



# **DNYANSAGAR ARTS AND COMMERCE COLLEGE, BALEWADI, PUNE – 45**

**SUBJECT: Business Management (234)**

**CLASS: SY B Com (III SEM)**

Presented By:

**Dr. Mayadevi Jadhav**

The logo of DACCC (Durgam Cheruvu Area Community Centre) is located in the top left corner. It features a shield-shaped emblem with a red and blue triangle on the left and a white and blue triangle on the right, meeting at a central point. Below the shield, the text 'DURGAM CHERUVU AREA COMMUNITY CENTRE' is written in a small font. The acronym 'DACCC' is prominently displayed in large, bold, blue letters above the shield.

**DACC**

# **Unit-1**

## **Management : An Overview**



**Defination:-**Management can be defined as the process of administrating and controlling affairs of the organization irrespective of its nature, type, strudture and size. It is an act of creating and maintaining such a business environment wherein the members of the organization can work in together and achieve business objective effectively and efficiently.



Management acts as a guide to a group of people working in the organization and coordinating their efforts, towards the attainment of the common objective.

In other words, it is concerned with **optimally using 5M's, i.e. men, machine, material, money and methods** and, this is possible only when there proper direction, coordination and integration of the processes and activities, to achieve the desired results.





**Universal:** All the organizations, whether it is profit-making or not, they require management, for managing their activities. Hence it is universal in nature.

**Goal-Oriented:** Every organization is set up with a predetermined objective and management helps in reaching those goals timely, and smoothly.

**Continuous Process:** It is an ongoing process which tends to persist as long as the organization exists. It is required in every sphere of the organization whether it is production, human resource, finance or marketing.



**Multi-dimensional:** Management is not confined to the administration of people only, but it also manages work, processes and operations, which makes it a multi-disciplinary activity.

**Group activity:** An organization consists of various members who have different needs, expectations and beliefs. Every person joins the organization with a different motive, but after becoming a part of the organization they work for achieving the same goal. It requires supervision, teamwork and coordination, and in this way, management comes into the picture.

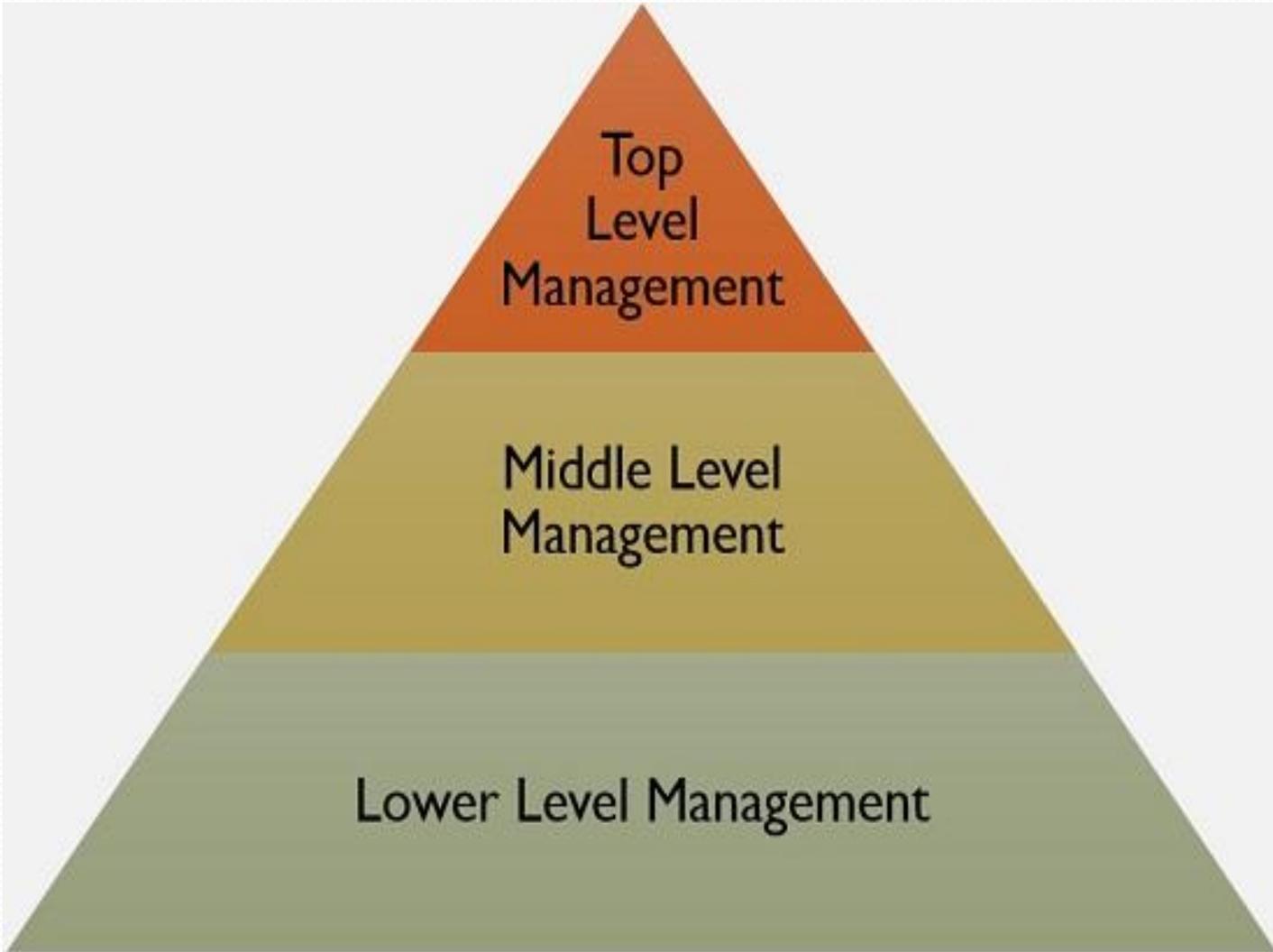


**Dynamic function:** An organization exists in a business environment that has various factors like social, political, legal, technological and economic. A slight change in any of these factors will affect the organization's growth and performance. So, to overcome these changes management formulates strategies and implements them.

**Intangible force:** Management can neither be seen nor touched but one can feel its existence, in the way the organization functions.



Precisely, all the functions, activities and processes of the organization are interconnected to one another. And it is the task of the management to bring them together in such a way that they help in reaching the intended result.





**Top-Level Management:** This is the highest level in the organizational hierarchy, which includes **Board of Directors and Chief Executives**. They are responsible for defining the objectives, formulating plans, strategies and policies.

**Middle-Level Management:** It is the second and most important level in the corporate ladder, as it creates a link between the top and lower-level management. It includes **departmental and division heads and managers** who are responsible for implementing and controlling plans and strategies which are formulated by the top executives.



**Lower Level Management:** Otherwise called as functional or operational level management. It includes **first-line managers, foreman, supervisors.** As lower-level management directly interacts with the workers, it plays a crucial role in the organization because it helps in reducing wastage and idle time of the workers, improving the quality and quantity of output.

