

PRINCIPLES OF MANAGEMENT

Management emerged as a separate field of study when business enterprise developed to meet the unlimited needs of the people. In earlier times, the need for institutions or organisations was not felt. The economy worked on barter system. In today's world of complex and fast internationalization of business, most companies are going global. Unless, they are effectively managed they cannot survive in the fast changing international business environment. Management helps in doing and getting things done through others. It is the process that optimizes human, material and financial resources of the organization for effective achievement of its goals.

"Management is an art of knowing what is to be done and seeing that it is done in the best possible manner." (F.W. Taylor)

"Management is to forecast, to plan, to organize, to command, to co-ordinate and control activities of others." (Henry Fayol)

Management provides help and knowledge to managers to enable the organization to achieve their objectives at minimum cost. Management plays an important role in shaping the culture of an organization. The performance and survival of a business organization depends on its management. It is both a science and an art.

Levels of Management:

Top Level (Chief executives, President, Vice president, Managing Director etc.) Middle level (Departmental Managers, Plant Managers, Regional Managers) Lower Level (Foreman, supervisor, office manager, operating manager etc.)

Managerial skills:

Conceptual skill: Skill to co ordinate and integrate the organisation's internal environment with its external environment (More at top level)

Human skill: Skill to deal with people, understand the people in the organization (Same at all levels)

Technical skill: Skill to use the tools and techniques in one's area of specialization (More at lower level)

Functions of Management

Henry Fayol: 5 functions Planning, Organising, Commanding, Coordinating and controlling

Koontz and O'Donnel: Planning, Organising, Staffing, Directing and Controlling

Luther Gullick : PODSCORB Planning, Organising, Directing, Staffing, Coordinating, Reporting and Budgeting

Competencies are the knowledge ,behavioural skills, and personal attributes required for excellent performance in a role, function, or specific business. Competency development is important for leadership development.

STYLES OF MANAGERS

Entrepreneurial Style : Manager behaves as an owner. He takes bold and initiative decisions. He is practical and result oriented. He is emotional and sentimental.

Conservative style : He does not interact with external environment. They prefer to work in a close setting. He maintains continuity and status quo. He does not risk using new opportunities.

Methodical style : Here managers follows scientific approach. He is systematic. He uses mathematical and statistical devices to take decisions. He uses those plans and methods which ensure optimum results and a high degree of precision.

Quasi professional style: He is well equipped with knowledge of modern management. Dynamic in his approach and interacts with external environment. Takes bold decisions and manages change effectively.

ROLE OF MANAGERS

Inter-personal role: Managers constantly interact with their superiors, peers, subordinates and the outside parties. Unless he is a role model to these parties, he cannot be called a successful manager.

Informational role: Managers keep themselves informed about the activities and happenings in the internal and external environment.

Decisional role : After collecting the information from internal and external sources, managers use this information to solve problems in different situations.

Functional areas of management : Production Management, Financial Management, Human Resource Management, Marketing Management

EVOLUTION OF MANAGEMENT THOUGHT

PRE-SCIENTIFIC ERA: Notable contributors during the period are :

Charles Babbage: Fore runner of scientific management- Introduced methods to improve industrial productivity. He emphasized on work specialization to increase managerial efficiency.

James Montgomery: Textile owner –manager in Scotland. Focused on the importance of planning, organizing and controlling of business units and wrote management texts for their **efficient working.**

Robert Owen: Father of Personnel Management- His emphasis was on development of personnel. He advocated that workers should be treated as human beings and their values and beliefs should be respected.

Andrew Ure and Charles Dupin are other notable contributors of this period.

