

● LIVE CLASS 12th BUSINESS ST.

BACKLOG MARATHON

S E R I E S

100/100
in Bst.

1. Nature & Significance of Management
2. Principles of Management
3. Business Environment
4. Planning



→ Foundation

Chapter 1

Nature and Significance of Management ✓

CONCEPT

Look at the following examples:

A class without
a teacher.



A team without
a captain.



A home without
a mother.



In all these cases, situation is likely to be disorganised because there is no management. So, Management is essential for all organisations.

Standard definition ✓ MODERN MEANING OF MANAGEMENT ✓ Imp

Management, is defined as a **process** of getting things done with the aim of achieving goals **effectively** and **efficiently**.

The concept of management focuses on three elements

Process

It means the primary functions or activities that management performs to get things done.

at-time
Effectiveness

It is concerned with doing the right task, completing activities and achieving goals on time.

c-cost
Efficiency

It means doing the task correctly and with minimum cost.

EFFECTIVENESS VS EFFICIENCY

BASIS	EFFECTIVENESS	EFFICIENCY
Meaning	Completing the task on time, no matter whatever the cost.	Completing the task with minimum cost, optimum utilisation of resources and in cost effective manner.
Objective	To achieve <u>end result</u> .	To conduct cost benefit analysis. <i>minimum cost = maximum output</i>
Main collaboration	<u>Doing the right task</u> .	Doing the task in right way.

RELATION BETWEEN EFFECTIVENESS & EFFICIENCY

Domino's gives two delivery boys—Goli & Tapu—a target of delivering 20 pizzas in 2 hours.

* Goli delivers all 20 pizzas within 2 hours, but drives 50 km because he chooses poor routes.

→ Effective, but not Efficient.

* Tapu also delivers all 20 pizzas within 2 hours, but plans the best route and drives only 35 km, saving fuel and time.

→ Both Effective and Efficient.



2 hrs - 20 pizzas.

INEXT1000

Class 12th

~~₹4999/-~~ **₹3999/-**



प्रारंभ 2.0

PRO

COMMERCE+CUET

NEXT 500

Class 12th

~~₹3499/-~~ ₹2999/-

प्रारंभ 2.0

COMMERCE

Features /

CHARACTERISTICS OF MANAGEMENT

Next
Toppers

1 day -
200 pizza deliver.

Management is a goal-oriented process:

- An organisation has a set of basic goals which are the basic reason for its existence.
- Different organisations have different goals.
- Management unites the efforts of different individuals in the organisation towards achieving these goals.



Management is all pervasive:

(Universal Applicability)

The activities involved in managing an enterprise are common to all organisations whether economic, social or political.



Management is multidimensional:

Management is a complex activity that has three main dimensions. These are:

- ✓ **Management of work:** All organisations exist for the performance of some work. In a factory, a product is manufactured, in a garment store a customer's need is satisfied and in a hospital a patient is treated.
- ✓ **Management of people:** Human resources or people are an organisation's greatest asset. Despite all developments in technology "getting work done through people" is still a major task for the manager.
- ✓ **Management of Operations:** In order to survive and grow, every organisation produces goods & services. Management of operations combines management of work as well as people to produce the goods.



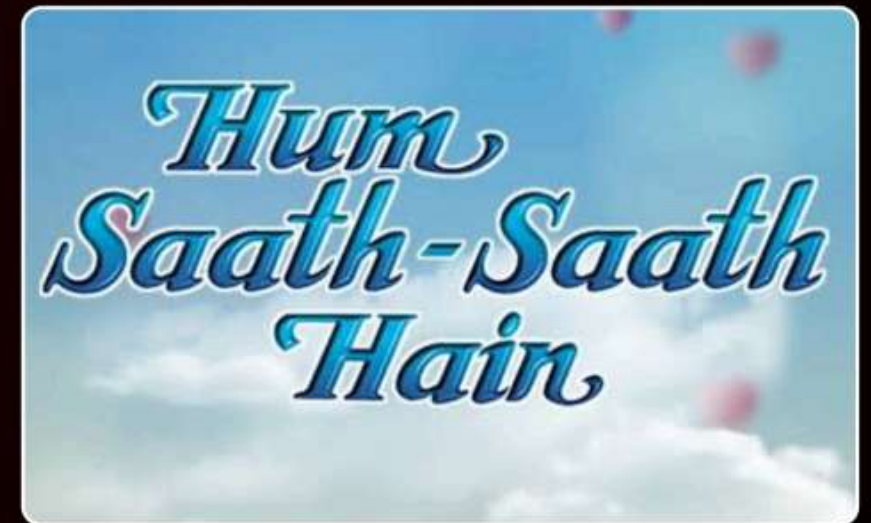
(Work + People)

Management is a continuous process:

The process of management is a series of continuous, composite, but separate functions (planning, organising, directing, staffing & controlling)

Management is a group activity:

- An organisation is a collection of diverse individuals with different needs.
- Every member of the group has a different purpose for joining but as members of the organisation they work towards fulfilling the common organisational goal.
- This requires team work and coordination of individual effort in a common direction.



✓ **Management is a dynamic function:**

An organisation interacts with its external environment which consists of various factors. In order to be successful, an organisation must change itself and its goals according to the needs of the environment.

Delhi

Mumbai



✓ **Management is an intangible force:**

Management is an intangible force that cannot be seen but its presence can be felt if the targets are met according to plans, employees are happy and satisfied, and there is orderliness instead of chaos.



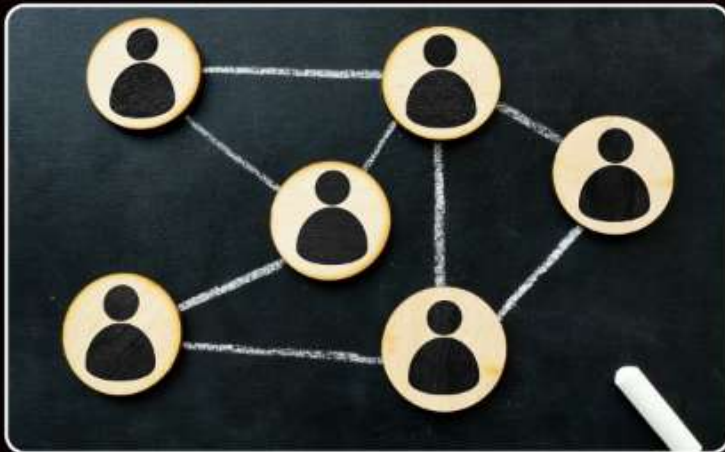
OBJECTIVES OF MANAGEMENT

Objectives are the ends towards which all activities of an organisation are directed.

Objectives can be classified into

✓
Organisational
Objectives

→ for its
own



Social
Objectives

→ Society



Personnel
Objectives

→ Employees



Organisational Objectives

The main objective of any organisation should be to utilise human and material resources to the maximum possible advantage, i.e., to fulfill the economic objectives of a business.

These are -

Survival



Profit



Growth



Organisational Objectives

Survival

The basic objectives of any business is survival. In order to survive, an organisation must earn enough revenues to cover costs.

$$\begin{array}{rcl} \text{Income} & \rightarrow & 10 \text{ L} \\ \text{Expenses} & \rightarrow & 10 \text{ L} \\ \hline & & \text{Nil} \end{array}$$



Profit

Mere survival is not enough for business.

- Profit is the reward for risk bearing and is essential for covering its costs.



Growth

A business needs to add to its prospects in the long run. Growth of a business can be measured in terms of sales volume increase in the number of employees, market share, number of products, etc.



Social Objectives

→ society's benefit ✓

As a part of society, every organisation whether it is business or non-business, has a social obligation to fulfill.

Some of the major social objectives include:

- ✓ Protection of environment by using environmental friendly methods of productions.
- ✓ Generation of employment opportunities for weaker or underprivileged sections of society.
- ✓ Providing basic amenities like schools and healthcare, etc. for community.
- ✓ Supply of good quality products at fair prices. *reasonable*
- ✓ Conducting business in lawful manner.
- ✓ Avoidance of anti-social and unfair trade practices.



Personnel or Individual Objectives

/Employers-

As employees and one of the most valuable resources for an organisation, satisfaction of their objectives is very important.

Personnel objectives include satisfying the following needs:

- ✓ Financial needs like competitive salaries and perks.
- ✓ Social needs like peer recognition (self respect and respect for colleague).
- ✓ Higher level needs such as policies for personal growth and development. *promotions*
- ✓ Good and healthy working conditions.



IMPORTANCE OF MANAGEMENT

- Management helps in achieving personal objectives
- Management helps in the development of society
- Management creates a dynamic organisation
- Management helps in achieving group goals
- Management increases efficiency

minimum cost = maximum output



NATURE OF MANAGEMENT

Management has evolved over a period of time along with modern organisations. However, one question that needs to be addressed pertaining to the nature of management is whether it is a science or an art or both? In order to answer this let us examine the features of both science and art to see how far management fulfills them.

