

INTRODUCTION TO BUSINESS MANAGEMENT

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Basis	Authority	Responsibility	Accountability
Meaning	Right to command	Obligation to perform the assigned task.	Answerability for outcome of the assigned task.
Delegation	Can be delegated	Cannot be fully delegated	Cannot be delegated at all
Origin	Arises from formal position	Arises from delegated authority.	Arises from responsibility.
Flow	Always flows downward	Always flows upward	Always flows upward

Functions of Management :- Luther Gulick & Urwick

POSDCORB → Planning, Organising, Staffing, Directing, Co-ordination, Reporting & Budgeting

Heney Fayol → P.O.C.C.C. → Planning, Organising, commanding, coordinating & controlling

F.W. Taylor's elements of Scientific Management (Techniques of scientific Management) :-

1. Scientific Task Setting - It is essential to set the (fair day work) standard task which average worker should do during work day.
2. Work Study :- It implies an organised objective systematic analytical & critical assessment of the efficiency of various operations in an enterprise.

i) Method study :- Conducted to know the best method of doing a job. Helps in reducing the distance travelled by materials & brings improvement in handling transporting inspection & storage of raw material & goods.

ii) Motion study :- Movement of an operator or a machine

iii) Time study or Work measurement :- Technique of observing & recording the time required to do each element of an industrial operation
↓
Helps in fixing standard time required to do a particular job.

iv) Fatigue study :- Fatigue has an adverse effect on worker's health & his efficiency
↓
It helps in reducing fatigue among the workers

3. Planning the task

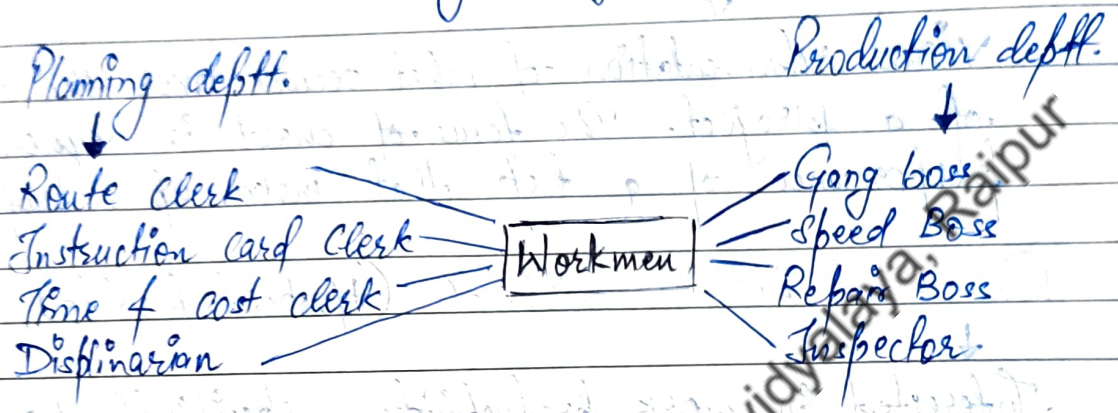
4. Standardization.

5. Scientific Selection & Training - Management should adopt scientific selection procedure so that right men are selected for right job.

6. Differential Piece Wage Plan - If worker finishes work (Given by Taylor) ~~in~~ within standard time or produces more than the standard output within the standard time, he will be given higher piece rate.

7 Specialisation / Functional Foremanship :- (Given by Taylor)

Factory Manager



Principles of Scientific Management :- By F.W. Taylor

1. Replacement of rule of thumb method - Scientific investigation should be used for taking managerial decisions instead of basing decision on opinion, intuition or rule of thumb.
2. Scientific selection & Training of workers
3. Cooperation between labour & Management
4. Maximum Output
5. Equal division of Responsibility

Henry Gantt - Best known for key contribution to classical management theory

- The Gantt chart, task & bonus system :-

↓
Visual representation of what occurs over the course of a project. The focus of chart is sequential performance of a task that make up a project

Frank & Lillian Gilberth (Husband & wife)

↓
Interested in work productivity, specifically how movement & motion affected efficiency

↓
Films, to get idea of motion & use it in efficient way to increase efficiency & safety.

