



Lecture 1 Subject, methods and content of the course

Management

```
graph TD; Management[Management] --> Economics[Economics]; Management --> Psychology[Psychology]; Management --> Sociology[Sociology]; Economics --> EconomicsDef[the area of managerial and economic activity which provides the rational administration of economic process, arranging the operation systems and its improving according to the socio-economic development]; Psychology --> PsychologyDef[the ability, the manner of dealing with people, power and the art of management, a special kind of skills and administrative skills, organization of management, administrative unit]; Sociology --> SociologyDef[the process of optimizing the human being and his material and financial resources; also it is th art as it demands constant creativity];
```

Economics

the area of managerial and economic activity which provides the rational administration of economic process, arranging the operation systems and its improving according to the socio-economic development

Psychology

the ability, the manner of dealing with people, power and the art of management, a special kind of skills and administrative skills, organization of management, administrative unit

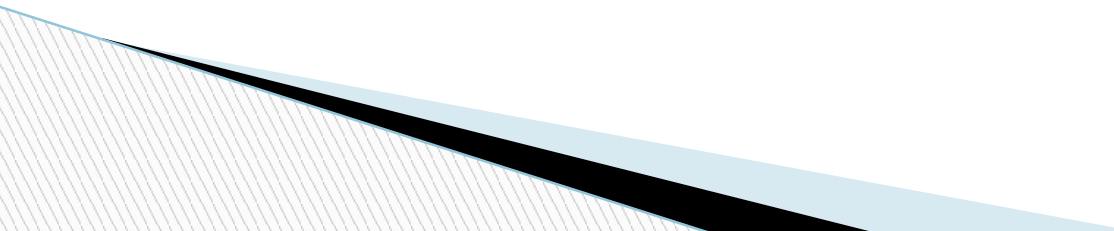
Sociology

the process of optimizing the human being and his material and financial resources; also it is th art as it demands constant creativity

Manager is a specialist who is hired to organize and manage the work of some entity to implement the management activities.

Management is the process of organization planning, motivation and control important for formation a goal and its reaching .

Management is a conscious human activity with the help of which he regulates and subordinates the external elements to his interests.



Management is to be
oriented to
success and
survival.



Subject - one who manages

Object - the one who is managed.

So **the main task of management** is to organize the work of other people (cooperation)



The aim of management - is a desired, possible and necessary state that is to be reached.

The subject of management is people (subordinate, co-workers)

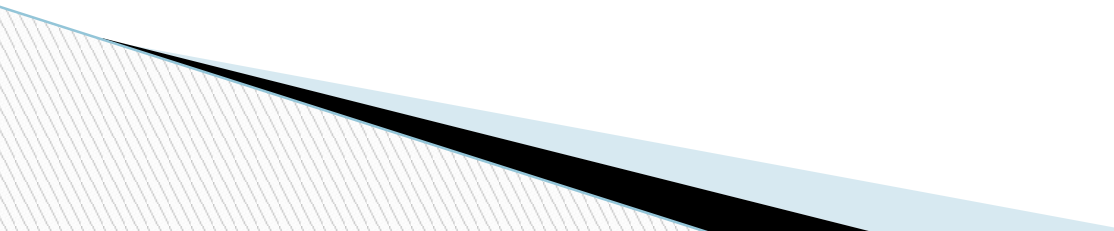
Product of management is a labor management solution.
Price of solution is determined by cost and profit.

Byproduct in management is: a control system, the psychological climate.

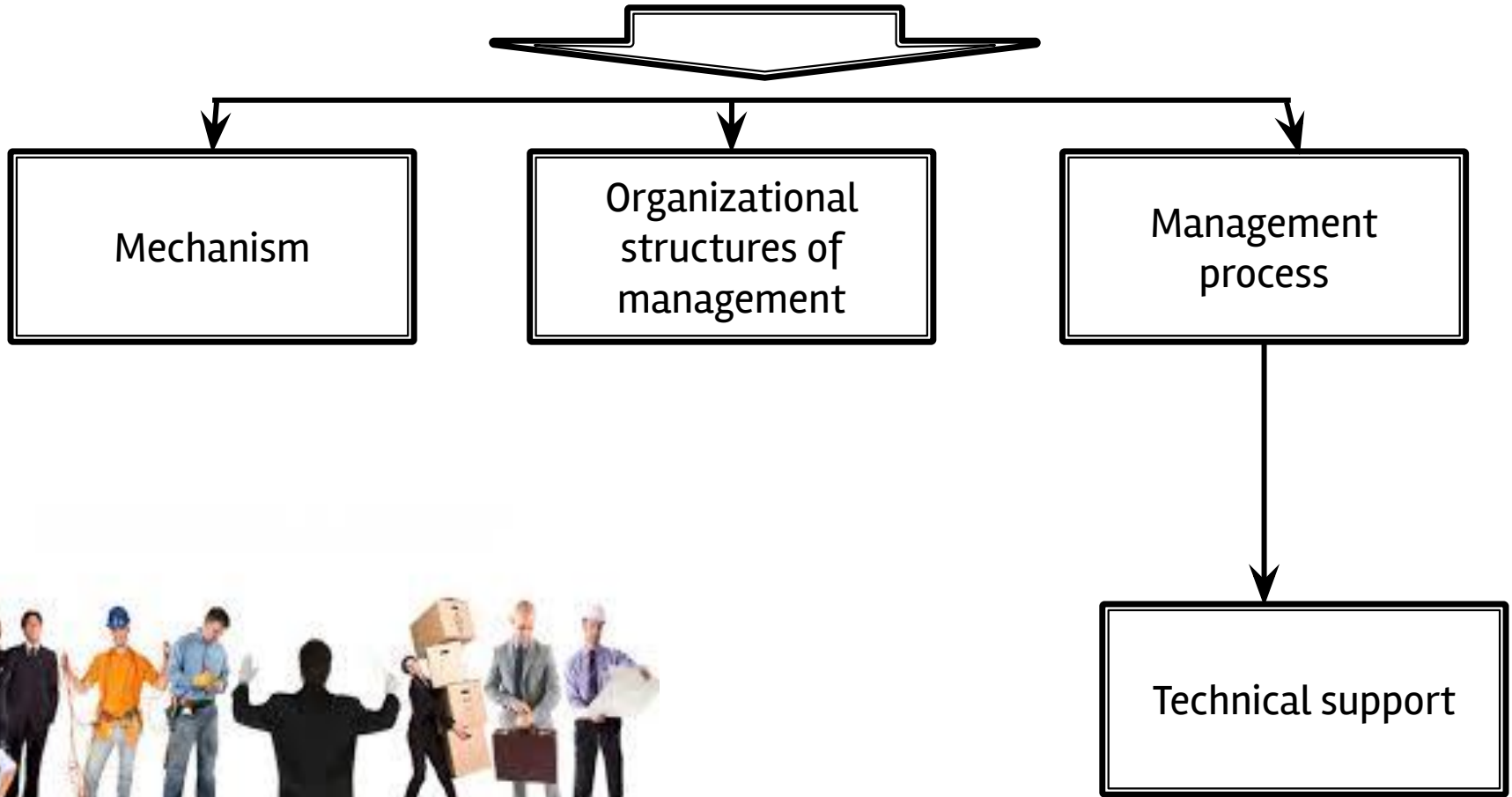


The object of professional activity is financial and economic activity of the enterprise, material labor, regulatory and accounting and distribution documentation.

Business management - is the management of commercial, economic organizations.



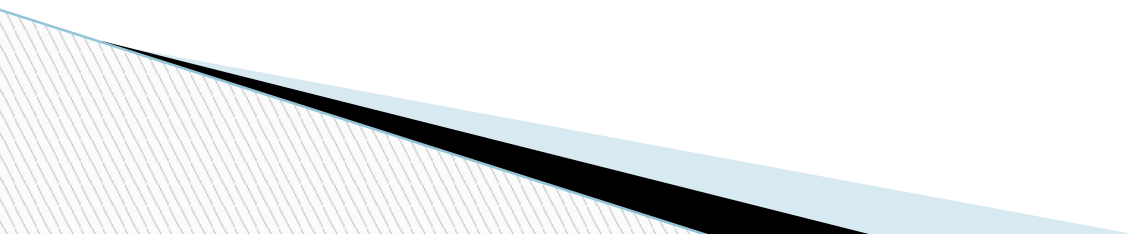
System of management



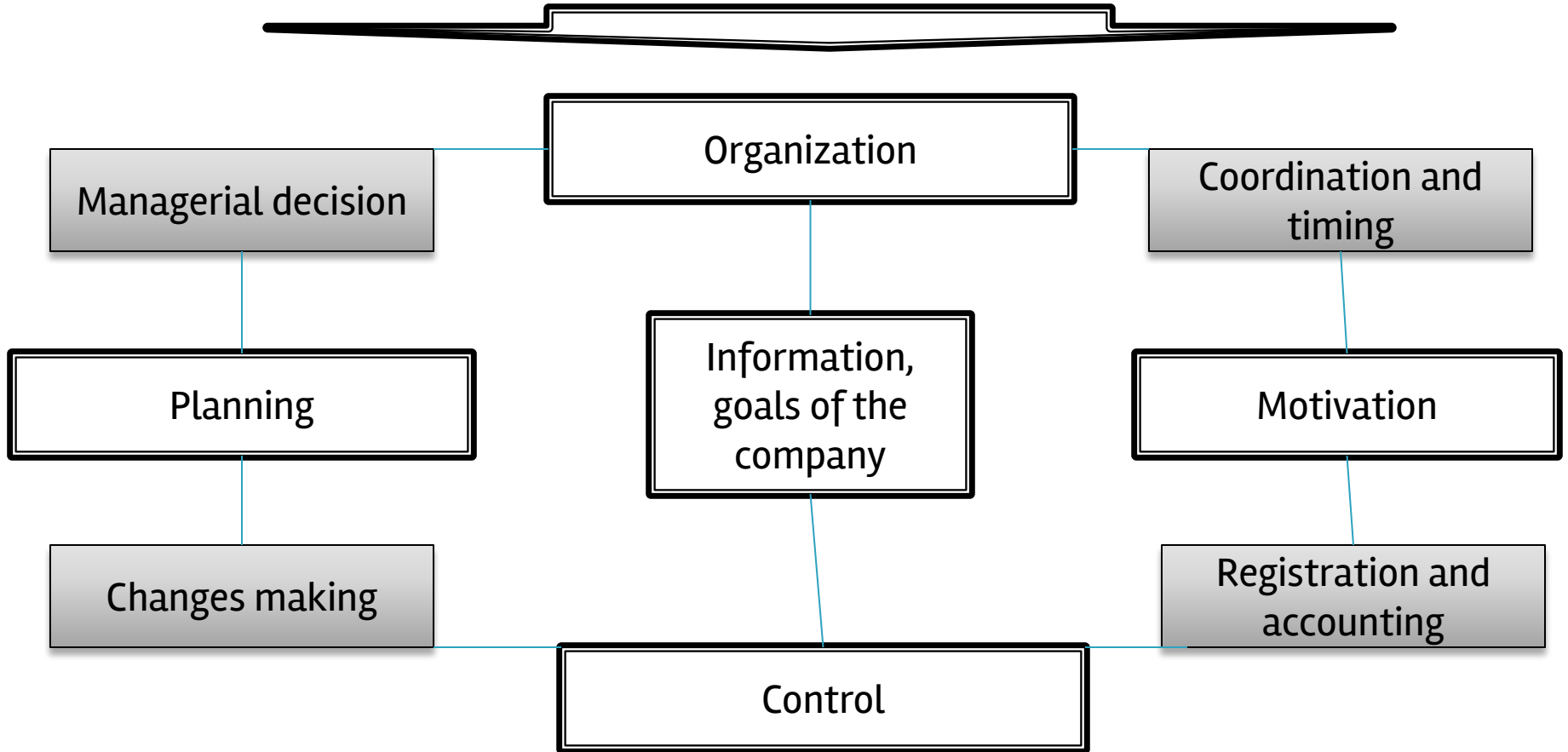
Mechanism consists of purpose, mission, functions, principles, methods of management.

Organizational structure of management is determined by the objectives, functions, product of entrepreneurial activity.

Management process means the technology of managerial decision-making and the organization of their implementations.

