BUSINESS MANAGEMENT

STUDY MATERIAL

FIRST SEMESTER

CORE COURSE : BCIB01

For

B.COM

(2017 ADMISSION ONWARDS)

UNIVERSITY OF CALICUT

SCHOOL OF DISTANCE EDUCATION

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BCIB01 : BUSINESS MANAGEMENT

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MODULE 1

NATURE AND SCOPE OF MANAGEMENT

Managing is essential in all organized co-operation, as well as at all levels of organization in an enterprise. It is the function performed not only by corporation President and the army general but also of the shop supervisors and the company commander. Managing is equally important in business as well as non business organizations. During the last few decades, Management as a discipline has attracted the attention of academicians and practitioners to a very great extent. The basic reason behind this phenomenon is the growing importance of management in day to day life of the people.

Because of the divergent views, it is very difficult to give a precise definition to the term "Management". It has drawn concepts and Principles from economics, sociology, psychology, anthropology, history, and statistics and so on. The result is that each group of contributors has treated Management differently. Management is invariably defined as the process of "getting things done through the effort of others", getting from where we are to where we want to be with the least expenditure of time, money and efforts, or co-ordinating individual and group efforts, or co-ordinating individual and group efforts towards super-ordinate goals.

Harold Koontz defines management in a very simple form where he states that "Management is the art of getting things done through and with the people in formally organized groups".

Dalton E. McFarland defines Management as "Management is defined for conceptual, theoretical and analytical purposes as that process by which Managers create direct, maintain and operate purposive organization through systematic co-ordinated co-operative human effort."

To sum up, we can say that management is the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims.

NATURE AND SCOPE OF MANAGEMENT

The study and application of Management techniques in managing the affairs of the organization have changed it's nature over the period of time. The nature of Management can be described as

1. Multi disciplinary

Management integrates the ideas and concepts taken from disciplines such as psychology, sociology, anthropology, economics, ecology, statistics, operation research, history etc. and presents newer concepts which can be put in practice for managing the organizations. Contributions to the field of management can be expected from any discipline which deals with some aspects of human beings.

2. Dynamic Nature of Principles

Principles are a fundamental truth which establish cause and effect relationship of a function. Based on practical evidences, management has framed certain principles, but these

principles are flexible in nature and change with the changes in the environment in which an organization exists. In the field of Management, organization researches are being carried on to establish principles in changing society and no principles can be regarded as a final truth.

3. Relative, Not Absolute Principles

Management Principles are relative, not absolute and they should be applied according to the need of the organization. Each organization may be different from others. The difference may exist because of time, place, socio-cultural factors etc. A particular management Principles has different strength in different conditions and therefore Principles of Management should be applied in the light of the prevailing conditions.

4. Management, science or Art

Science is based on logical consistency, systematic explanation, critical evaluation and experimental analysis. It is a systematized body of knowledge. Management, being a social science may be called as an inexact or pseudo science. The meaning of art is related with the bringing of desired result through the application of skills. It has to do with applying of knowledge or science or of expertness in performance. Management can be considered as an art and a better manager is one who knows how to apply the knowledge in solving a particular problem.

5. Management as a Profession

The word profession may perhaps be defined as an occupation based upon specialized intellectual study and training, the purpose of which is to supply skilled service or advice to others for a definite fee or salary. Profession is an occupation for which specialized knowledge, skills and training are required and the use of these skills is not meant for self satisfaction , but these are used for the larger interests of the society and the success of these skills is measured not in terms of money alone. Management possess certain characteristics of profession, while others are missing. Therefore, it cannot be said to be a profession, though it is emerging as a profession and the move is towards management as a profession.

6. Universality of Management

There are arguments in favour and against the concept of universality. The arguments in favour of universality are:-

[a]management as a process and the various process of management are universal for all organizations

[b]distinction between management fundamentals and techniques

[c]distinction between management fundamentals and practices.

The arguments against universality are:-

[a]management is culture bound

[b]management depends upon the objectives of an enterprise

[c]management depends upon the differences in philosophies of organization

EVOLUTION OF MANAGEMENT

Creative, dynamic management is a driving force behind the success of any business. In today's marketplace, change is rapid and managers are expected to deal with a broad set of issues and needs. How they address those issues is very different today than it was a hundred years ago. Times have changed, labor has changed, and, most importantly, management philosophies have changed. The management philosophies of yesterday are valuable tools for managers to use today. The development of management thought has been evolutionary in nature under the following four parts:-

1.Pre- Scientific Management Era [Before 1880]

2.Classical Management Era [1880-1930]

3.Neo-Classical Management Era[1930-1960]

4.Modern Management Era [1950 onwards]

During pre-scientific management era, valuable contributions were made by Churches, Military organizations and writers like Charles Babbage and Robert oven. A school of thought emerged in this era is known as pre-scientific management school.

The earliest management philosophy, the classical perspective, emerged in the 19th and early 20th century in response to a problem businesses grapple with today: how to make businesses efficient operating machines. In the factory system, managers had the challenge of coordinating a huge, unskilled labor force, complex production systems, and an expansive manufacturing operation. The classical theorists like F.W.Taylor and Henri Fayol concentrated on organizational structure for the accomplishment of organizational goal.

Frederick Winslow Taylor's solution was the Scientific Management approach which proposed that productivity could be improved only by a series of precise procedures developed from a scientific observation of a situation. This approach standardized labor and training, employee hiring, and tied compensation to increased productivity. While highly successful, this approach did not take into consideration the diversity of abilities and needs within the workforce.

The neo classical writers like Elton Mayo and Chester I. Barnard tried to improve upon the theories of classical writers. They suggested improvements for good human relations in the organization. A crucial shift in management philosophy came in the 1920s with a new emphasis on human behaviours, needs and attitudes in the workplace over the economy and efficiency ofproduction. This new way of thinking led the way for the human resource perspective, which saw workers as a resource to be fully utilized, as opposed to tools from which to extract utility. It suggested that beyond the need for worker inclusion and supportive leadership, organizations should design jobs to meet the higher needs of their employees and utilize their full potential. This perspective paved the way for the role that human relations departments play in organizations today.

Many of today's management perspectives grew out of adaptations of the humanistic perspective. One such perspective is the systems theory, which views an organization as a series of interconnected systems that affect and are effected by each other

The modern management thinkers like Robert Schlaifer and Herbert Simon define organization as a system. They also consider the impact of environment on the effectivenss of the organization. The social system school, the decision theory school, the quantitative management school, the systems management school, etc. are the contributions of modern management era.

To sum up

(A)Early management approaches which are represented by scientific management, the administrative management theory and the human relations movement

(B)Modern management approaches which are represented by scientific management, the administrative/management science approach, the systems approach and the contingency approach

SCHOOLS OF MANAGEMENT THOUGHT

The development of thought on Management dates back to the days when people first attempted to accomplish goals by working together in groups.With the work of Frederic Taylor and Henri Fayol, there was serious thinking and theorizing about managing many years before.

In the early 19th century , industrialization and the factory system saw the advent of assembly line operation and costing systems. Management Principles in business were adopted in the latter half of nineteenth century. As the concept of management evolved, various schools of management thought emerged. Thus there came a myriad ways of classifying management theories. One such classification was given by Koontz, who classified the theories into the following six groups: The management process school The empirical school The human behavioural school The social systems school The decision theory school The mathematical school

The purpose of this article is to identify the various schools of management theory, indicate the source of the differences, and to provide some suggestions for disentangling the management theory jungle. Koontz describes six schools of management theory as follows.

1. The Management Process School

The management process school views management as a process of getting things done with people working in organized groups. Fathered by Henri Fayol, this school views management theory as a way of organizing experience for practice, research and teaching. It begins by defining the functions of management.

2. The Empirical School

The empirical school views management theory as a study of experience. Koontz mentions Ernest Dale's comparative approach as an example which involves the study and analysis of cases. The general idea is that generalizations can be drawn from cases that can be applied as guides in similar situations. As such it is also known as case approach or management experience approach. According to this school, management is considered as a study of managers in practice. It is a study of success and failures in the application of management techniques by managers in their practice. Theories of management can be developed by studying large number of experiences because some sort of generalizations can be possible.

3. The Human Behaviour School

The central thesis of the human behaviour school is that since management involves getting thing done with people, management theory must be centered on interpersonal relations. Their theory focuses on the motivation of the individual viewed as a socio-psychological being. This approach can be divided into two groups ; interpersonal behaviours approach and group behaviours approach. Emphasis is put on increasing productivity through motivation and good human relations.

4. The Social System School

The members of the social system school of management theory view management as a social system. March and Simon's 1958 book Organizations published by Wiley is used as an example, but Koontz indicates that Chester Barnard is the spiritual father of this school of management. The social system school identifies the nature of the cultural relationships of various social groups and how they are related and integrated. Barnard's work includes a theory of cooperation which underlies the contributions of many others in this school. Herbert Simon, and others expanded the concept of social systems to include any cooperative and purposeful group interrelationship or behaviour. According to this approach, the organization is essentially a cultural system composed of people who work in co-operation. As such, for achieving organizational goals, a co-operative system of management can be developed only by understanding the behaviour of people in groups.

5. The Decision Theory School

The decision theory school of management concentrates on the rational approach to decisions where alternative ideas or courses of action are analyzed. The decision is the central focus. This approach looks at the basic problem of management around decision making – selection of suitable course of action out of the given alternatives Major contribution to this approach has come from Simon, March, Cyert, Forrester, etc. The major emphasis of this approach is that decision making is the job of every manager. The manager is a decision maker and the organization is a decision making unit. Therefore the basic problem in managing is to make rational decision.

6. The Mathematical School

The mathematical school of management views management as a system of mathematical models and processes. This includes the operations researchers and management scientists. But Koontz points out that in his view mathematics is a tool, not a school.

Frederick Taylor and Scientific Management

Frederick Winslow Taylor is generally acknowledged as "the father of scientific management."His experiences as an apprentice, a common labourer, a foreman, a master mechanic , and then the Chief Engineer of the Steel company gave Taylor ample opportunity to know at first hand the problems and attitudes of workers and to see the great opportunities for improving the quality of Management.

Taylor principal concern throughout most of his life was that of increasing efficiency in production, not only to lower costs and raise profits, but also to make possible increased pay for workers through their higher productivity. Taylor saw productivity as the answer to both higher wages and higher profits, and he believed that the application of Scientific methods, instead of custom and rule of thumb, could yield the productivity without the expenditure of more human energy or effort.

Taylor's famous work entitled the "The Principles of Scientific Management" was published in 1911.Scientific Management is not any efficiency device, in its essence, scientific management involves a complete mental revolution on the part of the working man in any particular establishment or industry – and is equally complete mental revolution on the part of those on the management side. The great mental revolution that takes place in the attitude of two parties is that together they turn their attention towards increasing the surplus than dividing the surplus.

The fundamental Principles that Taylor was underlying the Scientific approach of Management may be summarized as follows:-

1. Replacing rules of thumb with science.

2. Obtaining harmony in group action, rather than discord

3. Acheiving co-operation of human beings, rather than chaotic individualism.

4. Working for maximum output rather than restricted output.

5. Developing all workers to the fullest extent possible for their own and their company's highest prosperity.

Contributions of Henry Fayol

Henri Fayol (Istanbul, 29 July 1841–Paris, 19 November 1925) was a French mining engineer, director of mines, who developed independent of the theory of Scientific Management, a general theory of business administration also known as Fayolism. His contributions are generally termed as operational management or administrative management.

He was one of the most influential contributors to modern concepts of management. Fayolism is one of the first comprehensive statements of a general theory of management developed by Fayol. He has proposed that there are six primary functions of management and 14 principles of management. The Primary function of management are forecasting planning organizing commanding coordinating and controlling.Fayol's contributions were first published in the book form titled as "Administration Industrielle at Generale' in French language , in 1916.Fayol looked at the problems of managing an organisation from top management point of view. He has used the term administration' instead of management' emphasising that there is unity of science of administrator. For him, administration was common activity and administrative doctrine was universally applicable. Fayol found that the activities of an industrial organisation could be divided into six groups.

1. Technical [relating to production]

2. Commercial [buying, selling and exchange]

3. Financial [search for capital and its optimum use]

4. Security [protection of property and person]

5. Accounting [including statistics] and

6. Managerial [planning, organisation, command, coordination, and control]

Pointing out that these activities exist in business of every size, Fayol observed that the first five were well known, and consequently he devoted most of his book to analyse the sixth one, that is, managerial activity. Fayol has divided his approach of studying management into three parts;[1] managerial qualities and training [2]general principles of management and [3] elements of management

[1]Managerial qualities and training

Fayol was the first person to identify the qualities required in a manager. According to him, there are six types of qualities that a manager requires.these are as follows:

1. Physical[health, vigour and address]

2. Mental[ability to understand and learn, judgement, mental vigour, and adaptability

3. Moral [energy, firmness, initiative, loyalty, tact, and dignity]

4. Educational [general acquaintance with matters not belonging exclusively to the function performed]

5. Technical [peculiar to the function being performed] and

6. Experience [arising from the work]

General Principles of Management

Fayol has given fourteen principles of management. He has made distinction between management principles and management elements. While management principle is a fundamental truth and establishes cause-effect relationship, management element denotes the function performed by a manager. Henry Fayol strongly felt that managers should be guided by certain principles while giving the management principles, Fayol has emphasised two things.

1. The list of management principles is not exhaustive but suggestive and has discussed only those principles which he followed on most occasions.

2. Principles of management are not rigid but flexible.

Fayol evolved 14 general principles of management which are still considered important in management. These are:

1. Division of work:

This principle suggests that work should be assigned to a person for which he is best suited. Work should be divided up to that stage where it is optimum and just. This division of work can be applied at all levels of the organization. Fayol has advocated division of work to take the advantages of specialization

2. Authority and responsibility:

Responsibility means the work assigned to any person, and authority means rights that are given to him to perform that work. It is necessary that adequate authority should be given to discharge the responsibility. Authority includes official authority and personal authority. Official authority is derived from the manager's position and personal authority is derived from the personal qualities. In order to discharge the responsibility properly, there should be parity of authority and responsibility.

3. Discipline:

This principle emphasizes that subordinates should respect their superiors and obeys their orders. On the other hand, superiors' behaviour should be such that they make subordinates obedient. If such discipline is observed, there will be no problem of industrial disputes. Discipline is obedience, application, energy, behaviour and outward mark of respect shown by employees. Discipline may be of two types; self imposed discipline and command discipline. Self imposed discipline springs from within the individual and is in the nature of spontaneous response to a skilful leader. Command discipline stems from a recognized authority.

4. Unity of command:

Subordinates should receive orders from one superior only. If he receives orders from more than one person, he can satisfy none. The more completely an individual has a reporting relationship to a single superior, the less is the problem of conflict in instructions and the greatest is the feeling of personal responsibility for results.Fayol has considered unity of command as an important aspect in managing an organization.

5. Unity of Direction:

Each group of activities having the same objective must have one head and one plan. In the absence of this principle, there may be wastage, over expenditure and useless rivalry in the same organisation. Unity of direction is different from Unity of command in the sense that former is concerned with functioning of the organization in respect of its grouping its activities or planning while later is concerned with personnel at all levels in the organization in terms of reporting relationship.

6. Subordination of individual to general interest:

While taking any decision, the general interest, i.e., the interest of the organization as a whole should be preferred to individual interests. Individual interest must be subordinate to

general interest when there is a conflict between the two. Superiors should set an example in fairness and goodness.

7. Remuneration:

Management should try to give fair wages to the employees and employees should have the satisfaction of being rightly paid. Remuneration must give satisfaction to both the employers and employees.

8. Centralization:

Everything which goes to increase the importance of subordinate's role is decentralization and everything which goes to reduce it is centralization. When a single person controls the affairs of an organization, it is said to be complete centralisation.In small concerns, a single manager can supervise the work of the subordinates easily, while in a big organization, control is divided among a number of persons. Thus centralization is more in small concerns and it is less in big concerns. Fayol's opinion was that the degree of centralization should be fixed on the basis of capabilities of the persons.

9. Scalar Chain:

This is the chain of superiors from the highest to the lowest ranks. The order of this chain should be maintained when some instructions are to be passed on or enquiries are to be made It suggests that each communication going up or coming down must flow through each position in the line of authority. It can be short circuited only in special circumstances when its rigid following would be detrimental to the organization. For this purpose, Fayol has suggested gang Plank which is used to prevent the scalar chain from bogging down action.

10. Order:

This is a principle relating to the arrangement of things and people. In material order, there should be a place for everything and everything should be in its place. In social order, there should be right man in the right place. Placement of men and materials should be properly made. Proper space should be made available where materials can be kept safely. Each man should be provided the work for which he is best suited.

11. Equity:

This principle requires the managers to be kind and just so that loyalty can be won from the subordinates. Equity is a combination of justice and kindness. The application of equity requires good sense, experience, and good nature for soliciting loyalty and devotion from subordinates.

12. Stability of Tenure:

Employees should be selected on the principles of stability of employment. They should be given necessary training so that they become perfect. There should not be frequent termination of employees. Stability of tenure is essential to get an employee accustomed to new work and succeeding in doing it well.

13. Initiative:

Within the limits of authority and discipline, managers would encourage their employees for taking initiative. Initiative is concerned with thinking out and execution of a plan. Initiative increases zeal and energy on the part of human beings.

14. Esprit de Corps:

This is the principle of ‗Union is strength' and extension of unity of command for establishing team work. Managers should infuse the spirit of team work in their subordinates.

Fayol made it clear that these principles can be applied to most organizations, but these are not absolute principles. Organizations are at liberty to adopt those which suit them or to delete a few according to their needs.

MANAGEMENT AS A SCIENCE AND AN ART

The controversy with regard to management, as to whether it is a science or art is very old. Specification of exact nature of management as science or art or both is necessary to specify the process of learning of management. Management is not easy. It is not an exact science. In fact, it is seen as an art that people master with experience.. When viewed as an art, management is remarkable, but natural expression of human behaviour. It is intuitive, creative and flexible. Managers are leaders and artists who are able to develop unique alternatives and novel ideas about their organizations needs. They are attuned to people and events around them and learn to anticipate the turbulent twists and turns around them.

However, artistry in management is neither exact nor precise. Artists interpret experience and express it in forms that can be felt, understood and appreciated by others. Art allows for emotion, subtlety and ambiguity. An artist frames the world so that others can see new possibilities.

Science is extraordinary. It is a method of doing things. It is the organized systematic expertise that gathers knowledge about the world and condenses the knowledge into testable laws and principles. When science is done correctly, it can advice us in all of our day to day decisions and actions. The Process of scientific theory construction and confirmation can be viewed as involving the following steps:-

1. The formulation of a problem or complex of problems based on observation.

2. The construction of theory to provide answers to the problem or problems based on inductions from observations

3. The deduction of specific hypothesis from the theory.

4. The recasting of the hypothesis in terms of specific measures and the operations required to test the hypothesis.

5. The devising of the actual situation to test the theorem; and

6. The actual testing in which confirmation does or does not occur

Management as an art

The artistic talents of the manager can be enriched by the usage of scientific tools. The artist in any manager definitely has an edge. His creativity and productivity can be magnified by using the correct scientific methods. The art of management existed long before automation. Without doubt, the science has made the management easier. But focusing only on the science may lead to shift of focus of the entire team and create overheads. Success of managers depends on how effectively they can use the scientific aid to enhance their artistic skills. Medicine engineering, accountancy and the like require skills on the part of the practitioners and can only be acquired through practice. Management is no exception

Art is concerned with particle knowledge and personal skill for doing out the desired results. In management, a manager should have practical knowledge & skill. Otherwise his performance will be adversely affected.

