

Principles of Management
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Lecture – 04

Introduction to Management – IV

As part of this Principles of Management part 1. Today, we will discuss about; how the manager's job is changing. So, the important thing is as with competitiveness the present business world is facing due to lot of competition in the external environment as well as the dynamic business environment.

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HOW THE MANAGER'S JOB IS CHANGING

- **Customer** is the king
 - Customers: the reason that organizations exist
 - Managing customer relationships is the responsibility of all managers and employees.
 - Consistent high quality customer service is essential for survival.
- **Innovation** ✓
 - Doing things differently, exploring new territory, and taking risks
 - Managers should encourage employees to be aware of and act on opportunities for innovation.

Handwritten notes and diagrams include a bell curve, a signature, and the word "Competitive" circled in red.

Now, there are two important things which are coming up; one is customer is the king. Customer is the reason that organizations exist. Organizations try to offer earlier the purpose of organization was to create surplus or profit. But, now the concept is shifting towards giving value providing value to the customers. Managing customer relationship is responsibility of all managers and employees. Consistent high quality customer service is essential for survival of organizations.

As earlier we discussed that; organizations face different organizational lifecycle starts with growth, initiation, stability, and decline phase. So, every organization comes across crisis like situation; which is due to several reasons maybe external or internal to the business organizations.

External factors could be; the political, economic, legal factors or the customers say increasing demands of customers, so as a result or competitiveness in the industry. So, as a result the organization faces crisis like situations and crisis leads to a situation of loss. Sometimes the business organizations are not able to revive from the crisis like situations and that is how they face; they are not able to maintain their continuity and order.

So, the purpose of organization has shifted towards push strategy towards pull strategy. Push is when there was stability the organizations emphasized on selling the product. And pull strategy is now because of competition, there are several options available to the customers.

So, customers decide whether to buy a product from a particular company or to buy a product of a different company. So, customer is now considered to be king. So the companies are providing, or organizations emphasis has shifted towards high quality customer service; providing better services to customers, providing more value or better services. more value quality product to the customers.

The next point is innovation. If, there is no difference in the products sold by company a and company b. And, the price is also almost similar, then the customers, would not be able to differentiate between the company a and company b's product. So, innovation is something which helps in maintaining the continuity and order. Innovation will provide sustainable competitive advantage to the company.

So, innovation means doing things differently exploring new territories, and taking risks. Manager should encourage employees to be aware of an act of opportunities for innovation.

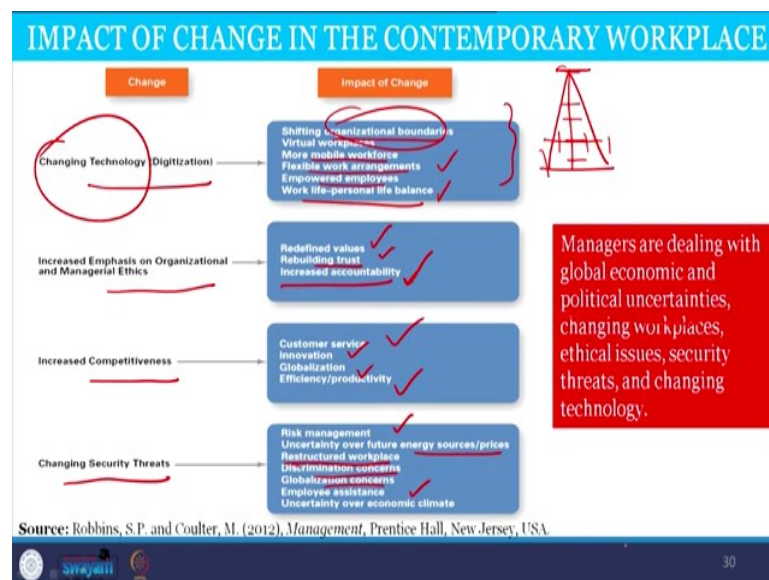
So, innovation can give a boost to the company, innovation provides competitiveness, to the company in a phase of intense rivalry between a particular industry. In an industry which is mired with a lot of competition. So, innovation gives a sustainable competitive advantage.

So, we will be discussing about how the workplace has changed over a period of time. Earlier there was a lot of competition, earlier the business environment was stable, and the present business environment is highly dynamic and competitive. The dynamic business environment there are two challenges, how to maintain sustainability in the present business environment, which is mired with lot of competition.

