Learning Objectives

• What is Organizational Behaviour?
• Nature of Organizational Behaviour
• Contributing Disciplines of Organizational Behaviour
• Need of Understanding Organizational Behaviour

Organization Behavior

• An exciting field of study concerned with the study of human behavior in organizations.
• It composed of two words: "Organization" & "Behaviour".
• An organization is coordinated social unit, composed of two or more persons that functions on a relatively continuous basis, to achieve some common goals.
• Behavior is a reaction to a stimulus/motivation.
Organization Behavior

- OB covers all aspects of human behavior in organization.
- It includes the effects of organizations on human beings as well as the effects of human beings on organization, in order to accomplish the organizational goals.
- It seeks to predict behavior in organizations through the scientific study of individual processes, group processes, organizational structure and functions.
- It is a continuous process.

Organizational Behavior

- Includes determinants of behavior in the form of personality, perception, attitude, learning, motivation etc.
- OB is the field of management that is primarily concerned with understanding, predicting and influencing human behavior in organization. [S. P. Robbins]

Nature of Organizational Behavior

2. separate field of study: Contains a body of research, theory and applications associated with growing concern for people at workplace.
3. Practical Orientation:
   - For creative thinking to solve human problems in organization.
   - It provides overview that managers can use to expect the effects of certain actions and thus avoid the costly mistakes of trial and error learning.
   - Finally OB is a human tool for human benefit.
4. Multi-Disciplinary: Heavily influenced by several Behavioral Sciences & Social Sciences such as Psychology, Sociology, Anthropology, Economics, Political Science and Engineering discipline also.

5. Satisfaction of Individual & Organizational Needs:
   • Every employee wants to fulfill his needs & ambitions through organizational activities.
   • It is the organization's responsibility to provide reasonable climate in the organization so that people may get needed satisfaction and the organization can attain its objectives.
   • In this way, both organization and individuals are benefited with each other.

6. Three Levels of Analysis: It provides a balanced thinking about:
   • Individual level behavior: Determined by Psychological, Social, Cultural and others.
   • Group level behavior: Group dynamics (Group behavior in terms of membership goals, procedures, communication patterns, leadership and norms).
   • Organization level behavior: Achieve co-operative group relationships through interaction, rotation of members among groups, avoidance of win-lose situations and focus on the organizational objectives.
   • Behavior of the organization itself.

7. As a Science: It relies upon scientific methods for;
   • Making predictions about the real world.
   • Determining accuracy of our predictions.
   • Using the result of observations or conclusions to explain relationships among objects, events or persons in the real world.
Contributing Disciplines to Organizational Behavior

1. Psychology:
   - Focus on what determines the behaviors of individuals.
   - Composed of sub-disciplines – industrial psychology, social psychology, clinical psychology, experimental psychology etc.
   - Includes determinants of behavior in the form of personality, perception, attitude, learning, motivation etc.

2. Sociology:
   - Focuses attention on behavior of groups, organization and societies rather than individuals.
   - Composed of communication, leadership, conflicts, organizational structures etc.
   - Includes actual patterns of interaction i.e. the effects of different social status on interaction and the effects of different roles on interactions etc.

3. Anthropology:
   - The scientific and humanistic study of man’s present and past biological, linguistic, social and cultural variations. Its major subfields are archaeology, physical anthropology, cultural anthropology.
   - The scientific study of the origin and behavior of man, including the development of societies and cultures.
   - How these cultures have functioned in past?
   - How they continue to function in present?
   - Its studies include individual culture, organizational culture and external environment.
Contributing Disciplines to Organizational Behavior

4. Engineering / Technology: The practical application of science to commerce or industry.
   • Engineering is the design, analysis, and/or construction of works for practical purposes. The Engineers' Council for Professional Development, also known as ECPD, defines Engineering as: "The creative application of scientific principles to design or develop structures, machines, apparatus, for industrial growth.
   • Its analysis or design work require extensive preparation and experience in the use of mathematics, chemistry, physics, and the engineering sciences in the form of Construction engineering, Environmental engineering, Industrial engineering, Materials engineering etc.

Need of Understanding Organizational Behavior

The integration of knowledge of various behavioral sciences have the following applications:
1. Understanding of self and others.
2. Better communication.
4. achievement of objectives.
5. Controlling and directing behavior (Use of power & sanction/Permit, Leadership & Communication).
7. Creation of pleasant /Friendly climate.
8. Above all, OB is a tool in the hands of manager who should use it for the benefit of organization, groups and individuals.

Conclusion

➢ Organizational behavior studies behaviour of individuals and groups in organizations, that emphasizes high performance organizations exist in a global context.
➢ Most organizations must achieve high performance within a complex and competitive global environment through organizational behaviour.
➢ Globalization involves complex economic networks of competition, resource supplies, and product markets, national boundaries and rotating the globe that reflects in shifting paradigms of organizational behavior.
Meaning & Nature of Management

In the modern world, one should utilize economically & efficiently, resources of all kinds—human, physical, technological, financial, intangible etc.

Management plays a catalytic role in optimizing the use of these resources.

The people who manage the resources in organization is known as Manager.

The knowledge, skills, techniques and practices; they use in managing are broadly referred to the Field of Management.

Learning Objectives

- Meaning of Management
- Management as a Process
- Levels of Management
- Managerial Skills
- Qualities of a Successful Managers
- Responsibilities and Roles of a Managers
Meaning & Nature of Management [Contd.]

• Management is a broad field as it is an attempt to create a desirable future, keeping the past and present in Mind.

• Thus Management is the process that unifies various resources together and co-ordinate them to help accomplish the organizational goal.

• Management is the principal activity that makes a difference in how well organizations serve people affected by him.

Meaning & Nature of Management [Contd.]

• Manager is the thinking organ of the enterprise. All the policy decisions are taken by him.

• How successfully an organization achieves its objectives and satisfies social responsibilities as well, depends to a large extent on its managers.

• If managers do their jobs well, the organization will definitely achieve its goal.

Contd…….
Definitions of Management

Definitions can be categorized on the basis of:

1. Art of Getting Things Done:
   • The term Management refers to the process of getting things done, effectively and efficiently, through and with people, in formally organized groups.
   • It is also the art of creating friendly environment in which people can perform as individuals and yet cooperate towards achievement of group and organizational goal.
   • The primary job of management is to convert the disorganized resources of men, money, machines, methods and materials into a productive organization.
   • Management is the practice of intentionally and continually shaping organizations.

Definitions of Management [Contd…]

2. Process Of Managing:
   • Management is a different process.
   • This process consists of planning, organizing, staffing, directing and controlling.
   • It utilizes both human and other resources.
   • It leads to accomplishment of predetermined objectives.

Definitions of Management [Contd…]

3. Management as a group of Team/Managers:
   • Management is a group or team of managers who together carry out various managerial activities in the form of POSDC.
   • It includes all managers from CEO to the first line supervisors.
   • Practically, the term management is used to indicate only the TOP MANAGEMENT that has the authority for making important decisions like introduction of a new product, issue of shares, joint venture with MNCs etc.
4. Management as a Discipline or Field of study: Management is the organized body of knowledge which can be learnt in business schools & Institutes which consists of principles, practices, techniques and skills of management that help in achieving organizational objectives.

Management Systems and Processes

- Management is called a PROCESS as it involves a series of functions as shown:
  1. Planning.
  2. Organizing.
  4. Directing
  5. Controlling.
- It starts with planning and ends with controlling but they always do not maintain a rigid sequence.
- A practical manager performs all the functions simultaneously as management is a never ending process.

Management Systems and Processes

- Management is regarded as an Integrating Process as it integrates all human efforts with non-human resources like materials, machines, methods, money etc. by their concerted efforts.
- Management is regarded as a Social Process as every manager is required to use various skills of human relations to achieve good relations with the various groups of stakeholders like shareholders, workers, consumers, government, suppliers etc.
Management Systems and Processes

• Finally, A process is a systematic way of doing things. We refer to management as a process as it emphasizes that all managers, regardless of their particular aptitudes or skills, engage in certain interrelated activities in order to achieve their desired goals.