Basic Henry Fayol. f. H. Taylor.

Father of Modern Management,
Given 14 Principles of Mgt.

Father of Scientific Management
Given 4 principles of Mgt.

Concept General Theory of administration Scientific Management

Emphasis Top level management Bottom level management.

Applicable Universally applicable To specialised organisation only

Formation Personal experiences Observation & Experimentation

Orientation Managerial function Production & engineering.

System of wage	Sharing of profit with manager	Differential Payment system.
Approach.	Manager's approach	Engineer's Approach.

Human Relation Approach (Hawthorne Studies)

↳ Hawthorne studies were conducted on workers at the Hawthorne Plant of Western Electric Co. by Elton Mayo & Fritz Roethlisberger in 1920's

These were part of a refocus on managerial strategy incorporating the socio-psychological aspects of human behaviour in organisation.

• Major Phases of Hawthorne Experiment were :-

1. Illumination Experiments - To determine the effect of changes in illumination (light) on productivity.
2. Relay assembly Test Room experiment - To determine the effects of changes in hours & other working condition on productivity
3. Mass Interviewing program - Conducting plant-wide mass interviews to determine workers' attitudes & sentiments
4. Bank wiring observation Room Exp. :- Analysis of social organisation at work. The power of Informal group & peer pressure on worker productivity.

