAGEMENT THOUGHT

Management research and practice continues to evolve and new approaches to the study of management continue to be advanced. This section briefly reviews two contemporary approaches: total quality management (TQM) and the learning organization. While neither of these management approaches offer a complete theory of management, they do offer additional insights into the management field.

UNIT - 3 IN 5 MINUTES

TYPES OF ORGANIZATION	TYPES OF DEPARTMENTALIZATION	CENTRALIZATION AND DECENTRALIZATION
<p>“Organization is a system of co-operative activities of two or more persons.” Organization is the process of dividing up of the activities.</p> <p>1) LINE ORGANIZATION : In this type of organization, authority flows from top to bottom and responsibility flows from bottom to top.</p> <p>2) FUNCTIONAL ORGANIZATION : The main feature of functional organization is the division of work and specialization. In each department, there is one expert. An expert is not only a counselor but also an administrator. He advises his subordinates. An Expert does not only bear responsibility of his department but also bear responsibility of all departments.</p> <p>3) LINE AND STAFF ORGANIZATION : Line and staff organization is that in which the line heads are assisted by specialist staff. In each department, there is one expert and some line personnels / line officials. Line official will do all managerial work and expert will give advice to line official or line personnel.</p>	<p>Departmentalization is the process of breaking down an enterprise into various departments.</p> <p>(1) FUNCTIONAL DEPARTMENTALIZATION : Functional departmentalization defines departments by the functions like accounting or purchasing.</p> <p>(2) GEOGRAPHICAL DEPARTMENTALIZATION : Geographical departmentalization is an arrangement of departments according to geographic area or territory.</p> <p>(3) PRODUCT DEPARTMENTALIZATION : Companies may have multiple products. . All common activities required to produce and market a product are grouped together.</p> <p>(4) PROCESS DEPARTMENTALIZATION : Departmentalization is done on the basis of processing.</p> <p>(5) CUSTOMER DEPARTMENTALIZATION : Customer divisions are divisions set up to service particular types of clients or customers</p>	<p>CENTRALIZATION is the degree to which decision making takes place at upper levels of the organization.</p> <p>(1) Environment is stable. (2) Lower-level managers are not as capable or experienced. (3) Decisions are relatively minor. (4) Company is large. (5) Lower-level managers do not want a say in decisions.</p> <p>DECENTRALIZATION is the degree to which decision making takes place at lower-level</p> <p>(1) Environment is complex, uncertain. (2) Lower-level managers are capable or experienced at making decisions. (3) Decisions are significant. (5) Company is geographically dispersed. (6) Lower-level managers want a voice in decisions.</p> <p><i>Dictatorship is an example of centralized structure and democracy is an example of decentralization.</i></p>
SPAN OF CONTROL	VERTICAL AND HORIZONTAL DIMENSIONS	TALL AND FLAT STRUCTURE OF ORGANIZATION
<p>Span of Control states that how many employees can a manager efficiently & effectively manage ? OR The number of persons who are directly responsible to the executive is called the span of control.</p> <p>The numbers of persons which can be effectively supervised by single executive is 6 to 8 in an average firm. However when activities are routine then executive can supervise 20 to 30.</p> <p>If span is small, an executive may tend to over supervise & may even do span leading to his subordinates.</p> <p>If span is large, executive may not be able to supervise his subordinates effectively & they may become careless or feel neglected.</p>	<p>The horizontal dimension defines the basic departmentation i.e. production, marketing etc. Departmentation is the process of diving an enterprise into different parts i.e. smaller, flexible administrative units or sections.</p> <p>The Vertical dimension of the structure relate to the creation of hierarchy of superiors and subordinates, leading to the establishment of a managerial structure. It clearly defines that who will report to whom.</p> <p>Importance of Vertical and Horizontal Dimensions</p> <ol style="list-style-type: none"> To establish “Superior-Subordinate” relationship To define chain of command To define span of control To establish flow of information To get advantage of specialization 	<p>If the span of control is narrow, then there will be many management levels. That is, there will be many managers. This organization structure is called "Tall Organization Structure".</p> <p>If the span of control is wide, then there will be fewer management levels. That is, there will be fewer managers. This organization structure is called "Flat Organization Structure".</p> <p>In Tall Organisation Structure, a manager has to manage only a few subordinates. Thus very good in terms of Control, Close Supervision.</p> <p>In Flat Organisation Structure, a manager has to manage many subordinates. Thus, there is loose control and poor supervision.</p>
FORMALIZATION	MATRIX AND VIRTUAL ORGANIZATION	TYPES OF ORGANIZATIONAL STRUCTURE
<p>Formalization refers to how standardized an organization’s jobs are and the extent to which employee behavior is guide by rules and procedures.</p> <p>WORK SPECIALIZATION</p> <p>It is also known as division of labor. An organization is composed of man power of different specialization or skills. So there should be proper division of work among different workers.</p> <p>CHAIN OF COMMAND</p> <p>It is the line of authority extending from upper organizational levels to lower levels, which clarifies who reports to whom. Mangers need to consider it when organizing work because it helps employees with questions such as “Who do I report to?” and “Who do I go to if I have a problem?”</p>	<p>Matrix organization is a hybrid structure. Matrix Organization is a combination of two or more organization structures. For example, Functional Organization and Project Organization. The employee has to work under two authorities (bosses).</p> <p>A Virtual org. is a network of firm held together by the product. A Virtual Org. might not have even have a permanent office. A virtual organization consists a group of companies, acting as one company to fulfill a need in the marketplace.</p> <p>Self-organizing systems are to put in simple manner – the system whose parts are separate, independent of each other, and then these parts acts in such a way that they form connections with each other. Thus, this system is a system that emerges from “independent parts” to interdependent parts” of the system.</p>	<p>There are three main types of organizational structure: functional, divisional and matrix structure.</p> <p>FUNCTIONAL STRUCTURE : Functional structure is set up so that each portion of the organization is grouped according to its purpose. In this type of organization, for example, there may be a marketing department, a sales department and a production department.</p> <p>DIVISIONAL STRUCTURE : Divisional structure typically is used in larger companies that operate in a wide geographic area or that have separate smaller organizations within the umbrella group to cover different types of products or market areas</p> <p>MATRIX STRUCTURE : The third main type of organizational structure, called the matrix structure, is a hybrid of divisional and functional structure.</p>

Unit - 3 : Organizational Structure and Design

Que : Define "Organization." Explain types of organization.

"Organization is a system of co-operative activities of two or more persons." Organization is essentially a matter of relationship of man to man, job to job and department to department. Organization is the process of dividing up of the activities which are necessary to any purpose and arranging them in groups which are assigned to individuals. Organization is necessary for attaining maximum efficiency with minimum of resources.

There are three main types of organization structure.

- 1) **Line organization**
- 2) **Functional organization**
- 3) **Line and Staff organization.**

Line Organization (Oldest and Simplest Style)

In this type of organization, the line of authority flows directly from top to bottom and the line of responsibility flows from bottom to top in opposite direction. Each departmental head has complete control over his section and he is fully authorized to select his labor, staff, purchases of raw materials, stores and to set the standards of output etc. The responsibility of each departmental head is clearly defined. Each department works as a self-supporting unit.

Advantages

1. **Simplicity** : It is easy to establish and simple to understand. The entire activities are broadly grouped into departments. Each departmental head having complete command over his department.
2. **Strong in discipline** : Due to unity of command and unified control it is possible to maintain strict discipline. The duties and responsibilities of each individual are clearly defined.
3. **Unity of command** : It establishes clear cut superior subordinate relationships. Each subordinate is responsible to only one superior. This develops a sense of responsibility and loyalty.

Disadvantages

1. **Undue reliance** : Loss of one or two capable men may put the organization in difficulties.
2. **Personal limitations** : In this type of organization an individual executive cannot do justice to all different activities, because cannot be specialized in all trades.
3. **Overload of work** : Departmental heads are overloaded with various routine jobs hence they can not spend time for important managerial functions like planning, development, budgeting etc.

Functional Organization

F.W. Taylor suggested functional organization, because it was difficult to find all-round persons qualified to work at middle management levels in the line organizations. In this type of organizations specialists like production engineer, design engineer, maintenance engineer, purchase officer etc. are employed.

Each specialist is supposed to give his functional advice to all other foremen and workers. Each specialist is authorized to give orders to workers, but only in regard of his field of specialization.

The main feature of functional organization is the division of work and specialization. In each department, there is one expert. An expert is not only a counselor but also an administrator. He advises his subordinates. An Expert does not only bear responsibility of his department but also bear responsibility of all departments. For example, Purchase Manager will take responsibility of purchasing items for all departments. HR Manager will take responsibility of recruitment of all departments.

Advantages

1. **Separation of work** : In functional organization mental work has been separated from routine work. Specialized and skilled supervisory attention is given to workers. The result is increase in rate of production and improved quality of work.
2. **Ease of selection and training** : Functional organization is based upon expert knowledge. The availability of guidance through experts make it possible to train the workers properly in comparatively short span of time.
3. It helps in mass production by standardization and specialization.

Disadvantages

1. **Indiscipline** : Since the workers receive instructions from number of specialists it leads to confusion to whom they should follow.
2. **Shifting of Responsibility** : It is difficult from the top management to locate responsibility for the satisfactory work. Everybody tries to shift responsibilities on others for the faults and failures.
3. **Increase in Cost** : High salary is paid to the experts employed. This increases the total cost of the job.

Line and Staff Organization

The line and staff organization combines the line organization with staff departments that support and advise line department. In each department, there is one expert and some line personnels / line officials. Line official will do all managerial work and expert will give advice to line official or line personnel.

Line and staff organization is that in which the line heads are assisted by specialist staff. The line maintains discipline and stability, staff provides experts information and helps to improve overall efficiency. Thus the staff are thinkers while the line are doers.

