

Meaning of management:

Management simply means managing each and every activities in an organization. It is essential to achieve objectives of the organization. When we elaborate management clearly, we can say management is planning, organizing, directing and controlling each and every activities in an organization.

CONCEPTS OF MANAGEMENT

- **Functional concepts** – Henry Fayol, George R Terry and Luidis A Allan believes that management is a function of containing number of sub function. They argue that management is a process.

Definition

Henry Fayol defines “to manage is to plan, to organize, to command, to coordinate and to control”.

- **Human relation concept** – Lawrence A Appley and Harold Koontz argue that management is human related. They explain that management is a social process.

Definition

Lawrence A Appley defines “management is getting things done through the efforts of other people”.

- **Decision making concept** – Ross More, E Peterson and E.G Plowman believe that management is decision making process. They argue that the main function of management is to take decisions.

Definition

Ross More Defines that “management means decision making”

- **Productivity concept-**

Definition

according to F.W Taylor “management is the art of knowing what you want to do and then seeing that it is done in the best and cheapest way”. From the above definition management is

productivity oriented. That means management is a technique of increasing productivity.

- **Integration concept** – according to this concept, the main duty of management is to create a sense of belongingness among the human resources of the organization.

Definition

Keith and Gubelline defines “Management is the force that integrates men and physical plan into a effective operative unit”

FEATURES OR CHARACTERISTICS OF MANAGEMENT

- Goal oriented
- Process
- Universal application
- Human activity
- Art as well as science
- Dynamic
- System of authority
- It require in all levels of management
- As a profession
- Decision making
- It is a social process

MANAGEMENT AS SCIENCE

Management satisfies the basic characteristics of science. It has a systematized and organized body knowledge. Management has certain principles, which have been evolved through observation and experience, but management is not an exact or accurate science. Its only because of management deals with human beings. The human behavior is ever changing and unpredictable.

MANAGEMENT AS AN ART

Management is an art because management satisfies basic **features** of art such as

- Application of knowledge
- Personal skill
- Creative
- Continuous practice is essential for perfection

Art is the application of know-how and personal skills in a particular situation to achieve desired results. On the basis of this fact, one can say that management is an art. It is the art of getting things done through the efforts of others.

MANAGEMENT AS A PROFESSION:

- Now let us verify whether the management satisfies all the features related with profession. **Existence of body of knowledge(as a profession)**- on the basis of this feature of profession one can say management as a profession
- **Acquisition of training and experience (not a profession)**- there are specialized institutions providing training in management and offering certificates in diploma & PG courses. The entry to management job in an organization is not limited to management graduates only. So management cannot be regarded as a profession
- **Establishment of professional associations(not a profession)**- there should be a professional association to regulate and develop the professional activities. For example- Indian medical council for medical practitioners. But in the case of management, It is not necessary to become a member of any management association.
- **Formational ethical codes(not a profession)**- no specified ethical codes for management.
- **Service motto (as a profession)**-
- **Personal qualities (as a profession)**

IMPORTANCE OF MANAGEMENT

- Helps to achieve objectives of the organization
- Optimum utilization of resources
- Economic and social development in the country
- Motivating employees.
- Ensure smooth running of business
- Ensure integration of resources

- Effective controlling is possible
- Promote welfare of the society
- Management provide vision to the enterprise.
- Increase efficiency

SCOPE OF MANAGEMENT

Subject matter of management

- Planning – deciding in advance what is to be done in future
- Organizing – setting or arranging activities
- Staffing – employing suitable persons in the organization
- Directing –issuing instructions and guidance
- Controlling – overall checking of results

Functional area of management

- **Finance management** – the main duty of finance management is that, identification and effective utilization of fund.
- **Personnel management** – effective management of human resources in the organization.
- **Material management** – main functions of material management is that , material purchase, issuing to the production department and material control
- **Production management** – making the goods into finished goods, production control.
- **Marketing management** – to create a market for the finished products. Advertising, sales promotion and market research are the main function of this department.
- **Office management** – office layout
- **Maintenance management** – maintaining protecting properties of the organization.
- **Transport management** – transport the finished goods in to the consumers.

LEVELS OF MANAGEMENT

- **Top level-** top level management consist of M.D, chairman, CEO, Board of Directors, general manager etc. the main **functions** of top management

- are:-
 - Setting and defining objectives
 - Preparation of policies
Preparations of strategic plans
 - Issuing instructions to the middle level managers
Judge the results
 - Create good relation with public
- **Middle level-** Middle level management consist of departmental heads or managers such as finance manager, marketing manager, personnel manager etc. the main **function** of middle level management are:-
 - Departmental planning
 - Organizing
 - Issuing instructions to the lower levels
 - Evaluation of performance
 - Co-operate with other departments
 - Collect report and submit to the top
- **Lower level-** it consist of supervisor, gang boss and foreman. The main **functions** of lower level management are:-
 - Plan for the day or week
 - Organize the activities
 - Allot work to workers
 - Issue instructions
 - Motivating workers
 - Arrange material and machines
 - Maintain discipline

EVOLUTION OF MANAGEMENT:

The evolution of management can be studied under the following heads;

- Management in ancient civilization
- Management during the medieval period

- Scientific and functional approach to management
- Management in modern period

Management in ancient period

Some kind of management was in existence even in in ancient period. Men for food gathers, making their living by hunting, fishing and collecting berries and nuts. The people in the ancient period, was used management mainly for self-management. We can trace number of features of management from the ancients. Many ancient rulers used their trusted servants to carry out their wishes, giving developed rules to conduct. Some of the earliest written documents in the world, found in the Sumerian civilization of the thousand years ago, as evidence of managerial control.

From the above, it is clear that management was practiced in one form or other even in ancient times. But, the principles of science were not applied to management. In olden days it was seen that, management principles were much not used in the business on account of limited size of business units.

Management during the medieval period

In this period we can see the influence of economists. Most of the management terms and theories are the results of economics like, control, time study, motion study etc....

Contribution of economists to management

Adam smith: the father of economics, who had insight in to the management functions, has written different aspects of management in his book “wealth of nations” . his views on division of labour are well clear. He had expressed his view on control.

John stuartmill: he emphasized control for the preventing of theft and waste.

James mill: motion studies & time studies are the result of his observation and studies.

Scientific and functional approach to management

SCIENTIFIC MANAGEMENT

F.W Taylor is considered as the father of scientific management. According to him, "scientific management means knowing exactly what you want to do and seeing that they do it in the best & cheapest way"

The important principles advocated by F.W Taylor to the scientific management are:

Development of scientific methods – He suggested the adoption of scientific approach to management. It means replacing old rules and methods and introduce new methods and techniques. He give emphasis on **work study** such as

- Time study
- Fatigue study
- Motion study

1. **Planning** – he advocates setting up of a planning department. Whose main function would be to plan the entire work to be done in a given period.
2. **The scientific selection & training** – Taylor suggest that, workers should be selected according to the requirement of the job. After selection the management should be given proper training to them to acquire knowledge relating to the work.
3. **Co-operation between employer and employee** – he advocates that, there should be co-operation between the employer and employees. Taylor stressed the need for best results through mutual cooperation.
4. **The division of work between management & workers** – Taylor advocated dividing responsibility between management and workers so each worker would perform his duties more efficiently. His idea

5. was to separate planning from execution.