Management is a way of doing a specific action while doing the function of an art is to achieve the success in a given action.

According to George R. Terry, "Art is bringing about of a desired result through application of skill." Thus, art has 5 essential features.

i. Practical Knowledge

ii. Personal Skill

iii. Concrete Result

iv. Constructive Skill

v. Improvement through practice

These 5 functions of art also belong to the management. When a manager uses his management skill then he must have practical knowledge for solving managerial problem. A manager also has power to face the problem to find out the result, which is only possible when he/she has constructive skills. To improve the managerial skill, managerial work should be done on regular basis because regularity and practice make the work effective. So, we can say that manager is an artist since he/she posses the skill of getting the work done through and with the people. Therefore, it can be concluded that manager is an artist and management is bound to be an art.

Management as a Science

Science refers to an organized and systematic body of knowledge acquired by mankind though observation, experimentation and also based on some universal principles, concepts, and theories. Principles of science are developed through testing & observation. With the help of concept of science it can safely be concluded that management is also a science because it is based upon certain principle and concerned as a systematized body of knowledge, observation, test and experiment is a science, however it is not exact as physics, chemistry, biology, etc.

Before ·trying to examine whether the management. is a science or not we have to understand the nature of science. Science may be a described as a systematized body of knowledge pertaining to an act of study and contains some general truths explaining past events or phenomena. It is Systematized in the sense that relationships between variables and limit have been ascertained and underlying principal discovered. Three important characteristics of science are.

1. It is a systematized body of knowledge and uses scientific methods for Observation;

2. Its principles are evolved on the basis of continued observation and experiment; and

3. Its principles are exact and have universal applicability without any limitations

Judging from these criteria, it may be observed that management too is a systematized body of knowledge and its principles have evolved on the basis of observation not necessarily through the use of scientific methods. However, if we consider science a discipline in the sense of our natural science one is able to experiment by keeping all factors and varying one at a time. In the natural science it is not only possible to repeat the same conditions over and over again, which enables the scientist to experiment and to obtain a proof. This kind of experimentation-cannot be accompanied in the art of management since we are dealing with the human element. This puts a limitation on management as a science. It may be designated as 'inexact' or 'soft science'

MANAGEMENT PROCESS or SCOPE OF MANAGEMENT

Briefly, there are 5 core functions that constitute Scope of Management functions or the process of management. They are Planning, Organizing, Staffing, Directing and Controlling.

Scope /Process of Management

1. Planning

The first management function in scope of management functions that managers must perform is PLANNING. Within this function plan is created to accomplish the mission and vision of the business entity. Under the mission is considered the reason for the establishment, while under the vision is considered where business entity is aiming. The plan must define the time component and to plan necessary resources to fulfill the plan. Accordingly plan of organization is developed together with required personnel; method of leading people is defined and controlling instruments for monitoring the realization of plans. The guiding idea in the making of mentioned items is the realization of the objectives and fulfilling the mission and vision of the business entity. Planning may be broadly defined as a concept of executive action that embodies the skills of anticipating, influencing and controlling the nature and direction of change.

Each organization should make a good first step, a good plan, because without it the organization takes a great risk of mistakes and thus compromising their business.

2. Organizing

Organizing is the second function manager, where he had previously prepared plan, establish an appropriate organizational structure in business organization. In part, it determines the ranges of management, type of organizational structure, authority in the organization, types and

ways of delegating and developing lines of communication. The organization and its subsystems are placed under the plan, which was created as part of functions, ie planning. Organizing basically involves analysis of activities to be performed for achieving organizational objectives, grouping them into various departments and sections so that these can be assigned to various individuals and delegating them appropriate authority so that they can carry their work properly. In performing construction and organization in particular must pay attention to formal and informal lines of communication, because if these lines are not adequately monitored the possibility of collision between them, resulting in delays and / or even failure to achieve the goal.

3. Staffing

Staffing, as the next function of management, consists of a selection of appropriate staff for the organization to reach a goal / goals easier and more efficient. According to today's experience is well known that it is difficult to financially evaluate, quality and efficient staff. Staff is one of the more valuable, if not the most valuable resource in any successful organization. For this reason, good planning of personnel policies, as a function of management, and corresponding execution of that selection of high quality people is becoming increasingly important. The task of this management function is to set rules related to employment and personnel policies. Staffing basically involves matching jobs and individuals. This may require a number of functions like manpower planning, recruitment, selection, training and development, performance appraisal, promotion transfer, etc. The responsibility for staffing rests on all managers at all levels of the organization. It increases as one goes up in the organizational hierarchy. In order to facilitate the effective performance of staffing function, personnel department is created in large organizations.

4. Directing

Direction is an important managerial function through which management initiates actions in the organization. It is a function of management which is related with instructing, guiding and inspiring human factor in the organization to achieve organization objectives. It is a function to be performed at every level of management. Direction is a continuous process and it continues throughout the life of the organization It initiates at the top level in the organization and follows to the bottom through the hierarchy. It emphasizes that a subordinate is to be directed by his own superior only. Direction has dual objectives. On the one hand, it aims in getting things done by subordinates and, on the other, to provide superiors opportunities for some more important work which their subordinates cannot do.

5. Controlling

Control is any process that guides activity towards some pre-determined goals. It can be applied in any field such as price control, distribution control, pollution control etc.It is an element of management process and is defined as the process of analyzing whether actions are being taken as planned and taking corrective actions to make these to conform to planning. Control process tries to find out deviations between planed performance and actual performance and to suggest corrective actions wherever these are needed. Controlling is a forward looking function as one can control the future happenings and not the past. Every manager has to perform the control function in the organization. It is a continuous process and control system is a co-ordinate integrated system.

Performance of various managerial functions in an integrated way ensures fair degree of co-ordination among individuals and departments. Co-ordination is related with the synchronization of efforts which have amount, time and direction attributes. Co-ordination is thus treated as the essence of management.

MANAGEMENT AND ADMINISTRATION

Simply put, management can be understood as the skill of getting the work done from others. It is not exactly same as administration, which alludes to a process of effectively administering the entire organization. The most important point that differs management from the administration is that the former is concerned with directing or guiding the operations of the organization, whereas the latter stresses on laying down the policies and establishing the objectives of the organization. Broadly speaking, management takes into account the directing and controlling functions of the organization, whereas administration is related to planning and organizing function.

Basis for Comparison   Management Administration

Meaning   An organized way of managing people and things of a business organization is called the Management.   The process of administering an organization by a group of people is known as the Administration.

Basis for Comparison	Management	Administration
Meaning	An organized way of managing people and things of a business organization is called the Management.	The process of administering an organization by a group of people is known as the Administration.
Authority	Middle and Lower Level	Top level
Role	Executive	Decisive
Concerned with	Policy Implementation	Policy Formulation
Area of operation	It works under administration.	It has full control over the activities of the organization.
Applicable to	Profit making organizations, i.e. business organizations.	Government offices, military, clubs, business enterprises, hospitals, religious and educational organizations.
Decides	Who will do the work? And How will it be done?	What should be done? And When is should be done?
Work	Putting plans and policies into actions.	Formulation of plans, framing policies and setting objectives
Focus on	Managing work	Making best possible allocation of limited resources.
Key person	Manager	Administrator
Represents	Employees, who work for remuneration	Owners, who get a return on the capital invested by them.
Function	Executive and Governing	Legislative and Determinative

A clear distinction may be made between administration and management in the following way:

1. Administration is concerned with policy making, whereas management with policy implementation.

2. Functions of administration are legislative and largely determinative, while that of the management are executive and governing.

3. Broadly speaking, administration is concerned with planning and organizing, but motivating and controlling functions are involved in management.

4. Board of directors of any company is normally concerned with administration, whereas personnel below that level are in charge of management

Management By Objectives (MBO)

MBO is both a philosophy and approach of management. It isa process whereby superiors and subordinates jointly identify the common objectives, set the results that should be achieved by the subordinates, assess the contribution of each individuals, and integrate individuals with the organization so as to make he best use of organizational resources. Thus MBO is a system for integrating managerial activities.

According to Koontz and O' Donnel, "MBO is a comprehensive managerial system that integrates many key managerial activities in a systematic manner, consciously directed towards the effective and efficient achievement of organizational objectives"

Features of MBO

The following are the important features of MBO

1. MBO is an approach and philosophy to management and not merely a technique.
2. MBO gives emphasis opn objectives.
3. MBO is concerned with the participation of concerned managers I objective setting and performance reviews.
4. MBO reviews performance periodically.
5. Objectives in MBO provide guidelines for appropriate systems and procedures. MBO establishes a community of interest and a shared sense of vision among all the managers.

Process of MBO

The following are the stages involved in the MBO process

1. Setting of organizational objectives

The first step in MBO is the definition of organizational objectives and purpose. Usually the objective setting starts at the top level of organization and moves downward to the lowest managerial levels. The setting objective include defining the purpose of organization, long range and short range organizational objectives, divisional or departmental objective an d individual manager's objectives.

2. Identification of Key Result Areas

Organizational o0bjectves provide the basis for the identification of Key Result Areas(KRAs). KRAs are derived from thr expectations of various stakeholders and they indicate the priorities for organizational performance such as profitability, market standing, innovation, productivity, social responsibility etc.

3. Setting subordinates' objectives

The achievement of organizational goals is only possible through individuals. So each individual manager must know in advance what he is expected to attain. Every manager in the managerial hierarchy is both superior and subordinate (except the managers at top and bottom level). The process of objective setting begins with superior's proposed recommendations for his subordinate's objectives. In turn, the su8bordinate state his own objectives as perceived by him. Thereafter the final objectives for the subordinates are set by the mutual negotiation between superiors and subordinates.

4. Matching resources with objectives

Resource availability is an important aspect of objective setting because it is the proper application of resources which ensures objective achievement. So there should be a matching between objectives and resources.

5. Appraisal

Appraisal tries to measure whether subordinate is achieving his objective or not. Appraisal is undertaken as an on-going process with a view to find out deficiency in the working and also to remove it promptly in order to attain the objectives of organization.

6. Recycling

Though appraisal is the last aspect of MBO process, it is used as an input for recycling objectives and other actions. Recycling process include setting of objectives at various levels, action planning on the basis of those objectives and performance review. Each of these three aspects gives base for others. This process goes on a continuous basis.

Benefits of MBO

The benefits of MBO can be seen as follows

1. MBO helps in better managing the orgaisational resources and activities.

2. Since organizational objectives are defined very clearly in MBO, they help in relating the organization with its environment.

3. MBO provides greatest opportunity for personnel satisfaction because opf their participation in objective setting and rational performance appraisal.

4. MBO stimulates o9rganisational change and provides a frame work and guidelines for organizational change.

Problems and Limitations of MBO

Each organization is likely to encounter specific problems in MBO practice but some of the common problems are as follows

1. MBO is a time consuming and costly process

2. Manager's failure to teach MBO philosophy

3. Problems in objective setting

4. more emphasis on short term objectives

5. Danger of inflexibility in the organization in a dynamic environment

6. MBO creates frustration among managers

In spite of thee obstacles and problems in MBO, it continues to be a way of managing organization.

MANAGEMENT BY EXCEPTION

Management by Exception is an employee empowerment and management style, policy or philosophy wherein managers intervene only when their employees fail to meet their performance standards or when things go wrong. The idea behind it is that management's attention will be focused only on those areas in need of action. If the personnel are performing as expected, the manager will take no action. MBE normally involves substantial delegation by the manager to his team.

The MBE is similar to the vital signs monitoring systems in hospital critical care units (ICUs). When one of the patient's vital signs goes outside the range programmed into the machine, an alarm sounds and staff runs to the rescue. If the machine is quiet, it's assumed that the patient is stable, and they will receive only regular staff attention. Management by Exception (MBE) is a "policy by which management devotes it's time to investigating only those situations in which actual results differ significantly from planned results". The concept of MBE was propounded by: Frederick Winslow Taylor.

Attention and priority is given only to material deviations requiring investigation and correction. It is a part of motivational and control techniques. Its objective is to facilitate management focus on really important tactical and strategic tasks.

Significance of MBE:

- Proper and timely decision making and appropriate flow of action and employees' activities.
- Better utilization of managers' time by bringing to their attention only those conditions that appear to need managerial action.
- Easy identification of discrepancies.
- Benefit to customers since MBE makes it easier for the business to grow and improve its service rather than use valuable resources on routine tasks.

Types of Exceptions: There are two types of exceptions which are identified and managed through MBE: Problems Below Opportunities Above standard performance and results. and results. Need to be strategized and Need to be identified and solved in time. tapped.

Process of MBE:

1. Identifying and specifying Key Result Areas (K.R.A.s)
2. Setting standards and outlining permissible deviations, especially for K.R.A.'s Comparing actual results with the standards
3. Computing and analyzing deviations
4. Identifying non - permissible, that is, critical deviations in K.R.A.s
5. Strategizing and taking corrective actions

MANAGEMNT BY MOTIVATION

Motivation in management describes ways in which managers promote productivity in their employees.

The definition of Motivation

Often, people confuse the idea of 'happy' employees with 'motivated' employees. These may be related, but motivation actually describes the level of desire employees feel to perform, regardless of the level of happiness. Employees who are adequately motivated to perform will be more productive, more engaged and feel more invested in their work. When employees feel these things, it helps them, and thereby their managers, be more successful. It is a manager's job to motivate employees to do their jobs well. So how do managers do this? The answer is motivation in management, the process through which managers encourage employees to be productive and effective.

Methods for motivating employees

The following methods are used by management to motivate employees

I.   Management use rewards and incentives to motivate them. Rewards are of two forms, they are intrinsic and extrinsic. Intrinsic rewards are derived from within the individual. Extrinsic rewards pertain to rewards that are given by another person.

Incentive is an act or promise for greater action, which is given in addition to wages to an employee in recognition of achievement or better work.

1. Monetary incentives ; Providing reward in terms of rupees.

2. Non monetaryincentives ; the incentives which cannot be measured in terms of money.

• Job security

• Praise or recognition

- Promotion opportunities

- Suggestions scheme

- Challenging jobs

3. Using spot awards. Its given to employees as soon as the praise worthy performance is observed.

MANAGEMENT BY PARTICIPATION

It is one of the motivational techniques aimed at activating and engaging employees, and at the same time meeting their higher order needs. Employee is incorporated into the management process and has an influence on the decision making process. Employee participation can also have financial dimension. Depending on the adopted criterion we can distinguish following types of participation: formal, informal, direct, indirect, active and passive. In theory the management there are two kinds of participation models an American and a German. First is characterized by trust and tolerance, domination of managers and less formal contacts. In the German model important role is played by co-decision, negotiation and legal regulations.

Workers' participation in management is an essential ingredient of Industrial democracy. The concept of workers' participation in management is based on Human Relations approach to Management which brought about a new set of values to labour and management. Traditionally the concept of Workers' Participation in Management (WPM) refers to participation of non-managerial employees in the decision-making process of the organization. Workers' participation is also known as 'labour participation' or 'employee participation' in management. In Germany it is known as co-determination while in Yugoslavia it is known as self-management. The International Labour Organization has been encouraging member nations to promote the scheme of Workers' Participation in Management.

According to Keith Davis, Participation refers to the mental and emotional involvement of a person in a group situation which encourages him to contribute to group goals and share the responsibility of achievement.

According to Walpole, Participation in Management gives the worker a sense of importance, pride and accomplishment; it gives him the freedom of opportunity for self-expression; a feeling of belongingness with the place of work and a sense of workmanship and creativity.

Forms of Participation

Different forms of participation are discussed below:

• Collective Bargaining: Collective bargaining results in collective agreements which lay down certain rules and conditions of service in an establishment. Such agreements are normally binding on the parties. Theoretically, collective bargaining is based on the principle of balance of power, but, in actual practice, each party tries to outbid the other and get maximum advantage by using, if necessary, threats and counter threats like; strikes, lockouts and other direct actions.

• Works Councils: These are exclusive bodies of employees, assigned with different functions in the management of an enterprise. In West Germany, the works councils have various decision-making functions. In some countries, their role is limited only to receiving information about the enterprise. In Yugoslavia, these councils have wider decision-making powers in an enterprise like; appointment, promotion, salary fixation and also major investment decisions.

• Joint Management Councils and Committees: Mainly these bodies are consultative and advisory, with decision-making being left to the top management. This system of participation is prevalent in many countries, including Britain and India. As they are consultative and advisory, neither the managements nor the workers take them seriously.

• Board Representation: The role of a worker representative in the board of directors is essentially one of negotiating the worker's interest with the other members of the board. At times, this may result in tension and friction inside the board room. The effectiveness of workers' representative at the board depend upon his ability to participate in decision-making, his knowledge of the company affairs, his educational background, his level of understanding and also on the number of worker representatives in the Board.

• Workers Ownership of Enterprise: Social self-management in Yugoslavia is an example of complete control of management by workers through an elected board and workers council. Even in such a system, there exist two distinct managerial and operative functions with different sets of persons to perform them. Though workers have the option to influence all the decisions taken at the top level, in actual practice, the board and the top management team assume a fairly independent role in taking major policy decisions for the enterprises, especially in economic matters.

Levels of Participation

Workers' participation is possible at all levels of management; the only difference is that of degree and nature of application. For instance, it may be vigorous at lower level and faint at top level. Broadly speaking there is following five levels of participation:

1. Information participation: It ensures that employees are able to receive information and express their views pertaining to the matters of general economic importance.

2. Consultative participation: Here works are consulted on the matters of employee welfare such as work, safety and health. However, final decision always rests at the option of management and employees' views are only of advisory nature.

3. Associative participation: It is extension of consultative participation as management here is under moral obligation to accept and implement the unanimous decisions of employees.

4. Administrative participation: It ensure greater share of works in discharge of managerial functions. Here, decision already taken by the management come to employees, preferably with alternatives for administration and employees have to select the best from those for implementation.

5. Decisive participation: Highest level of participation where decisions are jointly taken on the matters relation to production, welfare etc. is called decisive participation.

Performance Management

Performance management (PM) includes activities that ensure that goals are consistently being met in an effective and efficient manner. Performance management can focus on the performance of an organization, a department, employee, or even the processes to build a product or service, as well as many other areas.

This is used most often in the workplace, can apply wherever people interact — schools, churches, community meetings, sports teams, health setting, governmental agencies, and even political settings - anywhere in the world people interact with their environments to produce desired effects.

Armstrong and Baron defined Performance Management as a "strategic and integrated approach to increasing the effectiveness of organizations by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors."

It may be possible to get all employees to reconcile personal goals with organizational goals and increase productivity and profitability of an organization using this process. It can be applied by organisations or a single department or section inside an organisation, as well as an individual person. The performance process is appropriately named the self-propelled performance process (SPPP)

Advantages of performance management

1. Performance based conversations

Managers get busy with day-to-day responsibilities and often neglect the necessary interactions with staff that provide the opportunity to coach and offer performance feedback. A performance management process forces managers to discuss performance issues. It is this consistent coaching that affects changed behaviours.

2. Targeted Staff Development

If done well, a good performance management system can be a positive way to identify developmental opportunities and can be an important part of a succession planning process.

3. Encouragement to staff

Performance Appraisals should be a celebration of all the wonderful things an employee does over the course of a year and should be an encouragement to staff. There should be no surprises if issues are addressed as they arise and not held until the annual review.

4. Rewards staff for a job well done

If pay increases and/or bonuses are tied to the performance appraisal, process staff can see a direct correlation between performance and financial rewards.

