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DEPARTMENT OF ELECTRONICS & COMMUNICATION ENGINEERING

NAME OF THE SUBJECT	**:**	**PRINCIPLES OF MANAGEMENT**
Subject code	**:**	**GE3751**
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SYLLABUS

GE3751 PRINCIPLES OF MANAGEMENT

UNIT I INTRODUCTION TO MANAGEMENT AND ORGANIZATIONS

Definition of Management – Science or Art – Manager Vs Entrepreneur - types of managers -managerial roles and skills – Evolution of Management – Scientific, human relations, system and contingency approaches – Types of Business organization - Sole proprietorship, partnership, company-public and private sector enterprises - Organization culture and Environment – Current trends and issues in Management.

UNIT II PLANNING

Nature and purpose of planning – planning process – types of planning – objectives – setting objectives – policies – Planning premises – Strategic Management – Planning Tools and Techniques – Decision making steps and process.

UNIT III ORGANISING

Nature and purpose – Formal and informal organization – organization chart – organization structure – types – Line and staff authority – departmentalization – delegation of authority – centralization and decentralization – Job Design - Human Resource Management – HR Planning, Recruitment, selection, Training and Development, Performance Management, Career planning and management.

UNIT IV DIRECTING

Foundations of individual and group behavior – motivation – motivation theories – motivational techniques – job satisfaction – job enrichment – leadership – types and theories of leadership – communication – process of communication – barrier in communication – effective communication –communication and IT.

UNIT V CONTROLLING

System and process of controlling – budgetary and non-budgetary control techniques – use of computers and IT in Management control – Productivity problems and management – control and performance – direct and preventive control – reporting.

TEXTBOOKS:

1. Stephen P. Robbins & Mary Coulter, ―Management‖, Prentice Hall (India) Pvt. Ltd., 10th Edition, 2009. 3 2. JAF Stoner, Freeman R.E and Daniel R Gilbert ―Management‖, Pearson Education, 6th Edition, 2004.

REFERENCES:

1. Stephen A. Robbins & David A. Decenzo& Mary Coulter, ―Fundamentals of Management‖ Pearson Education, 7th Edition, 2011.
2. Robert Kreitner&MamataMohapatra, ― Management‖, Biztantra, 2008.
3. Harold Koontz & Heinz Weihrich ―Essentials of management‖ Tata McGraw Hill,1998.
4. Tripathy PC & Reddy PN, ―Principles of Management‖, Tata McGraw Hill, 1999

ORGANIZATION AND ENVIRONMENTAL FACTORS

An organization is a group of people intentionally organized to accomplish a common or set of goals. Types of Business Organizations When organizing a new business, one of the most important decisions to be made is choosing the structure of a business.

a) Sole Proprietorships

The vast majority of small business starts out as sole proprietorships . . . very dangerous. These firms are owned by one person, usually the individual who has day-to-day responsibility for running the business. Sole proprietors own all the assets of the business and the profits generated by it. They also assume "complete personal" responsibility for all of its liabilities or debts. In the eyes of the law, you are one in the same with the business.

<u>Merits:</u>

• Easiest and least expensive form of ownership to organize.
• Sole proprietors are in complete control, within the law, to make all decisions.
• Sole proprietors receive all income generated by the business to keep or reinvest.
• Profits from the business flow-through directly to the owner's personal tax return.
• The business is easy to dissolve, if desired.

<u>Demerits:</u>

• Unlimited liability and are legally responsible for all debts against the business.
• Their business and personal assets are 100% at risk.
• Has almost been ability to raise investment funds.
• Are limited to using funds from personal savings or consumer loans.
• Have a hard time attracting high-caliber employees, or those that are motivated by the opportunity to own a part of the business.
• Employee benefits such as owner's medical insurance premiums are not directly deductible from business income (partially deductible as an adjustment to income).

b) Partnerships

In a Partnership, two or more people share ownership of a single business. Like proprietorships, the law does not distinguish between the business and its owners. The Partners should have a legal agreement that sets forth how decisions will be made, profits will be shared, disputes will be resolved, how future partners will be admitted to the partnership, how partners can be bought out, or what steps will be taken to dissolve the partnership when needed. Yes, its hard to think about a "break-up" when the business is just getting started, but many partnerships split up at crisis times and unless there is a defined process, there will be even greater problems. They also must decide up front how much time and capital each will contribute, etc.