SCIENTIFIC MANAGEMENT ERA:

F.W. Taylor, father of Scientific Management searched for ways to improve efficiency and productivity by deleting or combining operations of work. He found that work was not done scientifically in most of the organisations. This led to the wastage of human and non human resources. Workers are produced much less than what they were capable of because they were following traditional methods of production. Scientific ways of work were not adopted. After a series of study, and evaluation, he found that the problem is with the management (in setting the work and wage standards) and not with workers. Salient features of Scientific Management were : a) Separation of planning and doing b) Functional Foremanship c) Job analysis d) Standardisation of work, tools etc. e) Scientific selection and training of workers f) Financial incentives g) Mental revolution (A change in the attitude of employers and employees- The most important feature of scientific management)

HENRY FAYOL is widely acclaimed as the Founder of the Classical Management School. Fayol focused on managing the organization as a whole. Fayol was concerned with general management. He was the first person to systematize the administrative approach to management. He defined management in terms of five functions. I.e, Planning, Organising, Commanding, Coordinating and controlling. Fayol listed 14 principles of management based purely on his experience.

Division of labour : Division of work leads to specialization resulting higher output.

Authority and Responsibility: Managers must have authority to issue orders and at the same time they remain responsible for their work.

Discipline: Respect rules and agreements

Unity of Command: One boss for one superior and receive order from immediate boss only.

Unity of direction : One head for same set of activities. One Unit One Plan

Subordination of individual interest to group interests

Remuneration

Centralisation : It refers to the declining role of subordinates in the decision making process. Though major decisions are taken by top level managers, some authority must be delegated to lower level managers to make them perform their jobs well.

Scalar chain : It is the line of hierarchy of authority running from top level to lowest level of management.

Order: Everything, human and non human resources must be placed at the right place.

Equity:

Stability of tenure

Initiative

Esprit de corps: Unity is Strength (Concept of team spirit)

MAX WEBER'S Bureaucracy theory : He made significant contributions in the field of Economics, Management, Philosophy and Sociology. In the field of management, his most significant contribution is his work on bureaucratic management.

HUMAN RELATIONS ERA: Also called behavioural school. The most significant contribution to this approach is made by Elton Mayo who is regarded as the father of Human Relations Approach. He conducted a series of studies at the Hawthorne plant of the Western Electric Company between 1927 and 1932 known as Hawthorne studies. It includes Test room studies (Illumination experiment and relay assembly test room experiment) Interviewing studies and observation studies.

SOCIAL SCIENCE ERA :CHESTER I. BARNARD'S contribution is often described as the Social Science Era in the development of management thought. His book "The function of the Executive" is regarded as a classic on management even to date. The contribution of Bernard shows his perception of the organization as a social system.

MARY PARKER FOLLET strongly believed that management and labour share a common purpose as members of the same organization, however, the distinction is order givers and order takers.

RENSIS LIKERT, AN American Social scientist's findings provided deep insights into supervision, general management systems and dynamics of inter personal relationships.

PETER .F. DRUCKER a highly respected management thinker, prolific writer has published several books and articles on management. Drucker has attached great importance to objective setting. He has given a new tool which is popularly known as 'MANAGEMENT BY OBJECTIVES" (MBO) (Book written by him : The Practice of Management). MBO is a process whereby superiors and subordinates jointly identify the common objective, set the results that should be achieved by subordinates and assess the contribution of each individual. There are two approaches to MBO. They are Top-down-Approach and Bottom-Up Approach.

DOUGLAS MCGREGOR proved that reliance on authority as the primary means of control leads to resistance, restriction of output AND INDIFFERENCE TO ORGANISATIONAL OBJECTIVES. His book : THE HUMAN SIDE OF THE ENTERPRISE. His Theory X and Theory Y present the contrasting nature of man.

Theory X : Traditional theory of Human behavior- Inherent dislike of work – Avoid it if he can_ wishes to avoid responsibility- relatively little ambition- but needs security above all.

Theory Y : Optimistic - take work is as natural as play or rest - high degree of commitment- check responsibility- high degree of creativity- dynamic and flexible.

HERBERT A SIMON Nobel prize in Economics in 1978. Outstanding contribution in the Decision making process. He introduced the principle of “Bounded Rationality”.