6. **Different piece-rate system of wages** – Taylor believes that incentive is the most suitable because man works for money. According to this system two piece rates were to be introduced. One for standard production and another for lower production.

7. **Mental revolution** – Taylor believes that in order to experiment his ideas of scientific management in organization, there should be complete change in the outlook and attitude of employer and employees.

FUNCTIONAL MANAGEMENT

Henry Fayol is regarded as the real father of functional or modern management. His philosophy of management is more concerned with the higher levels of management. With his long experience as the administrator, he developed **fourteen principles** for management. These are:

1. **Division of work** –

This principle says that work should be divided into different parts and each part should be allocated to the suitable persons. It will leads to specialization and then it to efficiency.

2. **Authority & responsibility** –

Authority is the right to give orders to the subordinates and responsibility is the obligation of subordinates to perform the work. Accord to this principle, there should be parity between authority and responsibility.

3. **Discipline** –

He believes, discipline is essential for smooth running of organization. Discipline is the method obeying the rules regulations. So it is the duty of management to create a good discipline in the work place. He suggest that, fines or penalties are also imposed for disobedience.

4. **Unity of command** –

According to this principle, employees should receive orders and instructions from one superior only. Otherwise it create a confusion among them.

5. **Unity of direction** –

According to this principle, the members of an organization should work together to accomplish common goals.

6. **Subordination of individual interest to general interest** –

According to this principle, importance should be given to the interest of organization. When there is a conflict among the workers or workers and businessman, management should give importance to the organization and not for the members.

7. **Remuneration** –

Remuneration should be fair, equitable and justice. There should not be any discrimination regarding sex, colour, status etc.

8. **Centralization & decentralization** –

If all the decision making power is vested with the top management, there is said to be centralization. If such powers are also given to the lower levels, there is said to be decentralization. According to this principle, it should be determined on the basis of nature of the organization.

9. **Scalar chain** –

Scalar chain is defined as a chain of superiors ranging from the top to bottom. It is the broken chain of superiors to subordinates for communication. Breaking of this scalar chain will adversely affect the organization.

10. **Order** –

This principle says that there should material order and social order. Material order means arrangement of things. There should be a place for everything and everything in its place. Social order means arrangement of persons. There should be a place for everyone and everyone in his place.

11. **Equity** –

It is necessary to treat all employees as equal. There should not be any discrimination regarding the organizational matters.

12. **Stability of tenure of personnel**–

Frequent change in job may create a disorder in the organization. So stability of job is essential for smooth running of business.

13. **Initiative** –

According to this principle management should be give adequate freedom to employees in order to take initiation in simple matters.

14. **Spirit de corps** –

This is the principle based on old saying “union is strength”

HAWTHORNE STUDIES

The aim of this study was to study the effect of work environment, fatigue, rest, pauses, hours of work, monetary incentives, employees attitude etc. on the productivity. Mayo and his assistants set out to measure the effect of changes in working condition and other physical factors on the productivity of the workers. The five studies undertaken are as follows:

- A. Experiments on illumination
- B. Relay assembly test room
- C. Mass interviewing programme
- D. Book wiring observation room
- E. Personal counseling

ABRAHAM MASLOW'S NEED HIERARCHY THEORY

He developed a need hierarchy theory to explain human behavior within an organization. He stressed that behavior of individuals was directed towards the satisfaction of needs. He emphasized that human needs could be arranged in a particular order from lower level to higher level. He identified five levels in the need hierarchy.

- A. Physiological needs
- B. Safety needs
- C. Social needs
- D. Esteem needs
- E. Self-actualization needs

FREDERICK HERZBERG'S TWO FACTOR THEORY

Herzberg has made substantial contribution to work motivation. His contribution to work motivation is more of less an extension and application of maslow's need hierarchy theory. He made significant contribution through his "two factor theory"

MC GREGOR'S X & Y THEORY

He propounded two contrasting theory-theory X & theory Y. these two themes explain certain basis assumption about human element. Theory X represents the traditional autocratic approach to managing people at work while theory Y represents the modern humanistic and suggestive approach to managing people.

Management in modern period

MANAGEMENT BY OBJECTIVES (PETER F DRUCKER)

MBO is regarded to be one of the major contributions made by Peter F Drucker. This method is also known as a method of planning, setting standards, performance appraisal and motivating. It is an approach of and philosophy with the basic emphasis on specifying objectives to be achieved. The objectives should be stated in simple and clear way. Such a statement points out clearly the target, which the subordinates are reach and achieve.

LYNDALL FAWNERS URWICK

Urwick approach to management is on the lines of Fayol. He propounded six principles of management.

- Principles of investigation
- Principles of objectives
- Principles of organization
- Principles of direction
- Principles of experiment
- Principles of control

SCHOOL OF MANAGEMENT THOUGHT

- **Empirical approach**- success study of managers.
- **Human relation approach**- importance to employees' satisfaction. Motivate them highly.
- **Social system approach** – create a sense of belongingness among employees, that will give us a move on the objectives.
- **Management science approach** – problem solving by using mathematical and scientific tools.
- **System approach** – management is a system of containing number of small sub systems(departments)
- **Contingency or situational approach** – find out the alternatives and select the best.
- **Operational approach** – understand the surroundings and work according to the operations of the organization.

FUNCTIONS OR PROCESS OF MANAGEMENT

• **Planning**

Planning is deciding in advance what is to be done in future. It is the process of deciding all the activities of organization in advance.

• **Organizing**

Organizing simply means setting, arranging or grouping of each and every activity in an organization for the accomplishment of objectives.

• **Staffing**

Staffing is the process of obtaining capable and competent people to fill the position in the organization.

• **Directing**

Direction is the process of issuing directives, orders and instructions to the subordinates for performing the work.

• **Controlling**

Simply controlling is process of evaluating the overall performance of the management activities. It is the continuous process of evaluating actual performance with standard. Variations are detected, and corrective actions are taken to prevent them in future.

PLANNING

Planning is deciding in advance what is to be done in future. It is the process of deciding all the activities of organization in advance.