Arts

Profession

Science



Management as a Science

Science is a systematised body of knowledge, acquired through observation and experimentation, that explains certain general truths or the operation of general laws. The basic features of science are as follows:

✓ Systematised body of knowledge:

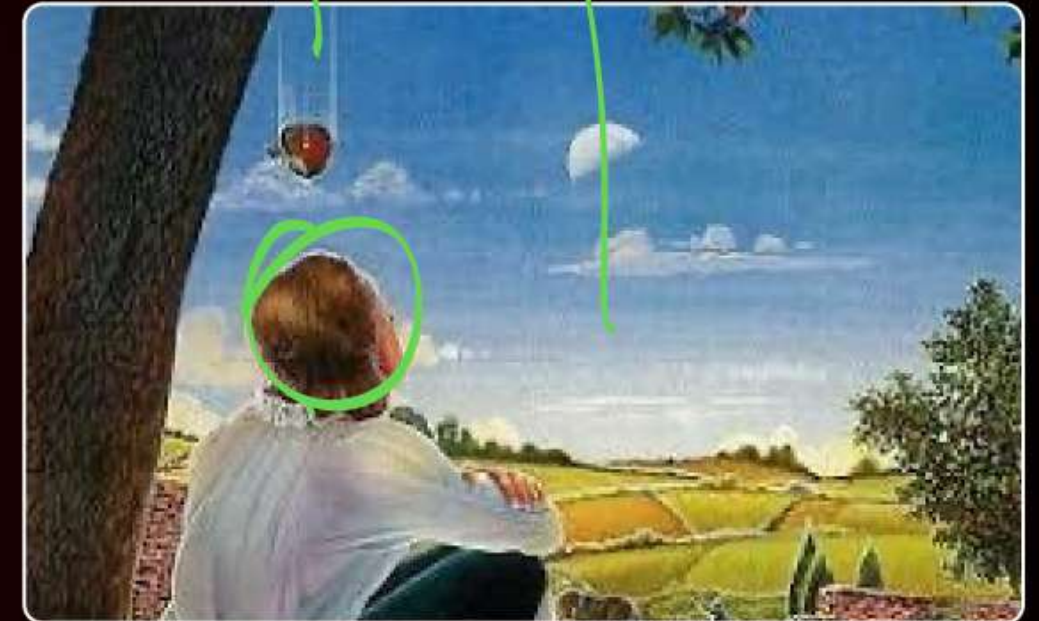
- Science is a systematic body of knowledge, whose principles are based on a cause and effect relationship.
- Management satisfies this feature as it also has a systematised body of knowledge, built up by management practitioners over a considerable period of time.



Management as a Science

✓ Principles based on Observation and Experimentation:

- Science principles are first developed through observation and then tested through repeated experimentation under controlled conditions.
- This feature of science is not cent percent applicable in management. Management deals with human beings & their behaviour cannot be accurately predicted .



Management as a Science

- **Universal validity**
 - Scientific principles have universal validity and can be applied in all situations and at all times.
 - This feature of science is also not cent percent applicable in management. Management principles are not as exact as the principles of science and they have to be modified according to a given situation.
- **Conclusion**
 - On comparing the features of science with management, we can conclude that management cannot be considered an exact or accurate science.

✓ $E=mc^2$
 H_2O



10 - 6
Trump → 11 - 3

Management as an Art

Art refers to skillful and personal application of systematic knowledge to bring desired results. It can be acquired through study, observation and experience.

Features of Art Vs Management

- ✓ **Existence of Theoretical Knowledge:**
 - Art is based on existence of some theoretical knowledge of concepts and principles. For example, literature on dancing, public speaking or acting is widely available.
 - This feature of art is present in management as it also involves use of theoretical knowledge like principles and techniques.



Management as an Art

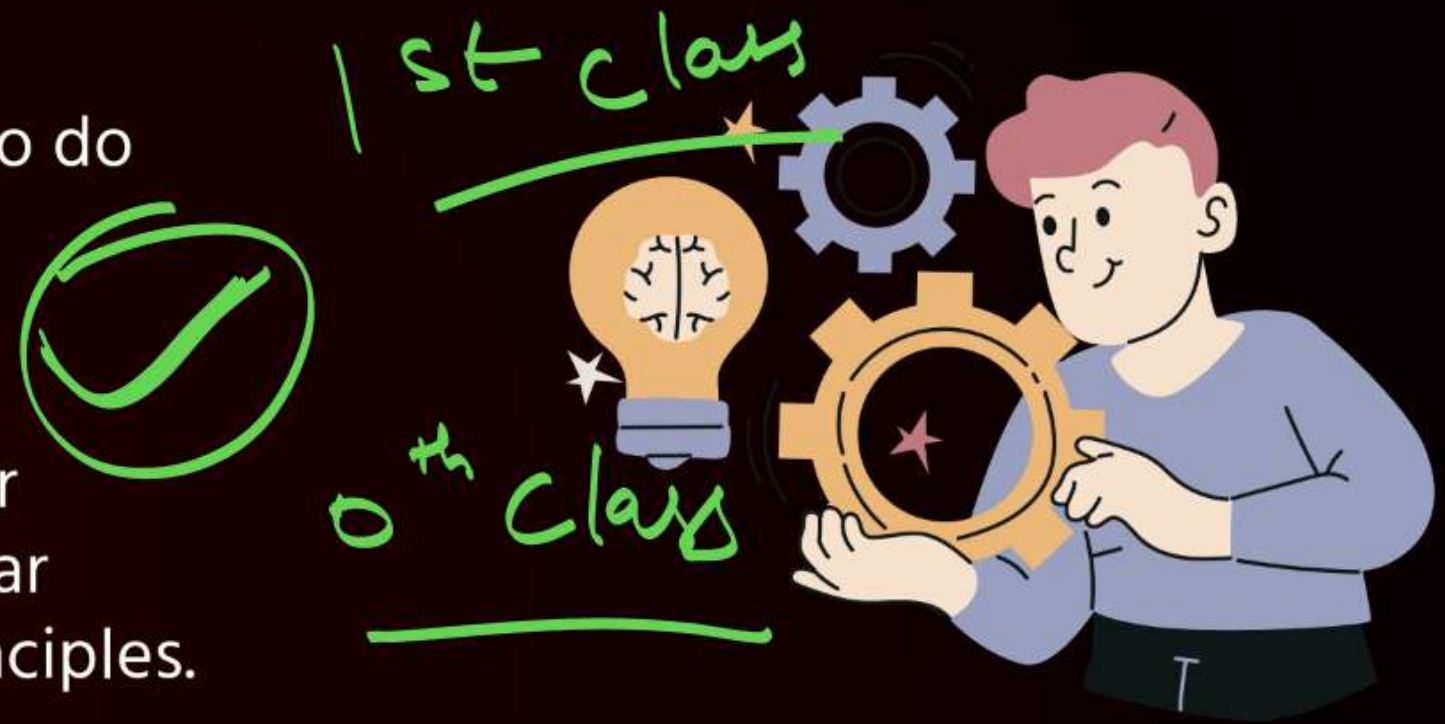
- **Personalised Application:**

- Art is a personalised concept as everyone applies the theoretical knowledge in his own way. For example, two dancers, two actors or two writers will always differ in demonstrating their art.
- This feature of art is also present in management as every manager has his own unique way of managing things and people, although all managers learn same management theories and principles.



Management as an Art

- **Based on Practice and Creativity:**
 - Application of art needs regular practice to do things creatively and skilfully. Art can be improved through constant practice.
 - This feature of art is also applicable in management. Managers also improve their managerial skills and efficiency with regular application (practice) of management principles.
- **Conclusion**
 - Finally, it can be concluded that management is an art as it satisfies all its characteristics. It is rightly said that "Management is the art of getting work done through people".



Management as a Profession

Profession refers to an occupation backed by specialised knowledge and training, in which entry is restricted.

Features of Profession Vs Management

✓ Well-defined body of knowledge:

- Every profession has a well-defined body of knowledge, which can be acquired through instructions.
- This feature of profession is present in management as it also consists of systematic knowledge of concepts, theories and principles. This knowledge can be acquired at different institutions and through large number of books and journals.



Management as a Profession

ICSI-ICAI
↑
CS CA →

3 stages Training. 

• Restricted Entry:

- Every profession restricts the entry through an examination or through acquiring an educational degree.
- This feature is not applicable to management as management is open to all individuals who want to learn skills of management. There is no restriction on any person being designated or appointed as manager.



• Professional Association:

- All professions are affiliated to a professional association which enforces a code of For example, a lawyer has to become a member of Bar Council, to practice law in India.
- This feature is also not applicable to management as it is not compulsory for a manager to be a member of any management association. Although, there are management associations but they do not enjoy legal status.

Management as a Profession

✓ Ethical code of conduct:

- All professions are bound by a code of conduct which guides the behaviour of its members. For example, doctors take the oath of ethical practice at the time they enter the profession.
- This feature is also not present in management as there is no uniform code of conduct for the managers. Although, certain management associations have formulated ethical codes for managers, but there is no legal support for it.



✓ Service Motive:

- The basic motive of a profession is to serve clients by rendering dedicated and committed service. For example, task of lawyer is to ensure that his client gets justice.
- This feature is not cent percent applicable in management as the basic aim of management is to help the organisation achieve its stated goal.



Management as a Profession

- **Conclusion**
 - Finally, it can be concluded that management does not possess all the necessary features of a profession. But, it is moving fast in the direction of becoming a profession as professionals enjoy higher status in every society.



LEVELS OF MANAGEMENT

Management is a group activity. On the basis of extent of authority & responsibility, a chain of superior-subordinate relationship is created.

This chain is known as Hierarchy or Levels of Management.

✓
**Top Level
Management**

✓
**Middle Level
Management**

✓
**Lower Level
Management**

Imp ✓
CEO, Director

Worker, Sales Manager

Level sabke niklenge





Top Level Management

- Main functions of Top Level are:
 - ✓ To integrate diverse elements and coordinate the activities of different departments according to the overall objectives.
 - ✓ Responsible for the welfare and survival of the organisation.
 - ✓ Analyse the business environment and its implications for the survival of the firm.
 - ✓ Formulate overall organisational goals and strategies for their achievement.
 - ✓ Responsible for all the activities of the business and for its impact on society.



Middle Level Management

- Main functions of Middle Level Management are:
 - ✓ Interpret the policies framed by top management
 - ✓ Ensure that their department has the necessary personnel
 - ✓ Assign necessary duties and responsibilities to them
 - ✓ Motivate them to achieve desired objectives, and
 - ✓ Cooperate with other departments for smooth functioning of the organisation.

Production Dept.

50 }
30 }

Middle level acts as the link between top and lower level managers. They are subordinate to top managers and superior to the first line managers.