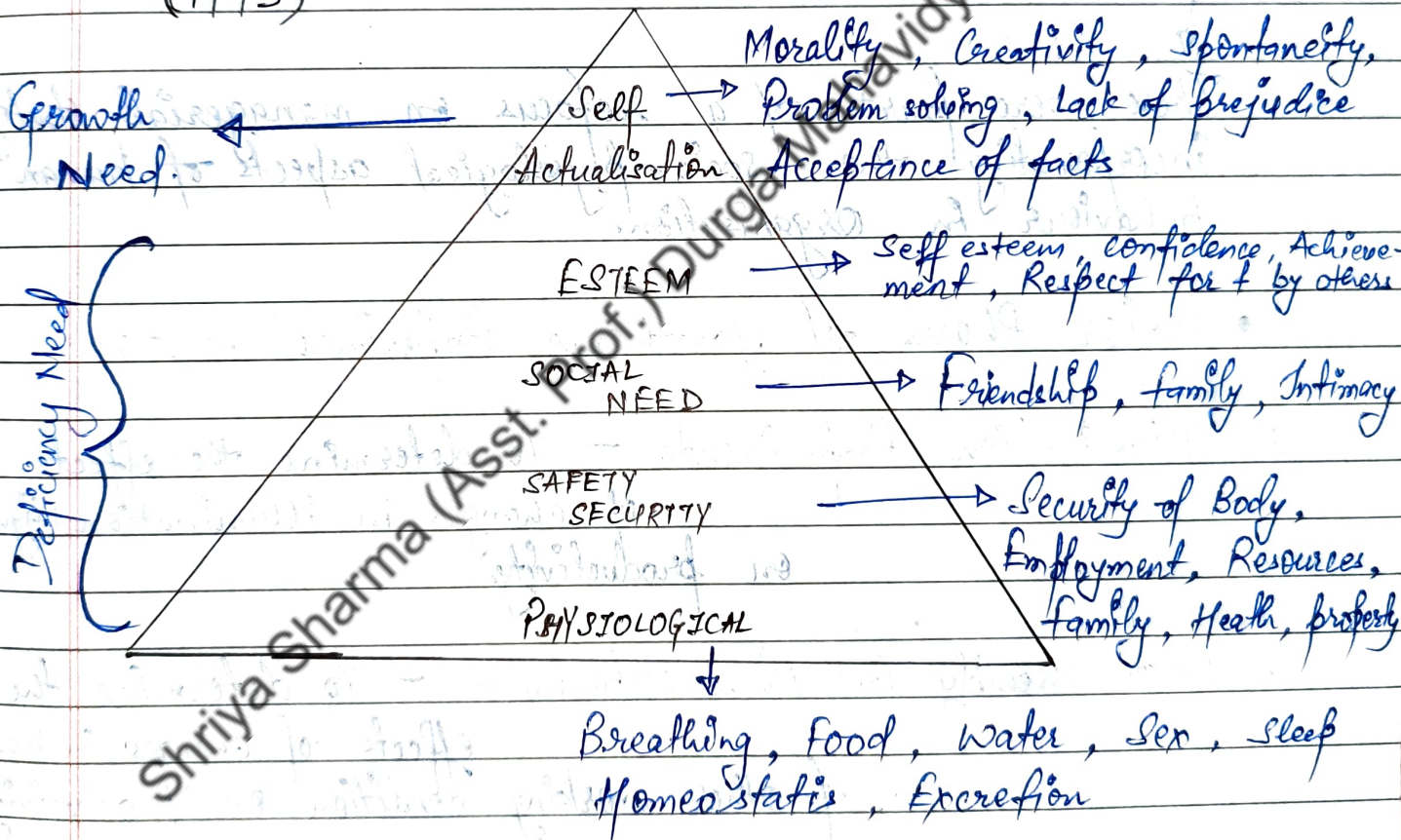
Motivation Theory

Content Theory

Process Theory

- Maslow's Hierarchy
- Herzberg Two factor
- Alderfer's ~~Need~~ ERG
- McClelland Need
- Vroom's Expectancy
- Adam's Equity
- Lockett's Goal setting
- Skinner's Reinforcement.

1) Maslow's Hierarchy of Need :- (1943)



"If all you have is a hammer everything looks like a nail."
— A.H. Maslow (Law of Instrument)

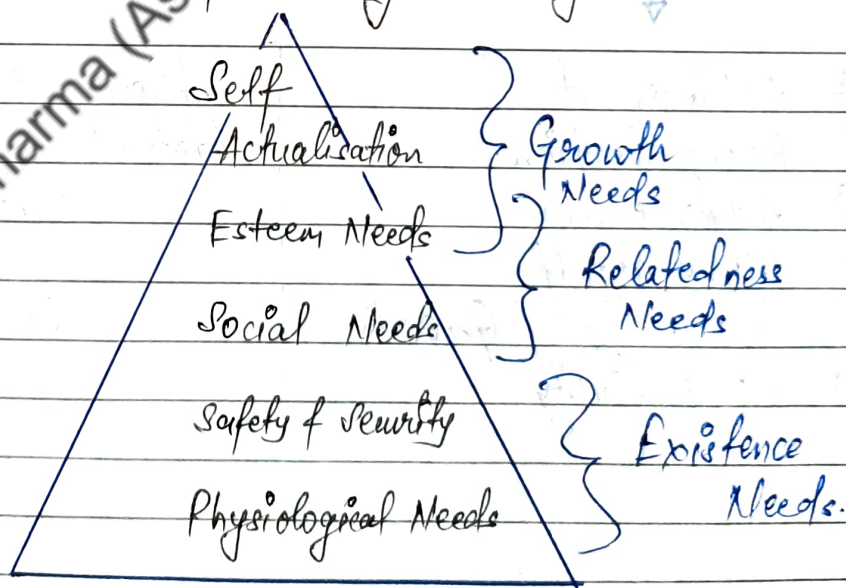
3. Need Theory - David McClelland → How need for Power, Achievement & Affiliation affects the action of people from managerial context.

i.) Need for Power - Desire to influence & control others, be responsible & have authority over others.

ii.) Need for Achievement - Desire to attain something difficult, attain high standards, success, master complex tasks, surpass others.

iii.) Need for Affiliation - Desire to form close personal relationships & friendship, avoid conflicts.