The three management levels form the management hierarchy, that represents the position and rank of executives and managers in the chart.



Planning: It is the first and foremost function of management, i.e. to decide beforehand what is to be done in future. It encompasses formulating policies, establishing targets, scheduling actions and so forth.

**Organizing**: Once the plans are formulated, the next step is to organise the activities and resources, as in identifying the tasks, classifying them, assigning duties to subordinates and allocating the resources.



It involves hiring personnel for carrying out various activities of the organization. It is to ensure that the right person is appointed to the right job.

**Directing:** It is the task of the manager to guide, supervise, lead and motivate the subordinates, to ensure that they work in the right direction, so far as the objectives of the organization are concerned.



The controlling function of management involves

- a number of steps to be taken to make sure that
- the performance of the employees is as per the plans.
- It involves establishing performance standards and
- comparing them with the actual performance. I
- n case of any variations, necessary steps are to
- be taken for its correction.

**Coordination** is an important feature of management which means the integration of the activities, processes and operations of the organization and synchronisation of efforts, to ensure that every element of the organization contributes to its success.



**It helps in Achieving Group Goals** - It arranges the factors of production, assembles and organizes the resources, integrates the resources in effective manner to achieve goals. It directs group efforts towards achievement of pre-determined goals. By defining objective of organization clearly there would be no wastage of time, money and effort. Management converts disorganized resources of men, machines, money etc. into useful enterprise. These resources are coordinated, directed and controlled in such a manner that enterprise work towards attainment of goals.



## Need of Management

**Optimum Utilization of Resources** - Management utilizes all the physical & human resources productively. This leads to efficacy in management. Management provides maximum utilization of scarce resources by selecting its best possible alternate use in industry from out of various uses. It makes use of experts, professional and these services leads to use of their skills, knowledge, and proper utilization and avoids wastage. If employees and machines are producing its maximum there is no under employment of any resources.



**Reduces Costs** - It gets maximum results through minimum input by proper planning and by using minimum input & getting maximum output. Management uses physical, human and financial resources in such a manner which results in best combination. This helps in cost reduction.



**Establishes Sound Organization** - No overlapping of efforts (smooth and coordinated functions). To establish sound organizational structure is one of the objective of management which is in tune with objective of organization and for fulfillment of this, it establishes effective authority & responsibility relationship i.e. who is accountable to whom, who can give instructions to whom, who are superiors & who are subordinates. Management fills up various positions with right persons, having right skills, training and qualification. All jobs should be cleared to everyone.



**Establishes Equilibrium** - It enables the organization to survive in changing environment. It keeps in touch with the changing environment. With the change in external environment, the initial co-ordination of organization must be changed. So it adapts organization to changing demand of market / changing needs of societies. It is responsible for growth and survival of organization.



**Essentials for Prosperity of Society** - Efficient management leads to better economical production which helps in turn to increase the welfare of people. Good management makes a difficult task easier by avoiding wastage of scarce resource. It improves standard of living. It increases the profit which is beneficial to business and society will get maximum output at minimum cost by creating employment opportunities which generate income in hands. Organization comes with new products and researches beneficial for society.



## **Modern theory of Management**

Henry Fayol (1841-1925) is rightly treated as the father of modern theory of general and industrial management. The credit of suggesting the basic principles of management in an orderly manner goes to Henry Fayol. After obtaining an engineering degree, Henry Fayol, joined as chief executive in a coal mining company. He developed his management principles and general management theory and published them in the form of a book (in French) "General and Industrial Administration" in 1916. It was translated into English in 1930..





Henry Fayol suggested important qualities of managers and stressed the need for raising such qualities. He developed fourteen principles of management out of his practical experience. These principles are universal in character and are applicable to all types of organisations. Each principle suggested by him has specific meaning and significance. According to him, managers in all organisations need to follow these principles/guidelines while managing the affairs of their business units.



The management principles suggested by him in 1916 are universally accepted by modern authorities on management and are treated as valid even to this day. This is because these principles are practical in nature and also result-oriented. In fact, these principles are the outcome of his long experience as a practicing manager. These basic principals are useful for effective management of business activities.



They are related to the basic components of management process such as planning, organizing, staffing, leading, coordinating and controlling. He incorporated these principles in the management theory suggested by him. The principles of management suggested by him are useful not only in business/industrial enterprises but also in other organisations such as colleges, hospitals, charitable institutions and government departments.



Due to his contribution to management theory and principles, Henry Fayol is rightly treated as the Father of **Modern Management Thought**. Fayol is the first management thinker who provided the conceptual framework of the functions of management in his book “General and Industrial Management. The functions of management according to Fayol are,

1. Planning
2. Organising
3. Staffing
4. Commanding
5. Coordinating
6. Controlling



The fourteen principles of management suggested by him are related these basic functions of management process and are universally accepted. Fayol has given adequate details of every principle suggested by him. He also made them easily acceptable by others. According to Henry Fayol, managers should be flexible in the application of these principles.

The fourteen principles of management suggested by him are related these basic functions of management process and are universally accepted principles.



Fayol divided general and industrial management into following **six groups**:

1. Technical activities (production, manufacture, adaptation).
2. Commercial activities (buying, selling and exchange).
3. Financial activities (search for and optimum use of capital).



4. Security activities (protection of property and persons).
5. Accounting activities (stock taking, balance sheet, cost, and statistics).
6. Managerial activities (planning, organising, command, coordination and control).



Henry Fayol also suggested 14 principles of management. These principles are:

1. Division of work,
2. Authority and responsibility,
3. Discipline,
4. Unity of command,
5. Unity of direction,
6. Subordination of personal interest to organizational interests,
7. Remuneration,
8. Centralization,



9. Scalar chain,
10. Order,
11. Equity,
12. Stability of tenure,
13. Span of co-operation and
14. Initiative



Henry Fayol's contribution to management theory is certainly remarkable. He gave overall concepts of general management and suggested the basic functions of management. He recommended the selection and training of workers and managers. He also advocated the use of organisation charts. He suggested certain qualities of manager's which include physical, mental, moral, educational technical and experience. Fayol's theory of management was the first complete theory of management as we understand today. It incorporated proven principles, elements, procedures and techniques based on his practical experience.



# Frederick Taylor and Scientific Management Theory

**Frederick Winslow Taylor (1856-1915)** was an American inventor and engineer that applied his engineering and scientific knowledge to management and developed a theory called scientific management theory. His two most important books on his theory are *Shop Management* (1903) and *The Principles of Scientific Management* (1911).



Frederick Taylor's scientific management theory can be seen in nearly all modern manufacturing firms and many other types of businesses. His imprint can be found in production planning, production control, process design, quality control, cost accounting, and even ergonomics. If you understand the principles of scientific management, you will be able to understand how manufacturers produce their goods and manage their employees. You will also understand the importance of **quantitative analysis**, or the analysis of data and numbers to improve production effectiveness and efficiency.