MODERN MANAGEMENT THEORY : Quantitative theory. (Also known as Operations Research theory or Management Science theory) Contributor : PMS Blackett.

Systems theory :

Contingency theory : Joan Woodward

Theory of Michael Porter : Five force analysis, Value chain analysis

Theory of Tom Peter: Liberation Management

Theory of Hammer : Father of Re Engineering.

Theory of Peter Senge: Introduced the concept of learning Organisation and author of the book “ The fifth Discipline “

Theory of C.K. Prahalad: Focussed on Core competence. Known as “Management Guru”

Mi Kinsey: The 7 S approach (Strategy, Structure, System, Style, Staff, Shared Values, Skills)

Koontz called the vagueness in management theory as “Management theory Jungle”

PLANNING: Planning is a managerial function that deals with framing organizational objectives and devising ways to achieve them.. It means making decisions regarding what to do, when to do, where to do, who is to do and how to do. It precedes all managerial functions and closely related to **controlling**. It is the first function of management. Planning helps the organisations to achieve its objectives. It is the process of choosing a course of action from two or more alternatives.

Individual barriers to planning: Unwillingness to set goals, Unwillingness to accept changes

Organisational based barriers: Environmental factors, Lack of information , constraint on recourse. Etc.

Planning premises: The forecast or assumptions about future which provide a base for planning in present are known as planning premises. It may be internal and external. Internal premises includes, company’s internal policies and programmes, capital budgeting proposals, sales forecasts, personnel forecasts etc. External premises includes social changes, political situation, general state of economy etc.

Intangible premises: Goodwill of the firm, employer-employee relations, leadership qualities etc.

Leads and Lags: Factors or indicators which precede the change in economic environment are lead indicators. Lags are indicators which succeed economic cycles.

Goals and plans are closely related to each other. Goals are the ends and plans are the means to achieve these ends. Goals are the non-measurable future ends. Goals are broader objectives which an organization strives to achieve.

Purpose is a broader term that applies to all organisations of similar type. The purpose of all educational institutions for example to provide quality education to society.

Mission is a specific term that explains why an organization exists. It is a broad declaration of the basic, unique purpose and scope of operations that distinguishes the organization from others of this type.

Strategic plans are made to achieve the overall organizational goals. They are made by top level managers in consultation with board members and middle level managers and generally relate to a period of more than 5 years.

Tactical plans are the means to support and implement strategic plans. These plans are made by middle level managers covering a period of 1 to 5 years.

Operational plans are the means to support tactical plans. They are made to achieve the operational goals of the enterprise. These plans are made by lower level managers covering a period of less than one year.

Single use plans are made to serve a specific objective. They are short lived plans and made for non recurring activities. Programmes, Budgets, Strategies and Projects are different types of single use plans.

Programmes are comprehensive plans. It is a sequence of activities where each sequence is timed to successfully achieve the overall objectives.

A strategy is a course of action. It provides guide to action. It refers to selection of a course of action out of various courses in order to achieve the long run goals through continuous and active interaction with the environment.

A project is a plan that coordinates a set of limited scope activities that do not need to be divided into several major projects in order to reach a major non recurring goal.

Standing plans are made to deal with activities or situations which occur repeatedly in the organization. Policy means a general guideline that clarifies the way a company operates. It clarifies the intents of top managers that should be followed by all its branches at all levels.

NOTE : SINGLE USE PLAN INCLUDES PROGRAMMES, BUDGETS, STRATEGIES, PROJECTS. STANDING PLANS INCLUDE POLICIES, PROCEDURES, METHODS, RULES, STANDARDS

Procedure provides a sequential order to a policy. It describes the steps in which policy matters will be dealt with. Policy provides a guideline to action, while procedure expresses the way that guidelines will be followed.

Rules are set of actions or directions that must be followed by every member of the organization. Rules bring discipline in the organization. Rules must be in writing.

Strategy in its simplest meaning implies a course of action that defines and achieves organisations objectives and implements its mission. It is a means to achieve the goals.