5. Underperformers identified and eliminated

As hard as we try, it is inevitable that some employees just won't "cut the mustard" as they say. An effective performance management process can help identify and document underperformers, allowing for a smooth transition if the relationship needs to be terminated.

6. Documented history of employee performance

It is very important that all organizations keep a performance record on all employees. This is a document that should be kept in the employee's HR file.

7. Allows for employee growth

Motivated employees value structure, development and a plan for growth. An effective performance management system can help an employee reach their full potential and this is positive for both the employee and manager. A good manager takes pride in watching an employee grow and develop professionally.

Disadvantages of Performance Management

1. Time Consuming

It is recommended that a manager spend about an hour per employee writing performance appraisals and depending on the number of people being evaluated, it can take hours to write the department's performance appraisal but also hours meeting with staff to review the performance appraisal.

2. Discouragement

If the process is not a pleasant experience, it has the potential to discourage staff. The process needs to be one of encouragement, positive reinforcement and a celebration of a year's worth of accomplishments. It is critical that managers document not only issues that need to be corrected, but also the positive things an employee does throughout the course of a year, and both should be discussed during a performance appraisal.

3. Inconsistent Message

If a manager does not keep notes and accurate records of employee behaviour, they may not be successful in sending a consistent message to the employee. We all struggle with memory with as busy as we all are so it is critical to document issues (both positive and negative) when it is fresh in our minds.

4. Biases

It is difficult to keep biases out of the performance management process and it takes a very structured, objective process and a mature manager to remain unbiased through the process.

MODULE 2

FUNCTIONS OF MANAGEMENT

The management process involves performance of certain fundamental functions. One useful classification of managerial function has been given by Luther Gulick, who abbreviating them using the word POSDCORB – Planning, Organizing, Staffing, Directing, Co-ordinating, Reporting and Budgeting. George R Terry has mentioned four fundamental functions of management, Planning, Organizing, Actuating and Controlling. In short, different scholars in the field of management have their own classification of functions of management. Some scholars add few functions and delete some other functions. The Important functions of management are discussed below: -

PLANNING

Meaning

Planning is the most crucial and foremost function of management. It is defined as the process of setting goals and choosing the means to achieve those goals. A sound planning is inperative for the successful achievement of the goals in the desired direction. It is rightly said "well plan is half done". It involves setting of objectives and goals, designing appropriate strategy and cource of action, and framing plans and procedure etc for execution of the proposed activities under the project.

Definitions

According to George R Terry, "Planning is the selecting and relating of facts and making and using of assumptions regarding the future in the visualization and formulation of proposed activities believed necessary to achieve desired results."

According to Henry Fayol, "Planning is deciding the best alternatives among others to perform different managerial operations in order to achieve the predetermined goals."

Generally speaking, planning is deciding in advance what is to be done, that is, a plan is a projected course of action.

Features of Planning

1. Planning is looking in to the future

2. It involves predetermined lines of action

3. Planning is a continuous process

4. Planning integrates various activities of an organization

5. Planning is done for a specific period

6. It discovers the best alternatives out of available alternatives

7. Planning is a mental activity

8. Planning is required at all levels of Management

9. It is the primary functions of Management]

10. Growth and prosperity of any organization is depends upon planning

Objectives of Planning

Planning in organization serve to realize the following objectives:

1. To reduces uncertainty

2. To bring co-operation and co-ordination in the organisation

3. To bring economy in operations

4. Helps to anticipate unpredictable contingencies

5. To achieve the pre determined goals

6. To reduce competition.

Advantages of Planning

Planning helps the organization to achieve its objectives easily. Some of the advantages of planning are given below:

1. It helps the better utilization of resources

2. It helps in achieving the objectives

3. It helps in achieving economy in operations

4. It minimizes future uncertainties

5. It improves competitive strength

6. It helps effective control

7. It helps to give motivation to the employees

8. It develop rationality among management executives

9. It reduces red tapism

10. It encourages innovative thought

11. It improves the ability to cope with changes.

12. It create forward looking attitude in Management

13. It helps in delegation of authority

14. It provide basis for control

Planning Process

It is not necessary that a particular planning process is applicable for all organization and for all types of plans because the various factors that go into planning process may differ from plan to plan or from one organization to another. This can be presented by using the following diagram.

Perception of Opportunities:- It is the beginning of planning process. ThisProvides an opportunity to set the objectives in real sense. It helps to take the advantage of opportunities and avoid threats. Once the opportunities are perceived, the other steps of planning are undertaken.

1. Establishing the objectives:- This stage deals with the setting of major organisational and unit objectives. The organizational objectives should be specified in all key areas. Once organizational objectives are identified, objectives of lower units can be identified in that context.

2. Establishing planning premises:- It means deciding the condition under which planning activities will be undertaken. Planning premises may be external or internal. The nature of planning premises differs at different levels of planning.

3. Identification of alternatives:- This point says that a particular objectives can be achieved through various actions. Since all alternatives cannot be considered for further analysis, it is necessary for the planner to reduce the number of alternatives.

4. Evaluation of alternatives: - Various alternatives which are considered feasible may be taken for detailed evaluation. It is evaluated on the basis of contribution of each alternative towards the organizational objectives in the light of its resources and constraints.

5. Selection of alternatives: - After the evaluation, the most fit one is selected. At the same time a planner must be ready with alternatives, normally known as contingency plans, which can be implemented in changed situation.

6. Developing supporting plans: - After formulating the basic plan, various plans are devised to support the main plan. These plans are known as derivative plans.

7. Establishing activities:sequence of - After formulating basic and derivative plans, the sequence of activities is determined, so that plans are put in to action.

8. Devising a mechanism of Project monitoring and Evaluation.

Types of Plans

A manager is required to develop a number of plans to achieve the organizational objectives. Three major types of plans can help managers to achieve their organizational goals.

1. Operational Plans

2. Tactical Plans

3. Strategic Plans

1.Operational Plans: It is one that a manager uses to accomplish his or her job responsibilities. In other words, it is the plan used to achieve operational goals. Operational goals are the specific result expected from the departments, work groups and individuals. Operational plans may be single use plans or ongoing plans.

a. Single use plans: It is applied to those activities which do not recur or repeat. A special sales programme is an example of single use plan, because , it deals with the who, what, where, how and how much of an activity. It includes:

(i)Budget: It is a statement of expected results expressed in quantitative terms for a definite period of time. It is prepared keeping in view the objectives , resources and of the enterprise. It is a useful control device and helpful in co-coordinating the activities. It predicts sources and amounts of income and how much they are used for a specific project.

(ii)Programme: It is a sequence of activities to be undertaken for implementing the policies and achieving the objectives of an organization. It tells what is to be done to achieve the goals.

b. Continuing or ongoing plans: These are usually made once and retain their

value over a period of years while undergoing periodic revision and updates. The following plans are included in this category.

(i)Policy: It provides broad guidelines for managers to follow when dealing with important areas of decision making. It is basically a general statement that explains how a manager should attempt to handle routine management responsibilities. They are standing answers to recurring questions.

(ii)Procedures: A procedure is a set of step by step direction that explains how activities or task are to be carried out. An established procedure ensures uniformity of action. Most organization has procedures for purchasing supplies and equipments. By defining steps to be taken and the order in which they are to be done, procedures provide a standardized way of responding to a repetitive problem.

(iii) Rules: It is an explicit statement that tells an employee, what he or she can and cannot do. Rules are definite and rigid. Rules are "do" and "don't" statements put into place to promote the safety of employees and the uniform treatment and behaviour of employees. For eg. Rules about absenteeism permit supervisors to make discipline decision rapidly and with a high degree of fairness.

2. Tactical Plans: These are plans which usually span one year or less. It is concerned with what the lower level units within each division must do, how they must do it, and who is in charge at each level. Tactics are the means needed to activate a strategy and make it work.

3. Strategic Plan: It is an outline of steps designed with the goals of the entire organization in mind, rather than with the goals of specific divisions. It look ahead over the four, five or even more years to move the organization from where it currently to where it wants to be. Top managements strategic plan for the entire organization becomes the frame work and sets dimension for the lower level planning.

Contingency Plan: These plans are used when the original plan proves inadequate because of changing circumstances.

Limitations of Planning

Following are the limitations of Planning

1. Time consuming: The management cannot prepare any plan without taking much time . A number of steps are required to complete planning process.
2. Costly: It is considered as an expensive process. A lot of money is to be spent for collection, analysis and editing of data.
3. False sense of security: The management people think that there is security, if planning is properly adhered. But this is not true in practice.
4. Technological changes: The management is not in a position to change its policies according to technological changes. It will affect the planning process.
5. Political climate: A change in the political climate leads to a change in the policy and attitude towards different financial aspects. It will affect the planning process.
6. Lack of reliable data: The success of all the plans are based on the availability of reliable data. It is very difficult to procure reliable data.
7. Initiative: Planning compels everyone to work as per plan. It reduces the scope for initiation from the part of employees and they will become more mechanical.
8. Limitations of forecasts: Planning is fully based on forecasts. If there is any defect in forecasts, the planning will lose its value.

ORGANISING

Meaning and Definition

The process of organizing involves establishing an intentional structure of roles for the staff at all levels of hierarchy in the organization. It is the function of identifying the required activities, grouping them into jobs, assigning jobs to various position holders, and creating a network of relationship, so that the required functions are performed in a co-ordinated manner, leading to the accomplishment of desired goals.

According to Koonts O Donnel."Organizing involves the grouping of activities necessary to accomplish goals and plans, the assignment of these activities to appropriate departments, and the provision of authority delegation and Co-ordination."

According to GR Terry, "Organizing is the establishing of effective behavioural relationship among persons so that they may work together effectively and gain personal satisfaction in doing selected tasks under given environmental conditions for the purpose of achieving some goal or objectives."

Steps in Organizing

The logical sequence of steps in organizing is mentioned below:-

1. Establishing objectives

2. Designing Plans and Policies

3. Identifying specific activities

4. Grouping activities according to available resources

5. Delegating the authority necessary to perform the activities.

6. Tying the groups together through authority relationship and communication.

Functions of Organisation

The following are the important functions of organization

1. **Determination of activities:-** It includes the deciding and division of various activities required to achieve the objectives of the organization. The entire work is divided into various parts and sub parts.
2. **Grouping of activities :-** Here, identical activities are grouped under one department.
3. **Allotment of duties to specified persons:-** For the effective performance, the grouped activities are allotted to specified persons.
4. **Delegation of authority:-** Assignment of duties should be followed by delegation of authority. It is difficult to perform the duties effectively, if there is no authority to do it.
5. **Defining relationship:-** When a group of person is working together for a common goal, it is necessary to define the relationship among them in clear terms.
6. **Co- ordination of various activities:-** The delegated authority and responsibility should be co-ordinated by a responsible person.

Principles of Organisation

The following are the important Principles to be followed by management for the success of an organization.

1. **Principle of definition: -** It says that, it is necessary to define and fix the duties, responsibilities and authority of each work. In addition to that the organizational relationship of each worker with others should be clearly defined.
2. **Principles of Objectives:-** The objectives of different departs should be geared to achieve the main objective of the organization.
3. **Division of work:-** A work should be assigned to a person according to his educational qualifications, experience, skill and interest. It will result in attaining specialization in a particular area.
4. **Principles of continuity:** It is essential that there should be a re operation of objectives, re adjustment of plants and provision of opportunities for the development of future management. This process is taken over by every organization periodically.
5. **Principles of Span of Control:** This principles determines the number of subordinates a superior can effectively manage.
6. **Principles of Exception:** Here, all the routine decisions are taken by the subordinates; senior managers will only deal with exceptional matters. It is known as management by exception.
7. **Principles of flexibility:** The organizational set up should be flexible to adjust to the changing environment of business.

8. **Principles of Unity of Direction:** All departmental goals are tuned to achieve common goal. So there should be co-ordination of all the activities.

9. **Principles of Balance:** There are several units functioning separately under on organizational set up. So, it is essential that the sequence of work should be arranged scientifically.

10. **The scalar principle:** It says that each and every person should know who is his superior and to whom he is answerable.

11. **Principle of efficiency:** The work should be completed with minimum members, in less time, with minimum resources and with the right time.

12. **Delegation of Authority:** Authority should be delegated to the subordinate for the successful completion of assigned job.

13. **Principles of responsibility:** Each person is responsible for the work completed by him. So the responsibility of the subordinates should be clearly defined.

14. **Principles of Uniformity:** The work distribution should be in such a manner that there should be an equal status and equal authority and powers among the same line officers.

15. **Simplicity and Accountability:** The structures of the organization should be simple and the higher authorities are accountable for the acts of their subordinates

Classification of Organization

1. **Formal Organisation:** It is an organizational structure which clearly defines the duties, responsibilities, authority and relationship as prescribed by the top management. It represents the classification of activities within the enterprise, indicate who reports to whom and explains the vertical flow of communications which connects the chief executive to the ordinary workers.

1. **Informal Organisation:** It is an organizational structure which establishes the relationship on the basis of the likes and dislikes of officers without considering the rules, regulations and procedures. The friendship, mutual understanding and confidence are some of the reasons for existing informal organization.

Differences between formal and informal Organisation:

Formal Organisation	Informal Organisation
1.It is created deliberately	1. It is spontaneous.
2.Authority flows from top to bottom	2. Informal authority flows from top to bottom or horizontally.
3.It is created for technological purpose	3. It arises from man's quest for social satisfaction
4.It is permanent and stable	4. There is no such permanent nature and stability
5.It gives importance to terms of authority and function.	5. It gives importance to people and their relationship.
6. It arises due to delegation of authority	6. It arises due to social interaction of people
7.Duties and responsibilities of workers are given in writing	7. No such written rules and duties.
8. Formal organization may grow to maximum size	8. Informal organisation tends to remain smaller.

ORGANISATION STRUCTURE

Organisation is designed on the basis of principles of division of labor and span of management. The success of the organization depends upon the competence and efficiency of the officers. It is necessary to chalk out line of authority among the people working in an organization.

Types of Organizational Structure

A brief explanation of the important types of organizations is given below:-

LINE ORGANISATION

Under Line organization, each department is generally a complete self contained unit. In this type of organization, the line authority flows from top to bottom vertically. It clearly identifies authority, responsibility and accountability at each level, departmental heads are given full freedom to control their department. This type of organization is followed in the army on the same pattern. So, it is also called military organization.

Features of Line organization

1. It consist of vertical direct relationship
2. Authority flows from top to bottom
3. Operations of this system is very easy.
4. It facilitate to know from whom one should get orders and to who one should give orders
5. Existence of direct relationship between superior and subordinates
6. The superior will take decisions within the scope of his authority.

LINE AND STAFF ORGANISATION

In this type of organization Line officers have authority to take decisions and implement them, but the staff officers will assist them while taking decisions. The function of staff officers are only an advising one. They should advise and help line managers to take proper decisions. In the fast developing industrial world, the line officers are not in a position to acquire all the technical knowledge, which are necessary for taking right decisions. That gap may be bridged with the help of staff officers. The staff officers may be experts in a particular field.

Features of Line and Staff Organisation

1. Authority flows from top to bottom

2. Line Officers will takes decisions on the basis of suggestions given by staff officers

3. Staff officers have no power to take decisions and no control over subordinates.

4. The workers get the instructions only from the line officers

Advantages of Line and Staff Organisation:

1. A line officer can take sound decisions on the basis of proper advice from the staff officer.

2. The work load of line officers would be reduced to some extent,

3. It promote the efficient functioning of the line officers

4. The principles of unity of command are followed in the line and staff organization.

5. A very good opportunity is made available to the young person to get training.

6. It facilitates the workers to work faster and better.

7. It enables the organization to effectively utilize the staff officer's experience and advice.

Disadvantages of Line and Staff Organisation

1. If the powers of authority is not clearly defined , it will lead to confusion though out the organization.

2. The line officers may reject the advice from staff officers without assigning any reason.

3. The staff officers may under estimate the powers of line officers.

4. The staff officers are not involved in the actual implementation of the programme.

5. The staff officers are not responsible if favorable results are not obtained.

6. The difference of opinion between line officers and staff officers will defeat the very purpose of specialization.

7. The line officers may misunderstand the advice given by staff officers.

FUNCTIONAL ORGANISATION

In this type of organizations, specialists are appointed in top position through out the organization. Various activities of the enterprise are classified according to functions and functional heads will give directions related to his functions. Workers, under functional organization, receive instructions from various specialists.

Characteristics of Functional Organisation

1. The work is divided according to specified functions.

2. Authority is given to specialists to give orders and instructions in relation to specific functions.

3. The decision is taken only after making consultations with the functional authority relating to his specialized area.

4. The executives and supervisors discharge the responsibilities of functional authority.

ADVANTAGES OF FUNCTIONAL ORGANISATION

The following points will explain the benefits of functional organization.

1. Benefit of specialization:- In this type of organization, each work is performed by a specialist. It helps to enhance the efficiency of the organization.
2. Reducing work load: Each person is expected to look after only one type of work. It reduces the unnecessary work allotted to them.

3. Relief to line executives: Under functional organization, the instructions are given by the specialists directly to the actual workers. Hence, the line executives do not have any problem regarding the routine work.
4. Mass production: Large scale production can be achieved with the help of specialization and standardization.
5. Flexibility: Any change in the organization can be introduced without any difficulty.

DEPARTMENTATION

Departmentation refers to grouping of jobs, identified earlier, into work units on some logical basis. Every level in the hierarchy below the apex (the Board of Directors and the (EO) is departmentalised and each succeeding lower level involves departmental differentiate Different systems use different words to denote departmentation. In the military organisation, group, company, and battalion are used; in the government, department, branch, and section are used; and in the private sector department, divisions, sections, cells or projects are used. Departmentation is a part of the organization process. It involves the grouping of common activities on the basis of a function of the organization under a single person's control. Departmentation means the process by which similar activities of the business are grouped into units for the purpose of facilitation smooth administration at all levels.

Definition

Departmentation refers to the classification of activities on operations of an undertaking into functionalized categories. It is created in product wise, process-wise or area wise. It ensures proper direction to and control on them.

Process of Departmentation

1. Identification of work.
2. Analysis of details of each work.
3. Description of the function of the organization.
4. Entrusting the function to a separate person who has specialized in the respective field.
5. Fixing the scope of authority and responsibility of the departmental heads.

Need and Importance of Departmentation

1. It increases the operating efficiency of the employees.
2. It makes the executive to be alert and efficient in his duties.
3. It increases the prestige and skill of the departmental heads.
4. It makes the departmental heads efficient.
5. Further expansion of the organization is possible.
6. It gives advantages like facilitating budget preparation, effective control of expenditure, attaining specialization, better coordination etc.

Methods of Departmentation

The following are the basis of dividing responsibility within an organisation structure:

1. Functional Departmentation.

2. Product wise Departmentation.

3. Territorial or Geographical Departmentation.

4. Customer wise Departmentation.

5. Process or Equipment wise Departmentation.

6. Combined or Composite Form of Departmentation.

1. Functional Departmentation:

It refers to grouping the activities of an enterprise on the basis of functions such as production, sales, purchase, finance, personnel, etc. The actual number of departments in which an enterprise can be divided depends upon the size of establishment and its nature. To begin with, we may have three or four main departments. With the growth in the size of the business, more departments and sub-departments may be created.

2. Product Wise Departmentation:

The grouping of activities on the basis of products is very popular with large organisations having distinct type of products. Under this method, all activities related to one type of product are put together under one department under the direction of a production manager. An electronic company, for instance, may have different departments dealing in television sets, radios and transistors, computers, agro-dairy instruments, etc.

