



PRINCIPLES OF MANAGEMENT

(FYBBA & FYBBA(CA))

(2019 PATTERN)

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BALEWADI, PUNE - 45

Unit – 1

Nature of Management

MEANING OF MANAGEMENT

Management is a problem solving process of effectively achieving organizational objectives by effective utilization use of scarce resources in a changing environment.

Management is thus the process of planning, organising, staffing, directing and controlling human efforts to achieve organizational objectives effectively.

DEFINITION OF MANAGEMENT

“Management is the process of designing & maintaining an environment in which individuals, working together in group, efficiently accomplish selected goals.”

Koontz and Weihrich

“Management is the art of knowing what you want to do and then seeing that it is done in the best and cheapest way.”

F.W. Taylor

CONTD >>>>>>>>

- **As managers, people carry out the managerial functions of planning, organizing, staffing, leading, & controlling.**
- **Management applies to any kind of organization.**
- **It applies to managers at all organizational levels.**
- **The aim of all managers is the same to create a surplus.**
- **Managing is concerned with productivity, this implies effectiveness & efficiency.**

NATURE OF MANAGEMENT

Multidisciplinary

Dynamic in Nature

Relative, not Absolute Principle

Management – Science or Art

Management as Profession

Universality of management

IMPORTANCE OF MANAGEMENT

Optimum and profitable utilization of resources

Effective leadership and motivation

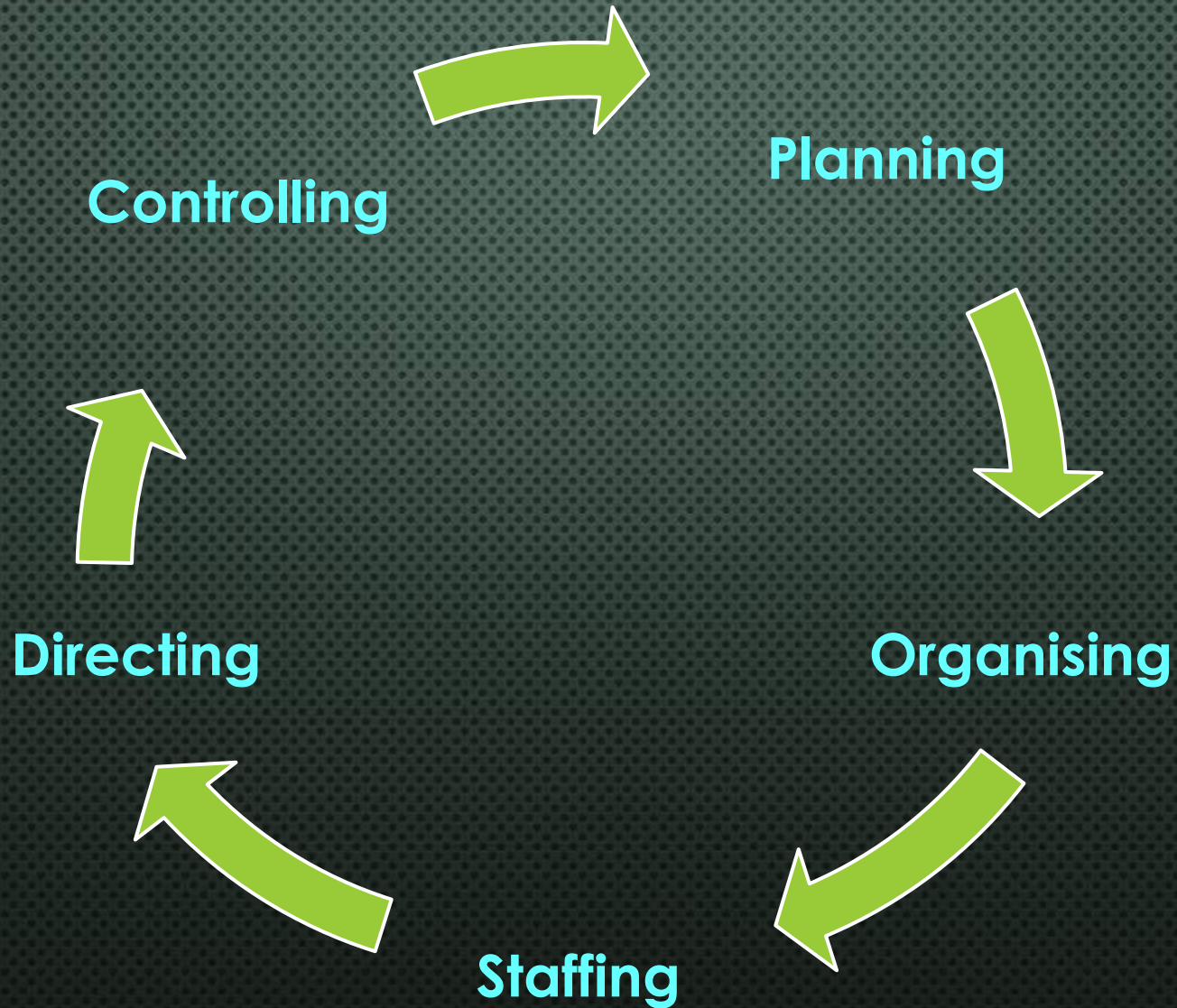
Establishing sound industrial relations

Achievement of goals and objectives

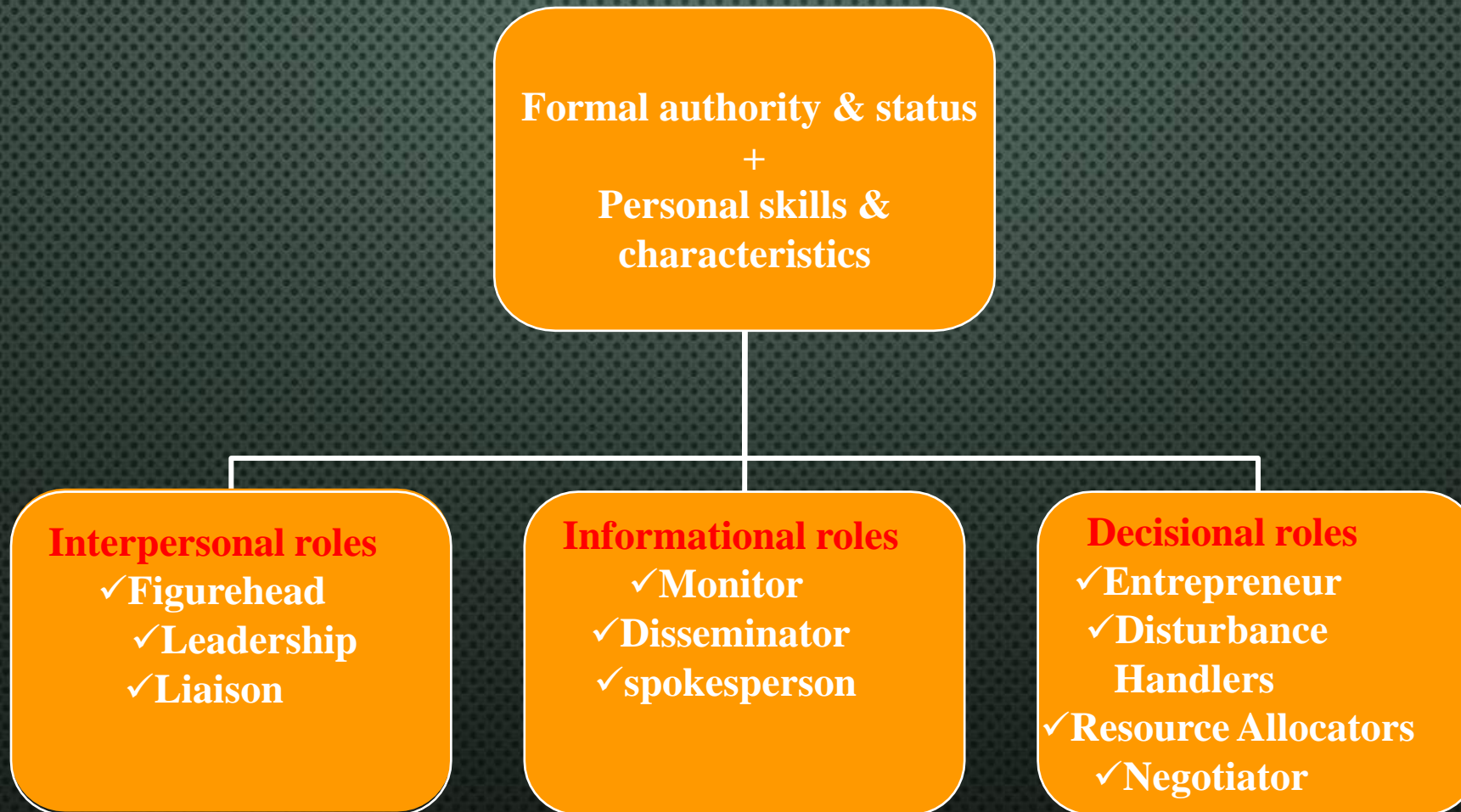
Change and growth

Improves standard of living

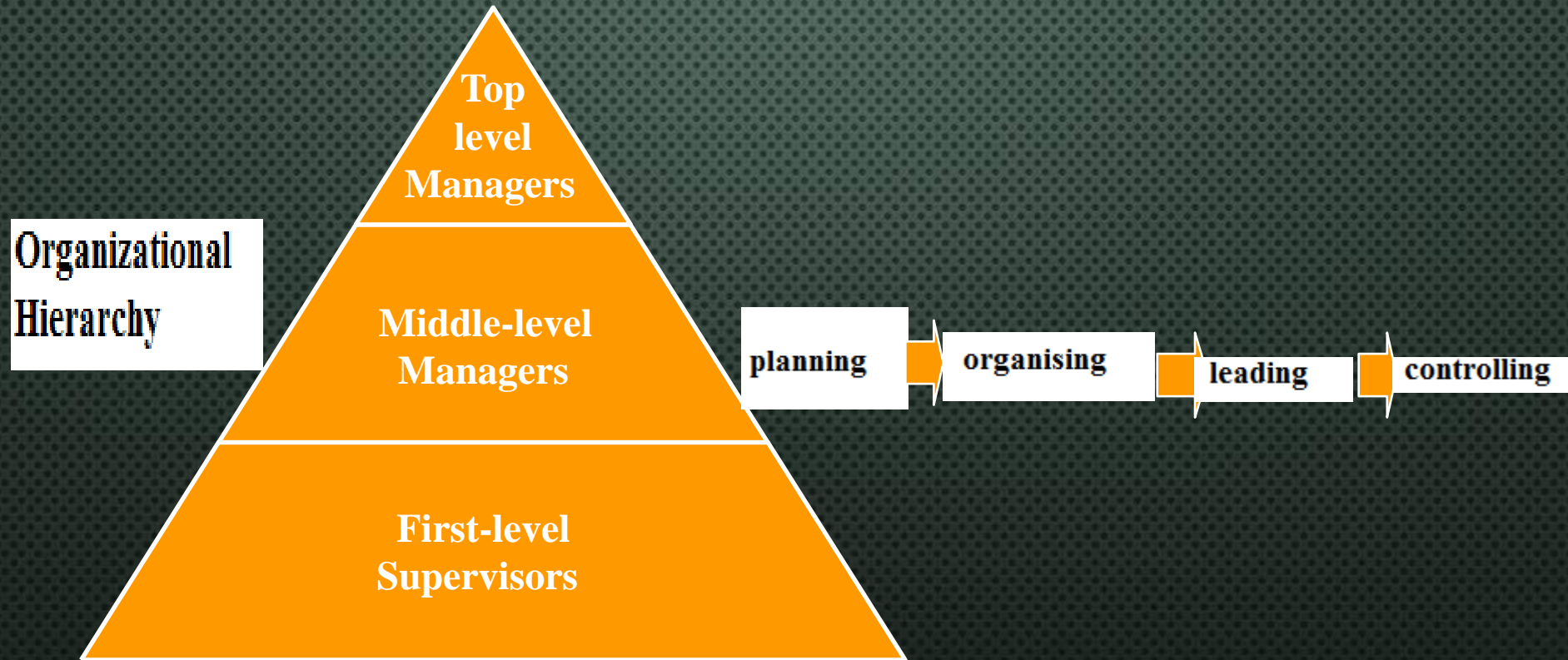
FUNCTIONS OF MANAGEMENT



ROLE OF MANAGEMENT/ROLE OF MANAGERS



MANAGERIAL FUNCTIONS AS AT DIFFERENT ORGANIZATIONAL LEVELS .