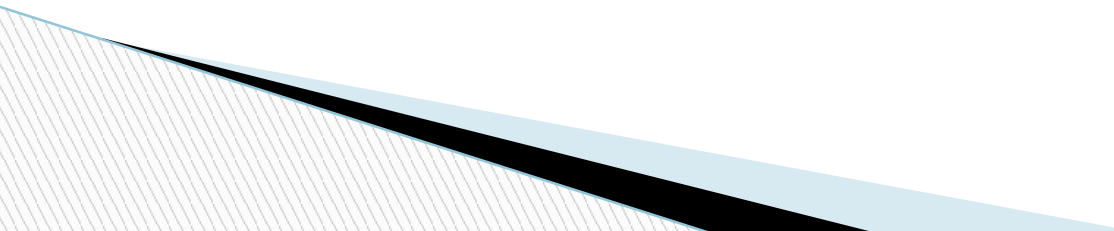


Functions of management



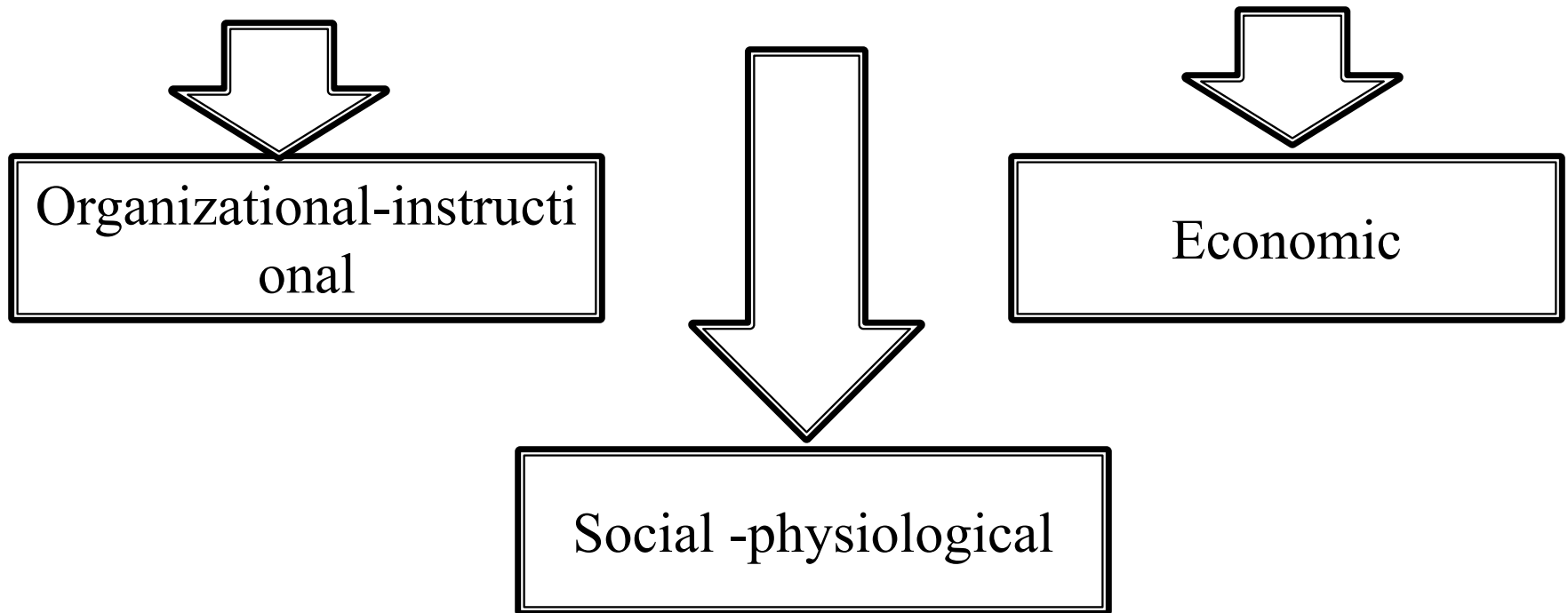
Principles of management

Management principle means laws and norms to be used during the tasks solving and goals reaching process at a company.

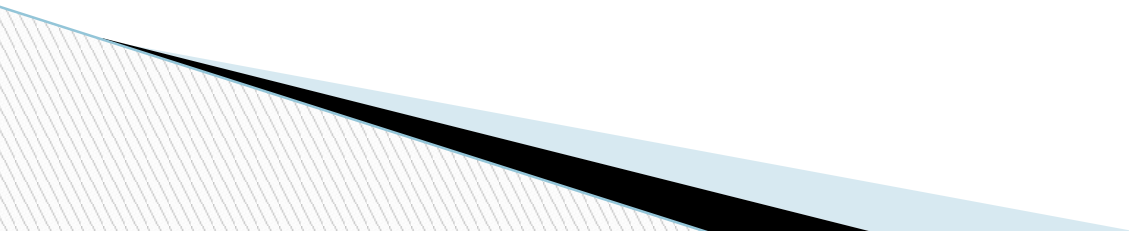
1. Determination of the goals and objectives of management;
 2. Development the specific measures to achieve them;
 3. The division of tasks for certain types of work;
 - 4 Coordination of interactions between various departments and the organization;
 - 5 Formation of the hierarchical structure;
 - 6 Optimization of decision-making;
 - 7 Motivation, stimulation effects to work.
- 

Management Methods:

Management methods mean methods and forms of the head's impact on the subordinates:

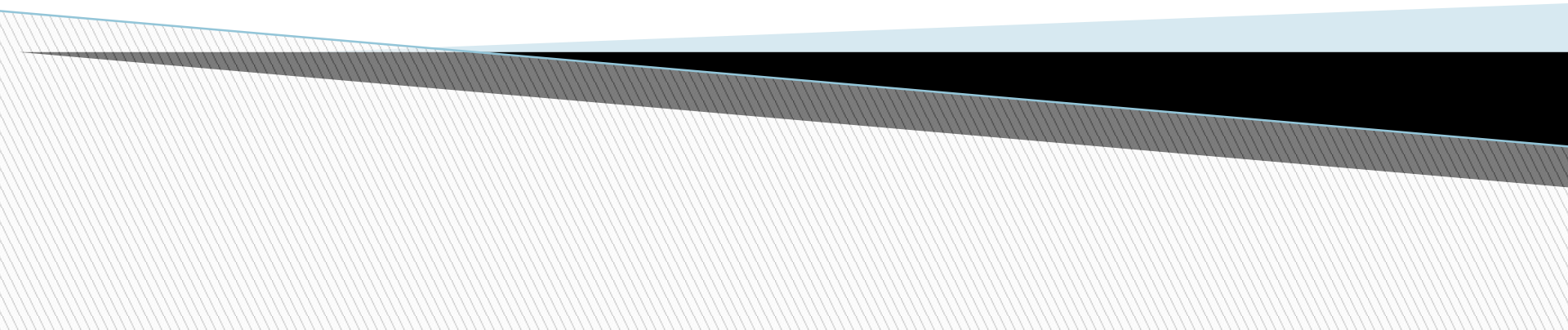


THANK YOU FOR YOUR ATTENTION



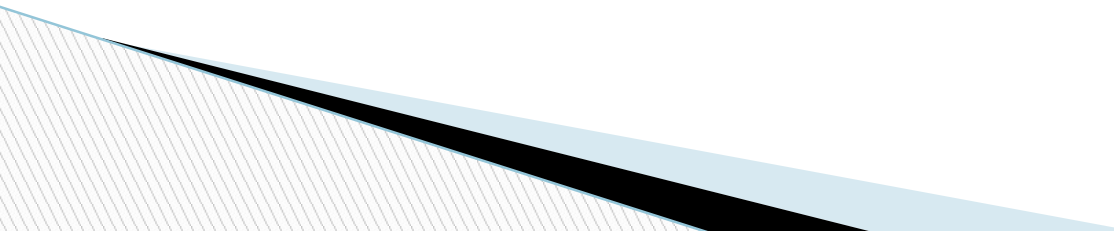
Lecture 2

Historical development of management

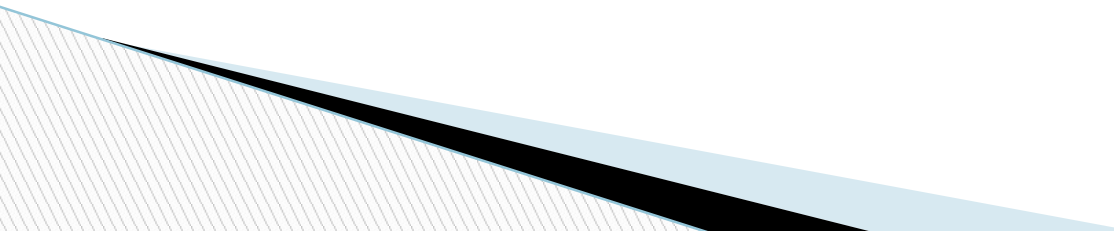


Management as practice appeared because of the understanding that:

to achieve the goals of the company the organizational **executive functions** should be given (transferred) **to** the professional specialists **(managers)**



Adam Smith pointed that the natural **desire to increase wealth** is the main power for any person, **to overcome all obstacles** which **leads to** general *wealth of the company*.



The formation of management as a science

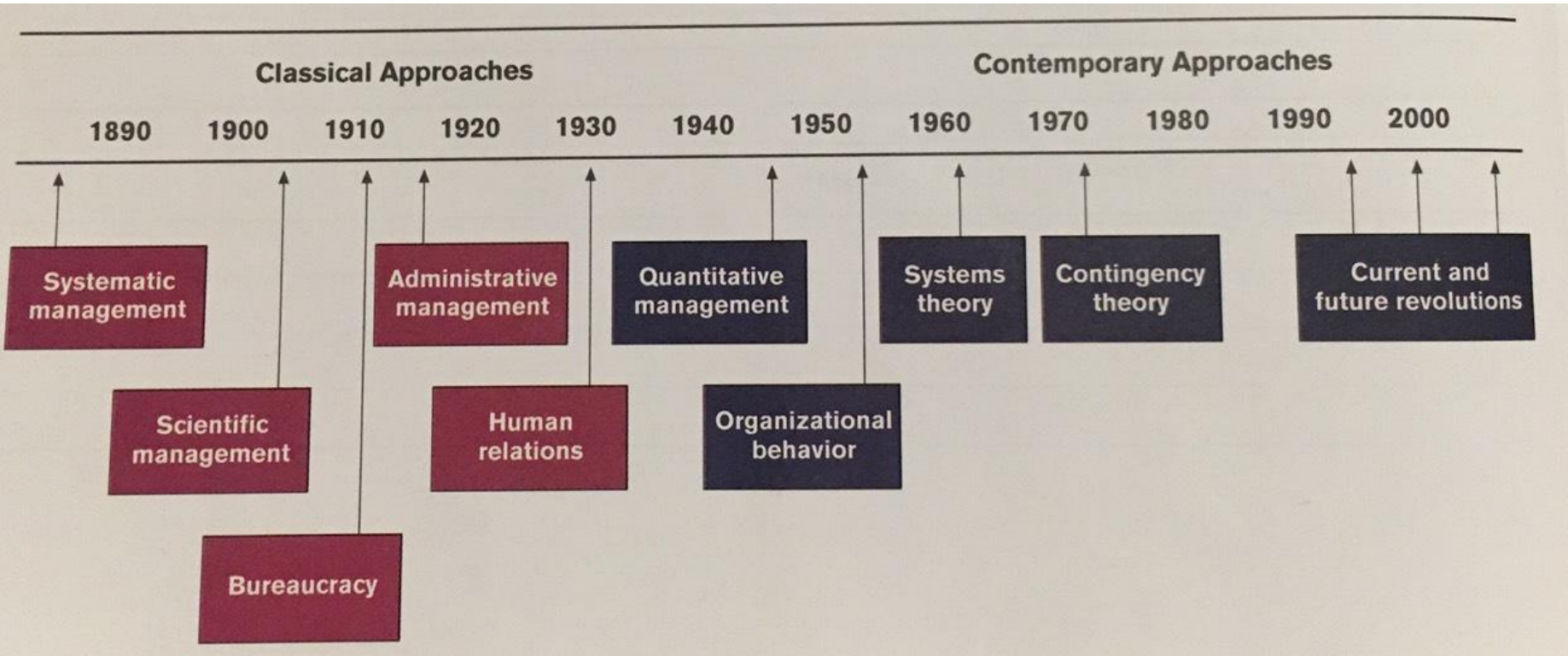
is determined by

```
graph TD; A[is determined by] --> B[needs and demands of business to use new achievements]; A --> C[the scientific working outs of the most effective methods to fulfill the work];
```

needs and demands of
business to use new
achievements

the scientific working outs
of the most effective
methods to fulfill the
work

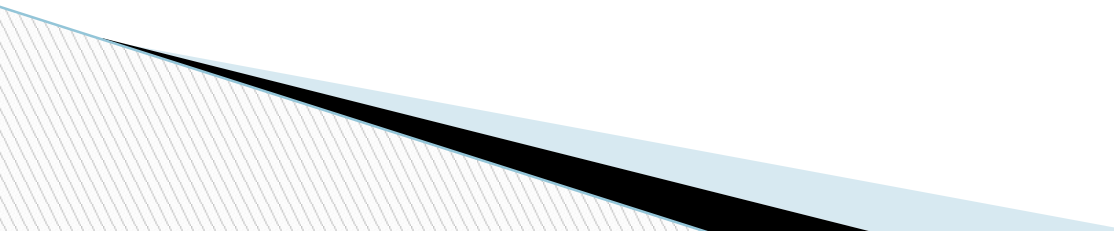
The evaluation of management thought



Scientists (founders of management):

- Frederick Taylor (1856-1915);
- Harrington Emerson (1853-1931);
- Henri Fayol (1841-1925)

Classical approaches:

- Systematic
 - Scientific
 - Bureaucracy
 - Administrative
 - Human relations
- 

Systematic approach tried to build specific procedures and process into operations to ensure coordination of effort.

It emphasized economical operations, adequate staffing, maintenance of inventories to meet consumer demand, and organizational control

It was done through:

- Careful definition of duties and responsibilities
- Standardized techniques for performing the duties
- Specific means of gathering, handling, transmitting and analyzing information

Key concepts

Systematized manufacturing operations.