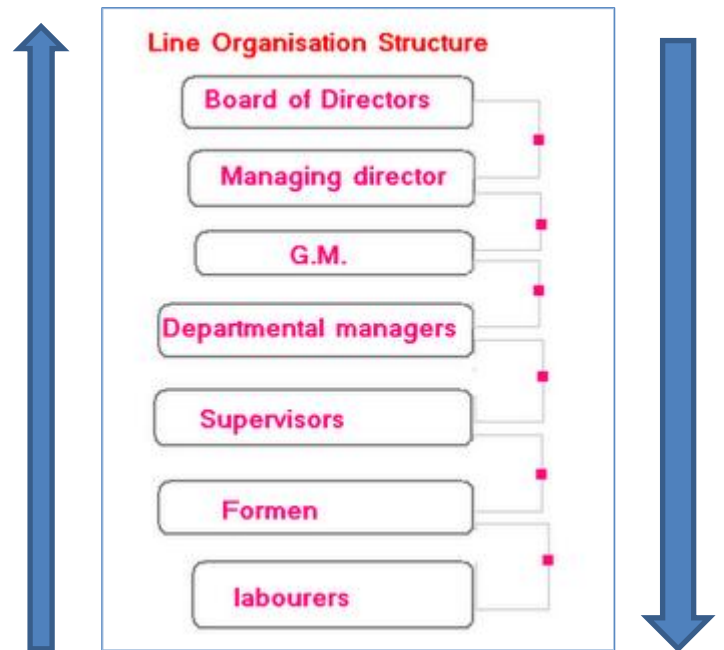
Advantages

- 1. Planned Specialization** : The line and staff is a duplex organization, dividing the whole work into creative plan and action plan. The creative plan is concerned with original thinking and the action plan takes care of the execution of work.
- 2. Availability of specialized knowledge** : The staff with expert knowledge provides opportunities to the line officers for adopting rational multidimensional views towards a problem. Therefore it helps to take sound decisions.
- 3. Adaptability to progressive business.** This type of organization contains good features of both line as well as functional organization. Specialized staff can devoted their time for planning, method study research, collection of data etc.,
- 4. Less wastage & Improved Quality.**

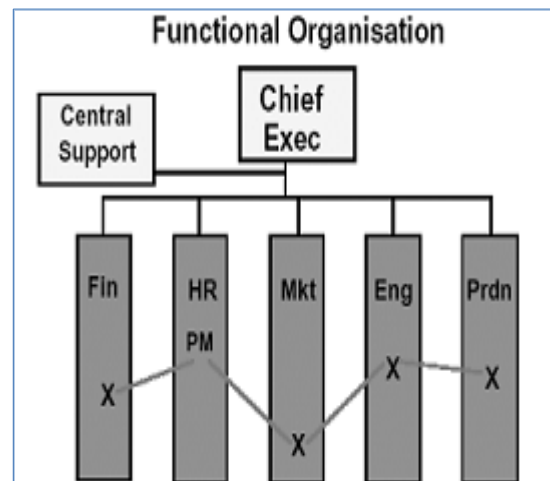
Disadvantages

- 1. Chances of Misinterpretation** : Although the expert's advice is available, yet it reaches the workers through line supervisors. The line officers may fail to understand the meaning of advice and there is always a risk of misunderstanding and misinterpretation.
- 2. Expensive** : The overhead cost of the product increases because of high salaried specialized staff.
- 3. Loss of initiative by line executives** : If is they start depending too much on staff may lose their initiative drive and ingenuity.

Line Organization



Functional Organization



Unit - 3 : Organizational Structure and Design

Que – Define ‘Departmentalization.’ List different types of departmentalization.

Departmentalization is the process of breaking down an enterprise into various departments. How jobs are grouped together is called departmentalization. A Department is an organization unit that is headed by a manager who is responsible for its activities. Departmentation and Division of labour are same things. However technically both are different. Both emphasize on the use of the specialized knowledge, but departmentation has higher management level strategic considerations while the division of labour has a lower level operating considerations.

Aim : To group activities and personnel to make manageable units.

Types / Methods/Basis of Departmentalization

There are five common forms of departmentalization

- (1) Functional Departmentalization
- (2) Geographical Departmentalization
- (3) Product Departmentalization
- (4) Process Departmentalization
- (5) Customer Departmentalization

FUNCTIONAL DEPARTMENTALIZATION

It groups jobs according to function.

Functional departmentalization defines departments by the functions each one performs such as accounting or purchasing. Every Organization must perform certain jobs in order to do its work. For example, Manufacturing, Production, R & D, Purchasing etc. Same kinds of jobs are grouped together in departments. This kind of departmentalization includes persons with same knowledge or skills (like Accounting Department having persons of commerce, Marketing Department having MBA persons). As in department people with same skill and knowledge are there. Their focus becomes narrow and they cannot appreciate each other's work in the same department.

Advantages :-

- Efficiencies from putting together similar specialist and people with common skills, knowledge, and orientations.
- In-depth specialization.
- Co-ordination within functional area.

Limitations :-

- Poor communication across functional areas.
- Limited view of organizational goals.

GEOGRAPHICAL DEPARTMENTALIZATION

It groups jobs according to geographic region.

Geographical departmentalization is an arrangement of departments according to geographic area or territory. It divides works well for international business. Geographical Departmentalization is beneficial when Organization are spread over a wide area. Even each part or areas have different requirement or interests. For example, marketing a product in Western Europe may have different requirements than marketing the same product in Southeast Asia. Market area is broken up into sales territories like Northern, Southern, West, East. The Salesman appointed for each territory report to their regional or territorial manager. These manager again reports to the sales manager who is head of the sales department.

Advantages :-

- More effective and efficient handling of specific regional issues that arise.
- Serve needs of unique geographic markets better.

Limitations :-

- Duplication of functions.
- Can feel isolated from other organizational areas.

PRODUCT DEPARTMENTALIZATION

It groups jobs by product line.

Companies may have multiple products. Like Maruti is producing Alto, Zen, Swift. Large companies are often organized according to the product. All common activities required to produce and market a product are grouped together. Major disadvantages are duplication of resources. Each product requires most of the same functional areas such as finance, marketing, production etc. For example, Samsung manufactures Phones, T.V., Tablet etc. For each product, they have same functional department like marketing, production etc. Thus, it is duplication of functions.

Product Departmentalization has become important for large complex organization.

Advantages :-

- Allows specialization in particular products and services.
- Managers can become experts in their industry.
- Closer to customers.

Limitations :-

- Duplication of functions.
- Limited view of organizational goals.
-

PROCESS DEPARTMENTALIZATION

It groups Jobs On The Basis Of Product Or Customer Flow.

Departmentalization is done on the basis of processing. In manufacturing organizations, the location of manufacturing plant or department can be at different location due to cost of raw material and even labour charges. Even departmentalization can be done depending on the types of machines required. The similar types of machines can be kept at one place e.g. all lathes, all drilling machines, all shapers etc. Activities are grouped into separate sections, each kept at one place.

Advantages :-

- More efficient flow of work activities.

Limitations :-

- Can only be used with certain types of products.

CUSTOMER DEPARTMENTALIZATION

It groups Jobs On The Basis of specific And Unique Customers

Customer divisions are divisions set up to service particular types of clients or customers. Some companies or organization divides the different units based on customers or markets. For example, any PC manufacturing company like HP has different divisions like Consumer PC, Commercial PC, and Workstations etc. Nokia previously had three divisions like Consumer Phone, Business Phone & Smart Phone. Recently Nokia had changed their departmentalization from customer to process base. Now there are only two divisions : Hardware and Software base departmentalization. They will also sell their software to other mobile company. Another example is an educational institution offers regular and extension courses to cater to the needs of different students groups.

Advantages :-

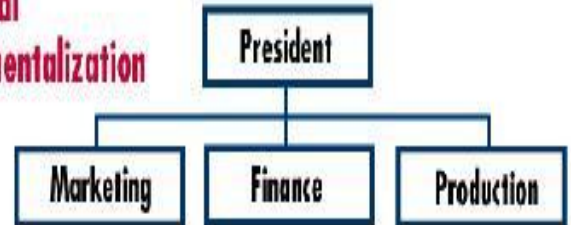
- Customers' needs and problems can be met by specialists

Limitations :-

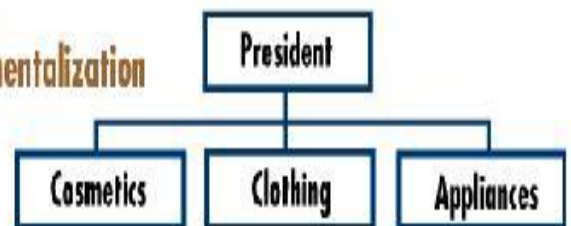
- Duplication of functions.
- Limited view of organizational goals.

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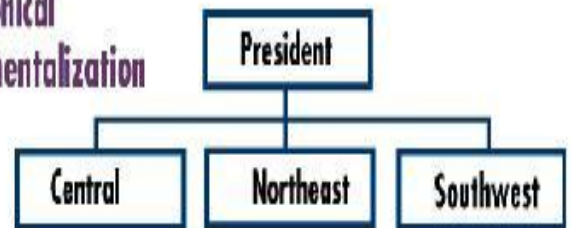
Functional Departmentalization



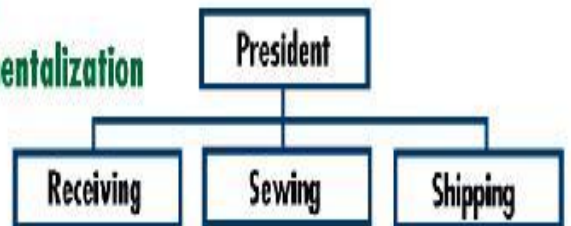
Product Departmentalization



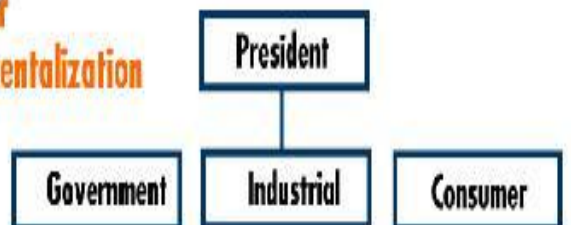
Geographical Departmentalization



Process Departmentalization



Customer Departmentalization



Unit - 3 : Organizational Structure and Design

Que – Explain centralization and decentralization of authority in detail.

