

MANAGEMENT AND ENTREPRENEURSHIP

MODULE 1

Meaning and Definition Of Management

- It is very difficult to give a precise definition of the term “Management” because of its scope and functions. Many experts have made significant contribution in this regard.

Economists view management as ‘a factor of production ; ‘Sociologists see it as ‘a class or group of persons’ ; the practitioners of management treat it as a ‘process’.

Few well Known definitions

1. *“ Management is the art of getting things done through others”.*

-Mary Parker Follett

2. *“Management is a distinct process consisting of activities of planning, organizing, actuating and controlling, performed to accomplish stated objectives with the use of human beings and other resource”–*

G. R. Terry and S.G. Franklin

- “Management is the process of designing and maintaining an environment in which individuals working together in groups, accomplish efficiently selected aims”

- *Harold Koontz and Heinz Weihrich*

- “The conduct of affairs of a business moving towards its objective through a continuous process of improvement and optimization of resources Via the essential management functions”

- *Henri Fayol .*

**It is now clear from the definitions of
management that**

- **Management is a continuous process.**
- **Many different inter related activities are performed.**
- **Managers are to achieve the stated goals.**
- **The aim of managing is to create a surplus i.e. to be effective and efficient.**



Nature OR Characteristics of Management

- Management is a Group activity.
- Management is goal oriented.
- Management is a factor of production.
- Management is universal in character.
- Management is required at all levels of orgn.
- Management is a distinct process.
- Management is a social process.
- Management is a system of authority.
- Management is a dynamic function.
- Management is intangible.
- Management is a profession.
- Management is an art as well as science.



Functions of Management

- P - Planning**
- O - Organising**
- S - Staffing**
- D - Directing**
- C - Controlling**

*C –Coordinating, L-Leading,
C-Communicating
Cannot be ignored*



1. Planning: involves selecting mission and objective as well as the action to achieve what to do, when to do and who will do it in order to achieve the goals. Both long term and short term plans are necessary to achieve goals. It is necessary for the management to adopt certain assumption or premises with regard to external factor that serve as background for planning function. Planning is part of the activities of all managers.

- **2.Organising:** organizing is involves establishing an intentional structure of roles for people to fill in an organization, formal organization may be portrayed by use an organization is beneficial in terms of clarifying lines of command and eliminating gaps and overlaps organization are structured based on product function geography customer and project. The matrix structure has evolves as a result of complex environment, market and technology. It combines both function and projects.

- 3.**Staffing**; staffing is planning, organization directing and controlling of procurement development, compensation integration and maintenance of people for the purpose of contributing to individual organization and social goals. They building an effective organization team require planning and control of human resources. This process requires the performance of the function like job analysis human resources planning recruitment selection, induction, placement, training executive development, wages and salary administration leadership team work motivation, grievances procedure disciplinary procedure etc. staffing function is also know as human resource management.

- **4.Directing:** The importance function of management at any level is directing the people by motivating commanding, leading and activating them. The willing and effective co-operation of employees for the attainment of organization goals is possible through direction. Tapping the maximum potentialities of the people is possible through motivation and command. Thus direction is an important managerial function is securing employees contribution.

- **5. Controlling:** control involves checking, verifying and comparing of actual performance with the plans, identification of deviations, if any correcting of identified deviation. The actions and operation are adjusted to predetermined plans standard through control. The purpose of control is to ensure the effective operation of an organization by focusing on all resource – human, material, finance and machine.