Merits:

• Partnerships are relatively easy to establish; however time should be invested in developing the partnership agreement.
• With more than one owner, the ability to raise funds may be increased.
• The profits from the business flow directly through to the partners' personal taxes.
• Prospective employees may be attracted to the business if given the incentive to become a partner.

Demerits:

• Partners are jointly and individually liable for the actions of the other partners.
• Profits must be shared with others.
• Since decisions are shared, disagreements can occur.
• Some employee benefits are not deductible from business income on tax returns.
• The partnerships have a limited life; it may end upon a partner withdrawal or death.

c) Corporations

A corporation, chartered by the state in which it is headquartered, is considered by law to be a unique "entity", separate and apart from those who own it. A corporation can be taxed; it can be sued; it can enter into contractual agreements. The owners of a corporation are its shareholders. The shareholders elect a board of directors to oversee the major policies and decisions. The corporation has a life of its own and does not dissolve when ownership changes. Merits:

• Shareholders have limited liability for the corporation's debts or judgments against the corporations.

• Generally, shareholders can only be held accountable for their investment in stock of the company. (Note however, that officers can be held personally liable for their actions, such as the failure to withhold and pay employment taxes.)

• Corporations can raise additional funds through the sale of stock.

• A corporation may deduct the cost of benefits it provides to officers and employees.

• Can elect S corporation status if certain requirements are met. This election enables company to be taxed similar to a partnership.

Demerits:

• The process of incorporation requires more time and money than other forms of organization.

• Corporations are monitored by federal, state and some local agencies, and as a result may have more paperwork to comply with regulations.

• Incorporating may result in higher overall taxes. Dividends paid to shareholders are not deductible form business income, thus this income can be taxed twice.

d) Joint Stock Company:

Limited financial resources & heavy burden of risk involved in both of the previous forms of organization has led to the formation of joint stock companies these have limited dilutives. The capital is raised by selling shares of different values. Persons who purchase the shares are called shareholder. The managing body known as; Board of Directors; is responsible for policy making important financial & technical decisions.

There are two main types of joint stock Companies.

(i)Private limited company. (ii)Public limited company

(i) Private limited company: This type company can be formed by two or more persons. Te maximum number of member ship is limited to 50. In this transfer of shares is limited to members only. The government also does not interfere in the working of the company.

(ii) Public Limited Company: It is one whose membership is open to general public. The minimum number required to form such company is seven, but there is no upper limit. Such company‘s can advertise to offer its share to genera public through a prospectus. These public limited companies are subjected to greater control & supervision of control.

Merits:

• The liability being limited the shareholder bear no Rick& therefore more as make persons are encouraged to invest capital.

• Because of large numbers of investors, the risk of loss is divided.

• Joint stock companies are not affected by the death or the retirement of the shareholders.

Disadvantages:

• It is difficult to preserve secrecy in these companies.

• It requires a large number of legal formalities to be observed.

• Lack of personal interest.

e) Public Corporations:

A public corporation is wholly owned by the Government centre to state. It is established usually by a Special Act of the parliament. Special statute also prescribes its management pattern power duties & jurisdictions. Though the total capital is provided by the Government, they have separate entity & enjoy independence in matters related to appointments, promotions etc.

Merits:

• These are expected to provide better working conditions to the employees & supported to be better managed.
• Quick decisions can be possible, because of absence of bureaucratic control.
• More Hexibility as compared to departmental organization.
• Since the management is in the hands of experienced & capable directors & managers, these ate managed more efficiently than that of government departments.