The Process of delegation of authority primarily refers to the centralization or decentralization of authority.

Centralization is the degree to which decision making takes place at upper levels of the organization. If top managers make key decisions with little input from below, then the organization is more centralized. With a centralized structure, line and staff employees have limited authority to carry something out without prior approval. Centralized organizations are known for decreased span of control – a limited number of employees report to a manager, who then report to the next management level.

Decentralization is the degree to which decision making takes place at lower-level employees provide input or actually make decisions, the more decentralization is there. Decentralization seeks to eliminate the unnecessary levels of management and to place authority in the hands of first line managers and staff – thus increasing the span of control with more employees reporting to one manager.

Centralization

- (1) Environment is stable.
- (2) Lower-level managers are not as capable or experienced at making decisions as upper level managers
- (3) Decisions are relatively minor.
- (4) Organization is facing a crisis or the risk of company failure.
- (5) Company is large.
- (6) Lower-level managers do not want a say in decisions.

Decentralization

- (1) Environment is complex, uncertain.
- (2) Lower-level managers are capable or experienced at making decisions.
- (3) Decisions are significant.
- (4) Corporate culture is open to allowing managers a say in what happens.
- (5) Company is geographically dispersed.
- (6) Lower-level managers want a voice in decisions.

Dictatorship is an example of centralized structure and democracy is an example of decentralization.

Advantages of Centralization :

1. Uniformity of decision can be maintained.
2. Quality of decision is better since each and every decision comes from top.
3. Duplication of resource utilization can be prevented.
4. Better integration of planning, directing and control activities.
5. Better coordination of work and efforts of different departments.
6. Flexibility will be high.

Advantages of Decentralization

1. Higher level management can concentrate on work.
2. It develops lower level managers to be promoted to higher level responsibilities.
3. It develops creativity and innovativeness in lower level managers.
4. It increases the morale of the lower level employees.
5. It enables to use the opportunities and local level advantages.
6. It facilitates quick and spot decision making.
7. It helps in locating the responsibilities for wrong decisions.

The degree of centralization and decentralization will depend upon the amount of authority delegated to the lowest level. According to Allen, “Decentralization refers to the systematic effort to delegate to the lowest level of authority except that which can be controlled and exercised at central points. Centralization” is the systematic and consistent reservation of authority at central points in the organization.”

Business owners should carefully consider which type of organizational structure to use in their company. Small organizations typically benefit from centralized organizational structures because owners often remain at the forefront of business operations. Larger organizations usually require a more decentralized structure since such companies can have several divisions or departments.

Unit - 3 : Organizational Structure and Design

Que : Explain 'Span of Control'. State merits and demerits of a limited span of control. Discuss the factors affecting the span of control.

It states that how many employees can a manager efficiently & effectively manage ? OR The number of persons who are directly responsible to the executive is called the span of control.

No single executive should have more people looking to him for controlling & guidance than he can reasonably manage because :-

Limited time

Limited available energy.

The numbers of persons which can be effectively supervised by single executive is 6 to 8 in an average firm. However when activities are routine then executive can supervise 20 to 30.

If span is small, an executive may tend to over supervise & may even do span leading to his subordinates.

If span is large, executive may not be able to supervise his subordinates effectively & they may become careless or feel neglected.

Suppose, you have 4000 workers in Organization. If you divide those workers in 4 groups then you need 1000 Managers. If a span is small, you need 1000 managers and will take large amount of money in terms of Annual Salary of Managers. But Workers will get proper supervision. Now, if we divide those workers in 8 groups then you need 500 Managers. If a span is big then you need 500 managers and will save company's money.

Determinants of Span of Control :

Colonel Urwick stated that the number of subordinates under one superior should range between 4 and 12 depending upon various determinants of the span of control.

(i) Competence of Superior : Competence of Superior is capable enough to handle more subordinates.

(ii) Competence of the subordinates : Competent subordinates disturb less to superior.

(iii) Nature of work : In case of repetitive work, more subordinates can be handled by one superior.

(iv) Means of communication : If subordinates use appropriate media then one superior can handle more number of supervisors.

(v) Leadership Style : In case of autocratic style, the frequency of meeting of subordinates with superior is high.

Merits of Span of Control :

1. Superior can supervise effectively and competently
2. Specialization is encouraged and utilized.
3. Superior can concentrate on limited area of operations.
4. Higher degree of disciplines can be exercised,
5. If results into all the advantages of tall structure.

Demerits of Span of Control :

1. It increases the scalar chain from top to bottom.
2. It demotivates the employees as the contacts between top and bottom is lengthened.
3. It results into all disadvantages of tall structure.

The advantages of a narrow span of control are :

A narrow span of control allows a manager to communicate quickly with the employees under them and control them more easily Feedback of ideas from the workers will be more effective. It requires a higher level of management skill to control a greater number of employees, so there is less management skill required

The advantages of wide span of control are :

There are less layers of management to pass a message through, so the message reaches more employees faster It costs less money to run a wider span of control because a business does not need to employ as many managers

MOST IMPORTANT

If any question like "key elements / characteristics of Org. Design / Org. Structure / Organization" will be asked, six below mentioned point should be added.

For example :

Describe the six key elements of the organization design ?

The elements are as follows :-

1. **Work specialization**
2. **Departmentalization**
3. **Chain of command**
4. **Span of control**
5. **Centralization and decentralization**
6. **Formalization.**

Then write down little about each point.

Unit - 3 : Organizational Structure and Design

Que : What is Organization Structure ? Why are both vertical and horizontal dimensions important to organization structure ?

The Organization structure is a skeleton or a framework that divides the total activities into related groups, develops superior and subordinate relationship among the persons by prescribing the authorities.

Thus, it indicates the hierarchy (Persons arranged according to rank), authority structure and reporting relationships.

The organizational structure differs from industry to industry. It usually depends upon,

1. **Size of the organization.**
2. **Nature of the product being manufactured.**
3. **Complexity of the problems being faced**

HORIZONTAL DIMENSION

The horizontal dimension defines the basic departmentation i.e. production, marketing etc. Departmentation is the process of dividing an enterprise into different parts i.e. smaller, flexible administrative units or sections.

VERTICAL DIMENSION

The Vertical dimension of the structure relate to the creation of hierarchy of superiors and subordinates, leading to the establishment of a managerial structure. It clearly defines that who will report to whom.

Considering both horizontal and vertical aspects the formal structure of the organization gets defined.

Importance of Vertical and Horizontal Dimensions

1. To establish "Superior-Subordinate" relationship
2. To define chain of command
3. To define span of control
4. To establish flow of information
5. To get advantage of specialization
6. To make the role of each individual clear
7. To prevent duplication of work
8. To ensure optimum utilization of resources at minimum possible cost.

Que : Discuss about the tall and flat structure of organization.

Tall Structure of Organization

Meaning : If the span of control is narrow, then there will be many management levels. That is, there will be many managers. This organization structure is called "Tall Organization Structure".

Formal : In Tall Organisation Structure, a manager has to manage only a few subordinates. Therefore, the relationship between them will be informal. Personal relationships are possible.

Control : In Tall Organisation Structure, there is a close control because there are few subordinates.

Mistakes : In Tall Organisation Structure, there are less mistakes because of close supervision and control.

Discipline : In Tall Organisation Structure, Good discipline can be maintained because there are few subordinates.

Cost : Tall Organisation Structure is costly because it has many managers

Process : In Tall Organisation Structure, Decision making and Communication is slow because there are many levels of management.

Flat Structure of Organization

Meaning : If the span of control is wide, then there will be fewer management levels. That is, there will be fewer managers. This organization structure is called "Flat Organization Structure".

Formal : In Flat Organisation Structure, a manager has to manage many subordinates. Therefore, the relationship between them will be formal.

Control : In Flat Organization Structure, there is a loose control because there are many subordinates.

Mistake : In Flat Organization Structure, many mistakes may occur because of loose supervision and control.

Discipline : In Flat Organization Structure, the possibility of indiscipline exists because there are many subordinates.

Cost : Flat Organization Structure is less costly because it has less managers.

Process : In Flat Organization Structure, Decision making and Communication is quick because there are few levels of management.

Unit - 3 : Organizational Structure and Design

Que : When a matrix structure can be used ? (Manager in matrix type of organization)

Matrix organization is a hybrid structure. Matrix Organization is a combination of two or more organization structures. For example, Functional Organization and Project Organization.

The organization is divided into different functions, e.g. Purchase, Production, R & D, etc. Each function has a Functional (Departmental) Manager, e.g. Purchase Manager, Production Manager, etc.

The organization is also divided on the basis of projects e.g. Project A, Project B, etc. Each project has a Project Manager e.g. Project A Manager, Project B Manager, etc. The employee has to work under two authorities (bosses). The authority of the Functional Manager flows downwards while the authority of the Project Manager flows across (side wards). So, the authority flows downwards and across. Therefore, it is called "Matrix Organization".

Functional Manager : The Functional Manager has authority over the technical (functional) aspects of the project.

Project Manager : The Project manager has authority over the administrative aspects of the project. He has full authority over the financial and physical resources which he can use for completing the project.

For example, all engineers may be in one engineering department and report to an engineering manager but these same engineers may be assigned to different projects and report to a project manager while working on that project. Therefore each engineer may have to work under several managers to get their job done.