Definition

According to Theo haimman “ planning is deciding in advance what is to be done”

According to Luis A Allen “management planning involves the development of forecast, objectives, policies, procedures, schedules and budgets”

FEATURES OF PLANNING

- Done on the basis of objectives
- It is futuristic
- Primary function of management
- Mental activity
- Continuous process
- Dynamic
- Pervasive
- Flexible
- Forward looking

PLANNING PROCESS

- **Determination of objectives** – planning is not possible without definite objectives. Objectives are the goals which an enterprise would like to achieve.
- **Construction of planning premises** – premises are the assumptions about the future. Planning premises involves internal premises and external premises. One should predict the future or make forecast, when they going to plan.
- **Collection and classification of information** – after the forecast, should collect adequate information from available resources.
- **Identification of alternatives** – on the basis of collected information identify the different choices or alternatives to solve the problems.

- **Evaluation of alternatives** – after identifying the different alternative, they should evaluate in detail.
- **Selection of best course of action** – select the best choice from the different alternatives
- **Preparation of subsidiary plans** – make subsidiary plans that is very necessary to support to a plan.
- **Implementation** – implement or execute
- **Follow up** – controlling or assessment.

TYPES OF PLANS

- **Objectives** – Objectives are the main goals or purpose or aim that a firm wishes or like to achieve. It is determined in advance, so it is a plan.
- **Policies** – policies are the flexible rules or principles that tell us how to work. It is a guide to action.
- **Procedures** – it tell us the way of performing. It is the step or process to be taken to accomplish the work. It is designed in advance. So it is also a plan.
- **Rules** – these are the rigid set of principles or policies that will guide us for action or work.
- **Strategies** – it is the arrangement of making plans in the lights of competitors’ plan.
- **Programmes** – activities simply called programmes. These are the single use plans.
- **Budgets** – it is the quantitative expression of expected result. It means that it is the statement contains expected result of the organization.

MBO(MANAGEMENT BY OBJECTIVES)

It is introduced by Peter F Drucker. He emphasized that the performance of each job should directed towards the achievement of whole business objectives. MBO is a system of management involving effective participation and involvement by each member of the organization.

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.

It can be defined as a system for improving performance both of the individual managers and the enterprise as a whole, by setting objectives of enterprise, departments and managers level. Here superiors and subordinates are associated with moulding objectives. So MBO is a system of management involving effective participation and involvement by each member of the organization.

STEPS IN MBO

- **Setting objectives** – establishing the main objectives of the organization.
- **Developing alternative plans** – this may require allocation of specific responsibilities to different departments, division and individual.
- **Periodic interview** – periodic meeting between superior and subordinates should be convened to discuss and assess the progress and difficulties.
- **Performance appraisal** – performance should be evaluated periodical

BENEFITS OF MBO

- Subordinates co-operate and participate in setting goal
- Improve the performance of subordinates
- Get a chance of controlling of his own performance.
- Unity of objectives is possible.
- Integration of different levels are possible.
- It provides definite performance standards.
- Systematic evaluation of performance is possible.

- Periodic review of performance is possible.
- Tool for organizational goals.
- Reduce ambiguity and anxiety.
- It envisages planning.
- It encourages motivation.

LIMITATION OR WEAKNESS OF MBO

- A lot of information is required while setting objectives
- Subordinates participation is may not feasible in organization
- It gives emphasis on short term objectives only.
- It is costly
- MBO give due stress on quantitative aspect. Much attention is not provided on qualitative aspects

IMPORTANCE OF PLANNING

- Attention on goal
- Offset uncertainty
- Co-ordination
- Facilitate control
- Economy in operation
- Increase efficiency

LIMITATION OF PLANNING

- Expensive
- Lack of reliable data
- Time consuming
- Restrict initiation
- Technological changes
- Limitation of forecasting
- Encourage false sense of security

ORGANIZING

Organizing simply means setting, arranging or grouping of each and every activity in an organization for the accomplishment of objectives.

Definition

According to Louis A Allen “organization is the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority and establishing relationship for the purpose of enabling people to work most effectively together in accomplishing objectives”

NATURE OF ORGANIZATION

- **Organization as a process** – as a process organization as a managerial function. It includes
 - Defining objectives
 - Determination of activities
 - Grouping of activities
 - Assigning duties
 - Delegation of authority
 - Co-ordination of activities
- **Organization as a group** – here organization is a group of people who are united for the accomplishment of a common goal. A co-operative relationship is created among people.
- **Organization as structure** – organization is considered as a framework of relationship between the various position in an organization.

STEPS IN ORGANIZING

- **Defining objectives** – it is the first step in developing organization structure. The objectives should be defined in clear terms.
- **Determination of activities** – after defining objectives, various activities in the organization are to be identified and enumerated.
- **Grouping of activities** – the entire activities are classified into different groups on the basis of function, products or customers etc. similar activities are grouped together and formed a department.
- **Assigning duties** – the individual groups of activities are then allotted to different individuals on the basis of their ability and aptitude.
- **Delegation of authority** – after allotting the job, he is given the authority necessary to perform the assigned work effectively.
- **Co-ordination of activities** – co-ordination of activities is

necessary to ensure effective performance.

- **Provision of physical facilities** – physical facilities like ventilation, light, recreation, rest room etc. should be provided.
- **Establishing of structural relationship** – for the success of enterprise, clear cut structural relationships should be established.

IMPORTANCE OF ORGANIZATION

- It facilitate administration
- Managerial efficiency
- Facilitates growth and diversification
- Provides scope for training and development
- Use of new technological development.
- it encourage optimum use of human resources
- Promote co-ordination & communication

PRINCIPLES OF ORGANIZATION

- **Principles of objectives** – every enterprise has its own objectives. These objectives are to be well defined.
- **Division of labour** - Division of work – work should be divided into different parts and each part should be allocated to the suitable persons. It will leads to specialization and then it to efficiency.
- **Principles of definition** – the functions, responsibilities, authorities and relationships of different department and individual should be clearly defined.
- **Scalar chain** – Scalar chain is defined as a chain of superiors ranging from the top to bottom. It is the unbroken chain of superiors to subordinates for communication. Breaking of this scalar chain will adversely affect the organization.
- **Unity of command** - employees should receive orders and instructions from one superior only. Otherwise it create a confusion among them.
- **Span of control** – span of control determines the number of subordinates a superior can effectively

managed. An organization structure should be devised that there is the correct span of control.

- **Flexibility** – an organization structure should be flexible.
- Unity of direction - the members of an organization should work together to accomplish common goals.
- **Management by exception** – senior managers will only deal with exceptional problems. They are not involving routine matters. This is known as management by exception.
- **Delegation of authority** - after allotting the job, he is given the authority necessary to perform the assigned work effectively.
- **Principles of balance** – a proper balance should be maintained between the various departments.
- **Simplicity**– the organization structure should be simple.
- **Stability** - the organization structure should be reasonably stable.
- **Accountability** – the higher authorities are accountable for the acts of their subordinates.

FORMAL ORGANIZATION

It is one which drafted by top management to achieve objectives. In this organization position, responsibility, authority etc are clearly defined and stated.