FUNCTIONS OF TOP MANAGEMENT :

- **To analyze, evaluate & deal with the external environmental forces**
- **To establish overall long-term goals strategy & policies of the company including the master budget to allocate resources.**
- **To create an organizational framework consisting of authority responsibility relationships.**
- **To appoint departmental & other key executives.**
- **To provide overall leadership to the company.**

CONTD >>>>>>>

- **To represent the company to the outside world, e.g. ; trade associations, government, trade unions, etc.**
- **To exercise overall review & control on the company's operations.**
- **To coordinate the activities & efforts of different departments.**

FUNCTIONS OF MIDDLE MANAGEMENT :

- **To interpret & explain the policies framed by top management .**
- **To compile & issue detailed instructions regarding operations.**
- **To maintain close contacts with operating results so as to evaluate performance.**
- **To participate in operating decisions**
- **To cooperate among themselves so as to integrate or coordinate various parts of a division or a department**

FUNCTIONS OF SUPERVISORY MANAGEMENT :

- **To plan day-to-day production within the goals laid down by higher authorities.**
- **To assign jobs to workers to make arrangements for their training & development.**
- **To supervise & control workers & maintain personal contact with charge hands.**
- **To arrange materials & tools & to maintain machinery.**
- **To advise & assist workers by explaining work procedures, solving their problems, etc**

MANAGEMENT AS AN ART, SCIENCE AND PROFESSION

(A) MANAGEMENT AS AN ART

- TO UNDERSTAND MANAGEMENT AS AN ART FORM, WE SHOULD FIRST UNDERSTAND THE MEANING OF ART. ART IS DEFINED AS THE ABILITY TO USE INFORMATION AND SKILLS TO GET THE DESIRED RESULTS. ARTISTS HAVE THE ABILITY TO COME UP WITH UNIQUE SOLUTIONS AND ART FORMS FOR COMPLICATED PROBLEMS.
- THE ANALOGY STANDS UPRIGHT IN MANAGEMENT AS MANAGERS COME UP WITH UNIQUE AND CREATIVE SOLUTIONS TO BUSINESS CHALLENGES. THERE ARE NO PREDEFINED SOLUTIONS TO BUSINESS PROBLEMS, AND USING HUNDREDS OF WAYS TO BUILD NEW PROCESSES IS A NORMAL PART OF MANAGEMENT.

COMPARISON OF ARTS AND MANAGEMENT

Practical Knowledge

Need of Practice of Experience

Element of Creativity

Results Oriented

Personalised Skills

Qualities & Qualification

(B) MANAGEMENT AS A SCIENCE

- **SCIENCE IS AN ORGANIZED COLLECTION OF KNOWLEDGE THAT HAS AN EXPLANATION ON THE BASIS OF FACTS FOR EVERY PHENOMENON. THE CONCEPTS AND HYPOTHESES OF SCIENCE ARE ALL DEFINED WITH PRINCIPLES, AND A SIMILAR THING IS PRACTICED IN MANAGEMENT.**
- **LIKE ART, MANAGEMENT ALSO SHARES KEY FACTORS WITH SCIENCE, WHICH CAN QUICKLY HELP US TERM MANAGEMENT AS A SCIENCE.**

COMPARISON OF MANAGEMENT AND SCIENCE

Systematic body of Knowledge

Impersonal results

Clarity of concepts

Critically tested Knowledge

Universal applicability

Cause & Effect relationship

(C) MANAGEMENT AS A PROFESSION

- A PROFESSION IS A FORM OF OCCUPATION IN WHICH A PERSON RENDERS HIS/HER SERVICES AFTER ACQUIRING EXPERTISE IN A PARTICULAR DOMAIN. THE PROFESSIONAL IS REMUNERATED BY THE COMPANY FOR WHICH HE/SHE RENDERS THE SERVICES.
- THE PROFESSION INVOLVES A CONTRACT BETWEEN A COMPANY AND THE PROFESSIONAL FOR A SPECIFIC PERIOD, AND THE ENTRY FACTORS FOR THE ROLE ARE LIMITED BY VARIOUS FACTORS.

COMPARISON OF MANAGEMENT AND PROFESSION

Well defined body of Knowledge

Restricted Entries

Presence of professional associations

Existence of ethical Codes

Service Motives

UNIVERSALITY OF MANAGEMENT

- **MANAGEMENT PROCESS IS UNIVERSAL**
- **MANAGEMENT KNOWLEDGE IS UNIVERSAL**
- **MANAGEMENT KNOWLEDGE IS TRANSFERRABLE**
- **MANAGEMENT IS APPLICABLE TO ALL THE LEVELS OF ORGANIZATION**
- **MANAGERS CAN BE DEVELOPED**
- **MANAGEMENT PRINCIPLES & FUNCTIONS ARE APPLIED DIFFERENTLY**

CONCEPT OF MANAGEMENT, ORGANISATION & ADMINISTRATION

MANAGEMENT

- **MANAGEMENT IS A DISTINCT PROCESS CONSISTING OF PLANNING, ORGANIZING, STAFFING AND CONTROLLING, PERFORMED TO DETERMINE AND ACCOMPLISH STATED OBJECTIVES BY THE USE OF HUMAN BEINGS AND OTHER RESOURCES.**

FEATURES OF MANAGEMENT

- **Organized activities**
- **Existence of objectives**
- **Relationship among resources**
- **Working with & Through people**
- **Decision- Making**

ORGANIZATIONS

“Organizations which can be defined as group of people working together to create a surplus.”

- **In business organizations, this surplus is profit.**
- **In non profit organizations, such as charitable organizations, it may be the satisfaction of needs.**

ADMINISTRATION

- ADMINISTRATION MEANS OVERALL DETERMINATION OF POLICIES, SETTING OF MAJOR OBJECTIVES, THE IDENTIFICATION OF GENERAL PURPOSES AND LAYING DOWN OF BROAD PROGRAMMES AND PROJECTS”. IT REFERS TO THE ACTIVITIES OF HIGHER LEVEL. IT LAYS DOWN BASIC PRINCIPLES OF THE ENTERPRISE.
- ACCORDING TO NEWMAN, “ADMINISTRATION MEANS GUIDANCE, LEADERSHIP & CONTROL OF THE EFFORTS OF THE GROUPS TOWARDS SOME COMMON GOALS”.

MANAGEMENT & ADMINISTRATION :

- **Administration is above management**
- **Administration is part of management**
- **Management & administration are same**

ADMINISTRATION IS ABOVE MANAGEMENT :

- “administration is that phase of business enterprise that concerns itself with the over all determination of institutional objectives & the policies necessary to be followed in achieving those objectives.”
- “Management on the other hand, is an executive function which is primarily concerned with carrying out broad policies laid down by the administration.”

ADMINISTRATION IS A PART OF MANAGEMENT :

- **Management is a generic name for the total process of executive control in industry or commerce.**
- **It is a social process entailing responsibility for the executive & economic planning & regulation of the operation of an enterprise, in the fulfillment of a given purpose or task.**
- **Administration is that part of management which is concerned with the installation & carrying out the procedures by which it is laid down & communicated, & the process of activities regulated & checked against plans.**

MANAGEMENT & ADMINISTRATION ARE SAME

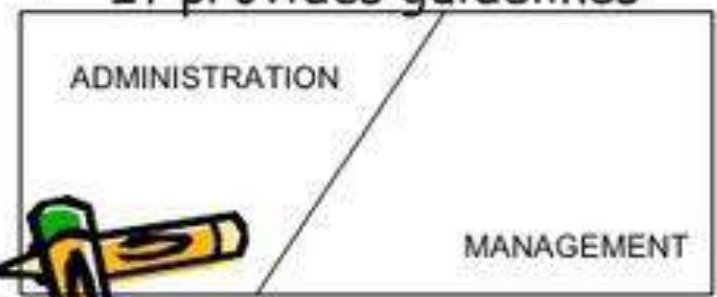
- **Management & administration are synonymous; the difference between the two terms lies mostly in their usage in different countries or different fields of human organizations.**
- **The distinction between the two terms may be drawn by analyzing the origin of the word “administration”.**
- **The government often uses the word administrator, instead of manager, to handle & manage its affairs**

Administration vs. Management



Administration

- It is the process of determining the objectives
- It lays down the policies and principles
- It prepares the framework
- It provides direction, guidance and leadership
- It provides guidelines



Management

- It is the process of planning the work
- It executes the policies and programmes
- It supervises and controls
- It coordinates activities
- It derives strength from administration

BOD
CEO
GM
EXECUTIVE & MNGR's
SUPERVISOR

DIFFERENCE BETWEEN MANAGEMENT, ADMINISTRATION AND ORGANIZATION



Basis of difference	Management	Administration	Organization
1. Scope	It is wide up to formulation of policies.	It is much wide. The total development of the business is dependent upon it.	In comparison to management and administration, its area is narrow. MPBoardSolutions.com
2. Policy	It implements policies.	It prepares policies.	It forms group of people for the formulation of policies.
3. Effected by whom	Management is effected by human force.	Administration is effected by external factors.	It is a helping element. So, it is effected by management.
4. Responsibility	It undertakes the responsibility of management of business.	It undertakes the responsibility of giving basic policies and capital to the business.	It undertakes the responsibility of making coordination among management and administration.
5. Role	It is the soul of institution.	It is the brain of institution.	It is the body of the institution.

Unit – 2

Evolution of Management Thoughts

INTRODUCTION

The schools of management thought are theoretical frameworks for the study of management. Each of the schools of management thought are based on somewhat different assumptions about human beings and the organizations for which they work.

Since the formal study of management began late in the 19th century, the study of management has progressed through several stages as scholars and practitioners working in different eras focused on what they believed to be important aspects of good management practice.

Over time, management thinkers have sought ways to organize and classify the voluminous information about management that has been collected and disseminated. These attempts at classification have resulted in the identification of management schools.

CONCEPT OF MANAGEMENT THOUGHTS

Management Thought is the gathering knowledge about the origin of management, Thinking proper and foundation of management research of different authors about the basic concepts of management.

Henny Fayol, “To manage is to forecast and plan, to organize, to command, to co-ordinate and to control.”

CONTRIBUTION OF TAYLOR, MAYO, FAYOL AND DRUCKER

(A) CONTRIBUTION OF F.W.TAYLOR

Frederick W. Taylor (1856-1915)

- Frederick Winslow Taylor (20 March 1856-21 March 1915), widely known as F. W. Taylor, was an American mechanical engineer who sought to improve industrial efficiency.
- He is regarded as the father of scientific management, and was one of the first management consultants.
- One of the first people to study the behavior and performance of people at work.
- became a consultant and taught other managers how to apply his scientific management techniques
- believed that by increasing specialization and the division of labor, the production process will be more efficient.



