

**Course: MBA - Prime**  
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**Management Fundamentals-107**

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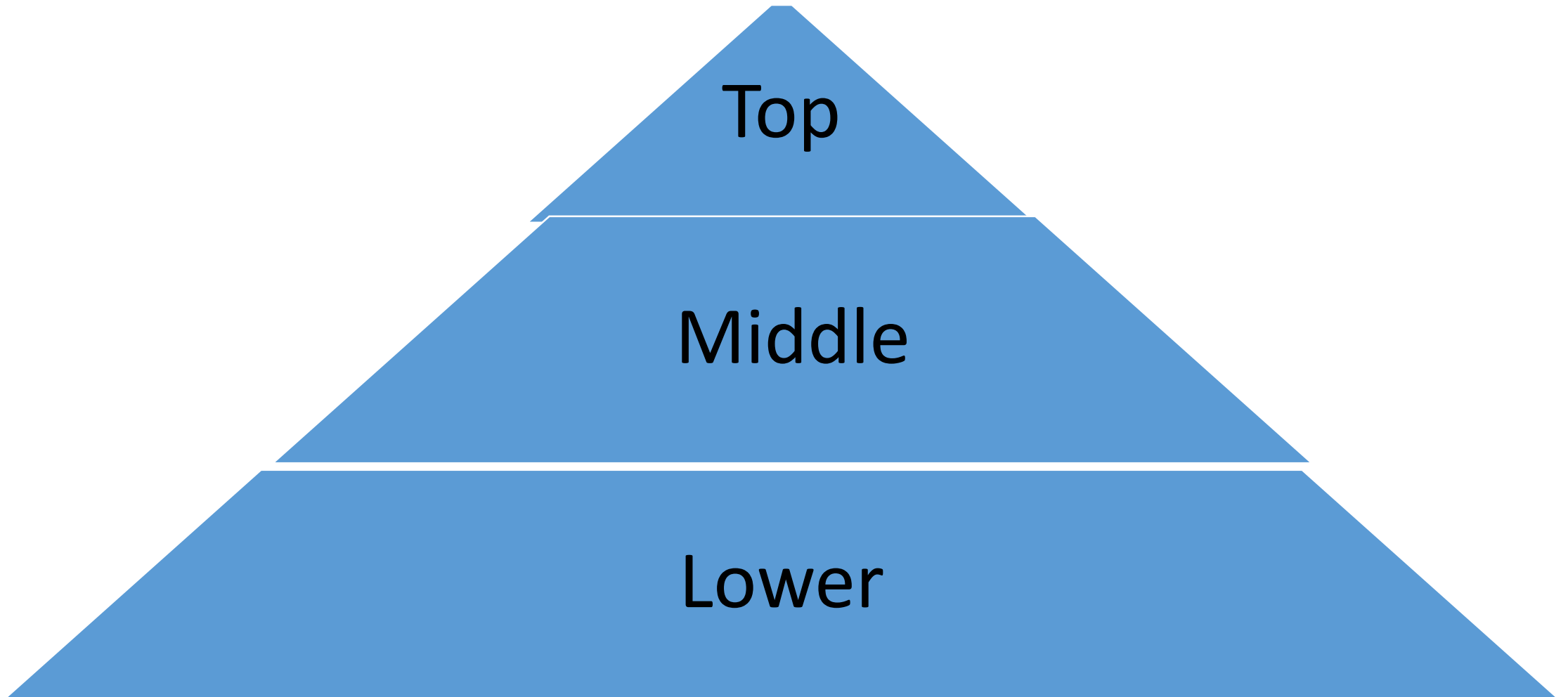
# What is Management/ Managing?

- Mary Parker Follett defines management as the "art of getting things done through people".
- Management is the process of planning and organizing the resources and activities of a business to achieve specific goals in the most effective and efficient manner possible

# **The Universality of Management**

Management is needed in all types and sizes of organizations, at all organizational levels and in all organizational work areas, and in all organizations, no matter where they're located. This is known as the **universality of management**.