The two points that have emerged from the discussion is customers with the companies or organizations need to keep their customers more satisfied, by providing innovative products and services. Innovation is now the buzzword innovation and customer is the king is the buzzword.

So, maintaining customer relationship is very important for the managers today and they have to think differently think out of the box, explore new territories, take risk. Manager should encourage their employees to be aware of and act on opportunities of innovations; how to innovate.

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So, impact of change we will discuss now, how the change has happened in the workplace, which has resulted in shift from traditional to modern workplaces. Technology has changed over a period of time; there is evolution of technology, as a result there is a change in organizations structure.

Virtual workplaces, organizational boundaries have shifted, virtual workplace concept has come into being, workforce mobility; workforce is now more mobile, there is a geographical dispersion of employees. Flexible work arrangements have come into being flexibility is taking place now, employees can work from anywhere anytime. Empowerment people or employees are more empowered, work life and personal life balance. There is more emphasis on work and personal life balance.

Increased emphasis on organizational and managerial ethics; redefined values, rebuilding trust, increased accountability. Organizational and managerial ethics concept is also emerging nowadays because customers will not be satisfied only with the products you offer, the products offered by the company, but they look for more values.

Redefining: so value the concept of value is redefined. The product should be ethically, socially relevant, the product should be meeting ethical norms, standards; so which will help in rebuilding trust with the company. Customer or employer the customer as well as the company relationship is given more importance increased accountability. So, this has the change in the ethics managerial ethics has created impact on change in the workplace.

Increased competitiveness: As there are large number of companies in a particular industry, which has resulted in emphasis on more customer service or better customer service, innovation, globalization, efficiency and productivity. Changing security threats; risk management, uncertainty over future energy resources, restructured restructuring has been given more emphasis, discrimination concerns, globalization concerns, employee assistance, uncertainty over economic climate.

So, managers are ultimately dealing with global economic and political uncertainties. Changing workplaces, ethical issues, security threats, and changing technologies. So, these factors have led to changes in the contemporary workplace.

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MANAGEMENT PRACTICES IN NEW WORKPLACE		
	The New Workplace	The Old Workplace
Characteristics		
Resources	Bits—information	Atoms—physical assets
Work	Flexible, virtual	Structured, localized
Workers	Empowered employees, free agents	Loyal employees
Forces on Organizations		
Technology	Digital, e-business	Mechanical
Markets	Global, including Internet	Local, domestic
Workforce	Diverse	Homogenous
Values	Change, speed	Stability, efficiency
Events	Turbulent, more frequent crises	Calm, predictable
Management Competencies		
Leadership	Dispersed, empowering	Autocratic
Focus	Connection to customers, employees	Profits
Doing Work	By teams	By individuals
Relationships	Collaboration	Conflict, competition
Design	Experimentation, learning organization	Efficient performance

Source: Daft, R. L. (2008), *Management* (8th edition), Thomson South-Western, Mason, USA.

Traditional mindset in THE NEW WORKPLACE has to give way for innovative management practices

So, management practices in the new workplace and the old workplace were completely different; and, we will discuss, what are the factors that have changed in the new workplace and how the evolution has happened. Characteristics, resources, earlier the workplace focused on physical assets. The emphasis was given on the physical assets like, land, capital, machinery, workers. And, now in the new workplace emphasis is given on information or knowledge.

The focus is on knowledge workers efficiency and otherwise the new workplace is called the knowledge economy. Work is more flexible and virtual; earlier it was structured and localized. Workers were loyal employees and workers are empowered employees they are free agents. There is more autonomy and freedom, autonomy and freedom given to employees.

The forces in organizations, technology, markets, workforce, values and events. Technology was mechanical in the old workplace is more digital and e-business is taking place. Market was localized, market is globalized, workforce was earlier homogeneous is diverse now; values were stable and stability. Emphasis was given on stability and efficiency and emphasis given today is on speed and change.

Events are turbulent today and events were calm and predictable. So, there is a change in the new workplace, the concept of workplace is completely dependent on knowledge economy, e-business, empowerment of employees, management competencies are dispersed, and empowered, empowerment of employees. The focus is on connection to customers and employees, the focus was earlier on profits.

And, working relationship is team, team based and collaboration, in the earlier times it was individual and individual centric, the organizations were more individualistic. Design was experimentation and learning organizations, designs earlier, work designs were efficient performance.