FEATURES OF FORMAL ORGANIZATION

- It is predetermined by top management.
- Structure of organization is clearly defined
- It shown in organizational charts
- It is relatively permanent
- Line of communication is formalized
- Relationship between superior

and subordinates is determined.

INFORMAL ORGANIZATION

It is created through personal relationship with in the formal organization. It is created through friendship, mutual regard etc.

FEATURES OF INFORMAL RELATIONSHIP

- They created due to personal relationship
- Natural grouping of people.

DIFFERENCE BETWEEN FORMAL AND INFORMAL ORGANIZATION

<u>Formal organization</u>	<u>Informal organization</u>
it is created to achieve predetermined objectives	It has no predetermined objectives
The structure is well defined	The structure is not well defined
It has a long life	It does not last long
Governed by specific rules & regulations	There are no specific rules & regulations
Communication channel is clearly defined	Un-official channels are used
Fairly large	Generally small
Can be shown in an organization chart	Cannot be depicted through a chart
Emphasis is given on authority	Emphasis is given on personal relation.
Authority and responsibility are clearly defined	Authority and responsibility are not clearly defined
Created by top management	Created by personal relationship

ORGANIZATION STRUCTURE

Organization structure is the framework of relationship of individuals, working at various levels to accomplish the organization goals.

TYPES OF ORGANIZATION STRUCTURE

- Line organization
- Line & staff organization
- Functional organization

LINE ORGANIZATION

Under this form of structure the line of authority flows vertically from top most

executive to lowest subordinates throughout the organization. It clearly defines authority and responsibility. There two **kinds** of line organization.

- Pure line organization
- Departmental line organization

MERITS OF LINE ORGANIZATION

- Simple
- Quick decision
- Discipline
- Unity of command
- Economical
- Flexibility
- Co-ordination
- Responsibility fixes

Clear communication

DEMERITS

- Concentration of authority
- Lack of specialization
- Overloading of work
- Difficult co-ordination
- Defective communication
- Not suitable for large organization

LINE & STAFF ORGANIZATION

It is the combination of line and staff officers. The line executives have the executive authority. The staff officers are required to advise and assist line managers to achieve objectives.

MERITS

- Sound managerial decision
- Flexibility
- Development of executives
- Unity of command
- Reduction of burden
- Planned specialization

DEMERITS

- Conflicts
- No authority to staff
- Increase cost of administration
- Confusion about position
- Too much dependence on expert
- Lack of accountability.

DIFFERENCE BETWEEN LINE ORGANIZATION & LINE AND STAFF ORGANIZATION

<u>Line organization</u>	<u>Line & staff</u>
Expert advice are not available	Expert advice are available
There is strict discipline	There is loose discipline
There is no need to consult staff officers.	Need to consult staff officers.
There is no scope for conflict.	There is a chance for conflict.
It is less elastic	It is more elastic
Less expensive	Expensive
It is not based on specialization	It is Based on specialization

FUNCTIONAL ORGANIZATION

Specialists are appointed in top position throughout the organization. Various activities of the enterprise are classified according to function like production, finance, marketing etc. these functions are put under the charge of specialists.

MERITS

- Specialization
- Standardization
- Efficiency
- No overload of work
- Mass production
- Flexibility
- Scope for expansion

DEMERITS

- Violation of unit of command
- Lack of co-ordination
- Complex relationship
- Conflicts
- Delay in decision
- Overlapping of authority

DIFFERENCE BETWEEN LINE ORGANIZATION & FUNCTIONAL ORGANIZATION

<u>Line organization</u>	<u>Functional organization</u>
Authority flows from top to bottom	Authority is functional
There is direct chain of command	There is no direct chain of command
There is no specialization	There is specialization
More suitable to small scale organization	Suitable to large organization
Strict discipline	Loose discipline
Efficient administration	There are obstacles for efficient administration
Better coordination	Difficult to attain coordination

SPAN OF MANAGEMENT

It is also called span of supervision and span of control. It refers to the number of subordinates who can be managed effectively by a superior.

FACTORS DETERMINING SPAN OF CONTROL

- **Capacity of superior** – ability and capacity of superior determine the span of control. Certain managers have more ability than others.
- **Capacity of subordinates** – some subordinates can follow quickly than others. So it also determine the span of control.
- **Nature of work** – if subordinates perform similar works, supervisor required less attention. so span of management is wider and vice versa.
- **Degree of decentralization** – higher the degree of centralization, span of supervision is narrow because more time is required for consultation and vice versa.
- **Availability of staff assistance** – if there is available of staff

assistance, the span of control is wide.

- **Communication techniques** – face to face communication may take more time, then span of management is narrow.

AUTHORITY

Authority is the right to command and issue orders to the subordinates. It is the right to give orders and the power to exact obedience.

TYPES OF AUTHORITY

- **Legal authority** – authority passed by law or social rules and regulations protected by law.
- **Traditional authority** – this authority is passed from father to son (King)
- **Charismatic authority** – he can command respect from his followers due to his personality and personal qualities.
- **Technical authority** – people accept orders from this persons due to his knowledge and skill.
- **Position authority** – it is based on the position enjoyed by a person in the organization.

RESPONSIBILITY

Responsibility is the obligation of subordinates to perform duty as required by his superiors.

DIFFERENCE BETWEEN AUTHORITY & RESPONSIBILITY

<u>Authority</u>	<u>Responsibility</u>
It is the right to command and issue orders	Obligation of subordinates to perform duty
It can be delegated	It cannot be delegated
It can be withdrawn	It cannot be withdrawn
It is stable	It ends with performance
It flows downward	Does not flow
Arise due to position	Arise due to supervisor subordinate relationship

DELEGATION OF AUTHORITY

Delegation of authority merely means granting of authority to subordinates to work within prescribed limit.

TYPES OF DELEGATION

- Specific or general - to a specific person or to the person as general.
- Written or unwritten
- Formal or informal

DELEGATION PROCESS

- Entrustment of responsibility
- Delegation of authority
- Creation of accountability

PRINCIPLES OF DELEGATION

- Scalar chain
- Principles delegation by result expected
- Unity of command
- Authority & responsibility
- Communication

Functional definition

ADVANTAGES OF DELEGATION

- Quick decision is possible
- Reduce burden of superiors
- Get more time for strategic planning
- Development of subordinates
- Motivating employees
- coordination

CENTRALIZATION

If the decision making power is vested with top management, one can say that is centralization. It refers to the concentration of decision making power in the hands of top management. It is more applicable in small business organization.

DECENTRALIZATION

If the decision making power is dispersed or granted throughout the organization, one can say it is decentralized. It can be applied in large organization.

