DNYANSAGAR INSTITUTE OF MANAGEMENT AND RESEARCH

Course: MBA - Prime

Year: I (Semester-1)

Batch: 2023-2025

SUBJECT: Management Fundamentals (107)

UNIT -1

Manager:- A manager is a person who is responsible for a part of a company, i.e., they 'manage' the company. Managers may be in charge of a department and the people who work in it. In some cases, the manager is in charge of the whole business. For example, a 'restaurant manager' is in charge of the whole restaurant. A manager is a person who exercises managerial functions primarily. They should have the power to hire, fire, discipline, do performance appraisals, and monitor attendance.

Workplace: - means the place or places where the employees of an employer work. A workplace or place of employment is a location where people perform tasks, jobs and projects for their employer. Example: - Office, Home Office, Factory, Store etc.

Organization:- An organization can be defined as an entity or a social unit that comprises several people who work together to achieve a common goal. It is a structured unit where the role, responsibilities, and authorities of each member are clearly defined, and relationships between all the members of the organization are established.

Management Functions

1. **Planning:** "Planning is deciding in advance what is to be done .When a manager plans, he projects a course of action for the future, attempting to achieving a consistent, coordinated structure of operation aimed at desired result.

2. **Organizing :** Organizing is the process of identifying and grouping the work to be performed defining and delegating responsibility and authority, and establishing relationships for the purpose of enabling people to work most effectively together in accomplishing objectives."

3. **Staffing :** Staffing involves manning the organization structure through proper and effective selection appraisal and development of personal to fill the roles designed into the structure

4. **Directing :** Directing is concerned with the initiation of organized action and stimulating people to work. It involves issuance of orders, instructions and leading and motivating the employees to execute them.

5. **Coordinating :** Coordination harmonizes synchronizes and unifies individual efforts for better action and for the achievement of the business objectives."

6. **Controlling:** "Controlling is the process of checking whether or not proper progress is being made towards the objectives and goals and acting if necessary, to correct any deviation.

Mintzberg's Managerial Roles

1) Interpersonal

2) Informational

3) Decisional

(A) Interpersonal

The managerial roles in this category involve providing information and ideas.

- Figurehead – As a manager, you have social, ceremonial (official) and legal responsibilities. You're expected to be a source of inspiration. People look up to you as a person with authority, and as a figurehead.
- Leader – This is where you provide leadership for your team, your department or perhaps your entire organization; and it's where you manage the performance and responsibilities of everyone in the group.

- **Liaison** – Managers must communicate with internal and external contacts. You need to be able to networkeffectively on behalf of your organization. (connection)

(B) Informational Category

- The managerial roles in this category involve processing information.
- Monitor – In this role, you regularly seek out information related to your organization and industry, lookingfor relevant changes in the environment. You also monitor your team, in terms of both their productivity, and their well-being.

- **Disseminator** – This is where you communicate potentially useful information to your colleagues and yourteam. (someone who spreads gossip or news to others)

- **Spokesperson** – Managers represent and speak for their organization. In this role, you're responsible for transmitting information about your organization and its goals to the people outside it.

(C) Decisional Category

The managerial roles in this category involve using information.

- **Entrepreneur** – As a manager, you create and control change within the organization. This means solving problems, generating new ideas, and implementing them.

- **Disturbance Handler** – When an organization or team hits an unexpected roadblock, it's the manager who must take charge. You also need to help mediate disputes within it.

- **Resource Allocator** – You'll also need to determine where organizational resources are best applied. This involves allocating funding, as well as assigning staff and other organizational resources.

- **Negotiator** – You may be needed to take part in, and direct, important negotiations within your team, department, or organization.

Managerial Skills

There are three skill sets that managers need to perform effectively.

1. **Conceptual skills:** the ability to analyse and diagnose a situation and find the cause and effect.

2. **Human skills**: the ability to understand, alter, lead, and control people's behaviour.

3. **Technical skills**: the job-specific knowledge required to perform a task.

Include marketing, accounting, and manufacturing.