Lower Level Management

Lower

✓ Main functions of Operational Management are:

- ✓ To oversee the efforts of the workforce.
- ✓ To interact with the actual work force and to pass on instructions of the middle management to the workers.
- ✓ To ensure that quality of output is maintained, wastage of materials is minimised and safety standards are maintained.
- ✓ To represent workers grievances. complaints.
- ✓ To ensure safe and proper working environment to workers.

It is the lowest level in the hierarchy of management. They are also called as First Line Managers.

FUNCTIONS OF MANAGEMENT

These functions may be broadly classified into five categories:

Planning

Planning is the function of determining in advance what to do, when to do, how to do and who is going to do it.

Organising

It is the management function of assigning duties, grouping tasks, establishing authority and allocating resources required to carry out a specific plan.

Staffing

Staffing is finding the right people for the right job.

Directing

Directing is the process of supervising, motivating, leading and communicating with the subordinates to achieve the organisational objectives.

Controlling

Controlling is the management function of monitoring organisational performance towards the attainment of organisational goals.

Answer

COORDINATION

Coordination is the force that binds all the other functions of management. The process by which a manager synchronises the activities of different departments is known as coordination.

शरीर

Coordination : Essence of Management

- ✓ Coordination is needed in all management functions:
 - Like a thread in a garland, coordination is a part of all management functions: ✓
 - The process of coordination begins at the Planning stage and continues till Controlling stage.

Functions

Activities

Departments



✓ Coordination is needed at all levels

- Top level needs coordination to integrate activities of organisation for accomplishment of goals.
- ✓ Middle level requires coordination to integrate efforts of different sections and sub-sections.
- ✓ Lower level needs coordination in the activities of workers, to ensure that work proceeds as per plans.
- So, coordination involves align synchronization of efforts of the various units of an organisation.



Features | CHARACTERISTICS OF COORDINATION

The features of coordination are as follows:

- Coordination integrates group efforts: Coordination unifies unrelated or diverse interests into purposeful work activity.
- Coordination ensures unity of action: It acts as the binding force between departments and ensures that all efforts are focused towards achieving organisational goals.
- Coordination is a continuous process: Coordination is a never ending process as its need is felt at each and every step in the organisation.
- Coordination is an all pervasive function: Coordination is needed in all departments and at all levels because of interdependence of various activities.
- Coordination is the responsibility of all managers: Coordination is the function of every manager and no one can avoid this responsibility.
- Coordination is a deliberate function: A manager has to coordinate the efforts of different people in a conscious and deliberate manner.

IMPORTANCE OF COORDINATION

→ Case Study

Growth in Size

- With increase in size of the organisation, number of employees also rises.
- Individuals come from different backgrounds with difference in interests, habits of work and goals.
- It becomes necessary to ensure that all individuals work towards the common goals of the organisation.
- Therefore, for organisational efficiency, coordination helps to harmonise individual goals and organisational goals.



Functional Differentiation

- In an organisation, activities and functions are frequently divided into departments, divisions or sections.
- Each department aims to achieve its own objective in isolation from the others. It often leads to clash of interests between the various departments.
- Coordination helps to synchronize activities of these departments so that they proceed together in a single direction instead of working as independent units.



Specialisation

- Due to increasing complexities of modern technology and diversity of tasks, a number of specialists are hired.
- Specialists usually think that they only are qualified.
- So, they do not take advice or suggestions from others in matters pertaining to their area of specialisation.
- Coordination helps to reconcile the differences in approach, interest or opinion of the specialists.



Jhuk ke rehna padega
mere aage

Chapter 2

Principles of Management

5 Mins Break

will resume at 07:33

FEATURES OF PRINCIPLES OF MANAGEMENT

✓ General Guidelines

Management principles are guidelines to action and cannot be used as taylor-made tools. This is so because real business situations are very complex and dynamic.

For example: Imposing working hours for employees in an organisation is essential, but the number of hours whether 6, 8 or more depends on the organisation.

Working hours.



5 Ghante kaam karna padhega

✓ Formed by Practice and Experimentation

Management principles are evolutionary in nature, i.e. They have been developed through observations, experimentation and experience of the management thinkers.

For example: In a factory, managers noticed that giving short breaks after every two hours increased worker productivity. They tried out and then made it a regular practice.

10 - 6
[1 - 1:30] Break.
[1 - 2] Lunch }
[4:30 - 5] - Tea }



Aae mai toh thak gayi bhaisaab.

✓ Mainly Behavioural

Principles of management aim at influencing human behaviour because all work is done by human beings.

For example: A manager motivates and guides the team to work better focusing on human behaviour.

Flexible

They are flexible and can be modified by the manager as per changes in the business environment.

For example: A Company changed its work-from-office rule to work-from-home during a storm.

Cause and Effect Relationships

Management principles show a link between actions (cause) and results (effect). They help managers predict outcomes.

For example: When a company gives incentive for good performance (cause), employees become more productive (effect).

Contingent

The application of management principles is dependent or contingent upon the prevailing conditions at a particular point of time.

For example: A Manager uses strict rules in a factory but friendly talks in a creative team. The management style depends on the situation.



Cause

① Water on high
flame

② Work hard

Effect

Boil

Increased salary

IMPORTANCE OF PRINCIPLES OF MANAGEMENT

- Providing Managers with useful insights into reality - (Reality check)
- Optimum Utilisation of Resources and Effective Administration $\text{Minimum cost} = \text{Maximum output}$
- Scientific decisions
- Changing Environment Requirements
- Fulfilling Social Responsibility (Objectives)
- Management Training, Education and Research



FAYOL'S PRINCIPLES OF MANAGEMENT



About Henri Fayol

- Henri Fayol was a French management theorist.
- Fayol was the first to identify functions of management: Planning, Organising, Staffing, Directing and Controlling. **POSDC**
- For his contributions, he is well known as the 'Father of General Management'.

Management Principles Developed by Henri Fayol

Division of Work

- According to this principle, whole work must be divided into small tasks or jobs and each job must be assigned to a trained specialist who is competent to perform it.
- For example: In Bank, one person is receiving cash, one is giving cash, one is making entry in pass book, one is giving loan, one is doing F.D. etc. So work is divided and bank operates efficiently.

- V.V. Gupta



✓ Authority and Responsibility

- According to this principle, there should be a proper balance between authority and responsibility.
- Authority is the right to give orders to subordinates and responsibility is the duty, which a subordinate is expected to perform by virtue of his position in organisation.
- For example: If a foreman is given responsibility to produce 50 units per day, then he must be given requisite authority to achieve this target. If he is not given authority to draw raw material from stores, then he cannot be blamed.



100 units

✓ Discipline ✓

- Discipline refers to obedience to rules and regulations of the organisation, which is necessary for systematic working of the organisation.
- For example: If a manager has agreed to give increments in salary to employees in lieu of overtime worked by them, then the employees must be disciplined to work effectively and efficiently and manager must also be disciplined to meet the promise of increments.



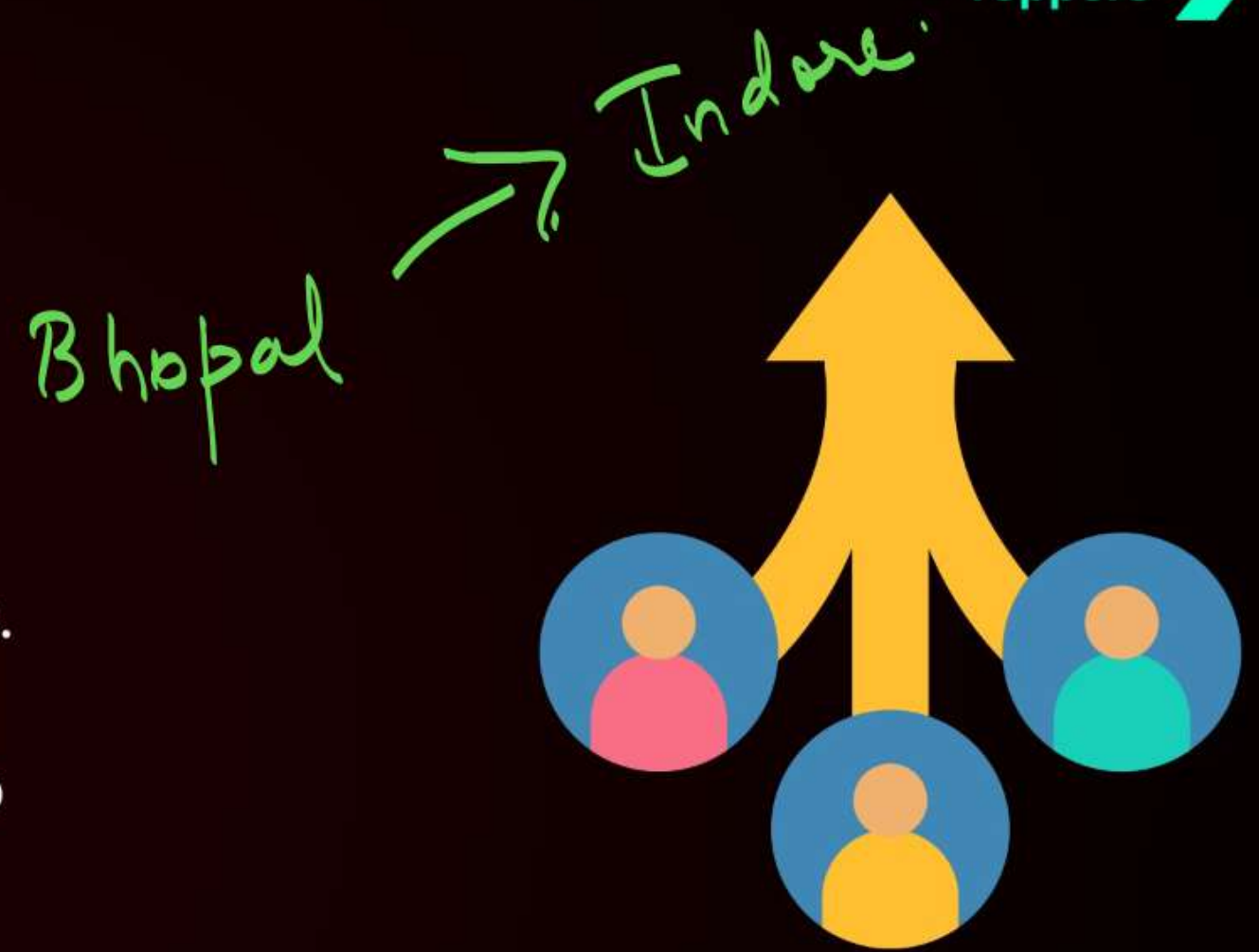
✓ Unity of Command

- According to this principle, each subordinate should receive orders and be accountable to one and only one superior.
- If an employee gets orders from two superiors at the same time, then the principle of unity of command is violated.
- For example: Suppose, Marketing Manager of a Company allows the sale executive to grant 10% discount, whereas, Finance Manager instructs not to offer more than 5% discount. In the given case, there is lack of unity of command. This can be avoided if there is coordination between various departments.