# Levels of management



# MANAGEMENT FUNCTIONS

- Planning
- Organizing
- Staffing
- Directing
- Coordinating
- controlling

# Managerial roles

## Interpersonal Roles

- Figurehead
- Leader
- Liaison

## Informational Roles

- Monitor
- Disseminator
- Spokesman

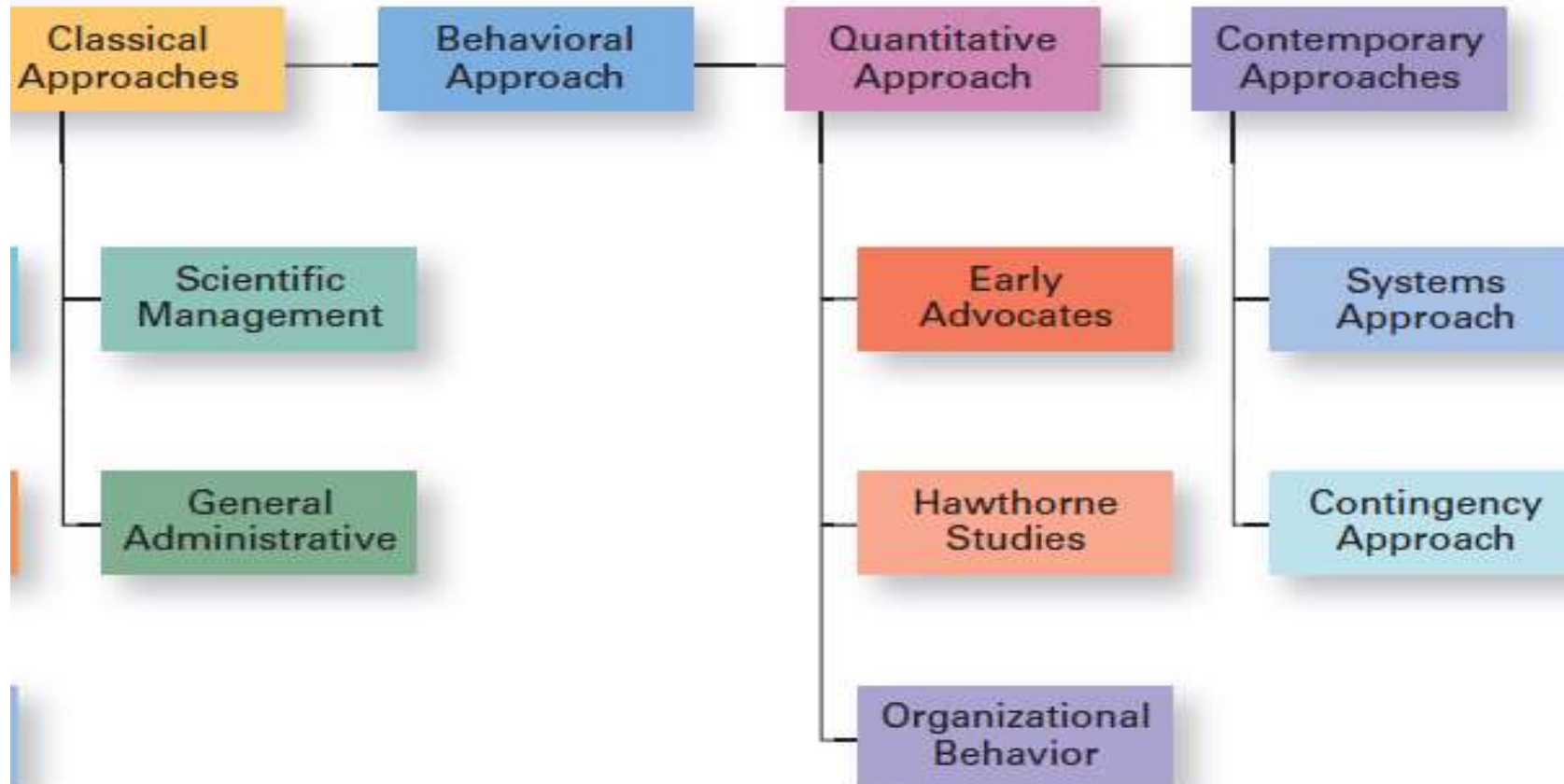
## Decisional Roles

- Entrepreneurial
- Disturbance Handler
- Resource Allocator
- Negotiator

# **MANAGERIAL SKILLS**

- **Conceptual skills**
- **Human relations skills**
- **Technical skills**

# Approaches to Management





# 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.

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## **Bureaucratic management**

- Division of labor
- A clearly defined hierarchy
- Detailed rules and regulations
- Impersonal relationships

# Behavioural Approach

- The Hawthorne experiments were conducted between 1924 and 1933 at Hawthorne Plant of Western Electric Company USA.
- The series of experiments conducted may be classified as:
  - Phase 1. Illumination experiments
  - Phase 2. Relay Assembly Test Group
  - Phase 3. Interviewing Programme
  - Phase 4. The Bank Wiring Observation Room Experiment (1931-32)

# Quantitative Approach

- The use of quantitative techniques to improve decision making.