Demerits:

• Any alteration in the power & Constitution of Corporation requires an amendment in the particular Act, which is difficult & time consuming.
• Public Corporations possess monopoly & in the absence of competition, these are not interested in adopting new techniques & in making improvement in their working.

f) Government Companies:

A state enterprise can also be organized in the form of a Joint stock company; A government company is any company in which of the share capital is held by the central government or partly by central government & party by one to more state governments. It is managed by the elected board of directors which may include private individuals. These are accountable for its working to the concerned ministry or department & its annual report is required to be placed ever year on the table of the parliament or state legislatures along with the comments of the government to concerned department.

Merits:

• It is easy to form.
• The directors of a government company are free to take decisions & are not bound by certain rigid rules & regulations.

Demerits:

• Misuse of excessive freedom cannot be ruled out.
• The directors are appointed by the government so they spend more time in pleasing their political masters & top government officials, which results in inefficient management.

CLASSIFICATION OF ENVIRONMENTAL FACTORS

On the basis of the extent of intimacy with the firm, the environmental factors may be classified into different types namely internal and external.

1) INTERNAL ENVIRONMENTAL FACTORS

The internal environment is the environment that has a direct impact on the business. The internal factors are generally controllable because the company has control over these factors. It can alter or modify these factors. The internal environmental factors are resources, capabilities and culture.

i) Resources: A good starting point to identify company resources is to look at tangible, intangible and human resources. Tangible resources are the easiest to identify and evaluate: financial resources and physical assets are identifies and valued in the firm‘s financial statements. Intangible resources are largely invisible, but over time become more important to the firm than tangible assets because they can be a main source for a competitive advantage. Such intangible recourses include reputational assets (brands, image, etc.) and technological assets (proprietary technology and know-how). Human resources or human capital are the productive services human beings offer the firm in terms of their skills, knowledge, reasoning, and decision-making abilities.

ii) Capabilities: Resources are not productive on their own. The most productive tasks require that resources collaborate closely together within teams. The term organizational capabilities are used to refer to a firm‘s capacity for undertaking a particular productive activity. Our interest is not in capabilities per se, but in capabilities relative to other firms. To identify the firm‘s capabilities we will use the functional classification approach. A functional classification identifies organizational capabilities in relation to each of the principal functional areas.

iii) Culture: It is the specific collection of values and norms that are shared by people and groups in an organization and that helps in achieving the organizational goals.

2) EXTERNAL ENVIRONMENT FACTORS

It refers to the environment that has an indirect influence on the business. The factors are uncontrollable by the business. The two types of external environment are micro environment and macro environment.

a) MICRO ENVIRONMENTAL FACTORS

The micro environment or task environment encompasses those forces in the close surrounding area of an organization that influence it's functioning. Even if it is external to an organization, micro factors need not affect all the firms in a particular industry in an equivalent manner. Some of the micro factors may be unique to a firm. It embraces the following factors:

1. Suppliers

Suppliers of raw materials, components and semi finished goods are very prominent for a firm. They operate as an important force within the micro environment of the firm.

2. Marketing intermediaries

It includes the firms that assist the company in promoting, selling and distributing its goods to final buyers. They are operating in the micro environment.

3. Customers

As far as any business firm is concerned, creation and maintenance of customers are of utmost importance. Triumph of a business principally depends on realising the needs, desire and tastes of customers.

4. Competitors

Every organization has a competitive environment. Activities of a business should be adjusted according to the actions and reactions of competitors. An enterprise will be facing direct and indirect competition from many rivalries. A firm should monitor the activities of the competitors in its micro environment and should counteract accordingly.

5. Public

Public refers to any cluster that has actual or potential interest in the business activities. Such clusters can exert influence on the business. e.g., growth of consumer groups may affect the working of newly developed businesses.

6. Financiers

The term financiers include commercial banks, money lending institutions, private persons etc who have lent money for business operations. In addition to the financing capabilities, their policies and strategies, attitudes, ability to provide non-financial assistance etc are vital.