Advantages of Matrix Organization

- Sound Decisions
- Development of Skills
- Top Management can concentrate on Strategic Planning : Responds to Changes in Environment
- Specialization
- Optimum Utilization of Resources
- Motivation

Limitations of Matrix Organization

- Increase in Work Load
- High Operational
- Absence of Unity of Command
- Difficulty of Balance
- Power Struggle
- Morale
- Complexity
- Shifting of Responsibility

Que : Explain New Forms of Organization Virtual and Self Organizing Systems.

Virtual Organization

You might ask yourself the question "Why do we need to go to a specific physical place to work?"

The answer often is that either "this is where the people that you work with are" or "that this is where you find the information you need as well as the means to process it"- in summary where your office is.

But what if you no longer had to go to this place to contact the people or get the information? Instead all this could be done electronically and you and everyone else would do their work from any location. In that case you can have taken the first few steps to a virtual organization.

A Virtual org. is a network of firm held together by the product. A Virtual Org. might not have even have a permanent office. For example, "**John Taylor**" is a renowned company. When you try to track down the John Taylor company, you find there are no John Tylor designers, no John Taylor manufactures. It is just 3 people in an office subcontracting out all functions.

A virtual organization consists a group of companies, acting as one company to fulfill a need in the marketplace. These companies collaborate, share skills, information, products, services etc in order to meet the goal of customer fulfillment. Indeed, a company can itself be a virtual enterprise consisting of interdependent departments. These companies operate independently of each other but work together to meet a common goal of meeting a need in the market.

A virtual organization or company is one whose members are geographically apart, usually working by computer e-mail and groupware while appearing to others to be a single, unified organization with a real physical location.

Self-Organizing Systems

Self-organizing systems are to put in simple manner – the system whose parts are separate, independent of each other, and then these parts acts in such a way that they form connections with each other. Thus, this system is a system that emerges from "independent parts" to interdependent parts" of the system.

In other words these systems can be considered as spontaneous interconnecting systems.

Unit - 3 : Organizational Structure and Design

Que : Explain Formalization, Work Specialization & Chain of Command

Formalization

Formalization refers to how standardized an organization's jobs are and the extent to which employee behavior is guided by rules and procedures.

In highly formalized organizations, there are explicit job descriptions, numerous organizational rules, and clearly defined procedures covering work processes.

Employees have little discretion over what's done, when it's done, and how it's done. However, where formalization is low, employees have more discretion in how they do their work.

Work Specialization

It is also known as division of labor. An organization is composed of man power of different specialization or skills. So there should be proper division of work among different workers.

Advantages :-

1. Increase in production rate.
2. Quality of product is better.

Disadvantages :-

1. Workers may lose interest due to repetition of jobs.
2. Workers may not get change for job enlargement.
3. Work becomes boredom & chances of absenteeism increased & reduced performance.

Chain of command

It is the line of authority extending from upper organizational levels to lower levels, which clarifies who reports to whom. Managers need to consider it when organizing work because it helps employees with questions such as "Who do I report to?" and "Who do I go to if I have a problem?"

1. **Authority** :- It refers to the rights inherent in a managerial position to tell people what to do and to expect them to do it. Authority empowers the superior to make a subordinate to do the work. Lines of authority should be clearly established in the structure of organization in order to avoid overlapping actions.

2. **Responsibility** :- A manager assigns work to employees & these employees have to perform the assigned duties. This obligation is known as responsibility.

3. **Unity of Command** :- It states that a person should report to only one manager, without unity of command it creates confusion & problems.

Que : Explain types of Organizational Structure.

If this question will be asked, Types of organization (Line, Functional, Staff etc) should be written to avoid confusion.

There are three main types of organizational structure: functional, divisional and matrix structure.

Functional Structure

Functional structure is set up so that each portion of the organization is grouped according to its purpose. In this type of organization, for example, there may be a marketing department, a sales department and a production department. The functional structure works very well for small businesses in which each department can rely on the talent and knowledge of its workers and support itself. However, one of the drawbacks to a functional structure is that the coordination and communication between departments can be restricted by the organizational boundaries of having the various departments working separately.

Divisional Structure

Divisional structure typically is used in larger companies that operate in a wide geographic area or that have separate smaller organizations within the umbrella group to cover different types of products or market areas. For example, the now-defunct Tecumseh Products Company was organized divisionally--with a small engine division, a compressor division, a parts division and divisions for each geographic area to handle specific needs. The benefit of this structure is that needs can be met more rapidly and more specifically; however, communication is inhibited because employees in different divisions are not working together. Divisional structure is costly because of its size and scope. Small businesses can use a divisional structure on a smaller scale, having different offices in different parts of the city, for example, or assigning different sales teams to handle different geographic areas.

Matrix Structure

The third main type of organizational structure, called the matrix structure, is a hybrid of divisional and functional structure. Typically used in large multinational companies, the matrix structure allows for the benefits of functional and divisional structures to exist in one organization. This can create power struggles because most areas of the company will have a dual management--a functional manager and a product or divisional manager working at the same level and covering some of the same managerial territory.

UNIT - 4 IN 5 MINUTES

ORGANIZATIONAL CULTURE	"CHANGE IS CRUCIAL FOR ORGANIZATION"	LEWIN'S CHANGE PROCESS
<p>Culture is a set of values and beliefs that has been defined by community and society. Organizational culture is a system of shared beliefs, values, assumptions and rituals which has been defined by organizational people.</p> <p>Corporate culture can be looked at as a system. At the surface level, culture can be visible in symbols, slogans, languages, behaviors, histories and stories, dress codes rituals and ceremonies. But actually it is associated with objectives and functions.</p> <p>The organizational culture is largely articulated with reference to the prevailing internal and external environment.</p> <p><u>Seven Dimensions / Attributes of Culture</u></p> <ol style="list-style-type: none"> (1) <u>Innovation and Risk Taking</u> (2) <u>Outcome Orientation</u>. (3) <u>People Orientation</u> (4) <u>Team Orientation</u> (5) <u>Stability</u> (6) <u>Attention to Detail</u> (7) <u>Aggressiveness</u> 	<p>Organization survival is dependent on a series of exchange with external environment. If any change occurs in external environment, organization must change according to change in external environment. The company must update with the outside world by adaptations such as changing marketing strategy, bringing in new product range, revamping its organizational structure, manufacturing technologies and locations.</p> <ol style="list-style-type: none"> (1) Average life span of a corporations is much shorter than its potential life span (2) The average corporate life expectancy is less than 50 years (3) There are a few successful companies with age ranging from 100 to 700 years. <p>There are few companies, among successful living companies. These long living companies survive and exists in a world that they have no control over, the world is highly unstable and very difficult to influence in any way. This is possible only when the companies are willing to adapt to the change.</p>	<p>In 1950s, Kurt Lewin developed a model to understand change in organization. His model is known as Unfreeze Change Refreeze, refers to the three-stage process of change he describes.</p> <p>If you have a large cube of ice, but realize that what you want is a cone of ice, what do you do? First you must melt the ice to make it amenable to change (unfreeze). Then you must mold the iced water into the shape you want (change). Finally, you must solidify the new shape (refreeze).</p> <ol style="list-style-type: none"> (1) <u>UNFREEZE</u> : This first stage of change involves preparing the organization to accept that change is necessary, which involves break down the existing status quo before you can build up a new way of operating. (2) <u>CHANGE</u> : After the uncertainty created in the unfreeze stage, the change stage is where people begin to resolve their uncertainty and look for new ways to do things. (3) <u>REFREEZE</u> : When the changes are taking shape and people have embraced the new ways of working, the organization is ready to refreeze.
FORMAL AND INFORMAL GROUPS	INTERNAL AND EXTERNAL ENVIRONMENT	ORGANIZATIONAL BEHAVIOUR
<p>Formal groups are official and rational structure. It depends on authority, responsibility and accountability while Informal organization are groups (networks) of people formed spontaneously. It is based upon social instincts, friendship, shared attitudes, interests, culture, linguistic and regional similarities.</p> <p><u>Advantages of Informal Groups</u></p> <ul style="list-style-type: none"> • Social Status and Satisfaction, • Communication Channel, • Social Control <p><u>Disadvantages of Informal Groups</u></p> <ul style="list-style-type: none"> • Role Conflict • Rumor 	<p>The environment refers to the forces that affect the organizational performance. The environment are basically classified into two categories.</p> <ol style="list-style-type: none"> (1) <u>INTERNAL ENVIRONMENT</u> refers to the factors which are within the organization and are controllable by managerial decisions and action. They include (i) technology know how (ii) manufacturing know-how (iii) marketing know-how (iv) distribution know-how (v) logistics know -how (2) <u>EXTERNAL ENVIRONMENT</u> refers to factors and forces outside the organization that affect the organization's performance. 	<p>Behaviour is actions of individual in a given environmental situation and organization. Organizational behavior is study of how people behave within organizations as individuals and as groups. Organizational behavior is systematic study of how behavior of the people individuals as well as groups is and how it is affected while working for and within an organization.</p> <p><u>Models of Organizational Behaviour</u></p> <ol style="list-style-type: none"> (1) Autocratic Model (2) Custodial Model (3) Supportive Model (4) Collegial Model (5) S-O-B-C Model
PRINCIPLE OF ORGANIZATION	STRONG AND WEAK CULTURE	SCHEIN'S THREE LEVELS OF CULTURE
<ol style="list-style-type: none"> 1) Unity of Objectives 2) Efficiency 3) Span of Control 4) Scalar Principle and Delegation 5) Authority and Responsibility 6) Unity of Command 7) Departmentation 8) Balance: 9) Leadership 10) Continuity <p><u>REQUIREMENT OF SOUND ORGANIZATION</u></p> <ol style="list-style-type: none"> 1) Setting Objectives 2) Determination of Activities 3) Grouping Activities 4) Setting Authorities and Responsibilities 5) Establishing Inter-relationships 6) Preparing Organization Chart 	<p>Culture in which key values are deeply and widely held is called Strong Culture. Strong cultures have a strong influence on organizational members.</p> <p><u>STRONG CULTURE</u></p> <ol style="list-style-type: none"> 1) Employees are more loyal in organizations with strong culture. 2) Organizations with strong culture have shown better performance. 3) Employees have clarity about the organizational culture. <p><u>WEAK CULTURE</u></p> <ol style="list-style-type: none"> 1) Employees are less loyal in organizations with weak culture. 2) Performance of organizations with weak culture is not as good as the organizations with strong culture. 3) Employees are not clear about the Organizational culture. 	<p>Schein has suggested three levels of culture. These three levels of culture are also called as basic elements of culture.</p> <p>The three basic elements of organizational culture (3 levels of culture) are</p> <p><u>ARTIFACTS</u> : Artifacts are things that "one sees, hears, and feels". It includes products, services, and behaviors of group members. Artifacts are everywhere so we can see, hear or feel them.</p> <p><u>ESPOUSED VALUES</u> : Espoused values are the values that we want to promote and adopt in the organization. These are the reasons that we give for doing what we do.</p> <p><u>BASIC ASSUMPTIONS</u> : These are the beliefs and assumptions that members take for granted. Certain values are assumed (taken for granted) by the members of the organization. These are unspoken assumptions.</p>

Unit - 4 : Organizational Culture and Environment

Que : Define Organizational Culture. Explain the attributes of organizational culture.