DIFFERENCE BETWEEN DELEGATION AND DECENTRALIZATION

<u>delegation</u>	<u>decentralization</u>
Entrustment of authority from one individual to another.	Systematic delegation of authority throughout the organization
Delegation is must for management	It is optional
It is a process	It is the end result
It gives good result in all type of organization	It is more effective in big organization
It establish superior subordinates relations	Creation of semi-autonomous unit

BENEFITS OR NEED OF DECENTRALIZATION

- Relief to top executives
- Development of subordinates
- Highly motivational
- Better coordination
- Quick decision
- Effective control

STAFFING

Staffing is the process of obtaining capable and competent people to fill the position in the organization.

Definition

Theo Haimann defines “the staffing function pertains to the recruitment, selection, development, training and compensation of subordinates”.

NATURE OF STAFFING

- Concerned with employees
- Creation of cordial environment
- Continuous process
- Ensure individual and social satisfaction
- Related with personnel policies

IMPORTANCE OF STAFFING

- Key to other managerial function
- Better performance of enterprises
- Adoption of latest technology
- Higher productivity
- Good human relation

STAFFING FUNCTIONS

- Job analysis
- Manpower planning or HR planning
- Recruitment
- Selection
- Placement & orientation
- Training & development
- Compensation

JOB ANALYSIS

Job analysis is the process of studying and collecting information relating to the operation and responsibilities of a specific job.

PROCESS OF JOB ANALYSIS

- Collection of information
- Preparation of job description
- Preparation of job specification
- Report preparation
- Approval of report

METHODS USED IN JOB ANALYSIS

- Questionnaire
- Check list – task statement
- Interview
- Observation
- Participation
- Technical conference
- Diary
- Records

JOB DESCRIPTION

The result of the job analysis is written in a statement known as job description.

CONTENT OF JOB DESCRIPTION

- Job location
- Title of the job
- Summary of the job
- Duties and responsibilities
- Degree of supervision
- Details of tools and equipment
- Relation with other job
- Brief description
- Order

JOB SPECIFICATION

A job specification is a statement of minimum acceptable human qualities necessary to perform a job properly.

CONTENTS OF JOB SPECIFICATION

- Physical characteristics – height, weight
- Psychological features – decision making ability, mental ability
- Personnel characteristics – behavior, attitude
- Responsibility
- qualification

MANPOWER PLANNING

It is concerned with the determination of quantity of personnel required in an organization.

Definition:

In the words of Bruce P. Colmn “ manpower planning is a process of determining manpower requirement and the means for meeting these requirements I order to carry out the integrated plan of the organization”

NEED / IMPORTANCE OF HR PLANNING

- Expansion of business
- Retirement vacancies
- Reduction in labour turnover
- Uninterrupted in production
- To maintain good relation with employees
- To introduce fresh talent in organization
- To determine shortage or surplus of staff

OBJECTIVES OF HR PLANNING

- Accurate assessment of manpower requirement
- Optimum utilization of human resources
- Inventorying of personnel
- Helpful in recruitment, selection & training
- To avoid interruption in production

PROCESS OF HR PLANNING

- Preparation of manpower inventory
- Forecasting manpower needs
- Employment programme

TYPES OF MANPOWER PLANNING

- Short term manpower planning
- Long term manpower planning

RECRUITMENT

According to Edwin B Flippo “ Recruitment is the process of searching for prospective employees and stimulating them to apply for

the jobs in the organization”

SOURCES OF RECRUITMENT

Internal sources

- **Transfers** – shifting an employee from one place to another without changing his responsibility.
 - Rotation transfer
 - Remedial transfer
 - Production transfer
 - Shift transfer
 - Replacement transfer
- **Promotion** – shifting an employee from lower position to higher position
- **Demotion** - shifting an employee from higher position to lower position
- **Present employees’ recommendation**

MERITS OF INTERNAL SOURCE

- Economical
- Saves time
- Improve morale of employees
- Motivates employees
- No industrial training is required
- Self -development
- Reliable source

DEMERITS

- Limited option
- Lack of originality
- Reduces productivity

External sources

- Notice at factory gate
- Unsolicited applications
- Casual callers
- Advertisement
- Employment exchange
- Campus recruitment
- Labour contractors
- Private agencies
- Trade union

MERITS OF EXTERNAL SOURCE

- Wider options
- Fresh talents

DEMERITS

- Expensive
- Time consumes
- Lack of co-operation
- Demoralization of present employees

SELECTION:

Selection is the choosing of appropriate persons from all the applicants. It is process of elimination. It is the process of choosing a right person for a right position.

SELECTION PROCEDURES/SELECTION PROCESS

- Receipt & scrutiny of application
- Preliminary interview
- Blank application form
 - Bio data
 - Educational qualification
 - Work experience
 - Expected salary
 - Reference
- Test
- Interview
- Checking reference
- Approval of supervisor
- Medical examination
- Final selection

TYPES OF TESTS:

- Intelligence test
 - IQ
 - EQ
 - SQ
- Trade test
- Personality test
- Aptitude test
- Interest test

DIFFERENCE BETWEEN RECRUITMENT AND SELECTION

<u>Recruitment</u>	<u>Selection</u>
It is the method of personnel placement	It is the procedure for personnel placement
It is the process of inviting application from probable candidates	Process of elimination
process of searching for prospective employees and stimulating them to apply for jobs	It is to create contractual relationship between employer and employees.
Purpose is to create large pool of applicants	It aims at elimination of unsuitable candidates
Process is simple.	Process is complex

TRAINING & DEVELOPMENT

Training is the act of increasing knowledge & skill of employees.

Methods/types of training

- ✓ Orientation training – training to a new employee. It is the process of introducing an employee about the surroundings and situations of the organization.
- ✓ Refresher training – training to an existing employee to develop new skills.
- ✓ Vestibule training – set a training place within the organization and train them to work.
- ✓ Apprentice training – work as an apprentice under an expert.
- ✓ Learner training – send the employees to an outside institution to train the work
- ✓ On the job training – training at the time of job.
 - Coaching
 - Job rotation
 - Under study
- ✓ Off the job training – training then job
 - Special courses
 - Conference
 - Case study
 - Seminars
 - Role playing
 - Lectures
 - Audio visual

Importance of training

- Increase in efficiency & productivity
- Elimination of wastage
- Less supervision required
- Higher employee morale
- Reduction employee grievance
- Reduction in accident & breakdown
- Reduction in absenteeism
- Personnel development

Direction

Direction is the process of issuing directives, orders and instructions to the subordinates for performing the work.

Principles of direction

- Harmony of objectives
- Unity of command
- Efficiency of direction
- Maintain individual contribution
- Direct supervision
- Intelligibility
- Right type of leadership
- Communication
- Flow of information
- Follow up

Supervision

Supervision means control and direction of the subordinates activities. It is function of observing the subordinates at work to see that they are working according to plans & policies of the organization.