Tactics are short term in nature and support organisations plans. They help in execution of strategies.

ETOP : Environmental Threat and Opportunity Profile.

Vision : A Vision creates corporate identity. It imparts a larger purpose and meaning to individual endeavor.

Diversification : It means "to add something new- new market or new technology.

Decision- making means selecting a course of action out of alternative courses to solve a problem. It is goal oriented. Decisions related to structured situations, where the problem is more or less routine and repetitive in nature are known as programmed decisions. Non programmed decisions are taken in unstructured situations which reflect novel, ill defined and complex problems. The problems are non-recurring or exceptional in nature.

Creativity means creating something new. It includes, creation of new idea, new method or new product or service.

MERGER AND ACQUISITION .

When two or more firms combine together, it is known as merger. Merger can take place in two ways. A) Merger through acquisition or absorption B) Merger through Amalgamation or Consolidation.

Decision making means selecting a course of action out of alternative courses to solve a problem. It is the process through which managers identify organizational problems and solve them. Decisions are broadly classified into two groups. Programmed Decision and Non programmed Decision. . Break even analysis, Inventory models, Linear programming, Simulation, Probability theory, Decision tree, Queuing theory, Gaming theory, network theory etc. are the modern techniques of making programmed decision. Creative techniques, Participative techniques, Heuristic techniques are the modern methods of making non programmed decisions.

ORGANISATION refers to institution. In the context of management, it refers to formal arrangement of work among members of the institution, with clear identification of authority and responsibility so that organizational goals are achieved. It is the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority and establishing relationships for the purpose of enabling people to work most effectively together in accomplishing objectives.

Organisation chart : The visual representation of organization structure is known as organization chart. It enables the people to have a clear understanding of the various positions, departments, their sub units and relationship among different departments..

The Vertical chart depicts the flow of authority from top to bottom, horizontal chart shows this flow from left to right and circular chart shows the top position in the innermost circle which flows towards middle and lower level managers in outward circles. The most commonly used organisation charts are vertical charts.

Organisation manual is a handbook maintained in hard cover, loose leaf form containing information about company's policies, operations, rules and regulations, objectives, procedures, departmental details etc. It is a useful guide to all organisational members.

The number of workers that a manager can effectively supervise is known as span of management or span of control. In the 19th and middle of 20th century, management writers determined 5 or 6 as the maximum number of subordinates that a manager could effectively manage at the upper level. But it is not so. Span of management is situational in nature. In Tall structure organisations, a manager can supervise only a few subordinates as this is classical bureaucratic organisations. It is a narrow span of

control. This creates a large number of levels in the organisation. But in flat structure, one superior supervises a large number of subordinates. It is a wide span of control. A French management consultant, V. A. Graicunas, introduced a theory on span of management, where he explained three kinds of relationships that a superior can have with his subordinates. He mathematically formulated a theory to arrive at the exact number of relationships.

The Classical theory of Organisation focuses on structure, design and features of the organisation like specialisation, scalar chain, departmentation, span of control, centralisation/decentralisation etc. It focuses on WORK/TASK rather than on people. The human and participative

Formal Organisation is a well defined structure of authority and responsibility that defines delegation of authority and relationships amongst various organisational members. It works along pre defined set of policies, plans, procedures, schedules and programmes. Most of the decisions in a formal organisation are based on predetermined policies. It is a deliberately designed structure with formal authority, responsibility, rules, regulations and channels of communication.

Informal Organisations have always existed along with formal organisations. They arise because of inevitable social and personal needs of individuals which cannot be satisfied by the principles of formal organisations. This structure is not planned by top managers. It does not have any formal structure. Leaders are informally elected by group members.

A group refers to two or more people who interact with one another, are psychologically aware of one another, perceive themselves to be members of the group, and work towards a common goal.

Group Cohesiveness is the attraction of group members towards each other in terms of their loyalty and commitment to group goals.