SCIENTIFIC MANAGEMENT

- It is the art of knowing what exactly you want from your men to do & then seeing that it is done in best possible manner.
- In simple words it is just an application of science to management.
- The systematic study of relationships between people and tasks for the purpose of redesigning the work process to increase efficiency.

MANAGEMENT THEORY BY TAYLOR

- Analyzing the work – One best way to do it.
- He is remembered for developing time and motion study.
- He would break a job into parts and measure each of 100th of a minute.
- The efforts of his disciples (most notably H. L. Gantt) made the industry to implement these ideas.

Taylor's view about management.

- Taylor believed that the industrial management of his day was amateurish, that management could be formulated as an academic discipline.
- Best results would come from the partnership between trained and qualified management and a cooperative and innovative workforce.
- Each side needed the other and there is no need for trade unions.

Scientific Management can be described in two different dimensions :

(I) Elements of Scientific Management

(II) Principles of Scientific Management

(I) Elements of Scientific Management

1. Separation of Planning and doing

2. Job Analysis – Time, Motion, Method Study

3. Fatigue study and rest study

4. Differential Wage System

5. Standardisation

6. Scientific Selection and Training of Workers

7. Mental Revolution

8. Financial Incentives

9. Economy

(II) Principles of Scientific Management

1. Replacing rule of thumb with science

2. Principles of Work

3. Harmony in group action, not discord

4. Co-operation and not individualism

5. Maximum Output, not restricted output

6. Development of Workers

i. Large Daily Task

ii. Standard Condition

iii. High pay for Success

iv. Loss in case of Failure

Taylor's Contribution : Summary

- Proved the applicability of scientific methods to all the industries.
- First one to advise management that duty to advise workers was expected from them and also to specify the way in which the task is to be performed.
- Mutual revolution on the part of employees as well as company.
- Studied the work systematically and introduced the concept of 'Time and Motion Study'.
- Focused on the need to separate the planning of work from its execution.
- Suggested managers to design the work system.

Cont...

- He was the first one to introduced the concept of Functional Specialist.
- He believed in maximum output.
- Every worker should be specialist in his job.
- Focused on need of scientific selection, training and development of workers.
- Focused on standardization of methods, tools, time, material etc.
- Promoted better utilization of resources.
- Encouraged the right person for right job.

(B) CONTRIBUTION OF HENRY FAYOL

Henry Fayol (1841 - 1925)

- Fayol was born in July, 1841 in a suburb of Istanbul, Turkey, where his father, an engineer, was appointed superintendent of works to build a bridge over the Golden Horn (Galata Bridge). They returned to France in 1847, where Fayol studied at the mining school "École Nationale Supérieure des Mines" in Saint-Étienne.
- When 19 years old he started as an engineer at a mining company "Compagnie de Commentry-Fourchambeau-Decazeville" in Commentry. By 1900 the company was one of the largest producers of iron and steel in France and was regarded as a vital industry.
- Fayol became managing director in 1888, when the mine company employed over 1,000 people, and held that position over 30 years until 1918.
- In 1916 he published his experience in the book "Administration Industrielle et Générale", at about the same time as Frederick Winslow Taylor published his Principles of Scientific Management.



ADMINISTRATIVE MANAGEMENT

- **Administrative Management** is the process of **managing** information through people. This usually involves performing the storage and distribution of information to those within an organisation. A large number of roles within business require some element of **administrative management**.

BIG CONTRIBUTIONS OF HENRI FAYOL

- He was the First management thinker who provided the conceptual framework of the function of management in his book.
- Due to his contribution to management theory & principles he was rightly treated as the “FATHER OF MODERN MANAGEMENT THEORY”.
- He wanted the formal education of management in schools & colleges.
- Provided a link between strategies and organisational theories.

Administrative Management can be described in four parts as under :

(I) Classification of Business Activities

(II) Managerial Qualities

(III) General Principles of Management

(IV) Elements of Management

(I) Classification of Business Activities

1. Technical Activities

2. Commercial Activities

3. Financial Activities

4. Accounting Activities

5. Managerial Activities

6. Security Activities

(II) Managerial Qualities

1. Physical Qualities

2. Mental Qualities

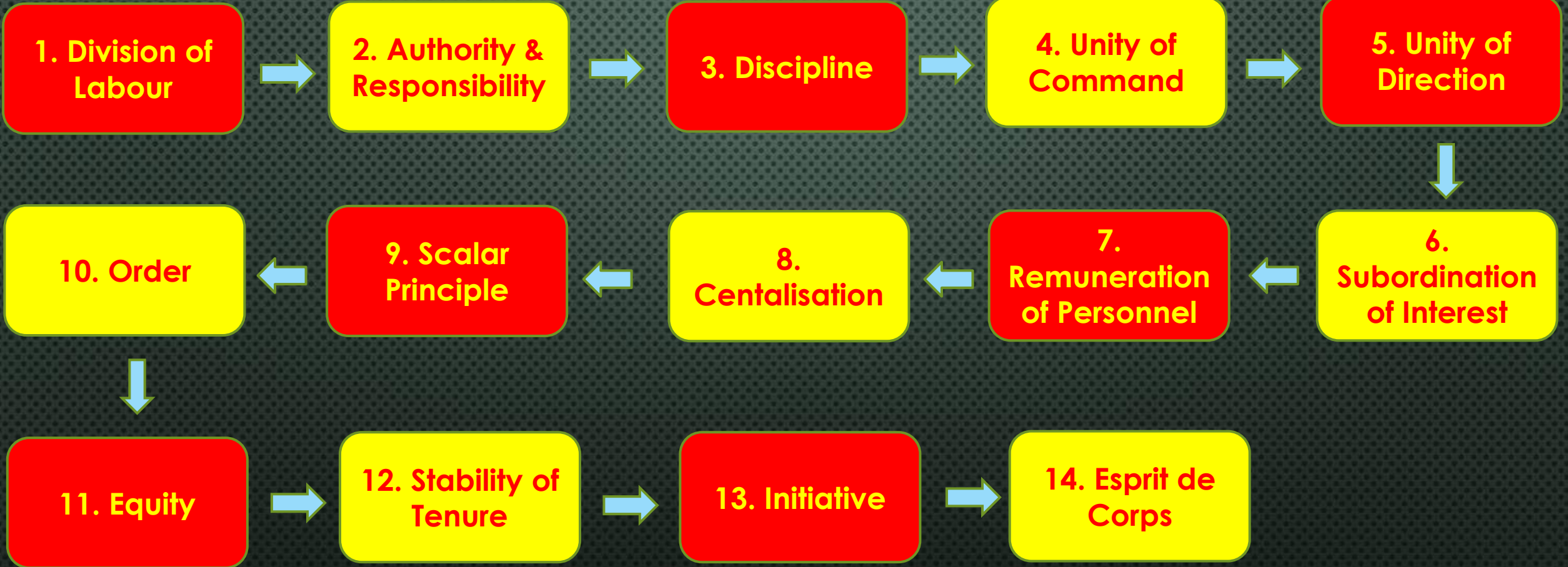
3. Moral Qualities

4. Educational Qualities

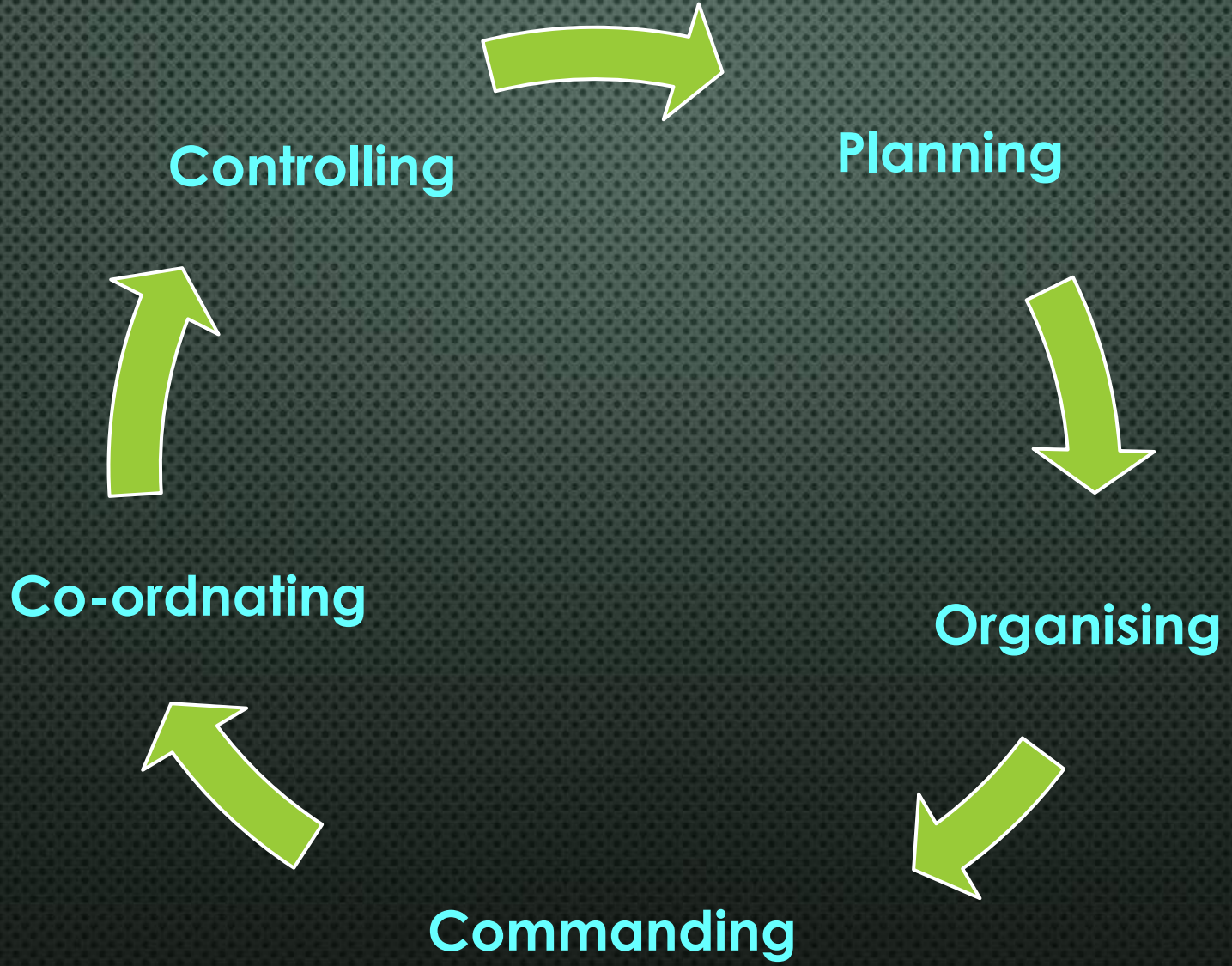
5. Technical Qualities

6. Experience Qualities

(III) General Principles of Management



(IV) Elements of Management



TAYLOR (SCIENTIFIC APPROACH) VS FAYOL (ADMINISTRATIVE APPROACH)

S. No.	Scientific Management School	Administrative Theory School
1	Focus on jobs of individual workers	Focus on total organization
2	Concerned with issues of efficiency improving of individual jobs	Concerned with functions performed by the managers, coordinating the resources of the organization
3	Concentrates on worker level	Concentrates on management from top to bottom
4	Requires technical skill	Requires conceptual, managerial and human skill
5	Emphasis on technical aspects of production	Emphasis on the administrative aspect of organization
6	Increasing work through simplification of work, time and motion study	Improving overall administration by observing certain principles
7	Provided a major basis for accomplishments on the shop floor.	Produced systematic theory of management