WHAT IS MANAGEMENT?

WHAT IS MANAGEMENT?
1. Field of Study
   - Management principles, techniques, functions, etc
   - Profession

2. Team or Class of people
   - Individual who performs managerial activities or may be a group of persons

3. Process
   - Managerial activities
   - Planning, organizing, staffing, directing, controlling.

Contd......
WHAT IS MANAGEMENT?

DEFINITION:

- **F.W. Taylor** – “Art of knowing what you want to do and then seeing that it is done the best and cheapest way”.

- **Henry Fayol** – “To Manage is to forecast, to plan, to organise, to command, to co-ordinate and to control”.

- **Peter F. Drucker** – “Management is work and as such it has its own skills, its own tools and its own techniques”.

- “Management is the art of getting things done through and with people”.

WHAT IS MANAGEMENT?

CHARACTERISTICS OF MANAGEMENT

1) It's a Process /a function.
2) It's a Social Process.
3) It involves Group Effort.
4) It aims at achieving predetermined objectives.
5) It is required at all levels of management.
6) It is a Profession.
7) It is comprised of following functions:
   - Planning
   - Organizing
   - Directing
   - Controlling
   - Co-ordination
8) It is an art and science.
Nature of management

- Goal oriented
- Economic resources
- Various processes
- Integrative force
- Result through others
- A science and an art
- System of authority
- Universal application

Multi-disciplinary subject

Economics, maths, psychology, sociology, history, etc. Management integrates the ideas and concepts taken from these disciplines and presents newer concepts which can be put into practice for managing the organizations.

1. Psychology: Includes determinants of behavior in the form of personality, perception, attitude, learning, motivation, etc.

2. Sociology: Focuses attention on behavior of groups, organization and societies rather than individuals.

3. Anthropology: Its studies include individual culture, organizational culture and external environment.
   - Its major subfields are archaeology, physical anthropology, cultural anthropology.
   - The scientific study of the origin and behavior of man, including the development of societies and cultures.

Management is an Art

MANAGEMENT IS AN ART AND SCIENCE

Art
- Practical know how
- Technical skills
- Real results
- Creativity
- Personalized nature
MANAGEMENT IS A SCIENCE

MANGEMENT IS AN ART AND SCIENCE ART
Science
• Experiential Derived
• Critically tested
• General principles
• Cause and effect relationship
• Universal applicability

As a Science: It relies upon scientific methods for; Making predictions about the real world.
• Determining accuracy of our predictions.
• Using the result of observations or conclusions to explain relationships among objects, events or persons in the real world.
Management As A Science Provides Principles And As An Art Helps In Tackling Situations.

Contd……

Management is dynamic: Management has framed certain principles, which are flexible in nature and change with the changes in the environment in which an organization exits.

Relative, Not Absolute Principles: Management principles are relative, not absolute, and they should be applied according to the need of the organization.

A particular management principle has different strengths in different conditions. Therefore, principles should be applied according to the current conditions.

Contd……

Objectives of management
• Determination of objectives
• Achievement of objectives
• Co-ordinate human efforts
• Meeting challenges
• Efficient use of resources
• Satisfaction of customers
• Good working conditions
• Good relationship with suppliers
• Contribution to national goals
MANAGEMENT AND ADMINISTRATION

I. No Distinction
Fayol—cannot distinguish which activities belong to Management and which to administration.
Administration—Higher executive functions in government public utility etc.
Management—Used for the same function in the business sector, company, corporate.

MANAGEMENT V/S ADMINISTRATION

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<td>- With determination of corporate policy</td>
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<td>- Co-ordination of finance, production and distribution</td>
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MANAGEMENT AND ADMINISTRATION

II. Management Includes Administration.

Brech - Management is an all wide-ranging function.

Top Management - Formulation of policy, co-ordination, motivation of personnel.

Middle Management - Formulation of policies to a lesser extent, co-ordination, motivation and planning control.

Lower Management - Supervision and control of day to day activities including administrative procedures.

FUNCTIONS OF MANAGEMENT

First Time HENRI FAYOL Suggested-
1. Forecasting and planning
2. Organizing
3. Commanding
4. Coordination
5. Control

FUNCTIONS OF MANAGEMENT

According to Luther Gulick

PODSCORB
1. Planning
2. Organizing
3. Directing
4. Staffing
5. Coordinating
6. Reporting
7. Budgeting
FUNCTIONS OF MANAGEMENT
Koontz and O'Donnell
1. Planning
2. Organizing
3. Staffing
4. Directing (communication, leadership, motivation, supervision)
5. Controlling

Contd…….
A plan is a predetermined course of action which provides purpose and direction of an organization.

Define the organization’s mission and vision. A mission is the purpose of the organization. It explains why the organization exists.

FUNCTIONS OF MANAGEMENT

1. Planning
   - Look ahead and chart out future course of operation
   - Formulation of Objectives, Policies, Procedure, Rules, Programmes and Budgets
   - Setting firms goals plus the way to accomplish them

2. Organising
   Deciding structure of decision-making
   - What will be done, by whom, for whom
   - Bringing people together in the pursuit of common objectives.
   - Details of activities, classification of activities, fitting individuals into functions, assignment of authority for action.
3. Directing
- Act of guiding, managing and leading people.
- Motivation, leadership, decision making.
- Motivating employees to achieve firm’s objectives.

4. Controlling
- Monitoring progress toward goals.
- Taking corrective action.
- Setting standards, comparing actuals and correcting deviation-achieve objectives according to plans.

5. Co-ordination
- Synchronizing and combine the actions of a group of people.
- At every level.
- Unity of action for common purpose.
- First and foremost principle of organization.
- Soul of organisation.

Planning involves tasks that must be performed to attain organizational goals, outlining how the tasks must be performed, and indicating when they should be performed.

Determining organizational goals and means to reach them. Managers plan for three reasons:

1. Establish an overall direction for the organization’s future.
2. Identify and give resources to achieve goals.
3. Decide which tasks must be done to reach those goals.
Organizing

- Who will perform what jobs and tasks, who will report to whom in the company.
- Includes creating departments and job descriptions.
  - Organizing means assigning the planned tasks to various individuals or groups within the organization and mechanism to put plans into action.
  - Authority to perform duty
  - Assignment of job to the employee
Staffing

- Human Resource Planning (No. and kind of employee etc).
- Deciding sources of recruitment (attracting suitable candidate).
- Receiving applications.
- Testing & Interviewing.
- Final selection & Appointment letter.
- Orientation.
- Training & Development.

Basic Managerial Functions

**Directing/Leading**

Act of guiding, managing and leading people.

**Motivation** (inspire the employee),

**Leadership** (guide and influence the behaviour of subordinate),

**Decision Making**, 

**Communication** (for delegation, instruction, two-way, guide, motivate them).

Leading (Influencing) means guiding the activities of the organization members in appropriate directions.

Objective is to improve productivity.

Getting others to perform the necessary tasks by motivating them to achieve the organization’s goals

Important element in all functions
Controlling
1. Gather information that measures recent performance
2. Compare present performance to pre-established standards
3. Determine modifications to meet pre-established standards
   - Establishment of standard
   - Measurement of performance
   - Appraisal of performance
   - Taking corrective action

WHAT A MANAGER DOES?

TIME SPENT IN CARRYING OUT MANAGERIAL FUNCTIONS

Basic Managerial Functions

Planning Organizing Leading Controlling

- Defining goals, establishing strategy, and developing plans to coordinate activities
- Determining what needs to be done, how it will be done, and who is to do it
- Motivating, leading, and any other actions involved in dealing with people
- Monitoring activities to ensure they are accomplished as planned

Lead to

Achieving the organization's stated purposes
Levels of Management

- No of level more if size of the business increase or large
- Level should be min otherwise it will create problem.
- Because communication process, controlling, coordination will be challenge to managers.

Basic Levels of management

Levels of Management

- Top Managers
- Middle Managers
- First-Line Managers
- Non-managers

Contd……..