Product wise departmentation is also known as multi¬functional product departmentation, because each product department handles all the functions concerning it.

3. Territorial or Geographical Departmentation:

When several activities of an enterprise are geographically dispersed in different locations, territorial or geographical departmentation may be adopted. All activities relating to a particular area or zone may be grouped together under one zonal manager or head.

4. Customer Wise Departmentation:

A business house may be divided into a number of departments on the basis of customers it serves, viz., large and small customers ; industries and ultimate buyers ; government and other customers. The peculiar advantage of customer wise departmentation is that it ensures full attention to different types of customer and their different needs, tastes and requirements can be read effectively.

5. Process or Equipment Wise Departmentation:

An enterprise where production is carried through different processes may adopt process wise departmentation to enable continuous flow of production. Similarly, where work is carried on machines which are common, departments may be created on the basis of equipment, such as

milling departments, grinding departments, lathe department etc. The main advantage of this method is that it avoids duplication of equipment in various activities.

6. Combined or Composite Method of Departmentation:

In practice, it may not be advisable to create departments on the basis of any one of the above mentioned methods. An enterprise may have to combine two or more of the methods of departmentation to make best use of all of them. Such a method is known as combined or composite method of departmentation.

DELEGATION OF AUTHORITY

AUTHORITY

It is the power to make decisions which guide the actions of others. In other words, it is the power to give orders and make sure that these orders are obeyed. In order to finish the work in time, there is a need to delegate authority and follow the principles of division of labour.

Definitions

According to Koonts and O'Donnell, " Authority is the power ot command others to act or not to act in a manner deemed by the possessor of the authority to further enterprise or departmental purposes."

According to Luis Allen,"It is the sum of powers and rights entered to make possible the performance of the work delegated."

RESPONSIBILITY

It is the obligation to do something. In other words, it is the obligation to perform the tasks, functions, or assignments of the organization. The essence of responsibility is obligation. If a person is entrusted with any work, he should be held responsible for the work that he completes

Definitions

According to Davis, "Responsibility is the obligation of individual to perform the assigned duties to the best of his ability under the direction of his executive leader."

In the words of Theo Haimann," Responsibility is the obligation of subordinates to perform the duty as required by his superior."

DELEGATION OF AUTHORITY

Delegation is a process which enables a person to assign a work to others with adequate authority to do it. The authority can be delegated but not the responsibility. Delegation of authority is considered to be one of the most important methods of training subordinates and building morals. It is acknowledged that delegation of authority is one of the surerest and best methods of getting better results.

PRINCIPLES OF DELEGATION

The following are the important principles of delegation.

1. Delegation to go by results: The superiors should clearly know what he expects from the subordinates before delegation of authority. It should be noted that the objective of the organization are to be accomplished in time.

2. Non-delegation of responsibility: Assigning duties does not mean delegation of responsibilities. A superior can delegate authority but not responsibility.

3. Parity of authority and responsibility: Responsibility without authority will make a person an inefficient one. So there should be a proper balance between authority and responsibility.

4. Unity of command: A subordinate should be assigned duties and responsibilities only by one superior and he is accountable only to the concerned superior.

5. Definition of limitation of authority: There should be a written manual which help a person to understand the authority in right direction.

STEPS IN SUCCESSFUL DELEGATION PROCESS

The following steps will help the successful delegation of authority.

1. Deciding the goals to be achieved: The purpose of delegation is to enable efficient accomplishment of organizational objectives. If it is not clearly defined, the subordinate may hesitate to accept the authority.

2. Establishment of definite responsibility: The authority and responsibility of each subordinate should be clear in terms. It helps to avoid duplication of authority.

3. Determining what to delegate: This will necessitate the evaluation of the capacity of the individual and needs of the organization.

4. Training: Subordinate should be properly trained in handling delegated work.

5. Control system: There should be a suitable control system to keep a careful watch over the performance of the subordinates.

TYPES OF DELEGATION

A brief explanation of the different types of delegation is given below:

1. General delegation: It means granting authority to the subordinate to perform various managerial functions and exercise control over them.

2. Specific delegation: Here, orders or instructions are delegated to a particular person specifically.

3. Written delegation: When authority is delegated in written words it is known as written delegation.

4. Unwritten delegation: If authority is delegated on the basis of custom or usage etc, it is known as unwritten delegation.

5. Formal delegation: If duties and authority are shown in the organizational structure of the enterprise, then it is called formal delegation.

6. Informal delegation: If a person exercising authority without getting it from the top management in order to perform his assigned duties, it is a case of informal delegation.

7. Downward delegation: It is a case where the superior delegate duties and authority to his immediate sub ordinate.

8. Sideward delegation: A person delegate authority to another person who is also in the same rank as he is in the organization.

CENTRALISATION AND DECENTRALISATION

Centralization: It means concentration of decision making authority at the top level management. All the decision are taken by the top management without delegating to the subordinate. As far as a big organization is concerned, it is not possible to run the organization for long period without delegating the authority.

Decentralization: In decentralization, each section has its own workers to perform activities within the department. According to Allen," Decentralisation refers to the systematic efforts to delegate to the lowest levels all authority except that which can only be exercised at central point."

Advantages of Decentralization

1. It saves the time of top executive and give relief to the top executive

2. Decentralisation gives the subordinates the freedom to act and make some decisions. It gives him a feeling of status and recognition.

3. It helps to coordinate the activities of the organization in a better way.

4. It helps to take prompt and quick action at the earliest.

5. It is a best devise to develop future business executives

Disadvantages of Decentralisaiton

1. It is suitable only to a big business enterprise.

2. It creates problem of co-ordination among various levels

3. There is a chance to miss the uniformity in policies and procedures.

SPAN OF CONTROL

Span of management or Span of control means the number of people managed efficiently by a single officer in an organization. It is an accepted truth that large number of subordinates cannot be supervised and their efforts coordinated effectively by a single executive. Only limited numbers of persons are allocated to the executive for dividing the work. The limit of number of members for span of control may be increased or decreased according to the levels of management.

According to Urwick, the ideal number of subordinates is four in case of higher level management and eight to twelve in case of lower level management.

Factors affecting the span of Control

The following are some of the factors which influence the span of control.

1. Nature of work: If the works are repetitive in nature, the supervisor can control a large number of subordinates and vice versa.

2. Leadership qualities of the supervisor: If the supervisor has more skill and capacity to control the subordinates, the span of management may be increase and vice-versa.

3. Capacity of the subordinates: If the subordinates have enough talent to perform the work assigned to them, the manager or the supervisor can control more number of subordinates.

4. Delegation of authority: If the authority delegates the powers of decision making, planning and execution to the subordinates, the span of control may be increased.

5. Level of supervision: Depending up on the requirement of supervision needed, the span of control may vary. In other words degree of span of control can be increased at bottom level and decreased at top level.

6. Fixation of responsibility: In case the responsibility of subordinate is clearly defined, then the superior can supervise large number of subordinates.

7. Communication methods: The methods used for communication is very important. If new and modern techniques are used, then lesser time is required to control and vice-versa.

8. Using of standards: If standards are used to detect the errors, then the executives can control more number of subordinates.

STAFFING

Staffing may be defined as a process of recruiting and equipping the people to handle various positions and perform assigned tasks in line with the structure and the overall goals of the organisation. It is the managerial function which involves managing the organisation structure through proper and effective selection, appraisal and development of the personnel to fill the roles assigned to the employers/workforce.

In the words of Benjamin, "It is the process involved in identifying, assessing, placing, evaluating, and directing individuals at work place."

Staffing Process:

The following specific activities are included in the staffing process.

1. Identification of areas of specialization to match the nature and mandate of the organisation.

2. Estimation of the future manpower requirements

3. Recruitment

4. Selection and Placement

5. Performance Appraisal

6. Placing and Training

Staffing Function

Staffing function involves Man power planning, Recruitment, Selection, Training and Development and Performance Appraisal.

MAN POWER PLANNING

Meaning and Definition

Planning of man power resources is a major managerial Responsibility to ensure adequate supply of personnel at the right time both in terms of their quality, quantity and aptitude Man power planning, which is also called HR Planning consists of putting right number of people at the right place, right time doing the right things for which they are suited for the achievement of goals of the Organisation.

Man power planning is carried out in a set of procedures. The procedure is as follows:

a. Analyse the current man power inventory

b. Marketing future man power forecasts

c. Developing employment programme

d. Design training programme.

RECRUITMENT AND SELECTION

Recruitment is the process of finding the apt candidate and inducing them to apply for the job in an organisation. The success of any recruitment depends upon the procedure followed by the company while recruiting the members.

Definition

According to McFarland, "The term recruitment applies to the process of attracting potential employees of the company."

In the words of Edwin B Flippo, "It is the process of searching for prospective employees and stimulating them to apply for the job in the organisation."

Sources of Recruitment

Sources of recruitment may be external or internal.

External sources: - It includes

a. Advertisement

b. Employment agencies

i. Public Employment Exchanges

ii. Pvt. Employment agencies

c. Campus recruitment

d. Deputation

e. Employee recommendations

f. Labour unions

g. Gate Hiring

h. Un solicited applications

i. Jobbers and Contractors

j. Walk in interviews

Internal Sources: It includes

1. Transfers

2. Promotion and Demotion

SELECTION

It is the process adopted by an organisation to select adequate number of persons who are fit for the job. Selection procedure starts with the end of recruitment. Since it is a process of rejecting the application of a candidate who is not suitable for the job, selection is described as negative process.

TRAINING

It refers to a Programme that facilitates an employee to perform the job effectively through acquiring increased knowledge and skills.

According to Edwin B Flippo," Training is the act of increasing the knowledge and skills of an employee for doing a particular job."

Types of Training

The training may be of

I. On the Job Training

II. Off the Job Training

I. On the Job Training: It refers to the learning while actually performing a particular work or job. This type of training is more suitable to every type of employees. It includes:

a. On specific job training

b. Rotation of position /job rotation

c. Special projects

d. Apprenticeship training

II. Off the Job Training: Under this method, a trainee is removed from his normal working place and spends his full time for training purpose in any other place. It includes:

a. Special course and lectures

b. Conference

c. Case study

d. Role playing

e. Management games etc

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MODULE III

FUNCTIONS OF MANAGEMENT

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DIRECTION

Directing is the process of integrating the people within the organisation so as to obtain their willing co-operation towards meeting the pre determined goals.

According to Theo Haimann," Directing consists of the process and techniques utilized in issuing instructions and making certain that operations are carried on as originally planned."

Principles of Direction:

The following are the basic principles of directing:

1. Integration of individual and organizational goals: This implies that the individuals contribute to the organizational goals to their maximum capabilities and at the same time satisfy their personal needs.

2. Participative decision making: Effective direction can be achieved by involving individuals and groups in decision making process.

3. Delegation of Authority: The subordinates should be delegated with adequate authority in order to facilitate decision making.

4. Effective communication: The managers should ensure free flow of communication at all levels of organizational hierarchy.

5. Right type of leadership: The management should develop leadership quality among the employees.

6. Unity of Command: This principle states that the subordinates should get directives from one superior only and should be accountable to one superior only.

7. Appropriateness of direction techniques: The direction techniques selected should be according to the situation.

8. Follow up: The management should see that whether the direction issued by them is carried out or not.

In simple words, direction can be described as providing guidance to workers for doing work.

Techniques of Direction

There are mainly three techniques are used for direction:

1. Consultative direction: Under this method, the supervisor has consultation with his subordinates before issuing a direction. The consultation is made to find out the feasibility, enforceability and nature of problem.
2. Free rein direction: Under these techniques, the subordinate is encouraged to solve the problem independently. The subordinate should take initiative to solve the problem.
3. Autocratic direction: It is opposite to free rein direction. The supervisor commands his subordinates and has close supervision over them.

MOTIVATION

Motivation is the process of channelling a person's inner drives so that he wants to accomplish the goals of the organization. Motivation concerns itself with the will to work. It seeks to know the incentives for the work and tries to find out the ways and means whereby their realization can be helped and encouraged.

Motivation is a Latin word which means to move'. Human motives are internalized goals within individuals. Motivation may be defined as those forces that cause people to behave in certain ways.

According to Louis Allen, "motivation is the work of a manager performs to inspire, encourage and impel people to take required action"

In the words of William G Scott, "motivation means a process of stimulating people to action to accomplish desired goals"

Thus motivation is a process by which a need or desire is aroused and a psychological force within our mind sets us in motion to fulfill our needs and desires. An unsatisfied need becomes the motive for a person to spend his energy in order to achieve a goal.

Characteristics of Motivation

The following are the important characteristics and nature of motivation

1. Motivation is an internal feeling – Motivation is a psychological phenomenon which is a force within an individual that drives him to behave in a certain way.

2. Motivation produces goal-directed behaviour – An individual's behaviour is directed towards a goal.

3. Motivation is related to needs – Needs are deficiencies which are created whenever there is a physiological or psychological imbalance.

4. Motivation can be positive or negative – Positive or incentive motivation is generally based on rewards. Negative or fear motivation is based on force and fear.

5. Motivation is a continuous process – Satisfaction of human needs is a never ending process. It is a continuous process. So motivation is also a continuous process.

6. Motivation is dynamic – Needs of a person today may be different from needs of tomorrow. So motivation is highly dynamic.

Importance and benefits of Motivation

Motivation is an effective device in the hands of a manager for inspiring the work force and creating confidence in it. By motivating the work force, management can achieve the organizational goals. The various benefits of motivation are

1. A manager directs or guides the workers' actions in the desired direction for accomplishing the goals of the organization by motivating the workers.

2. Workers will try to be efficient as possible by improving upon their skills and knowledge so that they are able to contribute to the progress of the organization.

3. Ability to work and willingness to work are necessary for performing any task. These two things can be created only by motivation.

4. Motivation contributes to good industrial relations in the organization.

5. Motivation is the best remedy for resistance to changes. If the workers of an organization are motivated, they will accept any change whole-heartily for the organizational benefits.

6. Motivation facilitates the maximum utilization of all the factors of production and thereby contributes to higher production.

7. Motivation promotes a sense of belonging among the workers.

8. Motivation leads to lower turnover and absenteeism because a satisfied employee will not leave the organization.

Theories of Motivation

There are many internal and external variables that affect the motivation to work. Behavioural scientists started to search new facts and techniques for motivation. These are called as motivation theories. The most important theories are

1. McGregor's Theory X and Theory Y

2. Herzberg's Two Factor Theory

3. Maslow's Need Hierarchy Theory

4. McClelland's Achievement Theory

McGregor's Theory X and Theory Y

The style adopted by a manager in managing his subordinates is basically dependent upon his assumption about human behaviour. Theory X is negative, traditional and autocratic style while theory Y is positive, participatory and democratic. Thus these two theories are contrasting set of assumptions about human behaviour.

Theory X – This is the traditional theory of human behaviour which makes the following assumptions

1. The average human being has an inherent dislike of work and will avoid it if he can.

2. He lacks ambition, dislikes responsibility and prefers to be directed.

3. He is inherently self-centered, indifferent to organizational needs.

4. He is by nature resistant to change.

5. Working method of the people is generally traditional and hence there is little scope for the development and research.

6. People would be passive without active intervention by management. Hence they must be persuaded, rewarded, punished and properly directed.

7. He is gullible, not very bright.

Theory Y – As a result of many psychological and social researches McGregor developed an opposing theory- theory Y. according to McGregor, Theory Y is based on the following assumptions

1. Work is natural as play or rest, provided the conditions are favorable. The average human being does not inherently dislike work.

2. External control; and the thrust of punishment are not the only means for bringing about efforts towards organizational objectives. Man will exercise self direction and self control in the service of objectives to which he is controlled.

3. Commitment to objectives is a result of the rewards associated with their achievement.

4. The average humans being, under proper conditions learn not only to accept responsibility but also to seek it.

5. He has capacity to exercise a relatively high degree of imagination, ingenuity and creativity in the solution of organizational problems in widely, not narrowly distributed in the population.

6. Under conditions of modern industrial life the intellectual potentialities of people are only partially utilized.

Difference between theory X and theory Y

	Theory X	Theory Y
1	Theory X assumes human beings inherently dislike work and arte dissatisfied with towards work.	Theory Y assumes that work is as natural as play or rest
2	Theory X emphasizes that people do not have ambition and they shrink responsibility.	Theory Y assumes just reverse. Given proper conditions, people have ambitions and accept responsibility.
3	Theory X assumes that people in general have little capacity for creativity.	According to Theory Y, the creativity is widely distributed in the population.
4	According to Theory X, people lack self motivation and require be externally controlling and closely supervising in order to get maximum output.	In Theory Y people are self directed and creative and prefer self control.
5	Theory X emphasizes upon centralization of authority in decision making process	Theory Y emphasizes the decentralization and greater participation in decision making process.

Herzberg's Two Factor Theory (Motivation – Hygiene Theory)

The motivation – hygiene theory was proposed by Fredrick Herzberg, a well known psychologist, in 1959. According to Herzberg, there are two separate factors that influence motivation. They are (i) hygiene or maintenance factors and (ii) motivational factors.

Hygiene Factors – They are also called as dissatisfiers. The presence of these factors will not motivate people in an organization. Otherwise dissatisfaction will arise. Herzberg called these factors as maintenance factors because they are necessary to maintain a reasonable level of satisfaction in the employees. Any increase beyond this level will not provide any satisfaction to the employees; however, any cut below this level will dissatisfy them.

Motivation Factors – These factors are satisfiers. These are a set of job conditions which operate primarily to build strong motivational factors. According to Herzberg, the six motivational factors motivate the employees are achievement, recognition, advancement, challenging work, possibilities for growth and responsibility.

However, Herzberg model is not applied in all conditions. The classification as maintenance and motivating factors can only be made on the basis of level of persons' need satisfaction and relative strength of various needs.

Maslow's Need Hierarchy Theory

Abraham Harold Maslow, an eminent US psychologist, gave a general theory of motivation known as Need Hierarchy Theory in 1943. According to him, there seems to be a hierarchy into which human needs are arranged. The needs are as follows

1. Physiological Needs – these needs are related to the survival and maintenance of life. These include hunger, thirst, shelter, sex and other bodily needs.

2. Safety or Security Needs – These consist of physical safety against murder, fire accident, security against unemployment etc.

3. Social or Love Needs – these needs are also called as affiliation needs. These consist of need for love, affection, belonging or association with family, friends and other social groups.

4. Esteem or Ego Needs – The esteem needs are concerned with self respect, self confidence, feeling of personal worth, feeling of being unique and recognition. Satisfaction of these needs produces feeling of self confidence, prestige, power and control.

5. Self Actualization or Self Fulfillment Needs – Self actualization is the need to maximize one's potential, whatever it may be. It is the need to fulfill what a person considers to be his real mission in life. It helps in individual to realize one's potentialities to the maximum.

McClelland's Achievement or Need Theory

David C McClelland, a Harvard psychologist, has proposed that there are three major relevant motives, most needs in work place situations. According to him, the motives are

1. The Need for Achievement i.e., strives to succeed.

2. The Need for Affiliation i.e., warm relationship with others.

3. The Need for Power i.e., controls other people.

According to McClelland, every motive is acquired except striving for pleasure and avoiding pain. He proposed that people acquire these needs for achievement, power and affiliation through experiences over the time. On the job, people are motivated by these needs, and the manager can learn to recognize these needs in workers and use them to motivate behaviour.