-

Management - Art or Science

As an ART

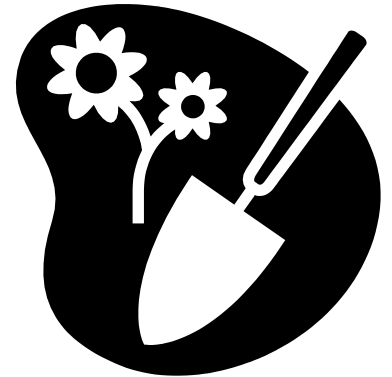
Personal skill

Practical knowledge

Result-Oriented

Regular Practice

Creativity



Science



- ***Systematized body of Knowledge.***
- ***Continued Observation***
- ***Universal application***
- ***Cause and effect relationship***
- ***Validity and predictability***

Management as a Profession

- 1.Existence of a body of Knowledge*
- 2.Formal method of acquisition of knowledge.*
- 3.Ethical Codes.*
- 4. Professional Association.*
- 5.Service motive.*



Distinction B/W Admin and Mgmt

View Points:

- 1.Administration is different from management.***
- 2.Administration is a part of management.***
- 3.Administration and management are one***

Distinction B/W Admin and Mgmt

Basis of Difference	Administration	Management
1.Nature of work. 2.Scope 3.Influence 4.Status 5.Level 6. Position 7. Objectives 8. Involvement	Thinking Function Major Decisions External factors Owners of an enterprise Top level Mgmt MD, Owner,CEO etc Makes policies, objectives and goals to be achieved. No direct involvement in production or services	Doing Function-Acting. Decision within admin framework Internal factors Managerial personnel-employees Middle level managers and lower level Managers, Supervisors, Foremen etc Implements the plans and policies. Directly involves in the execution of plans and achieving goals.

Levels of Mgmt

Three levels of Management:

- 1. Top management : Chairman, Directors, Company Presidents,VP,CEO's.
(CONCEPTUAL AND DESIGN SKILLS)***
- 2. Middle Management:Finance ,sales, mktg, deptal heads, personnel etc .
(HUMAN SKILLS)***
- 3. Lower level: Supervisors and foremen. They are basically one step above the workers.
(TECHNICAL SKILLS)***

	Panning	Organizing	Leading	Controlling	
Top Level Managers					4
					3
					2
					1
Middle Level Managers					4
					3
					2
					1
First Level Managers					4
					3
					2
					1

MANAGERIAL ROLES

- Henry Mintzberg - contains ten inter-related roles .Manager should posses skills and roles to perform their jobs effectively and efficiently. The main roles performed are –
- Inter personal roles and
- Informational roles.
- Decision Roles.

Managerial Roles

I. Interpersonal roles:

- 1. The figurehead role (performing ceremonial/social duties as the organization's chief)
- 2. The leader role
- 3. The liaison role (particularly communicating with the outsiders)

Managerial Roles

2. *Information roles:*

- 1. The recipient role (receiving information about the organization)
- 2. The disseminator role (passing information to subordinates)
- 3. The spokesperson role (transmitting information to those outside)

Managerial Roles

3. *Decision making role :*

Decision Roles

1. The entrepreneurial role
2. The disturbance-handler role
3. The resource allocator role
4. The negotiator role (dealing with various persons and groups of persons)

Requirements Of Various Skills At Various Management Levels

Technical skill is knowledge of and proficiency in the methods, processes and procedures of the job. For example the supervisor of a welder should have the ability to teach him how to weld.

Human skill is the skill to work with people.

Conceptual skill is the ability to see and recognize significant elements in a situation.

Design/Decision making skill is the ability to effectively find workable solutions that will benefit the organization.

Development of Management Thought

1. Early Management approach;

- a) Psychological development
- b) Scientific management
- c) Administrative
- d) Bureaucratic
- e) Human relations movement

1. Psychological development

Before 17th century

- Based on psychological process. No experience and knowledge of business and depend mainly upon their inborn abilities.
- As a result universal belief that managers are born and cannot be made such as artists, directors ,poets, kings, etc.