Que : What factors affect the relative ease of managing organizational culture ?

Que : Describe how culture is transmitted to employees.

Que : Describe seven dimensions of organizational culture.

Que : What roles does culture play in organization and to employees ?

Culture is a set of values and beliefs that has been defined by community and society. **Organizational culture is a system of shared beliefs, values, assumptions and rituals which has been defined by organizational people.**

Every organization has a culture. The norms of this culture are not written. You can sense it, feel it but you cannot see Organizational Culture. Corporate culture can be looked at as a system. At the surface level, culture can be visible in symbols, slogans, languages, behaviors, histories and stories, dress codes rituals and ceremonies. But actually it is associated with objectives and functions. Do not expect your organization culture to be easily changed by switching your logos, rearranging the layout of your office space.

The success or failure of an organization is attributed to the prevailing culture in organization. The organizational culture is largely articulated with reference to the prevailing internal and external environment. The environment refers to the forces that affect the organizational performance. The environment are basically classified into two categories : (1) Internal (2) External

- (1) Internal Environment refers to the factors which are within the organization and are controllable by managerial decisions and action.
- (2) External Environment refers to factors and forces outside the organization which affect the organization's performance.

According to Eliott Jacques, an organizational culture is 'the custom or traditional ways of thinking and doing things...' In other words, Organizational culture is a framework that guide day to day behavior and decision making for employees and directs their actions towards completion of organizational jobs.

There are two levels of culture : One visible and one invisible. First, on the visible level, are the behavior patterns and styles of the employees. Second, on the invisible level, are the shared values and assumptions. This second level is the more difficult to change.

When employees join an organization, the manager introduces them to culture of the organization during training sessions or during interviews. Through words and actions the manager conveys the written and unwritten rules that all employees must follow. Company's slogans, architecture of a company's building and grounds can reflect its corporate culture.

Some illustrative organizational culture is presented :

- (1) Mind Tree, a global IT firm posses a strong passion for custom satisfaction.
- (2) IBM emphasized the team work approached by employees.
- (3) Vijay Mallya's lavish lifestyle influenced him to provide excellent facility to passengers in his airline Kingfisher.
- (4) Kuman Manglam, Birla Group and Dhirubhai Ambani of Ambani Group always drew best talent in respective field.
- (5) Nirma's founder Karshanbhai Patel followed risk taking appetite.

Seven Dimensions / Attributes of Culture

(1) **Innovation and Risk Taking** : Risk and returns go hand in hand. Places where you take a risk (calculated risk of course!), the chances of returns are higher

(2) **Outcome Orientation** : Some organizations pay more attention to results rather than processes.

(3) **People Orientation** : Some organizations are famous for being employee oriented as they focus more on creating a better work environment for its 'associates' to work in. Others still are feudal in nature, treating employees no better than work-machines.

(4) **Team Orientation** : It is a well-established fact today that synergistic teams help give better results as compared to individual efforts. Each organization makes its efforts to create teams that will have complementary skills and will effectively work together.

(5) **Stability** : While some organizations believe that constant change and innovation is the key to their growth, others are more focused on making themselves and their operations stable. The managements of these organizations are looking at ensuring stability of the company rather than looking at indiscriminate growth.

(6) **Attention to Detail** : It is the degree of the details employees are expected to exhibit the precision and analysis.

(7) **Aggressiveness** : It is the degree to which employees in organization are aggressive and competitive rather than mild and co-operative.

Unit - 4 : Organizational Culture and Environment

Que: “Change is crucial for the survival of a business organization.”

Things are neither created nor destroyed really. They only change their forms. Change crucial for human life. What is true for human life is also true for organizations. An organization is like a living organism.

Organization survival is dependent on a series of exchange with external environment. If any change occurs in external environment, organization must change according to change in external environment.

The company must update with the outside world by adaptations such as changing marketing strategy, bringing in new product range, revamping its organizational structure, manufacturing technologies and locations.

Research has proved very interesting findings :

- (1) Average life span of a corporations is much shorter than its potential life span
- (2) The average corporate life expectancy is less than 50 years
- (3) There are a few successful companies with age ranging from 100 to 700 years.

There are few companies, among successful living companies, who have faced the challenges of change during the Middle Ages, the Reformation, the wars, the Industrial Revoulution and the two world wars. These long living companies survive and exists in a world that they have no control over, the world is highly unstable and very difficult to influence in any way. This is possible only when the companies are willing to adapt to the change.

For example. Lloyd and IBM are the best examples who have lived for many years.

Over 300 years ago, Lloyd’s started out in Edward Lloyd’s coffee house as a place where ship owners and merchants could meet with financiers to discuss ways to match the risks they faced at sea with the capital they needed to insure them. The world has changed a lot in 300 years, but no matter what social, political or economic changes have taken place, Lloyd’s has always provided new types of insurance to meet new needs. Lolyd insured the first motorcars in the UK and we were also involved in insuring the first ever commercial space flights.

In brief, the organizations which manage the change and adapt themselves to the change effectively only stand a better chance of living longer. Everything has birth, growth and decay. Old things ultimately give way to new ones. Just as Human , Companies are also facing the problem of decay and death. If any organization is compatible with changes, it will live up to many years.

Que : Explain the change process. OR Lewin’s model of change process

Change is a common thread that runs through all businesses regardless of size, industry and age. One of the cornerstone models for understanding organizational change was developed by Kurt Lewin back in the 1950s, and still holds true today.

His model is known as Unfreeze Change Refreeze, refers to the three-stage process of change he describes.

If you have a large cube of ice, but realize that what you want is a cone of ice, what do you do? First you must melt the ice to make it amenable to change (unfreeze). Then you must mold the iced water into the shape you want (change). Finally, you must solidify the new shape (refreeze).



Cube of Ice



Cone of Ice

(1) **Unfreeze** : This first stage of change involves preparing the organization to accept that change is necessary, which involves break down the existing status quo before you can build up a new way of operating. This first part of the change process is usually the most difficult and stressful. When you start cutting down the “way things are done”, you put everyone and everything off balance. It may evoke strong reactions / oppositions in people, and that exactly what needs to be done

(2) **Change** : After the uncertainty created in the unfreeze stage, the change stage is where people begin to resolve their uncertainty and look for new ways to do things. People start to believe and act in ways that support the new direction. The transition from unfreeze to change does not happen overnight: People take time to embrace the new direction and participate proactively in the change. In order to accept the change and contribute to making the change successful, people need to understand how the changes will benefit them. Not everyone will fall in line just because the change is necessary and will benefit the company.

(3) **Refreeze** : When the changes are taking shape and people have embraced the new ways of working, the organization is ready to refreeze. As part of the Refreezing process, make sure that you celebrate the success of the change this helps people to find closure, thanks them for enduring a painful time, and helps them believe that future change will be successful.

Unit - 4 : Organizational Culture and Environment

Que : Explain formal and informal groups. State of advantages and disadvantages of Informal Group.

BEST ANSWER CAN BE FOUND IN UNIT -1

Formal groups are official and rational structure. It depends on authority, responsibility and accountability while Informal organization are groups (networks) of people formed spontaneously. It is based upon social instincts, friendship, shared attitudes, interests, culture, linguistic and regional similarities.

Historically, some have regarded the informal organization as the byproduct of insufficient formal organization.

Advantage of Informal Group

(1) **Social Status and Satisfaction** : Informal groups provides social status and satisfaction which may not be obtained from the formal organization. Members of informal groups shares jokes, gripes, eat together, play and work together and are friend which contributes to personal esteem.

(2) **Communication Channel** : The informal group develops a communication channel (known as grapevine) to keep its members informed about what management actions will affect them in various ways.

(3) **Social Control** : They provide social control by influencing and regulating behavior inside and outside group.

Disadvantages of Informal Group

(1) **Role Conflict** : The quest for informal group satisfaction may lead members away from formal organizational objectives. What is good for and desired by informal group members is not always good for the organization. For example, Students by bunking the class and spending time with friends completes objectives of informal group but at the cost of study which is formal objective.

(2) **Rumor** : “Grapevine Communication” and “Rumor” are product of informal group. This can create problems for employees. Suppose one informal group is jealous about one employee. They will try to spoil image of that employees by spreading rumor. Rumor can be heard as genuine news as it was told by group.

Benefits of Informal Organization

- Blend with formal system
- Lighten management workload
- Fill gaps in management abilities

Que : Write a note on internal and external environment.

The environment refers to the forces that affect the organizational performance. The environment are basically classified into two categories.

