



# Management Fundamentals

## Course Code: 107

### Unit 1

#### Management

- Italian word *maneggiare* (to handle especially a horse), derives from the Latin *manus* (hand).
- The process of *Planning, Organizing, Leading, and Controlling* to achieve organizational goals

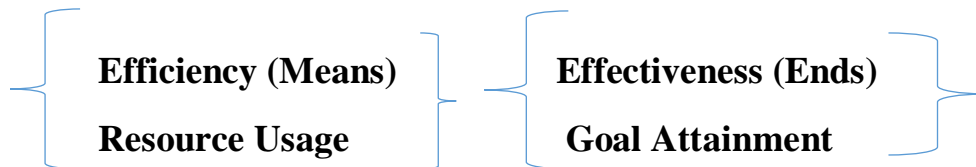
#### What Is Management?

- Management – the process of coordinating work activities so that they are completed efficiently and effectively with and through other people

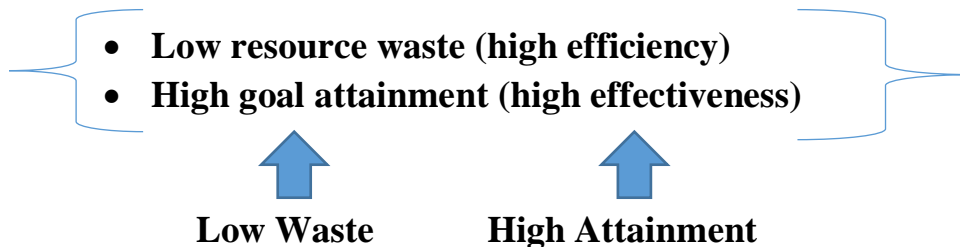
#### Elements of definition

- Process - represents ongoing functions or primary activities engaged in by managers
- Coordinating - distinguishes a managerial position from a non-managerial one
- Efficiency - getting the most output from the least amount of inputs
  - “doing things right”
  - concerned with means
- Effectiveness - completing activities so that organizational goals are attained
  - “doing the right things”
  - concerned with ends

## **Efficiency and Effectiveness in Management**



### **Management Strives For:**



## **Managers**

- are the people responsible for supervising/ managing the organization's resources to meet its goals.
- They are responsible for the works of people directly working to them

## **Management Levels**

### **Organizations often have 3 levels of managers:**

- **First-line Managers:** responsible for day-to-day operation. They supervise the people performing the activities required to make the good or service.
- **Middle Managers:** Supervise first-line managers. They are also responsible to find the best way to use departmental resources to achieve goals
- **Top Managers:** Responsible for the performance of all departments and have cross-departmental responsibility. They establish organizational goals and monitor middle managers.



## **Managerial Functions**

- Henri Fayol was the first to describe the four managerial functions when he was the CEO of a large mining company in the later 1800's.
- Fayol noted managers at all levels, operating in a for profit or not for profit organization, must perform each of the functions of:
  - Planning,
  - organizing,
  - leading,
  - controlling.

## **4 functions of Management**

- Planning
- Organizing
- Leading
- Controlling

## **UNIVERSAL NEED FOR MANAGEMENT**



### **Managerial Roles**

- **Described by Mintzberg.**

- A role is a set of specific tasks a person performs because of the position they hold.

- Roles are directed inside as well as outside the organization.
- There are 3 broad role categories:

- 1. Interpersonal**

- 2. Informational**

- 3. Decisional**

#### **Interpersonal Roles**

- Roles managers assume to coordinate and interact with employees and provide direction to the organization.

- Figurehead role: Symbolizes the organization and what it is trying to achieve.



- ☐ Leader role: Train, counsel, mentor and encourage high employee performance.
- ☐ Liaison role: Link and coordinate people inside and outside the organization to help achieve goals.

### **Informational Roles**

- Associated with the tasks needed to obtain and transmit information for management of the organization.
- ☐ Monitor role: Analyses information from both the internal and external environment.
- ☐ Disseminator role: Manager transmits information to influence attitudes and behaviour of employees.
- ☐ Spokesperson role: Use of information to positively influence the way people in and out of the organization respond to it.

### **Decisional Roles**

- Associated with the methods managers use to plan strategy and utilize resources to achieve goals.
- ☐ Entrepreneur Role: Deciding upon new projects or programs to initiate and invest.
- ☐ Disturbance Handler Role: Assume responsibility for handling an unexpected event or crisis.
- ☐ Resource Allocator Role: Assign resources between functions and divisions, set budgets of lower managers.
- ☐ Negotiator Role: Seeks to negotiate solutions between other managers, unions, customers, or shareholders

### **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.

## **F.W.Taylor**

### **Scientific Management**

- Defined by Frederick Taylor, late 1800s.
- The systematic study of the relationships between people and tasks
- To redesign the work for higher efficiency.
- Taylor sought to reduce the time a worker spent on each task by optimizing the way the task was done.

### **The 4 Principles**

1. Study the way the job is performed now & determine new ways to do it.  
Gather detailed, time and motion information.
  - Try different methods to see which is best.
2. Codify the new method into rules.
  - Teach to all workers.
3. Select workers whose skills match the rules set in Step 2
4. Establish a fair level of performance and pay for higher performance.
  - Workers should benefit from higher output.

### **Problems of Scientific Management**

- Managers often implemented only the increased output side of Taylor's plan.
  - They did not allow workers to share in increased output.
  - Specialized jobs became very boring, dull.
  - Workers ended up distrusting Scientific Management.



- Workers could purposely under-perform
- Management responded with increased use of machines.

## **H.Fayol**

### **Father of Administrative Management**

#### **Fayolís Principles**

Henri Fayol, developed a set of 14 principles:

1. Division of Labor: allows for job specialization.
  - Fayol noted firms can have too much specialization leading to poor quality and worker involvement.
2. Authority and Responsibility: Fayol included both formal and informal authority resulting from special expertise.
3. Unity of Command: Employees should have only one boss.
4. Line of Authority: a clear chain from top to bottom of the firm.
5. Centralization: The degree to which authority rests at the very top.
6. Unity of Direction: One plan of action to guide the organization.
7. Equity: Treat all employees fairly in justice and respect.
8. Order: Each employee is put where they have the most value.
9. Initiative: Encourage innovation.
10. Discipline: obedient, applied, respectful employees needed.
11. Remuneration of Personnel: The payment system contributes to success.
12. Stability of Tenure: Long-term employment is important.
13. General interest over individual interest: The organization takes precedence over the individual.
14. Esprit de corps: Share enthusiasm or devotion to the organization.