QUALITIES OF A GOOD SUPERVISOR

- Leadership qualities
- Communication skills
- Knowledge of rules & regulations
- Managerial qualities
- Technical qualities
- Emotional stability
- Tactfulness
- Responsibility
- Co-operation
- Knowledge of organization
- Good memory
- Ability to judge correctly
- Patience

CO-ORDINATION

It is considered as the essence of management. It refers to the harmonizing of individual effort towards the accomplishment of objectives of the organization. It is the process of influencing in the behavior of employees for doing work most effectively.

PRINCIPLES OF CO-ORDINATION

- Principles of direct contact
- Early stages
- Reciprocal relationship
- Principles of continuity
- Self-co-ordination

CONTROLLING

Simply controlling is process of evaluating the overall performance of the management

activities. It is the continuous process of evaluating actual performance with standard. Variations are detected, and corrective actions are taken to prevent them in future.

FEATURE OF CONTROL

- Continuous control
- Management function
- Forward looking
- Corrective process
- Related to planning
- Flexible
- Setting standards

IMPORTANCE OF CONTROL

- Effective execution
- Helps in delegation of authority
- Facilitate decentralization
- Facilitate coordination
- Basis for future action
- Regulates the operation
- Point out weakness of management
- Efficiency evaluation
- Pressure for better performance

STEPS IN CONTROL

- **Establishing standards** – every organization set up plans to achieve goals. Different standards of performance can be set up for various operations.
- **Measurement of performance** – after establishing the standard of performance, the actual performance should be measured in order to make comparison with the expectation.
- **Comparing actual with standards** – it is the procedure of comparing actual performance with standard in order to find the deviation.
- **Determination of deviations** – after comparing the actual with standard, management should be identified the deviation. It may be positive or negative.
- **Feedback or follow up** – it is stage of correcting the performance.

LIMITATIONS OF CONTROL

- External factors cannot be controlled
- Fixing standard is a difficult job
- Expensive
- Workers may resist control

MANAGER VS LEADER

DIFFERENCE BETWEEN LEADER AND MANAGER

We know that manager is a person of controlling or administering a business,. Leader is a person who causes others to go with him, by guiding and showing the way. The following are the difference between leader & manager.

Manager have subordinates & leaders have followers

Manager have subordinates and he act as a boss of them. He has full control over them. Whereas leaders have followers and they don't have subordinates. Following is always a voluntary activity.

Managers have autocratic style but leaders have charismatic style

Certainly managers follow an autocratic attitude towards the employees. He take all the decisions regarding the managerial activities. He act as an autocrat. But leaders have charismatic attitude. Subordinates follow him, that is only because of his charisma in leading. They consider leader has role model of them.

Managers have work focus and leaders have people focus

Manages mainly try to exploit subordinates to complete works allotted to them, and sometimes they do not look at the feelings of employees. while, leaders give more importance to workers rather than the work. He give emphasis to achieve goal through attaining welfare of employees.

Managers seek comfort and leaders seek risk

Of course, compared to leader managers have only nominal risk in their job, its only because of they do not give much stress on workers. They need only to get result through giving work to them. He follow the principle of getting things done through the efforts of

others. But in the case of leader, they seek more risk. It's because of they deal with people.

Traits/qualities

In the case of traits, managers have only less creative mind compared with leaders. Whereas leaders have more creative ability and they want it to guide others.

Emphasis

Managers give more emphasis on controlling others. They command and instruct subordinates to achieve the goal of the organization. He plan, organize, direct and control all the activities to attain their goal. While leaders give more emphasis or importance to self-control rather than make control over others.

Attitude towards goals

Managers adopt impersonal, almost passive attitude towards the goal of the organization, whereas leaders mainly adopt personal and active attitude towards the organizational goals.

Conception about work

Surely, leaders and managers have different attitude towards work. Managers approach the work as with careless and he should not have any much interest to attain the goal. But leader adopt an active approach towards the work and they try to improve the performance of employees.

Managers and leaders have different relation with employees

Managers approach the employees as a superior or a boss, and He focus only on work. Whereas leaders try to create a sense belongingness or homely attachment among the workers.

Self-identity of managers v/s past influence of leader

Moreover managers should have talent in their own area of management rather than experience. Self-identity is must for manger to get results. Whereas leaders should have experience in leading and influence of that experience certainly bring him on the peak.

LEADERSHIP

Leadership is the process of influencing the behavior of others to work enthusiastically in order to achieve the organizational objectives. It is the process of guiding, directing and influencing the people to do their best.

QUALITIES OF LEADERSHIP

- Personal qualities
- Managerial qualities

Personal qualities

- Intelligence
- Self confidence
- Foresight & vision
- Initiative
- Sound physique
- Dynamic
- Objectivity
- Empathy
- Responsibility
- Emotional stability
- Tact

Managerial qualities

- Technical knowledge
- Organizing ability
- Ability to deal with people

IMPORTANCE OF LEADERSHIP

- Motivating employees
- Better utilization of human resources
- Creation of confidence
- Promoting the spirit of coordination
- Build morale
- Directing group activity
- Develop good human relations
- Fulfill social responsibility

FUNCTIONS OF LEADERSHIP

- Integration
- Motivation
- Communication
- Representative of subordinates
- Fraternity
- Team spirit
- Performance evaluation
- Initiation
- Shapes the character of the organization
- Manages internal conflicts

LEADERSHIP STYLES

- Autocratic style (centralization of powers)
 - Strict autocrat
 - Manipulative autocrat
 - Benevolent autocrat
- Free rein or laissez faire leadership (complete freedom)
- Participative (average freedom)

Paternalistic (fatherly approach)

MOTIVATION

Motivation simply means a process of stimulating or inspiring employees or workers to perform well in order to achieve objectives of the organization

FEATURES OF MOTIVATION

- Continuous process
- Psychological phenomenon
- Dynamic
- Based motives
- Related with individual
- Goal oriented
- Complex process
- Positive or negative

IMPORTANCE OF MOTIVATION

- Effective utilization of human resources
- Make employees quality oriented
- Good human relation
- Basis of good cooperation
- Better image
- Less absenteeism
- Improve skills and knowledge
- Induce to work effectively

THEORIES OF MOTIVATION

- Maslow's need hierarchy theory
- Herzberg's two factor theory
- McClelland's achievement theory
- McGregor's theory X and Theory Y
- ERG theory

MASLOW'S NEED HIERARCHY THEORY

Abraham Maslow propounded this theory. Maslow's theory is based certain **assumptions**. They are

- Wants of human beings are unlimited
- Unsatisfied need acts as a motivator

- As soon as one want is satisfied, another want came in its place.
- The needs are arranged in order of importance. It is arranged in a hierarchy.

Maslow's need hierarchy theory divided human needs in to five levels.

- **Physiological needs**- basic needs(need for food, water)
- **Safety needs**- once physiological needs are met, another set of needs arises. These needs are termed as safety needs.it include protection from physical harm, job security.
- **Social needs**- these need arise when physiological & safety needs are satisfied. These needs include need for affection, friendship etc.
- **Esteem needs**- esteem need classified in to two , self-esteem & public esteem. Self-esteem esteem in the eyes of self. Public esteem include recognition, appreciation.
- **Self-actualization needs**- after satisfying the above four need, then self-actualization need arise. It is the highest priority needs of a person.