Coordination of procedures and processes built into internal operations.

Emphasis on economical operations, inventory management, and cost control.

Contributions

Beginning of formal management in the United States.

Promotion of efficient, uninterrupted production.

Limitations

Ignored relationship between an organization and its environment.

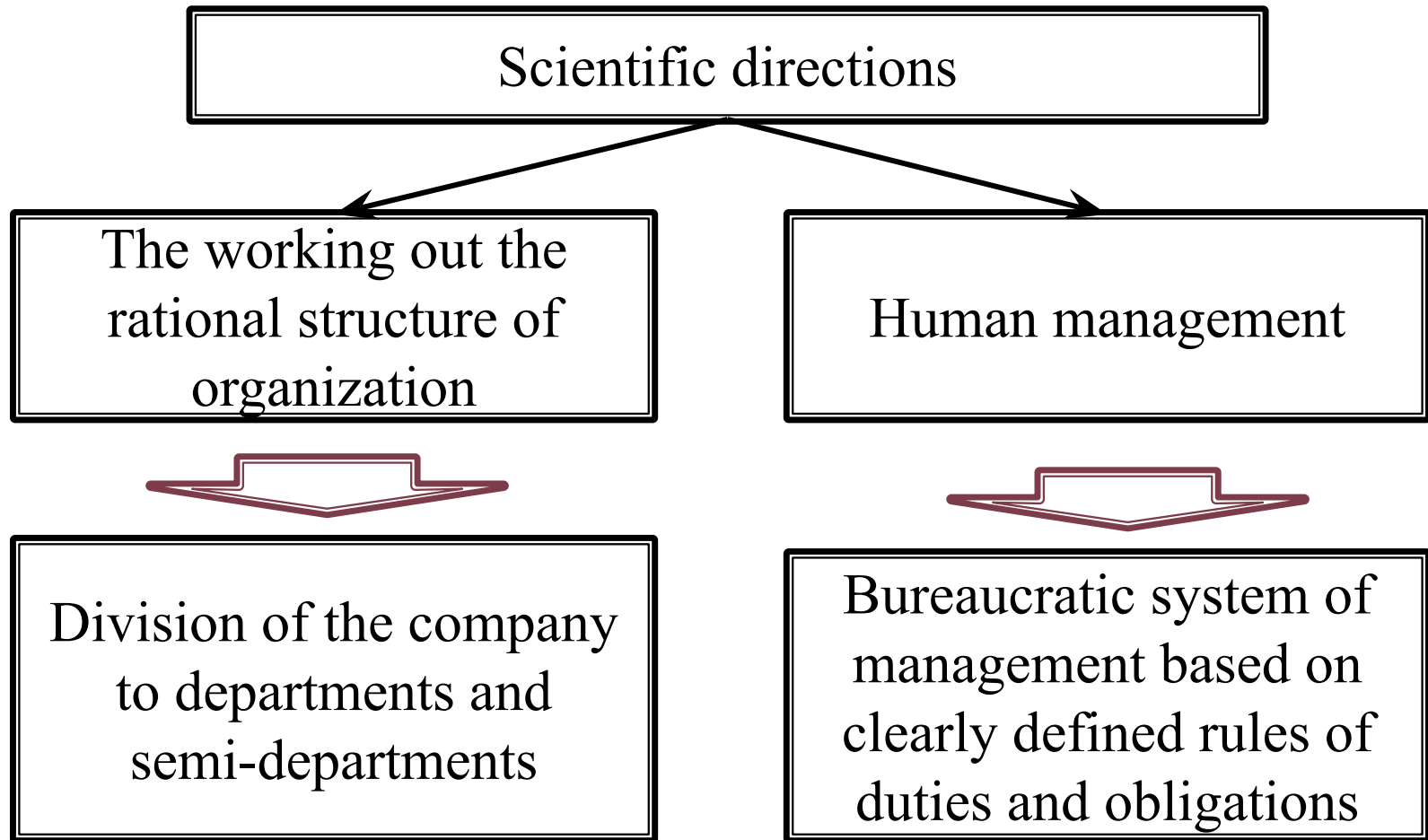
Ignored differences in managers' and workers' views.

Administrative -classical school of managers

Henri Fayol (1841 - 1925) created a "theory of administration"

Followers:

H.Emerson, L.Guleek, A.Railly, Ch.Bernard
worked on the creation of general (universal)
principles of management



14 principles of administration:

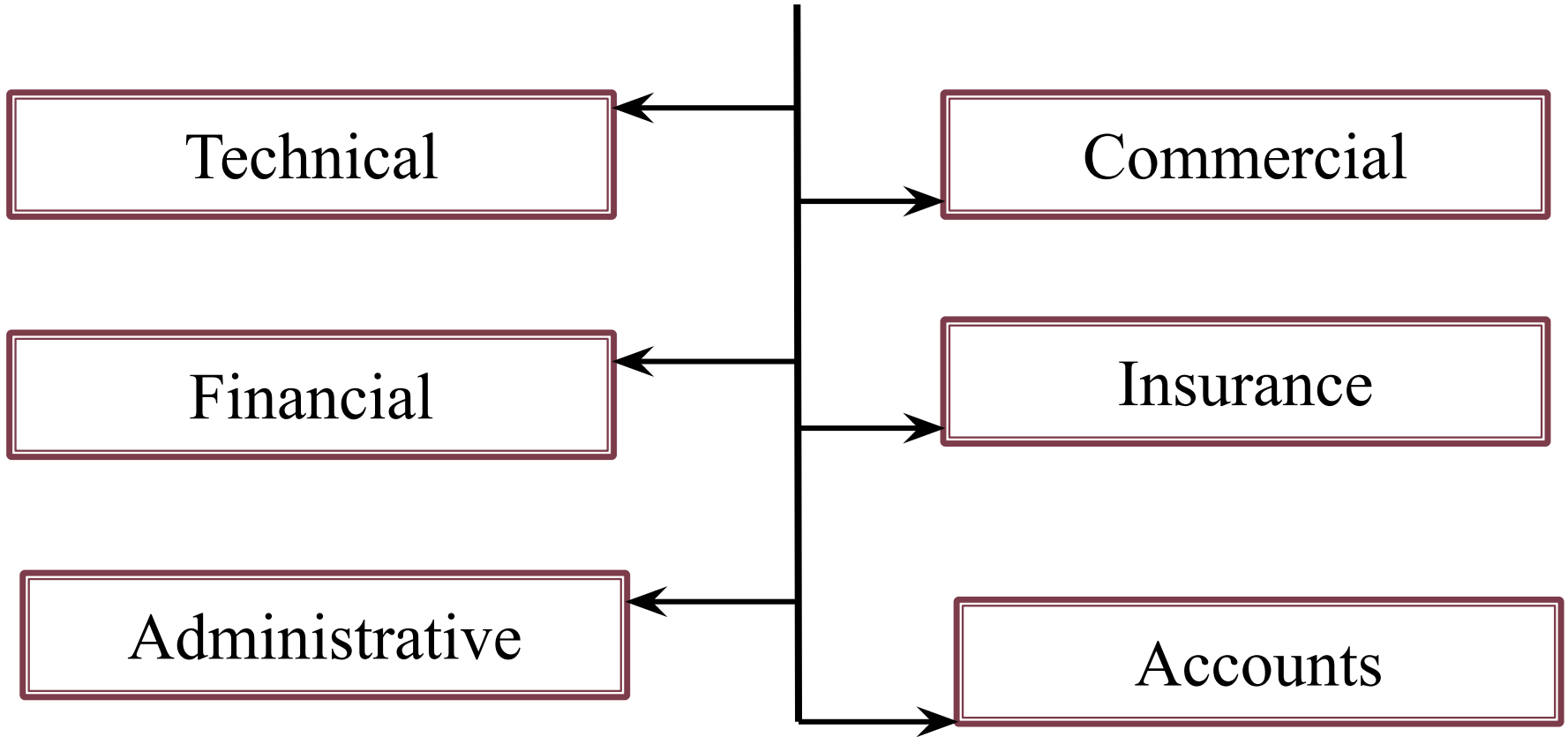
1. *Division of work*—divide work into specialized tasks and assign responsibilities to specific individuals.
2. *Authority*—delegate authority along with responsibility.
3. *Discipline*—make expectations clear and punish violations.
4. *Unity of command*—each employee should be assigned to only one supervisor.
5. *Unity of direction*—employees' efforts should be focused on achieving organizational objectives.
6. *Subordination of individual interest to the general interest*—the general interest must predominate.
7. *Remuneration*—systematically reward efforts that support the organization's direction.

8. *Centralization*—determine the relative importance of superior and subordinate roles.
9. *Scalar chain*—keep communications within the chain of command.
10. *Order*—order jobs and material so they support the organization's direction.
11. *Equity*—fair discipline and order enhance employee commitment.
12. *Stability and tenure of personnel*—promote employee loyalty and longevity.
13. *Initiative*—encourage employees to act on their own in support of the organization's direction.
14. *Esprit de corps*—promote a unity of interests between employees and management.

14 principles of administration:

- 1 Division of work
- 2 Power and responsibility
- 3 Discipline
- 4 Unity of orders
- 5 Unity of leadership
- 6 Submission of private interests to company ones
- 7 Remuneration of staff
8. Centralization
- 9 Scalar objective
- 10 Procedure
- 11 Justice
- 12 Permanence, stability of staff
- 13 Initiative
- 14 Corporate spiritual union staff

Henri Fayol points the operation groups in management:



The contribution of this school is that management is considered as a universal process that consists of several interrelated functions.

They formed the theory of management of the entire organization.

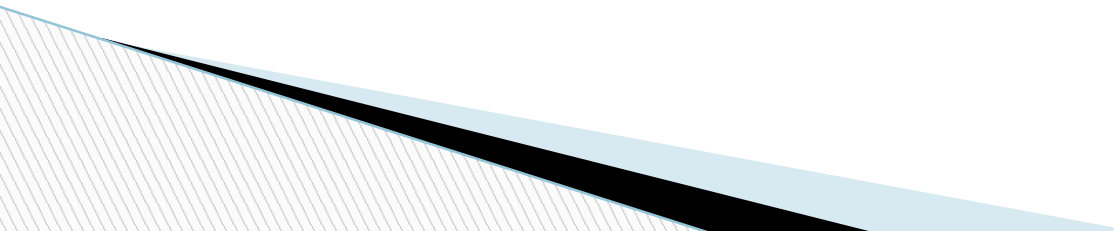
School of Scientific management

F.Taylor is a founder of this school.

His contribution is the necessity of standard approach to fair daily output.

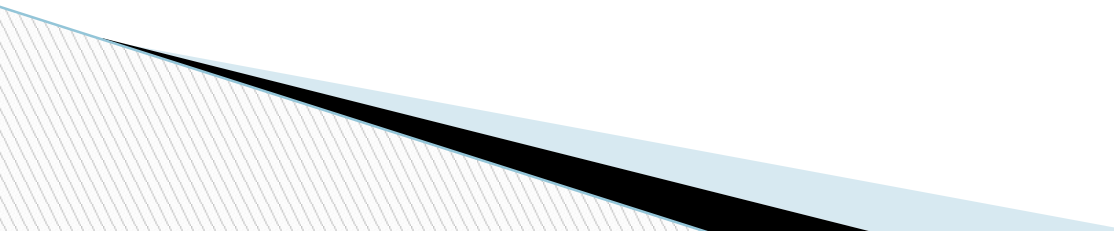
Fair daily output shouldn't depend on subjective evaluations of manager but it should be based on detailed scientific observation and inspection.

It leads to the appearing of scientific management.



Taylor's basic views presented in the books
"Enterprise Management" (1903),
"Principles of Scientific Management" (1911)

The basic ideas of the works:

- 1 role of managers
 - 2 motivation and rewards
 - 3 rationing of work
- 

The merit of Taylor's works:


1 He proved the possibility to develop the implementation methods of production and labor operations on the basis of cost of time, movements and efforts.

2 Each manager must provide selection, choose the most suitable working places with maximum benefit, motivation and control of work.

3 He improved the system of remuneration.



The merit of Taylor's works for establishing the principles of scientific management:

4. The investigation of each individual activity
 5. The selection of works to perform certain operations and training
 6. Providing employees with the necessary resources
 7. Extracting planning as a separate process control
 8. Adoption of management as a separate activity
- 

The main idea is that based on observation, logic, analyses a plenty of operations can be improved

The subject of the research is the production process

The object – the employee

Fundamental principles of management (Emerson G):

1. The main task of employee to exceed a chief
2. The main task of a chief to make the employee's work more effective
3. Qualified specialists are to form the tasks of the activity
4. Higher management level is to serve the lower one

Human relations school

G. Münsterberg (1883-1916)

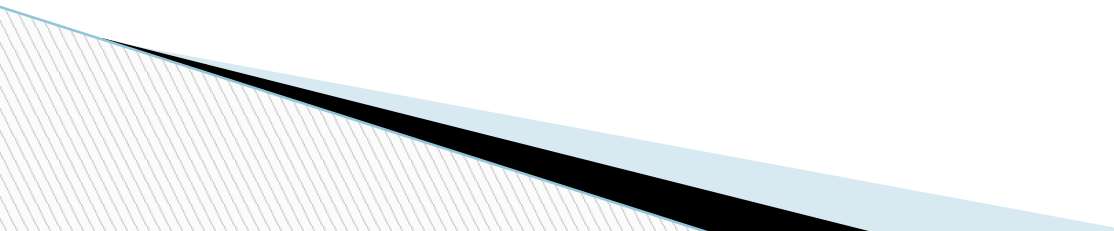
M L.Fallick (1868-1933)

Elton Mayo (1880-1949)

D. McGregor (1906-1964)

Neoclassical school – beginning of 20th century

The human factor as the main element of an effective enterprise



In management the main accent is paid not to fulfilling the task but to create the climate in a team

Relationship between people is the main distinguishing feature of the school of human relations

The essence of human relations school points the managerial precepts developed by this company:

- 1 Pay attention to the opinions of others, even if it is not true. Please infinite patience.
- 2 Justice for subordinates.
- 3 Be polite, do not show irritation.
- 4 Being short.
- 5 Discuss the subordinate's mistakes privately .
- 6 Thank for the good work.