## **ELTON MAYO**

### **Elton Mayo-The Hawthorne Studies**



## **DNYANSAGAR INSTITUTE OF MANAGEMENT AND RESEARCH**

- Study of worker efficiency at the Hawthorne Works of the Western Electric Co. during 1924- 1932.
  - Worker productivity was measured at various levels of light illumination.
  - Researchers found that regardless of whether the light levels were raised or lowered, productivity rose.
- Actually, it appears that the workers enjoyed the attention they received as part of the study and were more productive.
  - started in 1924 at Western Electric Company
    - began with illumination studies
    - intensity of illumination not related to productivity
  - Elton Mayo - studies of job design
    - revealed the importance of social norms as determinants of individual work behaviour
  - changed the dominant view that employees were no different from any other machines

## **Rensis Likert**

Was an American educator and organizational psychologist

- Management styles
- Likert Scale
- The linking pin model.

### **Likert's management systems**

- Exploitive authoritative system
- Benevolent authoritative system
- Consultative system
- Participative group system

### **Exploitive Authoritative system**





- This system relies on management making all of the decisions,
- Delegating tasks
- No teamwork.
- Employees perform the tasks up to par, by specified requirements and standards, or face the consequences.

### **Benevolent authoritative system**

- Management controlling everything.
- Motivation through rewards for a job well done, rather than the fear of performing below management standards.

### **Consultative system**

- Consult with staff for ideas and suggestions
- But ultimately still make all of the decisions based upon their own positions on the matter.
- Employees have a right to speak,

### **Participative group system**

- A participative group system relies upon teamwork between management and employees.
- Managers have every confidence in employees' abilities
- Give them a bit of freedom in decision making.

### **Linking pin model**

- Based on two basic characteristics of the organisation.
  1. Organisation can be seen as system of interlocking groups;
  2. The interlocking groups are connected by individuals who occupy the key positions of dual membership serving as linking pin between groups.
- Thus every individual functions as a linking pin for the organization units above and below him.

- He is the group leader of the lower unit and a group member of the upper unit.
- Likert believed that organizations consist of several different working groups
- Individuals may be in several different groups at once, thus linking these groups together.
- Employees "linking pins" that hold an organization together.

## Linking Pin Model





## **Unit 2**

### **PLANNING**

- ☐ **Function of management starts with planning**
- ☐ **Instrument of aiming at future**
- ☐ **View of Future:**
- ☐ **Where we would like to be?**
- ☐ **What is to be done in order to reach?**
- ☐ **Concerned with future**
- ☐ **Forecast & Estimates are basis of planning**

#### **\* Mc. Farland:**

Planning may be broadly defined as a concept of execution action that embodies the skills of anticipation, influencing and controlling the nature and direction of change.

**Execution: The action of carrying into effect**

#### **TERRY:**

Planning is the process, selection and relating of facts and making and using of assumption regarding the future in visualization and formalization of proposed activities believed necessary to achieve desired results.

#### **\* KOONTZ O DONNELLA :**

Planning is an intellectual process, the conscious determination of course of action. The basis of decision on purchase, acts and considered estimates.

## **\* CHARACTERISTICS 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.

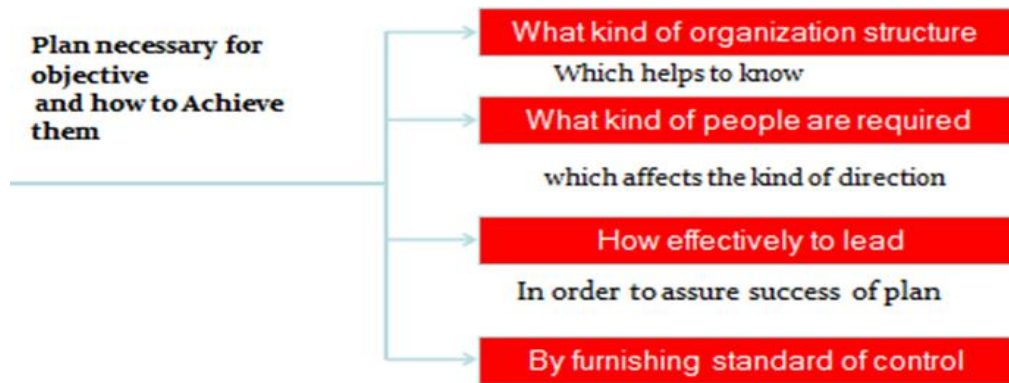
### **1. Nature of planning**

#### **1) FOCUS ON OBJECTIVE:**

- Clear/concrete/tangible.
- Concrete plan to objective (achieved)



## **2. PRIMACY OF PLANNING**



## **3. PERVASIVENESS OF PLANNING:**

### **I. Top Management**

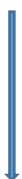


**Type: Strategic Planning**

#### **ACTIVITIES**

1. Master or Grand Strategic Describing central concept
2. Strategic plan for entire corporation
3. Long range plan for corporation covering all division
4. Formulation of corporate objective
5. Basic corporate policies
6. Total Budget

### **II. Middle Management**





**Type: Administrative planning**

**ACTIVITIES**

1. Divisional & departmental program incorporated in corporate plans

**III. Lower Management**

**Type: Operational Planning**

**ACTIVITIES**

1. Projects, Schedules, Operating Goals, Short run Budgets

**4) Efficiency, effectiveness, economy, accuracy.**

Efficiency of plan: Contribution to objective.

Effectiveness: Doing the right things.

Economy: Maximum result at minimum cost.

Accuracy: Forecast.

**5) CO-ORDINATION:**

What, Who, How, When, and Why

**6) FLEXIBILITY:**

Adaptable to change.

**IMPORTANCE OF PLANNING:**

- 1) Focuses on future direction, values, and sense of purpose.
- 2) Provide a unifying decision making framework.
- 3) Help to identify potential opportunities and threats - reduces risk.
- 4) Provide performance standards.
- 5) Tuning with environment: Economic, social, political, technological-trends



## **TYPES OF PLAN:**

### **ON THE BASIS OF TIME**

- **Long range**
- **Middle range**
- **Short range**

### **ON THE BASIS OF LEVEL**

- **Strategic**
- **Admin**
- **Operational**

### **ON THE BASIS OF SCOPE**

- **Company**
- **Division**
- **Departmental**

### **ON THE BASIS OF REPETITIVENESS**

#### **a. Stand plan**

E.g. Mission,  
Objective, Policy,  
Procedure.