## **Principles of Scientific Management Theory**

In broad terms, **scientific management theory** is the application of industrial engineering principles to create a system where waste is avoided, the process and method of production is improved, and goods are fairly distributed. These improvements serve the interests of employers, employees, and society in general. Taylor's theory can be broken down into four general principles for management:

Actively gathering, analyzing, and converting information to laws, rules, or even mathematical formulas for completing tasks.

Utilizing a scientific approach in the selection and training of workers.



Bringing together the science and the worker so that the workers apply the scientifically developed techniques for the task.

Applying the work equally between workers and managers where management applies scientific techniques to planning and the workers perform the tasks pursuant to the plans.

Frederick Taylor approached the study of management quantitatively through the collection and analysis of data. For example, he and his followers performed **motion studies** to improve efficiency. He analyzed the motions required to complete a task, devised a way to break the task down into component motions, and found the most efficient and effective manner to do the work.



An example of a motion study is observing the number of distinct motions required to shovel coal into a furnace. The task is then broken down into its distinct components, such as picking up the shovel, walking to the coal, bending over, manipulating the shovel to scoop the coal, bending back up, walking to the furnace, and manipulating the shovel to deposit the coal. The most efficient way to perform the task was developed and workers were instructed on how to apply the method.



## **Understanding Peter Drucker and his work**

Peter Drucker is world-renowned for his innovative thinking in the ways of business management.

His work turned management theory into a serious discipline among sociologists and he participated in nearly every aspect of management theory development. The practice of business ethics and morals was at the top of the list of the many elements of business management Drucker found important. This guide will introduce you to aspects of Drucker's theories and the organizational results of his life's work.



## **MBO**

MBO stands for Management by Objectives, a phrase coined by Peter Drucker in his book "The Practice of Management," published in 1954. MBO measures the performance of employees as compared to typical standards for the job. The belief is that, if employees help determine those standards, they will be more likely to fulfill them.



## SMART Method

Drucker's SMART Method is a means of checking to make sure an objective is valid. Managers carried out this verification by using the SMART acronym to make sure the objective is specific, measurable, achievable, realistic and time-related.



## Knowledge worker

"Knowledge worker" is one of the many terms coined by Drucker within his management theories. By the measure of today's society, a knowledge worker is equivalent to the executive of a company.



## School of Management

Peter Drucker came on as staff at Claremont Graduate University in California in 1971, when he began constructing one of the nation's first executive MBA programs for working professionals. In honor of his work, the university named its management school after him in 1987. Later, his Japanese friend and businessman received the same honor, resulting in the Peter F. Drucker and Masatoshi Ito Graduate School of Management.

## [Claremont Graduate University's School of Management.](#)

### Drucker Institute

More than 100 followers of Drucker's management theories tried to determine his legacy following his death in 2005. Thus began The Drucker Institute.

DACC



# HENRY MINTZBERG

## 10 MANAGERIAL ROLES





# 3 groups of managerial roles:

1- Interpersonal Roles

2- Informational Roles

3- Decisional Roles



# Interpersonal roles:

- Figurehead
- Leader
- Liaison



## Figurehead:

- Perform ceremonial and symbolic duties.
- Attending weddings & funerals, reassuring parents of female staffs.

## Leader:

- Guide and supervise subordinates.
- Staffing & training , motivating staff.

## Liaison:

- Maintain information links in and beyond the organization.
- Liaising with overseas business support manager.



# Informational roles

- Monitor
- Disseminator
- Spokesperson



## Monitor:

- Collect information from internal & external sources.
- Daily stock count, control of cash & costs.

## Disseminator:

- Share information internally & externally.
- Regular meetings for the exchange of information.

## Spokesperson:

- Convey information to stakeholders.
- Accountable to GM.



# Decisional roles

- Entrepreneur
- Disturbance Handler
- Resource Allocator
- Negotiator



## Entrepreneur:

- Initiate ideas to bring in innovation & improvement.
- Upgrade service & review new designs of restaurant.

## Disturbance handler:

- Take remedial actions.
- Restaurants remained closed during the riots for security measures.



# Resource Allocator

- Distribution of resources.
- Budget.
- Rosters.

# Negotiator

- Take part in negotiation activities.
- Handle customer complaints.
- Dealing with suppliers for better prices.



Porter's five forces analysis is a framework that attempts to analyze the level of competition within an industry and business strategy development.

It draws upon industrial organization (IO) economics to derive five forces that determine the competitive intensity and therefore attractiveness of an Industry.

Attractiveness in this context refers to the overall industry profitability. An "unattractive" industry is one in which the combination of these five forces acts to drive down overall profitability.

A very unattractive industry would be one approaching "pure competition", in which available profits for all firms are driven to normal profit. This analysis is associated with its principal innovator Michael E. Porter of Harvard University.



## Components of Porter's Five Forces Model

- ❖ Threat of new entrants
- ❖ Threat of substitutes
- ❖ Bargaining power of buyers
- ❖ Bargaining power of suppliers
- ❖ Rivalry inside the industry



# Five Forces Analysis (Porter)

**Threat of New Entry:**

- Time and cost of entry
- Specialist knowledge
- Economies of scale
- Cost advantages
- Technology protection
- Barriers to entry



Threat of New Entrants

**Competitive Rivalry:**

- Number of competitors
- Quality differences
- Other differences
- Switching costs
- Customer loyalty
- Costs of leaving market



Bargaining Power of Suppliers



Rivalry Among Existing Competitors



Bargaining Power of Buyers



**Supplier Power:**

- Number of suppliers
- Size of suppliers
- Uniqueness of service
- Your ability to substitute
- Cost of changing

**Threat of Substitution:**

- Substitute performance
- Cost of change



Threat of Substitutes

**Buyer Power:**

- Number of customers
- Size of each order
- Differences between competitors
- Price sensitivity
- Ability to substitute
- Cost of changing

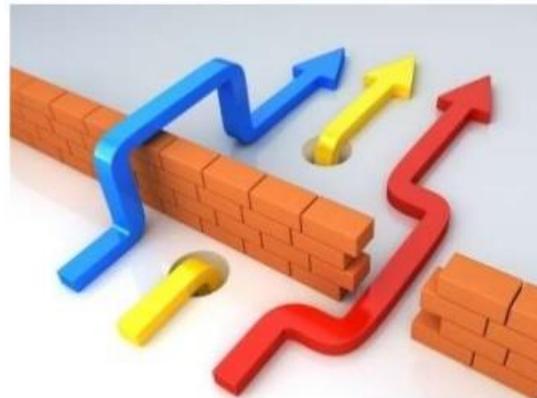
## 1. Threat of new entrants

The market is full of competition. Not only the existing firms pose threat to the business, but the arrival of new entrants is also a challenge.

As per the ideal scenario, the market is always open for entry and exits, resulting in comparable profits to all the firms.

But, this is not applicable in the real picture market.