Max Weber – The Theory of Social and Economic Organization

Key concepts

Structured, formal network of relationships among specialized positions in an organization.

Rules and regulations standardize behavior.

Jobs staffed by trained specialists who follow rules.

Hierarchy defines the relationship among jobs.

Contributions

Promotes efficient performance of routine organizational activities.

Eliminates subjective judgment by employees and management.

Emphasizes position rather than the person.

Limitations

Limited organizational flexibility and slow decision making.

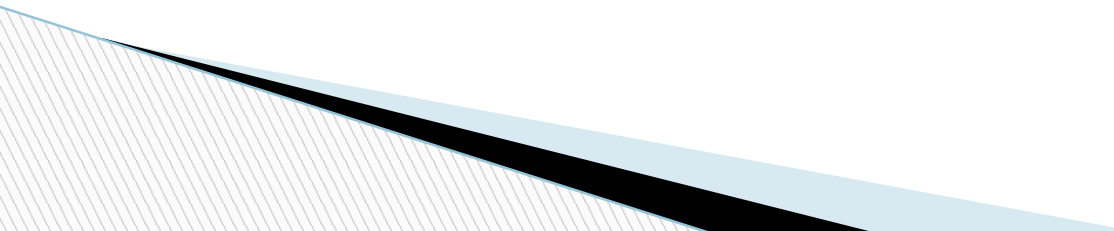
Ignores the importance of people and interpersonal relationships.

Accumulation of power can lead to authoritarian management.

Rules may become ends in themselves.

Difficult to dismantle once established.

Contemporary approaches include:

- Quantitative management
 - Organizational behavior
 - Systems theory
 - Contingency perspective
- 

Key concept

Application of quantitative analysis to management decisions.

Contributions

Developed specific mathematical methods of problem analysis.

Helped managers select the best alternative among a set.

Limitations

Models neglect nonquantifiable factors.

Managers not trained in these techniques and may not trust or understand the techniques' outcomes.

Not suited for nonroutine or unpredictable management decisions.

Organizational behavior

Promotes employee effectiveness through understanding of individual, group, and organizational processes.

Stresses relationships among employees, managers, and the work they perform for the organization.

Assumes employees want to work and can control themselves (Theory Y).

Contributions

Increased participation, greater autonomy, individual challenge and initiative, and enriched jobs may increase performance.

Recognized the importance of developing human resources.

Limitation

Some approaches ignored situational factors, such as the environment and the organization's technology.

Contingency perspective

Key concepts

Situational contingencies influence the strategies, structures, and processes that result in high performance.

There is more than one way to reach a goal.

Managers may adapt their organizations to the situation.

Contributions

Identified major contingencies.

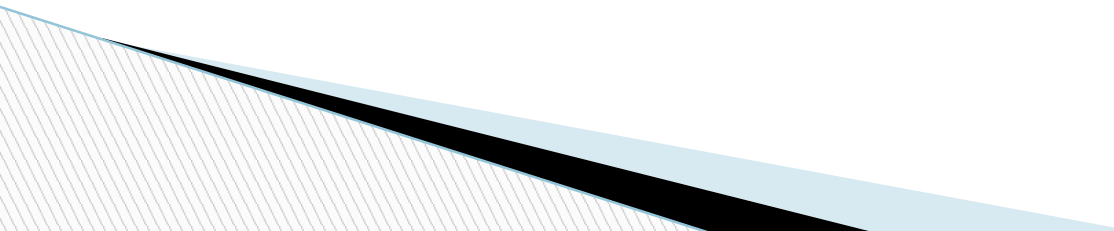
Argued against universal principles of management.

Limitations

Not all important contingencies have been identified.

Theory may not be applicable to all managerial issues.

DISCUSSION QUESTIONS:

1. How does modern business world compare with the one of 40 years ago? What is different today and what is not?
 1. What is scientific management? How might today's organizations use it?
 3. What are the advantages and disadvantages of a bureaucratic organization in the modern business world?
 4. In what situations are quantitative management concepts and tools applicable?
- 

5. Why did the contingency perspective become such an important approach to management? Generate a list of contingencies that might affect the decisions you made in your life

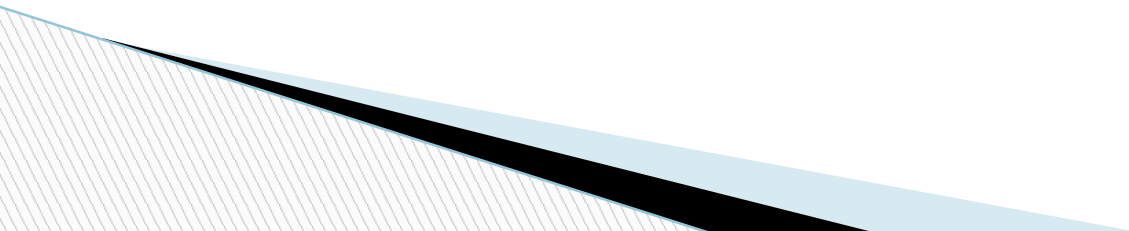
6. For each of the management approach give example. How effective or ineffective were they?

7. Are 14 principles of Fayol useful today? Why?

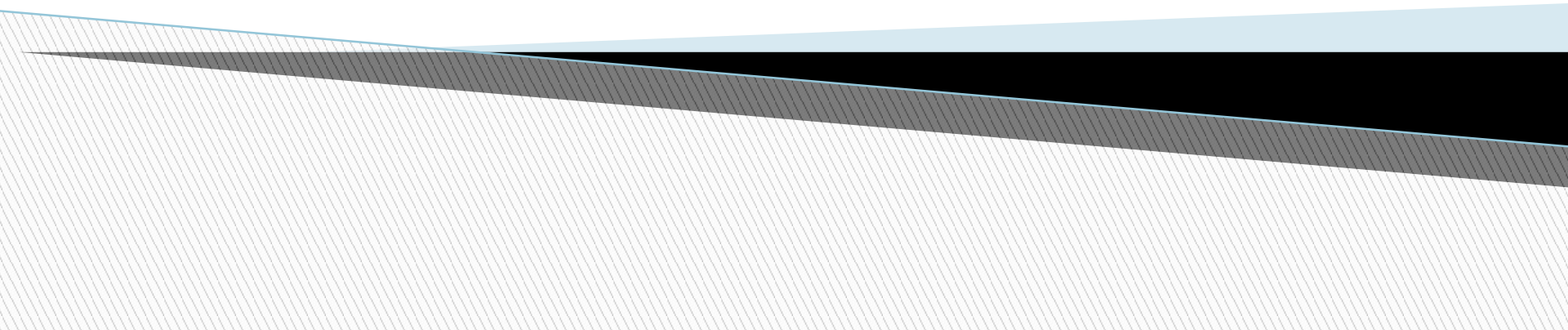
1. *Division of work*—divide work into specialized tasks and assign responsibilities to specific individuals.
2. *Authority*—delegate authority along with responsibility.
3. *Discipline*—make expectations clear and punish violations.
4. *Unity of command*—each employee should be assigned to only one supervisor.
5. *Unity of direction*—employees' efforts should be focused on achieving organizational objectives.
6. *Subordination of individual interest to the general interest*—the general interest must predominate.
7. *Remuneration*—systematically reward efforts that support the organization's direction.

8. *Centralization*—determine the relative importance of superior and subordinate roles.
9. *Scalar chain*—keep communications within the chain of command.
10. *Order*—order jobs and material so they support the organization's direction.
11. *Equity*—fair discipline and order enhance employee commitment.
12. *Stability and tenure of personnel*—promote employee loyalty and longevity.
13. *Initiative*—encourage employees to act on their own in support of the organization's direction.
14. *Esprit de corps*—promote a unity of interests between employees and management.

THANK YOU FOR YOUR ATTENTION



Lecture 3 Universal functions of management

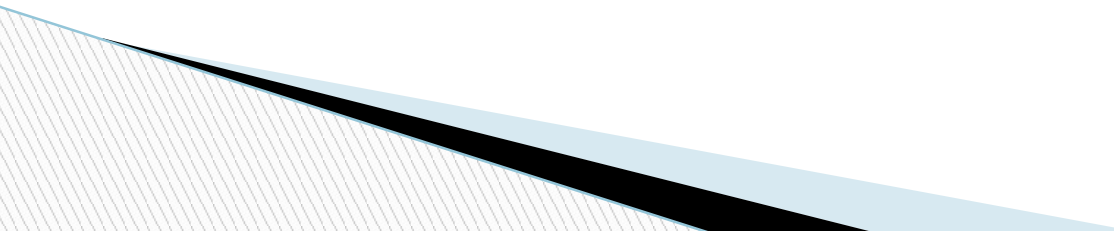


Management is the process of working with people and resources to accomplish organizational goals.

Good managers do these things **effectively** and **efficiently**.

To be *effective* is to achieve the organization goals.

To be *efficient* is to achieve the goals with minimum waste of resources.

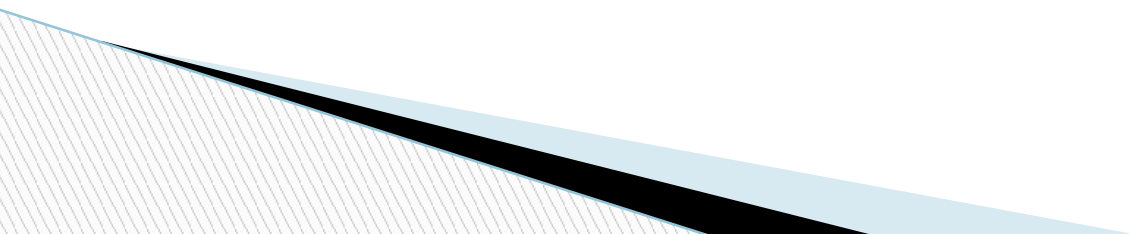


Planning

The management function of systematically making decisions about the goals and activities that an individual a group a work unit or overall organization will pursue in the future

Organizing

The management function of assembling and coordinating human physical informational and other resources needed to achieve the goal

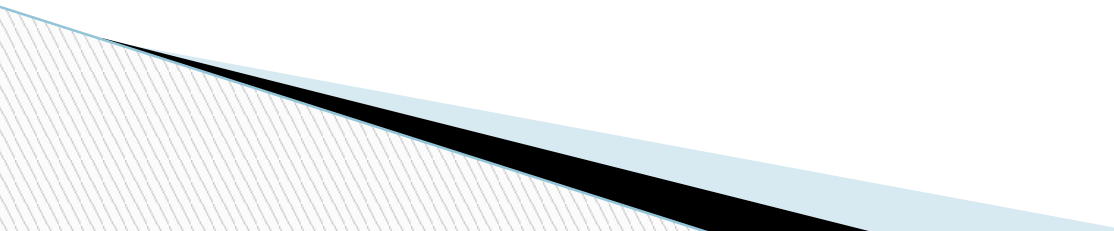


Leading

The management function that involves the manager's efforts to stimulate high performance by employees

Controlling

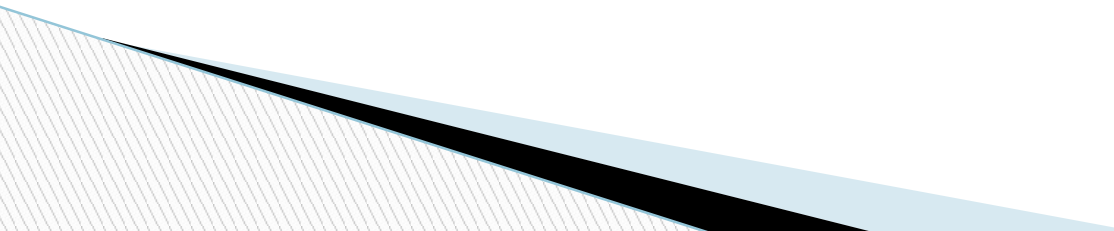
The management function of monitoring the progress and making needed changes



Management as a combination of different activity actions.

Each function of management is oriented to solving different specific and complicated tasks

To arrange the work of a company a great number of managerial tasks should be made.