#### **b. Single Use Plan**

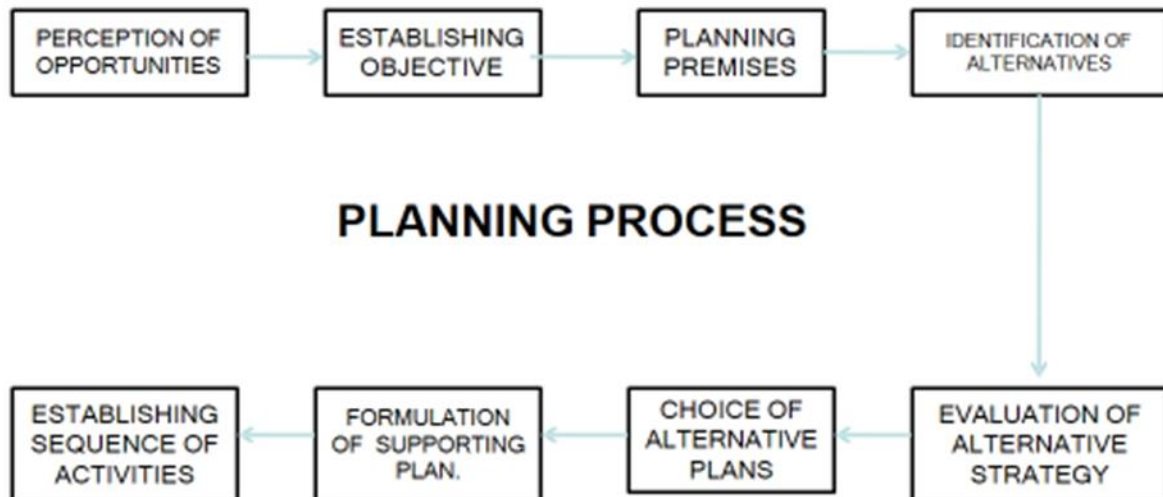
E.g. Program me,  
Projects, Schedule,  
Budget.

## **DISTINCTION BETWEEN OPERATIONAL AND STRATEGIC PLANNING.**

	OPERATIONAL PLANNING	STRATEGIC PLANNING
FOCUS	OPERATING PROBLEM	LONGER TERM SURVIVAL & DEVELOPMENT
OBJECTIVE	PRESENT PROFITS	FUTURE PROFITS
CONSTRAINTS	PRESENT RESOURCES	FUTURE RESOURCES
REWARDS	EFFICIENCY, STABILITY	DEVELOP FUTURE POTENTIAL
INFORMATION	PRESENT BUSINESS	FUTURE OPPORTUNITIES
ORGANISATION	BUREAUCRATIC STABLE	ENTREPRENEURIAL FLEXIBLE
LEADERSHIP	CONSERVATIVE	INSPIRE RADICAL CHANGE
PROBLEM SOLVING	REACT, RELIES ON PAST EXPERIENCE LOW RISK	ANTICIPATES, FINDS NEW APPROACHES. HIGH RISK



## Planning Process



### 1. PERCEPTION OF OPPORTUNITIES

- ☐ Be aware of opportunities course of action adopted “TODAY” in order to obtain desired result tomorrow.
- ☐ Planning be effective –Anticipate and meet the condition as they develop in future.  
e.g.:- Demand forecast –production sales planning.
- ☐ Requires realistic diagnosis of opportunities.
- ☐ Include preliminary look at possible opportunities and ability to see them clearly/ completely, a knowledge of where the organization stands in terms of s/w.

### 2. ESTABLISHING OBJECTIVE

#### 1) Socio-economic purpose.



**2) Mission**

**3) Over all organization objective.**

**4) More specific overall objective.**

**5) Divisional objective.**

**6) Departmental and unit objective.**

**7) Individual objective**

**8. Personal development objective**

### **3. PLANNING PREMISES**

**External premises**

- ☐ Political atmosphere
- ☐ Govt. approach to words business
- ☐ Population trends
- ☐ National income and its distribution
- ☐ Price levels
- ☐ Fiscal policy
- ☐ Monetary policy
- ☐ Technological innovations

**Internal premises**

- Capital investment plan
- Sales forecast
- Values and policies of top management
- Organization structure



## PLANNING PREMISES

Factors in environment that affect the achievement of goal.

A) External i.e. Business environment.

B) Internal premises

### A. External premises:

☐ Economical, political, social, culture, and technological conditions.

1. Political atmosphere:

- Political stability –Both at national /state level affects the planning process.

2 Government approach towards business: Affect the operation of business system: **4 roles**

a) Regulatory: Government excises various direct and indirect controls over business

b) Promotional: Provides incentive of both general nature as well as specific.

c) Entrepreneurial role : Many public sector enterprises.

d) Planning role : Five year plan

-The way which country will progress, making resources available for desired level of growth –investment pattern.

3 Population Trends:

4 National income and its distribution:

☐ Level of economic growth in country.

☐ Purchasing power of people

Determines type of product to be determined.

5 Price level:

Economy is high inflationary, there may be pressure on profit margins.

## 6 Fiscal policy:

Deals with tax structure and government expenditure



- Affects the growth of individual Organization or industry as whole
- Government spending on operation of business organization.



- Spending to meet social need
- Inflationary pressure pinches the industry

## 7 Monetary Policy:

Generally enforced by central banking too much money – leads to inflation in economic system credit squeeze for controlling the supply of money – business will face problem of liquidity.

## 8 Technological innovation:

Higher productivity, lower cost and more revenues.

### **B. INTERNAL PREMISES:**

Factors that influence within

#### a. Capital investment plan:

- ☐ Assess your own resources and commitment made
- ☐ Adjust the plan in such a manner that the existing resources are more productively used

#### b. Sales Forecast:

Make industry wise demand forecast Make sales forecast for a specific company e.g. Automobile business.

#### c. Values and policies of top management



d. Organization structure:

- ☐ People arranged in hierarchy, each one responsible for the performance of specific task in co-ordination with others.

## **4. Identification of Alternatives:**

- ☐ Based on organization objective /planning premises

### **Organization Growth**



- Expanding in same field of business, product line
  - Diversification
  - J.V.
- ☐ Preliminary examination –MIR, Match with present business, control by government.

## **5 Evaluation of Alternative:**

- ☐ Contribution of O. objective, in the light of recourses and its constraint.
- ☐ Most profitable, heavy investment with long gestation period.

## **6 Choice of Alternative:**

- ☐ Most fit one
- ☐ Contingency plan, changed situation.

## **7 Formulation of supporting plan**

## **8 Establishing sequence of activities**

- ☐ Plan put into action.
- ☐ Who will what and at what time.