Unity of Direction

- Unity of Direction implies that there should be one head and one plan for group of activities having same objectives.
- According to this principle, all the units of an organisation should be moving towards the same objectives through coordinated and focused efforts.
- For example: If a company is manufacturing motorcycles as well as cars, then it should have two separate divisions for both of them. Each division should have its own incharge, plans and resources.



EFFECTIVENESS VS EFFICIENCY

Unity of Command vs Unity of Direction

BASIS	UNITY OF COMMAND	UNITY OF DIRECTION
Meaning	One subordinate must receive orders and be accountable to one and only superior.	There should be one head and one plan for group of activities having <u>same objectives</u> .
Aim	Prevents <u>dual subordination</u> .	Prevents <u>overlapping</u> .
Implication	Affects an <u>Individual employee</u> .	Affects the <u>entire organisation</u> .

EFFECTIVENESS VS EFFICIENCY

Management Principles Developed by Henri Fayol

- ✓ Subordination of Individual Interest to General Interest:
 - According to this principle, interest of the organisation as a whole must prevail over the interest of the individuals or employees.
 - In an organisation, every individual has his own interests and company has got its own objectives. This principle demands that each individual should sacrifice his personal interest for achieving company's objectives.
 - For example: An employee wants to leave early, but stays back to help the team meet a deadline- putting company interest above personal interest.

General Int. >>> Individual Int.

- **Remuneration of Employees**

- According to this principle, overall pay and compensation should be fair to both employees and organisation.
- Employees should be paid fair wages, which should give them at least a reasonable standard of living.
- At the same time, it should be within paying capacity of the company.
- For example: If a company has earned higher profits, then it must share some of its part with the employees in the form of bonus, which would be very satisfying to them.



25K

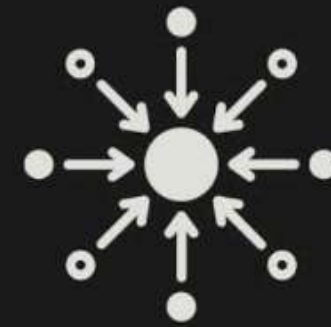
70K

10K

25K

• Centralisation and Decentralisation

- According to this principle, there should be proper balance between centralisation and decentralisation in the organisation.
- Too much centralisation leads to delay in work and complete decentralisation leads to loss of control of top management.
- For example: Panchayats in our country have been given more powers to decide and spend funds granted to them by the government for the welfare of villages. This is decentralisation at the national level.

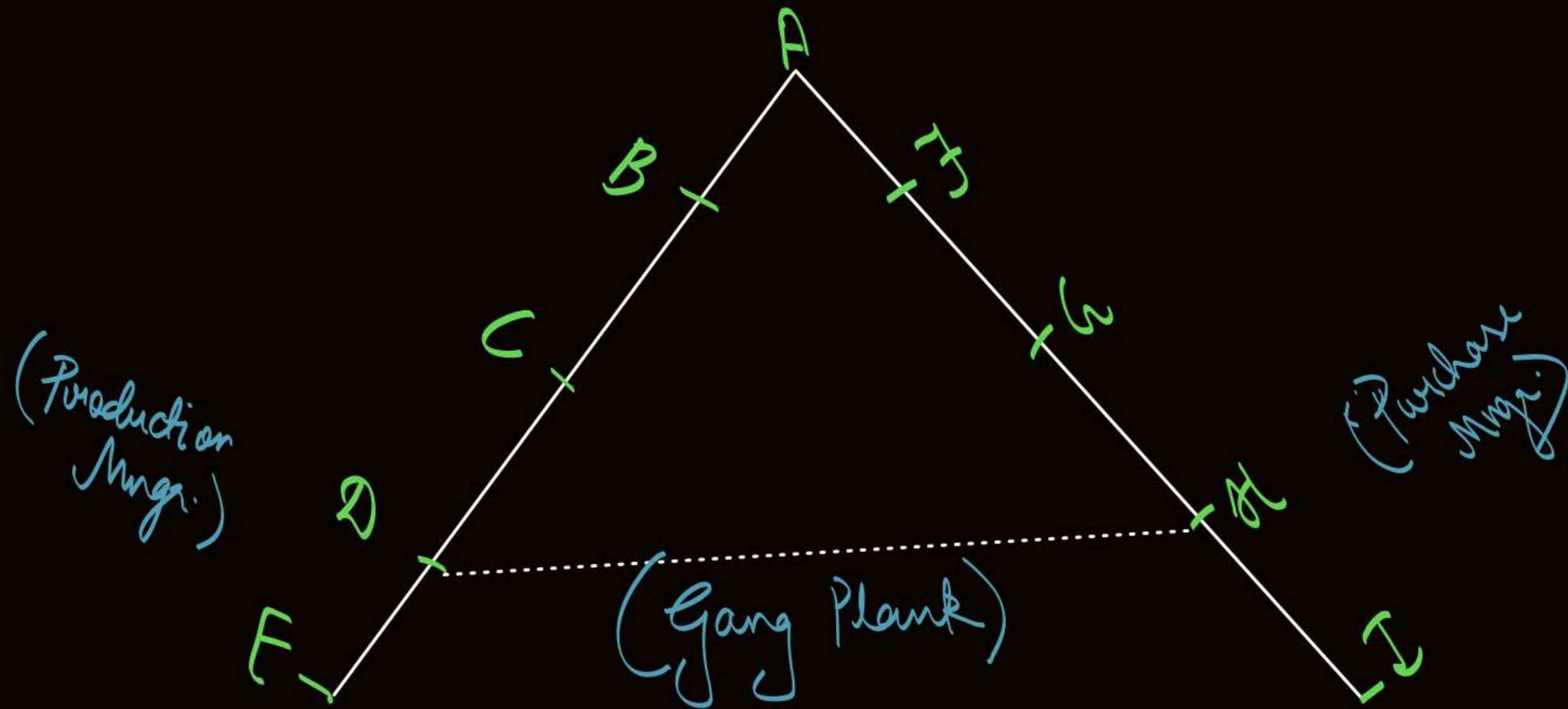


CENTRALIZATION VS DECENTRALIZATION

• Scalar Chain

- According to this principle, organisations should have a chain of authority and communication that runs from top to bottom and should be followed by managers and the subordinates .
- However, in case of urgency, Fayol permitted a short cut in the chain, known as 'Gang Plank'. Gang Plank allows direct communication between two employees of the same level, without following the scalar chain.
- It must be noted that the concept of Gang Plank is possible only for employees of equal rank or same level. In the given example, Gang Plank cannot be established between D and F.
- For example: Arjun (supervisor) has to pass on some important details of work to Karan (Director) and to Mahesh (supervisor of another department). Now, Arjun cannot directly contact Karan and he will have to follow the scalar chain. However, he can talk to Mahesh (through gang plank) to avoid delays.

Imp



✓ Order

- According to this principle, there should be a place for everything and everyone.
- According to Fayol, People and materials must be in suitable places at appropriate time for maximum efficiency.
- For example: If a worker is in need of a tool he must know in which box or tool room it will be found and if he needs guidance from supervisor he must know the fixed cabin of supervisor. If no fixed place is given then worker will waste his time and energy in search of tools or supervisor.



• Equity - Equality.

- According to this principle, there should not be any discrimination among the employees on the basis of religion, language, caste, sex, belief or nationality.
- For example: Ankit and Mahesh work in a company at the position of Head Clerk and both of them have same educational qualification. With the same job profile and nature of work, Ankit gets a salary of 20,000 per month, while Mahesh gets 23,000 per month as he is a relative of manager. In the given case, principle of Equity is violated. As per Equity, employees performing similar jobs should be paid same salary.

EQUITY



✓ Stability of Personnel

- According to this principle, there should be proper efforts to achieve stability and continuity of tenure of personnel.
- Once employees are selected, they should be kept at their position for a minimum period and must be given reasonable time to show results.
- In short, employee turnover should be minimised to maintain organisational efficiency.
- For example: If a new employee is appointed, then the employee must be given time to settle down and to adapt to the new environment and working conditions.



- Initiative

- According to this principle, workers should be encouraged and given an opportunity to take some initiative in making and executing the plans.
- However, it does not mean going against the established practices of the company for the sake of being different or doing something against the discipline.
- For example: An organisation must have an employee suggestion system and employees with useful suggestions should be rewarded.



✓ • **Espirit De Corps**

- According to this principle, management should promote a team spirit of unity and harmony among employees.
- Management should promote feeling of team spirit among employees, especially in the large organisations because otherwise there will be loss of coordination.
- For example: If a department has to achieve a target, then according to the principle, it is the duty of each member of the department to ensure that target is achieved on time, even if any member is unable to fulfil his individual target. It means that employees should not concentrate only on achieving their individual targets but on achieving group target.