Levels of Management

- President
  - Vice President: Marketing, Finance, Production
  - Department: A, B, C
    - Employees

Contd……..

Levels of Management

- President
  - Vice President: Marketing, Finance, Production
  - Department: A, B, C
    - Employees
First-line Managers
- Have direct responsibility for producing goods or services
  Foreman, supervisors, clerical, accountant
- Spend little time with top managers in large organizations
- Technical expertise is important
- First line managers or supervisors represent link between management and the workers.
- Provide training to the workers.
- Supervise and guide the workers
- Solve the problem of workers by top level management

Middle Managers
- Determine which goods or services to provide
  Assistant Manager, Manager (Section Head)
- Responsible for setting objectives that are dependable with top management’s goals and translating them into specific goals and plans for first-line managers to implement.
- Responsible for coordinating activities of first-line managers
- Establish target dates for products/services to be delivered
- Need to coordinate with others for resources
- Communication, teamwork, planning and administration competencies to achieve goals
- Build a team spirit
- Develop leaders for the future by broad training and experience

Top Managers
Chief Executive Officer(CEO), President, Vice President
- Responsible for providing the overall direction of an organization
- Develop goals and strategies for entire organization
- Spend most of their time planning and leading
- Communicate with key stakeholders, stockholders, unions, governmental agencies, etc.,
- Company policies
- Use of multicultural and strategic action
- Competencies to lead firm
### Case Study

- The case method is an active learning method, which requires participation and involvement from the student in the classroom.
- There is no universally accepted definition for a case study, and the case method means different things to different people.
- In learning with case studies, the student must deal with the situation described in the case, in the role of the manager or decision maker facing the situation.
- There is no unique, correct answer in the case study method.

### Case Study

- The first step in this preparation is to read the case thoroughly. To grasp the situation described in a case study, the student will need to read it several times.
- Gaining familiarity with the case situation (critical case facts, persons, activities, contexts)
  1. Recognizing the symptoms (what are the things that are not as expected, or as they should be?)
  2. Identifying goals/objectives
  3. Conducting the analysis

### Case Study

5. Making the diagnosis (identifying problems, i.e., discrepancies between goals and performance, prioritizing problems etc.)

6. Preparing the action plan (identifying feasible action alternatives, selecting a course of action, implementation planning, plan for monitoring implementation)
### WHAT A MANAGER DOES?

**ROLES OF A MANAGER**
- Achieve objectives through and with people
- Identify and utilization resources – Optimum
- Plan, Analyze, Understand, collaborate
- Educate, problem solver
- Communicator, build team

### What are Managerial Competencies/capability/ability/skills qualities Important?

- **Education** (mgmt/admin knowledge)
- **Training** (For develop the skills)
- **Intelligence** (Ability to think, predict, analyze the problem accurately)
- **Leadership** (Manager can motivate if he has leadership qualities)

### What are Managerial Competencies/capability/

- **Foresight** (open minded, forecast, predict the problems which might be faced by the business in near future)
- **Maturity** (emotionally mature, balanced temperament, should have high frustration tolerance)
- **Technical knowledge** (other wise subordinates may misguide)
- **Human relation attitude** (social understanding, maintain good relation solve the problem, help them, treat as human being not as machine.)
Managerial Skills

- Manager demand *rainbow or mixture of skills*

- The job of a manager demands a combination of many types of skills, whether he belongs to business organization, educational institution, a hospital or a club.

- A manager is successful when he is able to make a smooth functioning team of people working under him.
Managerial Skills

- He is to resolve, coordinate the various view points and pool the talents of people working under him towards the organizational goals.
- He also has to plan and organize the operations of the enterprise so that the subordinates are able to use the resources in the best possible manner. For this, he must use the various skills in appropriate degrees.

Management Level and Skills

Categories of Managerial Skills

R. L. Katz has defined three types of managerial skills as follows:
1. Conceptual skills
2. Human skills
3. Technical skills

Now a days, some authors have added two more skills in the previous list. These are:
5. Administrative skills.
Conceptual Skills

- Conceptual skill is the ability to see the organization as a whole, to recognize inter-relationships among different functions of the business and external forces and to guide effectively the organizational efforts.

- Conceptual skills are used for abstract thinking, planning, ideas and strategy formulation.

- A manager needs conceptual skills to recognize the interrelationships of various situational factors and therefore, make decisions that will be in the best interests of the organization.

- Most important at higher levels of management and much less important at lower levels.

Human Skills

- To win cooperation of others and build effective work teams.

- As all work is done when people work together, human relations skills are equally important at all levels of management.

- Social understanding, maintain good relation solve the problem, help them. treat as human being not as machine.

- Sensitive to the needs & motivations of his superiors, subordinates and peers.

- To Resolve conflicts.
Technical Skills

- Technical skills include specialized knowledge & proficiency in handling methods, processes and techniques of specific jobs.
- Most important at lower levels of management and much less important at upper levels.
- Supervisory managers must train their subordinates in the proper use of work-related tools, machines and equipment.
- Examples of technical skills are writing computer programs, completing accounting statements, analyzing marketing statistics, writing legal documents, or drafting a design.

Technical Skills

- Managers need technical skills to guide and train subordinates.
- They cannot handle their subordinates if they do not know how the jobs are done.
- Technical skills are related to working with tools.
- Knowledge how to operate the machine like computer and any other machine.
- Financial and accounts manager use business assessment tools to measure the calculation and prepare financial statement like balance sheet and income statement etc.

Analytical Skills

- Analytical skills refer to abilities to proceed in a logical, step-by-step and systematic manner to examine the various aspects of a specific issue.
- Helping in problem solving & decision making.
- Helping in evaluating performance and to manage complex situations.
- Ability to take a large quantity of data and analyze into trends/results
  -- A written commentary on a current situation.
Administrative Skills

- Administrative skills refer to abilities to act in a Practical manner, get things done by implementing decisions & plans, to mobilize and organize resources and efforts.
- To Co-ordinate diverse activities and to regulate organizational events in an orderly manner.

Digital Skills
- These are important because using digital technology substantially increases a manager’s productivity. Computers can perform in minutes tasks in financial analysis, HRP, and other areas that otherwise take hours, even days to complete.

WHAT A MANAGER DOES?

Roles of a Manager by Henery Mintzberg (10 Roles)

1. Interpersonal roles
   - Figurehead:
     - Symbolic duties as head of the organization
     - All social, inspiration, legal and Official Responsibility, makes speeches.
     - In this light, the manager is seen as a symbol of status and authority.
Leader:
• Motivates, inspire, set an example.
• Promoting and encouraging their development, and balancing effectiveness.

Liaison/Relationship:
• Develops and maintains a network of external contacts to gather information
• Maintain relationship with other organisations, government, industry groups etc.
• One must network and engage in information exchange to gain knowledge.

2. Informational Roles
1. Managers as Monitors:
• gathers internal and external information relevant to the organization
• Observes, collects and reviews data on the meeting of standards.
• Managers gather information in order to be well informed.
2. Informational Roles

2. Managers as Disseminators:
- Transmits factual and value based information to subordinates
- Transmits information and judgment about external and internal environment/sources.

3. Managers as Spokespersons or Representatives of the Organization:
- Communicates to the outside world on performance and policies.
- Speak for the organization, defends.
- Engages in public relations.

3. Decisional Roles

Managers as Entrepreneurs:
- Designs and Initiates changes, Set goals, Formulates plans in the organization
- They are initiators, innovators, and designers of improvement projects that direct and control change in the organization.

Managers as disturbance handlers:
- Handles conflicts and complaints
- Managers react to situations that are unexpected, such as mass absenteeism, resignation of subordinates, or losing of customers.
3. Decisional Roles

Managers as Resource Allocator:
• Approves budgets, schedules and programmes.
• Set priorities.

Managers as Negotiators:
• Works out agreement with customers, suppliers and agencies.

EVALUATION OF MANAGEMENT THOUGHT

I. Pre Scientific Management Era

• I. Ever Since Down Of civilization.
• Administration of Mohenjodaro & Harappa Cities Of ancient Aryan in 2000 B.C.
• Buddha order and the sangha
• Organizations of public life in ancient Greece.
  1. In Greece the existence of council, courts, administrators and board of generals indicates the nature of management.
Organization of Roman Catholic Church.