## Unit 3

### **ORGANIZING**

- FORMAL GROUPING OF ACTIVITIES AND RESOURCES
- FOR ATTAINMENT OF ORGANISATIONAL OBJECTIVE
- ENSURE THAT OBJECTIVE ARE ACHIEVED IN SHORTEST POSSIBLE TIME IN ORDERLY MANNER AND MAXIMUM UTILISATION OF AVAILABLE RESOURCES

### **MANAGER-ORGANISER**

- ALLOCATE ROLE TO EACH PERSON
- DESIGNATION AND POSITION IN THE ORGANIZATION
- RESPONSIBILITY- FOR ACHIEVEMENT OF THE OBJECTIVE
- AUTHORITY- FOR UTILISATION OF RESOURCES

### **Purpose of organizing**

- Divide work to be done into specific jobs & dept.
- Assign task and responsibilities associated with individual job
- Coordinate diverse organizational task
- Cluster job into units
- Establish relationship between individual, group &dept.
- Establish formal line of Authority: The right inherent in a managerial position to tell people what to do and to expect them to do it
- Allocate and deploy organizational resources

### **ORGANIZATION STRUCTURE**

- FORMAL ESTABLISHED PATTERN OF RELATIONSHIP AMONG THE VARIOUS PARTS OF AN FIRM



- THE FORMAL FRAMEWORK BY WHICH JOBS TASKS ARE DIVIDED , GROUPED, AND COORDINATED

## **NEED FOR ORGANIZATION STRUCTURE**

- CLARIFY EXPECTATION OF WHAT IS TO BE DONE
- DIVIDE WORK TO AVOID DUPLICATION
- WASTED EFFORT
- PREVENT CONFLICT
- MISUSE OF RESOURCES
- PROVIDES LOGICAL FLOW OF WORK ACTIVITIES
- PROVIDE COORDINATING MECHANISMS
- FOCUS WORK EFFORT ON ACCOMPLISHING OBJECTIVES

## **ELEMENTS OF ORGANISATIONAL STRUCTURE**

- **ORGANISATION CHART:**

NETWORK OF FORMAL RELATIONSHIP AND DUTIES

- ☐ **DIFFERENTIATION:**

MANNER IN WHICH VARIOUS TASKS AND ACTIVITIES ARE ASSIGNED TO DIFFERENT PEOPLE AND DEPARTMENT

- ☐ **INTEGRATION:**

MANNER IN WHICH SEPARATE ACTIVITIES AND TASKS ARE COORDINATED

- **AUTHORITY:**



THE POWER, STATUS AND HIEARCHICAL RELATIONSHIP WITHIN THE ORGANIZATION

□ **ADMINSTRTRIVE SYSTEM:**

THE PLANNED AND FORMALIZED POLICIES, PROCEDURES AND CONTROLS THAT GUIDES THE ACTIVITIES

□ **THE FLOW OF INFORMATION AND COMMUNICATION SYSTEM**

## **ORGANIZATIONAL DESIGN**

- DEVALOPING OR CHANGING AN ORGANIZATION’S STRUCTURE

### **Factors Affecting Organizational Design**

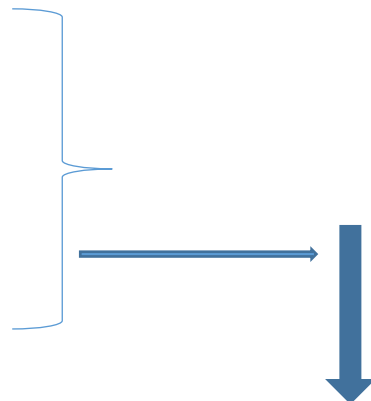
\***Environment**

\***Strategy**

\***Human**

**Resources**

\***Technology**



**All the above determine design or organizational structure**

## **Determinants of Structure**

**The environment:** The quicker the environment changes, the more problems face managers.

- Structure must be more flexible when environmental change is rapid
- Usually need to decentralize authority.





**Strategy:** Different strategies require the use of different structures.

Three Strategies:

- Innovations,
- Cost minimization
- Imitation

**Technology:** The combination of skills, knowledge, tools, equipment, computers and machines used in the organization.

- More complex technology makes it harder for managers to regulate the organization. Technology can be measured by:
  - Task Variety: new problems a manager encounters.
  - Task Analysability: programmed solutions available to a manager to solve problems.
- High task variety and low analysability present many unique problems to managers.
  - Flexible structure works best in these conditions.
- Low task variety and high analysability allow managers to rely on established procedures

#### **Technology & People**

- ☐ Small Batch Technology: produces small quantities of one-of-a-kind products.
  - Based on the skills of the workers who need a flexible structure.
- ☐ Mass Production Technology: automated machines make high volumes of standard products.
  - Workers perform repetitive tasks so a formal structure works well.
- ☐ Continuous Process Technology: totally mechanized systems of automatic machines.
  - Workers must watch for unexpected problems and react quickly. A flexible structure is needed here

**Human Resources:** the final factor affecting organizational structure.



- Higher skilled workers who need to work in teams usually need a more flexible structure.
- Higher skilled workers often have professional norms (physicians).

## **Job Design**

- Job Design: group tasks into specific jobs.
- Results in a division of labour between workers that is effective and efficient.
  - Job simplification: reduction of the tasks each worker performs.
- Too much and boredom results.
  - Job enlargement: increase tasks for a given job to reduce boredom.
  - Job enrichment: increases the degree of responsibility a worker has over a job.
- can lead to increased worker involvement

## **DELEGATION OF AUTHORITY**

- **DELEGATE:** To give, confer & allot a part of authority to subordinates

Right to act or decide

### **Responsibility:**

Being in charge of situation

Delegation becomes a must:

Structure of authority/Accountability exists

Superiors need to concentrate on important and vital issues

## **COMPONENTS OF DELEGATION OF AUTHORITY**

- RESPONSIBILITY
- AUTHORITY



- ACCOUNTABILITY

## **DEGREES OF DELEGATION**

### **• LOW DEGREE OF DELEGATION:**

- Superior states a particular task to his subordinate
- Investigation
- Report back

### **• MODERATE DEGREE OF DELEGATION**

Superior states a particular task to his subordinate

- Investigation
- Report back with action plan

### **• HIGH DEGREE OF DELEGATION**

- Superior states a particular task to his subordinate
- Investigation
- Report back with action plan with the results and reasons

## **ADVANTAGES OF DELEGATION OF AUTHORITY**

- It reduces the work load of the superiors permitting them to concentrate on vital issues
- Provides an opportunity to grow and develop
- In exercising effective control over the activities of subordinates
- Satisfaction to subordinates in terms of recognition
- Accountability imposed on subordinates' forces them to act in a responsible manner
- Results in prompt decision making

## **BARRIERS**

- Fallacy: if we want it done right, do it yourself



- Lack of confidence and trust on subordinates
- Fear of losing status and position
- Poor examples set by superior

### **TEN PRINCIPLES OF E.D**

- Explain the degree of delegation
- Select appropriate subordinates
- Keep lines of communication open
- Train your subordinate, motivate them
- Reward delegation
- Keep appropriate reporting Systems and controlling
- Don't Delegate & disappear
- Don't follow the practices of "Delegation on paper"
- Believe in feedback, interaction & result orientation of designation
- Principle of Exception