All three skills are enhanced through formal training, reading, and practice.

The Universality of Management

The principle of universality serves as the basis of a general theory of management -a set of common principles. Some experts support the universality of management on the group that whatever the situation and whatever the level of management, the management function are common.

Approaches to Management - Early Management

The early management approaches attempted to streamline the industrial revolution. They include scientific management, classical approach, behavioral approach and lean management concepts.

Classical Approaches

Based on management principles such as unity of command, a balance between authority and responsibility, division of labor and delegation to establish relationships between managers and subordinates.

Scientific Management

Taylor's Principles of Scientific Management

1. Develop a science for each element of an individual's work to replace the old rule-of-thumb method.

2. Scientifically select and then train, teach, and develop the worker.

3. Heartily cooperate with the workers to ensure that all work is done in accordance with the principles of the science that has been developed.

4. Divide work and responsibility almost equally between management and workers. Management does all work for which it is better suited than the workers.

General Administrative Theory

Fayol's 14 Principles of Management

1. Division of work. Specialization increases output by making employees more efficient.

2. Authority. Managers must be able to give orders, and authority gives them this right.

3. Discipline. Employees must obey and respect the rules that govern the organization.

4. Unity of command. Every employee should receive orders from only one superior.

5. Unity of direction. The organization should have a single plan of action to guide managers and workers.

6. Subordination of individual interests to the general interest. The interests of any one employee or group of employees should not take precedence over the interests of the organization as a whole.

7. Remuneration. Workers must be paid a fair wage for their services.

8. Centralization. This term refers to the degree to which subordinates are involved in decision making.

9. Scalar chain. The line of authority from top management to the lowest ranks is the scalar chain.

10. Order. People and materials should be in the right place at the right time.

11. Equity. Managers should be kind and fair to their subordinates.

12. Stability of tenure of personnel. Management should provide orderly personnel planning and ensure that replacements are available to fill vacancies.

13. Initiative. Employees allowed to originate and carry out plans will exert high levels of effort.

14. Esprit de corps. Promoting team spirit will build harmony and unity within the organization.

Behavioral Approach

A management approach that emphasizes people and how the structure of an organization affects their behavior and performance.
Two approaches:-
1) Human Relations approach
2) Behavioral Science Approach

The Hawthorne Studies –Elton Mayo

1. Illumination Experiments: Experiments to determine the effects of changes in illumination on productivity, illumination experiments, 1924-27.

2. Relay Assembly Test Room Experiments: Experiments to determine the effects of changes in hours and other working conditions on productivity, relay assembly test room experiments, 1927-28;

3. Mass Interviewing Programme: Conducting plant-wide interviews to determine worker attitudes and sentiments, mass interviewing programme, 1928-30; and

4. Bank Wiring Observation Room Experiment: Determination and analysis of social organization at work, bank wiring observation room experiments, 1931-32.

Quantitative approach in management:

•This approach emphases the use of mathematical models in solving many complex management problems. The quantitative tools and methodologies, known as Operations Research Techniques are designed to aid in decision making relating to operations and production. This generally involves the following four steps:

•These operational research techniques are extensively used in many fields. Some of these are:

(i) Capital budgeting,

(ii) Production scheduling

(iii) Planning for manpower development programmes

(iv) Inventory control

Managerial Competencies

- Communication: - Ability to effectively transfer and exchange information that leads to understanding between yourself and others
- Team Work:- Accomplishing tasks through small groups of people who are collectively responsible and whose job requires coordination. Managing team dynamics involves settling conflicts, sharing team success, and assign tasks that use team members' strengths.

- Planning and Administrative Competency: Deciding what tasks need to be done, determining how they can be done, allocating resources to enable them to be done, and then monitoring progress to ensure that they are done. Information gathering, analysis, and problem solving from employees and customers. Planning and organizing projects with agreed upon completion dates.

How is the Manager's Job Changing?

In today's world, managers are dealing with changing workplaces, changing technology, security threats, ethical issues, global economic competitiveness, and political uncertainties.