(1) **INTERNAL ENVIRONMENT** refers to the factors which are within the organization and are controllable by managerial decisions and action. They include (i) technology know how (ii) manufacturing know-how (iii) marketing know-how (iv) distribution know-how (v) logistics know -how

(2) **EXTERNAL ENVIRONMENT** refers to factors and forces outside the organization that affect the organization’s performance.

EXTERNAL ENVIRONMENT are further classified into two categories :

(a) **Specific External Environment** – Economic, Social, Political, Legal ,Technological, Global

(b) **General External Environment** – Customers, Suppliers, Competitors, Public Pressure

The environment which affects the managerial performance can be stable and dynamic. The degree of change in such environment and its impact on managerial performance is presented below :

Stable

- (1) Stable and predictive environment. It is less complex.
- (2) Competitors are few in number.
- (3) Minimum need for mastering sophisticated knowledge of components.

Dynamic

- (1) Dynamic and unpredictable environment.
- (2) Competitors are large in number.
- (3) Maximum need for mastering sophisticated knowledge of quick adjustments to changing environment.

Unit - 4 : Organizational Culture and Environment

Que : Explain Organizational Behavior & Models of Organizational Behavior

Behaviour is actions of individual in a given environmental situation and organization. Organizational behavior is study of how people behave within organizations as individuals and as groups.

Organizational behavior is systematic study of how behavior of the people individuals as well as groups is and how it is affected while working for and within an organization. Organization behavior is systematic body of behavior of individuals and groups with organizations and how organizational members and their external environment influence each other

Study of organization behavior enables individual to better understand his organizational roles and responsibilities and position. Study of organizational behavior helps individuals in understanding stress and encourages them to find ways to cope with it effectively.

Models of Organizational Behaviour

(1) **Autocratic Model** : All the powers are bested in one person or a few person. All affairs of business and people are governed by orders, rules and regulations. This model can be correlated to following theories :

McGregor's Theory X, Maslow's Hierarchy of Needs.

(2) **Custodial Model** : In this model , economic resources of the organization are a driving force and a chief concern of the organization. Employee depends on the organization for security and welfare. This model can be correlated to following theories :

Maslow's Hierarchy of Needs, Managerial Grid Theory

(3) **Supportive Model** : Leadership is a predominant force. Employees are well motivated and enjoy support from their leaders and managers while working, solving problems, facing hurdles and taking on bigger challenges. This model can be correlated to following theories :

McGregor's Theory Y, Maslow's Hierarchy of Needs.

(4) **Collegial Model** : This Model values employee needs and wants. It respects dignity of human beings. This model can be correlated to following theories :

Maslow's Hierarchy of Needs, Managerial Grid Theory

(5) **S-O-B-C Model** : Organizational Behavior is influenced by several internal and external factors. "S" means Situation, "O" means Organizm, "B" means Behavior and "C" means consequences



Que : Strong and Weak Culture. Types of Organizational Culture

Strong Culture

- Culture in which key values are deeply and widely held is called Strong Culture.
- Strong cultures have a strong influence on organizational members.
- Employees are more loyal organizations with strong culture (rate of employee turnover is less).
- Organizations with strong culture have shown better performance.
- In organizations with strong culture, most employees can tell stories about company history / heroes.
- Employees have clarity of cultural values (are very clear about the culture).
- One drawback (disadvantage) of strong culture is that employees may not try new approaches, especially when conditions are changing rapidly.

FACTORS INFLUENCING THE STRENGTH OF CULTURE

- **Size of the organization.**
- **Age of the organization.**
- **Rate of employee turnover.**
- **Strength of the original culture.**
- **Clarity of cultural values and beliefs.**

STRONG CULTURE

- 1) **Employees are more loyal in organizations with strong culture.**
- 2) **Organizations with strong culture have shown better performance.**
- 3) **Employees have clarity about the organizational culture.**
- 4) **Values widely shared.**

WEAK CULTURE

- 1) **Employees are less loyal in organizations with weak culture.**
- 2) **Performance of organizations with weak culture is not as good as the organizations with strong culture.**
- 3) **Employees are not clear about the Organizational culture.**
- 4) **Values limited to a few people – usually top management.**

Unit - 4 : Organizational Culture and Environment

Que : What is organization ? Write a note on principles of organization.

“Organization is a system of co-operative activities of two or more persons.” Organization is essentially a matter of relationship of man to man, job to job and department to department. Organization is the process of dividing up of the activities which are necessary to any purpose and arranging them in groups which are assigned to individuals.

Organization is necessary for attaining maximum efficiency with minimum of resources.

Unity of Objectives : The organization should be shaped to achieve its objectives. It implies that the structure of organization should be goal-oriented.

Efficiency : The principle of efficiency must be observed in formation of organizational structure. The organization can maintain efficiency by minimum waste of resource.

Span of Control : This principle takes into consideration maximum number of subordinates that a superior can supervise.

Scalar Principle and Delegation : In any organization, final authority should be located at a definite point. There must be a clear line of authority running from top to bottom. If a person finds himself overburdened, he should assign some of his duties to some other persons in the organization.

Authority and Responsibility : Responsibilities can be fulfilled in a better way if there is a proper balance between authority and responsibility.

Unity of Command : This principle was put forth by Fayol. According to this principle, each employee should receive order only from one superior.

Departmentation : Total activity of business unit should be divided into different departments, so that its objectives may be realized efficiently.

Balance : The principle of balance should be followed, to establish a balance between different departments of the organization.

Leadership : The structure of organization should be shaped that the manager gets opportunities to develop his leadership qualities and to use his capacity as a leader in business.

Continuity : The principle implies that efficiency of an organization must not be highly dependent on any single person.

Que : Explain requirements of a sound organization.

Setting Objectives : Any business unit or institution is established to attain certain specific objectives. The first step in forming organization is to decide clear objective of the enterprise.

Determination of Activities : The next step is to determine activities needed to execute the plans as per the objectives of the unit.

Grouping Activities : Once the major activities are listed, they are grouped as per their functional characteristics.

Setting Authorities and Responsibilities : After grouping, activities are given status as important and ordinary activities. Authority and Responsibility are set up at each level of activity. This will decide “Superior-subordinate” relationship.

Establishing Inter-relationships : Activities at different levels needs to be integrated for coordinated efforts towards common goal achievement.

Preparing Organization Chart : This is concluding step in formation of an organization. It is graphical representation of formal organization structure showing positions of management, staff and their relationship.

Extra : Out of Syllabus Question



Schein's Three Levels of Culture

Schein has suggested three levels of culture. These three levels of culture are also called as basic elements of culture.

The three basic elements of organizational culture (3 levels of culture) are

ARTIFACTS : Artifacts are things that “one sees, hears, and feels”. It includes products, services, and behaviors of group members. Artifacts are everywhere so we can see, hear or feel them.

ESPOUSED VALUES : Espoused values are the values that we want to promote and adopt in the organization. These are the reasons that we give for doing what we do.

BASIC ASSUMPTIONS : These are the beliefs and assumptions that members take for granted. Certain values are assumed (taken for granted) by the members of the organization. These are unspoken assumptions