(C) CONTRIBUTION OF PETER DRUCKER

PETER FERDINAND DRUCKER



(Nov 19,1909-Nov 11,2005)

- Born in Vienna,Austria
- Earned Doctorate in International Law in Germany
- Moved to U.S. and became citizen in 1943
- Popularly known as **“The Father of Modern Management”**
- Professor at New York University (1950-1971)
- Professor at Claremont Graduate University (1971-2005)
- Awarded presidential medal of freedom by G.W.Bush (2002)
- Writer, consultant, economist (**Author of 39 books and countless popular articles** about humans in business, government and non profit world)



Contribution of Peter Drucker to Management

1. Focus on Managers

2. Nature of Management

3. Decision – making Task

4. Organisation Structure

5. Federalism

6. Management by Objectives (MBO)

7. Insightful Quotations

Performance orientation

Min. Managerial level

Provision of training

Objectives

Participation

Integration

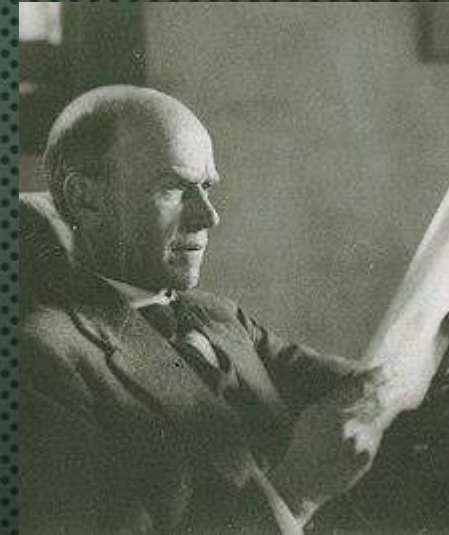
CONCLUSION

- Peter Drucker contributed to many fields of management.
- He has contributed to several management areas like Human Resource Management, Marketing Management and organisational behaviour.
- His contribution seems much valuable in both management theory and practice.
- His concepts are widely accepted globally.

(D) CONTRIBUTION OF ELTON MAYO

GEORGE ELTON MAYO

- George Elton Mayo (1880–1949) was an Australian born psychologist, researcher and organizational theorist.
- Was born in South Australia on, 26 December 1880 .
- Father of **Human Relations Approach**.
- Professor at the Harvard business school .
- Leader of the Hawthorne Experiments (1924-1927) .
- The research he conducted under the rubric of the Hawthorne Studies in the late 1920s and early 1930s showed the importance of groups in affecting the behavior of individuals at work.
- He carried out a number of investigations to look at ways of improving productivity.
- Died on 1 September 1949.



The studies include investigation into:

- The extent of relationship between physical working conditions and productivity.
- Extent of the value of the wage incentive.
- General worker attitude toward work and team members.
- Extent of the control of the individual upon working group.

Contribution of Elton Mayo to Management :



(I) Human Relations Approach

(II) Non-Economic Awards

(III) Social Man

(IV) Organisation as a Social System

1. Human Relations Approach: Mayo is rightly called the father of human relations movement. His ideas were a milestone and a turning point in human relations approach of the management. He recognised the importance of human beings in management. He said that human beings are complex and influential input into organisational performance. The social and psychological needs of human beings cannot be ignored, if management wants to enhance productivity.

2. Non-Economic Awards: The earlier assumption was that workers will work more if they are offered more monetary incentives. Taylor was the main proponent of this approach. Elton Mayo said that the techniques of economic incentives were not only inadequate but also unrealistic. He was able to show that humane and respectful treatment, sense of participation and belonging, recognition, morale, human pride and social interaction are sometimes more important than pure monetary rewards.

3. Social Man: Mayo developed a concept of 'social man'. He said that man is basically motivated by social needs and obtains his sense of identity through relationships with others. He is more responsive to the social forces of the informal group rather than managerial incentives and controls. He also related productivity to a social phenomenon.

4. Organisation as a Social System: Mayo was of the view that informal relationships in the organisation are more effective than formal relationships. People form informal groups to give a bent to their feelings and seek guidance for action from such groups.

In Mayo's words, "An organisation is a social system, a system of cliques, grapevines, informal status systems, rituals and a minute of logical, non-logical and illogical behaviour." He was of the opinion that managers should maintain an equilibrium between the logic of efficiency' demanded by the formal organisation. He thought that besides logic and facts people are also guided by sentiments and feelings.

INDIAN MANAGEMENT THOUGHTS

J.R.D. Tata

- Jehangir Ratanji Dadabhoy Tata (29 July 1904 – 29 November 1993) was an Indian aviator, industrialist, entrepreneur and chairman of Tata Group.
- Born into the Tata family of India, he was the son of noted businessman Ratanji Dadabhoy Tata and his wife Suzanne Brière.
- He is also best known for being the founder of several industries under the Tata Group, including Tata Consultancy Services, Tata Motors, Titan Industries, Tata Salt, Voltas and Air India.
- In 1983, he was awarded the French Legion of Honour and in 1955 and 1992, he received two of India's highest civilian awards the Padma Vibhushan and the Bharat Ratna.
These honours were bestowed on him for his contributions to Indian industry.



Style of Management of J.R.D. Tata

- Courageous
- Diplomat
- Committed to Values
- Supportive towards innovation
- Gave credits to its employees for even small development
- Curbed his dreams which were hard to realise.
- Strived for excellence in every aspect of life.

“ Nothing worthwhile is ever achieved without deep thought and hard work.”

- J.R.D. Tata

Dhirubhai Ambani

- Dhirajlal Hirachand Ambani, popularly known as Dhirubhai Ambani (28 December 1932 – 6 July 2002) was a successful Indian business tycoon who founded Reliance Industries.
- Ambani took Reliance public in 1977 and was worth \$25.6 billion upon his death.
- In 2016, he was honoured posthumously with the Padma Vibhushan, India's second-highest civilian honour for his contributions to trade and industry.



Style of Management of Dhirubhai Ambani

- Roll up your sleeves and help.
- Be a safety net for your team.
- Dream big, but dream with your eyes open.
- Learn the professional alone.
- Change your orbit constantly.
- Money is not a product itself, it is a by-product, so don't chase it,

N. R. Narayana Murthy

- Nagavara Ramarao Narayana Murthy (born 20 August 1946) is an Indian billionaire businessman.
- He is the co-founder of Infosys, and has been the chairman, chief executive officer (CEO), president, and chief mentor of the company before retiring and taking the title chairman emeritus.
- Murthy has been listed among the 12 greatest entrepreneurs of our time by *Fortune* magazine.
- He has been described as the "**father of the Indian IT sector**" by *Time* magazine for his contribution to outsourcing in India.
- Murthy has been honoured with the Padma Vibhushan and Padma Shri awards.



Style of Management of Narayan Murthy

- Under promising and over delivering.
- Performance oriented
- Always being unique in the market place.
- Never give up.
- For creating a successful organisation, it requires creating trust in people.
- Do it first and do it right.

“ Think big, Don’t hesitate to start small.”

- N. Murthy

Verghese Kurien

- Verghese Kurien (26 November 1921 – 9 September 2012), known as the "**Father of the White Revolution**" in India, was a social entrepreneur whose "billion-litre idea", Operation Flood, made dairy farming India's largest self-sustaining industry and the largest rural employment sector providing a third of all rural income.
- It made India the world's largest milk producer, doubled the milk available for each person, and increased milk output four-fold in 30 years.
- He also made India self-sufficient in edible oils and fought against the "oil kings", who used underhanded and violent methods to enforce their dominance over the oilseed industry.



Style of Management of Verghese Kurien

- Clarity of vision and ability to share it with others.
- Ability to inspire and motivate others
- Willingness to take (calculated) risks.
- Lateral thinking
- Positive attitude in problem solving
- Ability to drive, inspire and embrace change and continuous improvement.
- Committed to making a significant difference.
- Respect for all team members.
- Clear standards of ethics, integrity, openness and honesty.

Unit – 3

Major Managerial Functions



Forecasting

MEANING OF FORECASTING

- In simple terms forecasting means, “estimation or prediction of future”. The prediction of outcomes, trends, or expected future behaviour of a business, industry sector, or the economy through the use of statistics. Forecasting is an operational research technique used as a basis for management planning and decision making.
- Forecasting is a systematic guessing of the future course of events.
- Forecasting provides a basis for a planning.

DEFINITION OF FORECASTING

- **Websters** new collegiate dictionary defines that, “A forecast is a prediction and its purpose is to calculate and predict some future events or condition.”
- **Allen L.A.**, “Forecasting is a systemic attempt to probe the future by inference from known facts.”
- **Neter & Wasserman**, “Business forecasting is refers to a statistical analysis of the past and current movements in the given time series so as to obtain clues about the future pattern of these movement.

FEATURES OF FORECASTING

- It is concerned with future events.
- It is necessary for planning process.
- The impact of future events has to be considered in the planning process.
- It is a guessing of future events.
- It considers all the factors which affect organizational functions.
- Personal observation also helps forecasting.

NEED & IMPORTANCE OF FORECASTING

- 1. Pivotal role in an organization:-** Many organizations have failed because of lack of forecasting or faulty forecasting. The reason is that planning is based on accurate forecasting.
- 2. Development of a business:-** The performance of specified objectives depends upon the proper forecasting. So the development of a business or an organization is fully based on the forecasting.
- 3. Co-ordination:-** Forecasting helps to collect the information about internal and external factors. Thus collected information provides a basis for co-ordination.
- 4. Effective control:-** Management executive can ascertain the strength and weaknesses of sub-ordinates or employees through forecasting.

CONT...

5. **Key to success:-** All business organizations are facing risks. Forecasting provides clues and reduce risk and uncertainties. The management executives can save the business and get success by taking appropriate action.
6. **Implementation of project:-** Many entrepreneurs implement a project on the basis of their experience. Forecasting helps an entrepreneur to gain experience and ensures him success.
7. **Primacy to planning:-** The information required for planning is supplied by forecasting. So, forecasting is then primacy to the planning.

PROCESS/STEPS FOR FORECASTING

Step 1 – Analyzing & understanding the problem

Step 2 – Developing sound foundation

Step 3 – Collecting & Analyzing data

Step 4 – Estimating future events

Step 5 – Comparing Results

Step 6 – Follow up Action

FORECASTING METHODS & TECHNIQUES

1. Delphi Technique

2. Scenario Writing

3. Subjective Approach

4. Time – Series Forecasting

5. Brainstorming Technique

FORECASTING METHODS & TECHNIQUES

6. Goal oriented Forecast Technique

7. Graphic charting Technique

8. Matrix Technique

9. Nominal Group Technique (NGT)

10. Simple Average Technique

ADVANTAGES

- ❑ Effective handling of uncertainty
- ❑ Better labour relations
- ❑ Balanced work-load
- ❑ Minimization in the fluctuations of production
- ❑ Better use of production facilities
- ❑ Better material management
- ❑ Better customer service
- ❑ Better utilization of capital and resources
- ❑ Better design of facilities and production system

LIMITATIONS

- ❑ Forecasting is to be made on the basis of certain assumptions and human judgments which yield wrong result.
- ❑ It can not be considered as a scientific method for guessing future events.
- ❑ It does not specify any concrete relationship between past and future events.
- ❑ It requires high degree of skill.
- ❑ It needs adequate reliable information so difficult to collect reliable information.
- ❑ Heavy cost and time consuming.
- ❑ It can not be applied to a long period.