Routine matter: independent

Discretionary matter requiring attention and authentication

## **CENTRALISATION v/s DECENTRALISATION**

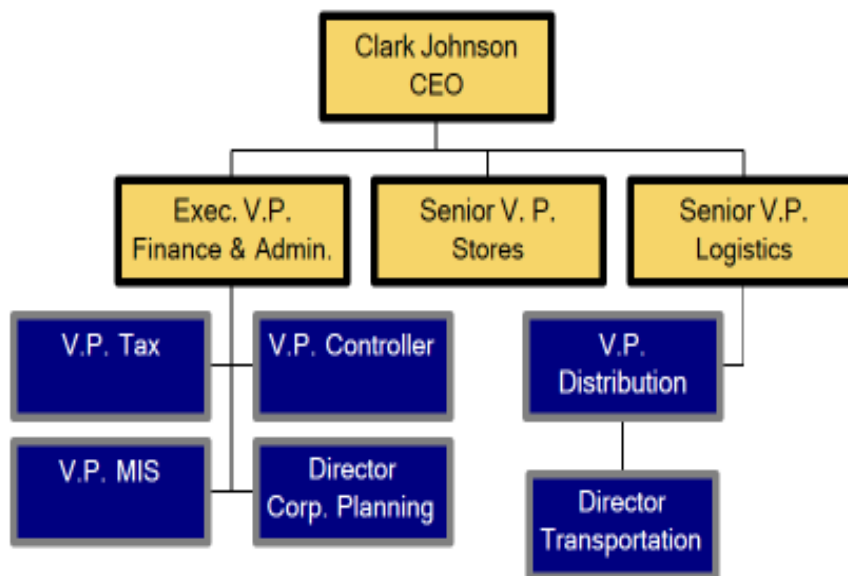
- |  |   |
|--|---|
| <ul style="list-style-type: none"><li>• Centralization</li><li>• The degree to which decision making is concentrated at a single point in the organization</li><li>• Environment is stable</li><li>• Not Capable/exp</li><li>• Do not want to have say in decisions</li><li>• Decision are significant</li></ul> | <ul style="list-style-type: none"><li>• Decentralization</li><li>• The degree to which lower level employees to provide input or actually make decision</li><li>• Environment is complex, uncertain</li><li>• Capable &amp; exp for D.M</li><li>• Decisions are relatively minor</li></ul>  |
| <ul style="list-style-type: none"><li>• Organization is facing a crisis or the risk of company failure</li><li>• Company is large</li><li>• Effective implementation of company strategies depends on manager say over what happens</li></ul>  | <ul style="list-style-type: none"><li>• Culture is open allow allows manager to say in what happens</li><li>• Company is Geographically Dispersed</li><li>• Effective implementation of company strategies depend on manager having involvement and flexibility to make decisions</li></ul> |

## **DEPARTMENTATION**

- The basis by which jobs are grouped together
- **Five forms**

- Functional Departmentation
- Product Departmentation
- Geographical Departmention
- Process Departmentation
- Customer Departmentation

### **Functional DEPARTMENTATION**



### **PROS & CONS**

#### **GROUPS JOBS BY FUNCTIONS PERFORMED**

**PROS:** Workers can learn from others doing similar tasks.

– Easy for managers to monitor and evaluate workers.

Coordination within functional area

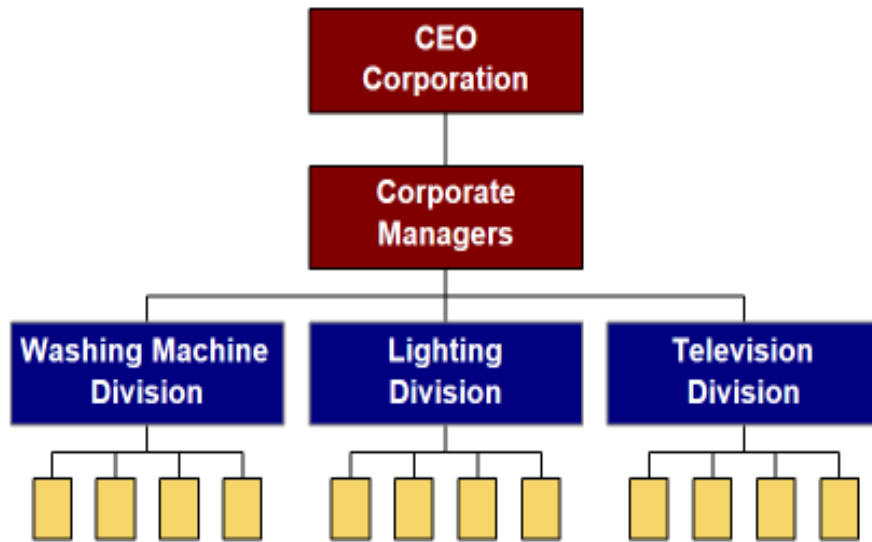
In-depth Specialization

**CONS:**

– Hard for one department to communicate with others.

– Managers can become preoccupied with their department and forget the firm

## **PRODUCT DEPARTMENTATION**



## **PRODUCT DEPARTMENTATION**

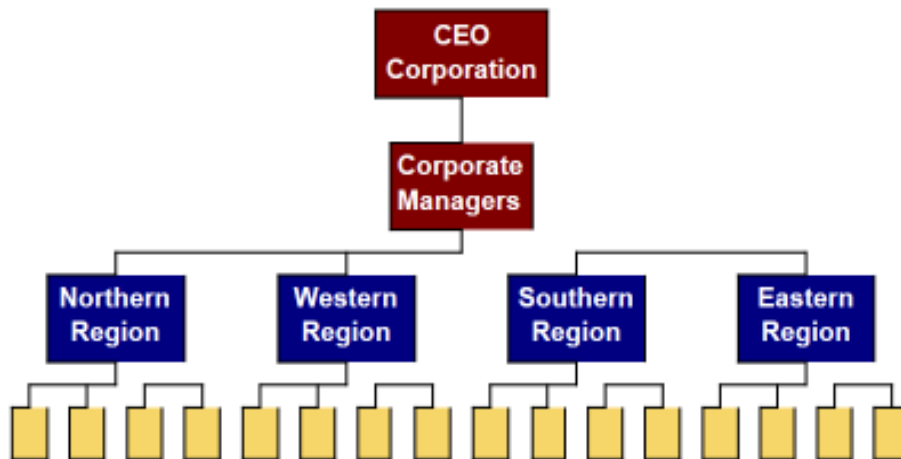
### **• PROS:**

Allows specialization in particular product and division Managers can become Experts in their industry