Importance of Customers to the Manager's Job

The manager must make it his job to make sure that the customer is always satisfied. Is there a relationship between employee job performance and customer satisfaction? YES there is a relation between employee job performance and customer satisfaction. Because if job performance for employee is very high that is mean he is acting well in his organization, then he could deals perfectly with customers and their requirements. They can measure their customer satisfaction, employee satisfaction, how much money they are earning, and how productive they are.

Importance of Innovation to the Manager's Job

Innovation means doing things differently, exploring new territory, and taking risks, innovative efforts can be found in all types of organizations.• Management is needed in all types of organizations (profit and nonprofit all size of organization (small to large), in all organization levels (bottom to top), in all work areas, and in where organization is located.

UNIT-2

PLANNING

- Henry Fayol .."Planning is deciding the best alternatives among others to perform different managerial operation in order to achieve the predetermined goals."
- James Lundy: "Planning means the determination of what is to be done, how it is to be done, who is to do it, and how results are evaluated."

Nature of planning:

1) Planning is a process which determines the future course of action.

2) Planning is concerned with looking into future forecasting should be correct.

3) Planning involves selection of suitable course of action.

4) Planning is undertaken at all level of the organization.

5) Planning is flexible as commitment is based on future condition which is dynamic.

6) It is pervasive and continues managerial function involving complex process of perception, analysis, conceptual thought, communication, decision/action

7) Planning covers the survival growth and prospective of any organization.

MBO

Management By Objectives (MBO)… is a strategic management model that aims to improve the performance of an organization by clearly defining objectives that are agreed to by both management and employees.

Management by Objectives Process / Phases / Steps

1. Define organization goals /To determine or revise organizational objectives for the entire company.

2. Define employee objectives / to translate the organizational objectives to employees.

3. Continuous monitoring performance and progress / stimulating the participation of employees in setting individual objectives.

4. Performance evaluation / monitoring the progress of employees.

5. Providing feedback / to evaluate and reward employee progress. / Performance Appraisal.

Benefits:-

Ensures effective communication amongst the employees. Leads to satisfied employees.

Helps the employees to understand their duties at the workplace. Employees are clear as to what is expected out of them.

MBO helps employees appreciate their on-the-job roles and responsibilities.

Goals and Plans

Goal is a desired future state that the organization attempts to realize. Plan... is a detailed proposal for how you will achieve your goals. Plan is a blueprint specifying the resource allocations, schedules, and other actions necessary for attaining goals.

Types of Goals…

- Long-Term Goals…Typically 5 or 10-year goals.
- Short Term Goals…1 month, six months or a year.
- Strategic Goals –official goals, broad statements about the organization. Related to the performance
- Tactical Goals –help execute major strategic plans. Specific part of the company's strategy.
- Operational Goals –results expected from departments, work groups, and individuals.

Developing Plans

The management planning process helps your company through the steps of defining a desired outcome and developing a strategy to achieve it.

Planning Process:

1. Perception of Opportunities

2. Establishing Objectives

3. Planning Premises

4. Identification of Alternatives

5. Evaluate Alternatives

6. Choice of Best Alternatives

7. Formulation of Supporting Plan

8. Establishing Sequences of Plans

Approaches to Planning

- Top down approach: Authority and responsibility is centralized at the top. The top management defines the mission and lays down strategies and plan of action required to achieve stated goals. The blueprint of the plan is passed on to the people working at lower levels who do not participate in the planning

process. The success of this approach depends upon the qualification, experience and capabilities of top management.

- Bottom up approach: Lower level managers are responsible for preparation and implementation of plans (make functional plans which are approved by top management).

- Composite approach - In such a approach the lower and middle management is responsible of drafting out plans in accordance with guidelines and boundaries stated by the top management. Every plan is up for a discussion and debate and a middle path is chosen to facilitate smooth implementation of plans.

- Team approach - In such a approach a team of managers having relevant experience and skills in various functional areas are assigned the job of planning. The plans are then approved by the top management.