HERZBERG'S TWO FACTOR THEORY

This theory is propounded by Frederick Herzberg. Two factor theory of motivation is the result of detailed study about the behavior of employees in an industry situated in pitts burgh area. According to Herzberg, satisfaction and dissatisfaction are not opposite poles of factors. satisfaction is affected by motivational factors dissatisfaction is affected by hygiene factors.

Motivation factors- their presence creates a highly motivating situation, but its absence does not causes dissatisfaction. Such factors include,

- Achievement
- Recognition
- Promotion
- Personnel growth
- Responsibility

Hygiene factors

The presence of these factors did not motivate them but the absence causes dissatisfaction. It includes,

- Policy & administration
- Technical supervision
- Interpersonal relation with superior
- Interpersonal relation with subordinates
- Interpersonal relation with colleagues
- Salary
- Job security
- Personal life
- Working condition
- Status

To achieve motivation, manager should cope up with both satisfiers & dissatisfies. Hygiene factors must be improved.

MC CLELLEND'S ACHIEVEMENT MOTIVATION THEORY

This theory is introduced by McClelland. According to him, there are three important human needs

- Need for affiliation(social needs)
- Need for power
- Need for achievement
 - Moderate risks
 - Sudden feedback
 - Accomplishment
 -

MC GREGOR'S THEORY X AND THEORY Y

McGregor propounded two theories of motivation regarding the human behavior in management philosophy on the theme of dual nature of human being. These theories are known as "X" theory and "Y" theory.

X theory

According to this theory, employees may attach the job or work with negative attitude. Most of the employees dislike the work and they have only little creativity.

Assumptions of X theory are:

- Average person dislike the work
- They will avoid work as possible
- Strict controlling is essential for getting results

- They have only little ambition
- They lack creative ability
- They like to follow traditional approach.
- Self-centered workers

According to this theory workers are passive. So management will motivate them by pushing for performing the work. The manager must follow a strict approach against them. Leader should act as an autocrat.

Y theory

According to this theory, employees may attach the job or work with positive attitude. Most of the employees like the work and they are active in their own work.

Assumptions of X theory are:

- Average person like the work
- They like to take more & more work as possible
- Strict controlling is not essential for getting results
- They should have their own ambition
- They have creative ability
- They like to follow modern methods or approach.
- Organization-centered workers

According to this theory workers are active. So management will motivate them by giving more freedom for performing the work. The manger can follow laissez faire leadership style.

ERG THEORY

This theory is propounded by Alderfer. This theory is closely related to maslow's need hierarchy theory. Instead of using 5 level needs, Alderfer used 3 level need. They are:

- E- Existence(physiological & security needs)
- R- Relatedness(social need)
- G-Growth (esteem& self-actualization needs)

COMMUNICATION

Communication is the process of exchanging, sharing or passing of information, ideas between two or more persons. Without effective communication,

the organization cannot achieve its objectives. So it is an inevitable thing in every management.

FEATURES OF COMMUNICATION

- At least two persons
- Sharing of information
- Message is must
- Feedback
- May be written or oral
- Formal or informal
- Basis of co-operation

TYPES OF COMMUNICATION

According to organization structure

- **Formal communication**

It is an official communication. It is essential for the achievement of objectives. It is the formal or official communication between the different position in the organization.

- **Informal communication/grapevine**

It is also called grapevine communication. It is the unofficial interpersonal communication between the employees in the organization.

According to direction

- Downward communication- superior to subordinates
- Upward communication- subordinate to superior
- Horizontal communication- same level

According to way of expression

- Oral communication
- Written communication
- Gestural communication

PERFORMANCE MANAGEMENT

Performance management simply means managing of performance of employees. it is essential to manage & control the performance of employees in order to achieve the objectives. When we analyze performance management, one can say it is effective planning, organizing and controlling of performance of employees. it includes:

- Planning the work
- Setting standards
- Developing the capacity to perform

- Evaluation of performance
- Rewarding for the better performance

TOOLS OF PERFORMANCE MANAGEMENT

- Training & development- in order to improve the performance
- Setting standards
- Measurement of performance
- Evaluation of performance by comparing actual with standards
- Team performance
- Capability
- 360 degree feedback
- Performance related pay- incentives
- Performance problem solving

WORK GROUP

A work group is a group that interacts primarily to share information and to make decision to help each other member to perform within his or her area of responsibility. Work group have no need to engage in collective work that require joint effort.

CHARACTERISTICS OF WORK GROUP

- Skilled members
- Working relationship
- Confidence
- Integration
- Mutual help
- Influence of the superior
- Supportive atmosphere
- Stimulate creativity
- Communication
- Feel secure

GROUP PROCESS

Group process simply means how they work in a group and how they interact together or communicate to achieve its objectives.

STEPS GROUP PROCESS/ TEAM BUILDING

- ❖ **Stage 1 Forming (Orientation)** –

It is the beginning stage of group development. In the beginning, team is just formed and members see each other for the first time. They study the team objective and tasks. Individual members should Clearly understand their roles and understand the requirement of the team.

❖ **Stage 2 Storming (Dissatisfaction)**

As time progresses, the team may face conflicts. Project groups obtains more stability. But interpersonal conflicts may prevent the effective work.

• **Stage 3 Norming (Resolution)** – in the norming stage, interpersonal relations are characterized by cohesion or mutual understanding. After problems get worked out, the team becomes stronger. Team members understand each other and know how the team operates.

• **Stage 4 Performing (Production)** in this stage team members' roles become flexible and functional, team focus on tasks. Team members clearly understand their duties, tasks and possess competences.

• **Stage 5 Adjourning (Termination)**- the final stage of group development is adjourning. It involves the termination of task behaviors and disconnection of relationships.

difference between work group & work team

Groups & teams are different things. A group is nothing but two or more individuals who are interacting interdependently. But it is very different from team. A team is a combination or set of people working together which they are engaged in collective work which needs joint effort.

ELEMENTS OF TEAM CREATION

- Work design
- Team composition
 - Ability
 - Personality
 - Allocation of roles
 - Size of the team
 - Flexibility
- Context
 - Adequate resources
 - Leadership
 - Performance evaluation & reward system
- Process
 - Common purpose
 - Team efficacy

- Team goal
- Team confidence
- Social loafing

ETHICS

The word ethics is derived from the Latin word 'ethicus' which means character. Ethics as a code of behavior considered as correct. Simply we can say ethics is a right behavior or attitude of a person or society. So one can state Ethics is based on ideals or norms or standards of human behavior.