In reality, all industries have some traits that protect their high profits and help them in warding off potential new entrants by erecting barriers



## 2. Threat of substitutes

The substitutes can be defined as the products of other industries that have the ability to satisfy similar needs.

Example: Coffee can be a substitute for tea, as it can be also used as a caffeine drink in the morning.

When price of a substitute product changes, the demand of a related product also gets affected.

When the number of substitute product increases, the competition also increases as the customers have more alternatives to select from. This forces the companies to raise or lower down the prices. Hence, it can be concluded that the competition created by the substitute firms is 'price competition'.



### 3. Bargaining power of buyers

This has an important effect on the manufacturing industry.

When there many producers and there is a single customer in the market, then that situation is called as 'monopsony'.

In these markets, the position of the buyer is very strong and he sets the price. In reality, only a few monopsony markets exists.

The bargaining power of the buyers compels the firms to reduce the prices and may also demand a product or service of higher quality at low price.



## 4. Bargaining power of suppliers

Since the company needs raw material for producing, therefore the producers have to build a relationship with its suppliers.

When suppliers have the power in their hands, they can exert influence on the producing firms by selling them raw materials at higher prices.

Example: Wal-Mart as an organization thrives on the basis of its relationship with its suppliers.

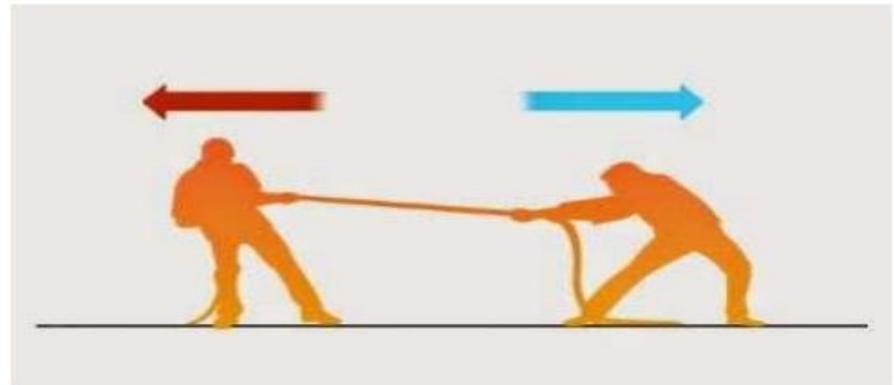


## 5. Rivalry inside the industry

For most industries the intensity of competitive rivalry is the major determinant of the competitiveness of the industry.

**Potential factors:**

- Sustainable competitive advantage through innovation
- Competition between online and offline companies
- Level of advertising expense
- Powerful competitive strategy
- Firm concentration ratio
- Degree of transparency





# **Unit-2**

## **Understanding Management :**



## Planning

Planning is the primary function of management. Its purpose is to ensure optimum utilisation of human and economic resources in the business processes. It precedes all other activities of the business undertaking.

It is the process of charting out the path for attaining the ultimate purpose of business operations by outlining the sequence of events forecast with reasonable degree of certainty. It involves not only anticipating the consequences of decisions but also predicting events that may have effects on a business.



According to George R. Terry, “It is the selecting and relating of facts and the making and using of assumption regarding the future, in the visualisation and formulation of proposed activities believed necessary to achieve desired results.”

According to Alford and Beatty, “Planning is the thinking process, the organised foresight, the vision based on fact and experience that is required for intelligent action.



“**Planning premises** are the anticipated environment in which **plans** are expected to operate. They include assumptions or forecasts of the future and known conditions that will affect the course of **plans** such as prevailing policies and existing company **plans** that controls the basic nature of supporting **plans**.”



So planning premises provide a framework for planning and action in the midst of uncertainties in the business environment. They imply not only the assumptions about the future but also predictions. Planning premises constitute the framework with which planning is done.

They provide the bedrock upon which future course of action is based. To have effective planning, plans must be based on sound premises. Therefore premises are to be established on the basis of systematic forecasting. Effective planning is largely dependent on the correct knowledge and choice of planning premises.



Scope planning refers to a project management process that defines boundaries and deliverables. The basic matrix of a scope planning analysis consists of three main categories: Initiation, planning, and definition, with two control categories: Verification, and change control interspersed between the three main categories.

Initiation inputs contain program deliverable description, strategic planning, program selection criteria, and historical information. Tools and techniques include program selection methods and expert judgment.



## Strategic Planning:

The setting of broad, long-range goals by top managers.



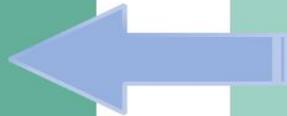
## Tactical Planning:

The identification of specific, short-range objectives by lower-level managers



## Contingency Planning:

Backup plans in case primary plans fail



## Operational Planning:

The setting of work standards and schedules



## IMPORTANCE OF PLANNING

- **Planning provides directions**
- **Planning reduces the risks of uncertainty**
- **Planning reduces overlapping and wasteful activities**
- **Planning provides innovative ideas**
- **Planning facilitates decision making**
- **Planning establishes standards for controlling**

# Planning Process

**Establishment of objectives**



**Developing premises**



**Evaluating and selection of alternatives**



**Formulating derivative plans**



**Securing cooperation and participation**



**Review and follow up**



## Limitations of Planning in Management

1. Time Consuming.
2. Costly.
3. Rigid.
4. Gap between Plans and Achievement.
5. Problem for Technical Staff.
6. Resistance to Change.
7. Paperwork.
8. Causes Frustration.
9. Dangers of Over-Targeting.
10. Dangers of Under-Targeting.
11. Danger of Human Error.
12. Inter-Departmental Rivalries.



## Decision making

It is the **process** of **making** choices by identifying a **decision**, gathering information, and assessing alternative resolutions. Using a step-by-step **decision-making process** can help you make more deliberate, thoughtful **decisions** by organizing relevant information and defining alternatives.



## **Characteristics of decision-making**

- Objectives must first be established
- Objectives must be classified and placed in order of importance
- Alternative actions must be developed
- The alternatives must be evaluated against all the objectives
- The alternative that is able to achieve all the objectives is the tentative decision
- The tentative decision is evaluated for more possible consequences



## Decision-making techniques

Decision-making techniques can be separated into two broad categories: group decision-making techniques and individual decision-making techniques. Individual decision-making techniques can also often be applied by a group.



Consensus decision-making tries to avoid "winners" and "losers". Consensus requires that a majority approve a given course of action, but that the minority agree to go along with the course of action. In other words, if the minority opposes the course of action, consensus requires that the course of action be modified to remove objectionable features.

### Voting-based methods:

Majority requires support from more than 50% of the members of the group. Thus, the bar for action is lower than with consensus.

Plurality, where the largest block in a group decides, even if it falls short of a majority.



## 7 Steps of the Decision-Making Process

Identify the decision.

Gather relevant info.

Identify the alternatives.

Weigh the evidence.

Choose among the alternatives.

Take action.

Review your decision.