- It involves applying statistics, optimization models, information models, computer simulations, and other quantitative techniques to management activities.

# Contemporary Approach

- Two contemporary management perspectives— systems and contingency—are part of this approach.



# PLANNING

- Planning is the process of deciding in advance what is to be done, who is to do it, how it is to be done and when it is to be done. It is the process of determining a course of action, so as to achieve the desired results. It helps to bridge the gap from where we are, to where we want to go.

# NATURE OF PLANNING

- Planning is the primary and basic function among the management Functions
- Planning is a Continuous Process.
- Planning concerns all Managers
- Contributes to Objectives

# Goals and Plans

- Goals (objectives) are desired outcomes or targets.
- **Plans** are documents that outline how goals are going to be met.
- As managers plan, they develop both goals and plans.

# Types of Plans

- Strategic plans
- Tactical plans
- operational plans.
- Long term plans
- Short term plans

# Setting goals and developing plans

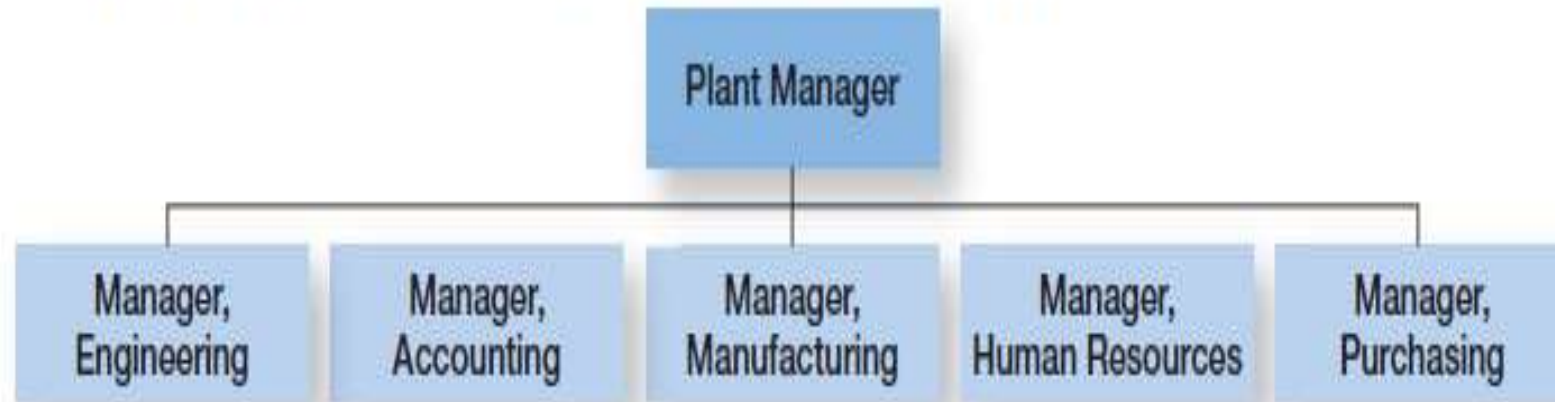
- Approaches to Setting Goals
  - Traditional goal-setting
  - Management by objectives (MBO)