ETHICS AS NORMATIVE SCIENCE

Ethics is a branch of philosophy and is considered as normative science because it is concerned with the norms or standards of human conduct. A normative science seeks to determine norms, ideals, standards and values.

CULTURE

Culture simply means the behavior or attitude of a person or society. It provide a framework for understanding the way of life of a person, his belief, values, norms, behavior etc.

Types of culture in organization

- Academy culture
- Baseball culture
- Club culture
- Fortress culture

VALUES

Value is derived from the French word 'valoir' which means worth, merit or importance of a thing. Values are traits or qualities that are considered as valuable. They represents individuals highest priorities. One can say character is the foundation of values. The sequence being:

Character- values- attitude-behavior

INDIAN ETHOS

Ethos means the set of belief, idea etc. about social behavior and relationship of a group. It is the moral ideas and attitudes that belong to a particular group or society. Every country has its own culture. Certainly Indian culture is termed as Indian ethos. It is the heart of Indian model of development. The Indian ethos are different from American ethos, or British ethos. The Indian ethos is the results of

Hindu way of life.

ELEMENTS OF INDIAN ETHOS

- Holistic approach(divinity in man)
- Relationship between man & universe
- Co-operation
- Self-management
- Meditation
- Dharma(duty)
- Sacrifice

INDIAN ETHOS IN MANAGEMENT (IEM)

In simple meaning one can say Indian Ethos Management is Indian concept or Indian model of management. The main theme of this concept is “better life to all”. Indian ethos states that every soul on earth is a potential of God. That means it is a part of divine. This divinity in man can lead him to perfection in knowledge, wisdom and power. Due to this divinity, man had vast potential capacity for self-development & self-improvement. With this capacity human beings can achieve anything in organization. So according to this, management should give adequate importance to employees. When we use this theme in management, it is called Indian Ethos Management.

DIFFERENCE BETWEEN INDIAN MODEL OF MANAGEMENT & WESTERN MODEL OF MANAGEMENT

<u>Indian model</u>	<u>Western model</u>
Based on holistic approach	Based on western approach
Value oriented	Technology oriented
Based on morality	Based on rationality
Emphasis on development of man	Emphasis on profit maximization
Aims at social welfare	Aims at productivity
Conflicts are resolved through integration	Conflicts are resolved through negotiation
Brain stalling is used in decision making	Brain storming is used in decision making

WORK ETHOS

Work ethos simply means work culture. In other words work ethos is the involvement of a workman with work. It means work related activities and the meanings attached to such activities in the light of norms and values pertaining to work in organization.

FACTORS FOR POOR WORK ETHOS

- Lack of dedication
- Lack of discipline
- Poor working condition
- Outside political interference
- Deterioration in moral standards
- Lack of recognition of merits

STEPS TO IMPROVE WORK CULTURE

- Wages should be correlated with productivity
- Attendance bonus should be introduced to reduce absenteeism
- Incentive system should be introduced to increase efficiency.
- Opportunity to participate in management decision
- Avoid political interference

INDIAN HERITAGE IN PRODUCTION

Production is the process of transforming tangible inputs to finished products. Indian heritage in production is based on holistic approach. optimum utilization of human, material and natural resources. According to this concept organization should not exploit human beings and as well as nature. It helps to face challenges of the management and leads to better result in organization.

INDIAN HERITAGE IN CONSUMPTION

Exactly Indian concept in consumption is called Indian heritage in consumption. Consumption of goods services is the amount of them used in a particular time period. According to this concept consumption should be proportional to the production. Optimum consumption is the main theme of this concept.

BUSINESS ETHICS

Business ethics simply refers to the right or wrong behavior in business decision. Business ethics or ethical standards are the

principles, practices and philosophies that guide the business people in the day today business decision. It relates to the behavior of a businessman in a business situation.

Definition

According to Rogene Buchholz “business ethics refers to right or wrong behavior in business decision”

CHARACTERISTICS OF BUSINESS ETHICS

- Discipline-study zone
- It is art, science and both
- Dynamic
- Ancient concept
- Theological base
- Study of goals and means
- Based on custom
- Human aspect
- Universal application
- Develop personal dignity
- Integration

ETHICAL STANDARDS

- Follow the business rule honestly
- Equal distribution of business income
- Good behavior with workers
- Avoid unfair competition
- Follow general business tradition
- Follow fair pricing policy
- Welfare oriented
- Deals in personnel problems of employees
- Service first profit next
- Satisfaction to customers
- Wellbeing of community
- Dignity to human labour
- Business must just and dynamic
- Do not cheat others
- Do not destroy competition
- Sincerity and accuracy in advertising
- No hoarding, black marketing
- No cartel agreements
- Fair wages to employees

PRINCIPLES OF BUSINESS ETHICS

- Sacredness of means & goals
- Not do any evils
- Principles of proportionality
- Non co-operation in evils
- Co-operation with others

- Publicity
- Equivalent price
- Business consciousness
- Service motto
- Human dignity
- Autonomy
- Promise keeping
- Non violence

IMPORTANCE OF BUSINESS ETHICS

- Increase goodwill
- Helps to increase mutual trust
- Create confidence
- Protect each other
- Helps in professionalization of management
- Release from tension
- Perpetual succession- long existence
- To face challenges

LIMITATION OF BUSINESS ETHICS

- No reward for ethical conduct
- Difficult to decide whether an act is ethical or not
- No proper knowledge of ethical standards

HOLISTIC APPROACH IN DECISION MAKING

Holistic approach management is modern technique in management. It is the concept of giving more importance to human being than profit maximizing. It is based on the theme, that every soul on earth is a potential of God. That means it is a part of divine. This divinity in man can lead him to perfection in knowledge, wisdom and power.

Due to this divinity, man had vast potential capacity for self-development & self-improvement. With this capacity human beings can achieve anything in organization.

So according to this, management should give adequate importance to employees. if the management is taking decision with this approach is simply known as holistic approach in management decision making.

STEPS IN HOLISTIC APPROACH IN DECISION MAKING

- Define the objective
- Develop a written goal statement
- Assess current situation
- Brainstorming
- Clarify possible tools & actions
- Test possible actions against goal
 - Cause & effect
 - Weakness
 - Profitability
 - Sustainability
- Research/homework
- Retest remaining possible tools & actions
- Develop plans each year
- Monitoring
- Control
- Re plan

ETHICAL MANAGEMENT

Ethical management refers to the effective management of ethical practice of business. Without an ethical management system, organization cannot achieve the benefits of business ethics. We know that business ethics is right or wrong behavior in business decision. The main concept of this system is to develop the behavior of each & every individual in an organization.

STRUCTURE OR ELEMENTS OF ETHICAL MANAGEMENT

- Code of conduct or behavior
- Ethics committee
 - At board level
 - At management level
- Ethical communication system
- Ethics officers
- Ethics training programme
- Disciplinary system
- Establishing ombudsman
- Monitoring

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