Planning Effectively in Dynamic Environments

1. (Managers) should develop plan (specific but flexible)

2. (Managers) need to recognize that planning is an ongoing process

3. Need to stay alert to environmental changes (that may impact implementation and respond as needed).

4. Making the organizational hierarchy flatter to effectively plan in dynamic environment.

UNIT -3

ORGANISING

Organizing is the process of arranging and allocating work, authority, and resources among an organization's members so that they can achieve organizational goal.

- Organizational Structure:-The formal arrangement of jobs within an organization.

- Work specialization, also called a division of labor, allows a manager to take complex tasks and break them down into smaller more precise tasks that individual workers can complete.

Departmentalization: The process of grouping jobs together on the basis of some common characteristics. There are five types :

➢ **Functional Depart mentation**

FUNCTIONAL DEPARTMENTALIZATION—Groups Jobs According to Function

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                    ┌─────────────────┐
                    │  Plant Manager  │
                    └────────┬────────┘
        ┌──────────┬─────────┼──────────┬──────────┐
  ┌─────┴────┐ ┌───┴────┐ ┌──┴─────┐ ┌──┴──────┐ ┌─┴────────┐
  │ Manager, │ │Manager,│ │Manager,│ │ Manager,│ │ Manager, │
  │Engineering│ │Accounting│ │Manufacturing│ │Human Resources│ │Purchasing│
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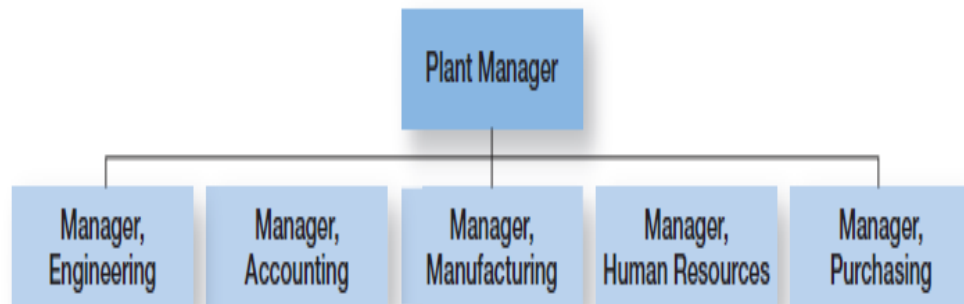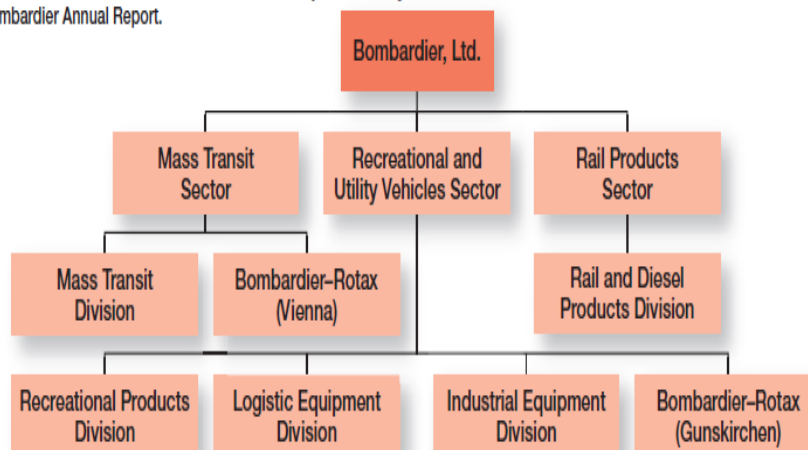
+ Efficiencies from putting together similar specialties and people with common skills, knowledge, and orientations
+ Coordination within functional area
+ In-depth specialization
− Poor communication across functional areas
− Limited view of organizational goals