Planning

MEANING OF PLANNING

- ❑ Planning is essential in every walk of life.
- ❑ Planning is the first and foremost function of management.
- ❑ The planner can develop his efficiency by preparing himself to face the future developments.
- ❑ Planning is an intellectual process of thinking resorted to decide a course of action which helps to achieve the pre-determined objectives of the organization in future.

DEFINITION OF PLANNING

□ **Koontz and O'Donnell:** 'Planning is deciding in advance what to do, how to do it, when to do it, and who is going to do it. Planning bridges the gap between where we are and where we want to go. It makes it possible for things to occur which would not otherwise happen.'

□ **George R Terry:** 'Planning is the selecting and relating of facts and the making and using of assumptions regarding the future in the visualisation and formulation of purposed activities believed necessary to achieve desired results.'

□ **Phillip Kotler :** 'Planning is deciding in the present what to do in the future. It is the process whereby companies reconcile their resources with their objectives and opportunities.'

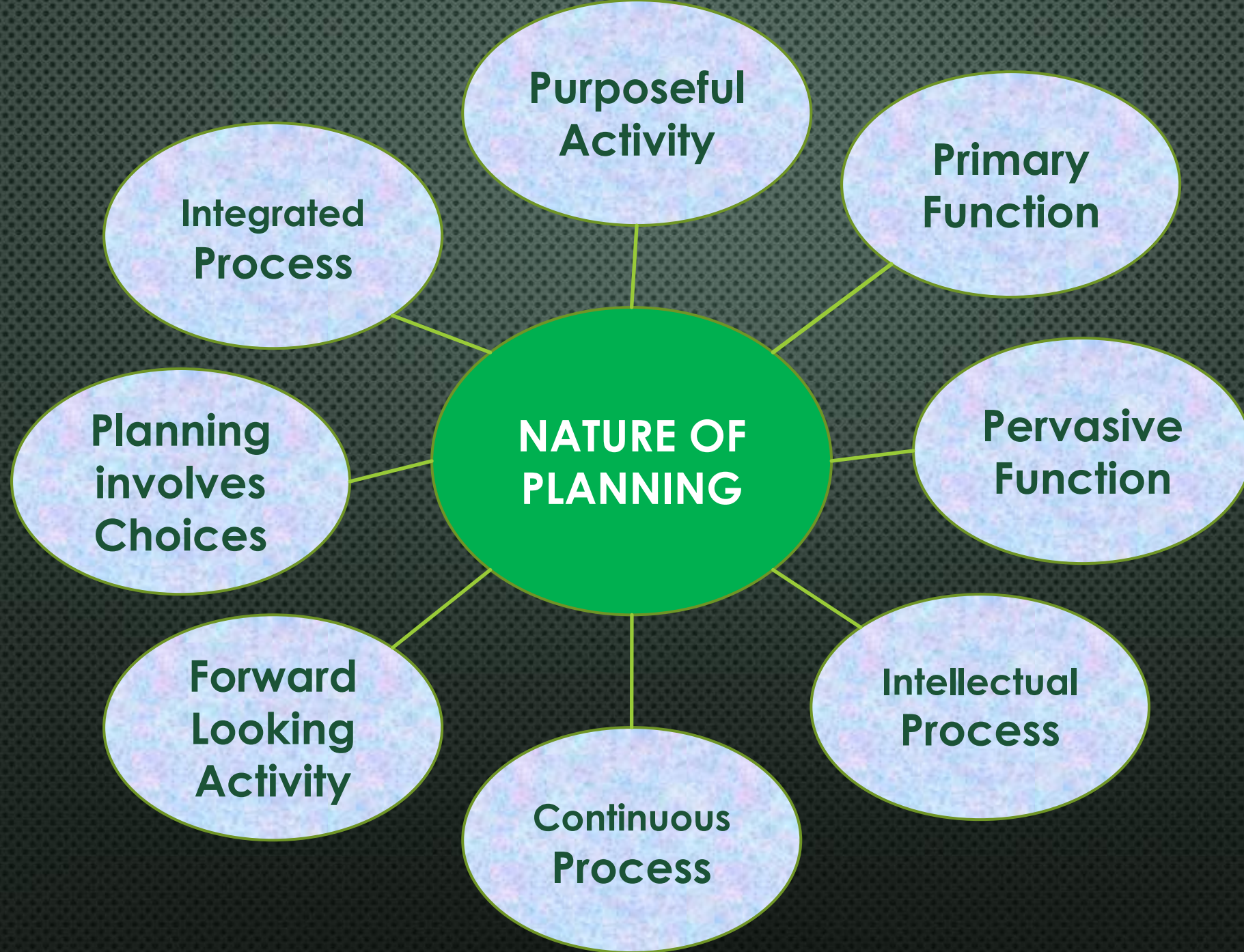
FACTORS THAT INFLUENCE PLANNING

1. Competition

2. Economy

3. Managers

4. Information



Need & Importance of Planning

1. Minimises Risk

2. Effective Control

3. Forecasting

4. Economic Operation

5. Choosing from Alternatives

6. Identification of Opportunities

7. Team Work

8. Development of Business Strategy

9. Simplifying Goals

Types of Planning

1. Based on Application or Use

Single Use or One Time Plan

Standing Plans

2. Based on Mgt Functions/Branches

Subject Plans

3. Based on Time Frame

Long – term Plans

Middle – term Plans

Short – term Plans

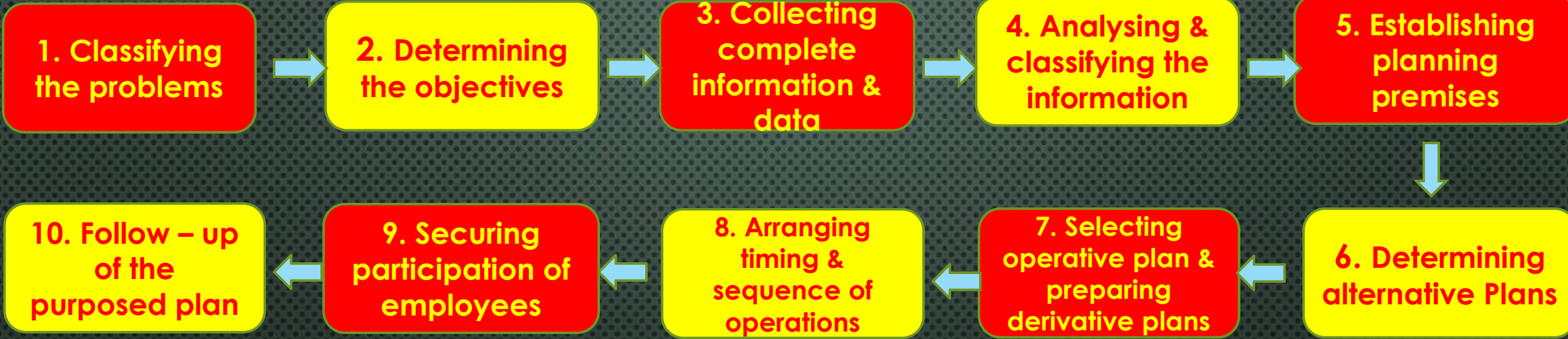
4. Based on Managerial Levels

Strategic Plans

Operational Plans

Tactical Plans

Steps in the Planning Process



ADVANTAGES OF PLANNING

- Planning facilitates quick achievement of objectives
- Brings unity of purpose and direction
- Ensures full utilization of resources
- Avoids inconsistency in efforts
- Raises competitive capacity/ strength
- Promotes managerial efficiency
- Avoids hasty decisions & actions
- Ensures effective control on the organization
- Acts as an insurance against future uncertainties
- Facilitates other managerial functions
- Improves motivation

DISADVANTAGES OF PLANNING

- Time – consuming and costly
- Ineffective due to environmental changes
- Dangers of unreliable data
- Encroachment on individual freedom and initiative
- Delays actions
- Unsuitable to small firms
- Limited practical value
- No guarantee of expected results
- Generates frustration
- Involves huge paper work
- Danger of overdoing

Organising

MEANING OF ORGANISING

- Organising essentially implies a process which coordinates human efforts, assembles resources and integrates both into a unified whole to be utilised for achieving specified objectives.
- Organising can be defined as a process that initiates implementation of plans by clarifying jobs and working relationships and effectively deploying resources for attainment of identified and desired results (goals).

DEFINITION OF ORGANISING

▪ Organising is the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority, and establishing relationships for the purpose of enabling people to work most effectively together in accomplishing objectives.

Louis Allen

▪ Organising is the process of defining and grouping the activities of the enterprise and establishing authority relationships among them.

Theo Haimman

FEATURES OF ORGANISING

- Division of Work
- Coordination
- Common objective
- Co-operative relationship
- Well-defined authority - responsibility relationship

STEPS IN ORGANISATION

1. Identification of activities

2. Departmentally organizing the activities

3. Classifying the authority

4. Coordination between authority and responsibility

OBJECTIVES OF ORGANIZING

- To help management
- To increase production
- Co – operation of employees

TYPES OF ORGANIZATION

1. Flat Organizational Structure

2. Functional Organizational Structure

3. Product Organizational Structure

4. Geographical Organizational Structure

DELEGATION OF AUTHORITY - MEANING

- Delegation refers to the downward transfer of authority from a superior to a subordinate. It is a pre-requisite to the efficient functioning of an organisation because it enables a manager to use his time on high priority activities. It also satisfies the subordinate's need for recognition and provides them with opportunities to develop and exercise initiative.
- The manager shall still be accountable for the performance of the assigned tasks.
- Moreover, the authority granted to a subordinate can be taken back and redelegated to another person. Thus, irrespective of the extent of delegated authority, the manager shall still be accountable to the same extent as before delegation.

DELEGATION OF AUTHORITY - DEFINITION

- “Delegation is the process a manager follows in dividing the work assigned to him so that he performs that part which only he, because of his unique organisational placement, can perform effectively and so that he can get others to help him with what remains.”

Louis Allen

- “Delegation of authority merely means the granting of authority to subordinates to operate within prescribed limits.”

Theo Haimman

DELEGATION OF AUTHORITY - ELEMENTS

1. AUTHORITY

2. RESPONSIBILITY

3. ACCOUNTABILITY

DELEGATION OF AUTHORITY - STEPS

1. Assignment of tasks and duties

2. Granting of authority

3. Creating responsibility and accountability

NEED/IMPORTANCE OF DELEGATION OF AUTHORITY

- Relieves manager for more challenging jobs
- Leads to motivation of subordinates
- Facilitates efficiency and quick actions
- Improves employee morale
- Develops team spirit
- Maintains cordial relationships
- Facilitates management development
- The advantages of delegation will not be available easily and automatically

DIFFICULTIES OR OBSTACLES ON THE PART OF A MANAGER

- Unwillingness of the manager to delegate authority
- Fear of competition
- Lack of confidence in subordinates
- Lack of ability to direct
- Absence of controls that warn of coming troubles
- Conservative and cautious temperament of the manager
- Desires to dominate subordinates

DIFFICULTIES OR OBSTACLES ON THE PART OF A SUBORDINATES

- Too much dependence on the manager for decisions
- Fear of criticism
- Lack of information
- Absence of positive incentives
- Absence of self – confidence
- Difficulty in decision – making
- Poor superior – subordinate relations
- Undue interference by superior
- Fear of being exposed

DECENTRALIZATION - MEANING

- Decentralisation is referred to as a form of an organisational structure where there is the delegation of authority by the top management to the middle and lower levels of management in an organisation.
- In this type of organisation structure, the duty of daily operations and minor decision-making capabilities are transferred to the middle and lower levels which allow top-level management to focus more on major decisions like business expansion, diversification etc.
- Delegation refers to the assigning a portion of work and the associated responsibility by a superior to a subordinate. In simple words, when delegation is expanded on an organisational level, it is called decentralisation.