MACRO ENVIRONMENT

A company along with its micro environment situate in a bigger macro environment. This micro environment provides opportunities and poses threats to a firm. The macro forces are generally more uncontrollable and the success of a company depends on its adaptability to the environment. A firm cannot exercise effective control on the factors of macro environment and only the degree of adaptability it has to that particular environment can direct it to success. The macro environment of a firm consists of the following:

1. Economic environment

The Economic environment includes broad factors like structure and nature of the economy, the stage of development of the economy, economic resources, the level of income of the economy, the distribution of income and assets among citizens, linkages with global economy, economic policies etc. Important economic factors are:

a) Degree of economic development.
b) Structure of the economy.
c) Economic policies.
d) Economic conditions

2. Political Environment

It primarily comprises of the country's government's actions which may influence the operations of a company or business. These actions can be on different levels like local, regional, national or international. The decision makers should observe the movements of the government keenly, so that they can make quick decisions.

3. Technological environment

Along with determining the destiny of an organization, technology can contribute to the economic and social development of a nation. Factors like the type of technology in use, the level of technological developments, the speed with which new technologies are adopted and diffused, the type of technologies that are appropriate, the technology policy etc has deep implications on the prospects of the business.

4. Social Environment

The social environment of business includes social factors like customs, traditions, values, beliefs, poverty, literacy, life expectancy rate etc. The social structure and the values that a society cherishes have a considerable influence on the functioning of business firms. For example, during festive seasons there is an increase in the demand for new clothes, sweets, fruits, flower, etc.

5. Cultural environment

Culture of a particular region includes activities such as dance, drama, music and festivals. In its exact sense culture is understood as that composite whole which includes knowledge, belief, art, morals, law, customs and other capabilities and habits acquired by individual as a member of a society

TRENDS AND CHALLENGES OF MANAGEMENT IN GLOBAL SCENARIO

The management functions are planning and decision making, organizing. leading, and controlling — are just as relevant to international managers as to domestic managers. International managers need to have a clear view of where they want their firm to be in the future; they have to organize to implement their plans: they have to motivate those who work lot them; and they have to develop appropriate control mechanisms.

a) Planning and Decision Making in a Global Scenario

To effectively plan and make decisions in a global economy, managers must have a broad-based understanding of both environmental issues and competitive issues. They need to understand local market conditions and technological factor that will affect their operations. At the corporate level, executives need a great deal of information to function effectively. Which markets are growing? Which markets are shrinking? Which are our domestic and foreign competitors doing in each market? They must also make a variety of strategic decisions about their organizations. For example, if a firm wishes to enter market in France, should it buy a local firm there, build a plant, or seek a strategic alliance? Critical issues include understanding environmental circumstances, the role of goals and planning in a global organization, and how decision making affects the global organization.

b) Organizing in a Global Scenario

Managers in international businesses must also attend to a variety of organizing issues. For example, General Electric has operations scattered around the globe. The firm has made the decision to give local managers a great deal of responsibility for how they run their business. In contrast, many Japanese firms give managers of their foreign operations relatively little responsibility. As a result, those managers must frequently travel back to Japan to present problems or get decisions approved. Managers in an international business must address the basic issues of organization structure and design, managing change, and dealing with human resources.

c) Leading in a Global Scenario

We noted earlier some of the cultural factors that affect international organizations. Individual managers must be prepared to deal with these and other factors as they interact people from different cultural backgrounds .Supervising a group of five managers, each of whom is from a different state in the United States, is likely to be much simpler than supervising a group of five managers, each of whom is from a different culture. Managers must understand how cultural factors affect individuals. How motivational processes vary across cultures, how the role of leadership changes in different cultures, how communication varies across cultures, and how interpersonal and group processes depend on cultural background.

d) Controlling in a Global Scenario

Finally, managers in international organizations must also be concerned with control. Distances, time zone differences, and cultural factors also play a role in control. For example, in some cultures, close supervision is seen as being appropriate, whereas in other cultures, it is not Like-wise, executives in the United States and Japan may find it difficult to communicate vital information to one another because of the time zone differences. Basic control issues for the international manager revolve around operations management productivity, quality, technology and information systems.