TEAM
efforts.



F. W. TAYLOR AND SCIENTIFIC MANAGEMENT



About F.W. Taylor

- Fredrick Winslow Taylor was an American Mechanical Engineer.
- For his contributions, he is well known as the 'Father of the Scientific Management'.
- Scientific Management refers to use of scientific, systematic, objective and logical principles and techniques to various managerial functions.

PRINCIPLES OF SCIENTIFIC MANAGEMENT

- ✓ Science, not Rule of Thumb
 - According to this principle, there should be scientific study and analysis of each element of a job, in order to replace the old rule of thumb approach.
 - Taylor believed that there was only one best method to maximise efficiency. This method can be developed through study and analysis.
 - For example: Standard time or standard method for doing a task must be scientifically analysed and should not be based on estimates, past experience or hit and trial.

20 employees → 200 units
-11 → 400 units

• Harmony, Not Discord

- According to this principle, there should be complete harmony and proper understanding between management and workers and they should work together for organisational goals.
- For example: Instead of fighting over distribution of profits, they must focus attention on increasing it. For this, workers should work hard to raise the profits and management should share the increased profits with workers.

Mental Revolution

- Mental Revolution involves a change in the attitude of workers and management towards one another from competition to cooperation.
- Management should share a part of surplus with workers and workers should also put their best efforts so that the company makes profits.
- Such a positive attitude towards each other will be good for both of them and also for the company.

✓ • Cooperation, Not Individualism

- According to this principle, there should be cooperation between management and workers instead of individualism. Both management and workers should realise the need and importance of each other.
- For example: Management can involve workers in determining the work standards. It will increase the involvement of workers and they will perform more efficiently.

✓ • Development of workers to their greatest efficiency and prosperity ✓

- According to this principle, management should aim to develop workers to their greatest efficiency and prosperity.
- For example: Now-a-days, companies send their employees to attend seminars of eminent management experts (like Philip Kotler), for mental growth of the employees.



TECHNIQUES OF SCIENTIFIC MANAGEMENT

- **Functional Foremanship**

- According to this technique, the task of supervision is divided into several specialised functions and each function is entrusted to a specialist foreman.

The eight functional specialists recommended by Taylor are:

- ✓ • **Under Planning Department**

- Instruction Card Clerk: To draft instructions for the workers.
- Route Clerk: To specify the route of production.
- Time and Cost Clerk: To prepare time and cost sheet.
- Disciplinarian: To ensure discipline respectively.

- ✓ • **Under Production Department**

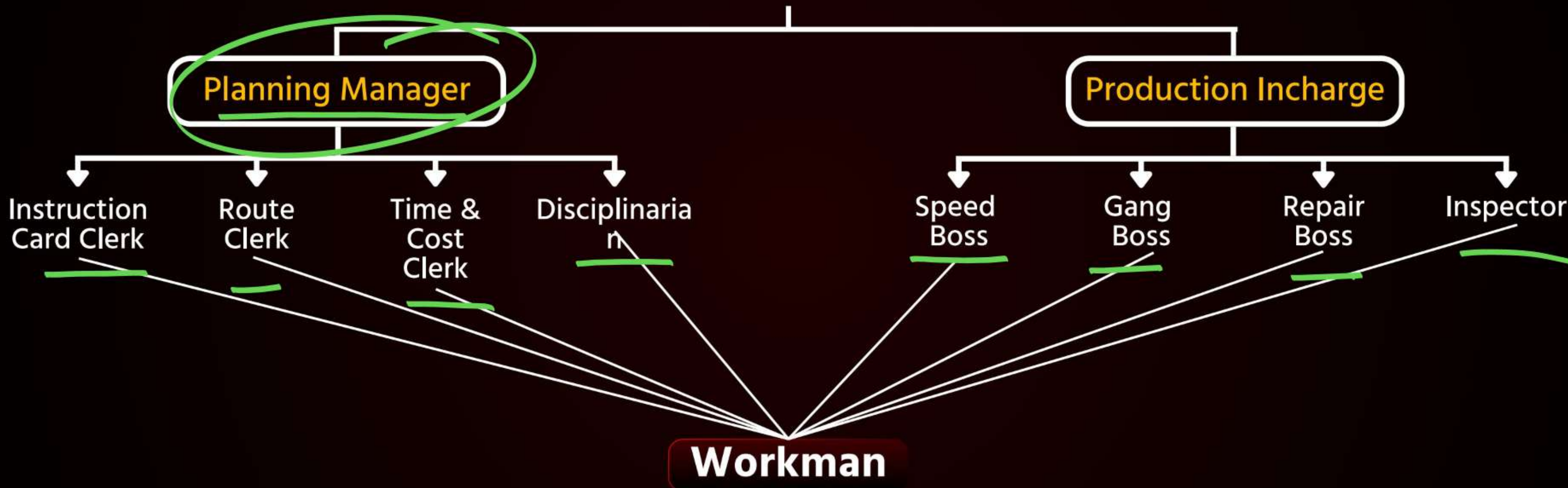
- Speed Boss: To ensure timely and accurately completion of job.
- Gang Boss: To keep machines and tools etc., ready for operation by workers.
- Repair Boss: To ensure proper working condition of machines and tools.
- Inspector: To check the quality of work.

✓ Chicken - 1.5 hr - 6000

✓ Biryani - 45 min - 2000

Khichdi - 20 min - 500

FACTORY MANAGER



✓ Standardisation and Simplification of Work

- Standardisation refers to the process of setting standards for every phase of business operation.
- These standards should act as the benchmarks during production.
- For example: Standard time can be fixed to produce a given level of output. If workers take more time than the standard time, then corrective measures should be taken to check it.
- Simplification refers to eliminating superfluous or unnecessary varieties, sizes and grades of the product manufactured by the organisation.
- For example: Hindustan Unilever Limited reduced its varieties of soaps and it generated efficient and effective results for the company.



Koi innse sikhe, Sikhe innse

*Standard se
Sikho.*

✓ • Method Study

- It is concerned with finding 'one best way of doing a job.'
- The objective of Method Study is to minimise the cost of production and maximise quality and satisfaction of customers.
- For example: To design a car, the assembly line production would need to decide the sequence of operations, place for men, machines and raw materials. All this is part of method study.



1:30

✓ • Motion Study

- Motion study refers to making thorough analysis of various motions being performed by a worker while he is doing a particular task.
- The purpose is to detect and eliminate unnecessary movements or motions and to find out the best method of doing a particular job.
- For example: If it is observed through motion study that worker has to move frequently for taking tools from tool box, then such unnecessary movements can be eliminated by keeping the tool box near the worker.



• Time Study

- Time study refers to a technique, which is used to determine the standard time taken by a workman of reasonable skills and ability to perform a well defined job.
- It helps in determining how much work an employee should be able to do in a given period of time.
- For example: On the basis of several observations, it is determined that a worker takes a standard time of 30 minutes to make one box. It means, the worker can make 2 boxes in one hour and 14 boxes in 7 hours (subtracting 1 hour for rest and lunch in a day's shift of 8 hours). Now this is the standard task a worker has to do and wages can be decided accordingly.

{ 1 worker → 2 units
25 worker → 50 units }



Comparision of Time Study with Motion Study

BASIS	TIME STUDY	MOTION STUDY
Purpose	It aims to determine standard time required to do a particular work.	It aims to eliminate unnecessary movements in doing a particular work.
Development of new methods	It does not develop new method of doing the work.	It helps in developing new methods of doing work by eliminating unnecessary movements.
Tools of study	It is conducted with the help of stop watch.	It is conducted through movie camera.

• Fatigue Study

- Fatigue Study refers to determining the amount and frequency of rest intervals required in completing a task.
- For example: In a garment factory, workers efficiency dropped after long hours of continuous work. So they were given 10-minute breaks every 2 hours reduced tiredness and improved productivity.



• Differential Piece Wage system

- Differential piece wage refers to a system in which efficient and inefficient workers are paid at different rates.
- The basic purpose of fixing two rates is to differentiate efficient and inefficient workers and to suitably reward the efficient workers.
- **For example:** Standard output : 10 units/day
- Below 10 units : Rs 5 per unit
- 10 or more units : Rs 8 per unit
- > Worker A makes 8 units – $8 \times \text{Rs } 5 = \text{Rs } 40$
- > Worker B makes 12 units -- $12 \times \text{Rs } 8 = \text{Rs } 96$

Inefficient
Efficient

Chapter 3

BUSINESS ENVIRONMENT

MEANING

2Fs, 2Is

Business Environment refers to forces, factors, individuals and institutions which are outside the control of business enterprise but these may affect its performance.

Environment scanning refers to complete awareness and understanding of business environment. With environment scanning business enterprises can anticipate the effect of environment forces and factors on their enterprise.



FEATURES

- Totality of external forces: Business environment includes all the forces, institutions and factors which are external to business organisations and as such is aggregative in nature.
- Specific and general forces: Specific forces affect business enterprises directly and immediately in their day to day working. These include supplier, investors, customers. General forces are economic social, political, legal, technological conditions that have impact on all the enterprises and affect individual firms only indirectly.



- **Inter-relation:** All the forces and factors of Business environment are inter-related to each other.
- **Uncertainty:** It is very difficult to predict the changes of Business environment, as environment is changing very fast. For example in IT, fashion industry frequent and fast changes are taking place.
- **Dynamic Nature:** Business environment is highly flexible and keep on changing. Whether in terms of technology improvements, shift in consumer preference, etc., that is why it is essential to monitor and scan the business environment continuously.



- ✓ **Relativity:** Business environment differs from country to country, region to region political conditions, cultures are different in different countries.
- ✓ **Complex:** Since business environment consists of many inter-related and dynamic conditions so it becomes difficult to understand what exactly constitute a given environment. Sometimes, change may be minor but it might have large impact.