- Forecasting future demand requires relevant information gathered at the right time.
- There are several techniques used for demand forecasting. These can be divided into **qualitative and quantitative techniques**.
- Qualitative techniques include **expert opinion, surveys and market experiments** while quantitative techniques are **time series analysis and barometric method**.
- **Expert Opinion** :The expert opinion method, also known as expert consensus method, is being widely used for demand forecasting.
- This method utilizes the findings of market research and the opinions of management executives, consultants, and trade association officials, trade journal editors and sector analysts.
- When done by an expert, qualitative techniques provide reasonably good forecasts for a short term because of the expert's familiarity with the issues and the problems involved.
- There are various methods of confirming the opinion regarding future demand by experts. One of these methods is the Delphi



- **Delphi method:** In the Delphi method, the opinion of number of experts is gathered individually.
- An analyst combines these forecasts using same weighting system and passes on the combined forecast to the forecasters.
- The forecasters make a new round of forecasts with this information. The process continues till an overall consensus is arrived at from all the panel members.
- The Delphi method is primarily used to forecast the demand for new products. Though it provides valuable insights, it is rather expensive as the experts may charge a high fee for their opinion.



- **Survey**: Information can also be collected through surveys. Surveys can be carried out through mail, e-mail, telephone or by directly speaking to respondents.
- Survey by-mail and phone survey are conducted for prospective customers who are not using a particular product or service of a company.
- A firm can determine the demand for its products through a market survey. It may launch new products, if the survey indicates that there is a demand for that particular product in the market.
- For example, Coke in India expanded its product range beyond carbonated drinks, after the company conducted a nationwide survey. The survey revealed that about 80% of the youth preferred to drink tea or coffee rather than carbonated drinks at regular intervals. The remaining 20% preferred to have milk products, while only 2% preferred to drink carbonated drinks like Coke.
- The survey results helped Coke to expand its product range. Coke introduced coffee and tea in the



- **Market Experiment**

- One major problem with the survey method is that people may not reveal their true likes and dislikes while giving responses.
- Responses to direct questions may not always be correct. Market experiments can help to overcome these problems as they generate data before introducing a product or implementing a policy.
- Market experiments are of two types: 1. Test Marketing , & 2. Controlled Experiments.



- **Test marketing** : In this case, a test area is selected, which should be a representative of the whole market in which the new product is to be launched.
- A test area may include several cities and towns, or a particular region of a country or even a sample of consumers.
- By introducing the new product in the test area consumers' response about the product can be judged. More than one test area can be selected if the firm wants to assess the effects on demand due to various alternative marketing mix i.e. changes in price, advertising or packaging can be done in various market areas.
- Then the demand for the product can be compared at different levels of price and advertising expenditure. In this way, consumer's response to change in price or advertising can be judged.



- Some of the drawbacks of test experiments are that they are very costly and much time consuming. If in a test market prices are raised, consumers may switch to the competitor's products. It may be difficult to regain lost customers even if the price is reduced to the previous level.
- **Controlled experiments**: Controlled experiments are conducted to test the demand for a new product launched or to test the demands for various brands of a product.
- In this method, a sample of consumers which are representative of the target market are selected. They are requested to visit the store of that firm where various varieties or brands of the product are kept for sale.

# Quantitative techniques

- **Time Series Analysis**: The time series analysis is one of the most common quantitative method used to predict the future demand for a product.
- Here, the past sales and demand are taken into consideration. The time series analysis is divided into four categories - **trends, seasonal variations, cyclical variations and random fluctuations**.
- **In trend analysis**, past data is used to predict the future sales of a firm. A trend is a long term increase or decrease in the variable.
- **Seasonal variations** take into account the variations in demand during different seasons. For example, the sale of the cotton dresses increases in summer, while the sale of woolen clothes increases in winter.



- **Cyclical variations** are the variations in demand due to fluctuations in the business cycle - boom, recession and depression.
- **Random fluctuations** may happen due to natural calamities like flood, earthquake, etc. which cannot be predicted accurately.
- There are two types of time-series analysis - moving average and exponential smoothing.
- The moving average is a series of arithmetic averages and can be divided into simple moving average and weighted moving average. For example, to predict sales for the next period using a simple moving average.
- On the other hand, exponential smoothing works on a premise that the most recent occurrences are more indicative of the future than the past ones.



- **Barometric Analysis**: Barometric analysis or forecasting can be defined as "the prediction of turning points in one economic time series through the use of observations on another time series called the barometer or the indicator."
- In barometric analysis, the economic time series are divided into three groups - **leading indicators, coincident indicators and lagging indicators.**
- **Leading indicators** contain data that move ahead of the series in question. The growing number of senior citizens is a leading series for the demand for home for the aged. Leading indicators index includes such things as average weekly hours worked and claims for unemployment insurance, manufacturers' new orders, stock prices, orders for plant and equipment, index of consumer expectations etc.,



- **Coincident Indicators** use data that move up and down corresponding to some other series - for example, the relationship between national income and employment (in the short term).
- Components of an Index of Coincident indicators are employees on non agricultural payrolls, industrial production, personal income minus transfer payments, manufacturing and trade sales.
- **Lagging indicators** move behind the series in question - for example, manufacturer's inventory is a lagging series for sales.
- The lagging indicator composite includes changes in labor costs per unit, ratio of inventory to sales, and figures on instalment credit and loans, among other items.

The logo of DACC (Durgam Cheruvu Area Community Centre) is located in the top left corner. It features a shield-shaped emblem with a red triangle on the left, a blue triangle on the right, and a white triangle at the top. Below the shield, the text "DURGAM CHERUVU AREA COMMUNITY CENTRE" is written in a small font. The acronym "DACC" is prominently displayed in large, bold, blue letters above the shield.

DACC

A decorative blue wave graphic spans the top of the page, transitioning from a light blue to a darker blue. It is composed of several overlapping, curved lines that create a sense of movement and depth.

## UNIT-3

### Management at Work : The process of organizing and staffing



**Harold Koontz**

"Staffing means filling and keeping filled, positions in the organisation structure."



## Nature of Staffing

- Staffing is an important managerial function.
- Staffing is a pervasive activity.
- Staffing is a continuous activity.
- The basis of staffing function is efficient management of personnel.
- Staffing helps in placing right men at the right job.
- Staffing is performed by all managers .

# Types of Recruitment

1. Internal Recruitment- is a recruitment which takes place within the concern or organization. Internal sources of recruitment are readily available to an organization.
  - a) Transfers
  - b) Promotions
  - c) Re-employment of ex-employees



## Continued..

2. External Recruitment- External sources of recruitment have to be solicited from outside the organization. But it involves lot of time and money.
  - a)Employment at factory level
  - b)Advertisement
  - c)Employment exchanges
  - d) Employment agencies
  - e)Educational Institutions
  - f)Recommendations
  - g)Labor contractors



# Employee Selection Process

Employee Selection is the process of putting right men on right job. It is a procedure of matching organizational requirements with the skills and qualifications of people.