DECENTRALIZATION - DEFINITION

- “Decentralisation refers to tire systematic effort to delegate to the lowest levels all authority except that which can only be exercised at central points.”

Louis A Allen

- “Decentralisation is simply a matter of dividing up the managerial work and assigning specific duties to the various executive skills.”

Newman, summer and Wairen

IMPORTANCE OF DECENTRALISATION

- Rapid decision making
- Administrative development
- Development of executive skills
- Promotes growth
- Higher control

ADVANTAGES OF DECENTRALISATION

- Distribution of burden of top executive
- Increased motivation and morale
- Greater efficiency and output
- Diversification of Activities
- Better Coordination
- Maintenance of Secrecy
- Facilitate effective control and quick decision

DISADVANTAGES OF DECENTRALISATION

- More Cost
- No specialisation
- Need more specialist
- No uniform action
- No equitable distribution of work

Decision Making

MEANING OF DECISION MAKING

- Decision Making is an important function in management, since decision-making is related to problem, an effective decision-making helps to achieve the desired goals or objectives by solving such problems. Thus the decision-making lies all over the enterprise and covers all the areas of the enterprise.
- Scientific decision-making is well-trying process of arriving at the best possible choice for a solution with a reasonable period of time.
- Decision means to cut off deliberations and to come to a conclusion. Decision-making involves two or more alternatives because if there is only one alternative there is no decision to be made.



DEFINITION OF DECISION MAKING

- “Decision-making is the work which a manager performs to arrive at conclusion and judgement.”

Louis A Allen

- “Decision-making is the selection based on some criteria from two or more possible alternatives.”

George R. Terry

CHARACTERISTICS OF DECISION - MAKING

- Decision – making implies choice
- Continuous activity/process
- Mental/Intellectual activity
- Based on reliable information/feedback
- Goal oriented process
- Means and not the end
- Relates to specific problem
- Time-consuming activity
- Needs effective communication
- Pervasive process
- Responsible job

PROCESS/STEPS INVOLVED IN DECISION-MAKING



Step 1 – Defining/Identifying the Managerial Problem

Step 2 – Analyzing the Problem

Step 3 – Developing Alternative Solutions

Step 4 – Selecting the best solution

Step 5 – Converting Decision into Action

Step 6 – Ensuring Feedback

Techniques of Decision - Making

1. Operation Research (OR)

2. Models

3. Simulation

4. Linear Programming

5. Games Theory

6. PERT and CPM

6. Probability Theory Analysis

TYPES OF DECISION - MAKING

1. Programmed and Non-Programmed Decisions

2. Major and Minor Decisions

3. Individual and Group Decisions

4. Departmental and Organizational Decisions



MEANING OF DIRECTION

- **Directing is a basic management function that includes building an effective work climate and creating an opportunity for motivation, supervising, scheduling, and disciplining.**
- Planning and organizing provide a foundation for the organization and direction initiate action towards the achievement of the goals. Having appointed the workforce, managers ensure they work to achieve the organizational standards of performance and in the course of doing so, satisfy their personal wants and needs also. They act as catalysts for achieving organizational and individual goals.
- They act as agents who influence the behaviour of employees to achieve the organizational goals and also ensure that organizational plans and policies satisfy the interests of the workforce. Managers, thus, direct employees' behaviour towards organizational and individual/group goals.



DEFINITION OF DIRECTION

- Directing is “A managerial function that involves the responsibility of managers for communicating to others what their roles are in achieving the company plan.”

Pearce and Robinson

- It is “Getting all the members of the group to want and to strive to achieve objectives of the enterprise and the members because the members want to achieve these objectives.”

Terry and Franklin

NATURE/ CHARACTERISTICS OF DIRECTION

Pervasive Function

Continuous Activity

Human Factor

Creative Activity

Executive Function

Delegate Function

IMPORTANCE OF DIRECTION

1. It initiates actions

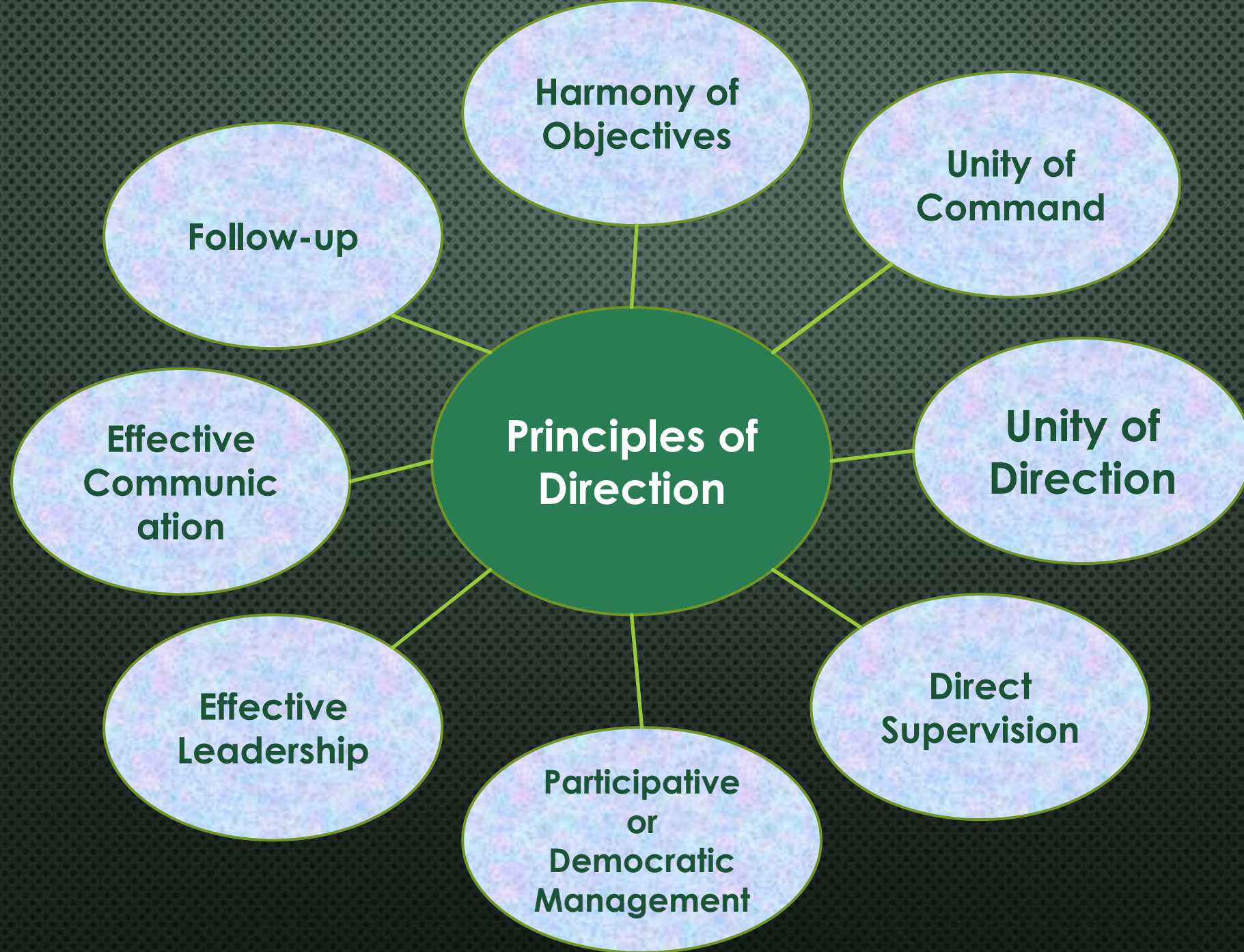
2. It integrates Efforts

3. Means of Motivation

4. It provides Stability

5. Coping up with the Changes

6. Efficient Utilization of Resources





Motivation

MEANING OF MOTIVATION

- 'Motivation' is the process of inspiring people in order to intensify their desire and willingness for executing their duties effectively and for co-operating to achieve the common objectives of an enterprise.
- In other words, it means to induce, instigate, incite or prompt someone to a particular course of action for getting the results expected from him.
- Motivation is the actuating force that stimulates a man to put his best in the accomplishment of a task.
- Motivation is an important factor which encourages persons to give their best performance and help in reaching enterprise goals. A strong positive motivation will enable the increased output of employees but a negative motivation will reduce their performance. A key element in personnel management is motivation.



DEFINITION OF MOTIVATION

- “Motivation is the work of a manager who performs to inspire, encourage and impel people to take the required action.”

Louis A Allen

- “Motivation is a general inspiration process which gets the members of the team pull their weight effectively to give their loyalty to the group, to carry out properly the tasks they have accepted and generally to play an effective part in the job that the group has undertaken.”

E.F.L. Brech

NATURE/CHARACTERISTICS OF MOTIVATION

- Human Aspect
- Psychological Concept
- Need-Satisfying Activity
- Motivation is Total not Part
- Financial and Non-Financial
- Constant Process

ROLE/IMPORTANCE OF MOTIVATION

- Removal of Apathy
- Combining 'Will to work' with 'Capacity for work'
- Securing Full Support and Energy of the Workers
- Understanding the Employees' Needs
- Maximum Utilisation of the Resources
- Increase in Efficiency and Output
- Low Employee Turnover and Absenteeism
- Acceptance of Organisational Changes
- Better Industrial Relations
- Facilitating Other Functions of Management

Types of Motivation

(I) Positive Motivation

(II) Negative Motivation

PRINCIPLES OF MOTIVATION

- Participation
- Getting Idea and Understanding of Subordinates
- Inspiring Employees
- Creating Team Spirit for Work
- Communication
- Recognition
- Delegation of Authority
- Motivating Superiors
- Job Enrichment
- Organisational Climate

THEORIES OF MOTIVATION

Theories of Motivation

Content Theory

- Maslow's Theory
- Alderfer's Theory
- Herzberg's Theory
- McClelland's Theory

Process Theory

- Equity Theory
- Vroom's Expectancy Theory
- Porter-Lawler Theory

CONTENT THEORIES OF MOTIVATION

1. Maslow's hierarchy of needs:

Maslow's hierarchy of needs is a theory in psychology proposed by Abraham Maslow in his 1943 paper "A Theory of Human Motivation" in *Psychological Review*. Maslow subsequently extended the idea to include his observations of humans' innate curiosity.

Human behavior is goal-directed. Motivation cause goal-directed behaviour. It is through motivation that needs can be handled and tackled purposely. This can be understood by understanding the hierarchy of needs by manager. The needs of individual serves as a driving force in human behaviour. Therefore, a manager must understand the "hierarchy of needs". Maslow has proposed "The Need Hierarchy Model".

ASSUMPTIONS OF MASLOW'S HIERARCHY OF NEEDS:

- ❑ Needs follow a hierarchy.
- ❑ The behaviour of people is based on their needs.
- ❑ A satisfied need stops being a motivator.
- ❑ People ascend from lower level to higher level of their needs. This means that lower category of need must first be fulfilled before progressing ahead.
- ❑ Maslow's theory of hierarchy is universally accepted as it is simple and logical.



Maslow's Hierarchy of Needs

❑ **Physiological need:** It is the basic form of need which includes food, shelter and clothing. E.g., getting a job for survival in the context of an organisation.

❑ **Safety need:** With physiological needs being met, a need for stability and safety comes into the picture. E.g., job security.