In Line Organisation decision making power vests with top managers. They have the ultimate responsibility for attainment of organizational goals. Decisions are taken by superiors and communicated to the subordinates who further communicated to their subordinates. In this way information flows from top to bottom in a line. This gives rise to line authority. It is also known as direct operative authority because it is the right of superiors to exercise authority over subordinates. Military organization is a typical example of line authority. The authority flow from top to bottom in a line and responsibility flows from bottom to top in a line.

Organisation which has both line and staff positions or authority is called line and staff organization. While line authority gets the work done from subordinates by exercising direct authority over them, staff authority assist the line positions in doing their work. Thus the line authority is directly related to getting the work done and staff is indirectly related to it. Staff position is enjoyed by virtue of his specialized knowledge and skills to deal with specific problem areas. Line managers exercise direct authority over subordinates and staff authority is auxiliary, advisory or supportive in nature.

Functional authority is the right to give orders in a department other than one's own. The authority that functional managers exercise is known as functional authority and the organization where such a set up exists is called functional organization..

Project organization is structured to accomplish specific projects within specified constraints of time, money and quality. A bridge, dam, flyover etc. are considered as project organizations.

Matrix organization is a hybrid structure which is a combination of functional and pure project structure. Here resources are shared amongst project managers and functional heads.

One plus one makes eleven or two heads are better than one is the basis of making committees.

Authority is the right to command. It is the discretion power vested with a manager to use the organizational resources. In simple terms, it is the right of a person to give instructions to subordinates.

Classical theory of authority(Top down authority.) It supports the principle of scalar chain. In this theory authority flows from top to bottom through various levels of hierarchy.It flows from Board of Directors to workers.

The authority possessed by the managers by virtue of their position in the organization is known as **formal authority**.

Acceptance theory of authority: This theory formulated by Mary Parker Follet but later popularised by Chester I Bernard. It is also known as bottom-up authority. A subordinate will accept an order and comply with authority under the following 4 conditions. A) He understands the order. B) He believes that the order is compatible with his or her personal interests. C) The order is consistent with organization goals. D) He is mentally and physically able to comply with the order.

Power is the capacity to influence others. It is the ability of a person to issue orders and instructions to subordinates.It cannot be delegated.

Reward power is based on a manager's ability to provide various kinds of rewards for complying with orders.

Coercive power is based on a manager's ability to punish for not complying with orders.

Legitimate power is based on an individual's position in the organizational hierarchy.

Referent power refers to the power enjoyed by some people because of their integrity and charisma.

Expert power is based on possessing valued knowledge or special skills, competency and expertise.

Connection power is the power of connection with influential people. People follow a leader who has contacts with people of high social and economic status.

Responsibility is the obligation to perform the tasks and account for their satisfactory completion. It means moral commitment to do the work assigned.

Delegation is the process by which authority passes from one organization level to another.

Accountability is the ultimate responsibility (final obligation of the manager who ensures that the task is done efficiently by the employees.

Line authority is exercised by the superior over his immediate subordinates..This forms a chain of authority from top to bottom. People who exercise line authority are called line managers .Staff Managers are those who assist line managers (in advisory capacity) in discharging their duties efficiently. While production, marketing, finance and personnel are considered as line departments, the accounting, R & D and public relations departments are considered as staff departments. Though staff is an advisory body that assist line managers to carry out their work efficiently, there may arise conflict between the two. It is due to the difference in approach that line and staff have towards the organizational problems.

Line managers enjoy only legitimate power. Staff managers enjoy referent and expert power.

Departmentation is the foundation of the organization structure. It means division of work into smaller units and their re-grouping into bigger units on the basis of similarity of features.

Functional departmentation is the one where departments are created along activities or functions of the undertaking. (production, finance, personnel, sales etc...) It is the simplest, logical and most widely accepted form of creating departments.

In functional departments, there may be derivative departments. For example, in Production department, there is departments to handle purchasing, production planning, manufacturing departments. In finance department, there is derivative departments for cash management, capital budgeting dept. etc.