# Organizing

- Organizing is defined as arranging and structuring work to accomplish organizational goals. It's an important process, during which managers design an organization's structure.

# Departmentalization

FUNCTIONAL DEPARTMENTALIZATION—Groups Jobs According to Function



- + 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

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## GEOGRAPHICAL DEPARTMENTALIZATION—Groups Jobs According to Geographic Region



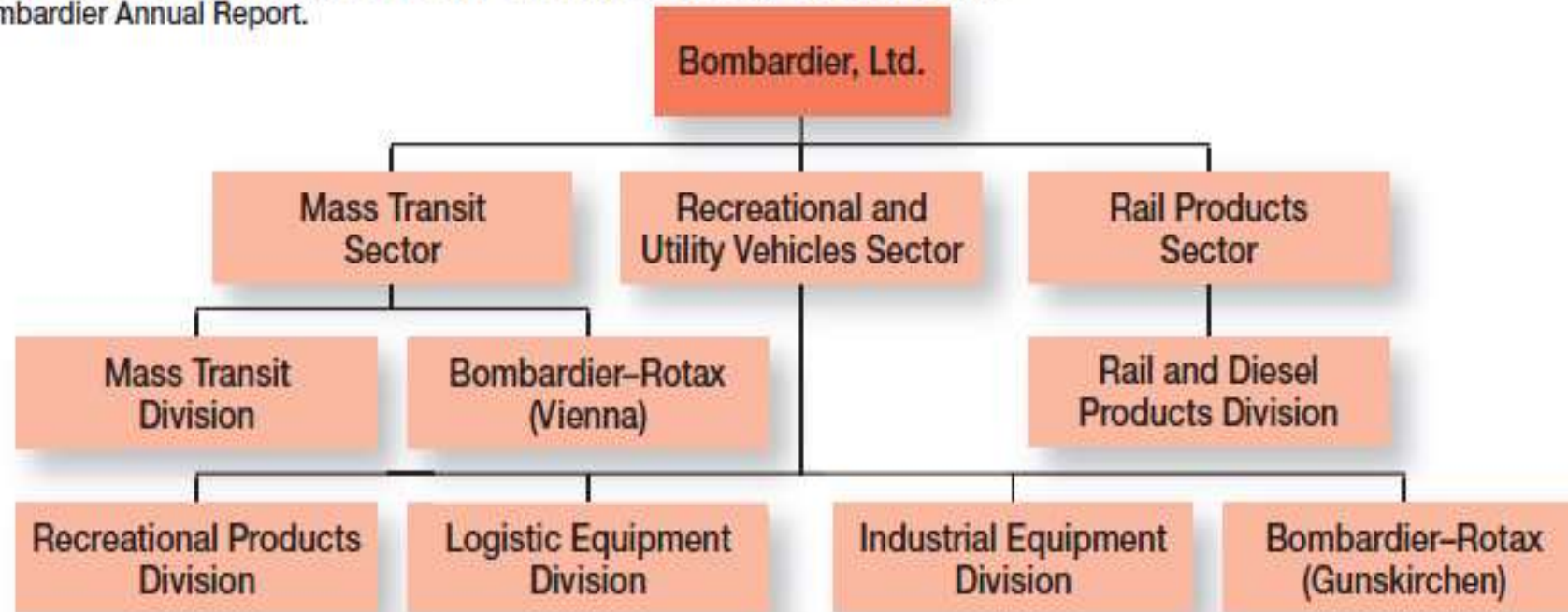
- + More effective and efficient handling of specific regional issues that arise
- + Serve needs of unique geographic markets better
- Duplication of functions
- Can feel isolated from other organizational areas