- Through the use of the scalar principle and the delegation of authority, the city of Rome was expanded to an efficient empire.
- Organization of military forces.

Ancient Management

- Egypt (pyramids) and China (Great Wall)
- Confucius—proper public administration, appoint honest, unselfish and capable public officers.

Industrial Revolution (1760-1820, England)

- Increase the demand of production
- Contributions of Industrial revolution
  - Large scale production by machine in place of hand tools.
  - Cottage system of production was greatly replaced by the factory system. The factories gave employment to a large number of workers, so need of managers to handle these workers.
  - The invention of steam engine enabled man to drive the machines by power.
  - Growth of engineering industries
  - Rise of chemical industries
  - Revolution in iron making
  - Transport facilities increase
Adam Smith

- Published “The Wealth of Nations” in 1776
- Advocated the division of labor (job specialization) to increase the productivity of workers

Robert Owen (1771-1858)

- Father of personnel management
- He believed and practiced the idea that workers should be treated as human beings.
- He made provisions for reduced working hours, housing facilities, education of workers and their children, human treatment to workers.

Charles Babbage (1792-1871)

- Leading British mathematician at Cambridge University
- Method of science and maths should be applied in the factories to solve the problem.
- He was a mathematical management scientist, interested in division of labor, scientific methods

Scientific Management Era (F.W Taylor, Henry Gantt, Frank Gilbreth, Emerson)

- After Industrial revolution
- Industrial Engineers.
- Machine theory or traditional theory, structural theory of organization, anatomy of formal organization
- To solve the problem of management
- First systematic study of mgmt
- Find the most efficient method of production, scientific selection and training of workers, proper allotment of duties, cooperation

Management Thought
Its main objective was improving **economic efficiency**, especially **labor productivity**.

It was one of the earliest attempts to apply science to the engineering of processes and to management.

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Fredrick Winslow Taylor

- The “father” of scientific management
- Published *Principles of Scientific Management* (1911)

**The theory of scientific management:**
- Using scientific methods to define the **“one best way” for a job to be done**
- Putting the right person on the job with the correct tools and equipment
- Having a standardized method of doing the job
- Providing an economic incentive to the worker

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SM or Taylorism involves-

- Scientific study analysis of work
- Scientific selection and training of employee
- Standardisation of raw materials, working condition and equipment
- Emphasized the need for scientific approach to management of business org:

**Reasons of Low Efficiency of Workers**

- Lack of Knowledge on the part of management as to how much work should be done by a worker in a day.
Aims of SM—
- Increased production
- Quality control
- Cost reduction
- Elimination of wastes
- Right men for right work
- Incentives to workers
- Supreme importance to organization

PRINCIPLES OF SCIENTIFIC MANAGEMENT
To enhance productive efficiency of each worker—Principles to be followed
1) Science, not rule of thumb—Traditional mgmt (decision based on opinions, intuition or rule of thumb)
2) Harmony (Agreement), not discord (disagreement, conflict)
3) Co-operation (to change mental attitude/mental revolution/mutual trust and confidence), not individualism
4) Maximum output, in place of restricted output
5) Development of each man to his greatest efficiency & prosperity.
6) Equal division of work and responsibility between management and labour. (Manager for planning and worker for execute them)

Technique developed—To implement these Principles
1) ELEMENT OF SCIENTIFIC MANAGEMENT
   Determination of workload (work study) by—
   Method study (to know the best method of doing a particular job)
   Motion study (some element of a job can be eliminated, combined, their sequence change)
   Time study (standard time taken for any operation)
   Weakness / Fatigue / low energy / tiredness study
2) PLANNING OF INDUSTRIAL OPERATIONS
What How, Where & When the work shall be done (planning dept). Worker should not be supposed to choose their own method.

3) Proper selection, placement and training of workers by a centralized personnel department. (selection process is faulty - right worker not on the right job)

PRINCIPLES OF SCIENTIFIC MANAGEMENT
4) IMPROVEMENT IN METHODS OF WORK
i) Standardization of materials, tools and equipment, working conditions, methods for improving the quality of production.
ii) Regulation of speeds of machines.
iii) Improvement of the work environment.

5) Scientific task setting (A fair day’s work)
6) Setting of wage/pay/salary/income/earning

Advantage to employers-
1) Replacement of traditional rule of thumb method by scientific investigation
2) Proper selection and placement of the workers leading to better performance in every context
3) Harmonious relationship between the workers and mgmt.
4) Standard tools, methods, materials etc.
5) Better utilization of resources and elimination of wastes.
Scientific determination of fair work a worker can do during the day.
**Advantage To workers-**
- Detailed instructions and constant guidance for the workers
- Training needed to increase skills.
- Incentive wages to the workers for higher production.

**Advantage To Society-**
- Better quality products at lower costs to the people
- Higher standard of living of people through better products.
- Increased productivity in the country
- Technological development due to scientific investigation

**APPROACHES TO MANAGEMENT**

How Do Today’s Managers Use Scientific Management?
- Use time and motion studies to increase productivity
- Hire the best qualified employees
- Design incentive systems based on output

**Criticism of SM**
- Speeding up of workers (SM attempts to force them to work their max)
- Boredom (routine work just like automatic machine)
- No scope for initiative (order-hv to do, no innovation, new work method)
- Unemployment (op increase-reduction in employment opportunities)
- Exploitation of workers (mgmt is a clear device for the exploitation of the workers, salary not increased as production increases)
employee were supposed to obey their superiors.

it is said that the focus of this theory on “organization without people”

Focus on only production, not on marketing, human, accounting, finance etc.

Lack of initiative, overspeeding workers, job insecurity etc.

Henri Fayol’s Administrative Management Theory

General administrative theorists

- Writers who developed general theories of what managers do and what represents good management practice
- Henri Fayol (France)
  - *Fourteen Principles of Management*: Fundamental or universal principles of management practice
- Max Weber (Germany)
  - Bureaucracy: Ideal type of organization characterized by division of labor, a clearly defined hierarchy, detailed rules and regulations, and impersonal relationships
Henri Fayol, a French industrialist, is now recognised as the Father of Modern Management. In year 1916 Fayol wrote a book entitled "Industrial and General Administration". (1916 in French, translated into English in 1949). In this book, he gave the 14 Principles of Management. These 14 principles of management are universally accepted and used even today. According to Henri Fayol, all managers must follow these 14 principles.

Fayol's Fourteen Principles of Management

- Division of work
- Authority
- Discipline
- Unity of command
- Unity of direction
- Subordination of the individual
- Remuneration
- Centralization
- Scalar chain
- Order
- Equity
- Stability of tenure of personnel
- Initiative
- Esprit de corps (Union is strength)
Fayol’s Fourteen Principles of Management

1-Division of work-
- Among various individuals
- Specialization of labor
- Avoid waste of time
- Makes the job less satisfying (job enlargement for job satisfaction)

2-Authority and Responsibility
- Denotes the right or power to give the orders to the subordinates.
- Responsibility means the duty which the subordinate is expected to perform (ex-no of units of a product)
- According to Henri Fayol, there should be a balance between Authority (Power) and Responsibility (Duties).
- Authority must be equal to Responsibility.
- If the authority is more than responsibility then chances are that a manager may misuse it.
- If responsibility is more than authority then he may feel frustrated.
3. Discipline-
- Discipline means a respect for the rules and regulation of the organization.
- Code of conduct, ethical norms of society
- Discipline may be Self-discipline, or it may be Enforced discipline.
- Self-discipline is the best discipline. However, if there is no self-discipline, then discipline should be enforced through penalties, fines, etc.
- No organization can survive without discipline.
- Getting obedience to rules and regulations of the organization.
- Essential for the smooth running of the organization.
- Depend upon leadership quality, clear and fair agreement, no divide and rule, coordination, mental support.