McClelland used the Thematic Apperception Test (TAT) to study human needs. The TAT process involves asking respondents to look at pictures and write stories about what they see in the pictures. The stories are then analysed to find certain themes that represent various human needs.

LEADERSHIP

Leader

A leader is someone who has the capacity to create a compelling vision that takes people to a new place, and to translate that vision into action. Leaders draw other people to them by enrolling them in their vision. What a leader does is inspire people and empower them. Thus a leader is a person who has a vision, a drive and a commitment to achieve that vision, and the skills to make it happen.

LEADERSHIP

Leadership is an activity on the part of the managers to get something done by others, willingly and not by compulsion. Leadership is a process of influence on a group. Leadership is the ability of a manager to induce subordinates to work with confidence.

In the words of Koontz and O' Donnel, "leadership is the ability of a manager to induce subordinates to work with confidence and zeal."

According to Chester I Bernard, "leadership refers to the quality of the behaviour of individual whereby they guide people on their activities in organized efforts"

According to Luis A Allen, "a leader is one who guides and directs other people. He gives the efforts to his followers a direction and purpose by influencing their behaviour"

Thus leadership is a psychological process of influencing followers and providing guidance, directing and leading the people in an organization towards attainment of the objectives of the enterprise.

Nature or Characteristics of Leadership

1. A leader should have followers

2. leadership is basically a personal quality

3. leadership involves a community of interest between the leader and his followers

4. leadership is a process of influence

5. leadership is the function of stimulation

6. A leader ensures absolute justice

7. Leadership is a continuous, dynamic and ever evolving process.

Importance of Leadership

Without a good leader, organization cannot function efficiently and effectively. The leader guides the action of others in accomplishing the organizational goals. A good leader motivates his subordinates, creates confidence and increases the morale of workers. The importance of leadership can be discussed as follows

1. Leadership is the process of influencing the activities of an individual or a group towards the achievement of a goal.

2. An effective leader motivates the subordinates for higher level performance.

3. Leadership promotes team spirit and team work which is quite essential for the success of any organization

4. Leadership is an aid to authority as it helps in the effective use of formal authority.

5. Leadership creates confidence in the subordinates by giving them proper guidance and advice.

Functions of a Leader

The functions of a leader can be detailed as follows

1. Taking the initiative – A leader initiates all the measures which are necessary for the purpose of ensuring the health and progress of the undertaking in a competitive economy.

2. He identifies group goals

3. he represents the organization

4. He acts as an arbitrator

5. To assign reasons for his actions

6. To interpret the objectives of organization

7. To guide and direct the organization

8. To encourage team work

9. He manages the organization

Leadership Styles

The term leadership styles can be defined as a leader's behaviour towards group members. It refer to the pattern of behaviour which a leader adopts in influencing the behaviour of his subordinates in the organizational context. Different leadership styles can be categorized as follows.

1. Autocratic Leadership

Autocratic leadership is also known as authoritarian, directive, leader centered or monothetic style. Under this style, leader concentrates all authority in himself, instructs a subordinate as to what to do, how to do it, when to do it etc. He also exercises close supervision and control over his subordinates. There are three categories of autocratic leaders

a. Strict Autocrat – A strict autocrat relies on negative influence and gives orders which the subordinates must accept. He may also use his powers to disperse rewards to his group.

b. Benevolent Autocrat – The benevolent is effected in getting high productivity in many situations and he can develop effective human relationship. His motivational style is usually positive.

c. Manipulative Autocrat – A manipulative autocrat leader is one who makes the subordinates feel that they are participating in decision making process even though he has already taken the decisions.

2. Participative Leadership

This style is also called as democratic, consultative, group centered or ideographic style. A participative leader is one who consults and invites his subordinates to participate in decision making process. Under this style, subordinates are freely allowed to communicate with the leader and also with their fellow subordinates and take their own initiative.

3. Laissez Faire or Free-rein Leadership

Under this style of leadership, the leader largely depends upon the group and its members to establish their own goals and make their own decisions. The leader is passive and assumes the role of just another member in the group. Only very little control is exercised over group members. This style is also known permissive style of leadership. This style is suitable to certain situations where the manager can leave a choice to his groups.

Qualities of a successful leader

The following are the major innate qualities in a successful leader.

1. Physical features like height, weight, health and appearance
2. Intelligence
3. Emotional stability
4. Human relations
5. Empathy
6. Objectivity
7. Motivating skills
8. Technical skills
9. Communicative skills
10. Social skills.

LEADERSHIP THEORIES

Leadership is the process of influencing others towards the accomplishment of goals. Recent efforts by behaviourists have shown a trend towards integrating the numerous theories of leadership. A number of theories and approaches to study leadership have been developed. There are broadly three theories of leadership.

- • Trait Theory

- • Behaviour Theory

- • Contingency Theory

(a) Trait Theory

This theory of studying leadership is taken into consideration to analyze the personal, psychological and physical traits of strong leaders. The assumption made in this theory was that some basic traits or set of traits differentiates leaders from non-leaders. For example, the leadership traits might include   intelligence,   assertiveness,   above   average   height,   self-confidence,   initiative and understanding of interpersonal human relations. The existence of these traits determines the importance of leadership. Possession of these traits helps the individuals to gain possession of leadership. Since all individuals do not have these qualities, only those who have them would be considered potential leaders.

(b) Behaviour Theory

The behavioural theory assumed that effective leaders behaved differently from ineffective leaders. It also identified the need of consistency of behaviour of good leaders. This theory can be more clearly understood with the help of following case studies.

• The Michigan Studies:

Researchers at the University of. Michigan, led by RensisLikert, began studying leadership in the late 1940s. Depending on broad discussions with both the managers and sub-ordinates, the Michigan studies identified two forms of leadership behaviour. They are discussed as below:

Job-centered leadership behaviour :

The   first   was   called   job-centered   leadership behaviour,   which   focuses   on performances and efficient completion of the assigned tasks. A job-centered leader interacts with group members to explain task procedures and oversee their work.

Employee centered leadership behaviour:

The second behaviour was identified as employee centered leader behaviour, which focuses on, high performance standards to be accomplished. This can be done by developing a cohesive work group and ensuring that employees are satisfied with their jobs. Thus, the leader's primary concern is the welfare of the ordinates. The Michigan researchers thought a leader could show signs of one kind of behaviour, but not both.

• **The Ohio State Studies:**

At about the same time, a group of researchers at Ohio State also began studying leadership. The Ohio State leadership studies also identified two major kinds of leadership behaviours or styles, which are as follows:

Initiating-structure behaviour:

In initiating-structure behaviour, the leader clearly defines the leader-subordinate roles so that everyone knows what is expected. The leader also establishes formal lines of communication and determines how tasks will be performed.

Consideration behaviour:

In consideration behaviour, the leader shows concern for subordinates feelings' and ideas. He attempts to establish a warm, friendly and supportive.

(c) Contingency Theory

The main assumption of contingency theory is that the behaviour of an appropriate leader varies from one situation to another. The motive of a contingency theory is to identify key situational factors and to specify how they interact to determine appropriate behaviour of a leader. The three most important and widely accepted contingency theories of leadership are as follows:

• **The LPC theory:**

The first contingency theory of leadership is Fred Fielder's Least Preferred Co-worker (LPC) Model. Fielder identified two types of leadership: task-oriented and relationship-oriented. Fielder believes that a leader's tendency to be task-oriented or relationship oriented remains constant. In- other words, a leader is either task-oriented or relationship-oriented while leading his group members. Fielder used the Least Preferred Co-worker (LPC) scale to measure the type of leadership. A leader is asked to describe characteristics of the person with whom he or she is least comfortable while working. They can do this by marking in a set of sixteen scales at each end, by a positive or negative adjective. According to Fielder, the contingency factor favours the situation from the leader's point of view. This factor is determined by leader-member relations, task-structure and position-power, which are discussed as below:

• Leader-member relations:

A Leader-member relation refers to the nature of relationship between the leader and his work group. If the leader and the group enjoy mutual trust, respect, confidence and they like one another, relations will remain good

•Task-structure:

Task-structure is the degree to which the group's task is clearly defined. When the task is routine, easily understood, and unambiguous and when the group has standard

procedures, the structure is assumed to be high. When the task is non-routine, ambiguous, complex, with no standard procedures and precedents, structure is assumed to be low. .

•Position-power:

Position-power is the power vested in the position of a leader in an organization. If the leader has the power to assign work, administer rewards and punishment, recommend employees for promotion or demotion, position-power is assumed to be strong. If the leader does not have required powers, the position-power is weak. From the leader's point of view, strong position power is favourable and weak position power is unfavourable.

(d) The Path-Goal theory

The path-goal model of leadership was introduced by Martin Evans and Robert House. Path-goal theory says that a leader can motivate subordinates by influencing their expectations. Leaders can motivate sub-ordinates by making clear what they have to do to get the reward they desire. The path-goal model assumes that leaders can change their style or behaviour to meet the demands of a particular situation.

This model identifies four kinds of leader behaviour: directive, supportive, participative and achievement-oriented. According to this model managers can adjust their behaviour to include any four kinds of leadership behaviour mentioned above. For instance, while leading a new group of sub-ordinates, the leader may be directive in giving guidance and instructions to them. He may also adopt supportive behaviour to encourage group cohesiveness, to look after their needs and ensuring that they get the rewards and benefits. As the group becomes more familiar with the task and as new problems are taken into consideration, the leader may use participative behaviour by which he can participate with employees in making decisions and take their suggestions as well. Finally, the leader may use achievement-oriented behaviour to encourage continued high performance of sub-ordinates.

Managerial grid theory

At conception, the managerial grid model was composed of five different leadership styles. These styles were a relation between a manager's concern for people, concern for production and his motivation. The motivation dimension really provides the underlying motive of the leader behind a successful leadership style. Thus the managerial grid model categorizes leaders into one of 81 possible categories. Later, two additional leadership styles were added as well as the element of resilience.

MANAGERIAL GRID

**Log in to http://edu-article.blogspot.com
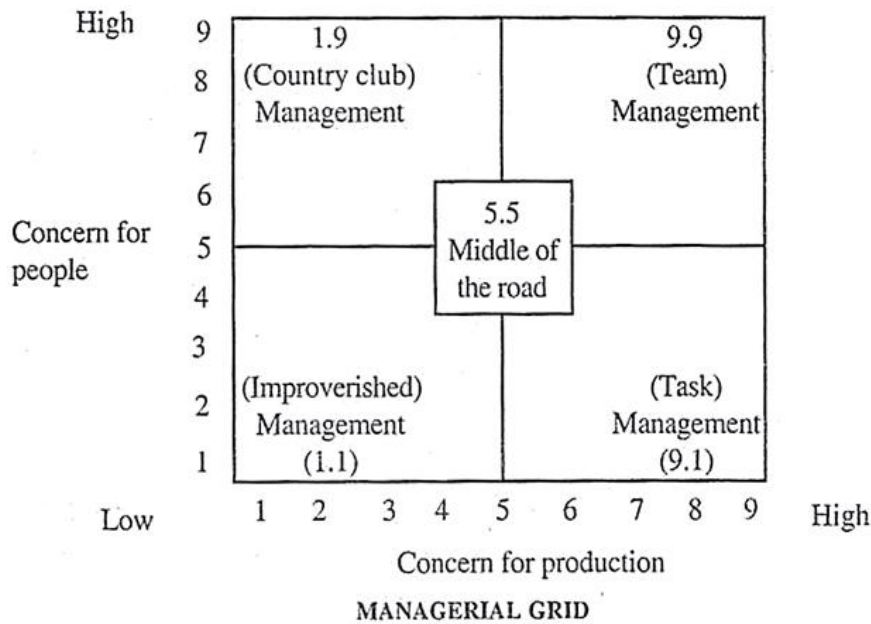
1. The Indifferent or Impoverished (1,1)

These leaders have minimal concern for people and production. Their priority is to fly under the radar while they content to seek solutions that won't bring any negative focus to themselves or their department. Preserving their employment, position as well as their seniority is what drives their elusive and evading behaviours. In short, the indifferent leaders are ineffective and are sorely lacking in any of the traits that can be attributed to successful and effective leaders.

2. The Country Club or Accommodating (1, 9)

These leaders will go above and beyond to ensure that the needs and desires of his employees are met. These leaders are making the assumption that their staff will yield maximum results as they are likely to be self-motivated when they are lead in such environment. These leaders will have behaviours that will yield and comply with the needs of their staff. The productivity of the group however, can suffer from the lack of attention on tasks.

3. The Status Quo or Middle-of-the-Road (5, 5)

These leaders balance out the needs of their staff with those of the organization, while not adequately achieving either. These leaders will balance and compromise their decisions, often endorsing the most popular one. They dedicate minimal efforts towards facilitating the achievements of their staff or the production results in average or below average levels.

4. The Dictatorial or Produce, Perish or Control (9, 1) Similar to autocratic leader

These leaders focus all of their attention to production-related matters and very little towards the needs of their employees. These leaders will direct and dominate while holding the belief that efficiency gains can only be achieved through rigid disciplines especially those that don't require human interaction. Employees are considered expendable resources. Productivity is usually short

lived as high employee attrition is unavoidable. The dictatorial style is inspired by the McGregor X theory.

5. The Sound or Team (9, 9)

According to Dr. Robert R. Blake and Dr. Jane Srygley Mouton (and I agree), the sound leader is the most effective leadership style. These leaders will contribute and are committed, can motivate and are motivated while holding the belief that trust, respect, commitment and employee empowerment are essential for fostering a team environment where team members are motivated, thus resulting in maximum employee satisfaction as well as the most efficient productivity. This sound leadership style is also inspired by the McGregor Y theory.

COMMUNICATION

Communication is a process in which Information, Ideas, Thoughts and Feeling exchanges within two or more person.

It is a process of sending and receiving information between two or more people. The person who is sending message referred to as the sender, while person who is receiving information is known as receiver.

Types of Communication

People communicate with each other in different ways that depends on the message. There are two types of communication are:

1. Verbal Communication

2. Non Verbal Communication

Verbal Communication

Verbal communication refers to that communication in which message is transmitted verbally. It can be done by the words of mouth and a piece of writing. When we talk to others, we assume that others understand what we are saying because we know what we are saying. But this is not the case. Usually people bring their own attitude, perception, emotions and thoughts about the topic and hence creates barrier in delivering the right meaning.

It can be divided into two forms:

Oral Communication

Written Communication

Oral Communication

Oral Communication is that communication which formed orally like spoken of words. It includes face-to-face conversation, speech, telephonic conversation, videos, radio, television. It can be influenced by pitch, volume, speed and clarity of speaking.

Written Communication

Written communication has great significance in today's business world. It is an innovative activity of the mind. Effective written communication is essential for preparing worthy promotional materials for business development. Speech came before writing. But writing is more unique and formal than speech. Effective writing involves careful choice of words, their organization in correct order in sentences formation as well as cohesive composition of sentences. Also, writing is more valid and reliable than speech.

Nonverbal Communication

Nonverbal communication is the sending or receiving of wordless messages. We can say that communication other than oral and written, such as gesture, body language, posture, tone of voice or facial expressions, is called nonverbal communication. Nonverbal communication is all about the body language of speaker.

Nonverbal communication helps receiver in interpreting the message received. Often, nonverbal signals reflect the situation more accurately than verbal messages. Sometimes nonverbal response contradicts verbal communication and hence affects the effectiveness of message.It involves appearance, body language, and Sound.

There are two types of communication are:

1. Formal Communication

2. Informal Communication

Formal Communication

In formal communication, certain rules, conventions and principles are followed while communicating message. Formal communication occurs in formal and official style. Usually professional settings, corporate meetings, conferences undergoes in formal pattern. In formal communication, use of slang and foul language is avoided and correct pronunciation is required. Authority lines are needed to be followed in formal communication.

Informal Communication

Informal communication is done using channels that are in contrast with formal communication channels. It's just a casual talk. It is established for societal affiliations of members in an organization and face-to-face discussions. It happens among friends and family. In informal communication use of slang words, foul language is not restricted. Usually. Informal communication is done orally and using gestures. Informal communication, Unlike formal communication, doesn't follow authority lines. In an organization, it helps in finding out staff grievances as people express more when talking informally. Informal communication helps in building relationships. Informal channel of communication is also known as Grape wine.

Downward communication

Communication which flows from the superior to subordinates is referred as downward communication. It is needed,

- To get things done

- To prepare for changes

- To discourage misinformation and suspicion

- To let the people feel the price of being relatively well informed.

Upward communication

It flows from a subordinate position to superior position. That I s, the subordinate work performance report, their opinions, ideas and suggestions, complaints and grievances of subordinates, etc.,.

PROCESS OF COMMUNICATION

Communication is a process of exchanging verbal and non verbal messages. It is a continuous process. Pre-requisite of communication is a message. This message must be conveyed through some medium to the recipient. It is essential that this message must be understood by the recipient in same terms as intended by the sender. He must respond within a time frame. Thus, communication is a two way process and is incomplete without a feedback from the recipient to the sender on how well the message is understood by him.

1. **Sender** / Encoder – Sender / Encoder is a person who sends the message. A sender makes use of symbols (words or graphic or visual aids) to convey the message and produce the required response. For instance – a training manager conducting training for new batch of employees. Sender may be an individual or a group or an organization. The views, background, approach, skills, competencies, and knowledge of the sender have a great impact on the message.

2. **Message** –Message is a key idea that the sender wants to communicate. It is a sign that elicits the response of recipient. Communication process begins with deciding about the message to be conveyed. It must be ensured that the main objective of the message is clear.

3. **Medium** – Medium is a means used to exchange / transmit the message. The choice of appropriate medium of communication is essential for making the message effective and correctly interpreted by the recipient. This choice of communication medium varies depending upon the features of communication. For instance – Written medium is chosen when a message has to be conveyed to a small group of people, while an oral medium is chosen when spontaneous feedback is required from the recipient as misunderstandings are cleared then and there.

4. **Recipient** / Decoder – Recipient / Decoder is a person for whom the message is intended / aimed / targeted. The degree to which the decoder understands the message is dependent upon various factors such as knowledge of recipient, their responsiveness to the message, and the reliance of encoder on decoder.

5. **Feedback** – Feedback is the main component of communication process as it permits the sender to analyze the efficacy of the message. It helps the sender in confirming the correct interpretation of message by the decoder. Feedback may be verbal (through words) or nonverbal (in form of smiles, sighs, etc.). It may take written form also in form of memos, reports, etc.

Most Common Barriers to Effective Communication

1. Physical Barriers: this has to do with poor or outdated equipment used during communications, background noise, poor lighting, temperatures that are too hot or too cold.

2. Attitudes: emotions like anger or sadness can taint objectivity. Also being extremely nervous, having a personal agenda or "needing to be right no matter what" can make communications less than effective. This is also known as "Emotional Noise".

3. Language: this can seem like an easy one, but even people speaking the same language can have difficulty understanding each other if they are from different generations or from different regions of the same country. Slang, professional jargon and regional colloquialisms can even hurt communicators with the best intentions.

4. Physiological Barriers: ill health, poor eyesight or hearing difficulties, pain.

5. Problems with Structure Design: companies or institutions can have organization structures that are not clear, which can make communications difficult. Also to blame for faulty communications are bad information systems, and lack of supervision or training of the people involved.

6. Cultural Noise: people sometimes make stereotypical assumptions about others based on their cultural background.

7. Lack of Common Experience: it's a great idea to use examples or stories to explain a point that is being discussed. However, if the speaker and the audience cannot relate to these examples because they do not have the same knowledge or have not shared the same experiences then this tool will be ineffective.