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## PRODUCT DEPARTMENTALIZATION— Groups Jobs by Product Line

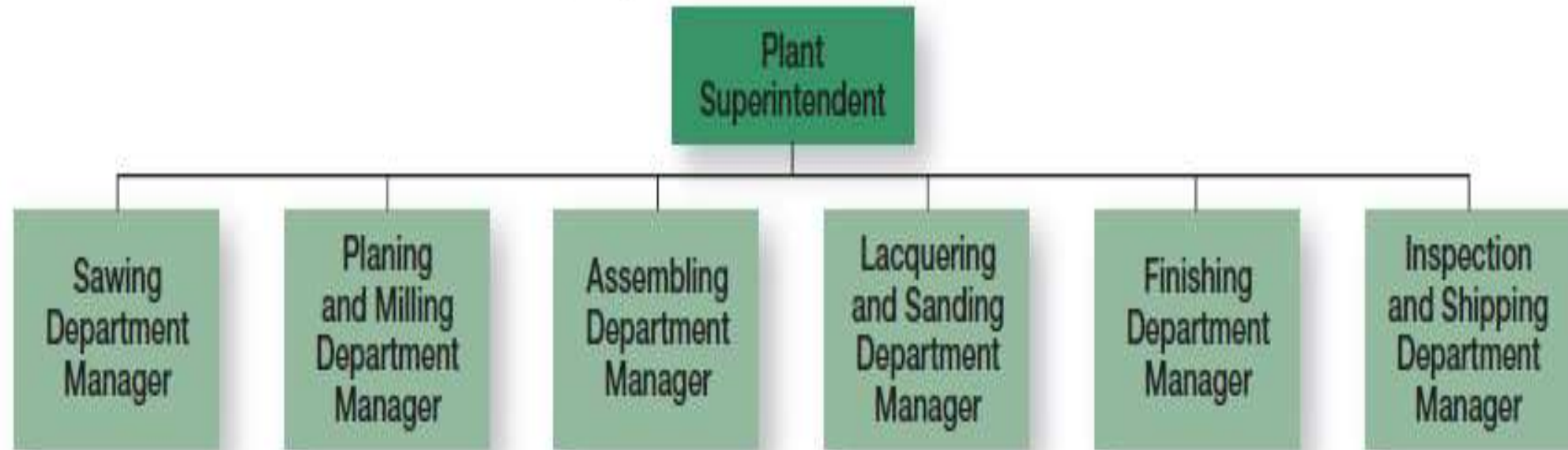
Source: Bombardier Annual Report.



- + 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

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



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

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



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

# Centralization/Decentralization

- When decision making is kept at the top level, the organization is centralized; when it is delegated to lower organizational levels, it is decentralized

# Formalization

Formalization is the degree to which an organization's expectations of work are specified and written.