# Different Process



Interviews



Tests



Assessment Centers

# Interviews

- Every manager hired or promoted by a company is interviewed by one or more people.
- Techniques used to improve the interviewing process-
  - Interviewer-What to look for?
  - Should be prepared to ask the right questions
  - Conducting multiple interviews
  - Just one aspect of selection



# Tests

- Primary aim of testing is to obtain data about applicants that help predict their probable success as managers.
- Some of the commonly used tests-
  - ✓ Intelligence tests
  - ✓ Proficiency and aptitude tests
  - ✓ Vocational tests
  - ✓ Personality tests





# Assessment Centers

- A technique for selecting and promoting managers.
- The usual center approach is to have candidates take part in a series of exercises.
- During this period, they are observed and assessed by psychologists or experienced managers.
- A typical assessment center-
  - a) Various psychological tests
  - b) Management games
  - c) “In-basket” exercises

# Difference between Recruitment and Selection

## Recruitment

It is an activity of establishing contact between employers and applicants.

It encourages large number of Candidates for a job.

The candidates have not to cross over many hurdles.

It is a positive approach.

It proceeds selection.

## Selection

It is a process of picking up more competent and suitable employees.

It attempts at rejecting unsuitable candidates.

Many hurdles have to be crossed.

It is a negative approach.

It follows recruitment.

The logo of DACC (Durgam Cheruvu Area Community Centre) is located in the top left corner. It features a shield-shaped emblem with a red triangle on the left, a blue triangle on the right, and a white triangle at the top. Inside the shield, there is a stylized figure of a person with arms raised. Below the shield, the text "DURGAM CHERUVU AREA COMMUNITY CENTRE" is written in a small font. The letters "DACC" are prominently displayed in a large, bold, blue font above the shield.

DACC

# UNIT-4

## Result orientation :Direction And Team Work



# DIRECTING

## Meaning and concept of Directing :

Directing is an important element of management without which nothing in the managerial process can achieve success. Direction is the very essence of management. Infact, it is the sum total of all managerial efforts to see the organisation marching towards its defined goals.

The managerial function of directing is like the activities of a teacher in a classroom. In order to teach, a teacher has to guide his students, maintain discipline, inspire them and lead them to the desired goal. It is a very important function in the management of any enterprise. It helps the managers in ensuring quality performance of jobs by the employees and achievement of organisational goals. It involves supervision, communication and providing leadership to the subordinates and motivating them to contribute to their best of capability. In this lesson we shall learn about this function in detail.

While managing an enterprise, managers have to get things done through people. In order to be able to do so, they have to undertake many activities, like guide the people who work under them, inspire and lead them to achieve common objectives. An office manager, for instance, has to supervise the activities of his subordinates, i.e., typists, office assistants, dispatchers, accounts clerks, etc. He has to issue instructions to them and describe and illustrate the work and related activities. He has to tell them what to do, and how to do it. The office manager can plan, organise and appoint people, but he can not get things done, unless he assigns specific duties to his subordinates and motivates them to perform well. All these activities of a manager constitute the directing function.

## Definition of Directing :

- **According to S.S Chatterjee**, “Direction is the sum total of managerial efforts that is applied for guiding and inspiring the working teams to make better accomplishments in the organisation.”
- **According to Dale Opines**, “Direction is telling people what to do and seeing that they do it to the best of their ability. It includes making assignments, explaining procedures, seeing that mistakes are corrected, providing on the job instruction and of course issuing orders.”

Thus, directing is concerned with instructing, guiding, supervising and inspiring people in the organisation to achieve its objectives. It is the process of telling people what to do and seeing that they do it in the best possible manner. **The directing function thus, involves:**

- Telling people what is to be done and explaining to them how to do it.
- Issuing instructions and orders to subordinates to carryout their assignments as scheduled.
- Supervising their activities.
- Inspiring them to meet the managers expectation and contribute towards the achievement of organisational objectives.

## Features of Directing :

They are explained as follows :

### i) **Directing Initiates Action:**

Other functions prepare a base or setting of action, i. e., how action has to be carried on the directing initiate or start action. By giving directions or instructions the managers get the work started in the organisation.

### ii) **Directing takes place at every level:**

Directing is a pervasive function as it is performed by managers at all levels and in all locations. Every manager has to supervise, guide, motivate and communicate with his subordinate to get things done. However, the time spent in directing is comparatively more at operational level of management. Directing takes place wherever superior subordinate relation exists.

### iii) **Directing flows From Top to Bottom:**

Directions are given by managers to their subordinates. Every manager can direct his immediate subordinate and take directions from immediate boss. Directing starts from top level and flows to lower level.



#### **iv) Performance Oriented:**

Directing is a performance oriented function. The main motive of directing is bringing efficiency in performance. Directing converts plans into performance. Performance is the essence of directing. Directing functions direct the performance of individuals towards achievement of organisational goal.

#### **v) Human Element:**

Directing function involves study and molding of human behaviour. It improves interpersonal and intergroup relationship. It motivates employees to work with their best ability.

### **Importance of Directing :**

Plans remain mere plans unless they are put into action. In the absence of direction, subordinates will have no idea as to what to do. They will probably not be inspired to complete the job satisfactorily. Implementation of plans is, thus, largely the concern of directing function. As a function of management, directing is useful in many ways. They are as follows :

- i) It guides and helps the subordinates to complete the given task properly and as per schedule.
- ii) It provides the necessary motivation to subordinates to complete the work satisfactorily and strive to do them best.
- iii) It helps in maintaining discipline and rewarding those who do well.
- iv) Directing involves supervision, which is essential to make sure that work is performed according to the orders and instructions.
- v) Different people perform different activities in the organisation. All the activities are interrelated. In order to co-ordinate the activities carried out in different parts and to ensure that they are performed well, directing is important. It thus, helps to integrate the various activities and so also the individual goals with organisational goals.
- vi) Directing involves leadership that essentially helps in creating appropriate work environment and build up team spirit.



## Principles of Direction :

They are explained as follows :

### **i) Principle of Maximum Individual Contribution:**

According to this principle, management should adopt that directing policy through which the employees get motivated and give their maximum individual contribution for the achievement of organisational objective.

### **ii) Principle of Harmony of Objectives:**

According to this principle, there must be full coordination between organisational and individual objectives. Employees work in an organisation with an objective to get better remuneration, promotion, etc. On the other hand, organisational goal can be to earn more profits and to increase market share.

Sometimes it is seen that there is a conflict between the objectives of both the parties, e.g., organisation wants that it should get a major share of profit whereas employees perceives that as they work directly on the job, so more profit must be shared among them in the form of bonus. Management here must establish coordination between the objectives of both the parties/factors by adopting suitable method of direction.



### **iii) Principle of Unity of Command:**

According to this principle, a subordinate should get directions from one officer at a time. If the subordinate gets directions from more than one officer, the subordinate will be unable to priorities his work. As a result, situation of confusion, conflict and disarrangement is created. By following this principle, effective direction takes place.