4. Unity of command
- Subordinate should receive orders from one superior only.
- Dual command is a permanent source of conflict, conflict among the superiors
- It helps clarify authority-responsibility relationship in the organization.
- No possibility of receiving conflicting orders.
- Who is responsible to whom

According to this principle, a subordinate (employee) must have only one superior (boss or manager).
A subordinate must receive orders from only one superior. In other words, a subordinate must report to only one superior.
According to Fayol, if one subordinate receives orders from more than one superior then there will be disorder.
This will affect the discipline, efficiency, productivity and profitability of the organisation.
Unity of Command is a very important principle of management.
This principle is based on the rule “Too many cooks spoil the soup.”
5. Unity of Direction

- All activities which have the same objective must be directed by one manager, and he must use one plan. This is called Unity of Direction.
- For example, all marketing activities such as advertising, sales promotion, pricing policy, etc., must be directed by only one manager.
- He must use only one plan for all the marketing activities.
- One unit and one plan
- Group of activities having the same objective or directed towards its common goal.
- Functioning of a department, sub dept or the organization as a whole.

6. Subordination of Individual Interest to the general interest

- The interest of the organization must prevail upon the personal interests of individuals. (both toward Goal)
- In an organisation, there are two types of interest, viz., the individual interest of the employees, and the general interest of the organisation.
- The individual interest should be given less importance, while the general interest should be given most importance. If not, the organisation will collapse.

7. Remuneration of personnel

- For their services
- Should be fair to everybody
- It should include both financial and non-financial incentives.
8. Scalar Chain

- Scalar Chain is a line of authority. This line joins all the members (managers and employees) from top to bottom.
- Every member must know who is his superior. He must also know who is his subordinate.
- Scalar Chain is necessary for good communication. Scalar Chain must not be broken in standard circumstances.
- However, if quick action is necessary, then this chain can be broken. This is done using "Gang Plank" / "Bridge" / "Direct Contact".
- Scalar Chain is shown in diagram below with Gang plank as dotted line FP.

The Scalar Chain is shown by a double ladder A to G and A to Q. A is the head of the organisation, B and L are the next level, and so on.

- If quick action is necessary, then a "Gang Plank" "FP" is made.
- Now F and P can contact each other directly but they should inform E and O about their decisions.
Fayol's Fourteen Principles of Management

9. Centralisation
- In centralisation, the authority is concentrated only in few hands.
- However, in decentralisation, the authority is distributed to all the levels of management.
- No organisation can be completely centralised or decentralised.
- If there is complete centralisation, then the subordinates will have no authority (power) to carry out their responsibility (duties).
- Similarly, if there is complete decentralisation, then the superior will have no authority to control the organisation.
- Therefore, there should be a balance between centralisation and decentralisation.

10. Order
- A place for everything and everything in its place (order of employee i.e. social order, order in materials things)
- Employee must be at appointed place
- Right person on the right job and right place
- There should be an Order for Things and People in the organisation. Order for things is called Material Order.
- Order for people is called Social Order.
- Material Order refers to "a place for everything and everything in its place."
- Social Order refers to the selection of the "right man in the right place". There must be orderly placement of the resources such as Men and Women, Money, Materials, etc.
- Misplacement will lead to misuse and disorder.
11. Equity/Fairness/Impartially
- Fair judgments in dealing with human resources.
- Person must be treated with kindness.
- Superiors should be good natured, soft spoken.
- Equity creates loyalty and devotion in the employees.

12. Stability of tenure of personnel
- An employee needs time to learn his job and to become efficient.
- Therefore, he should be given time to become efficient. When he becomes efficient, he should be made permanent.
- In other words, the employees should have job security.
- Employee should not be rotated at different jobs very frequently.

13. Initiative
- Management should encourage initiative. That is, they should encourage the employees to make their own plans and to execute these plans.
- This is because an initiative gives satisfaction to the employees and brings success to the organisation.

14. Esprit de corps (Union is strength)
- Esprit de Corps means "Team Spirit".
- Therefore, the management should create unity, co-operation and team-spirit among the employees.
- They should avoid the divide and rule policy.
- Harmonious human relations
- Avoid written communication (Use face to face contacts tend to promote speed, clarity and harmony)
Max Weber’s Ideal Bureaucracy

By: Marissa Madrigal, Beau Hindman, Amy Wrenn

Weber’s Ideal Bureaucracy

Meaning—system of government, official procedure, administration

In the 1930s Max Weber, a German sociologist
1. Division of Labor
2. Authority Hierarchy
3. Formal Selection
4. Formal Rules and Regulations
5. Career/job Orientation
Weber’s Principles of Bureaucracy

- Weber’s ideal bureaucracy involves clear hierarchy and authority.
- Workers are expected to follow a clearly defined system of rules and procedures.
- A bureaucracy is structured with a clear chain of command and order.

Weber’s Ideal Bureaucracy

- A group of workers (for example, civil service employees of the U.S. government), is referred to as “the bureaucrats.”
- Bureaucracy has an informal usage, as in “there’s too much bureaucracy where I work.” This informal usage describes a set of characteristics or attributes such as “red tape” or “inflexibility” that frustrate people who deal with or who work for organizations they recognize as “bureaucratic.”
- Max Weber’s principles spread throughout both public and private sectors.

Weber’s Ideal Bureaucracy

- The idea is to treat all employees equally and customers equally, and not be influenced by individual differences.
- A clear hierarchy - All positions within a bureaucracy are structured in a way that allow the top positions to manage and control the lower positions.
  - This allows for a clear chain of command, control and order organization.
- Division of labor and specialization - All responsibilities in an organization are specialized, so that each employee has the expertise to make a special task.
- Rules and regulations - Standard operating procedures manage all organizational activities to accommodate reliability and facilitate coordination.
Weber’s Ideal Bureaucracy

• Intangible relationships between managers and employees - Leaders must maintain an unfriendly relationship with employees so that Partiality and personal biases do not access decisions.

• Competence, skills - Should be the basis for all decisions made-up in hiring, work assignments, and promotions in adjustment to Advance ability and merit as the main characteristic of a bureaucratic organization.

• Records - The bureaucracy should be continued for the complete files regarding to all activities.

Features of Bureaucratic Organization

The characteristics or features of Bureaucratic Organization are as follows:

• There is a high degree of Division of Labor
• There is a well defined Hierarchy of Authority.
• It follows the principle of Rationality, Consistency.
• There are Formal/official/proper and Unfriendly relations among the member of the organization.

Weber’s Ideal Bureaucracy

• Interpersonal relations are based on positions and not on personalities.
• There are well defined Rules and Regulations. There rules cover all the duties and rights of the employees. These rules must be strictly followed.
• There are well defined Methods for all types of work.
• Selection and Promotion is based on Technical qualifications.
• Only Bureaucratic or legal power is given importance.
Bureaucratic organization is criticized because of the following reasons -:

- It does not give importance to human relations.
- It is suitable for government organizations. It is also suitable for organizations where changes are very slow.
- It is appropriate for static organizations.
- Bureaucratic organization is a very rigid type of organization.
- Too much emphasis on rules and regulations. The rules and regulations are rigid and inflexible.

Weber’s Ideal Bureaucracy

- No importance is given to informal groups. Nowadays, informal groups play an important role in all business organizations.
- Bureaucracy involves a lot of paper work. This results in lot of wastage of time, effort and money.
- There will be unnecessary delay in decision-making due to formalities and rules.

Weber’s Ideal Bureaucracy

- Bureaucratic model may be suitable for government organizations. But it is not suitable for business organizations because business organizations believe in quick decision making and flexibility in procedures.
- Too much importance is given to the technical qualifications of the employees for promotion and transfers. Dedication and commitment of the employee is not considered.
- There is difficulty in coordination and communication.
- There is limited scope for Human Resource (HR).
Classical Approach/functional approach

Classical Approach/functional approach

1. Scientific Management (Taylor)
2. Administrative or functional management (Henri Fayol)
3. Bureaucracy (Max Weber)

-One of the oldest approach to management
-Concentrate on organization structure and their mgmt
-They concentrate on work planning, the technical requirement, principles of mgmt.
-known as structural framework of organization

Classical Approach/functional approach

-Taylor suggested scientific method to solve mgmt problem
-Fayol 14 principles of mgmt and their universal applications Contribution of classical approach
- Focus on division of labour
- Scalar chain
- Functional processes
- Focus on the managerial experiences and implementation
- They ignored the role of human element

Classical Approach/functional approach

-Money is considered the main motivator under this theory
- Centralization of authority.
- If conflict, the interest of the organization should prevail.
-- Organization as a closed system, no interaction with the external environment.
- Based on past managerial experiences and their limited observations.
Classical Approach/functional approach

- Strict rules and regulation.
- Classical writers emphasis on the universality of mgmt principles but in practice, mgmt principles can not be applied blindly, they may need modifications according to situation.