Laddoo
2.1% Tax



Minor
Change → Major
Impact.

IMPORTANCE

WhatsApp

- ✓ • It Enables the Firm to Identify Opportunities and Getting First Mover Advantage:
 - The businessmen who are able to understand and scan the opportunities of business environment at early stage get maximum benefit or they can capture a big share in the market.
- ✓ • It Helps the Firm to Identify the Threats and Early Warning Signal:
 - The businessmen who are able to scan and understand the business environment on time get a warning signal to deal with the negative policies of business environment. Timely scanning of business environment and the qualitative information which businessmen get is taken as warning signal and changes in the companies are made.

- It helps in Tapping Useful Resources:
 - By using the resources the business enterprises supplies the environment with its output such as goods and services for customers, payment of taxes to government, return on investment to financiers.



- It Helps in Coping with the Rapid Changes:
 - Business environment scanning helps the companies to scan and understand these changes with environment scanning. Businessmen make changes in their internal environment also to match the external environment.



✓ It helps in **Assisting in Planning and Policy Making:**

- The major strategies or plans and policies in the organisation are formed keeping in mind business environment because the policies and strategies have to be implemented in the presence of environmental factors.



✓ It helps in **Improving the Performance:**

- The enterprises that continuously monitor their environment and adapt suitable business plans are the one which not only improve their present performance but also continues to succeed in market for a long period.



DIMENSIONS

- V. Imp

[SLEPT]

1. Economic Environment

Economic Environment refers to all those forces that have economic impact on the business activities.

Economic factors that can effect management practices in a business enterprise are:

1. Interest rate
2. Inflation rate
3. Changes in disposable income of people
4. Stock market Indices
5. Value of Rupee



Components of Economic Environment

- Role of Private Sector and Public Sector.
- Growth of GDP, GNP and per capita income.
- Rate of Saving and Investment.
- Volume of Import and Export of different items.
- Balance of payment and changes in foreign exchange reserves.
- Agricultural or Industrial products trends.
- Expansion of transportation and communication facilities.
- Money supply in Economy
- Public debt.
- Planned outlay in private and public outlay.



II. Social Environment

Social environment represents the customs and traditions, values, culture, social trends, beliefs, norms and ethics of a society in which business enterprises operate.

Social environment of business includes social factors like:

- Customs and traditions
- Values
- Social trends and society's expectation from business



Components of Social Environment

- Demand for reservation in jobs for minority and women.
- Demand for equal status of women by paying equal wages for male and female workers. Demand for automatic machines and luxury items in middle class families.
- The social movements to improve the education level of girl child.
- Health and fitness trend has become popular. ✓
- Change in quality of life. ✓
- Importance or place of women in workforce. ✓
- Birth and death rates and population. ✓
- Attitude of customers towards innovation, life style, etc. ✓
- Education and literacy rates. ✓
- Tradition, custom and habits of people. ✓



III. Political Environment

Political Environment includes:

- Political conditions such as general stability and peace in the country.
- Specific attitude of government representatives holds towards business.



Components of Political Environment

- Swachh Bharat Abhiyan started by BJP government. ✓
- Skill India Movement started by BJP government. ✓
- Political stability encourages business enterprises to invest in long-term projects. ✓
- Present political system and profile of political leaders. ✓
- Constitution of the country. ✓ Note
- Government intervention in business. ✓
- Foreign policy of government. ✓
- Values and ideology of political parties. ✓
- Our country's relation with foreign countries. ✓



IV. Legal Environment

The management of every business enterprise has to obey the law of land. Therefore, it is essential for every business enterprise to have adequate knowledge of rules and regulations framed by government.

Legal environment includes:

- ✓ Various laws and legislative act.
- ✓ Administrative order issued by government authorities.
- ✓ Court judgements
- ✓ The decisions rendered by various commissions and agencies at every level of the government-Centre, State or Locals.



Business Enterprise must know the working knowledge of various acts such as Companies Act 1956, Industrial Development and Regulatory Act, Foreign Exchange Management Act, Import and Export Control Act 1942, Factories Act, Trade Union Act, Consumer Protection Act etc. and all the amendments from time to time made by the parliament is important for doing business.



V. Technological Environment

Technological environment includes:

- Forces related to scientific improvements and innovations which provide new ways of producing goods and services.
- Services and new ways of operating business.



Recent technological changes which have affected Indian Business:

- Online booking of air tickets, movie tickets, not only booking but also you can see your seat number also. ✓
- Due to technological advancement customer can compare the fare prices of various airlines, hotels, etc. and select the most economical. ✓
- Continuing innovation in different scientific and engineering fields such as lasers, robotics, biotechnology, food preservatives, medicines, etc. ✓
- Shift from vacuum tubes to micro chips. ✓
- Shift from typewriter to word processors. ✓
- Shift from carbon paper to photocopier, etc. ✓
- Various innovations, inventions and scientific improvement. ✓
- Developments in IT sector, technological advantages in computers. ✓
- Import and export of technology. ✓
- Online booking of tickets (rail, air, movies). ✓

AI ✓



DEMONETISATION

FEATURES

- **Demonetisation as a tax administration measures:** Due to demonetisation, people had to declare their cash holding to get it exchanged from bank. So, those having black money had to declare their unaccounted wealth and pay tax with penalty.
- **Non-tolerance of tax evasion:** Demonetisation also indicated that government will longer accept tax evasion.
- **Tax administrating and channelising saving into formal financial system:** Demonetisation led to tax administration, channelising savings into the formal financial system. As much of the cash deposited by people for exchange will be offered to people for loan under new schemes.
- **Creating cash-less/digital/cash lite economy:** Another feature of demonetisation is to create a cash-less or cash-lite economy i.e. channelising more saving throug the formal financial system and improving tax compliance.



Chapter 4

PLANNING

MEANING OF PLANNING

Present $\longleftrightarrow$ Future

Planning can be defined as "thinking in advance what is to be done, when it is to be done, how it is to be done and by whom it should be done." In simple words we can say, planning bridges the gap between where we are standing today and where we want to reach.

Keeping in mind the time dimension we can define planning as "Setting objectives for a given time period, formulating various courses of action to achieve them and then selecting the best possible alternative from the different courses of actions."



CHARACTERISTICS

Feature:

- **Planning focuses on achieving objectives:** Planning starts with the determination of objectives along with the activities to be undertaken to achieve these goals.
- **Planning is primary function of management:** Planning is the primary or first function to be performed by every manager. No other function can be executed by the manager without performing planning function.
- **Pervasive:** Planning is required at all levels of the management and in all types of organisations. It is not a function restricted to top level managers only.
- **Planning is futuristic/forward looking:** Planning always means looking ahead or planning is a futuristic function. All the managers try to make predictions and assumptions for future.

2 L units sell



- **Planning is continuous:** Plans are prepared for a specific period of time. At the end of that period there is need for new plan to be drawn on the bases of new requirement and future conditions.
- **Planning involves decision-making:** The planning function is needed only when different alternatives are available and we have to select most suitable alternative.
- **Planning is a mental exercise:** Planning is a mental process which requires higher thinking. It is a basic activity of thinking rather than doing, planning require logical and systematic thinking rather than guess work or wishfull thinking.



IMPORTANCE/SIGNIFICANCE

50 K units

- Planning provides direction: Planning provides the directions to the efforts of employees by stating the goals in advance if goals are well defined employees are aware of what organisation have to do and what they must do to achieve these goals.
- Planning reduces the risk of uncertainties: Planning helps the manager to face the uncertainty because planners try to foresee the future by making some assumptions regarding future keeping in mind their past experiences and scanning of business environments.
- Planning reduces overlapping and wasteful activities: Each department each employee clearly know what is their part so no chances of overlapping or duplication of work.



- **Planning promotes innovative ideas:** Planning requires high thinking and it is an intellectual process. So, there is a great scope of finding better ideas, better methods and procedures to perform a particular job.
- **Planning facilitates decision-making:** Planning helps the managers to take various decisions. These predictions and goals help the manager to take fast and rational decisions.
- **Planning establishes standard for controlling:** Controlling means comparison between planned and actual output and if there is variation between both then find out the reasons for such deviations and taking measures to match the actual output with the planned.



Planning → Standard → 2 L units sell.
Controlling → Actual output ≥ 1.5 units sell

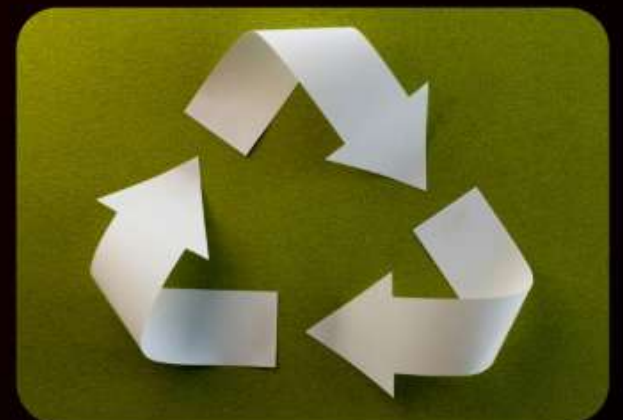
Variation

Deviation

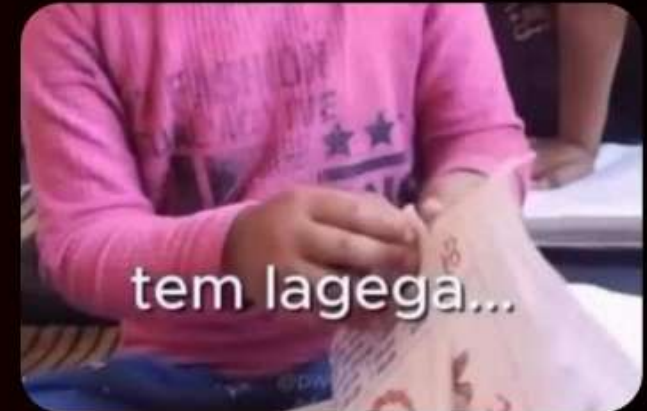
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LIMITATIONS

- **Planning leads to rigidity:** Once plans are made to decide the future course of action the manager may not be in a position to change them.
- **Planning may not work in dynamic environment:** Business environment is very dynamic as there are changes continuously taking place in economic, political and legal environment. Plans may fail if the changes are very frequent.
- **It reduces creativity:** Most of the time plans are made by top level management, rest of members just implement these plans. Thus much of the initiative or creativity inherent in them also get lost or reduced.