### **iv) Principle of Appropriateness of Direction Technique:**

According to this principle, appropriate direction techniques should be used, e.g., to supervise effectively, to provide able leadership, to adopt free communication and to motivate through right medium.

### **v) Principle of Managerial Communication:**

According to this principle, it should be monitored by the management that the subordinates get the same meaning for what has been said. This simplifies the job of the subordinates and they need not go to the managers repeatedly for enquiring.

### **vi) Principle of Use of Informal Organisation:**

According to this principle, there must be a free flow of information between the seniors and the subordinates. The success of direction depends upon effective exchange of information to a great extent. Information should be given both through formal and informal mediums. Special attention should be given to the informal organisation. This strengthens the formal organisation.



### **vii) Principle of Leadership:**

According to this principle, while giving directions to the subordinates a good leadership must be provided by the managers. By this, subordinates get influenced by the managers. In this situation, subordinates act according to the wish of the managers.

### **vii) Principle of Follow Through:**

According to this principle, it must be monitored by management as to what extent the policies framed and issued directions have been enforced. Thus, it must be seen whether the employees are following the management or not.

If yes, then to what extent. As per this principle, the job of managers is not to sit idle after framing policies or issuing directions but to continuously take feedback. The advantage of this will be that if there is any problem in implementing a policy or a direction it can be removed then and there.



## **Components/Elements of Direction :**

The important components of direction are as follows :

### **i) Motivation:**

It is the process of inspiring and encouraging the people to do work. It is a skill of using the capability of manpower for the organization. It is a mental and physical presence of employee to do work. Effective motivation helps to raise the effective direction. Therefore, motivation is important aspect of direction.

### **ii) Leadership:**

It is another important aspect of direction. It is defined as the process of influencing people to perform work effectively. In other words, it influences the behavior of employees or subordinate. According to time, situation and behaviour of followers, a leader must conduct his followers. therefore, it is an important aspect of direction.



### **iii) Communication:**

Communication means transferring information from one person to another. In other words when the information is transmitted from one person to another and information receiver easily take the information, it is known as communication. It includes sending message and receiving message. After sending message receiver receives the message and understands it. Therefore message receiver responds and reacts about the message. In an organization manager must develop an effective communication system so that s/he may give instruction and guidance to the subordinates and motivate them to do the work to the best of their ability.

### **iv) Coordination:**

It is also an important aspect of direction. When the coordination activity is not conducted effectively. Direction is not effective. Coordination is the process of linking activity of resources and various departments so that desired goal can be achieved easily. It is inter-related with all managerial function.

### **v) Supervision:**

It is another important aspect of direction. Direction is not only to issue order but also supervising job of subordinates. It is an important function of every manager. So the manager's duty is to look after their work and examine that whether they have done according to the order issued or not and also help in solving their work problems.

## Definition of teamwork:

- Teamwork is the concept of people working together as a team for one specific purpose under the same value.

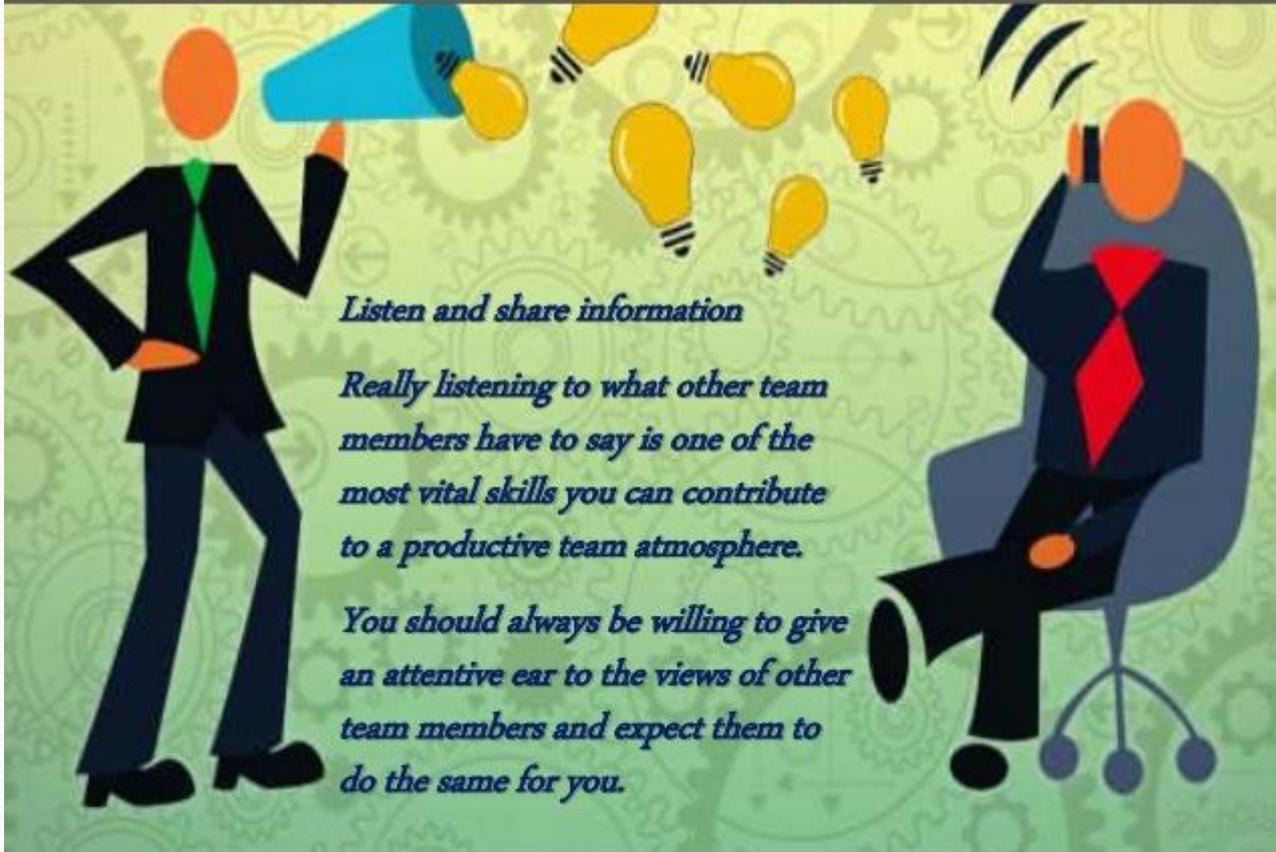


## Characteristics of Effective Team Members



- Team members are supportive to achieve the results.
- Team members avoid "winning" or looking good at the expense of others.
- Team members are open to the ideas of others.
- Team members share information and ideas.
- Team members support the contribution of others.

## **GUIDELINES FOR EFFECTIVE TEAM MEMBERSHIP**



*Listen and share information*

*Really listening to what other team members have to say is one of the most vital skills you can contribute to a productive team atmosphere.*

*You should always be willing to give an attentive ear to the views of other team members and expect them to do the same for you.*

## GUIDELINES FOR EFFECTIVE TEAM MEMBERSHIP



- Ask questions and get clarification.
- If an idea isn't clear to you, it is your responsibility to the team to ask questions until the matter is clarified.