UNIT - 5 IN 5 MINUTES

ETHICS AND SOCIAL RESPONSIBILITY OF MANAGEMENT	MYTHS ABOUT BUSINESS ETHICS	
<p>Social responsibility means eliminating corrupt, irresponsible or unethical behavior which might bring harm to the community, its people and the environment</p> <p>Organization survival is dependent upon a series of exchanges between the organization and its environment. If you are doing something for external environment, that means you are doing something for your own organization.</p> <p>Social responsibility is voluntary. It is about going above and beyond what is called for by the law. The concept of social responsibility is fundamental an ethical concept.</p> <p>Organizations are the part of the society. It operates within society. It utilizes resources of society like water, electricity, etc. Because of this, they need to pay for this obligation. Business is no longer a mere occupation; it is an economic institution operating in social environment.</p> <p>(1) PUBLIC IMAGE : The activities of business towards the welfare of the society earn goodwill and reputation for the business. People prefer to buy products of a company that engages itself in various social welfare programmes. Again, good public image also attracts honest and competent employees to work with such employers.</p>	<p>(2) EMPLOYEE SATISFACTION : Employees are the part of society. If you satisfy their needs, then you are doing social work.</p> <p>(3) CONSUMER AWARENESS : Now-a-days consumers have become very conscious about their rights. If you are giving higher quality products at cheap rate, that is one kind of social responsibility.</p> <p>(4) ETHICAL LEADERSHIP : It is the belief that what managers do has a strong influence on employees. If manager cheats, lies, steals or manipulates, then they are sending wrong signals to employees</p> <p>(5) A SOCIAL ENTREPRENEUR is an individual or organization who seeks out opportunities to improve society by using practical, innovative and sustainable approaches. Since the last three decades, HDFC contributes 7 % of its income to support community needs. Mahindra Tech employees donated one day salary to help victims of Bihari floods. Wipro has set up a foundation named Azim Premji Foundation to help improve education of the elementary schools in rural India.</p> <p>(6) ENVIRONMENT MANAGEMENT : Managers and Organizations can do many things to protect and preserve the natural environment which includes plastic less business by giving paper bag, creating eco-friendly product, by eliminating pollution.</p>	<p>The concept of the ethics is based on the philosophy and psychological parameters.</p> <p>(1) It is difficult to apply ethics.</p> <p>(2) There is need for ethical policy as all our employees are ethical.</p> <p>(3) Since Ethics is a complex matter, academicians and philosophers can be best people to understand it.</p> <p>(4) Business Ethics is a new fashion</p> <p>(5) Since we follow all laws, we are</p> <p>(6) Ethics is related to religion and business has nothing to do with religion.</p> <p>(7) Ethics is superfluous (unnecessary) and indicates only showiness to outside world.</p> <p>(8) It is believed that business ethics and social responsibilities of the business mean the same thing. In fact, there is a technical difference between two concepts. Business ethics deals with governing the corporate behavior towards social responsibilities.</p> <p>(9) It is believed that ethics is internal and has an individual perception and so it is not amenable for managing control.</p>
GUIDELINE FOR MANAGING ETHICS	FACTORS THAT AFFECT MANAGERIAL ETHICS	CONCEPT OF ETHICS AND MANAGER
<p>Ethics is simply the rule that say what is right and wrong as defined by a particular reference group or individual. Ethics can be defined as the principles, values and beliefs that define right and wrong decisions and behavior</p> <p>The business ethics are broadly classified into</p> <p>(i) Personal Ethics refers to the individual beliefs and the backed up behavior when they show the concern for others.</p> <p>(ii) Professional ethics refers the adherence to the set rules and standards for the good of all.</p> <p>(iii) Managerial ethics refers to the behavior of the mangers who are authorized by the promoter of the organization.</p> <p><u>Guideline for Managing Ethics in Workplace</u></p> <p>(1) Think before you act (2) Ask yourself "what if " questions (3) Seek opinions form others (4) Do what you truly believe is right (5) Encouraging Ethical Behavior (6) Employee Selection (7) Job Goals and Performance Appraisal (8) Ethics Training (9) Know your organization's policy on ethics (10) Codes of Ethics and Decision Rules</p>	<p>Ethics is simply the rule that say what is right and wrong as defined by a particular reference group or individual. Ethics can be defined as the principles, values and beliefs that define right and wrong decisions and behavior.</p> <p><u>MORAL DEVELOPMENT</u></p> <p>1. PRECONVENTIONAL LEVEL : A Person's Choice between right and wrong is based on personal consequences from outside sources such as physical punishment, reward and exchange of favors. Authority, Punishment, Fear of Boss prevents employee to practice unethical things.</p> <p>2. CONVENTIONAL LEVEL : Ethical decisions rely on maintaining expected standards and living up to the expectations of others. For example, Students often think about to bunk class but syllabus fear will prevent him from doing this thing repeatedly.</p> <p>3. PRINCIPLES LEVEL : An individual has their own moral values and principles which prevents him from doing any unethical task.</p> <p><u>INDIVIDUAL CHARACTERISTICS</u></p> <p>Our values develop from a young age, from upbringing, from family; from college and school education also affect managerial ethics.</p> <p>Ego Strength and Locus of Control also plays major role in managerial ethics. People with high ego are likely to resist impulses to act unethically. Locus of control is the degree to which people believe they control their own fate.</p>	<p>Ethics is simply the rule that say what is right and wrong as defined by a particular reference group or individual. Ethics can be defined as the principles, values and beliefs that define right and wrong decisions and behavior.</p> <p><u>MAINTENANCE OF ENVIRONMENT</u></p> <ul style="list-style-type: none"> Clean-up existing pollution Controlling noise pollution Control the use of limited land resources <p><u>CONSUMERS</u></p> <ul style="list-style-type: none"> Fair and transparent deals through advertisement and consumer education Control on harmful products <p><u>COMMUNITY NEEDS</u></p> <ul style="list-style-type: none"> Use business to solve social problems To help in education and health care To help in urban activities <p><u>GOVERNMENT</u></p> <ul style="list-style-type: none"> To encourage new innovative regulation on business Avoidance of political lobbying <p><u>SOCIETY</u></p> <ul style="list-style-type: none"> Financial support for development of human resources Financial support to socially desirable activities <p><u>MINORITIES</u></p> <ul style="list-style-type: none"> To provide training and employment To provide preferred quota for minority employment

Unit - 5 : Social Responsibility and Managerial Ethics

Que : How ethics and social responsibility play role in management ?

Que : Explain the 'social responsibility' of a business.

Que : Define Corporate Social Responsibility and state its characteristics.

State the evolution of corporate social responsibility.

Social responsibility means eliminating corrupt, irresponsible or unethical behavior which might bring harm to the community, its people and the environment.

Organization survival is dependent upon a series of exchanges between the organization and its environment. If you are doing something for external environment, that means you are doing something for your own organization. For example , if you want to set up Computer Manufacturing Company in tribal country, then you need to provide education to tribal people. On the contrary, you are doing work for your own organization.

Social responsibility is voluntary. It is about going above and beyond what is called for by the law. The concept of social responsibility is fundamental an ethical concept.

Organizations are the part of the society. It operates within society. It utilizes resources of society like water, electricity , etc. Because of this, they need to pay for this obligation. Business is no longer a mere occupation, it is an economic institution operating in social environment.

Why should Business be social responsible ?

(1) Public Image - The activities of business towards the welfare of the society earn goodwill and reputation for the business. The earnings of business also depend upon the public image of its activities. People prefer to buy products of a company that engages itself in various social welfare programmes. Again, good public image also attracts honest and competent employees to work with such employers.

(2) Government Regulation : To avoid government regulations businessmen should discharge their duties voluntarily. For example, if any firm pollutes the environment it will naturally come under strict government regulation which may ultimately force the firm to close down its business. Instead, the business firm should engage itself in maintaining a pollution free environment.

(3) Survival and Growth : Every business is a part of the society. So for its survival and growth, support from the society is very much essential. Business utilizes the available resources like land, water, electricity of

the society- So it should be the responsibility of every business to spend a part of its profit for the welfare of the society.

(4) Employee Satisfaction : Employees are the part of society. If you satisfy their needs, then you are doing social work. Besides getting good salary and working in a healthy atmosphere, employees also expect other facilities like proper accommodation, transportation, education and training. The employers should try to fulfill all the expectations of the employees because employee satisfaction is directly related to productivity and it is also required for the long-term prosperity of the organization. For example, if business spends money on training of the employees, it will have more efficient people to work and thus, earn more profit.

(5) Consumer Awareness : Now-a-days consumers have become very conscious about their rights. They protest against the supply of inferior and harmful products by forming different groups. This has made it obligatory for the business to protect the interest of the consumers by providing quality products at the most competitive price If you are giving higher quality products at cheap rate, that is one kind of social responsibility.

Principles of corporate social responsibility

(1) The charity principle required the more fortunate members of society to assist its less fortunate members including the unemployed, the handicapped, the sick and the elderly.

(2) The stewardship principle derived from the Bible , required businesses and wealthy individuals to view themselves as the stewards or caretakers of their property.

Milton Friedman argued that manager's primary responsibility is to operate the business in the best interests of the stockholders , whose primary concerns are financial.

Ethics is simply the rule that say what is right and wrong as defined by a particular reference group or individual. Use of Company Car for Private Use is unethical thing. Ethics can be defined as the principles , values and beliefs that define right and wrong decision's and behavior.

(Contid...)

Managing Ethical Lapses and Social Irresponsibility

Behavior of employees like failing asleep at work, spreading rumor about a co-worker, snooping after hours are becoming serious concern for managers. Manager can tackle this situation by two ways – by ethical leadership and protection of those who report wrongdoing.

Ethical Leadership : It is the belief that what managers do has a strong influence on employees. If manager cheats, lies, steals or manipulates, then they are sending wrong signals to employees.

Protection of employees who raise ethical issues : Some persons in company informs managers about unethical practice. It is manager's duty to protect those types of employees. Managers also need to create a culture where bad news can be heard and acted on before it's too late.

Social Entrepreneurship

A Social Entrepreneur is an individual or organization who seeks out opportunities to improve society by using practical, innovative and sustainable approaches. Social Entrepreneurs want to make the world a better place.

Samsung Galaxy Note has started social movement, "Purchase Galaxy Note and Give Note to Poor Children" to give education to less fortunate children of society.

Devi Prasad Shetty founded Narayana Hrudayalaya Hospital in Bangalore in 2001. These hospitals perform 32 heart surgeries a day. 60 % of the treatments are provided below cost or for free. Since the last three decades, HDFC contributes 7 % of its income to support community needs. Mahindra Tech employees donated one day salary to help victims of Bihari floods. Wipro has set up a foundation named Azim Premji Foundation to help improve education of the elementary schools in rural India. Satyam encourages its employees to volunteer his/her time for its social projects like Emergency 108 numbers. Brooke Bond has been interested in animal welfare, providing veterinary service.

Green Management

Managers and Organizations can do many things to protect and preserve the natural environment. The Plastic shopping bags – An ugly symbol of development. Some 110 billions are used each year in world and only 2 % of those bags are recycled. Plastic shopping bags can last 1000 years in landfills. Some companies are not in favour of plastic bags.

For example, IKEA encourages customers to use fewer bags by charging a nickel. Many stores such as Fab India and Colour Plus only gives paper bags. The largest solar steam cooking system for 15000 persons per day has been set up at Tirupati Tirumala Devasthanam. India's largest tyre company, MRF has recently launched a new tubeless, eco-friendly rubber tyre that reduces rolling resistance and results in lower fuel consumption. Bajaj Auto has installed wind power generation units in three factories which saves Rs. 25 crore in power costs every year. The Orchid Ecotel Hotel – Asia's first eco-friendly 5 star hotel chain is conserving natural resources without compromising quality of service.

Social Stakeholders

The primary responsibility of a business is to protect the interests of its shareholders. The shareholders provide the core resources – the capital – that enables an organization to operate and grow. Shareholders should be provided with adequate and timely information about functioning of the organization.

Stockholder and Stakeholder View Points

The **stockholder viewpoint** of social responsibility is the traditional perspective. It believes that business firms are responsible only to their owners and stockholders. The job of managers is therefore to satisfy the financial interests of the stockholders. Socially irresponsible acts ultimately result in poor sales. According to the stockholder point of view, corporate social responsibility is a by product of profit seeking.

The **stakeholder viewpoint** of social responsibility contends that firm must hold themselves responsible for the quality of life of the many groups affected by the firm's actions. These interested parties or stakeholders include those groups composing the firm's general environment. Two categories of stakeholders exist. Internal stakeholders include owners, employees and stockholders; external stakeholders include customers, labor unions, consumer groups and financial institutions. The stakeholder viewpoint reflects the modern viewpoint of the corporation.