- **Planning involves huge cost:** Planning involves huge cost in terms of time and money. Checking accuracy of facts may involve lot of time.
- **It is a time-consuming process:** Planning process is a time-consuming process because it takes long time to evaluate the alternatives and select the best one.
- **Planning does not guarantee success:** Managers have tendency to rely on previously tried and tested successful plans. It is not always true as there are so many other unknown factors to be considered.



STEPS IN PLANNING PROCESS

Next
Toppers

[S DIES IF]

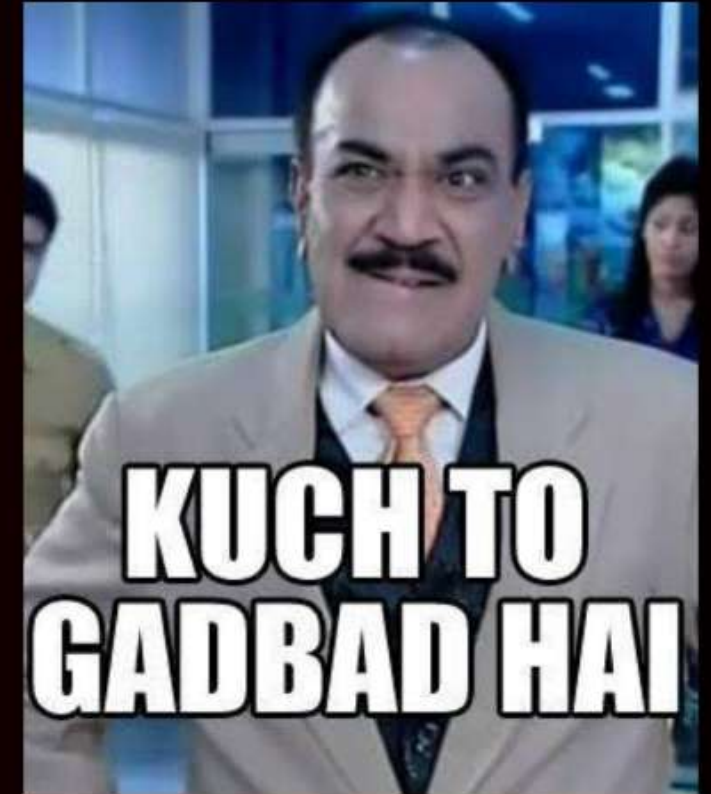
✓ Setting-up of the objectives

- In planning function manager begins with setting up of objectives.
- Objectives or goals specify what the organisation wants to achieve its end result of activities. ✓
- For example -An organisation may have objective of increase in sale by 10%.
- Organisational objectives are generally set by top level management whereas departmental objectives are set up by middle level management, however all department needed contribute to organisation objective is the plan that needs to be drawn up.



• Developing premises

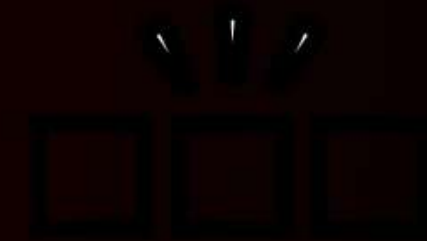
- Premises refer to making assumptions regarding future.
 - Premises are the base on which plans are made.
 - Assumptions are made in the form of forecasts.
- Forecasting is important in developing premises as it is technique of gathering information about future.



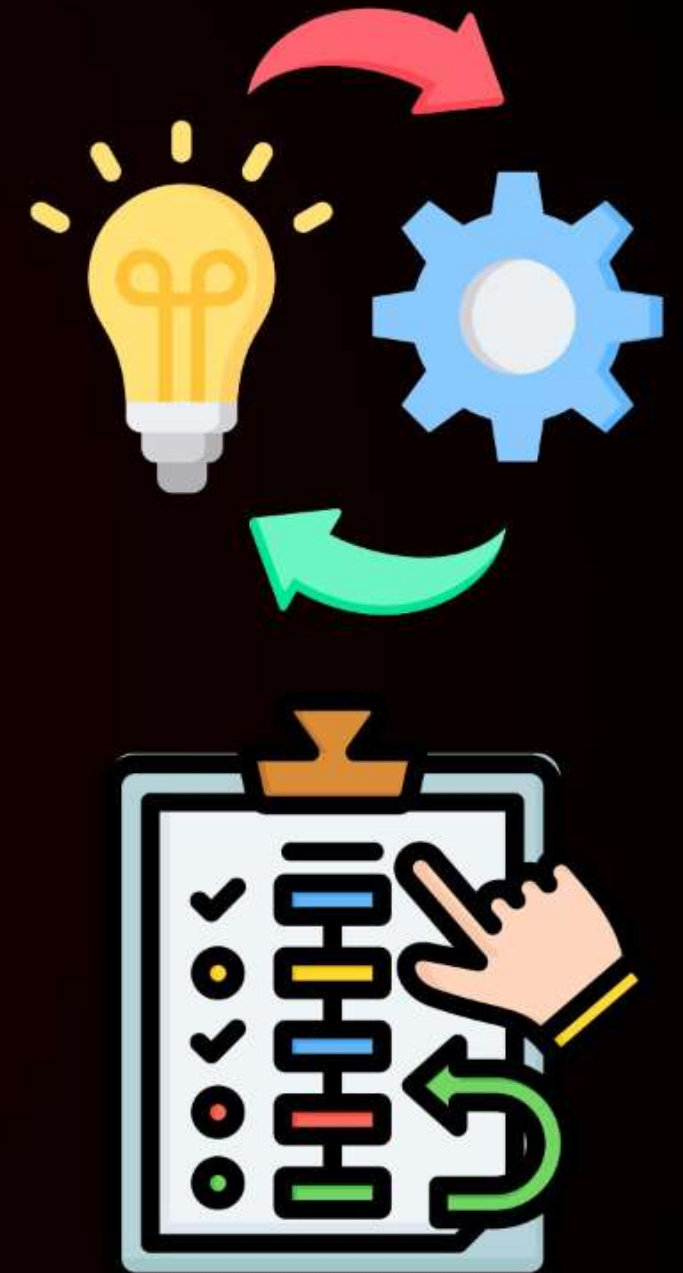
- ✓ Identifying various alternatives for achieving the objectives
 - After setting up of objectives, the managers make a list of alternatives through which the organisation can achieve its objectives, as there can be many ways to achieve the objectives and managers must know all the ways to reach the objectives.
 - For example, if the objective is to increase in sale by 10% then the sale increased:
 - ✓ By adding more line of products.
 - ✓ By offering discount:
 - ✓ By increasing expenditure on advertisements;
 - ✓ By increasing the share in the market:
 - By appointing salesmen for door-to-door sale, etc.
 - So, managers list out all the alternatives.



- ✓ **Evaluation of different alternatives:** After making the list of various alternatives along with the assumptions supporting them, the manager starts evaluating each and even alternative and notes down the positive and negative aspects of every alternative. *Pros & Cons.*
- ✓ **Selecting an alternative:** The best alternative mathematical formula to select the best alternative. Sometimes, instead of selecting no one alternative, a combination of different alternatives can also be selected. The most ideal plan is most feasible, profitable and with least negative consequences.



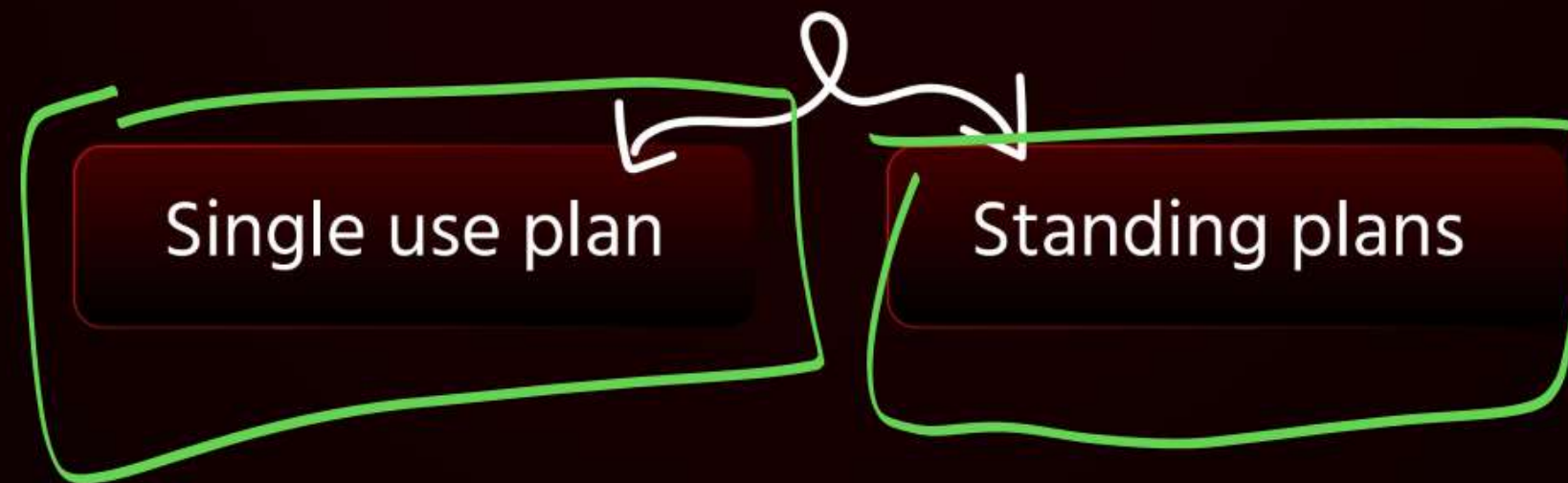
- implementing the plan: For implementing the plans or putting the plans into action, the managers start communicating the plans to all the employees very clearly because the employees actually have to carry on the activities according to specification of plans.
- Follow-up: Planning is a continuous process so the managers monitor the plan carefully while it is implemented. The monitoring of plan is very important to ensure objectives are achieve.