➤ **Product Departmentation**

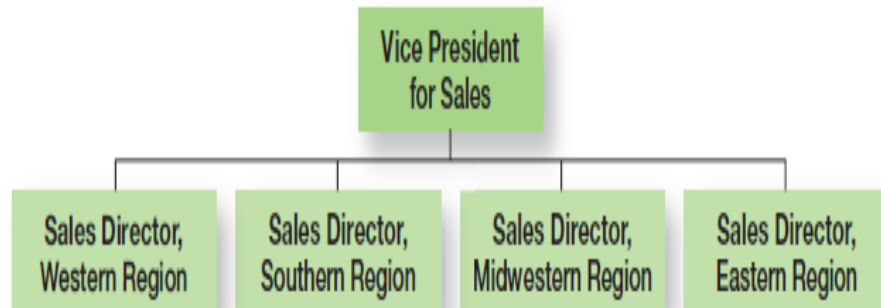### PRODUCT DEPARTMENTALIZATION—Groups Jobs by Product Line
Source: Bombardier Annual Report.

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                        ┌─────────────────┐
                        │  Bombardier, Ltd.│
                        └────────┬────────┘
        ┌───────────────────────┼───────────────────────┐
  ┌─────┴─────┐         ┌───────┴────────┐       ┌───────┴────┐
  │Mass Transit│        │ Recreational and│       │Rail Products│
  │   Sector   │        │Utility Vehicles Sector│  │   Sector   │
  └─────┬─────┘         └────────────────┘       └───────┬────┘
   ┌────┴──────┐                                          │
┌──┴─────┐ ┌───┴────────┐                          ┌──────┴──────┐
│Mass Transit│ │Bombardier–Rotax│                   │Rail and Diesel│
│ Division │ │  (Vienna)  │                          │Products Division│
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│Recreational│ │Logistic Equipment│    │Industrial Equipment│ │Bombardier–Rotax│
│Products Division│ │  Division  │     │   Division  │ │ (Gunskirchen) │
└─────────┘ └───────────┘              └───────────┘ └───────────────┘
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+ Allows specialization in particular products and services
+ Managers can become experts in their industry
+ Closer to customers
− Duplication of functions
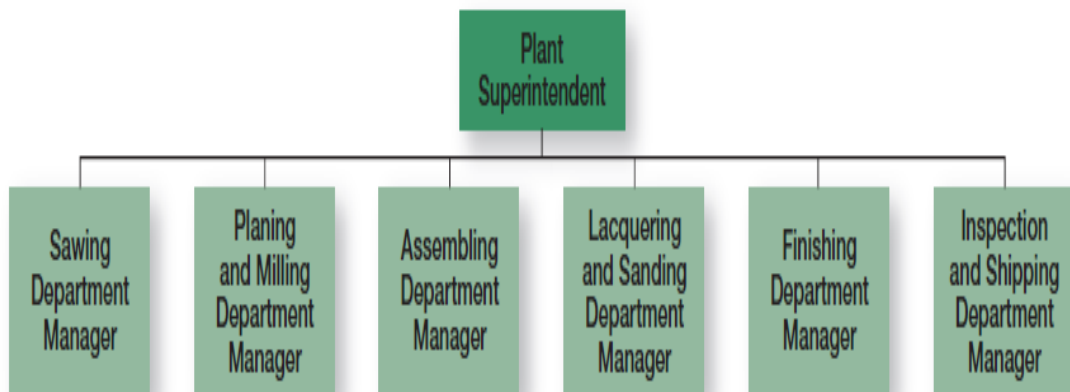− Limited view of organizational goals