Divisional departmentation includes product departmentation, process departmentation, customer departmentation, territory departmentation, departmentation by time etc...

Product departmentation is suitable for companies that produce multiple products.

Process departmentation is also known as equipment departmentation. This is suitable for those organizations where the product passes through different stages of production, each stage is designated as a process and departments created on the basis of processes. Eg: Paper industry

When organization sell goods to customers with different needs, departments on the basis of customers is the suitable form. (Manager, Car loans, Manager, Housing loans, Manager, Commercial loan etc.)

In territorial departmentation, organization creates departments close to his customers because they are geographically dispersed over different areas.

Organisations where machines have to work around the clock follow departmentation by time.

Delegation is the process by which authority passes from one organization level to another. Delegation is the only solution to cope with the increasing work load of managers. Because of the constraints of time and ability, a manager cannot perform all the tasks himself. Therefore he delegates certain of the tasks to the subordinates and get them done. The delegation does not end with just entrusting of duties and the granting of authority. The superior has to create an obligation on the part of the subordinate to perform. In other words, the subordinate is accountable to his superior for the tasks delegated. Authority flows downwards responsibility flows upwards.. Authority without responsibility and responsibility without authority have no meaning.

Though delegated, the ultimate responsibility (accountability) for completion of the task rests with the manager.

Decentralisation is passing of authority to make decisions to the lowest possible level in the organizational hierarchy. Decentralisation is the delegation of authority to the maximum possible extent. Faster decisions are one of the significant feature of decentralization. It is the end result of delegation. Delegation is possible without decentralization. But decentralization is not possible without delegation.

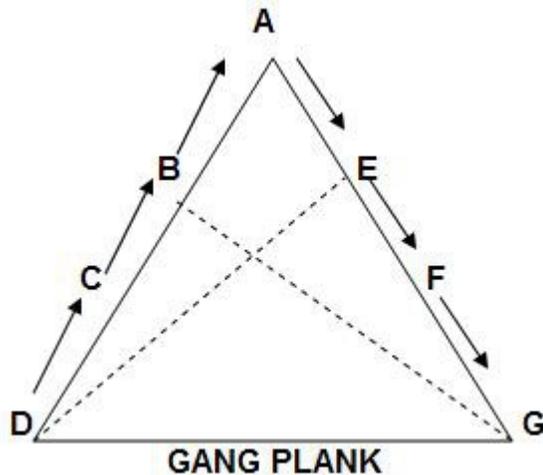
Delegation is complete when there is transfer of authority from one person to another. But decentralization is complete when authority is delegated to the fullest possible extent. Power to control the delegated task vests with the delegator. Power to control is delegated to lower level managers.

Coordination is the process of integrating the objectives and activities of the separate units of an organization in order to achieve organizational goals efficiently. Coordination is rightly called the essence of management.

The concept of gang plank introduced by Henry fayol.

Fayol defines scalar chain as 'The chain of superiors ranging from the ultimate authority to the lowest'. Every orders, instructions, messages, requests, explanation etc. has to pass through Scalar chain.

But, for the sake of convenience & urgency, this path can be cut short and this short cut is known as Gang



Plank.

A **Gang Plank** is a temporary arrangement between two different points to facilitate quick & easy communication as explained below:

In the figure given, if D has to communicate with G he will first send the communication upwards with the help of C, B to A and then downwards with the help of E and F to G which will take quite some time and by that time, it may not be worth therefore a gang plank has been developed between the two.

Gang Plank clarifies that management principles are not rigid rather they are very flexible. They can be moulded and modified as per the requirements of situations.

When conflict arises amongst the superiors and subordinates in the chain of command or hierarchy, it is said to be vertical conflict. When conflict arises between the people at the same level, in the functional area, it is said to be horizontal conflict.

Staffing deals with appointing people and placing them at the appropriate jobs. It is filling, and keeping filled positions in the organization structure.