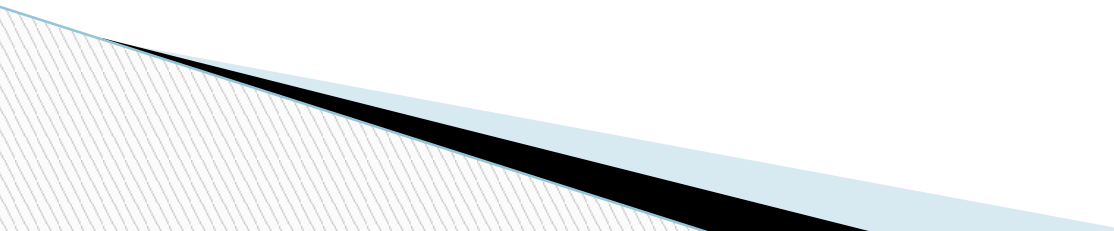
Two main questions should be
answered:

WHAT DO MANAGERS DO?

WHAT FUNCTIONS DO THEY
HAVE?

The process of company management is divided into **special function** with the purpose to point the certain types of work to a certain manager to streamline the process of production

Function is the main category of managerial activity which combines the content, principles and methods



Management function is a clear range of issues and tasks solved by an authorized person or semi-department throughout the working activity of a company

Content of any function is determined by the problems' specificity solved in the terms of a specific function

Hanri Fayol pointed the term management function

Functions can be

Universal

Concrete

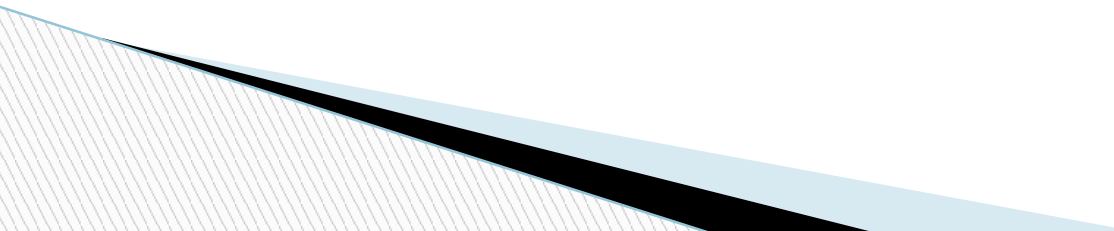
- Purposes (clear, proved, real);
- Correctly pointed plan guide (ways, directions, events, performers, resources);
 - Worked out managerial decisions;
 - Organization and coordination of production system;
 - Stipulation and motivation of staff activity;
- Effective control

specific

special

are determined by horizontal division of work and points its orientation to the concrete object of management

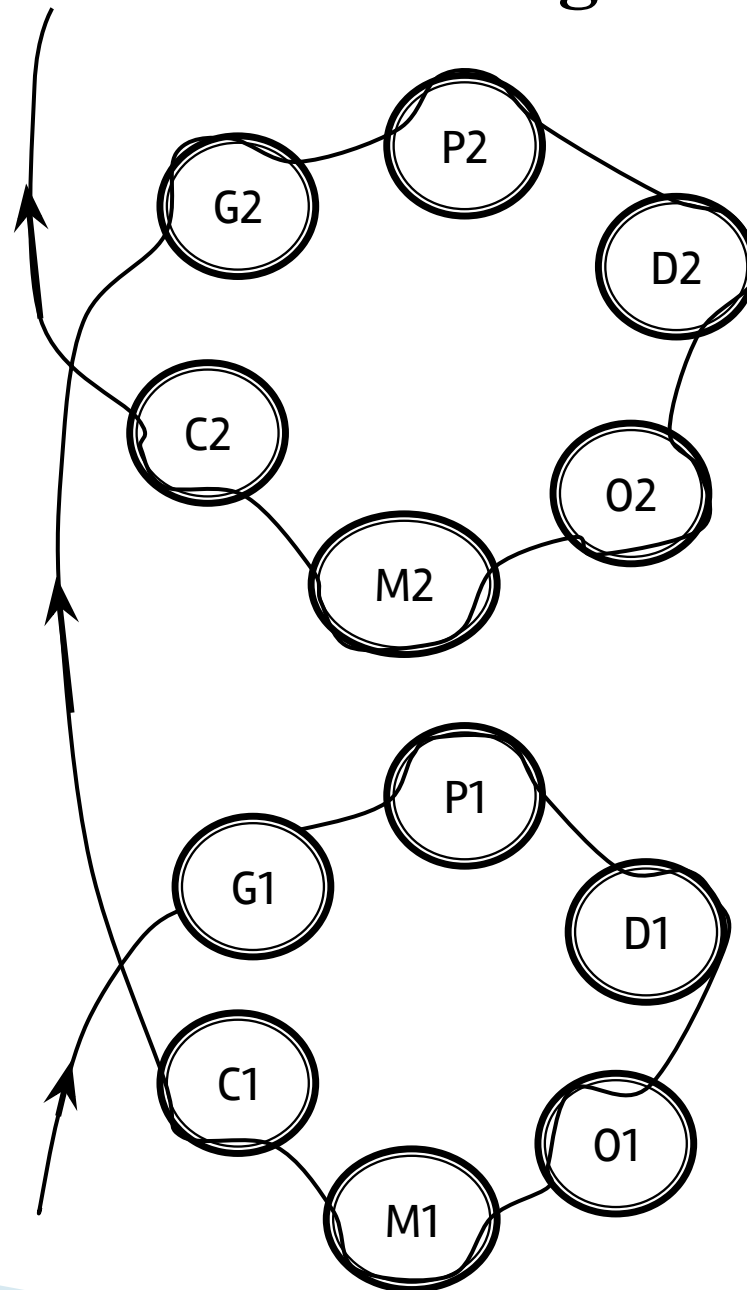
Circle of management: step by step
implementation of functions: **goal, plan,
decision, organization, motivation, control**



Management spiral

It is parallel
simultaneous or
level processes.

Each new level is
more effective and
qualitatively



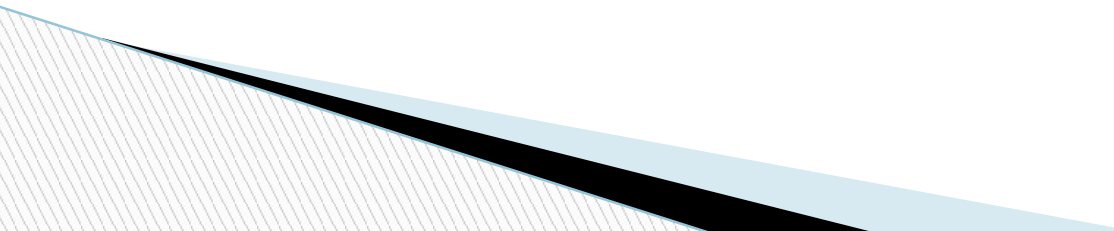
Management spiral can be parallel simultaneous process.

Each new level is more effective and qualitative

PURPOSE IN MANAGEMENT

Means the future state of management object which can be reached by certain work of each member

PURPOSE should:

- show the company principles and philosophy;
 - decrease the uncertainty of current activity;
 - orient the staff;
 - be the base of criteria creation for future work.
- 

Assessment of the goal effectiveness
SMART- goal is used.

It includes such demands to purpose
formation:

Specific (S)

Measurable (M)

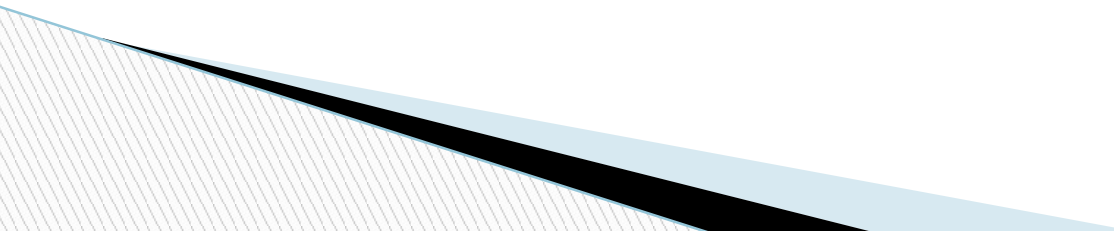
Achievable (A)

Relevant (R)

Time bound (T)



A specific goal will usually answer the five 'W' questions:

- **What:** What do I want to accomplish?
 - **Why:** Specific reasons, purpose or benefits of accomplishing the goal.
 - **Who:** Who is involved?
 - **Where:** Identify a location.
 - **Which:** Identify requirements and constraints
- 

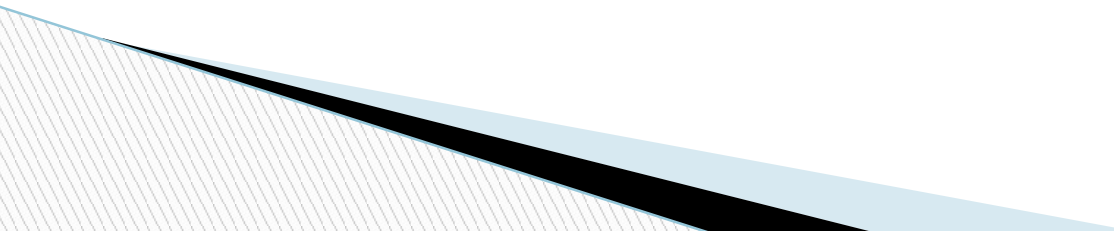
A measurable goal will usually answer questions such as:

- How much?
- How many?
- How will I know when it is accomplished?
- Indicators should be quantifiable

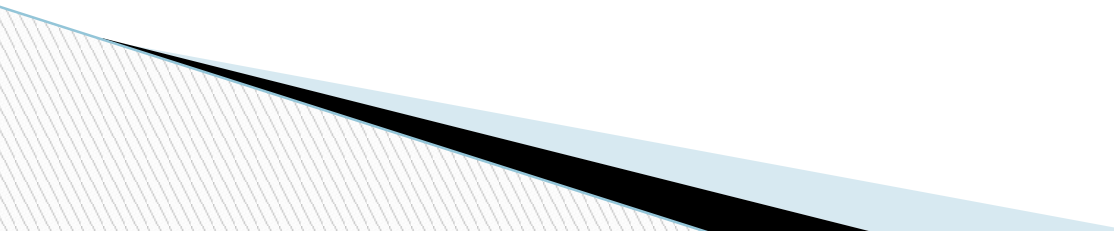
An Achievable goal will usually answer the question:

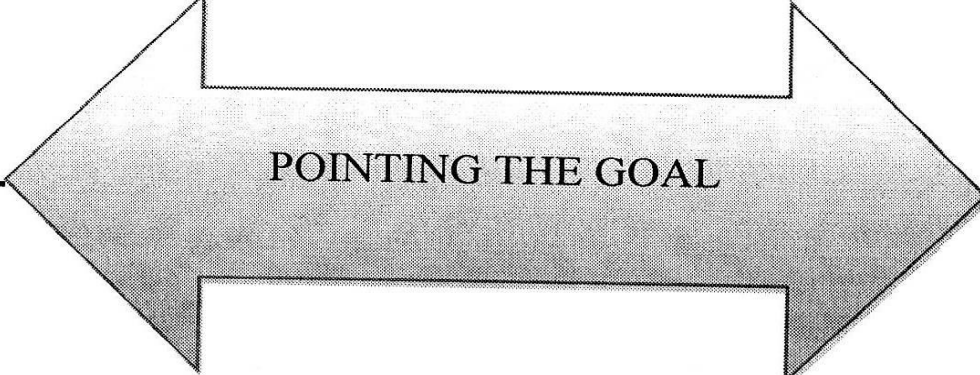
- How: How can the goal be accomplished?