8. Ambiguity and Abstractions Overuse: leaving things half-said, using too many generalizations, proverbs or sayings, can all lead to communications that are not clear and that can lend themselves to misinterpretations.

9. Information Overload: it takes time to process a lot of information and too many details can overwhelm and distract the audience from the important topics. Keep it Simple, Sweetie.

10. Assumptions and Jumping to Conclusions: This can make someone reach a decision about something before listening to all the facts.

11. Psychological barriers can be described as the cause of distorted communication because of human psychology problems. Psychological barriers may be ; Attitude and opinions, Emotions, Filtering and distortion of message, Status difference, In attention, Closed mind, Fields of experience.

CO-ORDINATION

It is a process of integrating the interdepartmental activities as unified action towards the fulfilment of the predetermined common goals of the organization.

According to Henry Fayol, " To co-ordinate is to harmonize all the activities of a concern so as to facilitate its working and its success. In a well co-ordinated enterprise, each department or

division, works in harmony with other and is fully informed of its role in the organization. The working schedule of various departments is constantly turned to circumstances."

Features

1. It is not a separate function of management.

2. I t is necessary to all levels of management.

3. It is a continuous and dynamic process.

4. Group efforts are more relevant than individual efforts.

5. Unity of action is the heart of co-ordination.

6. It is a system concept.

Types of Co-ordination

The following are the important types of co-ordination.

1. Vertical co-ordination: - It refers to co-ordination between activities of a manager and his subordinates

2. Horizontal co-ordination:- It refers to co-ordination among peers – ie employees working at the same levels in organizational hierarchy and among various departments.

3. Diagonal co-ordination: It is co-ordination among the users and between users and service personnel, which is achieved through understanding, negotiation and voluntary effort.

Principles of Co-ordination:

In order to ensure effective co-ordination, the co-ordination should be based on certain principles:

1. Personal contact: Effective co-ordination can be achieved through personal contact. Personal contact avoids controversy and misunderstanding.

2. Reciprocal relationship: This principle says that all factors in a situation are reciprocally related. Each factor influences other factor.

3. Dynamism: Co-ordination is modified according to the external and internal actions and decisions ie co-ordination should be a dynamic one.

4. Continuity: It says that co-ordination is a continuous process.

5. Self co-ordination: According to this principle, the function of one department affects other departments and in turn, is affected by the function of other departments.

6. Clear cut objectives: As per this principle, the departments heads should know clearly the objectives of the organization.

7. Effective communication: Effective communication is very necessary for the proper co-ordination.

8. Early stage of starting: The co-ordination should be started even from the planning function of management.

TECHNIQUES OF EFFECTIVE COORDINATION IN ORGANIZATION

Some of the techniques that are used to achieve effective coordination are given below:

1. Direct Contact: One of the most effective means of achieving coordination is direct contact. Written communication, modern electronic, mechanical devices, etc., can also be used.

2. Group Meetings: Group meetings are said to be an effective means of achieving coordination. At the time of meeting, superior comes into personal contact with those connected with the actual problems. Such meetings encourage the people to integrate their efforts. Coordination can be achieved through regular meetings of superiors and subordinates.

3. Organizational Structure: Coordination can be achieved only when the authority and responsibility of each and every person are clearly defined. In other words, the organizational structure should be designed properly so as to permit coordination among various activities along the line itself.

4. Effective Communication: In achieving coordination, effective communication plays a vital role. Communication greatly helps in coordination. The purpose of communication is to promote deep understanding among members by bringing and maintaining coordination in order to achieve the ultimate goals.

5. Committees: In order to coordinate the various activities, various types of committees may be appointed. Committees provide the means for synchronizing various efforts. Committees develop better understanding and morale among the members. They are greatly advisory in nature and make use of the best efforts of the members.

6. Staff Meetings: Staff meetings at regular intervals helps in achieving effective coordination because such meetings provides opportunities for frank discussions and better exchange of ideas of people from different sections. This infuse a feeling of unity among the members which makes them to jointly work for the organization.

7. Effective Leadership: Leader inculcates a feeling of collectivism in the employees and forces them to work as a team. Individuals within the group, may possess varied interests and multiple goals. Leader reconciles these conflicting goals and restores equilibrium. A good leader can achieve coordination at all stages. Hence, effective leadership is essential for achieving coordination.

8. Informal Coordination: Many organizations adopt informal means of coordination through processes of social, unofficial interactions, relationship and mutual adjustments. They are very often more effective than formal means.

CONTROLLING

The Control function is closely related with all other functions of management. The management control is the process of ensuring that the actual plan implementation matches with the original plan. It is an on-going and dynamic function and linked with other function of the management in a circular relationship.

Definition

According to KoontsO'Donnel, "Controlling is the measurement of accomplishment against the standards and the correction of deviation to assure attainment of objectives according to plan."

Steps in Control Process

The control process involves four basic steps as mentioned below:-

1. Establishing standards:- Standard represents criteria of performance. This implies the statement of goals and objective envisaged under the planning process are stated in clear and measurable terms along with specific milestones. The standard should have some characteristics to produce effective performance.

2. Measurement of performance against standards: The measurement of performance is an on-going process. Several techniques are used by the management to measure the performance.

3. Comparing the actual performances with standards: The measured results are compared with the project and standards. In case the performance meets the standards, then it would mean that the performance or activity is progressing in the desired direction.

4. Taking corrective action: In the situations when performance does not confirm to the specified criteria of the standards, then it is necessary to take corrective measures to deal with the observed deviations in the performance.

CONTROL TECHNIQUES

Financial controls

Financial audits, or formal investigations, are regularly conducted to ensure that financial management practices follow generally accepted procedures, policies, laws, and ethical guidelines. Audits may be conducted internally or externally. Financial ratio analysis examines the relationship between specific figures on the financial statements and helps explain the significance of those figures:

Liquidity ratios measure an organization's ability to generate cash.

Profitability ratios measure an organization's ability to generate profits.

Debt ratios measure an organization's ability to pay its debts.

Activity ratios measure an organization's efficiency in operations and use of assets.

Budget controls

A budget depicts how much an organization expects to spend (expenses) and earn (revenues) over a time period. Amounts are categorized according to the type of business activity or account, such as telephone costs or sales of catalogs. Budgets not only help managers plan their finances, but also help them keep track of their overall spending.

A budget, in reality, is both a planning tool and a control mechanism. Budget development processes vary among organizations according to who does the budgeting and how the financial resources are allocated. Some budget development methods are as follows:

Top-down budgeting. Managers prepare the budget and send it to subordinates.

Bottom-up budgeting. Figures come from the lower levels and are adjusted and coordinated as they move up the hierarchy.

Zero-based budgeting. Managers develop each new budget by justifying the projected allocation against its contribution to departmental or organizational goals.

Flexible budgeting. Any budget exercise can incorporate flexible budgets, which set "meet or beat" standards that can be compared to expenditures.

Break Even Analysis

Break Even Analysis or Break Even Point is the point of no profit, no loss. For e.g. When an organisation sells 50K cars it will break even. It means that, any sale below this point will cause losses and any sale above this point will earn profits. The Break-even analysis acts as a control device. It helps to find out the company's performance. So the company can take collective action to improve its performance in the future. Break-even analysis is a simple control tool.

PERT and CPM Techniques

Programme Evaluation and Review Technique (PERT) and Critical Path Method (CPM) techniques were developed in USA in the late 50's. Any programme consists of various activities and sub-activities. Successful completion of any activity depends upon doing the work in a given sequence and in a given time.

CPM / PERT can be used to minimise the total time or the total cost required to perform the total operations.

Importance is given to identifying the critical activities. Critical activities are those which have to be completed on time otherwise the full project will be delayed.

So, in these techniques, the job is divided into various activities / sub-activities. From these activities, the critical activities are identified. More importance is given to completion of these critical activities. So, by controlling the time of the critical activities, the total time and cost of the job are minimised.

Management Audit

Management Audit is an evaluation of the management as a whole. It critically examines the full management process, i.e. planning, organising, directing, and controlling. It finds out the efficiency of the management. To check the efficiency of the management, the company's plans, objectives, policies, procedures, personnel relations and systems of control are examined very carefully. Management auditing is conducted by a team of experts. They collect data from past records, members of management, clients and employees. The data is analysed and conclusions are drawn about managerial performance and efficiency.

Management Information System (MIS)

In order to control the organisation properly the management needs accurate information. They need information about the internal working of the organisation and also about the external environment. Information is collected continuously to identify problems and find out solutions. MIS collects data, processes it and provides it to the managers. MIS may be manual or computerised. With MIS, managers can delegate authority to subordinates without losing control.

Computers and information controls

Almost all organizations have confidential and sensitive information that they don't want to become general knowledge. Controlling access to computer databases is the key to this area.

Increasingly, computers are being used to collect and store information for control purposes. Many organizations privately monitor each employee's computer usage to measure employee performance, among other things. Some people question the appropriateness of computer monitoring. Managers must carefully weigh the benefits against the costs—both human and financial—before investing in and implementing computerized control techniques.

Return on Investment (ROI)

Investment consists of fixed assets and working capital used in business. Profit on the investment is a reward for risk taking. If the ROI is high then the financial performance of a business is good and vice-versa.

ROI is a tool to improve financial performance. It helps the business to compare its present performance with that of previous years' performance. It helps to conduct inter-firm comparisons. It also shows the areas where corrective actions are needed.

MODULE IV

BUSINESS ETHICS

Genesis of Ethics

Ethics is not recent phenomenon. Ethical codes have been prepared along with the development of human civilization. In olden days, people might have found some of their actions was wrong and others right. The question what is right and what is wrong gave birth to ethical and unethical codes. The word "ethics" is derived from the Greek word ethos (character), and from the Latin word 'mores' (customs). Derived from the Greek word "ethos", which means "way of living", ethics is a branch of philosophy that is concerned with human conduct. It consists in a code of conduct of human beings living in a society. Ethics examines the rational justification for our moral judgments; it studies what is morally right or wrong, just or unjust. Together, they combine to define how individuals choose to interact with one another. In philosophy, ethics defines what is good for the individual and for society and establishes the nature of duties that people owe to themselves and to one another. It aims at individual good as well as social good, the good of mankind as a whole.

Ethics is an attempt to guide human conduct and it is also an attempt to help man in leading good life by applying moral principles. Ethics refers to well based standards of right and wrong that prescribe what humans ought to do, usually in terms of rights, obligations, benefits to society, fairness, or specific virtues. Ethics is related to issues of propriety, rightness and wrongness. What is right is ethical and what is wrong is unethical. It tries to determine the good and right thing to do; choices regarding right and wrong, good and evil; questions of obligation and value. Ethics is to consider the practice of doing right actions or what we may call the art of living the good life.

It is also defined as the science of the highest good. Mackenzie defines ethics as "the study of what is right or good in human conduct" or the "science of the ideal involved in human life". So, it is clear that ethics is the study which determines rightness or wrongness of actions. Applied ethics is the practice of ethics that aims to guide the moral judgment governing the decisions we make in all areas of our lives .Issues of right and wrong are related to one's values. In the context of ethics, values are our standards of right and wrong.

Background to Ethics

Ethics is the area of philosophy concerned with the evaluation of human conduct. Philosophers generally distinguish between four or five major branches of ethics: meta-ethics, ethics and politics (political philosophy), normative ethics, virtue ethics and practical philosophy.

Meta-ethics is concerned with the meaning of philosophical language and moral propositions. This means that the focus is on the grounds used to justify moral judgments rather than on making moral judgments.

Political ethics consists mostly of an examination of the good society and the origins and forms of political power (government).

Normative ethics is the branch of philosophy concerned with developing theories that determine which human actions are right and wrong. It is evaluative and constructive rather than descriptive (like meta-ethics). Deontological ethics, utilitarian ethics and virtue ethics are all normative.

Virtue ethics is often viewed as a separate branch in itself. Although it is certainly normative as well, virtue ethics is distinguished form other forms of normative ethics because it is concerned with possessing moral traits and living a good life generally as opposed to evaluating actions alone.

Rule-based ethics seeks to evaluate moral considerations against a set of rules that constitute a moral theory, which determines what acceptable behaviour is. These rules may be divided into two main categories, namely consequentialism (also known as teleology) – under which it is claimed that actions should be judged according their consequences, and deontology – under which the opposing view is assumed, i.e. that rightness or wrongness is a judgment not dependent on consequences but rather on the intrinsic goodness of the action in and of itself.

Practical (or applied) ethics applies ethical principles and theories to practical disciplines - this includes medical ethics, environmental ethics and business ethics. The purpose is to give guidance on a specific issue such as abortion, GM crops, donor consent, protecting client privacy etc.

BUSINESS ETHICS

Business ethics is nothing but the application of ethics in business. Business ethics is the application of general ethical ideas to business behaviour. Ethical business behaviour facilitates and promotes good to society, improves profitability, fosters business relations and employee productivity. The concept of business ethics has come to mean various things to various people, but generally it's coming to know what it right or wrong in the workplace and doing what's right - this is in regard to effects of products/ services and in relationships with stakeholders. Business ethics is concerned with the behaviour of a businessman in doing a business. Unethical practices are creating problems to businessman and business units. The life and growth of a business unit depends upon the ethics practiced by a businessman. Business ethics are developed by the passage of time and custom. A custom differs from one business to another. If a custom is adopted and accepted by businessman and public, that custom will become an ethic. Business ethics is applicable to every type of business. The social responsibility of a business requires the observing of business ethics. A business man should not ignore the business ethics while assuming social responsibility. Business ethics means the behaviour of a businessman while conducting a business, by observing morality in his business activities.

According to Wheeler Business Ethics is an art and science for maintaining harmonious relationship with society, its various groups and institutions as well as reorganizing the moral responsibility for the rightness and wrongness of business conduct.

Characteristics of business ethics

The following are the important features of business ethics:-

1. Business ethics are the principles, which govern and guide business people to perform business functions and in that sense business ethics is a discipline

2. It is considered both as a science and an art.

3. It continuously test the rules and moral standards and is dynamic in nature

4. It is based on theological principles such as sincerity, human welfare, service, good behaviour etc.

5. It is based on reality and social customs prevailing in business environment.

6. It studies the activities , decisions and behaviour which are related to human beings

7. It has universal application because business exists all over the world

8. Many of the ethical principles develop the personal dignity

9. Business ethics keeps harmony between different roles of businessman, with every citizen, customer, owner and investors

IMPORTANCE OF BUSINESS ETHICS

There may be many reasons why business ethics might be regarded as an increasingly important area of study, whether as students interested in evaluating business activities, or as managers seeking to improve their decision making skills.

It is generally viewed that good business ethics promote good business.

1. The power and influence of business in society is greater than ever before. Business ethics helps us to understand why this is happening, what its implications might be, and how we might address this situation.
2. Business has the potential to provide a major contribution to our societies, in terms of producing the products and services that we want, providing employment, paying taxes, and acting as an engine for economic development and thereby increases the goodwill.
3. Business malpractices have the potential to inflict enormous harm on individuals, on communities and on the environment. Through helping us to understand more about the causes and consequences of these malpractices, business ethics helps to create mutual trust and confidence in relationship.
4. The demands being placed on business to be ethical by its various stakeholders are constantly becoming more complex and more challenging. Business ethics provides the means to appreciate and understand these challenges more clearly, in order that firms can meet these ethical expectations more effectively.
5. Business ethics can help to improve ethical decision making by providing managers with the appropriate knowledge and tools that allow them to correctly identify, diagnose, analyse, and provide solutions to the ethical problems and dilemmas they are confronted with.
6. A business can prosper on the basis of good ethical standards and it helps to retain the business for long years.
7. Business ethics can provide us with the ability to assess the benefits and problems associated with different ways of managing ethics in organizations.
8. In the age of complexity in business fileds , competition is increasing day by day Good ethical standard helps the business to face the challenges.

BASICS OF BUSINESS ETHICS

1. Honesty. Ethical executives are honest and truthful in all their dealings and they do not deliberately mislead or deceive others by misrepresentations, overstatements, partial truths, selective omissions, or any other means.

2. Integrity. Ethical executives demonstrate personal integrity and the courage of their convictions by doing what they think is right even when there is great pressure to do otherwise; they are principled, honorable and upright; they will fight for their beliefs. They will not sacrifice principle for expediency, be hypocritical, or unscrupulous.

3. Principle of proportionality: This principle suggests that one should make proper judgment before doing anything so that others do not suffer from any loss or risk of evils by the conducts of business.

4. Non co-operation in evils: It clearly points out that a business should not co-operate with any one for doing any evil acts.

5. Co-operation with others: This principles state that business should help others only in that condition when other deserves for help.

6. Commitment to excellence. Ethical executives pursue excellence in performing their duties, are well informed and prepared, and constantly endeavour to increase their proficiency in all areas of responsibility.

7. Leadership. Ethical executives are conscious of the responsibilities and opportunities of their position of leadership and seek to be positive ethical role models by their own conduct and by helping to create an environment in which principled reasoning and ethical decision making are highly prized.8. Universal value: According to this principle the conduct of business should be done on the basis of universal values.

8. Human dignity: As per this principle , man should not be treated as a factor of production and human dignity should be maintained.

9. Non violence : If businessman hurts the interests and rights of the society and exploits the consumer by overlooking their interests this is equivalent to violence and unethical act.

STRUCTURE OF ETHICS MANAGEMENT

Every one who is entrusted to manage ethics in this organization is bound to prepare a sound ethical programme which should include the following components:-

1. Formal code of conduct

2. Ethics committee

3. Ethical communication

4. An Ethic office with Ethical officers

5. Ethics Training Programme

6. A disciplinary system

7. Establishing an ombudsperson.

8. Monitoring

1. Code of conduct

Several organizations that have undertaken to implement ethical behaviour at their workplaces have started the process with developing and implementing codes of conduct for their employees. Codes of conduct are statements of organizational values. It comprises of three elements such as a code of ethics, a code of conduct and statement of values. a code of conduct is a written document, inspirational in contents and specifies clearly what is acceptable or unacceptable behaviour at workplace and beyond ,when the employees represent their organizations outside. In general the code should reflect the managements desire to incorporate the values and policies of the organization. The statement of values envisages by the management to serve the public and normally addresses the stakeholders groups.

Code of Ethics

Every time a new business is launched anywhere in the world , whether a one man operation or a full blown brick – and- mortar corporate enterprise, the owners must adopt a code of ethics for the business. For small businesses the code is usually unwritten. And sometimes not even discussed and decided upon, but still a code exists. Larger businesses often have written codes of ethics and employees are twined in them and required to adhere to the code. A code of ethics is a buzzword to employees to observe ethical norms and forms the basis for rules of conduct. It is comprehensive enough to cover the entire scheme of organizational ethics expected to be followed by everyone in the company. It usually specifies methods for reporting violations, disciplinary action for violations and a structure of the due process to be followed.

A code of ethics must summarize the beliefs and values of the organization. Codes of ethics vary among businesses, and also from one country to another,. When business grows large enough to expand its operations into other countries, It is critical to hire talent to assist in training existing personnel with regard to the integrity, understanding, responsibility, and cultural norms of the country where the new operation is located. All employees must be treated equally, and any issues of inequality must be dealt with quickly, fairly, and in a manner that is satisfactory to all.

2. Ethics committee

Ethics committee is formed in many organizations. They are wholly devoted at work places. These committees can rise concerns of ethical nature; prepare or update code of conduct, and resolve ethical dilemma in organizations. they formulate ethical policies and develop ethical standards. The committee evaluates the compliance of the organization with these ethical norms. The members of the ethical committee should be selected from those persons who have knowledge in their industry, their code of ethics and community standards. The committee members are also conscious about the corporate culture and ethical concise of the organization.