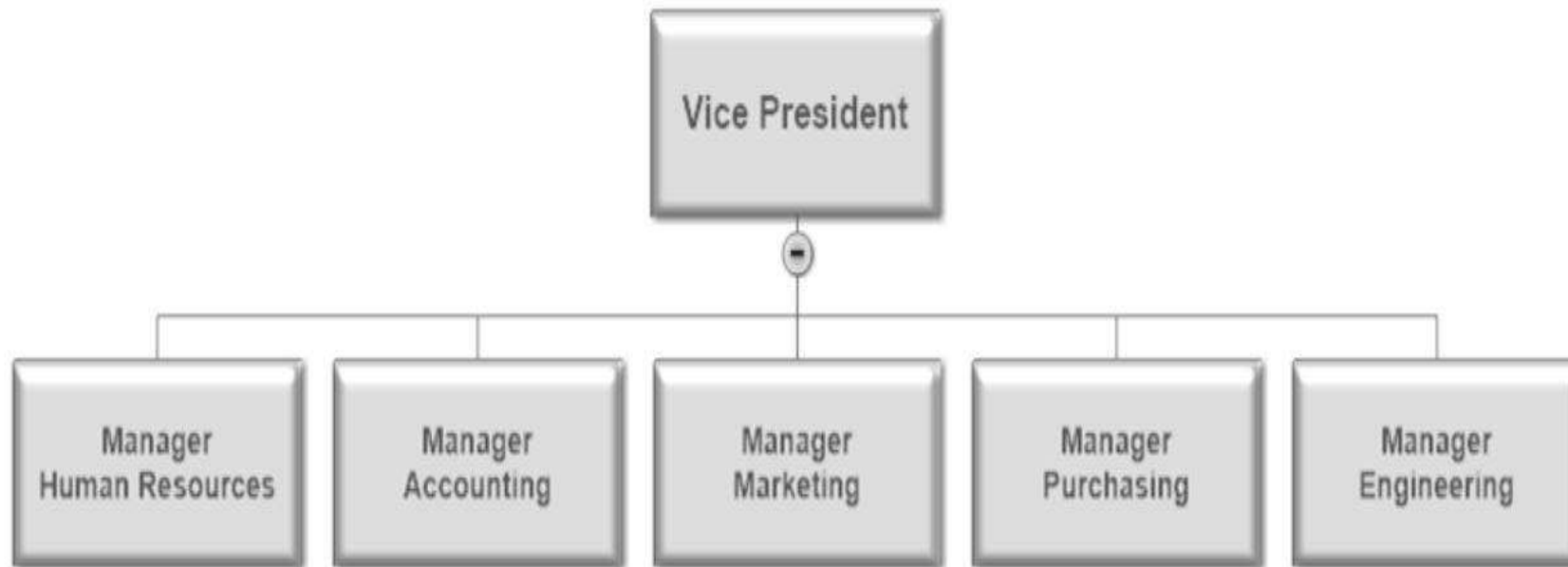
- Mechanistic Organization Structure
- Organic structure