4. Alderfer's ERG Theory (Clayton Paul Alderfer)



Basis	Maslow's Theory	Herzberg Theory
Date	1940's	1960's
Study Group	Ordinary American People	Well-situated American People
Needs	Needs gives us satisfaction and give the opportunity to move on to the next level of needs.	No every type of need can give us satisfaction, just motivating factors.

Maslow	Alderfer	McClelland	Herzberg
Physiological	Existence		Hygiene
Safety & Security			
Belongingness & Love	Relatedness	Need for Affiliation	
Self esteem	Growth	Need for Power	Motivators
Self Actualisation		Need for Achievement	

5. McGregor's Theory X & Y

- Theory X** — Assumes that employees dislike work, lack ambition, avoid responsibility & must be directed & coerced to perform.
- ↓
- Autocratic Leadership**
- Work avoiding
 - Need to Control
 - Avoid Responsibility
 - Workers seek security
- ↓
- Negative Incentive - Punishment
 - One way Communication & Centralisation
- Theory Y** — Assumes that employee likes work, seek responsibility, are capable of making decision & exercise self direction & self control when committed to Goals.
- ↓
- Democratic Leadership**
- Works naturally
 - Self direction
 - Seek responsibility
 - Can make good decision
- ↓
- Positive Incentive - Rewards
 - Two way Communication & Decentralisation

(1953)

6. Skinner's Reinforcement Theory - B.F. Skinner (Based on Operant Conditioning Theory)

1) Positive Reinforcement - Praise, appreciate, trophy, money, promotion or any other reward can increase the possibility of rewarded behaviour repetition.

2) Negative Reinforcement - When we give meal to a hungry person, if he behaves in a certain manner. So here meal is a negative reinforcement because it eliminates the unpleasant state.

3) Punishment

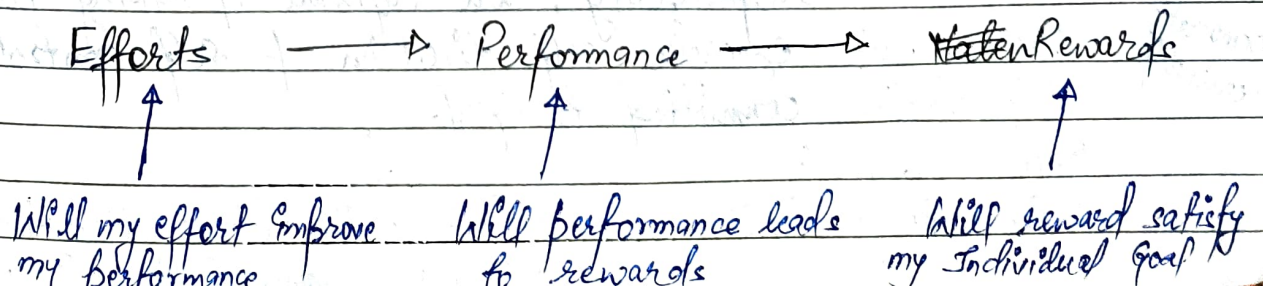
4) Extinction :- Absence of Reinforcement. Lowering the probability of undesired behaviour by removing reward for that kind of behaviour.

(1964)

7. Vroom's Expectancy Theory - Victor Vroom

↳ It defines Motivation as a process that governs over choices among alternative form of voluntary behaviour.

Basic rationale → Motivation stem from the belief that decision will have their desired outcomes.



$$\text{Motivational factor (MF)} = \text{Expectancy (E} \rightarrow \text{P)} \times \text{Instrumentality (P} \rightarrow \text{R)} \times \text{Valency (R)}$$

(Perceived likelihood that efforts will lead to performance) (Performance will lead to desired rewards) (Value of expected rewards to the individual)

↑
 • Self efficiency
 • Goal difficulty
 • Perceived Control

↑
 • Trust
 • Control
 • Policies

↑
 • Need, Value
 • Goals
 • Preferences

i) Expectancy - A person's belief that more effort will result in success.

ii) Valence - The degree to which a person values the reward the result of success.

iii) Instrumentality - A person's belief that there is connection between activity & goal. If you perform well you will get reward.