Human resource management deals with the management of human resource. It recognizes people as the most important and productive assets of the organization and therefore develops and maintains their quality in the organization. It is the process of ensuring that competent people are available, that they are able to achieve organizational objectives and that their energy and abilities are used effectively.

Job analysis is the pre requisite to man power planning. It is the systematic collection and recording of information concerning the purpose of a job, its major duties, the conditions under which it is performed, the contact with others and the knowledge, skills and abilities needed for performing the job effectively. Job description describes the duties, responsibilities and working conditions of a particular job. Job specification describes the knowledge and skills of people who perform the job.

Recruitment is the process of finding and attempting to attract job candidates who are capable of effectively filling job vacancies.

When employees join an organization, they want to know their superiors, co-workers, organisationstructure, basis of departmentation, framework of authority-responsibility structure etc. So induction and orientation programmes are conducted by managers.

Training improves the skills of a person on the job. It improves the performance of employees on the current job. On the job training is learning while working. Employees are trained while performing the jobs. Special arrangements for training programmes are not made. Job rotation, apprenticeship, internship, delegation etc. are some of the methods of on the job training. In the off the job training, training is given to workers outside the workplace. Emphasis is more on learning than doing. Vestibule training, Demonstrations, simulation etc. are some of the off the job training methods.

In the vestibule training, working conditions similar to actual conditions are created outside the place of work and employees are trained in those conditions. Employees learn job skills in similar job conditions without disturbing the work on the job.

Off the job training is appropriate, when there are large number of employees involved.

Time rate system is a wage payment system, in which workers are paid on the basis of time spent on job. In piece rate system, workers are paid on the basis of output.

Performance appraisal is a formal exercise in which organization evaluates its employees, in terms of contribution made towards achieving organizational objectives. It evaluates their strengths and weaknesses in terms of attributes and behaviours for meeting the organizational objectives.

Graphic scales is one of the method for appraisal.

Halo effect is a presumption by managers that a person doing well in one area will do well in other area also. This is not always the case. A person good at sales may not be good at production. Horns effect is the opposite of halo effect...Managers presume that employees who do not perform well in one area are poor performers in other areas too.

Contrast error, Recency error, Leniency error, Severity error are different rating methods.

BARS: Behaviourally Anchored Rating Scales (Eg: Outstanding, Above average, Average, Below average, Unsatisfactory)

Directing is a managerial function that involves the responsibility of managers for communicating to others what their roles are in achieving the company's plan. Direction initiates action by top managers that motivates people to convert the resources into productive outputs. Delegation of authority, communication and Leadership are the three techniques of direction.

Motivation is a force that drives a person to action. It is psychological technique. It is a process of stimulating people to action and accomplish desired goals. When workers are motivated for satisfaction of their needs, they work to satisfy the organizational needs also. This increases the efficiency of organisational activities.

Carrot and Stick approach (Incentives and disincentives)

Theories of Motivation

Need hierarchy theory by Abraham Maslow. He advocates a hierarchy of needs present in all individuals. At a point of time, the individual's behavior reflects his desire to satisfy the strongest need present in him. Once that need is satisfied, the next strongest need arises in him and he strives to satisfy that need. Maslow's need hierarchy consists of five types of needs. They are :

Physiological needs : food, clothing, shelter etc.

Safety needs : free from danger, internal dangers of losing job, security of job etc.

Social needs : affection, friendship, belongingness, etc

Ego needs (Esteem needs) : Self respect, Status, recognition, achievement etc.

Self actualization needs : Growth, fulfillment of ambition etc.

Two Factor theory by Frederick Herzberg : Herzberg categorized two set factors that provided satisfaction or dissatisfaction to employees. These are Hygiene factors and Motivators. Hygiene factors are also called maintenance factors or dissatisfiers or extrinsic factors. The presence of these factors provide no dissatisfaction to employees, that is, the presence of these factors do not motivate the workers to perform better but their absence becomes a source of dissatisfaction. The factors include insurance policies, retirement benefit plans, salary structure, bonus, job security, relationship with superiors etc.