The following committees are to be formed:-

i. Establishing an ethics committee at the board level

The committee would be charged to oversee development and operation of the ethics management programme.

ii. Establishing an Ethics Management committee

Ethics Management committee would be charged with implementing and administrating an ethics management programme, including administrating and training about policies and procedures, and resolving ethical dilemmas. The committee should be comprised of senior officers.

3. Ethical communication system

The next step is the establishment of an effective ethical communication system. Ethical communication system place an important role in making an ethics programme successful. It should allow employees to make enquiries , get advice if needed or report wrong doing. Ethical communication system is a necessity to educate employees about the organizations ethical standard and policies. It has the following objectives

   i. to communicate the organizations' values and standards of ethical conduct or business to employees.
  ii. to provide information to the employees on the company's policies and procedure regarding ethical conduct of business.
 iii. to help employees to get guidance and resolve questions regarding compliance with the firms standards of conducts and values.
  iv. to set up the means of enquiry such as telephone hotlines, suggestion boxes and email facilities for employees to contact with and get advice from competent authorities.

Along with these means of communication there are other ways , that can be used to communicate an organization's moral standards to its employees. Top management can communicate the ethical standards to lower level managers and they can communicate it to operational levels. Sometimes the organization publishes newsletters. It can be used to expose company's code or ethics. If an organization has briefing and management meeting, these can be used as a means of communicating values. Certain companies use attractive multi colored posters to publicize their codes and ethics, these posters are placed in most visible places of the organization premises.

4. Ethics office and officers

Ethics offices are to be established to communicate and implement ethics policies among employees of the organization. For this purpose an ethics officer is to be appointed. The ethics officer should develop a reputation for credibility, integrity, honesty and responsibility through establishment of such ethics monitoring bodies.

Functions of the ethics officers

1. Ethics officers are responsible for assessing the needs and risks that an organization-wide ethics programme must address.
2. To develop and distribute a code of conduct or ethics
3. To conduct ethical training programme for employees
4. To establish and maintain a confidential service to answer employees questions about ethical issues.
5. To ensure that the organization is in compliance with governmental regulations
6. To monitor and audit ethical conduct
7. To take action on possible violations of the company's code
8. To review and update code in time

5. Ethics Training Programme

To ensure a good ethical behaviour in the organization the employees are to be given training. For this purpose a corporate ethical training programme is to be devised. The main objective of an ethical training program is to offer assistance to employees to understand the ethical issues that are likely to arise in their work place. When new employees are to be recruited, the induction training should be arranged for them.

This training will help to familiarize with the company's ethical code of behaviour. Importance of abiding code should be dealt with at the induction meeting. A well developed and proper training programme will help the employees to understand the organizations policies and expectations, important and relevant rules, bye laws and regulations which are to be complied in the organization by the employees. For the success of the training programmes , the senior executive from every department must involve fully in the training programme.

6. Disciplinary system

Code of conduct or ethical behaviour codes should be properly enforced in the organization to achieve the organization's objectives. A disciplinary system should be established to deal with ethical violations promptly and severely. If unethical behaviour is not properly dealt with, it will threaten the entire social system that supports the ethical behaviour of the organization. While enforcing disciplines to ensure ethical conduct, companies should be consistent. ,i.e., the company should adopt a fair attitude towards every one without any discrimination or bias.

7. Establishing an ombudsperson

The ombudsperson is responsible to help coordinate development of the policies and procedures to institutionalize moral values in the workplace. This position usually is directly responsible for resolving ethical dilemmas by interpreting policies and procedures.

8. Monitoring

To become an ethical programme fruitful and successful, an effective monitoring committee is to be formed. It can be monitored through keen observation by ethics officers, internal audits, surveys, investigations and supporting systems.

SCOPE OF BUSINESS ETHICS

Ethics in Compliance

Compliance is about obeying and adhering to rules and authority. The motivation for being compliant could be to do the right thing out of the fear of being caught rather than a desire to be abiding by the law. An ethical climate in an organization ensures that compliance with law is fuelled by a desire to abide by the laws. Organizations that value high ethics comply with the laws not only in letter but go beyond what is stipulated or expected of them.

Ethics in Finance

The ethical issues in finance that companies and employees are confronted with include:

- In accounting – window dressing, misleading financial analysis.

- Related party transactions not at arm's length

- Insider trading, securities fraud leading to manipulation of the financial markets.

- Executive compensation.

- Bribery, kickbacks, over billing of expenses, facilitation payments.

- Fake reimbursements

Ethics in Human Resources

Human resource management (HRM) plays a decisive role in introducing and implementing ethics. Ethics should be a pivotal issue for HR specialists. The ethics of human resource management (HRM) covers those ethical issues arising around the employer-employee relationship, such as the rights and duties owed between employer and employee.

The issues of ethics faced by HRM include:

- Discrimination issues i.e. discrimination on the bases of age, gender, race, religion, disabilities, weight etc.
- Sexual harassment.
- Affirmative Action.
- Issues surrounding the representation of employees and the democratization of the workplace, tradeization.
- Issues affecting the privacy of the employee: workplace surveillance, drug testing.
- Issues affecting the privacy of the employer: whistle-blowing.
- Issues relating to the fairness of the employment contract and the balance of power between employer and employee.
- Occupational safety and health.

Ethics in Marketing

Marketing ethics is the area of applied ethics which deals with the moral principles behind the operation and regulation of marketing. The ethical issues confronted in this area include:

- Pricing: price fixing, price discrimination, price skimming.
- Anti-competitive practices like manipulation of supply, exclusive dealing arrangements, tying arrangements etc.
- Misleading advertisements
- Content of advertisements.
- Children and marketing.
- Black markets, grey markets.

Ethics of Production

This area of business ethics deals with the duties of a company to ensure that products and production processes do not cause harm. Some of the more acute dilemmas in this area arise out of the fact that there is usually a degree of danger in any product or production process and it is difficult to define a degree of permissibility, or the degree of permissibility may depend on the changing state of preventative technologies or changing social perceptions of acceptable risk.

- Defective, addictive and inherently dangerous products and
- Ethical relations between the company and the environment include pollution, environmental ethics, and carbon emissions trading.
- Ethical problems arising out of new technologies for eg. Genetically modified food

Factors influencing business ethics

1. A man's personal code of ethics that is what one considers moral is the foremost responsible factor influencing his behaviour.

2. It is already stated that the Government will intervene and enact laws only when the businessmen become too unethical and selfish and totally ignore their responsibility to the society.

3. Laws support Government regulations regarding the working conditions, product safety, statutory warning etc. These provide some guidelines to the business managers in determining what are acceptable or recognized standards and practices.

4. When a company grows larger, its standard of ethical conduct tends to rise. Any unethical behaviour or conduct on the part of the company shall endanger its established reputation, public image and goodwill.

5. Social forces and pressures have considerable influence on ethics in business. If a company supplies sub-standard products and get involved in unethical conducts, the consumers will

become indifferent towards the company. Sometimes, the society itself may turn against a company.

6. The firms, which strictly adhere to the ethical code, can retain its position unaffected in its line of business. If the company's performance is below than other companies, in the same industry, it cannot survive in the field in the long run.

Arguments Supporting Business Ethics

- Ethics applies to all human activities.
- Business cannot survive without ethics.
- Ethics is consistent with profit seeking.
- Customers, employees, and people in general care about ethics.
- Studies suggest ethics does not detract from profits and seems to contribute to profits.
- To meet demands of business stakeholders
- To enhance business performance
- To promote personal morality

Arguments Against Business Ethics

- In a free market economy, the pursuit of profit will ensure maximum social benefit so business ethics is not needed.
- A manager's most important obligation is loyalty to the company regardless of ethics.
- So long as companies obey the law they will do all that ethics requires.
- An ethical company cannot be competitive and viable.
- Employees, as "loyal agents," - obligated to serve their to advance the employer's self-interest.

Environmental Issues That Affect Business

Key environmental issues affecting business include industrial waste, sustainable development of raw materials and water and air emissions. These issues affect business because laws require businesses to change equipment and procedures to meet imposed standards, which costs businesses money. Many businesses undertake stricter changes in an effort to preserve the environment and "do what's right." These businesses pay for the protective and proactive environmental measures and attempt to recoup the expenses through consumer good will or the added consumer base gained from an environmentally friendly policy.

Waste: Businesses that manufacture products create, at some point in the manufacturing process, manufacturing waste. Environmental laws and good environmental citizenship prohibit the indiscriminate dumping of manufacturing byproduct, so businesses must decide how best to dispense with it. Many implement recycling programs, others sell what they can of the waste to other manufacturers who use it in their own manufacturing processes as raw material. Either way,

the effect is additional cost to the business in man hours, procedures, equipment and handling all specific to moving the waste products out of the business's manufacturing process and facilities.

Sustainable Development of Raw Materials: All manufacturers use raw materials to put together their goods. When these raw materials are natural, such as wood, laws and good environmental citizenship require that the business take measures to replace what it uses. Christmas tree farms are a prime example, as sellers buy from growers who harvest and replant in order to keep from depleting entire forests of naturally occurring pine trees. Again, the affect on business is cost in terms of higher raw materials costs, which usually include the supplier's cost to "replant" or "restock" the natural raw materials.

Emissions: Manufacturing processes often generate air and/or water emissions, which include particle or chemical-filled smoke, ash and particles and chemicals that seep into ground water through run-off. Environmental protection laws require businesses to protect the environment from exposure to these emissions. Remedial process include placing screens of specified gauges over smoke stacks, filtration of waste water and lining of retention ponds with clay and poly liners. New regulations are implemented frequently that require retrofitting of manufacturing facilities with increased protections, such as screens of even finer gauges and pond liners of newer and safer materials. All of these measures are costly to business and affect businesses first by decreasing profit margins.

Pollution: Pollution is one of the world's biggest environmental problems, as it tends to be a typical by product of modern life. Air pollution, for instance, is the result of fossil fuel combustion, as well as various gases and toxins released by industries and factories.

Climate change: Climate change is a global problem with grave implications: environmental, social, economic, political and for the distribution of goods. It represents one of the principal challenges facing humanity in our day. If present trends continue, this century may well witness extraordinary climate change and an unprecedented destruction of ecosystems, with serious consequences for all of us.

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility (CSR) is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders.

CSR is a concept with many definitions and practices. The way it is understood and implemented differs greatly for each company and country. Moreover, CSR is a very broad concept that addresses many and various topics such as human rights, corporate governance, health and safety, environmental effects, working conditions and contribution to economic development. Whatever the definition is, the purpose of CSR is to drive change towards sustainability.

The principles of CSR

Because of the uncertainty surrounding the nature of CSR activity it is difficult to define CSR and to be certain about any such activity. It is therefore imperative to be able to identify such activity and we take the view that there are three basic principles which together comprise all CSR activity. These are:

- Sustainability;
- Accountability;
- Transparency.

Sustainability

This is concerned with the effect which action taken in the present has upon the options available in the future. If resources are utilised in the present then they are no longer available for use in the future, and this is of particular concern if the resources are finite in quantity.

Accountability

This is concerned with an organisation recognising that its actions affect the external environment, and therefore assuming responsibility for the effects of its actions. This concept therefore implies a quantification of the effects of actions taken, both internal to the organisation and externally. More specifically the concept implies a reporting of those quantifications to all parties affected by those actions. This implies a reporting to external stakeholders of the effects of actions taken by the organisation and how they are affecting those stakeholders.

Transparency

Transparency, as a principle, means that the external impact of the actions of the organisation can be ascertained from that organisation's reporting and pertinent facts are not disguised within that reporting. Thus all the effects of the actions of the organisation, including external impacts, should be apparent to all from using the information provided by the organisation's reporting mechanisms. Transparency is of particular importance to external users of such information as these users lack the background details and knowledge available to internal users of such information.

The primary aim of every business was to maximize profit. They believed that a business serves well if it uses resources efficiently and economically and supplies to the society goods and services at prices which consumers are willing to pay. Definition: According 'Keith Davis' Social responsibility of business refers to the businessman's decisions and actions taken for reasons at least partially beyond the firm's direct economic are technical interest.

Corporate Social Responsibility towards different sections of the society

Responsibility towards owners/share holders :

Responsibility towards owners/share holdersIt should give a fair and regular return on their investment in the form of dividends. It should make every efforts for appreciation of their capital so that the enterprises can attract new capital from the market very easily. It should give full, regular and accurate information on the progress and financial position of the company.

Responsibility towards consumers or customers:

Responsibility towards consumers or customers It should supply products or services of right quality at the right time, at the right place and at reasonable prices. The products or services supplied should meet the needs and tastes of consumers of different classes and with different

purchasing powers. It should inform, educate and guide the consumers about the arrival of and use of new products released to the market.

Responsibility towards employees:

Responsibility towards employees It should recognize human values in business and treat the employees as responsible human beings and not merely cogs in the machine. It should raise the employee morale through financial and non financial motivations. It should reward them with fair wages and offer them material incentives to improve their productive capacity. It should provide opportunity for personal advancement through education, training and experience.

Responsibility towards government:

Responsibility towards government The management of business should strictly follow the rules and regulations of the government. It should pay taxes and dues to the government honestly and regularly. It should maintain fair trade policies and practices. It should help in tackling problems like unemployment, poverty, price rise, import substitution.

Responsibility towards society:

Responsibility towards society It should avoid the all types of environmental pollution. It should avoid exploitation of minorities and weaker sections of the community. It should avoid unnecessary and wasteful expenditure. It should utilize the natural resources efficiently and effectively. It should finance and participate in social and general functions of the society.

Responsibility towards suppliers

Suppliers are businessmen who supply raw materials and other items required by manufacturers and traders. Certain suppliers, called distributors, supply finished products to the consumers. The responsibilities of business towards these suppliers are: a .Giving regular order for purchase of goods. b. Dealing on fair terms and conditions. c. Availing reasonable credit period. d. Timely payment of dues.

ETHICS IN ADVERTISING

If ethics is defined as moral principles that guide a behaviour or activity, ethical standards for advertising would seem to imply a set of guidelines. In 1962, President John Kennedy signed the Consumer Bill of Rights, which includes the right to be informed and legal protections for consumers. It says businesses must provide complete and truthful info so consumers can make informed decisions.

Advertising has ethical value. Ethics means a set of moral principles which govern a person's behaviour or activities. Ethics in advertising means a set of well-defined principles which govern the ways of communication taking place between the seller and buyer. If an advertisement is misleading, the credibility of organisation is lost. Ethical advertising is one which is in the limit of decency, makes no false claims and doesn't lie.

Institute for Advertising Ethics

The advertising industry itself recognizes the need for internal policing, so a group called the Institute for Advertising Ethics (IAE) was created. It is governed by an Advisory Council of

educators and industry professionals and is administered by the American Advertising Federation, the Reynolds Journalism Institute, and the Missouri School of Journalism. The IAE has put out a list of eight principles and practices to serve as guidance:

1. The industry should share an objective of truth and high ethical standards when serving the public.

2. High personal ethics should be used in the creation and dissemination of information to the public.

3. The industry must clearly separate news and editorial content from paid ads so as not to confuse the public.

4. Ads should clearly disclose if the endorser or spokesperson has received compensation from the brand.

5. Advertisers should use care and discretion based on the types of ads offered (i.e. alcohol) and the target audience.

6. Advertisers should protect consumers' privacy in marketing communications and be clear to consumers about gathering info.

7. Advertisers should follow all applicable local, state, and federal laws regarding ads and also comply with industry guidelines.

8. Advertisers should have private discussions regarding ethical concerns and team members should be free to express their opinions.

Major Ethical Issues

1. Misleading messages: these messages give consumers incorrect information about products or services, which persuade them to buy.

2. Dishonest: advertisers are using words like "finest" and "number one", which are incomparable and untruthful.

3. Stereotyping in advertisement: these advertisements include idealised people performing or using products, which creates uncertainty to the audience and have caused many health effects.

GLOBALISATION AND BUSINESS ETHICS

Business ethics (also corporate ethics) "is a form of applied ethics or professional ethics that examines ethical principles and moral or ethical problems that arise in a business environment. It applies to all aspects of business conduct and is relevant to the conduct of individuals and entire organizations".

Ethical decision making is an obligation in business, in government, in education and in our daily lives. Ethics has gained more significant place in the competitive business environment. World has faced many ethical issues, where 1960 was a time of social unrest, 1980 was the decade

of financial scandals and 1990 saw the world becoming a "Global Village". Though business grew and the environment offered more markets and many opportunities, but with it also came duplication of products, child labour, money laundering, environment issues and many other business malpractices. To add to more of these unethical practices the New Millennium faced the tsunami of business crimes. Cyber crimes, sexual harassment in work places, intellectual property and patent thefts to name a few. To address these serious issues, this era understood the need and significance of incorporating Business ethics as part of their strategic business programs and alliances. With the involvement of business ethics as a part of business strategic decision making, many companies have gained a competitive advantage, good will and recognition in the global business world. They have attracted a good workforce and cater to a healthy organization climate. All this has ultimately led to good profits and a healthy competition in the business world.

MODULE V

EMERGING CONCEPTS IN MANAGEMENT

Management has gone through many changes and with explosion of technology, many more are to come. Kaizen , TQM, TPM, logistics management, etc are some of the new management concepts introduced for the success of organisation

TOTAL QUALITY MANAGEMENT (TQM)

Total Quality Management is a management philosophy of continuously improving product quality. TQM is a holistic approach to long term success that view continuous improvement in all aspects of an organization as a process. TQM is a way of managing to improve the effectiveness, flexibility and Competitiveness of a business as a whole.

Total Quality Management (TQM) describes a management approach to long-term success through customer satisfaction. In a TQM effort, all members of an organization participate in improving processes, products, services, and the culture in which they work.

Total Quality Management Principles: The 8 Primary Elements of TQM

Total quality management consists of organization-wide efforts to install and make permanent a climate in which an organization continuously improves its ability to deliver high-quality products and services to customers.Total quality management can be summarized as a management system for a customer-focused organization that involves all employees in continual improvement. It uses strategy, data, and effective communications to integrate the quality discipline into the culture and activities of the organization. Many of these concepts are present in modern Quality Management Systems, the successor to TQM. Here are the 8 principles of total quality management:

1. Customer-focused

The customer ultimately determines the level of quality. No matter what an organization does to foster quality improvement—training employees, integrating quality into the design process, upgrading computers or software, or buying new measuring tools—the customer determines whether the efforts were worthwhile.

2. Total employee involvement

All employees participate in working toward common goals. Total employee commitment can only be obtained after fear has been driven from the workplace, when empowerment has occurred, and management has provided the proper environment. High-performance work systems integrate continuous improvement efforts with normal business operations. Self-managed work teams are one form of empowerment.

3. Process-centered

A fundamental part of TQM is a focus on process thinking. A process is a series of steps that take inputs from suppliers (internal or external) and transforms them into outputs that are delivered to customers (again, either internal or external). The steps required to carry out the

process are defined, and performance measures are continuously monitored in order to detect unexpected variation.

4. Integrated system

Although an organization may consist of many different functional specialties often organized into vertically structured departments, it is the horizontal processes interconnecting these functions that are the focus of TQM.

5. Strategic and systematic approach

A critical part of the management of quality is the strategic and systematic approach to achieving an organization's vision, mission, and goals. This process, called strategic planning or strategic management, includes the formulation of a strategic plan that integrates quality as a core component.