Neo-Classical or Human Relations Theory

- The classical theory ignored Human factor.
- This theory is a reaction to the classical approach.
- This theory focused on the human aspect of Industry
- Human factor is the most important resources of organization
- focus on inter-personal relations at the work place
- Manager must take interest in the welfare of workers.
- Elton Mayo is as Father of the Human relations school
- conducted some experiments known as Hawthorne experiments

Human Resources Approach

Robert Owen
- Scottish businessman and reformer who advocated for better treatment of workers.
- Relieve human sadness/unhappiness.
- Father of personal management
**Human Resources Approach**

Mary Parker Follett

- Organizations viewed as individuals and group behavior.
- Believed that individual potential could only be released by group association.

Chester Barnard

- Saw organizations as social systems that require human interaction and cooperation.
- Expressed his views in his book "The Functions of the Executive (1938)".

**Hawthorne Studies**

Hawthorne effect

- Social norms or standards of the group are the key determinants of individual work behavior.
- People are not machines.
- Importance of employee satisfaction—a satisfied worker was believed to be a productive worker.
- Making management practices more humane.
  - Abraham Maslow
  - Douglas McGregor

The human relations movement drew heavily in support of its findings on a series of famous experiments called the Hawthorne Studies which were conducted at the Hawthorne Plant of the Western Electric Company in Cicero, Illinois.

- The neglect of human aspect and over-emphasis on machines, materials and abstract functions led to the development of this approach.
- Prof. Elton Mayo is considered as the initial proponent of the Human Relations or Behavioral Approach to Management.
• Successful management is one that gets the best from these individuals.
• Management therefore involves getting things done with and through people.
• Understanding worker response and inter-personal relations is essential in the development of any management approach.
• The core of human relations approach is "being nice to workers".

It focused on the following:

• A focus on people, rather than upon machines or economics
• A key activity in human relations is motivating people
• Human relations, through team work, seeks to fulfill both individual and organizational objectives simultaneously
• The human relations approach emphasizes on the individual and focuses on inter-personal approach.
• It studies the individual, his needs and behavior. Its main concepts are motivation and job satisfaction.

• Man is a social animal and he never thinks alone. He is greatly influenced by what others with whom he is associated thinks or behaves.
• Thus it is the group that sets the pattern of human behavior.
• It is necessary to study the organizational behavior as a whole, involving the study of the attitude, behavior and performance of both individuals and groups in organizational setting.
Hawthorne Experiments-
- 1927-1932 by Elton Mayo and associates
- Western Electric company, Chicago
1. Illumination/light/lighting/experiment
   - Effect of lighting on employee output
     - One group in room where lighting remained constant/second group where lighting varied (over voltage, under voltage, not proper supply, intensity of light)
   - Output of both groups increased
   - Result—It was concluded that lighting was a minor factor.
     - There were some other factors which influenced the productivity of workers when the intensity of light was increased or decreased.

2. Relay assembly (meeting/get-together) test room experiments
   - Test group of six female workers, frequent changes were made in their working conditions such as shorter working hours, rest periods, hot lunch, friendly interaction among members of the group, free social interaction among group members.
   - Result—Productivity increased,
     - Socio-psychological factors like feelings, recognition, participation having greater influence than working condition for higher productivity.

3. Mass interview Programme
   - A large number of workers were interviewed by the researchers to understand their attitude, opinion on work, working conditions etc.
Contribution of Human relations or Neo-Classical Approach

- **Role of Money**
  - Money is not everything to motivate
  - Socio-psychological factors act as important motivators

- **Conflict**
  - Conflict between organizational and individual goals
  - For the smooth functioning of the organization, it is necessary to achieve the **integration** between the goals of the organization and those of the individuals

**Communication**

- Both-way communication is necessary
- Space for feelings and sentiments, moral / ethical support

**Social Environment**

- Mgmt is not the only variable
- Social environment affects and is affected by workers
- A family, a village, a political party, a trade union are all social groups.

**Group Dynamics/cluster/set**

- Workers often do not act or react as individuals but as members of groups
- The groups play an important role in determining the attitude and performance of individual workers.

**Social System**

- Organization in general is a social system composed of interacting parts.
- The workers follow social norms determined by their coworkers, which define the proper amount of work

**Leadership**

- Leader helps the workers to function as a social group
### Neo-Classical or Human Relations Theory

**Features**
- Organization is not only a **techno-economic system** but also a psycho-social system.
- Main factors: inter-personal relations, attitudes of the superiors.
- Form small informal group and leader can fix norms, recognition, behavior, performance of workers.
- Improve relations with workers.

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### Criticism of Neo-classical approach

**Criticism of Neo-classical approach**

- **Invalid Assumption**
  - Assumption that there is a solution to every problem which satisfies everyone is not true.
- **Lack of scientific Validity**
  - The groups chosen for study were not representative in character.
  - The findings based upon temporary groups.
- **Limited Application**
  - Application is limited not universal to all organization.
- **Limited Focus on work**
  - Focus on interpersonal relations and on the social groups.
- **Over concern with happiness**
  - Attention on happiness of employee.
  - The Hawthorne studies suggested that happy employee will be more productive employee.
  - It is possible a lot happiness but unproductive workers.
APPRAISCHES TO MANAGEMENT

1) Empirical Approach
2) Human Behaviour Approach
3) Social System Approach
4) Decision Theory Approach
5) Mathematical Approach
6) Socio-technical Systems Approach
7) Systems Approach
8) Contingency Approach
9) Operational Approach

Empirical/Experimental/practical approach

-Features
- Management is the Study of past managerial experiences and cases.
- Knowledge and experiences of successful managers can be applied by other managers in problem solving and decision making.
- Past experiences as lesson for the future.
- Study of Successful & failure cases help managers.
- Theoretical research combined with practical experiences.

EMPIRICAL APPROACH

- Uses
  - Learning through experience of others

- Limitations
  - Situations of past not the same as present.

- Contributors:
  Earnest Dale, Mooney & Reiley, Urwick.
Contingency/Situational School Defined

- There is no one universally applicable set of management principles (rules) to manage organizations.
- Organizations are individually different, face different situations (contingency variables), and require different ways of managing.
- The impact of environment on the organization structure and managerial style is the major concern.

It is more down-to-earth, practical and action-oriented
- It rejects the blind applications of principles.
- Depends on situation.
- If -Then approach.
- Each organization is to be studied as a unique entity.
SYSTEMS APPROACH (1960)

- System Defined
  - A set of interrelated and interdependent parts arranged in a manner that produces a unified whole.
  - Organization is a system composed of interrelated and interdependent elements.
  - The system does not exist in a vacuum; it receives information, material and energy from other systems as inputs.
  - An organization is a dynamic system as it is responsive to its environment.

- Organization is a system composed of interrelated and interdependent elements.
  - Environment (e.g., technological, social, economic, and political, competition in the market)
  - It does not comment on the validity of the classical principles of management.

Basic Types of Systems

- Closed systems
  - Self-dependent, self-contained, self-maintaining unit
    - Are not influenced by and do not interact with their environment (all system input and output is internal)
    - Ex- physical and mechanical systems are closed system.
    - Concentrate on internal relationships between subsystems

- Open systems
  - Dynamically interact to their environments by taking in inputs and transforming them into outputs that are distributed into their environments
The Systems Approach

- For example, **living organisms** are considered open systems. Humans, for example, inhale oxygen out of the environment and exhale carbon dioxide into the environment.
- Similarly, some **organizations** consume raw materials in the production of products and produce finished goods and pollution as a result.
- In contrast, a **watch is an example of a closed system** in that it is a relatively self-contained, self-maintaining unit that has little interacts or exchange with its environment.