# Simple organization Structure

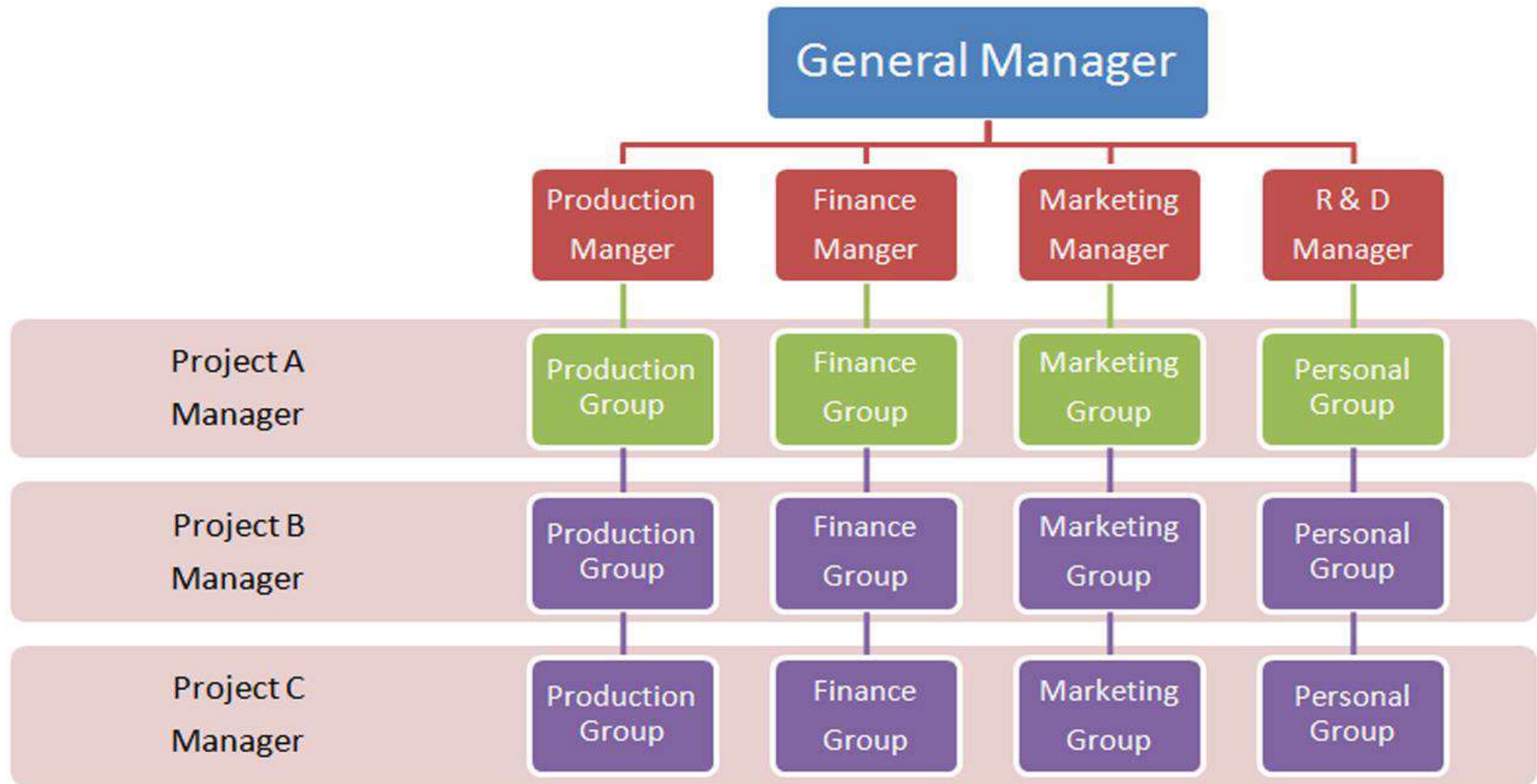


Example: Simple Organizational Structure. The top manager controls the work of the employees not grouped into specific functions.

# Functional Organizational Chart



# Matrix Organizational Structure





# Divisional structure



# Adaptive Organizations

- Boundary less Organization –It eliminates the chain of command, have limitless spans of control and replace departments with empowered teams.
- Virtual Organizations –It's a small, core organization that sources out major business functions.
- “Learning organization is the one that has developed the capacity to continuously learn, adapt, and change”.
- Global Organizations An international alliance involving many different countries.

# Decision making

Decision-making is a means to an end. It entails identifying and choosing alternative solutions that lead to a desired state of affairs.

# APPROACHES to decision making

Four perspectives on how managers make decisions.