➢ **Geographical Department ion**

GEOGRAPHICAL DEPARTMENTALIZATION–Groups Jobs According to Geographic Region

```
                        Vice President
                          for Sales

   Sales Director,    Sales Director,    Sales Director,    Sales Director,
   Western Region     Southern Region    Midwestern Region  Eastern Region
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+ More effective and efficient handling of specific regional issues that arise
+ Serve needs of unique geographic markets better
– Duplication of functions
– Can feel isolated from other organizational areas
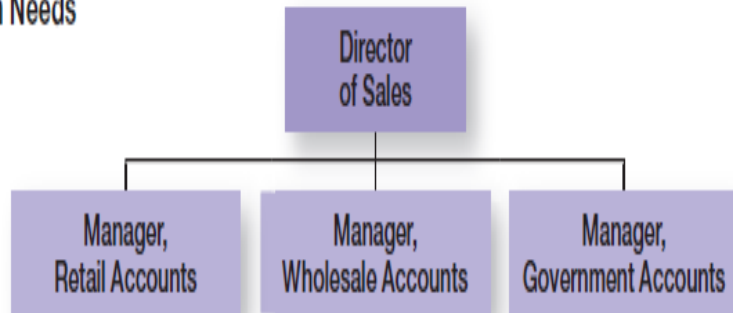
➢ **Process Departmentation**

PROCESS DEPARTMENTALIZATION–Groups Jobs on the Basis of Product or Customer Flow

```
                        Plant
                      Superintendent

  Sawing      Planing      Assembling   Lacquering    Finishing   Inspection
  Department  and Milling  Department   and Sanding   Department  and Shipping
  Manager     Department   Manager      Department    Manager     Department
              Manager                   Manager                   Manager
```

+ More efficient flow of work activities
– Can only be used with certain types of products

➢ **Customer Departmentation**

CUSTOMER DEPARTMENTALIZATION – Groups Jobs on the Basis of Specific and Unique Customers Who Have Common Needs