2)Scientific Management – F.W.taylor

F. W.Taylor(1856 -1915) known popularly as the **Father of Scientific Management** and a Classicist in management theory. Author of the book “Scientific Management”

PRINCIPLES OF SCIENTIFIC MANAGEMENT

- 1.Time and Motion Study:**
- 2.Science, but not rule of the thumb:**
- 3. Differential Payments:**
- 4. Group Harmony:**
- 5.Co-operation between worker and management:**
- 6.Method Study:**
- 7.Scientific selection and training**
- 8. Standardization :**
- 9.Separation of planning from Execution:**

CRITICISM OF TAYLOR'S PRINCIPLES:

- **It was confined to production management.**
- **advocated the concept of functional foremanship to bring about specialization in the organization but this is not feasible in practice as it violates the principle of unity of command.**
- **The use of the word scientific before management was objected because what is actually meant by scientific management is nothing but a scientific approach to management**

Contributors to the development of Scientific Management

- **Charles Babbage.**
- **Frank and Lillian Gilbreth.**
- **Henry Gantt.**
- **Harrington Emerson.**

3) ADMINISTRATIVE MANAGEMENT THEORY

- Henry Fayol (1841 -1925)

Henry Fayol is known as the **“FATHER OF ADMINISTRATIVE MANAGEMENT”**

14 principles of management –

1.Division of work:

2.Authority and responsibilities:

3.Discipline:

4.Unity of command.

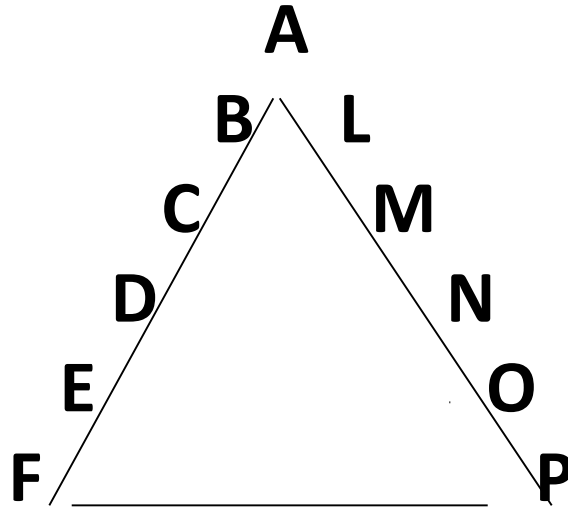
5.Unity o Direction.

6.Subordination of individual interests to general interest.

7. Remuneration.

8. Centralization.

9. Scalar Chain. – Gang Plank for quick Information



10. Order.

11. Equity.

12. Stability of tenure.

13. Initiative.

14. Espirit de Corps : “union is strength” – team spirit

Criticism of Fayol's Principles

- **This principles indicate that organizations are a closed system.**
- **Principles like unity of command, unity of direction, division of labour, specialisation and span of management are applicable only to tall and mechanistic organizations. Further they do not use the employees skills and potentialities to the maximum extent.**
- **The principle of scalar chain is also not applicable in modern organizations as the information requests for carrying out the work flow in different lines.**

4) Bureaucratic(Max Weber)

- Weberian bureaucracy has its origin in the works by [Max Weber](#) (1864-1920), a notable German sociologist, political economist, and administrative scholar who contributed to the study of bureaucracy and administrative discourses and literatures during the late 1800s and early 1900s. Max Weber belongs to the [Scientific School of Thought](#), who discussed such topics as [specialization of job-scope](#), [merit system](#), uniform principles, [structure](#) and [hierarchy](#). His contemporaries include [Frederick Taylor](#) (1856-1915), [Henri Fayol](#) (1841-1925), [Elton Mayo](#) (1880-1949), and later scholars, such as [Herbert A. Simon](#) (1916-2001), [Dwight Waldo](#) (1913-2000), and others

In 1910 he made a study of different types of business and government organisation and distinguished 3 basic types of administration in them:

- 1. Leader oriented – No delegation of management functions. All employees serve as loyal subjects to a leader.**
- 2. Tradition oriented – generation to generation.**
- 3. Bureaucratic - delegation of management responsibilities is based on the person's demonstrated ability to hold the position.**

Weber considered the last type as the ideal type of administration

Features:

1. There is insistence on following standard rules.
2. There is Systematic of work
3. Principle of Hierarchy is followed.
4. It is Necessary for the individual to have knowledge of and training in the application of rules.
5. Administrative acts, decisions and rules are recorded in writing
6. There is rational personnel administration.