### **• CONS**

Limited view of organizational goals

## **GEOGRAPHIC DEPARTMENTATION**

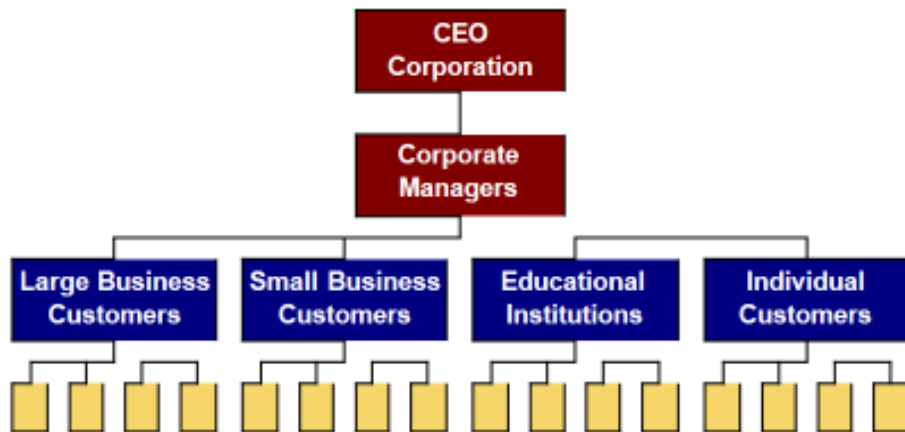


### **Geographical Departmentation**

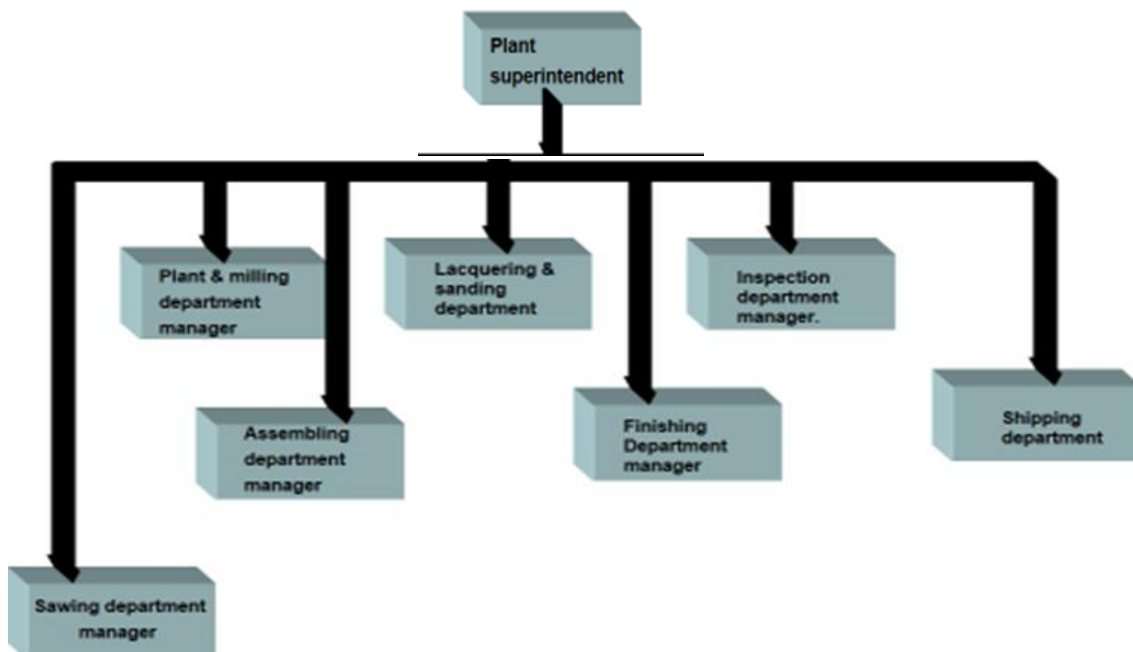
- Advantages:
- More effective and efficient handling of specific regional issues that arise
- Serve needs of unique geographic markets better



## **Customer Departmentation**



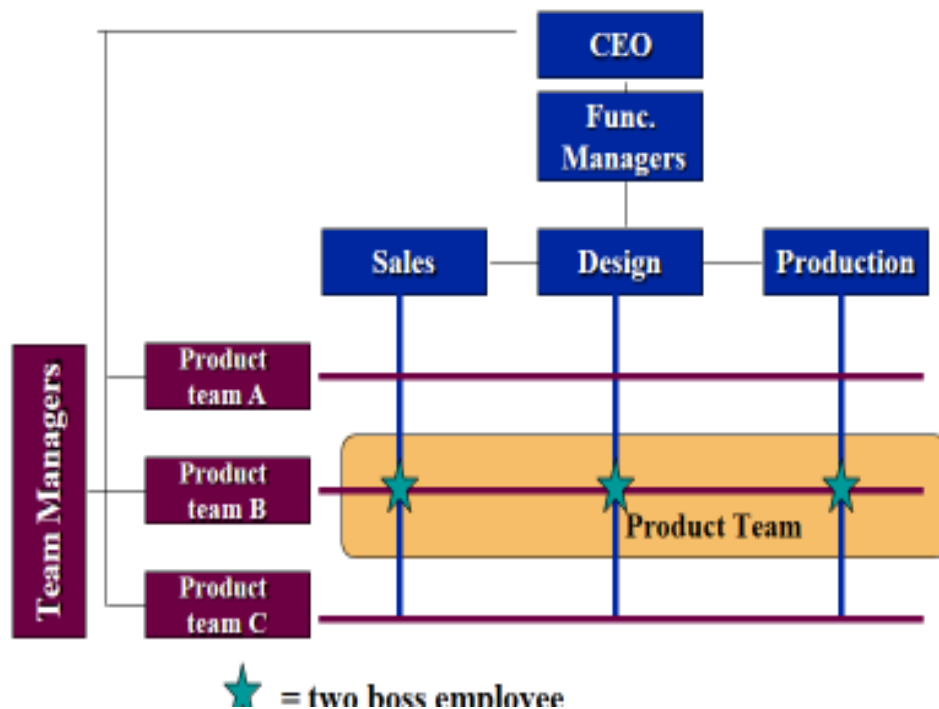
## **PROCESS DEPARTMENTATION**



## MATRIX STRUCTURE

- An organization structure that assigns specialists from different functional departments to work on one or more projects
- Results in a complex network of reporting relationships
- Very flexible and can respond rapidly to change.
- Each employee has two bosses which can cause problems.

### MATRIX STRUCTURE



- **COMBINATION OF PRODUCT AND FUNCTIONAL ORGANIZATION**
- Skilled service of functional and specialized knowledge of product
- Matrix structure operates under dual authority
- Person accountable for two bosses



**DNYANSAGAR INSTITUTE OF MANAGEMENT AND RESEARCH**

### **BENEFITS**

- Flexible structure works well in dynamic environment
- Helps in personal development and test the Professional competency

### **DRAWBACKS**

- Power Struggle: Needs balance of power
- May develop anarchy
- Decision making may be delayed



## Unit 4

### DECISION MAKING

- **Problem:**

A discrepancy between an existing and desired state of affairs

- **Decision:**

A choice from two or more alternatives

### DECISION MAKING

- DM 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 behavioural activity from the alternatives with an intention of moving towards some desired state of affairs.