```
                    Director
                    of Sales
        ┌──────────────┼──────────────┐
     Manager,        Manager,        Manager,
  Retail Accounts  Wholesale Accounts  Government Accounts
```

+ Customers' needs and problems can be met by specialists
- Duplication of functions

- Chain of Command :- In an organizational structure, "chain of command" refers to a company's hierarchy of reporting relationships – from the bottom to the top of an organization, who must answer to whom. The chain of command not only establishes accountability, it lays out a company's lines of authority and decision-making power. A proper chain of command ensures that every task, job position and department has one person assuming responsibility for performance.

- Span of Control: The number of employees who can be effectively and efficiently supervised by a manager. Width of span is affected by: - Skills and abilities of the manager.

- Centralization

The degree to which decision-making is concentrated at a single point in the organizations. Organizations in which top managers make all the decisions and lower-level employees simply carry out those orders.

- Decentralization

Organizations in which decision-making is pushed down to the managers who are closest to the action.

- Formalization

The degree to which jobs within the organization are standardized and the extent to which employee behavior is guided by rules and procedures. Highly formalized jobs offer little discretion over what is to be done. Low formalization means fewer constraints on how employees do their work.

Mechanistic Organization

- High specialization
- Rigid departmentalization
- Clear chain of command
- Narrow spans of control
- Centralization
- High formalization

Organic Organization

- Cross-functional teams
- Cross-hierarchical teams
- Free flow of information
- Wide spans of control
- Decentralization
- Low formalization

Factors influencing structure

- Overall strategy of the organization.

- Size of the organization

- Technology use by the organization

- Degree of environmental uncertainty

Traditional Designs of organizational structure

- Simple structure: Low departmentalization, wide spans of control, centralized authority, and little formalization

- Functional structure: Departmentalization by function Operations, finance, human resources, and product research and development

- Divisional structure: Composed of separate business units or divisions with limited autonomy under the coordination and control the parent corporation.

Adaptive Organizations

•**Boundary less Organization** –It eliminates the chain of command, have limitless spans of control and replace departments with empowered teams. The ideal structure for them is not having a rigid, preened structure. Instead, the boundary less organization seeks to eliminate the chain of command, to have limitless spans of control, and to replace departments with empowered team.

•**Virtual Organizations** –It's a small, core organization that sources out major business functions. It is a highly centralized organization, with little or no depart mentation. A virtual organization has elements of a traditional organization, but also relies on recent developments in information technology to get work done.

Thus, the organization could consist of a small core of full-time employees plus outside specialists hired on a temporary basis to work on opportunities that arise. The virtual organization could also be composed of employees who work from their own home offices connected by technology but perhaps occasionally getting together face to face.

- **Learning organization** is the one that has developed the capacity to continuously learn, adapt, and change. At Tesco, they do so through the use of a proven tool—a set of software applications called Tesco in a Box, which promotes consistency in operations and acts as a way to share innovations. Tesco is an example of a learning organization, an organization that has developed the capacity to constantly learn, adapt, and change.

Flexi Work: - Flexible work culture is nothing but a form of organization culture where the team members connect with each other, regardless of when, where, and how they work. The work transcends physical workspaces, stationary desktop computers or the typical log-in and log-out time structure.

UNIT-4

DECISION MAKING

"DECISION MAKING is conscious and a human process, involving both individual and social Phenomenon based upon factual and value premises, which concludes with a choice of one behavioral activity from the alternatives with an intention of moving towards some desired state of affairs."

Nature of decision

• It is the choice of the best alternative

• It is end process preceded by Deliberations and Reasoning

• It relates the means to ends

APPROACHES to decision making

Four perspectives on how managers make decisions.

➢ Rationality: The rational assumptions are as follows:

• A rational decision maker would be fully objective and logical.

• Problem faced would be clear, unambiguous (clear)

• Decision maker would have a clear and specific goal to be achieved

• Know all possible alternatives and consequences