## **FACTORS THAT CREATE CONFLICT:**

**Conflicts can be created because we are dealing with:**

- Peoples Lives
- Jobs
- Children,
- Pride
- Self-Confidence
- Ego
- Etc.



**Early stage of conflict can be recognized;**

## **BEGINNINGS OF CONFLICT:**

- **Poor communication**
- **Seeking power**
- **Dissatisfaction with management style**
- **Weak leadership**
- **Lack of openness**
- **Change in leadership**



## **INDICATORS OF CONFLICT**

- **Body language**
- **Disagreements, regardless of issue**
- **Withholding bad news**
- **Surprises**
- **Conflicts in value system**
- **Increasing lack of respect**
- **Lack of clear goals**



## DEALING WITH CONFLICT

- ❑ Conflict occurs when individuals or groups are not obtaining what they need or want and are seeking their own self-interest.
- ❑ Sometimes the individual is not aware of the need and unconsciously starts to act out.
- ❑ Other times, the individual is very aware of what he or she wants and actively works at achieving the goal.



## CONFLICT MANAGEMENT

**There are below techniques to manage conflicts:**

- Forcing
- Win – Win
- Compromising
- Withdrawing



# CONFLICT PREVENTION

**We can prevent the situation of conflict as follows:**

- Acknowledge the other person's concern
- Calmly discuss one another's concerns
- Give him/his a chance to speak





## INTRODUCTION

- **Dynamic=Force**
- **It refers to the forces operating in the group.**
- **Its concerned with dynamic interaction of individuals in face to face relationships.**
- **As a leader understanding the group dynamic is essential in order to both compose & guide the individuals within a group for the purpose of successfully & efficiently completing an assignment.**

## DEFINITION

- **It is the social process by which people interact face to face in small groups.**
- **A branch of social psychology which studies problems involving the structure of a group.**
- **It's an interaction that influence the attitudes & behavior of people when they are grouped with others through either choice or accidental circumstances.**

## OBJECTIVES

- **Identify & analyze the social processes that impact on group development & performance.**
- **Acquire the skills necessary to intervene & improve individual & group performance in an organizational context.**
- **Build more successful organization by applying techniques by that provides positive impact on goal achievement.**



Group dynamics deals with the attitudes and behavioral patterns of a group. It can be used as a means for problem-solving, teamwork, and to become more innovative and productive as an organization. The concept of group dynamics will also provide you with the strengths, success factors and measures along with other professional tools.



## Meaning and Definitions of Group Dynamics

The term 'group dynamics' means the study of **forces** within a group. Since human beings have an innate desire for belonging to a group, group dynamism is bound to occur. In an organization or in a society, we can see groups, small or large, working for the well-being.

The social process by which people interact with one another in small groups can be called group dynamism. A group has certain common objectives & goals. Because of which members are bound together with certain values and culture.



## **Importance of Group Dynamism**

Firstly, a group can influence the way the members think. The members are always influenced by the interactions of other members in the group. A group with a good leader performs better as compared to a group with a weak leader.

The group can give the effect of synergy, that is, if the group consists of positive thinkers then its output is more than double every time.

Group dynamism can furthermore give job satisfaction to the members.

The group can also infuse the team spirit among the members.

Even the attitude, insights & ideas of members depend on group dynamism. For example, negative thinkers convert to positive thinkers with the help of the facilitator.

Also, if the group works as a cohesive group, the cooperation and convergence can result in maximization of productivity

Furthermore, group dynamism can reduce labor unrest. Lastly, it reduces labor turnover due to emotional attachment among the group members.



## **Stages of Group Development**

The following are the five stages of group development

Forming

Storming

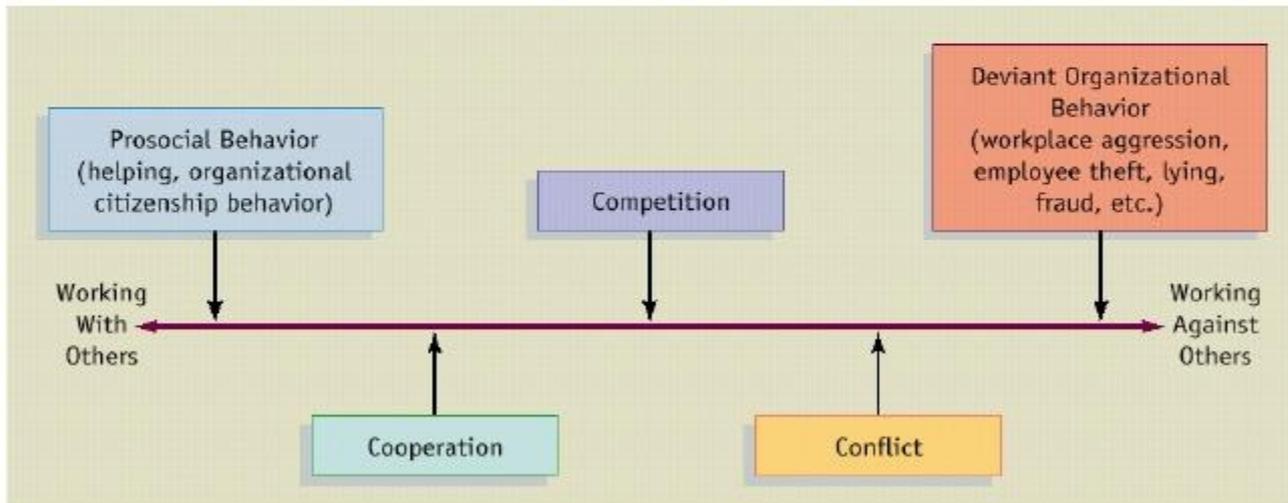
Norming

Performing

Adjourning

# Interpersonal Behavior

*A variety of behaviors involving the ways in which people work with and against one another*





# Psychological Contracts

---

- People's beliefs about what is expected of another in a relationship
- **Transactional Contract:** A type of psychological contract that is characterized by an exclusively economic focus, a brief time span, an unchanging nature, and is narrow and well defined in scope
- **Relational Contract:** A type of psychological contract in which the parties have a long-term and widely defined relationship with a vast focus



# Developing Trust

---

- ***How trust develops:***
  - Some people tend to be more trusting than others
  - People develop reputations for being trustworthy
- ***How to promote trust:***
  - Always meet deadlines
  - Follow through as promised
  - Spend time sharing personal values and goals



## Prosocial Behavior

---

- ***Prosocial behavior*** can be defined as acts that benefit others in organizations
- ***Organizational Citizenship Behavior (OCB)*** can be defined as acts that exceed the formal requirements of one's job
- ***Whistle-blowing*** is the disclosure by employees of illegal, immoral, or illegitimate practices by employers to people or organizations able to effect action