Motivators are related to job content like achievement, recognition, innovative projects, personal growth responsibility etc. They are also called satisfiers. Their absence provides no satisfaction or motivation to workers but their presence results in high degree of motivation and job satisfaction.

ERG Theory by Clayton Alderfer : The five needs specified by Maslow are clubbed into three by Clayton Alderfer.in ERG theory. These are Existence needs, Relatedness needs and Growth needs. The physiological and safety needs of Maslow are termed as existence needs. The social needs are termed as Relatedness needs . The ego and self actualization **needs** are termed as growth needs.

Acquired Need theory by David. C Mc Clelland The need for achievement, power and affiliation are the three needs.

Expectancy theory of motivation was developed by Victor. H.Vroom and later extended by Lyman Porter and Edward Lawler. According to Vroom, Motivation(force) = Valence X Expectancy.

Valence is the strength of an opinion that an individual holds about the outcome of his action.

Expectancy is a belief that the action will lead to outcome.

Equity theory of motivation formulated by J. Stacy Adams. According to him, people compare the rewards of their performance with the rewards of their fellow workers get for similar performance.

Goal setting theory: Edwin. A .Locke and Gary.P. Lathman

Reinforcement theory: B.F.Skinner.According to him, past actions and their outcomes influence a person's present and future actions.

Theory X and Theory Y: Douglas Mc Gregor

Theory Z : William Ouchi. He studied the Japanese management style because the rising success of Japanese companies and focused on Japanese managerial practices that could be adopted by companies in the United States..So he made comparative studies.

Job Enrichment is a concept pioneered by Herzberg when he asserted that enriching a job with more responsibility, autonomy, skills and decision making power serves as a strong motivational force to **increase employees' potential for growth and development**

Job Design refers to specialization of task activities associated with a particular job. It defines job in terms of content, function and relationship.

Morale is attitude of a group towards the work and work environment. It reflects individual's attitude not only towards the job but also towards the organization.

QWL : Quality of Work Life: It focuses on improving of business performance and also social environment with relate to employee and organization.

Leadership is the act of influencing people so that they will strive willingly and enthusiastically towards the achievement of group goals. It is a process by which a person influences others to accomplish an objective and directs the organization to make it more cohesive and coherent. Everybody cannot be a leader.

Leaders who motivate their employees through rewards are called positive leaders. Negative leaders use penalties and punishments as means of motivation, they use negative style of leadership

Autocratic leaders make decision and issue orders and instructions by virtue of their position and authority. They retain decision making power with them and do not delegate authority and responsibility..

Democratic or Participative leader is one who invite followers to participate in the decision making process. Authority is partly delegated to subordinates.

In the Laissez-faire style of leadership, decisions are made by the subordinates and authority is completely delegated. It is also known as Free-rein leadership.

Formal leaders have formal authority over their subordinates. They issue orders and instructions to control their activities in official capacity. Informal leaders do not have formal authority over their followers. They enjoy the authority to issue orders and instructions because of their personal qualities, abilities, competence and influential power and not because of their position in the hierarchy.

Trait theory of leadership “ Leaders are born not made “:

Contingency theory: Fred. E. Fiedler

Path Goal theory : Robert House

Transactional leadership is traditional leadership in nature. But transformational leadership is ethical leadership in nature. He prepares the subordinates to face the problems themselves.

Controlling is the process of regulating organizational activities so that actual performance conforms to expected organizational standards and goals.

MIS, Management Audit, Responsibility accounting, PERT, CPM, EVA etc are modern controlling techniques.

EVA : Economic Value Added..

Culture is a shared behavior which is important for us as it systematizes the way people do things, thus avoiding confusion and allowing co-operation.

Ethics is the set of moral principles that governs the actions of an individual or a group. It is discipline **dealing with what is good and bad, right or wrong or with moral duty and obligation.**

Governance is the process whereby people in power make decisions that create, destroy or maintain social systems, structures and processes.