Many organizations regard their various stakeholders as partner in achieving success. The organization and the stakeholders work together for their mutual success. For example, Ford Motor Company owns 49 % of Hertz rental car company, which is also a major Ford Company. Ford Company is facing financial troubles in recent years, a mutual relationship of this type is essential.

Thus, Ethics and Social responsibility plays major role in management.

Unit - 5 : Social Responsibility and Managerial Ethics

Que : State and explain the myths about business ethics.

The concept of the ethics is based on the philosophy and psychological parameters.

(1) It is difficult to apply ethics. : Many managers believe that ethics cannot be managed. At the most organization can make rules and regulation to keep on the ethical behavior of employees.

(2) There is need for ethical policy as all our employees are ethical. : Most of the managers believe that since everything is going on well, all the employees are doing their jobs ethically.

(3) Since Ethics is a complex matter, academicians and philosophers can be best people to understand it. : Managers and leaders in organizations have shown less interest in it and left the interpretation to academicians and philosophers.

(4) Business Ethics is a new fashion : Many managers believe that since the concept of management ethics has found place in B-schools and other literature, it is fashion to speak about the same.

(5) Since we follow all laws, we are ethical : Organization which follow all the rules and regulations believe that they are ethical.

(6) Ethics is related to religion and business has nothing to do with religion. This is a wrong perception about ethics.

(7) Ethics is philosophical, theological and academic in nature. It has very little pragmatic application. This is a wrong and narrow conception of business affairs.

(8) Ethics is superfluous (unnecessary) and indicates only showiness to outside world. In fact, business ethics is based on the role of the organization in a social system.

(9) It is believed that business ethics and social responsibilities of the business mean the same thing. In fact, there is a technical differences between two concepts. Business ethics deals with governing the corporate behavior towards social responsibilities.

(10) It is believed that ethics is internal and has an individual perception and so it is not amenable for managing control.

Que : State the guideline for managing ethics in the workplace.

Ethics is simply the rule that say what is right and wrong as defined by a particular reference group or individual. Ethics can be defined as the principles, values and beliefs that define right and wrong decisions and behavior. Ethics stems from the personal behavior of an individual. Ethics is set of rules and standards that guide the individual or group behavior.

The business ethics are broadly classified into (i) Personal Ethics (ii) Professional Ethics (iii) Managerial Ethics

(i) Personal Ethics refers to the individual beliefs and the backed up behavior when they show the concern for others.

(ii) Professional ethics refers the adherence to the set rules and standards for the good of all.

(iii) Managerial ethics refers to the behavior of the mangers who are authorized by the promoter of the organization.

The business ethics are described under different approaches (i) the legal approach (ii) the market approach (iii) the stakeholders approach (iv) the activist approach

(i) The legal approach refers to the acts and behavior required under the formal rules and regulations.

(ii) The market approach refers to concerns of business organizations to become more sensitive to the environmental issues.

(iii) The stakeholders approach shows the concern of business organizations towards the interests of internal stakeholders like managers and employees and also of external stakeholders like customers, suppliers, competitors.

(iv) The activist approach refers to the protection of the earth's resources like sun, air, water, and climate.

Guideline for Managing Ethics in Workplace

- (1) Think before you act
- (2) Ask yourself "what if " questions
- (3) Seek opinions form others
- (4) Do what you truly believe is right
- (5) Encouraging Ethical Behavior
- (6) Employee Selection
- (7) Job Goals and Performance Appraisal
- (8) Ethics Training
- (9) Know your organization's policy on ethics
- (10) Codes of Ethics and Decision Rules
- (11) Understand the ethics policy

Unit - 5 : Social Responsibility and Managerial Ethics

Que : Discuss factors that affect managerial ethics.

Ethics is simply the rule that say what is right and wrong as defined by a particular reference group or individual. Ethics can be defined as the principles, values and beliefs that define right and wrong decisions and behavior. Ethics stems from the personal behavior of an individual. Ethics is related to Moral Development. There are three levels of moral development. The Idea of Moral development is based on internal values, and less dependent on outside factors.

MORAL DEVELOPMENT

1. Preconventional Level : A Person's Choice between right and wrong is based on personal consequences from outside sources such as physical punishment, reward and exchange of favors. Authority, Punishment, Fear of Boss prevents employee to practice unethical things.

- Strict to rules to avoid punishment

2. Conventional Level : Ethical decisions rely on maintaining expected standards and living up to the expectations of others. For example, Students often think about to bunk class but syllabus fear will prevent him from doing this thing repeatedly.

- Live upto what is expected by people close to you

3. Principles Level : An individual has their own moral values and principles which prevents him from doing any unethical task.

- Follow self-chosen ethical principles even if they violate the law

INDIVIDUAL CHARACTERISTICS

Our values develop from a young age, from upbringing, from family; from college and school education also affect managerial ethics.

Ego Strength and Locus of Control also plays major role in managerial ethics. People with high ego are likely to resist impulses to act unethically. Locus of control is the degree to which people believe they control their own fate.

ORGANISATION'S CULTURE

An organization's structural design can influence behaviors of an employee. An Organizational Culture also encourages ethical behavior.

Thus, managers have to understand the above mentioned factors that influence their decisions.

Que : Discuss the concept of ethics. What issues must a manager consider when applying ethics ?

Ethics is simply the rule that say what is right and wrong as defined by a particular reference group or individual. Ethics can be defined as the principles, values and beliefs that define right and wrong decisions and behavior. The Websters Dictionary defines ethics as "Ethics relates to what is good or bad, and it deals with moral duty and obligation." Ethics implies the conformity with the code of conduct. A business unit can be treated with a ripple effect like company, industry, national economy and finally global economy.

MAINTENANCE OF ENVIRONMENT

- Clean-up existing pollution
- Controlling noise pollution
- Control the use of limited land resources

CONSUMERS

- Fair and transparent deals through advertisement and consumer education
- Control on harmful products

COMMUNITY NEEDS

- Use business to solve social problems
- To help in education and health care
- To help in urban activities

GOVERNMENT

- To encourage new innovative regulation on business
- Avoidance of political lobbying

SOCIETY

- Financial support for development of human resources
- Financial support to socially desirable activities

MINORITIES

- To provide training and employment
- To provide preferred quota for minority employment

Extra Information – Unit-5

This is just extra information. Just move your eyes on this page.

Ethics Management Programs : Organizations can manage ethics in their workplaces by establishing an ethics management program. A corporate ethics program is made up of values, policies and activities which impact the propriety of organization behaviors.

Benefits of Managing Ethics as a Program

- Establish organizational roles to manage ethics
- Schedule ongoing assessment of ethics requirement
- Establish required operating values and behaviors
- Develop awareness and sensitivity to ethical issues
- Integrates ethical guidelines to decision making

Codes of Ethics : A code generally describes the highest values to which the company aspires to operate. A code of ethics specifies the ethical rules of operation. If an organization is quite large which includes several large departments, you may want to develop an overall corporate code of ethics and then a separate code to guide each of your departments. The code should not be developed out of the Human Resource or Legal departments alone. All staff must see the ethics program being driven by top management.

Ethical Dilemma : Business ethics is portrayed as a matter of resolving conflicts in which one option is clear choice. An ethical dilemma exists when one is faced with having to make a choice among these alternatives.

Ethical Temptations and Violations

Certain ethical mistakes, including illegal actions, recur in the workplace. Familiarizing oneself with these behaviors can be helpful in managing the ethical behavior of others as well as monitoring one's own behavior.

- Stealing from employers and customers.
- Illegally copying software.
- Sexual harassment
- Accepting kickbacks and bribes for doing business with another company.
- Divulging confidential information
- Misuse of corporate resources
- Extracting extraordinary compensation from the organization
- Poor cyberethics.

Business Scandals as Ethical Violations

Major ethical and legal violations have long been a part of the business world. The best-known scandals are associated with infamous executives. Yet scandals including Internet fraud, identity theft, and work-at-home scams (such as making you an agent for transferring funds received from customers) are perpetuated by players everywhere. Identity theft and virus spreading are rampant on Facebook and Twitter.

Click Fraud.

An individual or dozens of people click on Internet advertising solely to generate illegitimate revenue for the Web site carrying those ads. (Search engines charge the advertiser by the number of mouse clicks in response to an ad.) The people doing the clicking receive a small payment also. Major search engines such as Google and Yahoo! attempt to minimize click fraud, and the scandal usually focuses on a parked Web site. Nevertheless, a major search engine benefits from click fraud. A parked Web site usually has little or no content except for lists of Internet ads. Because Google and Yahoo! have distributed these ads to the parked sites, the scam artists receive a small cut of the money Google and Yahoo! receive from the advertiser. The owner of the parked Web site might use live people or software to generate an enormous number of useless clicks on the Web sites of advertisers. About 10 percent to 15 percent of ad clicks are estimated to be fake.

Enron Corporation

One of the most famous business frauds of all time was the collapse of Enron Corporation in 2001. Jeffrey Skilling was the last Enron executive to be punished; he was sent to prison for 24 years and four months. Accounting tricks and dishonest deals cost thousands of jobs, along with \$60 billion in shareholder value and more than \$2 billion in employee pension assets. Dawn Powers Martin, a 22-year Enron employee summed up years of testimony in these words: "Mr. Skilling has proved to be a liar, a thief and a drunk, flaunting an attitude above the law. He has betrayed everyone who trusted him."²² When Enron was on the rise, Skilling was considered to be a brilliant business strategist who had found new ways of making money for a corporation.

A person reading these examples of unethical manager behavior might wonder how wealthy, intelligent people could exercise such poor judgment. The answer lies partially in the explanations for unethical behavior presented earlier, with particular attention to greed, gluttony, and avarice.