- Imagine, say, a **human** in a house, that is **perfectly insulated** from the world and has no mechanism of bringing ANYTHING new in. That would be a ‘closed system’.
- Whereas, say, a human living in a house where he can get deliveries, that’s an open system

- World-**various national economy-industries-firm-production, accounting, finance etc.**
  - The world considered a system in which various national economies are subsystems, each economy is composed of its various industries, each industry is composed of firm, a firm can be considered a system with subsystems such as production, marketing, finance, accounting etc.
  - Ex.-Internet, Organization, Democracy
  - **Composition of a hierarchy of subsystems.**
  - System-subsystem-further sub system
  - Input, Process and Output
Coordinating the organization's parts is essential for proper functioning of the entire organization. Decisions and actions taken in one area of the organization will have an effect in other areas of the organization. Organizations are not self-contained and, therefore, must adapt to changes in their external environment.

**Decision Theory Approach**
- **Manager** – Decision maker
- **Organization** – Decision making unit
- **Features**
  - Management is decision making.
  - Members of Organization - decision makers and problem solvers.
  - Decision making - control point in management
  - Increasing efficiency - the quality of decision

**The Systems Approach**

1. State the problem
2. Identify alternatives
3. Evaluate the alternatives
4. Make a decision
5. Implementation of the decision

- An alternative is (uniquely) best if and only if it is better than all other alternatives.
- If there is a uniquely best alternative, choose it.
### APPROACHES TO MANAGEMENT

#### DECISION THEORY APPROACH

- **Contributors**
  - Simon, Cyert, Forrester, etc.

- **Uses**
  - Tools for making suitable decisions in organizations.

- **Limitation**
  - Does not take the total view of management
  - Decision making - one aspect of management

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#### SOCIAL SYSTEM APPROACH

- Chester Barnard father of social system approach.
- Almost same as Human relations approach.
- Organization as a social/collective/shared system that is composed of people who work in cooperation.
- Employee cooperate, communicate, work for a common purpose
- Understanding the behavior of groups & individuals.

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**Contd…..**

- **Features**
  1. Social System, a system of cultural relationship
     - Cultural relations may be defined as interactions, both direct and indirect, among two or more cultures.
     - Direct interactions include physical meets with people and objects of another culture.
  2. Relationship exist between external and internal environment of the organization.
  3. Formal/official/proper Organization - Cultural relationships of social groups working within the organization.
4. Co-operation necessary

5. Efforts directed—harmony (agreement/synchronization) between goals of organization & goals of groups.

6. Organizational decisions should **not be based on desires of one group alone but should reflect the interests of all the parties.**
• Basic needs—food, clothing, shelter, air, water
• Safety and security needs
• Social needs—recognition, feelings, conversation
• Esteem and status needs
• Self-fulfillment needs

APPROACHES TO MANAGEMENT

HUMAN BEHAVIOUR APPROACH

• Uses
  — Demonstrates how management can be effective by applying knowledge of organisation behaviour.

• Contributors
  — Maslow, Herzberg, Vroom, Mc Cleland, Argyris, Likert, Lewin, McGregor, etc.

• Limitations
  — Treating management as equivalent to human behaviour.

BUSINESS ETHICS & SOCIAL RESPONSIBILITY
ETHICS

Ethics may be defined as-

- That set of moral values /Moral code/Principles
- Defining Right/Wrong for group, culture, or nation
- Business ethics, medical ethics, legal ethics etc.

Business Ethics and management

Business Ethics and management-
- Business is a part of the society
- Ethics comes from the Greek root “ethos” which means character, guiding beliefs, standards or ideals for group or community.
- Ethics mean: what is good or bad, fair or unfair, right or wrong?

Business Ethics and management

- Business Ethics refer to the moral/good/right/decent/honest principles which should govern business activities.
- They are concerned with determining what is right/wrong while doing the business.
- Code of conduct for the managers.
- Guide the human to perform their job ethically\fairly\decently\morally.
List of Ethical Issues in Business

- Employee-Employer Relations
- Employer-Employee Relations
- Company-Customer Relations
- Company-Shareholder Relations
- Company-Community/Public Interest

Two Key Branches of Ethics

**Descriptive ethics** involves describing, characterizing and studying morality
- “What is”

**Normative ethics** involves supplying and justifying moral systems
- “What should be”

Sources of Ethical Norms

- Fellow Workers
- Institutions
- Regions of Country
- Family
- Profession
- Friends
- Employer
- The Law
- Religious Beliefs
- Society at Large
Business Ethics and Management

Why Managers Behave Ethically

- To avoid some punishment.
- To receive some reward.
- To be responsive to family, friends, or superiors.
- To be a good citizen.
- To do what is right, pursue some ideal, such as justice.

Example of Ethical Business Practices

- To charge fair prices from the customers.
- To pay taxes to the government honestly.
- To charge reasonable profits from the customers.
- To give fair treatment to the workers.

Business should follow the ethical or moral norms of the society.
- Ethical values in business operations.
- Honest dealing
- If a manager is just and fair in his action, his behavior will be deemed to be ethical.

Nature of Business Ethics

- Is an umbrella term which covers all business practices.
- Perfection in the conduct of life.
- Equity-fair and reasonable treatment to all.
- Honest business, responsible citizen
- Sense of right and wrong

Unethical Practices

- Sale of products injurious to public health, ex-charas, heroine
- False claims in advertisement
- Exploitation of workers
- Plain water in injection
- Duplicate products under popular brand names.
- Using company property for personal use.
Business Ethics and management

Business Ethics importance-

- Business is a part of the society, social values must become the guiding principles for doing business.
- Organisation fail and not at society's expectations, it may lose its image, market share.
- Managers must respect the social norms and expectations.
- If a business is not ethical, govt can take action.

Factors influencing the Ethical behaviour
1. Social factors - social values, norms, traditions, customs.
2. Economic factors - immoral advertisement for profit
3. Cultural factors - cultural values, family system, religion, education,
4. Political factors - business ethics are also influenced by the ideology and philosophy of the political party in power.
5. Organisational factors.
6. Institutional codes

Tools for promoting Ethical Practices
1. Mission statement - the objective of the organization, What business wants to be?
   • 2. Core Values - based on its vision and mission. Core values like impartiality, fairness, technical excellence, respect between co-workers.
   • 3. Policies and procedures should be based on ethical values.
   • 4. Code of conduct or code of ethics
     - Have the support of top management,
     - Be clearly explained to all employees
     - Be practical and realistic
     • Watchdog committee that has authority to take disciplinary action.
5. Grievance/Complaint handling mechanism
   - For proper implementation of the code of ethics.

6. Dilemma resolution workshops
   - Ethically dilemma resolution workshop should be organized from time to time to prepare the participants for dealing with ethical dilemmas in future in an effective manner.

7. Ethical training
8. Establishing Ethical climate of firm

SOCIAL RESPONSIBILITY

- Social responsibility refers to a firm’s obligation to act for benefit of society.
- It is based on the assumption that what is good for the society.
- Several corporations have been engaged in discharging their social responsibility.
Social Responsibility of Business
- A business enterprise must try to understand the goals of the society of which it is a part and take steps to contribute towards the achievement of those goals.
- Act in a manner which will serve the best interests of the society.
- Reflects a high Empathy /Understanding component
- May also serve self-interest Equally

Social Responsibility Applies
- To all stakeholders
- To society at large

Classical view of social responsibility
• Business is an economic institution and major responsibility is to produce more goods and earn more profit to owners.

Modern view of social responsibility
• The business houses are a part of the society, take input and resources from society, so must respond to the social needs and values.