TYPE OF PLANS

Plan is a document that outlines how goals of the organisation will be met.

Plan can be classified into several types depending upon the use and length of the period. These plans can be classified in two categories.



10-6

Single use plan

- ✓ Single use plans are one time use plan.
- ✓ These are designed to achieve a particular goal that once achieved will not reoccur in future.
- ✓ These are made to meet the needs of unique situations.
- ✓ The duration or length of single use plan depends upon the activity or goal for which it is made. It may last one day or it may last for weeks or months if the project for which it is made is long.

Standing Plans

- ✓ Standing plans are also known as Repeat Use Plans. These plans focus on situation which occur repeatedly. Standing plans are used over and over again.
- ✓ They are made once but retain their value over a period of years.
- ✓ Although some revisions and updates are made in these plans from time to time
- ✓ It is designed to ensure that internal operations of an organisation run smoothly
- ✓ Enhances efficiency and routine decision making.

The different types of plans or common plans framed by the managers at different levels are:

- | | |
|---------------|---------------|
| a. Objectives | e. Methods |
| b. Strategy | f. Rules |
| c. Policies | g. Programmes |
| d. Procedures | h. Budgets |

There are other types of plans which are usually not classified as single use or standing plans. These are strategy, objectives as these plans are prepared by top management and serve as guide for overall planning whereas single use and standing plans are part of the operational planning process.

1. OBJECTIVES

(NEITHER SINGLE USE NOR STANDING PLAN)

The first step of planning is to set the objectives. Objectives is what the organisation wants to achieve i.e. the end Result of activities.

They determine what is to be done?

These are usually set by top level management.
eg. an organisation may have an objectives of increasing sales by 10% in 6 months.



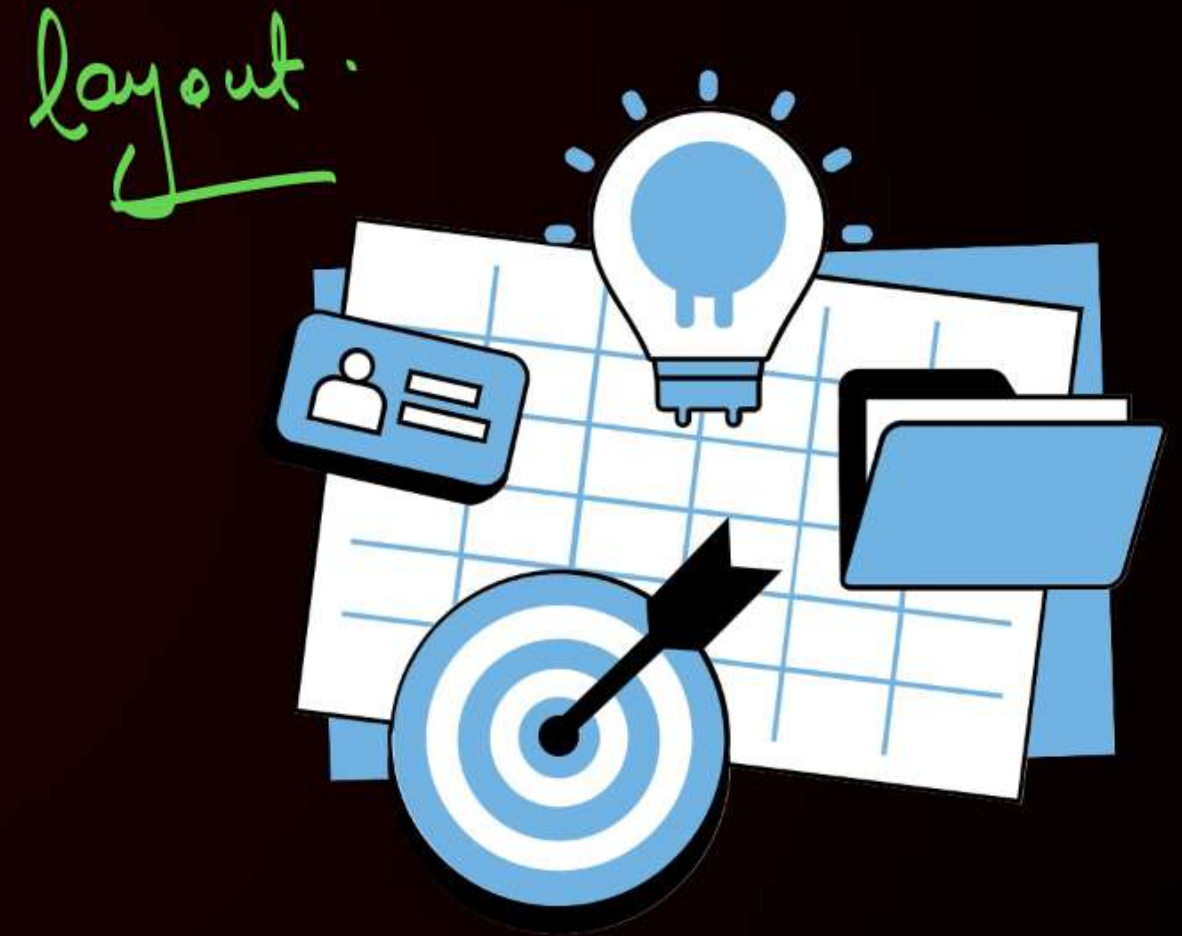
2. STRATEGY

(NEITHER SINGLE USE NOR STANDING PLAN)

A strategy is a comprehensive plan to achieve the organisational objectives taking business environment into consideration. The dimensions of strategy are:

- ✓ Adopting a particular course of action.
- ✓ Allocating resources for achieving the objectives.
- Show the blueprint of the business provide outline of business.
- ✓ Strategy is influenced by business environment.

For example, choice of advertising media, sales promotion techniques, which channels of distribution to be used, who are the customers, what is the demand, etc.



3. POLICIES

(STANDING PLAN)

Policy can be defined as organisation's general response to a particular problem or situation.

In simple words, it is the organisation's own way of handling the problems.

10 days.



4. PROCEDURES

(STANDING PLAN)

Procedures are required steps established in advance to handle future conditions. They detail the exact manner in which work is required to be performed.

- Sequence of steps to carry on different activities.
- Generally meant for insiders only.
- Are mostly in a chronological order.

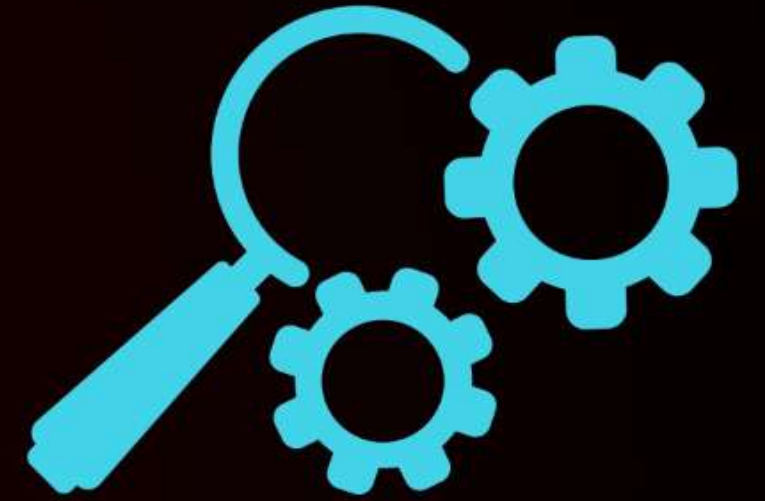


5. METHODS

*Manually
Machine*

(STANDING PLAN)

- ✓ Methods can be defined as formalised or systematic way of doing a jobs.
- ✓ There can be uniformity in actions of the employees.
- ✓ These help in applying the techniques of standardisation and simplification.
- ✓ Act as guide for employees.
- ✓ Selection of proper method saves time, money and efforts and increases efficiency.
- ✓ Standardised way in which a task has to be performed.



6. RULES

(STANDING PLAN)

Do's & Don't's

Rules spell out special actions or non-actions of the employees. There is no discretion allowed in rules, i.e., they must be followed strictly and if rules are not followed then strict actions can be taken against employees who are disobeying the rules.

Features of Rules

- ✓ Code of conduct or general instructions in any organisation.
- ✓ Specifies what to do and what not to do.
- ✓ Are rigid, stringent and compulsive in nature. Do not provide any flexibility.
- ✓ They are usually the simplest type of plan.



7. BUDGETS

(SINGLE USE PLAN)

Budget is the statement of expected result expressed in numerical terms. In budgets, the results are always measurable and most of the time, these are financial in nature but it does not mean that company prepares only financial budget.

For example, Sale budget

Sales in unit ₹1,00,000 ✓

Price per unit = 20 ✓

Total sale budget = 20,00,000



8. PROGRAMMES

(SINGLE USE PLAN)

- Detailed statement about a project.
- Is a combination of objectives, policies, procedures and rules.
- Is prepared for various activities.
- Ensures systematic working in an organisation.
- In programme, the minutest details are worked out for its procedures, rules, budgets, within the broad policy framework.



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