6. Continual improvement

A major thrust of TQM is continual process improvement. Continual improvement drives an organization to be both analytical and creative in finding ways to become more competitive and more effective at meeting stakeholder expectations.

7. Fact-based decision making

In order to know how well an organization is performing, data on performance measures are necessary. TQM requires that an organization continually collect and analyze data in order to improve decision making accuracy, achieve consensus, and allow prediction based on past history.

8. Communications

During times of organizational change, as well as part of day-to-day operation, effective communications plays a large part in maintaining morale and in motivating employees at all levels. Communications involve strategies, method, and timeliness.

KAIZEN

Quality level improvement: After the training stage is completed, practitioners should continue to focus on long-term implication, widespread application, alignment with organizational objectives and planning objectives. Management should form a core department to carry out Kaizen evaluation and implementation. Kaizen is a Japanese philosophy that focuses on continual improvement throughout all aspects of life. When applied to the workplace, Kaizen activities can improve every function of a business, from manufacturing to marketing and from the CEO to the assembly-line workers. Kaizen aims to eliminate waste in all systems of an organization through improving standardized activities and processes. By understanding the basics of Kaizen, practitioners can integrate this method into their overall Six Sigma efforts.

The purpose of Kaizen goes beyond simple productivity improvement. When done correctly, the process humanizes the workplace, eliminates overly hard work, and teaches people how to spot and eliminate waste in business processes.

The continuous cycle of Kaizen activity has seven phases:

1. Identify an opportunity
2. Analyze the process
3. Develop an optimal solution
4. Implement the solution
5. Study the results
6. Standardize the solution
7. Plan for the future

Kaizen generates small improvements as a result of coordinated continuous efforts by all employees. Kaizen events bring together a group of process owners and managers to map out an existing process and identify improvements that are within the scope of the participants.

The following are some basic tips for doing Kaizen:

- Replace conventional fixed ideas with fresh ones.
- Start by questioning current practices and standards.
- Seek the advice of many associates before starting a Kaizen activity.
- Think of how to do something, not why it cannot be done.
- Don't make excuses. Make execution happen.
- Do not seek perfection. Implement a solution right away, even if it covers only 50 percent of the target.
- Correct something right away if a mistake is made.

Kaizen activities cover improvements in a number of areas, including:

- Quality – Bettering products, service, work environment, practice and processes.
- Cost – Reducing expenses and manpower, and use of material, energy and resources.
- Delivery – Cutting delivery time, movement and non-value-added activities
- Management – Improving procedures, training, morale, administration, planning, flow, information systems, documentation and reporting.
- Safety – Decreasing hazardous situations, unsafe working conditions, chances of resource depletion and damage to the environment.

Implementing Kaizen

Typically, implementation of Kaizen occurs in three stages in any organization:

1. Encourage participation: Awareness training sessions for all employees are a must. To further encourage employee involvement, promote specific Kaizen activities, and consider distributing monetary or tangible benefits after solutions from Kaizen activities are implemented.

2. Training and education: Focused training of associates is required for understanding what is – and is not – the essence of Kaizen. Team leaders should be trained to understand Kaizen in an

organizational vision context, which needs to be followed thoroughly in order to achieve desired business objectives. They also must be taught about the necessity of impartial evaluation and strategy for improving participation.

3. Quality level improvement: After the training stage is completed, practitioners should continue to focus on long-term implication, widespread application, alignment with organizational objectives and planning objectives. Management should form a core department to carry out Kaizen evaluation and implementation.

TOTAL PRODUCTIVE MAINTENANCE (TPM)

Total Productive Maintenance (TPM) is a maintenance program which involves a newly defined concept for maintaining plants and equipment. The goal of the TPM program is to markedly increase production while, at the same time, increasing employee morale and job satisfaction.

TPM brings maintenance into focus as a necessary and vitally important part of the business. It is no longer regarded as a non-profit activity. Down time for maintenance is scheduled as a part of the manufacturing day and, in some cases, as an integral part of the manufacturing process. The goal is to hold emergency and unscheduled maintenance to a minimum.

TPM was introduced to achieve the following objectives. The important ones are listed below.

- Avoid wastage in a quickly changing economic environment.

- Producing goods without reducing product quality.

- Reduce cost.

- Produce a low batch quantity at the earliest possible time.

- Goods send to the customers must be non defective.

The Eight Pillars

The eight pillars of TPM are mostly focused on proactive and preventative techniques for improving equipment reliability

1. Autonomous Maintenance

2. Focused Improvement

3. Planned Maintenance

4. Quality management

5. early/equipment management

6. Education and Training

7. Safety Health Environment

8. Administrative & office TPM

MANAGEMENT INFORMATION SYSTEM

MIS is the use of information technology, people, and business processes to record, store and process data to produce information that decision makers can use to make day to day decisions. MIS is the acronym for Management Information Systems. In a nutshell, MIS is a collection of systems, hardware, procedures and people that all work together to process, store, and produce information that is useful to the organization.

The need for MIS

The following are some of the justifications for having an MIS system

Decision makers need information to make effective decisions. Management Information Systems (MIS) make this possible.

MIS systems facilitate communication within and outside the organization – employees within the organization are able to easily access the required information for the day to day operations. Facilitates such as Short Message Service (SMS) & Email make it possible to communicate with customers and suppliers from within the MIS system that an organization is using.

Record keeping – management information systems record all business transactions of an organization and provide a reference point for the transactions.

Components of MIS

The major components of a typical management information system are;

- People – people who use the information system
- Data – the data that the information system records
- Business Procedures – procedures put in place on how to record, store and analyze data
- Hardware – these include servers, workstations, networking equipment, printers, etc.
- Software – these are programs used to handle the data. These include programs such as spread sheet programs, database software, etc.

Types of Information Systems

The type of information system that a user uses depends on their level in an organization.

Transaction Processing Systems (TPS)

This type of information system is used to record the day to day transactions of a business. An example of a Transaction Processing System is a Point of Sale (POS) system. A POS system is used to record the daily sales.

Management Information Systems (MIS)

Management Information Systems are used to guide tactic managers to make semi-structured decisions. The output from the transaction processing system is used as input to the MIS system.

Decision Support Systems (DSS)

Decision support systems are used by top level managers to make semi-structured decisions. The output from the Management Information System is used as input to the decision support system. DSS systems also get data input from external sources such as current market forces, competition, etc.

ISO (INTERNATIONAL ORGANISATION FOR STANDARDISATION)

ISO originated from the union of two organisations – the ISO (International Federation of the National Standardizing Associations) and the UNSCC (United Nations Standard Coordinating Committee).

In 1946 over 25 countries met at the Institute of Civil Engineers in London to create a new international organisation, where the objective was to 'facilitate the international coordination and unification of industrial standards' From this the new organisation ISO began operations in February 1947. The word ISO is derived from the Greek ISOS meaning 'equal'. As the International Organization for Standardization would translate differently across different languages it was decided that the short form name for the organisation would be ISO.

ISO has published 21634 International Standards and related documents, covering every industry, from technology to food safety, to agriculture and healthcare. They meet on a regular basis to further develop new and existing management standards.

Need for ISO Certification

There are three main reasons why companies adopt an ISO management system:

- To increase success on public and private tenders
- To improve internal efficiency and reduce costs
- Subliminal marketing – by showing our logo on your marketing you prove to your prospective clients you are credible.

ISO 9001: 2008 Quality Management System

An ISO 9001 quality management system is a systematic and process driven approach to managing your business. It is designed to support the company in ensuring you meet the needs of your customers, whilst delivering a consistent level of quality and satisfaction.

ISO 9001:2008 specifies requirements for a quality management system where an organization needs to demonstrate its ability to consistently provide product that meets customer and applicable statutory and regulatory requirements, and aims to enhance customer satisfaction through the effective application of the system, including processes for continual improvement of the system and the assurance of conformity to customer and applicable statutory and regulatory requirements.

ISO 9001:2008 will be obsolete effective September 2018 and replaced by ISO 9001:2015. 9001:2008 is the standard that outlines the requirements an organization must maintain in their quality system for ISO 9001:2008 certification. There are several different documents in the ISO 9000 family of standards, but ISO 9001 is the only ISO standard that requires certification.

ISO 14001

The ISO 14000 family of standards provides practical tools for companies and organizations of all kinds looking to manage their environmental responsibilities. ISO 14001:2015 and its supporting standards such as ISO 14006:2011 focus on environmental systems to achieve this. The other standards in the family focus on specific approaches such as audits, communications, labelling and life cycle analysis, as well as environmental challenges such as climate change. ISO 14001:2015 sets out the criteria for an environmental management system and can be certified to. It maps out a framework that a company or organization can follow to set up an effective environmental management system. It can be used by any organization regardless of its activity or sector.

ISO 9001:2015

ISO 9001:2015 specifies requirements for a quality management system when an organization:

a) needs to demonstrate its ability to consistently provide products and services that meet customer and applicable statutory and regulatory requirements, and

b) aims to enhance customer satisfaction through the effective application of the system, including processes for improvement of the system and the assurance of conformity to customer and applicable statutory and regulatory requirements.

All the requirements of ISO 9001:2015 are generic and are intended to be applicable to any organization, regardless of its type or size, or the products and services it provides.

CHANGE MANAGEMENT

Change management (sometimes abbreviated as CM) is a collective term for all approaches to preparing and supporting individuals, teams, and organizations in making organizational change. It includes methods that redirect or redefine the use of resources, business process, budget allocations, or other modes of operation that significantly change a company or organization. Organizational change management (OCM) considers the full organization and what needs to change, while change management may be used solely to refer to how people and teams are affected by such organizational transition. It deals with many different disciplines, from behavioral and social sciences to information technology and business solutions.

Reasons for change

Globalization and constant innovation of technology result in a constantly evolving business environment. Phenomena such as social media and mobile adaptability have revolutionized business and the effect of this is an ever-increasing need for change, and therefore change management.

With the business environment experiencing so much change, organizations must then learn to become comfortable with change as well. Therefore, the ability to manage and adapt to organizational change is an essential ability required in the workplace today. Yet, major and rapid organizational change is profoundly difficult because the structure, culture, and routines of

organizations often reflect a persistent and difficult-to-remove "imprint" of past periods, which are resistant to radical change even as the current environment of the organization changes rapidly.

Due to the growth of technology, modern organizational change is largely motivated by exterior innovations rather than internal factors. When these developments occur, the organizations that adapt quickest create a competitive advantage for themselves, while the companies that refuse to change get left behind. This can result in drastic profit and/or market share losses.

Organizational change directly affects all departments and employees. The entire company must learn how to handle changes to the organization. The effectiveness of change management can have a strong positive or negative impact on employee morale.

Change Management Process

The Change Management Foundation is shaped like a pyramid with project management managing technical aspects and people implementing change at the base and leadership setting the direction at the top. The Change Management Model consists of four stages:

Determine Need for Change

Prepare & Plan for Change

Implement the Change

Sustain the Change

Change management involves collaboration between all employees, from entry-level to top-management

Although there are many types of organizational changes, the critical aspect is a company's ability to win the buy-in of their organization's employees on the change. Effectively managing organizational change is a four-step process:

- Recognizing the changes in the broader business environment
- Developing the necessary adjustments for their company's needs
- Training their employees on the appropriate changes
- Winning the support of the employees with the persuasiveness of the appropriate adjustments

STRESS MANAGEMENT

Our increasingly busy lives cause our minds a lot of stress. Stress is mental tension caused by demanding, taxing or burdensome circumstances. Stress doesn't just affect our mental state and mood; it affects our physical health as well. When we are very stressed, a hormone called cortisol is released into our bloodstream, suppressing the functioning of our immune, digestive and reproductive systems. That is why it is so important to practice stress management in order to keep our minds and bodies healthy.

Stress management consists of making changes to your life if you are in a constant stressful situation, preventing stress by practicing self-care and relaxation and managing your response to stressful situations when they do occur.

Types of stress

1. Acute stress

Acute stress is the most common type of stress. It's your body's immediate reaction to a new challenge, event, or demand, and it triggers your fight-or-flight response. As the pressures of a near-miss automobile accident, an argument with a family member, or a costly mistake at work sink in, your body turns on this biological response.

2. Episodic acute stress

When acute stress happens frequently, it's called episodic acute stress. People who always seem to be having a crisis tend to have episodic acute stress. They are often short-tempered, irritable, and anxious. People who are "worry warts" or pessimistic or who tend to see the negative side of everything also tend to have episodic acute stress.

3. Chronic stress

If acute stress isn't resolved and begins to increase or lasts for long periods of time, it becomes chronic stress. This stress is constant and doesn't go away. It can stem from such things as: poverty, a dysfunctional family, an unhappy marriage, a bad job

Chronic stress can be detrimental to your health, as it can contribute to several serious diseases or health risks, such as: heart disease, cancer, lung disease, accidents, cirrhosis of the live, suicide

Managing stress

Stress affects each person differently. Some people may get headaches or stomach aches, while others may lose sleep or get depressed or angry. People under constant stress may also get sick a lot. Managing stress is important to staying healthy.

It's impossible to completely get rid of stress. The goal of stress management is to identify your stressors, which are the things that cause you the most problems or demand the most of your energy. In doing so, you can overcome the negative stress those things induce.

The Centers for Disease Control and Prevention recommend the following to help cope with stress:

- take care of yourself, by eating healthy, exercising, and getting plenty of sleep
- find support by talking to other people to get your problems off your chest
- connect socially, as it's easy to isolate yourself after a stressful event
- take a break from whatever is causing you stress
- avoid drugs and alcohol, which may seem to help with stress in the short term, but can actually cause more problems in the long term

FISHBONE DIAGRAM

A fishbone diagram, also called a cause and effect diagram or Ishikawa diagram, is a visualization tool for categorizing the potential causes of a problem in order to identify its root causes.

Dr. Kaoru Ishikawa, a Japanese quality control expert, is credited with inventing the fishbone diagram to help employees avoid solutions that merely address the symptoms of a much larger problem.

A fishbone diagram is useful in brainstorming sessions to focus conversation. After the group has brainstormed all the possible causes for a problem, the facilitator helps the group to rate the potential causes according to their level of importance and diagram a hierarchy. The design of the diagram looks much like a skeleton of a fish. Fishbone diagrams are typically worked right to left, with each large "bone" of the fish branching out to include smaller bones containing more detail. Fishbone diagrams are used in the "analyze" phase of SixSigma's DMAIC (define, measure, analyze, improve, control) approach to problem solving.

How to create a fish diagram:

1. Create a head, which lists the problem or issue to be studied.
2. Create a backbone for the fish (straight line which leads to the head).
3. Identify at least four "causes" that contribute to the problem. Connect these four causes with arrows to the spine. These will create the first bones of the fish.
4. Brainstorm around each "cause" to document those things that contributed to the cause. Use the 5 Whys or another questioning process such as the 4P's (Policies, Procedures, People and Plant) to keep the conversation focused.
5. Continue breaking down each cause until the root causes have been identified.

Types of Fishbone diagram

Simple Fishbone

In its basic form, the cause-and-effect diagram has no predetermined affinities, or categories of causes, so you can determine affinities that may be unique to your organization. For example, a public relations firm may have affinities that wouldn't be found in a manufacturing operation, and vice versa.

4S Fishbone

This type of C&E diagram is commonly used in the service industry. It organizes information about potential causes into four common categories: Suppliers, Systems, Surroundings, and Skills.

8P Fishbone

This type uses 8 categories: Procedures, Policies, Place, Product, People, Processes, Price, and Promotion. This variation is also commonly used in the service industry, but can certainly be applied in nearly any type of business.

Man Machines Materials Fishbone

This variation, commonly used in manufacturing, allows you to organize potential causes of a problem into these categories: Man, Materials, Machine, Methods, Measurements, and Environment. In some cases, two additional categories are included: Management/Money and Maintenance.

BUSINESS ECO SYSTEM

A strategic planning model, popular since the development of information technology, whereby a network of suppliers, distributors, competitors and customers all work through competition and cooperation to advance sales of products.

The network of organizations – including suppliers, distributors, customers, competitors, government agencies and so on – involved in the delivery of a specific product or service through both competition and cooperation. The idea is that each business in the "ecosystem" affects and is affected by the others, creating a constantly evolving relationship in which each business must be flexible and adaptable in order to survive, as in a biological ecosystem.

The ecosystem model can also be applied to organizations such as hospitals and universities. This term is part of a recent trend toward using biological concepts to better understand ways to succeed in business. Advances in technology and increasing globalization have changed ideas about the best ways to do business, and the idea of a business ecosystem is thought to help companies understand how to thrive in this rapidly changing environment.

MEANING AND DEFINITION OF LOGISIC MANAGEMENT

The benefits of co-ordinated logistics management appeared around 1961, in part explaining why a generally accepted definition of business logistics is still emerging. Therefore, it is worthwhile to explore several definitions for the scope and content of the subject.

A dictionary definition of the term logistics is: " The branch of military science having to do with procuring, maintaining, and transporting material, personnel, and facilities."

This definition puts logistics into a military context. To the extent that business objectives and activities differ from those of the military, this definition does not capture the essence of business logistics management. A better representation of the field may be reflected in the definition promulgated by the Council of Logistics Management (CLM), a professional organization of logistics managers, educators, and practitioners formed in 1962 for the purposes of continuing education and fostering the interchange of ideas. Its definition:

"Logistics is that part of the supply chain process that plans, implements, and controls the efficient, effective flow and storage of goods, services, and related information from the point of origin to the point of consumption in order to meet customers' requirements."

This is an excellent definition, conveying the idea that product flows are to be managed from the point where they exist as raw materials to the point where they are

finally discarded. Logistics is also concerned with the flow of services as well as physical goods, an area of growing opportunity for improvement. It also suggests that logistics is a Process , meaning that it includes all the activities that have an impact on making goods and services available to customers when and where they wish to acquire them. However, the definition implies that logistics is part of the supply chain process, not the entire process.

ELEMENTS OF LIGISTICS MANAGEMENT

Logistics management consists of eight elements called wings of logistics. These are discussed in a nutshell below.

1. Customer Order Processing

2. Location Analysis

3. Inventory Control

4. Material Handling

5. Packaging

6.Transportation

7.Warehousing

8. Customer Service

SYLLABUS

Credits: 4

Internal: 20, External: 80

Objectives:

- To understand the process of business management and its functions.
- To familiarize the students with current management practices.
- To understand the importance of ethics in business.
- To acquire knowledge and capability to develop ethical practices for effective management.

Module I

Concepts of Management – Characteristics of management – Schools of management thought - Management and administration – Functions of management –Management by objectives – Management by participation – Management by exception – Management by motivation

15 Hours

Module II

Functions of Management: Planning – concept and importance - Decision making – barriers to effective planning – Organizing – concept and importance – different organization models – Span of management –Departmentation – Delegation.

20 Hours

Module III

Functions of Management: Motivation: – concept and importance – Contributions of McGregor, Maslow and Herzberg – Leadership: – Concept and styles – Leadership traits - situational theory of leadership - Communication: – process and barriers – Control: – concept steps – tools – Coordination: Concept – Principles - Techniques

20 Hours

Module IV

Business Ethics: Meaning and scope – Types of ethics – Characteristics – Factors influencing business ethics – Arguments for and against business ethics – Basics of business ethics - Corporate social responsibility - Environmental issues in business – Ethics in advertising – Globalization and business ethics.

20 Hours

Module V

Emerging concepts in management – Kaizen – TQM – TPM –MIS – ISO – Change management – Stress management – Fish bone (ISHIKAWA) Diagram –Business eco system – Logistic management.

15 Hours

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