Limitations

- Overconformity to rules
- Buck –passing
- Trained incapacity
- Displacement of goals.
- No real right of appeal
- Neglect of Informal groups
- Rigid structure
- Inability to satisfy the needs of mature individuals

5) Human relations Movement- Hawthorne studies - Elton Mayo

- Many of the findings focused attention on the mechanical and physiological variables. Researches for human behavior discovered that the real cause of human behaviour was something more than mere physiological variables.
- The human relations approach had its beginning in the late 1930's. This movement took a small group into consideration. The famous “**Hawthorne experiments**” were conducted by **Elton Mayo** and his Harvard associates at the Hawthorne plant of Western Electric Co.Chicago,America to look into low production and unrest.
- The investigations lasted for 5 years 1927 - 1932

These experiments were divided into four phases:

1. Illumination Experiment-
2. Relay assembly test room experiments :
3. Mass interviewing program
4. Observation experiments

Implications of Hawthorne experiments

- | | |
|--------------------------------|-------------------|
| 1. Social factors in out put . | 2. Communication. |
| 3. Group Influence. | 4. Supervision. |
| 5. Conflicts. | 6. Leadership. |

Criticisms against Hawthorne studies are:

- 1) The Hawthorne researches did not give sufficient attention to the attitudes that people bring along to the workplace.**
- 2) The Hawthorne plant was not a typical plant because it was a thoroughly unpleasant place to work. hence, the results could not be valid for others.**
- 3) The Hawthorne studies look upon the worker as a means to an end, and not an end himself.**

Modern Management Approaches

- a) Behavioural
- b) Systems
- c) Quantitative
- d) Contingency

a) Behavioural Approach

It bears the existing and newly developed theories and methods of the relevant [social sciences](#) upon the study of [human behavior](#) ranging from personality dynamics of individuals to the relations of culture.

- As management is the process of getting things done by people, managers should understand human behaviour.
- Emphasis is put on increasing productivity through motivation and good human relations.
- Motivation, leadership, communication, participative management and [group dynamics](#) are the central core of this approach.

- Maslow, Mc Gregor, Herzberg , Warren Barris are some of the well known behavioural scientists who have made contributions to this approach.
- It has real significance to the practising manager in the sense that managers operate in social system and the organization is likely to succeed if the demands of the society in which it operates are fully recognized.

- **Limitations**
- It spreads the boundary and application of management beyond the true concept of organization. For example, There may be many groups which may not be truly called organization and hence no question of management.
- This approach is broader than management and in practice it tends to overlook many management concepts, principles and techniques that are important to management.

2) Systems Approach to Management

- Treating an organization as formed of different Systems is known as systems approach.
- Systems theory was first applied in the fields of science and engineering.
- A system is a set of interrelated but separate parts working towards a common purpose. The arrangement of elements must be orderly and there must be proper communication facilitating interaction between the elements and finally this interaction should lead to achieve a common goal.

3) Quantitative approach (Management Science Approach)

- It is known as Mathematical or Quantitative Measurement Approach.
- **Features**
- Management is regarded as the [problem-solving](#) mechanism with the help of mathematical tools and techniques.
- Management problems can be described in terms of [mathematical symbols](#) and data. Thus every managerial activity can be quantified.
- This approach covers decision-making, [systems analysis](#) and some aspects of human behaviour.

[Operations research](#), mathematical tools, simulation, models etc. are the basic methodologies to solve managerial problems.

Contingency Approach

- it is the most recent development in the field of management. This attempts to integrate all the management approaches.

Features

- Management action is contingent on certain action outside the system or subsystem as the case may be.
- Organizational action should be based on the behaviour of action outside the system so that organization should be integrated with the environment.
- Because of the specific organization – environment relationship, no action can be universal.
- It varies from situation to situation.

SOCIAL RESPONSIBILITY (CSR)

Social responsibility, also known as Corporate Social Responsibility (CSR), is understood as the obligation of managers to take actions that protect and improve the welfare of society as a whole along with their own interests.