A relevant goal can answer yes to these questions:

- Does this seem worthwhile?
 - Is this the right time?
 - Does this match our other efforts/needs?
 - Are you the right person?
 - Is it applicable in the current socio-economic- technical environment?
- 

A time-bound goal will usually answer the question:

- When?
 - What can I do six months from now?
 - What can I do six weeks from now?
 - What can I do today?
- 



The analyses of the goal:
WHAT DO I WANT?
- Personal;
- Professional

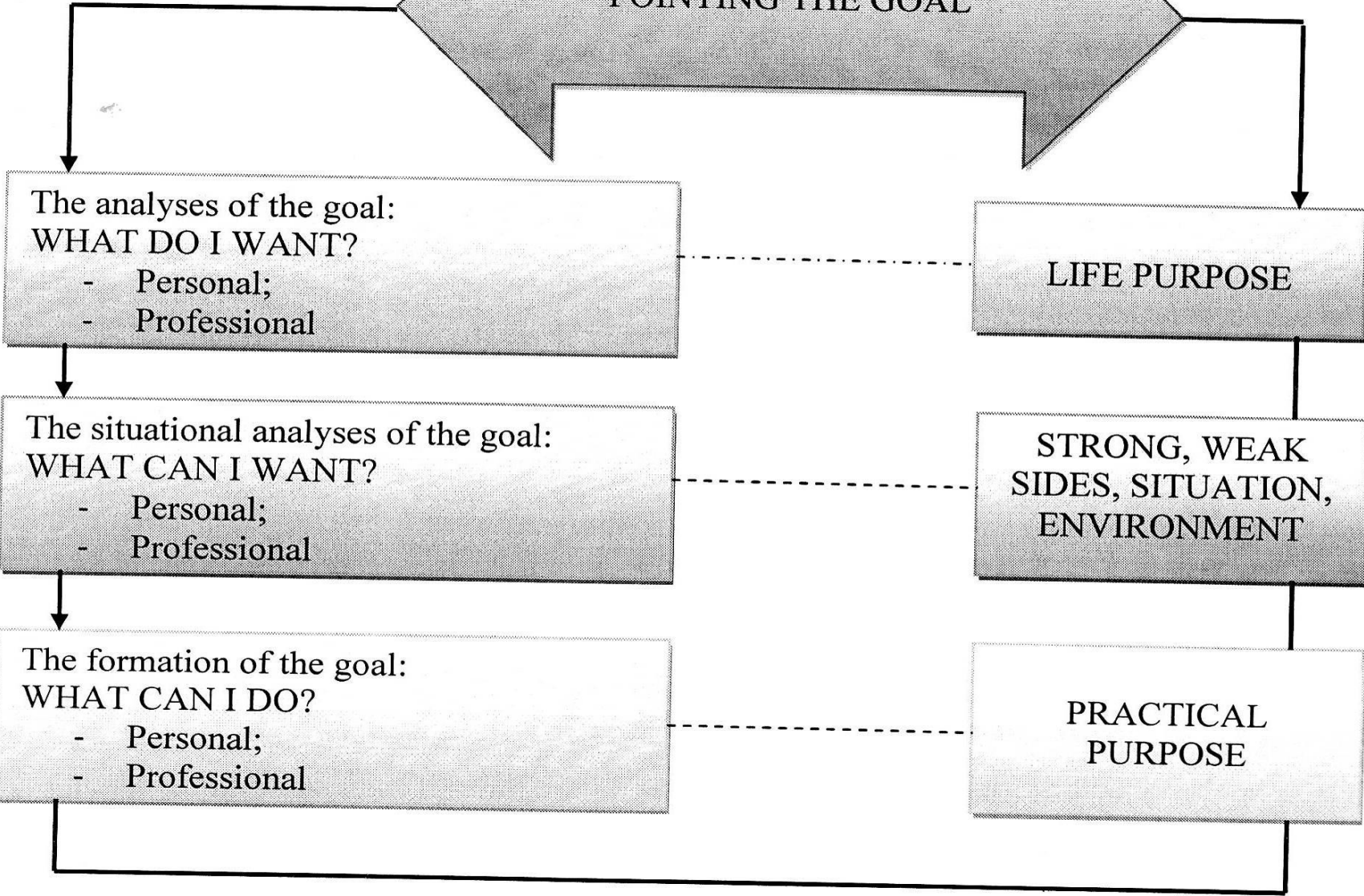
The situational analyses of the goal:
WHAT CAN I WANT?
- Personal;
- Professional

The formation of the goal:
WHAT CAN I DO?
- Personal;
- Professional

LIFE PURPOSE

STRONG, WEAK
SIDES, SITUATION,
ENVIRONMENT

PRACTICAL
PURPOSE



GOAL should be clear.

Examples:

DONT'S	DO'S
I'd like to become slim	Since Monday Sep.1 I'll go in for fitness at Sports Plus 2 times per week
I'd like my subordinate like me	Since Monday Sep.1 I'll make a scheduler for personal communication with all my subordinates
I will have healthier way of life	Since tomorrow I will give up smoking

CLASSIFICATION OF GOALS AND WAYS OF THEIR FORMATION

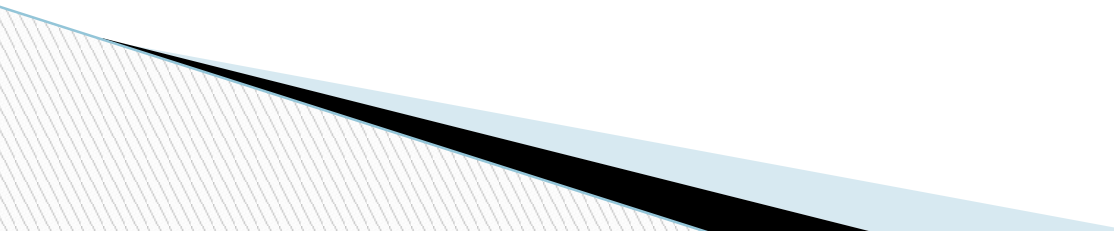
		Types	Peculiarities
1	Classical	General	Detemined by principles of a company New market searching, increasing profitability, broadern the production
		Specific	Made according to kinds of activity Determined by quality and quantity index
2	Importance	Strategic	Long term planning of development; satisfaction the needs of staff and authority
		Tactic	Intermediate, oriented to certain activity. Determined by quality and quantity index
		Current	Short term goal, pointed by quantity index
3	Time	Short-term	Up to 1 year
		Middle-term	1-5 years
		Long-term	5-10 years
4	Content	Economic	Profitability
		Production	Amount of goods producing
		Marketing	Promotion, ways of profit maximization
		Administrative	Control; bureaucracy avoiding
		Scientific	Development of new approaches
		Social	Team-working, charity

Quantity index segments

Q u a n t i t y i n d e x :	Profitability;	Amount of profit, dividends, ratio of profit and amount of selling
	Markets;	Market niche, market segments
	Efficiency;	Ratio of expenses to profit, expenses to one capita per unit
	Goods;	Charecteristics of a certain commodity, its popularity
	Financial resources;	Capital structure, shares, stocks
	Production power;	Buildings, technical support
	Human resources	Recruitment, job hunting, training, attraction of staff, qualification

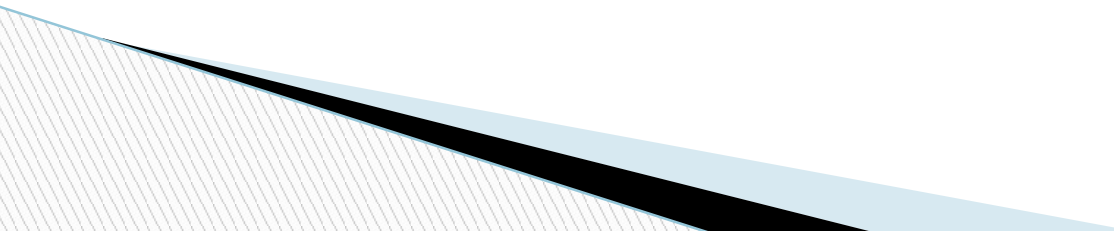
EXAMPLE OF SMART Goal

Broad Goal: I want to start a business.

- **Specific:** I will sell handmade cards through Etsy.com.
 - **Measurable:** I will be ready to take my first Etsy order within four weeks, and I will aim to sell a minimum of five cards per week.
- 

Attainable:

I will get set up on Etsy first. Then, I will build an inventory of 30 handmade cards to sell. Finally, I will promote my business and build customer relationships through word of mouth, referrals and local networking



- **Relevant:** Selling handmade cards will allow me to benefit financially from my favorite hobby.
- **Time-Based:** My Etsy store will be up and running within four weeks, and I will have an inventory of 30 cards to sell within six weeks.

SMART Goal: Within a month, I am going to get set up to sell handmade cards on Etsy, which will allow me to benefit financially from my favorite hobby. Within six weeks, I will have an inventory of 30 handmade cards to sell and aim to sell a minimum of five cards per week, building customer relationships through word of mouth, referrals and local networking.

LECTURE 4 Planning as a function of management

“Planning bridges the gap from where we are to where we want to go. It makes it possible for things to occur which would not otherwise happen”

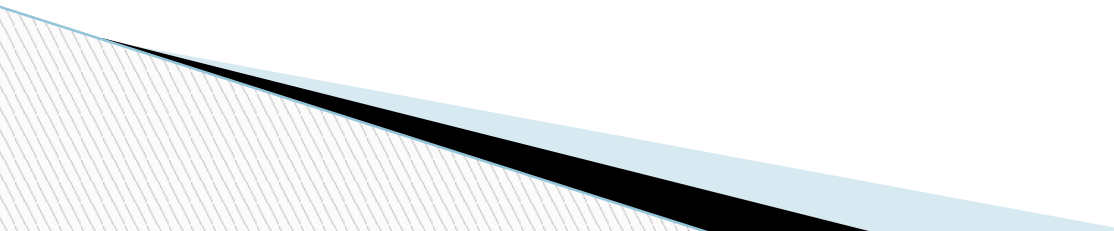
Koontz and O'Donnel.



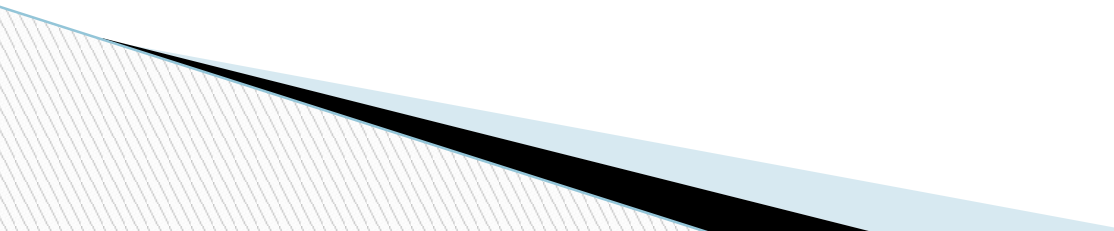
Planning is bridging the gap between present and future course of action.

However, despite sophisticated techniques a person can't predict the future.

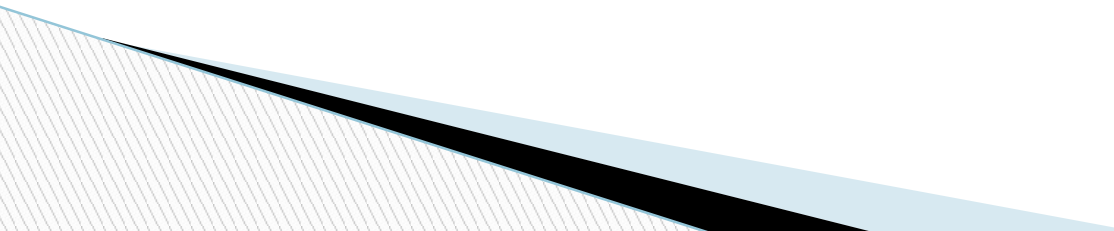
Thus proper planning requires lot of work involves studying the past trends and then forecasting the future.



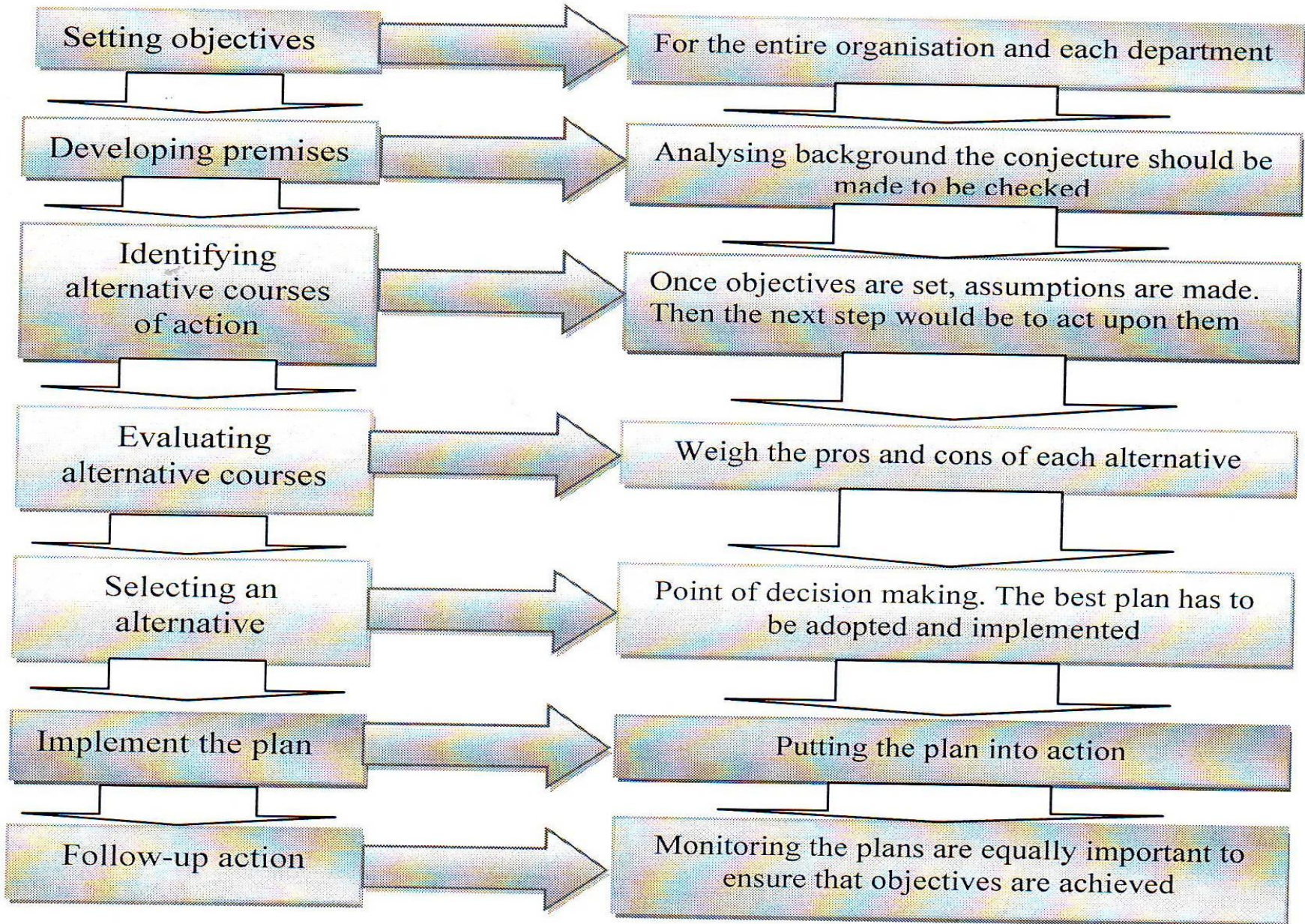
Importance of Planning

- Planning provides directions
 - Planning reduces the risks of uncertainty
 - Planning reduces overlapping and wasteful activities
 - Planning promotes innovative ideas
 - Planning facilitates decision making
 - Planning establishes standards for controlling
- 