❑ **Social need:** It is a sense of belongingness to the society. In the context of an organisation, this simply means having good work relations with colleagues and superiors.

❑ **Esteem needs:** This includes admiration, status and self-respect. E.g., employees in an organisation need recognition for their efforts in achieving the predetermined goals.

❑ **Self-Actualization:** This is a need for personal development and self-fulfillment. E.g., growth in a profession or moving up the ladder in an organization. Maslow's theory acts as a good base for managers to motivate employees.

2. FREDRICK HERZBERG'S THEORY OF MOTIVATION

The Herzberg's Motivation-Hygiene Theory is given by Fredrick Herzberg and his associates, who studied the variables that are perceived to be desirable to achieve goals and the undesirable conditions to avoid. In this context, the study was conducted wherein the experiences and feelings of 200 engineers and accountants were analyzed.

They were asked to share their previous job experiences in which they felt "exceptionally good" or "exceptionally bad." Through this study, Herzberg concluded that there are two job conditions independent of each other that affect the behaviour differently.

The first set of job conditions has been referred to as maintenance or hygiene factor, wherein the same job conditions provide the same level of dissatisfaction, in case the conditions are absent, however, their presence does not motivate in a strong way.

The second set of job conditions is referred to as motivational factors, which primarily operate to build strong motivation and high job satisfaction, but their absence does not result in strong dissatisfaction.

Herzberg's Theory

Maintenance/
Hygiene Factors

Motivational
Factors

- **Hygiene Factors:** Herzberg identified ten maintenance or hygiene factors, that are not intrinsic parts of a job, but are related to the conditions in which the job has to be performed. These are company policy and administration, technical supervision, job security, working conditions, interpersonal relationship with peers, subordinates and supervisors, salary, job security, personal life, etc.

- **Motivational factors:** These factors have a positive effect on the functioning of the employees in the organization. There are six factors that motivate employees: Achievement, Recognition, Advancement, Work-itself, Possibility of growth and Responsibility. An increase in these factors satisfies the employees and the decrease in these will not affect the level of satisfaction. Thus, Herzberg's Motivation-Hygiene Theory studied the variables which were responsible for the level of satisfaction and had been applied in the industry that has given several new insights.

3.MCCLELLAND'S NEEDS THEORY:

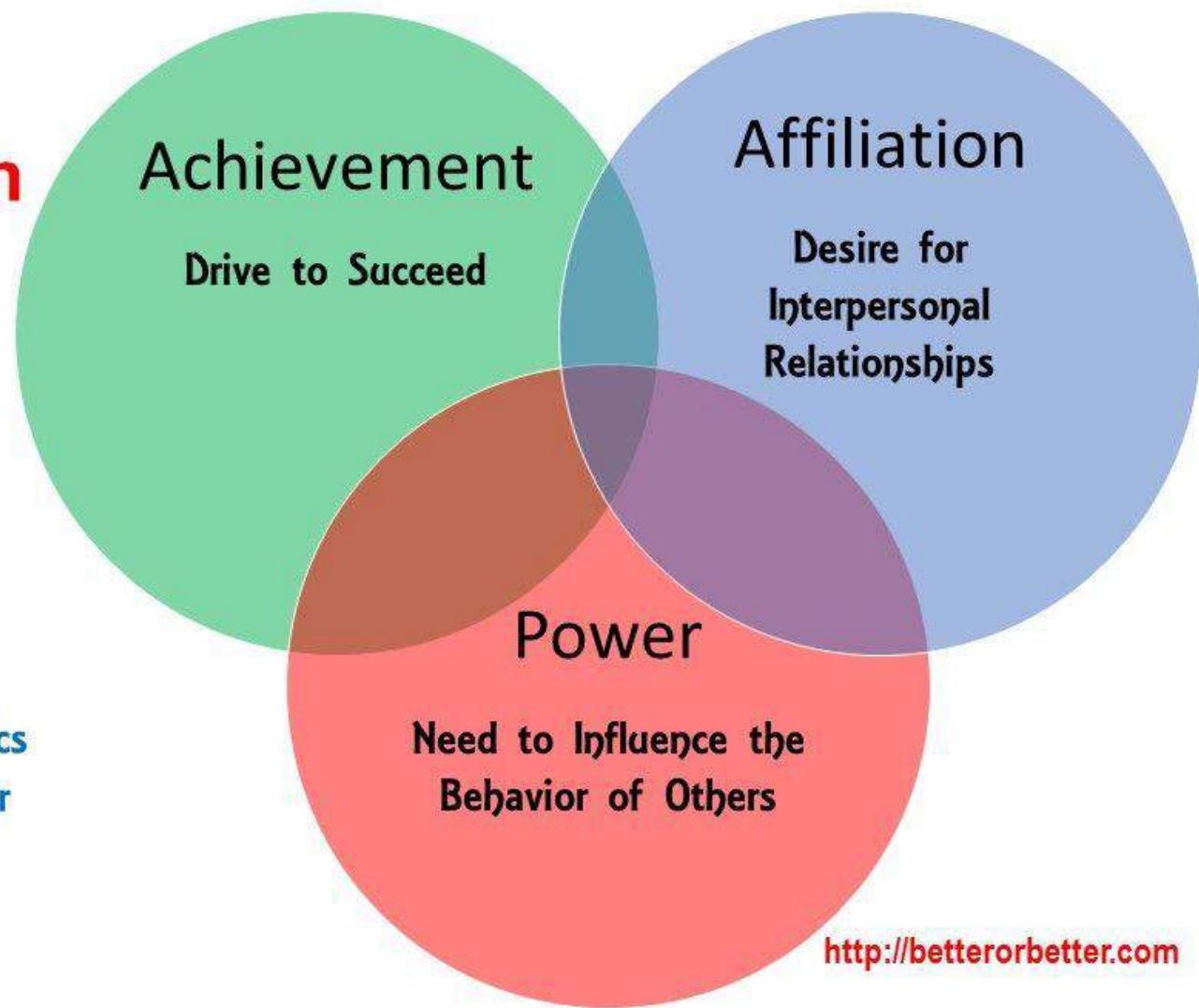
McClelland's Needs Theory was proposed by a psychologist David McClelland, who believed that the specific needs of the individual are acquired over a period of time and gets molded with one's experience of the life. McClelland's Needs Theory is sometimes referred to as Three Need theory or Learned Needs Theory.

McClelland's Human Motivation Theory

Identified three motivators

All three are present in each person,
but one motivator will dominate

People will have different characteristics
depending on their dominant motivator



□Need for Power : What is Power? Power is the ability to induce or influence the behaviour of others. The people with high power needs seek high-level positions in the organization, so as to exercise influence and control over others. Generally, they are outspoken, forceful, demanding, practical/realistic-not sentimental, and like to get involved in the conversations.

□Need for Affiliation: People with high need for affiliation derives pleasure from being loved by all and tend to avoid the pain of being rejected. Since, the human beings are social animals, they like to interact and be with others where they feel, people accept them. Thus, people with these needs like to maintain the pleasant social relationships, enjoy the sense of intimacy and like to help and console others at the time of trouble.

□ **Need for Achievement** : McClelland found that some people have an intense desire to achieve. He has identified the following characteristics of high achievers:

- High achievers take the moderate risks, i.e. a calculated risk while performing the activities in the management context. This is opposite to the belief that high achievers take high risk.
- High achievers seek to obtain the immediate feedback for the work done by them, so as to know their progress towards the goal. Once the goal is set, the high achiever puts himself completely into the job, until it gets completed successfully. He will not be satisfied until he has given his 100% in the task assigned to him.

Hence, McClelland's Needs Theory posits that the person's level of effectiveness and motivation is greatly influenced by these three basic needs.

Controlling

MEANING OF CONTROLLING

- Controlling is one of the most basic functions of management, like planning, organizing, staffing, etc. Controlling is an important function, and without controlling management can't ensure the desired results.
- Controlling means giving instructions to employees and making sure that the instructions are being followed as desired by the management.
- Controlling means the management of the organization is responsible for deciding predetermined standards and making sure that performance of the employees match with the standards set by the management and in case if the performance of employees does not match with standards then taking required corrective measures.

DEFINITION OF CONTROLLING

- “Controlling is the measurement and correction of performance in order to make sure that enterprise objectives and the plans devised to attain them are accomplished”.

Harold Koontz

- “Control is checking current performance against pre-determined standards contained in the plans, with a view to ensure adequate progress and satisfactory performance”.

E.F.L. Brech

FEATURES/CHARACTERISTICS OF CONTROLLING

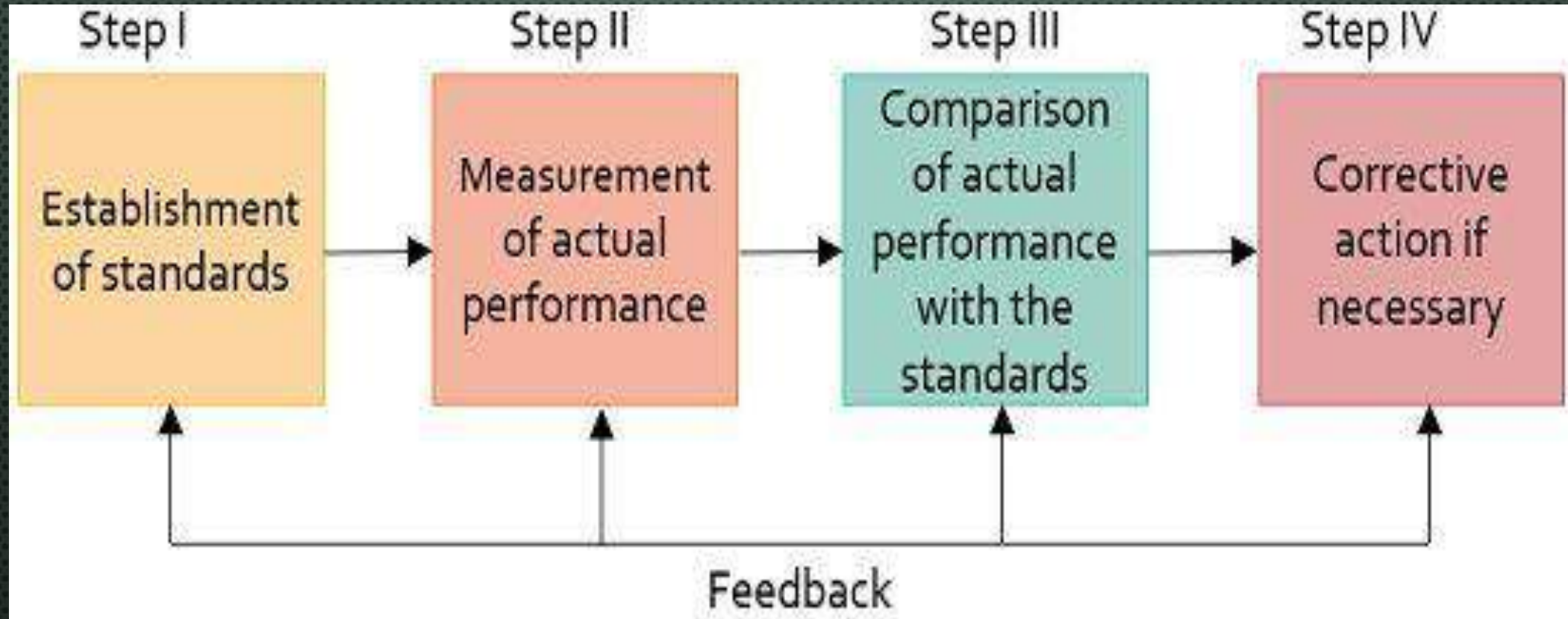


- Controlling is an end function
- It is a pervasive function
- Controlling is forward-looking
- Controlling is a dynamic process
- It is related to planning