• J.R.D Tata was the first leading businessman to clearly recognize that business does not operate in isolation from society.
• Solve the problems of people
- Ex.TISCO has contributed a lot in the areas of community development, social welfare, tribal development, rural industrialization.
- Reliance foundation
- “Meeting of minds” SDP/FDP By TCS
Companies are taking initiatives for developing infrastructure in rural areas, e.g., TATA Motors provides desks, benches, chairs, tables, cupboards, electrical fittings and educational and sports material to various primary schools in Singur.

The company has also planned similar programmes to upgrade school infrastructure and is also planning to set up a computer laboratory in one of the high schools.

BHEL is also providing drinking water facilities, construction of roads and provision of health facilities, educational facilities, and so on.

companies like ONGCs are encouraging sports by placing good players on their pay rolls.

Lupin laboratories launched "Lite for Life" programme in 1973 to control and eliminate tuberculosis from India.

Finolex industries started the Hope foundation in 1979 for the detection and treatment of cancer.

Microsoft corporation donated $100 million (more than 400 crore) for the containment of AIDS in India.

Social responsibility towards different interest groups

1. Responsibility towards Employees
   - To pay reasonable wages and salaries to its employees so that they may satisfy their needs and lead a good life.
   - To provide good working conditions to maintain the health of the workers.
   - Provide services such as medical facilities, child education, life insurance, medical insurance.
   - Create better human relations in the business.
   - Provide equal opportunities to the workers to develop their skills through training and education.
2. Responsibility towards owners or investors
- To ensure a fair and regular return on the investment of owners or shareholders.
- To ensure safety of investment.
- To keep the owners well informed about the progress and financial position of the company.
- To protect the interests of all types of investors in the business.

3. Responsibility towards Customers
- Customer satisfaction is the ultimate aim of all economic activities.
  - To produce goods which meet the needs of the consumers of different classes.
  - Goods at reasonable prices.
  - To handle the customer’s grievances quickly and carefully.
  - To ensure regular supply of goods and services.
  - To ensure that advertisement and other statement issued by the business are truthful.
  - To follow fair trade practices.

4. Responsibility towards Suppliers
- To ensure regular payment to the suppliers.
- To avoid exploitation of the suppliers.
- To help the suppliers in improving the quality of their products.

5. Responsibility towards Government
- Follow the policies or guidelines issued by the government.
- To pay taxes honestly and in time to the government.
- To adopt fair dealing in foreign trade.
6. Responsibility towards community and society
- To promote national integration.
- To preserve and promote social and cultural values.
- To provide high quality product to the society.
- To improve the quality of life of the workers.
- To generate employment opportunities.
- To ensure efficient use of national resources.
- To take steps against air, water and noise pollution.

Summary
- Organizational behaviour is an exciting field of study concerned with study of human behaviour in the organization.
- The world order is changing dramatically and is in the process of complete transformation and the concept of “Global Village” is emerging.
- Management of organizations is bound to cope up with the radical transformation by developing new techniques and practices in the global perspective after carefully analyzing the real challenges being faced by the professional managers.

Review Questions
1. What do you understand by OB? How it is related to Management? What are the contributing disciplines to OB?
2. How are OB concepts addressed in Management functions, roles & skills?
3. What are the critical issues & challenges faced by Managers today which are compelling them to use OB concepts?
4. Putting people first has worked for Info Sys. If it is so effective then, why do you think that all firms have not adopted these practices?
5. What do you understand by Effectiveness & efficiency?
6. Why managers today pay more attention to the person–organization fit than the person-job fit?
Review Questions

7. Can management be regarded as a process?
8. What are the different levels of management exist in the organization?
9. Briefly explain the variables in OB.
10. “Happy workers are more productive”. Comment!!!!

Review Questions [Short Answer Types]

1. What are some of the new challenges confronting managers in today's business environment?
2. What are the differences between organizational behavior, organization theory (OT), personnel/human resources (P/HR), and organization development?
3. Discuss Henri Fayol's contributions to organizational theory.
4. Why management is called a process? Briefly explain the components of management process.
5. Write an explanatory note on the skills required by manager with example.
6. Discuss Henry Mintzberg's classification of basic roles performed by managers in a modern organization.
7. Explain the concept behind organization behavior model in detail.

Review Questions [Short Answer Types Contd…]

7. Illustrate different levels of management with the help of a suitable chart.
8. How does globalization affect people at work?
9. How do ethics influence human behavior in organizations?
10. How do high performance organizations operate?
Review Questions [Long Answer Types]

1. Examine the nature of interaction between organization and external environment in terms of flow and process involved.
2. Identify trends in the models of organizational behaviour as they have developed over a period of time and point out why the trends are moving in the directions that they are?
3. Explain the relevance of supportive model of organizational behaviour in Indian setting.
4. How are OB concepts addressed in management functions, roles and skills?
5. What are the three levels of analysis in organizational behaviour? Are they related? If so, how?

Review Questions [Long Answer Types Contd…]

7. “Management is the trinity of art, science and profession”. In the light of this statement explain the nature of management.
8. Explain the different types of skills required by managers and comment on their relative importance at different levels in the organization.
9. Millions of workers have lost their jobs due to downsizing. At the same time, many organizations are complaining that they can’t find qualified persons to fill the vacancies. How do you explain this apparent contradiction?
10. On 1 to 10 scales measuring the sophistication of a scientific discipline in predicting phenomena, mathematical physics would probably be a 10. Where do you think OB would fall on the scale? Why?

Long Questions

1. Explain the concept of management and bring out its importance in present day context.
2. “Management is the effective utilisation of human and material resources to achieve the enterprise’s objectives.” comment.
3. Discuss the nature and scope of management. Is management a science or an art or both?
4. Is management a profession? give arguments for and against the professionalisation of management.
5. Clearly explain the concept and significance of management. distinguish between management and administration.
Long Questions

6. How would you argue that management is important for all organizations?

7. “Management is the art of getting things done through people”. Comment.

8. Define the term management and explain its basic features.

9. What are the functions of a manager? Briefly explain various managerial skills.

10. Assess the contributions of Henry Fayol to management thought.

Long Questions

11. Compare and contrast various theories of management. Which approach would you suggest and why?

12. “F.W. Taylor is said to be the father of scientific management and Henri Fayol, the father of principles of management.” Explain this statement.

Short Questions

1. “The fundamental functions of management are universal, they are applicable to all situations.” Discuss.

2. Difference between authority and responsibility.

3. Distinguish between management process, principle and practices.

4. Discuss the contributions of ‘Hawthorne Experiments’ in the development of managerial thinking.

5. Discuss Taylor’s principles of scientific management.
Short Questions

6. What is the contingency approach to management?

7. Differences between Human relations and scientific management approach.

8. “Elton Mayo is known as the father of human relations school.” comment.

9. Write Short notes on the following:
   a) Level of management
   b) Interpersonal Roles of Managers
   c) Managerial skills
   d) Management as a Process
   e) Management Vs. administration
   f) Importance of management
   g) Scientific management
   h) Concept of business ethics

Objective questions

1. Which one of the following approaches is adopted in studying management?
   a) Profession  b) Art  c) Science  d) Process

2. Management is
   a) Pure Science  b) Applied science  c) Art  d) Science and Art both

3. The concept of scientific management was given by
   a) Frederick Taylor  b) Henri Fayol  c) Elton Mayo  d) Peter Drucker
4. Management as a system emphasises on-
   a) close system perspective
   b) open system perspective
   c) socio-technical system
   d) None of these
5. What is the nature of management process?
   a) Time-bound   b) Continuous
   c) Procedural   d) Disjointed
6. Top management functions are the most important because
   these take care of-
   a) Overall organisation   b) Specific problems
   c) Routine problem   d) Extraordinary problems

7. Which one of the following terms is not associated with social
   responsibility?
   a) Social commitment   b) Social concern
   c) Social programme   d) Social structure
8. Business organisations should feel concerned with social
   responsibility because they-
   a) Are the part of society   b) Can make huge profit
   c) Can be more efficient   d) Can complete in better way

2. T. N. Chabra, R. K. Chopra & Archana Deshpande,
   “Leading Issues in Management and Behaviour, Text &
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