Features of planning

- Planning focuses on achieving objectives
 - Planning is a primary function of management
 - Planning is pervasive
 - Planning is continuous
 - Planning is futuristic
 - Planning involves decision making
 - Planning is a mental exercise
- 

Planning Process



Types of Plans

Objectives

guide for overall business planning

Strategy

Three
dimen-si
ons

determining long term objectives

Policy

adopting a particular course of action

Procedure

allocating resources necessary to achieve the
objective

Method

guides to managerial action

Rule

steps to be followed in particular circumstances

Programme

Ways or manner to achieve the goal

Budget

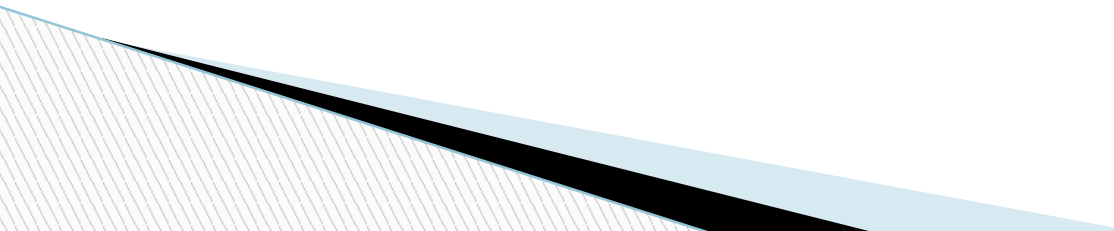
Statements inform what is to be done

plan which quantifies future facts
and figures

Detailed statements about project

Management Planning Principles

Planing is a dynamic process, it is very essential for every organisation to achieve their ultimate goals, but, there are certain principles which are essential to be followed so as to formulate a sound plan.




- ***Principle of Contribution:***

The purpose of planning is to ensure the effective and efficient achievement of corporate objectives, in-fact, the basic criteria for the formulation of plans are to achieve the ultimate Objectives of the company. The accomplishment of the objectives always depends on the soundness of plans and the adequate amount of contribution of company towards the same.

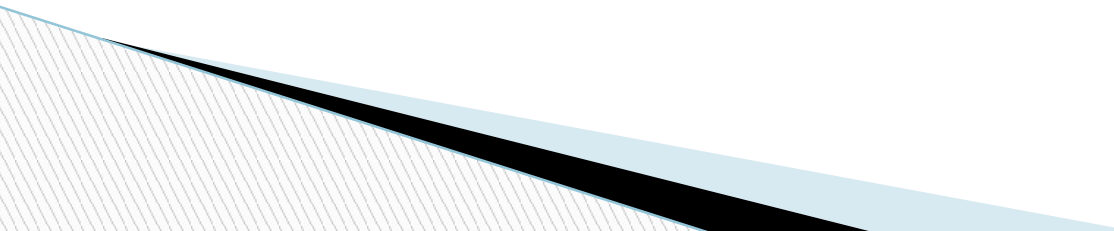
- *Principle of Sound and Consistent Premising:*

Premises are the assumptions regarding the environmental forces like economic and market conditions, social, political, legal and cultural aspects, competitors actions, etc. These are prevalent during the period of the implementation of plans. Hence, Plans are made on the basis of premises accordingly, and the future of the company depends on the soundness of plans they make so as to face the state of premises.

- ***Principle of Limiting factors*** : The limiting factors are the lack of motivated employees, shortage of trained personnel, shortage of capital funds, government policy of price regulation, etc. The company requires to monitor all these factors and need to tackle the same in an efficient way so as to make a smooth way for the achievement of its ultimate objectives.
 - ***Principle of Commitment***: A commitment is required to carry-on the business that is established. The planning shall has to be in such a way that the product diversification should encompass the particular period during which entire investment on that product is recovered.
- 

- ***Principle of Coordinated Planning:***

Long and short-range plans should be coordinated with one another to form an integrated plan, this is possible only when latter are derived from the former. Implementation of the long-range plan is regarded as contributing to the implementation of the short-range plan. functional plans of the company too should contribute to all others plans i.e. implementation of one plan should contribute to all the other plans, this is possible only when all plans are consistent with one another and are viewed as parts of an integrated corporate plan.



- ***Principle of Timing:***

Number of major and minor plans of the organisation should be arranged in a systematic manner. The plans should be arranged in a time hierarchy, initiation and completion of those plans should be clearly determined.

- ***Principle of Efficiency:***

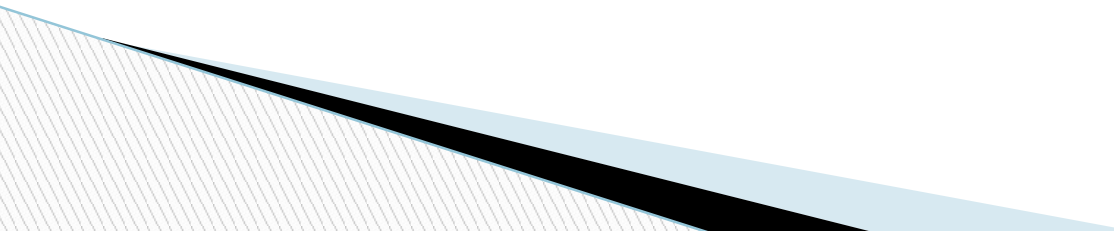
Cost of planning constitute human, physical and financial resources for their formulation and implementation as well. Minimizing the cost and achieving the efficient utilization of resources shall has to be the aim of the plans. Cost of plan formulation and implementation, in any case, should not exceed the organisations output's monetary value. Employee satisfaction and development, and social standing of the organisation are supposed to be considered while calculating the cost and benefits of plan.

- ***Principle of Flexibility:***

Plans are supposed to be flexible to favour the organisation to cope-up with the unexpected environments. It is always required to keep in mind that future will be different in actuality. Hence companies, therefore, require to prepare contingency plans which may be put into operation in response to the situations.

- ***Principle of Navigational Change:***

Since the environment is always not the same as predicted, plans should be reviewed periodically. This may require changes in strategies, objectives, policies and programmes of the organisation. The management should take all the necessary steps while reviewing the plans so that they efficiently achieve the ultimate goals of the organisation.



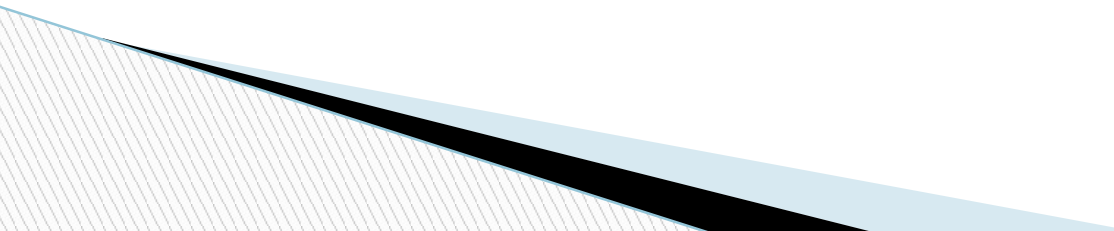
- *Principle of Acceptance:*

Plans should be understood and accepted by the employees, since the successful implementation of plans requires the willingness and cooperative efforts from them. Communication also plays a crucial role in gaining the employee understanding and acceptance of the plans by removing their doubts and misunderstanding about the plans also their apprehensions and anxieties about consequences of plans for achievement of their personal goal.

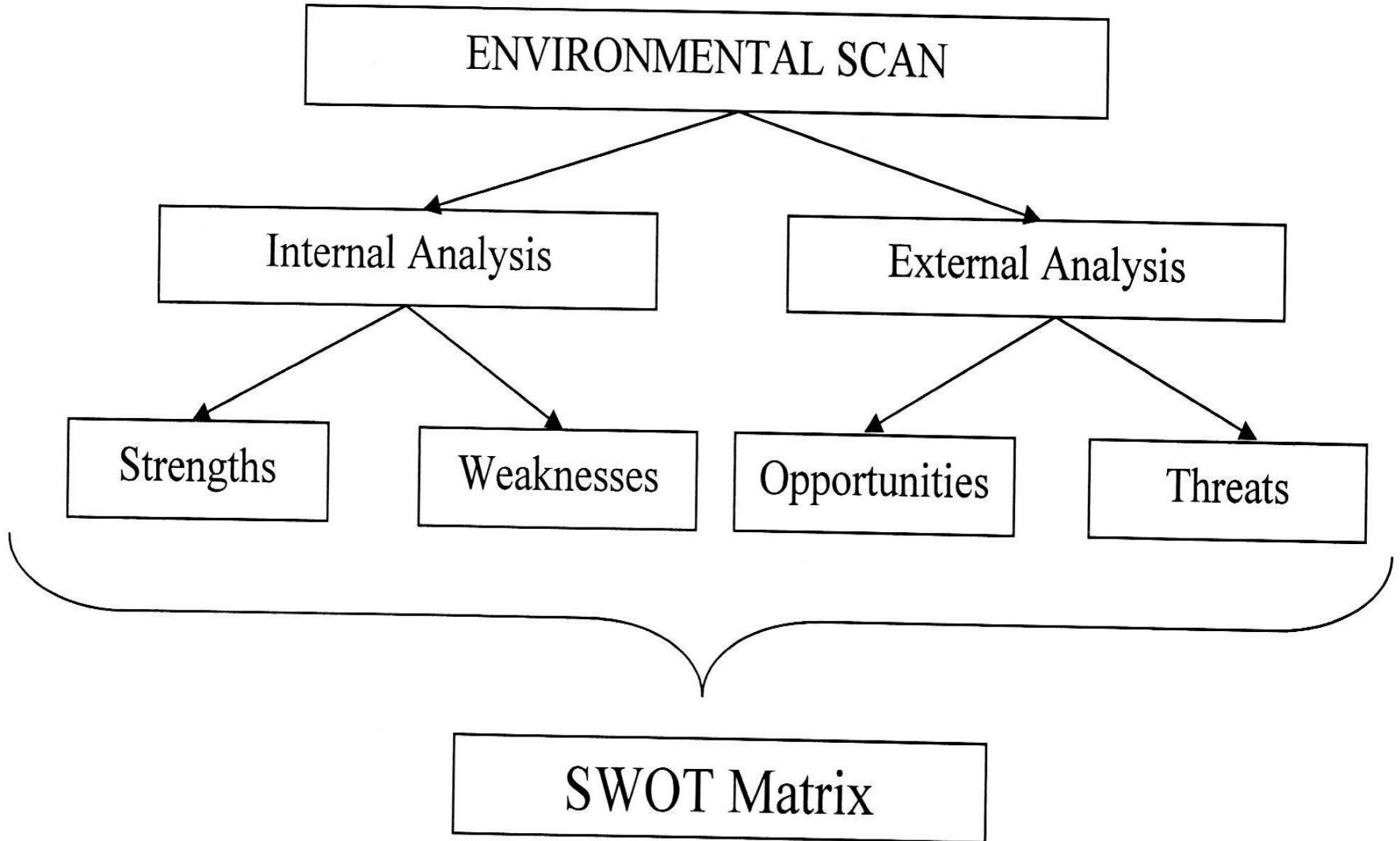
**Planning involves carrying SWOT analysis.
An analysis of organization's strength weakness
opportunity and threats.**

SWOT Analysis

A scan of the internal and external environment is an important part of the strategic planning process. Environmental factors internal to the firm usually can be classified as strengths (**S**) or weaknesses (**W**), and those external to the firm can be classified as opportunities (**O**) or threats (**T**). Such an analysis of the strategic environment is referred to as a **SWOT analysis**.