8. Adam's Equity Theory (1963) - J. Stacy Adams

↳ People are motivated if they are treated equitably & receive what they consider fair for their efforts and costs.

* Based on Social Exchange Theory

$$\frac{\text{Person's Outcomes}}{\text{Person's Inputs}} = \frac{\text{Other's Outcomes}}{\text{Other's Input}} \rightarrow \text{Equity}$$

$$> \rightarrow \text{Positive Inequality}$$

$$< \rightarrow \text{Negative Inequality}$$

(1960's)

9 Locke's Goal Setting Theory - Edwin A. Locke

↳ It states that specific & challenging goals along with appropriate feedback contribute to higher & better performance

Locke's five basic principles of Goal setting :-

- i) Clarity ii) Challenge iii) Commitment
- iv) Feedback v) Task complexity.

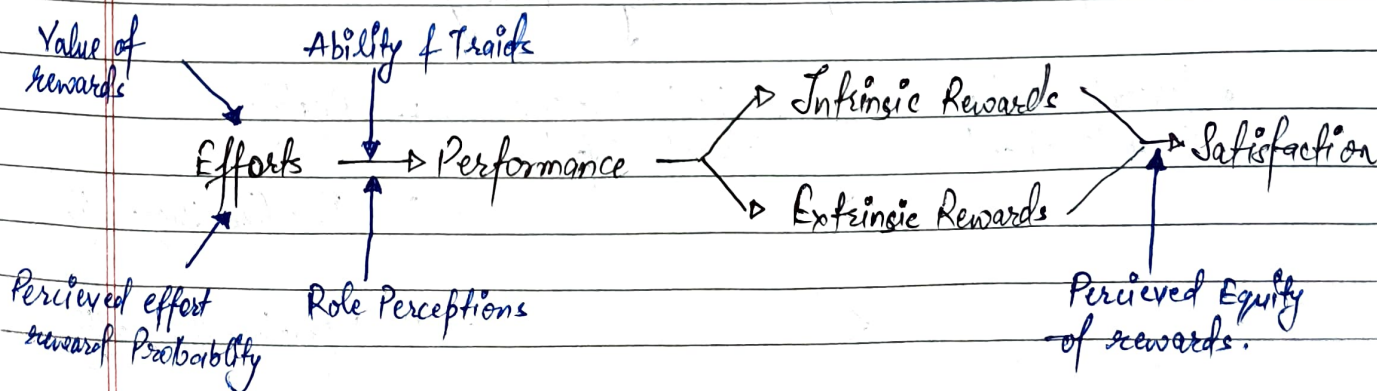
10 Porter & Lawler's Expectancy Theory :-

↳ Used Vroom's Expectancy Theory as a foundation to develop their expectancy model.

- Individual's motivation to complete a task is affected by the reward they expect to receive for completing the task.

Elements of Porter Lawler Theory - i) Efforts

- ii) Performance
- iii) Reward
- iv) Satisfaction
- v) Value of rewards
- vi) Perceived Effort Reward Probability



11. William Ouchi's Theory Z of Motivation :- (William Ouchi & Lewis)

It is a combination of theory X & Y and is based on "Japanese Management Practice"

Five factors of Theory Z :-

- i. Mutual Trust - Reduced conflicts & increase in cooperation
- ii. Strong Bond between Organisation & Employees.
- iii) Employee Involvement - in decision making process on matters directly affecting them
- iv Integrated Organisation - Formal Organisation, Job rotation etc
- v Coordination - The leader must use the processes of communication, debate & analysis
- vi Informal Control System - Org. control should be handled in an Informal way.
- vii HR Development

12. Self Determination Theory (SDT) - It focuses on the degree to which an individual's behaviour is self motivated & self determined.

SDT identifies three innate needs

- 1) Competency
- 2) Relatedness
- 3) Autonomy.

Deci & Ryan