NEED/IMPORTANCE OF CONTROLLING

- Basis for Future Action
- Facilitates Decision-making
- Facilitates Decentralization
- Facilitates Co-ordination
- Helps in Improving Efficiency
- Psychological Pressure

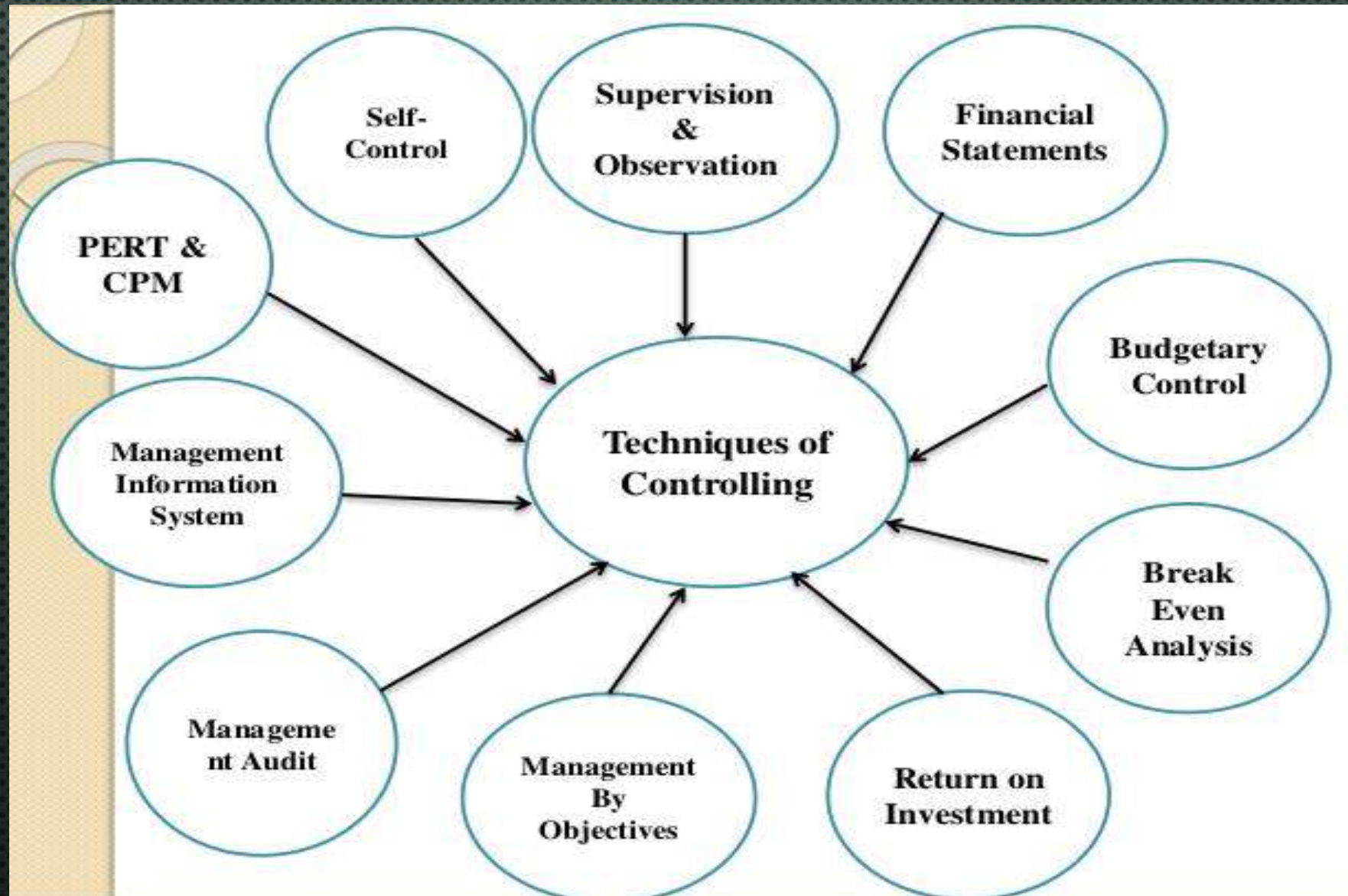
Process of Controlling



NEED/IMPORTANCE OF CONTROLLING

- Basis for Future Action
- Facilitates Decision-making
- Facilitates Decentralization
- Facilitates Co-ordination
- Helps in Improving Efficiency
- Psychological Pressure

Techniques of Controlling



Unit – 4

Recent Trends in

Management

1. Management of Change



MEANING

- **Change management** is defined as the methods and manners in **which** a company describes and implements **change** within both its internal and external processes. ... Developing a structured approach to **change** is critical to help ensure a beneficial transition while mitigating disruption.
- Significant organizational change can be challenging. It often requires many levels of cooperation and may involve different independent entities within an organization. Developing a structured approach to change is critical to help ensure a beneficial transition while mitigating disruption.
- Changes usually fail for human reasons: the promoters of the change did not attend to the healthy, real and predictable reactions of normal people to disturbance of their routines. Effective communication is one of the most important success factors for effective change management. All involved individuals must understand the progress through the various stages and see results as the change cascades.

MERITS

- ❖ Change is essential for all corporations. However, just how change initiates, it may vary for every company.
- ❖ It commanded upon corporations from outside the house forces or come to a realization which the company can be falling in back of the times. In this way, change administration is quite good for an organization.
- ❖ The change allows the organization to be a better contender with their competition. It also help develops new skills or perhaps products that bring in a bigger profit.
- ❖ The most beneficial part of this process to companies is that it allows transformation management groups or professionals to efficiently deal with the future proposed innovative administration.

MERITS – CONT...

- ❖ Furthermore, it helps individuals recognize why the change was necessary so they will grab hold of it and move forward. Modification is also best for an employee as it will bring these people the opportunity to make an effort to something new and gain additional skills.
- ❖ With the open up communication and discussions that change supervision methodology markets, individuals, staff, stakeholders, and customers could have a greater position in the results since they possess helped apply the plan. Individuals tend not to put up resistance from things they suggested.

DEMERITS

- ❖ There are, yet, some negatives to the change management process. In fact, this has to do with poor and improper procedures. Moreover, if the amount of resistance from the staff is not effectively treated throughout the process, it can derail and damage any task.
- ❖ If leaders did not learn the culture of the company, the gossip mill from other market leaders could circulate inaccurate or interfering with information about the transformation. Also, stakeholders and consumers need to be held informed and brought in about the upcoming change.
- ❖ If leaders fail to do so, customers could resist the adjustment. Moreover, they may choose to move through another organization.

DEMERITS – CONT...

- ❖ A bad adjustment management schedule can be negative effect to any business. Change supervision is just managing the switch. And, with no plan to handle every step of the modification like before, during and after, the approach could fail at any time. In fact, it could bring down the whole company.
- ❖ Although change is dangerous, the benefit is still outweighing the actual pitfalls. Change allows institutions to progress and stay on top with their industry within the uncertain industry world.

2. Management of Crisis



MEANING

The art of dealing with sudden and unexpected events which disturbs the employees, organization as well as external clients refers to Crisis Management.

The process of handling unexpected and sudden changes in organization culture is called as crisis management.



MERITS

- ❖ Crisis Management prepares the individuals to face unexpected developments and adverse conditions in the organization with courage and determination.
- ❖ Employees adjust well to the sudden changes in the organization.
- ❖ Employees can understand and analyze the causes of crisis and cope with it in the best possible way.
- ❖ Crisis Management helps the managers to devise strategies to come out of uncertain conditions and also decide on the future course of action.
- ❖ Crisis Management helps the managers to feel the early signs of crisis, warn the employees against the aftermaths and take necessary precautions for the same.

DEMERITS

- ❖ Failure to adequately collect information or data and to plan around it
- ❖ Failure to establish a command hierarchy or structure
- ❖ Inability to clearly designate team or organizational responsibilities
- ❖ Inability to effectively communicate with outside community members
- ❖ Failure to consistently update and practice contingency plans
- ❖ Failure to make crisis information easily understandable, accessible, and implementable

3. Total Quality Management



MEANING

- Quality refers to a parameter which decides the superiority or inferiority of a product or service.
- Total Quality management is defined as a continuous effort by the management as well as employees of a particular organization to ensure long term customer loyalty and customer satisfaction.
- Total quality management ensures that every single employee is working towards the improvement of work culture, processes, services, systems and so on to ensure long term success.

MERITS

- ❖ Sharpens Competitive Edge of the Enterprise
- ❖ Excellent Customer Satisfaction
- ❖ Improvement in Organisational Performance
- ❖ Good Public Image of the Enterprise
- ❖ Better Personnel Relations

DEMERITS

- ❖ Waiting for a Long Time
- ❖ Problem of Labour Management Relations

4. Stress Management

STRESS MANAGEMENT



MEANING

- Our increasingly busy lives cause our minds a lot of stress. **Stress** is mental tension caused by demanding, taxing or burdensome circumstances. Stress doesn't just affect our mental state and mood; it affects our physical health as well. When we are very stressed, a hormone called cortisol is released into our bloodstream, suppressing the functioning of our immune, digestive and reproductive systems. That is why it is so important to practice stress management in order to keep our minds and bodies healthy.
- **Stress management** consists of making changes to your life if you are in a constant stressful situation, preventing stress by practicing self-care and relaxation and managing your response to stressful situations when they do occur.

MERITS

- ❖ Less absenteeism due to stress- related disorders
- ❖ Less worker's compensation loss due to stress- related illness or accidents
- ❖ Improved job performance
- ❖ Less stressful, more efficient workplace
- ❖ Improved employee attitude
- ❖ Improved employee overall health

DEMERITS

- ❖ Stress itself is a disadvantage because it can potentially raise your heart rate and weaken your immune system.
- ❖ Also, it can be a factor in poor decision making because under stress we may not think logically or consider the consequences of the choices we make.

5. Knowledge Management



MEANING

- Knowledge Management (KM) refers to a multi- disciplined approach to achieve organizational objectives by making the best use of knowledge.
- KM focuses on processes such as acquiring, creating and sharing knowledge and the cultural and technical foundations that support them.
- The purpose of Knowledge Management is to provide the right information to the right people at the right time to enable informed decision making which enables service providers to be more efficient and improve the quality of service delivered.

MERITS

- ❖ improve quality of service to users
- ❖ improve user satisfaction
- ❖ increase adoption of self service
- ❖ Higher first call resolution rates
- ❖ Reduce time to diagnose incidents and problems
- ❖ Reduction in training time and costs
- ❖ faster adoption of new or changed services
- ❖ increase responsiveness to changing business demands

DEMERITS

- ❖ Dependency on knowledge contributors
- ❖ Creating confusion among managers and employees
- ❖ Mishandling of valuable company information
- ❖ Knowledge management systems are complex and hard to understand for the average workers
- ❖ Lack of company strategy to fully utilize the information that it collects

6. Outsourcing



MEANING

- **Outsourcing** is the business practice of hiring a party outside a company to perform services and create goods that traditionally were performed in-house by the company's own employees and staff.
- **Outsourcing** is a practice usually undertaken by companies as a cost-cutting measure..

MERITS

- ❖ improved focus on core business activities
- ❖ increased efficiency
- ❖ controlled costs
- ❖ increased reach
- ❖ greater competitive advantage

DEMERITS

- ❖ Service delivery
- ❖ confidentiality and security
- ❖ lack of flexibility
- ❖ management difficulties
- ❖ instability