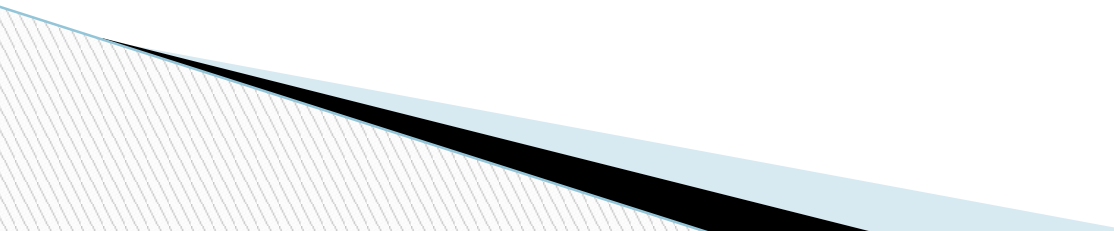
SWOT Analysis Framework



Strengths

A firm's strengths are its resources and capabilities that can be used as a basis for developing a competitive advantage.

Examples of such strengths include:

- patents
 - strong brand names
 - good reputation among customers
 - cost advantages from proprietary know-how
 - exclusive access to high grade natural resources
 - favorable access to distribution networks
- 

Weaknesses

The absence of certain strengths may be viewed as a weakness.

For example, each of the following may be considered weaknesses:

- lack of patent protection
- a weak brand name
- poor reputation among customers
- high cost structure
- lack of access to the best natural resources
- lack of access to key distribution channels

In some cases, a weakness may be the flip side of a strength. Take the case in which a firm has a large amount of manufacturing capacity. While this capacity may be considered a strength that competitors do not share, it also may be considered a weakness if the large investment in manufacturing capacity prevents the firm from reacting quickly to changes in the strategic environment.

Opportunities

The external environmental analysis may reveal certain new opportunities for profit and growth.

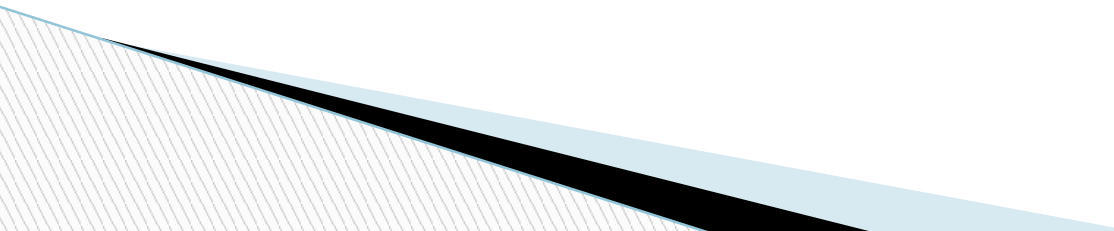
Some examples of such opportunities include:

- an unfulfilled customer need
 - arrival of new technologies
 - loosening of regulations
 - removal of international trade barriers
- 

Threats

Changes in the external environmental also may present threats to the firm.

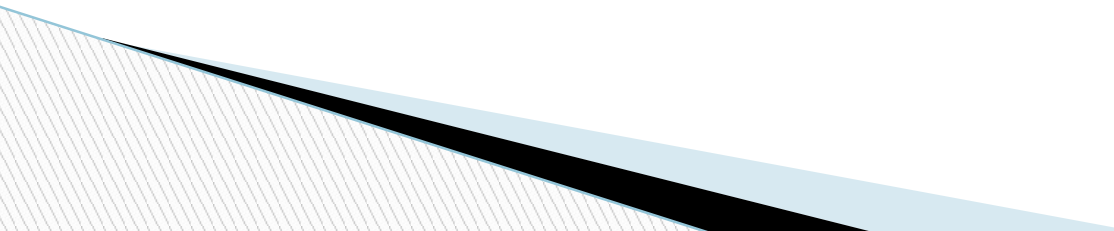
Some examples of such threats include:

- shifts in consumer tastes away from the firm's products
 - emergence of substitute products
 - new regulations
 - increased trade barriers
- 

The SWOT Matrix

A firm should not necessarily pursue the more lucrative opportunities. Rather, it may have a better chance at developing a competitive advantage by identifying a fit between the firm's strengths and upcoming opportunities. In some cases, the firm can overcome a weakness in order to prepare itself to pursue a compelling opportunity.

To develop strategies that take into account the SWOT profile, a matrix of these factors can be constructed



The SWOT matrix (also known as a **TOWS Matrix**) is shown below:

SWOT / TOWS Matrix

- **S-O strategies** pursue opportunities that are a good fit to the company's strengths.
- **W-O strategies** overcome weaknesses to pursue opportunities.
- **S-T strategies** identify ways that the firm can use its strengths to reduce its vulnerability to external threats.
- **W-T strategies** establish a defensive plan to prevent the firm's weaknesses from making it highly susceptible to external threats.

	Strengths	Weaknesses
Opportunities	S-O strategies	W-O strategies
Threats	S-T strategies	W-T strategies

Organizing as a function of management

Organizing is the function of management which follows planning.

It is a function in which the synchronization and combination of:

- human,
- physical and
- financial resources takes place

Organizational function helps **in achievement of results** which is important for the functioning of a concern

According to *Chester Barnard*,

“Organizing is a function by which the concern is able *to define the role positions*,

the jobs related and

the co-ordination between authority and responsibility”.

Hence, a manager always has to organize in order to get results.

A manager performs organizing function with the help of following steps:-

1. Identification of activities

All the activities which have to be performed in a concern have to be identified first.

For example, preparation of accounts, making sales, record keeping, quality control, inventory control, etc. All these activities have to be grouped and classified into units.

2. Departmentally organizing the activities -

The manager tries to combine and group similar and related activities into units or departments.

This organization of dividing the whole concern into independent units and departments is called **departmentation**.

3. Classifying the authority

Once the departments are made, the manager likes to classify the powers and its extent to the managers.

This activity of giving a rank in order to the managerial positions is called **hierarchy**.

The top management is into formulation of policies,
the middle level management into departmental supervision and
lower level management into supervision of foremen.

The clarification of authority help in:

- bringing efficiency in the running of a concern
- achieving efficiency in the running of a concern
- avoiding wastage of time, money, effort, in avoidance of duplication or overlapping of efforts
- bringing smoothness in a concern's working.

4. Co-ordination between authority and responsibility

Relationships are established among various groups to enable smooth interaction toward the achievement of the organizational goal.

Each individual is made aware of his authority and **knows whom they have to take orders from** and *to whom they are accountable* and to whom they have to report.

A clear organizational structure is drawn and all the employees are made aware of it.

Importance of Organizing

Function

1. **Specialization** - Organizational structure is a network of relationships in which the work is divided into units and departments.

This division of work is helping in bringing specialization in various activities of concern.

2. **Well defined jobs** - Organizational structure helps in putting right men on right job which can be done by selecting people for various departments according to their qualifications, skill and experience.

This is helping in defining the jobs properly which clarifies the role of every person

Importance of Organizing Function

3. Clarifies authority - Organizational structure helps in clarifying the role positions to every manager (status quo). This can be done by clarifying the powers to every manager.

Well defined jobs and responsibilities attached helps in bringing efficiency into managers working.

This helps in increasing productivity.

4. Co-ordination - Organization is a means of creating co-ordination among different departments of the enterprise.

It creates clear cut relationships among positions and ensure mutual co-operation among individuals. Harmony of work is brought by higher level managers exercising their authority over interconnected activities of lower level manager.

Importance of Organizing Function

5. Effective administration - The organization structure is helpful in defining the jobs positions. The roles to be performed by different managers are clarified. Specialization is achieved through division of work. This all leads to efficient and effective administration.

6. Growth and diversification - A company's growth is totally dependent on how efficiently and smoothly a concern works.

Efficiency can be brought about by clarifying the role positions to the managers, co-ordination between authority and responsibility and concentrating on specialization.

In addition to this, a company can diversify if its potential grow.

This is possible only when the organization structure is well- defined.

Importance of Organizing Function

7. Sense of security - Organizational structure clarifies the job positions. The roles assigned to every manager is clear. Co-ordination is possible.

Therefore, clarity of powers helps automatically in increasing mental satisfaction and thereby a sense of security in a concern. This is very important for job- satisfaction.

8. Scope for new changes - Where the roles and activities to be performed are clear and every person gets independence in his working, this provides enough space to a manager to develop his talents and flourish his knowledge. A manager gets ready for taking independent decisions which can be a road or path to adoption of new techniques of production.

This scope for bringing new changes into the running of an enterprise is possible only through a set of organizational structure.

Principles of Organizing

The organizing process can be done efficiently if the managers have certain guidelines so that they can take decisions and can act. To organize in an effective manner, the following principles of organization can be used by a manager.

1. Principle of Specialization

According to the principle, the whole work of a concern should be divided amongst the subordinates on the basis of qualifications, abilities and skills. It is through division of work specialization can be achieved which results in effective organization.

2. Principle of Functional Definition

According to this principle, all the functions in a concern should be completely and clearly defined to the managers and subordinates.

This can be done by clearly defining the duties, responsibilities, authority and relationships of people towards each other.

Clarifications in authority-responsibility relationships helps in achieving co-ordination and thereby organization can take place effectively.

For example, the primary functions of production, marketing and finance and the authority responsibility relationships in these departments should be clearly defined to every person attached to that department. Clarification in the authority-responsibility relationship helps in efficient organization.

3. Principles of Span of Control/Supervision

According to this principle, span of control is a span of supervision which depicts the number of employees that can be handled and controlled effectively by a single manager.

According to this principle, a manager should be able to handle what number of employees under him should be decided.

This decision can be taken by choosing either from a wide or narrow span.

There are two types of span of control:



Wide span of control

Narrow span of control

Principles of Organizing

- a. **Wide span of control-** It is one in which a manager can supervise and control effectively a large group of persons at one time.

The features of this span are:-

- i. Less overhead cost of supervision
- ii. Prompt response from the employees
- iii. Better communication
- iv. Better supervision
- v. Better co-ordination
- vi. Suitable for repetitive jobs

According to this span, one manager can effectively and efficiently handle a large number of subordinates at one time.

Principles of Organizing

b. Narrow span of control- According to this span, the work and authority is divided amongst many subordinates and a manager doesn't supervises and control a very big group of people under him.

The manager according to a narrow span supervises a selected number of employees at one time.

The features are:-

- i. Work which requires tight control and supervision, for example, handicrafts, ivory work, etc. which requires craftsmanship, there narrow span is more helpful.
- ii. Co-ordination is difficult to be achieved.
- iii. Communication gaps can come.
- iv. Messages can be distorted.
- v. Specialization work can be achieved.

Factors influencing Span of Control

- a. **Managerial abilities-** In the concerns where managers are capable, qualified and experienced, wide span of control is always helpful.
- b. **Competence of subordinates-** Where the subordinates are capable and competent and their understanding levels are proper, the subordinates tend to very frequently visit the superiors for solving their problems. In such cases, the manager can handle large number of employees. Hence wide span is suitable.
- c. **Nature of work-** If the work is of repetitive nature, wide span of supervision is more helpful. On the other hand, if work requires mental skill or craftsmanship, tight control and supervision is required in which narrow span is more helpful.

Factors influencing Span of Control

d. Delegation of authority- When the work is delegated to lower levels in an efficient and proper way, confusions are less and congeniality of the environment can be maintained. In such cases, wide span of control is suitable and the supervisors can manage and control large number of sub-ordinates at one time.

e. Degree of decentralization- Decentralization is done in order to achieve specialization in which authority is shared by many people and managers at different levels. In such cases, a tall structure is helpful. There are certain concerns where decentralization is done in very effective way which results in direct and personal communication between superiors and sub-ordinates and there the superiors can manage large number of subordinates very easily. In such cases, wide span again helps.

4. Principle of Scalar Chain

Scalar chain is a chain of command or authority which flows from top to bottom.

With a chain of authority available, wastages of resources are minimized, communication is affected, overlapping of work is avoided and easy organization takes place.

A scalar chain of command facilitates work flow in an organization which helps in achievement of effective results.

As the authority flows from top to bottom, it clarifies the authority positions to managers at all level and that facilitates effective organization.

5. Principle of Unity of Command

It implies one subordinate-one superior relationship.

Every subordinate is answerable and accountable to one boss at one time.

This helps in avoiding communication gaps and feedback and response is prompt.

Unity of command also helps in effective combination of resources, that is, physical, financial resources which helps in easy co-ordination and, therefore, effective organization.

Classification of Organizations

Organizations are basically classified on the basis of relationships.

There are two **types of organizations** formed on the basis of relationships in an organization

Formal

Informal

Formal Organization

This is one which refers to a structure of well defined jobs each bearing a measure of authority and responsibility.

It is a conscious determination by which people accomplish goals by adhering to the norms laid down by the structure.

This kind of organization is an arbitrary set up in which each person is responsible for his performance.

Formal organization has a formal set up to achieve pre- determined goals.

Informal Organization

It refers to a network of personal and social relationships which spontaneously originates within the formal set up.

Informal organizations develop relationships which are built on likes, dislikes, feelings and emotions.

It emerges from the formal organization and it is not based on any rules and regulations as in case of formal organization.

Relationship between Formal and Informal Organizations

For a concerns working both formal and informal organization are important.

Formal organization originates from the set organizational structure and informal organization originates from formal organization.

For an efficient organization, both formal and informal organizations are required.

Formal organization can work independently. But informal organization depends totally upon the formal organization.

Formal and informal organization helps in:

- bringing efficient working organization and smoothness in a concern.
- Within the formal organization, the members undertake the assigned duties in co-operation with each other. They interact and communicate amongst themselves.

THANK YOU FOR YOUR
ATTENTION