### CHARACTERISTIC 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

### TYPES OF MANAGERIAL DECISIONS

- I. Personal and Organizational Decisions
- II. Basic & Routine Decisions
- III. Programmed & Non Programmed Decisions

#### I Personal and Organizational Decisions

**Personal Decisions:** – cannot ordinarily be delegated to others



- attempt to achieve personal goals

**Organizational Decisions:**

- Can often if not always be delegated
- Attempt to achieve organizational goals

**II Basic & Routine Decisions**

- **Basic Decisions:**

- Unique one time decisions involving long range of Commitments of relative performance or duration or those involving large investment
- Plant Location, Organization structure, Wage Negotiation

- **Routine Decisions:**

- Everyday, Highly Repetitive
- Management Decisions which by themselves have little impact on the overall organization
- Production Supervisors decision to appoint a new worker

**III Programmed & Non Programmed Decisions**

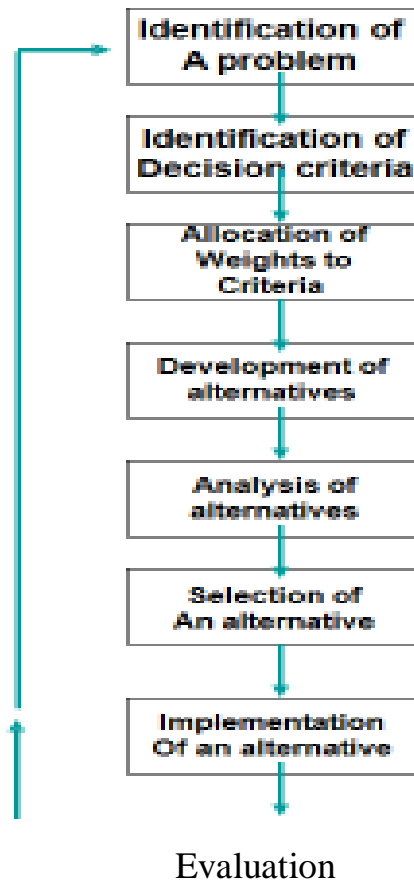
- **Programmed Decisions:**

- Routine, Repetitiveness
- Straight forward, familiar and easily defined problems

- **Non programmed Decisions:**

- Unique, one shot

## **Decision Process**



## **Decision making styles**

- Directive style
- Analytic Style
- Conceptual style
- Behavioural style

### **Directive Style**



- A decision making style usually characterized by low tolerance for ambiguity and a rational way of thinking
- Efficient and logical
- Make fast decision and focus on short run
- Efficiency and speed is the result of making decision with minimal information and assessing few alternatives

### **Analytic style**

- Characterized by high tolerance for ambiguity and rational way of thinking
- Wants more information before taking decisions and also consider more alternatives
- Careful decision makers with the ability to adopt or cope with unique situations

### **Conceptual style**

- Characterized by high tolerance for ambiguity and intuitive way of thinking
- Very broad in their outlook
- Focus on long run & very good if finding creative solutions to problem

### **Behavioral Style**

- Characterized by low tolerance offer ambiguity & an intuitive way of thinking
- Acceptance by others is important

## **Unit 5**

### **CONTROLLING**

MANAGEMENT CONTROL IS A SYSTEMATIC EFFORT TO SET PERFORMANCE STANDARD WITH PLANNING OBJECTIVE.

CONTROL IS ANY PROCESS THAT GUIDES ACTIVITY TOWARDS SOME PREDETERMINED GOALS

### **CONTROLLING**

- **KOONTZ O' DONNELL**

Management control implies measurement of accomplishment against and the correction of deviation to assure attainment of objectives according to plan

- **HENRY FAYOL**

Control consist in verifying whether everything occurs in conformity with the plans adopted, the instructions and the principles established

- **PETER DRUCKER**

“Control maintains the equilibrium between the ends and means, output and efforts”.

Control can also be defined as the process of monitoring activities to ensure that they are accomplished as planned and of correcting any significant deviation

### **ELEMENTS OF EFFECTIVE CONTROLL**

- **Suitability:**

Should suit the organization working system.

Different department to have different systems of control

- **Deviations:**

Change in condition to be reported to avoid loss or damage





- **Objective:**

Control to be done with accurate and suitable standards

For control to be effective objectives should be proper

- **Predictions**

Corrective and precautionary measures

- **Flexible**

It is required in control design so that control is effective when there are some unforeseen changes in stated plans

- **Economy**

Benefits derived should be more than the cost incurred from the control system

- **Understandable:**

Should be clearly understood by everybody for control to be effective

- **Corrective:**

Should not only detect deviation but also show way to corrective action

## **CHARATERISTICS OF CONTROL**

- End function
- Continuous Function
- Flexible Activity
- Forward Looking
- All level exercise
- Economy

- **End function:**

Follow up of other function of Management

It judges the performance of different



factors engaged in attainment of objective

- **Continuous Function:**

Monitoring of performance, prompt in dealing with deviations

- **Flexible Activity:**

Should adjust and situation according to needs

- **Forward Looking :**

Is related to future though it lives in the present

It is present over which control is exercised with a view to guard against future