- **Rationality**
- Bounded Rationality
- Intuitive
- Evidence Based

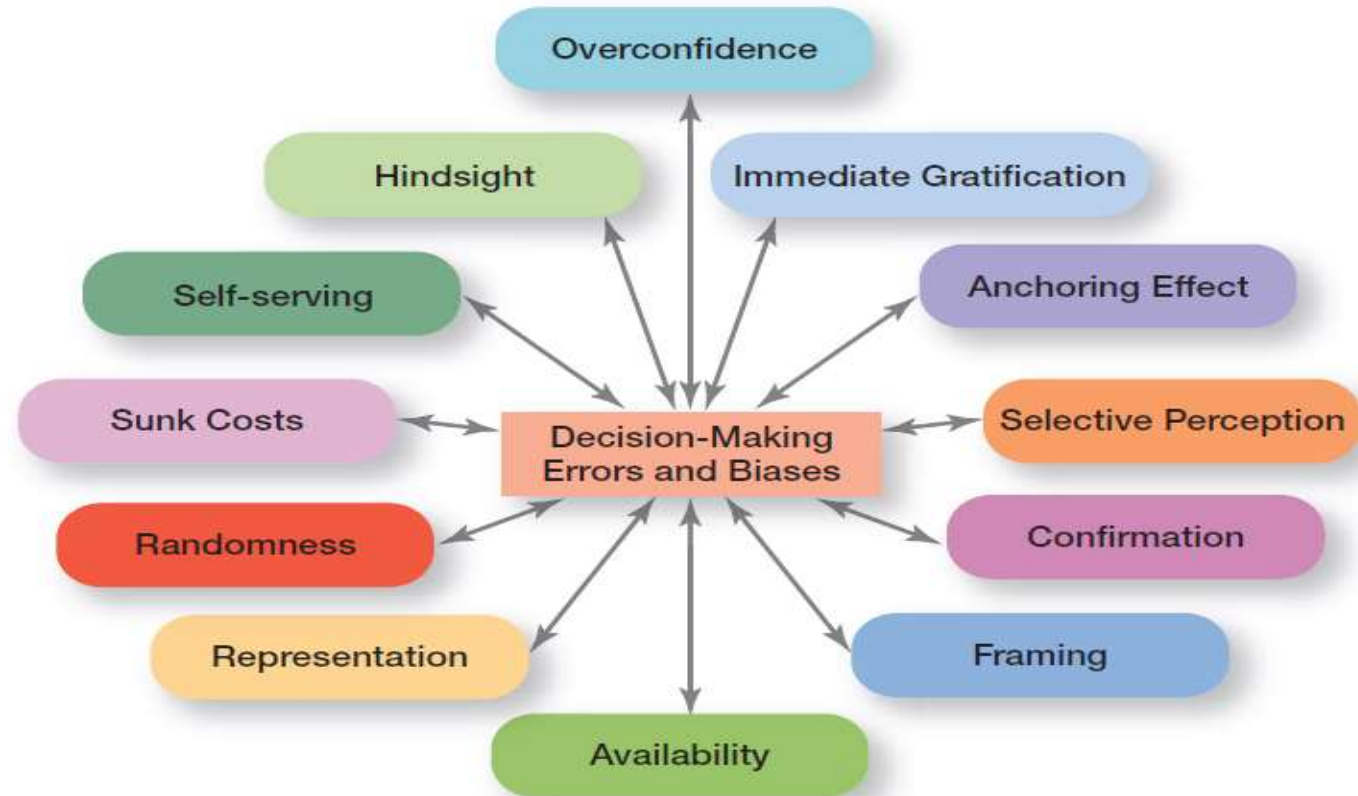
# Types of Decisions

- Programmed and Non-programmed Decisions
- Routine and Strategic Decisions
- Individual and Group Decisions
- Organisational and Personal Decisions

# Decision-Making Conditions

- **CERTAINTY**
- **Risk**
- **Uncertainty**

# Decision making Biases /Errors



# Decision Making Approaches

- Quantitative Approach
- Environmental Approach
- System approach
- Intuitive Approach
- Case Study Approach
- Ethical approach



# Controlling

- It's the process of monitoring, comparing, and correcting work performance.

# Need and Importance of controlling

- Achievement of goals
- Execution and revision of plans
- Brings order and discipline
- Facilitates decentralisation of authority
- Promotes coordination
- Cope with uncertainty and change

# Control process

- **Step 1: Establishment of standards**
- **Step 2: Measurement of actual performance**
- **Step 3: Comparison of actual performance with standard**
- **Step 4: Taking corrective action**

# TYPES OF CONTROL

1. Feedback control (Historical or Post-control)
2. Concurrent control
3. Predictive or Feedforward control
4. Financial Controls
5. Information controls

# BENCHMARKING OF BEST PRACTICES

- Benchmarking is the search for the best practices among competitors or non-competitors that lead to their superior performance.