• Final choice are made in the best interests of the organization.

➢ Bounded Rationality: Managers make rational decisions but are bounded (imitated) by their ability to process Information. Managers' satisfice in which decision makers accept solutions that are good enough.

➢ Intuitive : -   Making decisions based on experience, feelings and accumulated judgment

➢ Evidence Based: Evidence-based management is the practice of making managerial and people-related decisions with the use of critical thinking and the best available evidence.

TYPES OF MANAGERIAL DECISIONS

- Personal and Organizational Decisions: The decisions which are taken by any person in his personal capacity, and not as a member of the organization are known as a personal decision, for example, decisions for leave, dress, resigning the organization and accepting or rejecting promotions, etc.The organizational or institutional decisions are which are taken by the executives or officers in their formal capacity and which may be delegated to other persons.

- Basic &Routine Decisions: Routine decision making means such decisions, which are taken in respect of the day to day activities of the organization and which require less thinking and advice. These are of a repetitive nature. Basic decision making means such decisions which are essential for the existence of the organization and for which complete study, analysis, power, and critical thinking are essential.

- Programmed & Non Programmed Decisions: Programmed decision making is of repetitive and routine nature and which is taken through some well decided and well-organized system, so that when the problem arises, it may be solved by using that method. On Programmed decision making is not a routine or repetitive nature. These are unique and new and they have a long-lasting effect on the organization.

- Individual and Group Decision Making: When the size of the business unit is small and the decisions to be taken do not require high, specific and technical knowledge, then the decisions for various problems are normally taken by the managers himself. Such decisions are known as individual decision-making technique. Group decision making techniques mean such decisions which are not taken by a single individual, but by a group.

Decision Making Approaches

- Quantitative Approach: The quantitative approach is to make an optimal decision by using mathematical and statistical models in a situation when the probability of all outcomes is uncertain.

- Ethical Decision Making:-Based on the standards of equity, fairness and impartiality. Actions are ethical when they promote the individuals best interest.

- Intuitive Approach:-It is also known as 'sixth sense' and involves being able to gather information that other individuals may miss. It is the opposite of

rational decision making, which is when individuals use analytics, facts, and a step-by-step process to come to a decision.

- Case Study Approach:-Given specific cases, organization analyze how decisions are derived and are encouraged to look at the processes used rather than only on the product generated. The case study method draws on the mangers' experiential, intuitive, and knowledge bases through sharing and discussion, thereby enhancing comprehensive learning.

Linear–Nonlinear Thinking Style Profile

Linear thinking as a preference for attending to and making decisions from external data, information, and facts; and nonlinear thinking as a preference for attending to and making decisions from internal feelings.

UNIT-5

CONTROLLING

"Controlling is defined as the process of monitoring, comparing, and correcting work performance.

Importance of controlling

o Helps in taking corrective action to meet the standard.

o It dissolves the deviation and takes the corrective measures.

o Helps in achieving organizational goals.

o Improving employee motivation

o Making efficient use of resources.

o Ensuring order and discipline

o Facilitate co-ordination

PROCESS OF CONTROLLING

• Setting standards of performance at strategic points

• Leading, motivating, supervising, directing, guiding of employees.

• Measurement of actual performance

• Its comparison with the stated standards of performance
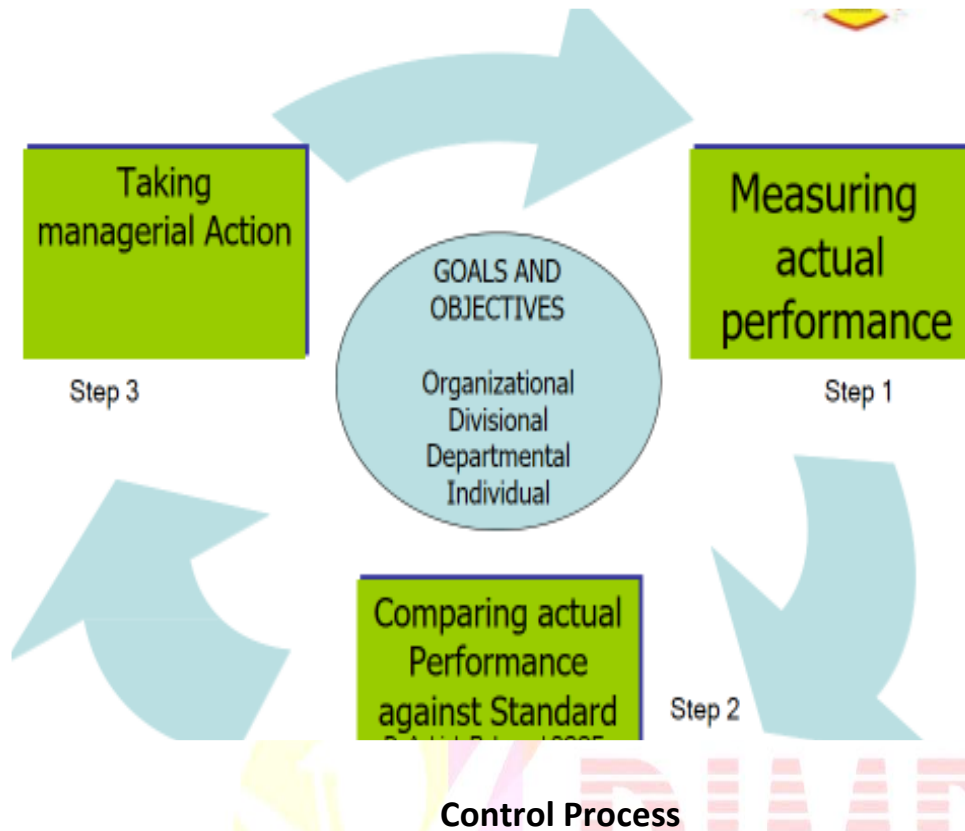
Control Process

TYPES OF CONTROL

(A) Feedback control (Historical or Post-control): A type of control that takes place after a work activity is done .e.g.: Financial statements

(B) Concurrent control: Type of Control that takes place while a work activity is in process E.g. direct supervision

(C) Predictive or Feedforward control: Type of control that focuses on preventing anticipated problem since it takes place in advance of the actual work.

(D) Financial Controls: Financial control also provides a set of rules and regulations with regard to the financial management systems followed in an organization

(E) Information controls: The right to have control over your personal
information.

Benchmarking

It is the continuous process of comparing one's business processes and
performance metrics to industry bests and/or best practices from other
industries. Dimensions typically measured are quality, time, and cost.
Improvements from learning mean doing things better, faster, and cheaper.