- **All level exercise:**

Nature and degree may change according to level

## **NEED OF CONTROL**

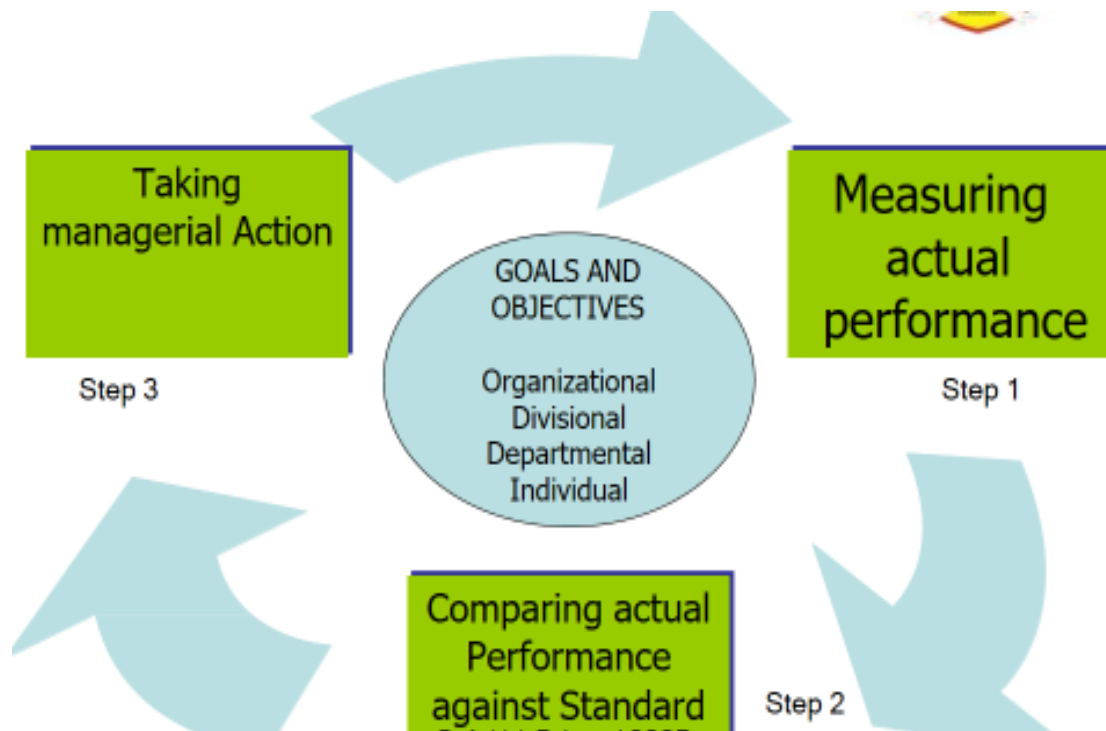
- Proper action
- Decision Making
- Consistency
- Coordination
- Positive impact
- Detection of weakness
- Proper implementation of plan

## **PROCESS OF CONTROLLING**

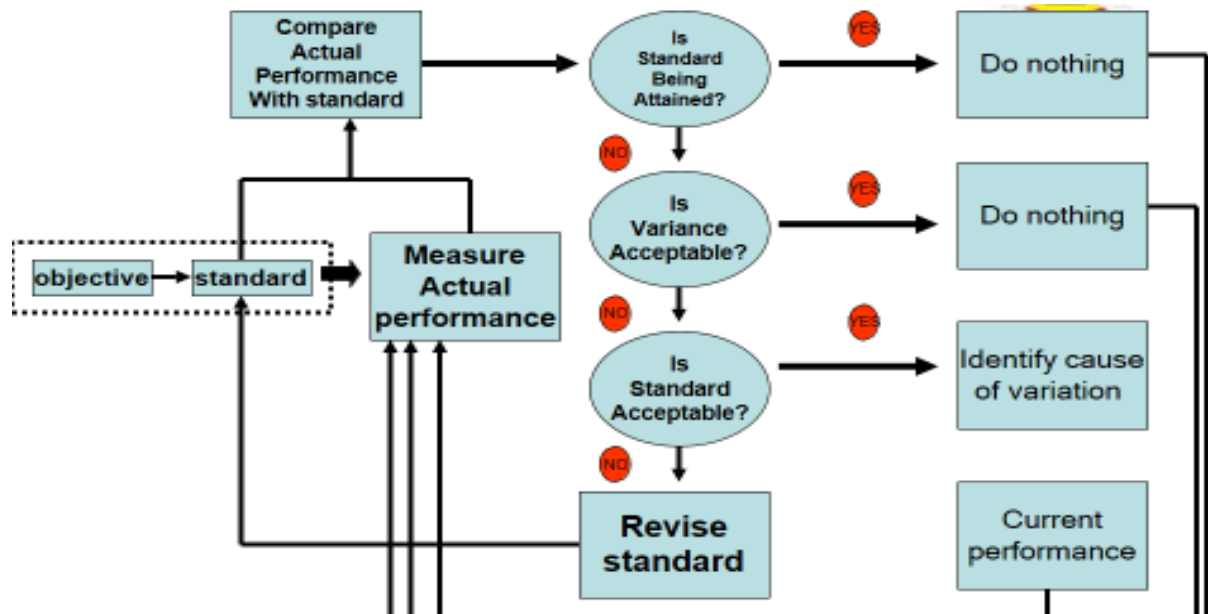
Four basic elements:

- 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

## **Process of Controlling**

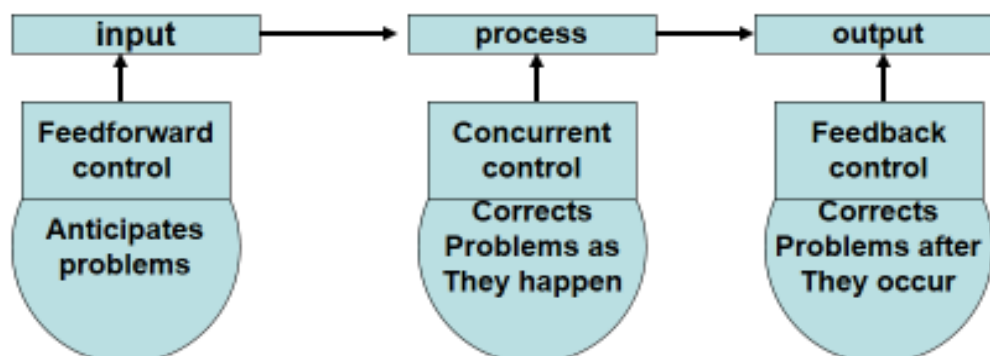


## Decisions in Control Process



## TYPES OF CONTROL

- Feed forward control
- Concurrent control
- Feed back Control





## **TYPES OF CONTROL**

- Feed forward control

Type of control that focuses on preventing anticipated problem since it takes place in advance of the actual work.

- Concurrent control

Type of Control that takes place while a work activity is in process

E.g. direct supervision

- Feedback Control:

A type of control that takes place after a work activity is done

Example: Financial statements

## **QUALITIES OF AN EFFECTIVE CONTROL SYSTEM**

- Accuracy
- Timeliness
- Economy
- Understand ability
- Reasonable criteria
- Corrective action

## **CONTROL TECHNIQUES**

- **Traditional**

Personal observation

Break even Analysis

Budgetary Control



- Sales, production

- **Modern**

Management Audit

Return on investment

PERT

CPM

- Management Audit:

Overall and scientific management of quality of management

Comprehensive and constructive review of the performance of management

- Return on Investment

How effectively resources are used Helps management aware of wastages and inefficiency

- PERT: Programme Evaluation & Review Technique

- CPM: Critical Path Method

Both this methods are oriented towards achieving better managerial control of time spent in completing the project.

Project is decomposed into activities and then all activities are integrated in a highly logical sequence to find the shortest time required to complete the project

PERT focuses on time

CPM focuses on Cost



## **CONCLUSION**

“Planning is the basis of control,  
Action is the essence of control,  
Delegation is the key to control,  
And information is the guide to control.