CSR extends beyond its regular activities that are carried out in a lawful manner.

Successful companies need a healthy society. Education, healthcare, and equal opportunity are essential to a productive workforce. Safe products and working conditions attract customers and minimise the costs of accidents.

Efficient utilisation of land, water, energy and other natural resources make businesses more productive. Ultimately, a healthy society creates additional demand for business, as more human needs are met and aspirations grow.

CHARITY v/s CSR

Charity or philanthropy refers to an idea that a wealthy individual should be bountiful to the weak and poor in the society. Poor feeding and donations to temple construction constitute charity.

CSR is inspired not by self interest but the motive is the interest of the organisation. Maintaining schools, donating computers to village schools, adopting villages, promoting greenery and contributing to ecology and the like benefit society and in turn help contribute to the growth of healthy businesses.

Arguments for CSR:

There are many arguments **in support** of socially responsive actions:

1. Changed public expectations
2. Better environment for business
3. Balance power with responsibility
4. Business has resources
5. Prevention is better
6. Moral responsibility
7. Globalisation
8. Better employees

ARGUMENTS AGAINST CSR

1. Profit maximisation
2. Society has to pay the cost
3. Lack of social skills
4. Business has power
5. Social overhead cost
6. Lack of accountability
7. Lack of broad support
8. Experts views

Limitations

The social responsibility actions of managers are limited by

1. Cost,
2. Efficiency,
3. Relevance and
4. Scope

Tata Group

The Tata Group conglomerate in India carries out various CSR projects, most of which are community improvement and poverty alleviation programs. Through self-help groups, it has engaged in women empowerment activities, income generation, rural community development, and other social welfare programs. In the field of education, the Tata Group provides scholarships and endowments for numerous institutions.

The group also engages in healthcare projects, such as the facilitation of child education, immunization, and creation of awareness of AIDS. Other areas include economic empowerment through agriculture programs, environment protection, providing sports scholarships, and infrastructure development, such as hospitals, research centers, educational institutions, sports academy, and cultural centers.

Business Ethics

Meaning: Ethics refer to a system of moral principles- a sense of right or wrong and goodness and badness of actions and their motives and consequences.

Business ethics refers to the application of ethics to business. To be more specific, business ethics is the study of good and evil, right and wrong and just and unjust actions of businessmen.

-

Sources :

- Managers in every society are influenced by three repositories of **Ethical values**:
 1. Religion
 2. Culture and
 3. Law.

1.Religion One of the oldest sources of ethical inspiration is religion. More than 100,000 different religions exist across the globe.

The great religions preach the necessity for an orderly social system and emphasise social responsibility in such a way so as to contribute to the general welfare. Built upon such verities are many other rules of conduct.

2. **Cultural Experience** Culture, refers to a set of values. rules and standards transmitted among generations and acted upon to produce behaviours that fall within acceptable limits.
3. **The Legal System** **Laws** are rules of conduct, approved by legislatures, that guide human behaviour in any society. They codify ethical expectations and keep changing as new evils emerge.

Managing Ethics

Today, many companies are using managerial techniques that are designed to encourage ethical behaviours. Some of the managerial interventions to ensure ethical conduct are explained below.

- 1. Top Management** Top management commitment is necessary to ensure ethical standards in a firm. The chief executive should consciously avoid strategies and actions harmful to employees and society.
- 2. Code of Ethics** Code of ethics have become popular. Codes vary from book-length formulations to succinct statements which in one or two pages. express a general philosophy for managing conflicts. Nearly 95 per cent of Fortune 500 companies have codes and the trend is visible in our corporate sector also.

Some of the Acts which seek to ensure fair business practices in our country are the following:

1. The Foreign Exchange Regulation Act, 1973 now replaced by FEMA
2. The Companies Act, 1956.
3. The Monopolies and Restrictive Trade Practices Act 1969, now replaced by the Competition Act 2002.
4. The Consumer Protection Act 1986
5. The Environment Protection Act 1986
6. The Essential Commodities Act 1955