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CHARACTERISTICS OF MOST ADMIRABLE COMPANIES

- Delivering value to customers ✓
- Investing in employees
- Dealing fairly and ethically with suppliers
- Supporting communities in which they work
- Generating long term value for shareholders, who provide capital, that allows companies to invest, grow, and innovate for transparency, and effective engagement with shareholders.
- Each stakeholder is essential and organization is concerned to deliver value to all of them for success of the organization, community, and the country.

Shifting Focus From **MAINSTREAM** to **MULTISTREAM** orientation:

The Purpose of A Corporation (Business Roundtable, 2019)

Handwritten notes: "profit" circled around MAINSTREAM, "multiple stakeholders" written next to MULTISTREAM.

So, characteristics of the most admired companies as per the previous discussion management practices have evolved in the new workplace from the previous workplace. The characteristics of most admired companies is to deliver value to customers, investing in employees, dealing fairly and ethically with suppliers, supporting communities in which they work.

Generating long term value for shareholders, who provide capital that allows companies to invest, grow, and innovate for transparency, effective engagement with shareholders. Each stakeholder is essential for organization and is concerned to deliver value to all of them for success of organizations, community, and the country. So, overall there is a shift from the mainstream to multistream orientation.

Mainstream orientation focused on profit maximization. The prime focus was earning profit. The companies they created surplus and out of the efficiency or optimum utilization of resources, and the focus was profitability. Multistream orientation focused on earning or giving a win-win approach or emphasizing on winning or providing value to or multiple stakeholders. Multiple stakeholders associated with organizations.

Stakeholders; the stakeholders could be shareholders, the customers, the employees, suppliers and the communities. So, all of them had earned equal share in the organizations profit. Delivering value to customers, they provide value to the customers being ethical by having products which are ethical and the ethical relationship with the customers.

Investing in employees; a long term trust is earned with the employees based on how they have shown their trust and loyalty towards the organization. Dealing fairly and ethically with suppliers, supporting communities in which they work.

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SHIFT IN FOCUS OF MANAGEMENT: MAINSTREAM TO MULTISTREAM APOPROACH

❖ **Mainstream Approach:** Maximisation of Profit

❖ **Multistream Approach:**

- Maximising benefits of multiple stakeholders (customers, suppliers, employees, investors, shareholders, and society)
- Striking a balance to maintain ecological safety, social justice, and emphasis on human dignity and happiness
- Addressing problems of workplace diversity
- Inclusive approach

So, shift in focus of management from mainstream to multistream approach. Mainstream approach with maximum concern on profit for organization; multistream approach maximizing benefits of multiple stakeholders, that is customers, suppliers, employees, investors, shareholders and society. Striking a balance to maintain ecological safety, social justice and emphasis on human dignity and happiness. Addressing problems of workplace diversity. Inclusive approach.

So, overall there is there is a shift in focus in the traditional management to the modern management concept from mainstream to multistream approach with concern for all the stakeholders and providing benefit to all or a win-win approach with by partnering benefit with all the stakeholders.

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CHARACTERISTICS OF EXCELLENT ENTERPRISES

Eight characteristics of excellent enterprises. Specifically, these firms:

1. were oriented toward action
2. learned about the needs of their customers
3. promoted managerial autonomy and entrepreneurship
4. achieved productivity by paying close attention to the needs of their people
5. were driven by a company philosophy often based on the values of their leaders
6. focused on the business they knew best
7. had a simple organization structure with a lean staff
8. were centralized as well as decentralized, depending on appropriateness

The slide features a blue header with the title 'CHARACTERISTICS OF EXCELLENT ENTERPRISES'. Below the title, the text 'Eight characteristics of excellent enterprises. Specifically, these firms:' is followed by a numbered list of eight characteristics. Several terms in the list are circled in red: 'customers' in point 2, 'needs of their people' in point 4, 'values of their leaders' in point 5, and 'business they knew best' in point 6. Red arrows point from 'customers' to 'needs of their people' and from 'values of their leaders' to 'business they knew best'. The slide also includes a small logo in the bottom left corner and the number '34' in the bottom right corner.

Characteristics of excellent enterprises; there are eight characteristics of excellent enterprises are basically they were oriented towards action, learned about the needs of their customers. The companies have understood that their existence is based on how they serve to the customers, if the customers are happy they would earn a better brand name, promoted managerial autonomy and entrepreneurship.

Organizations have also understood that a better or happy healthy relationship within the workplace, providing managerial autonomy; autonomy and creating an environment, where entrepreneurship is given more importance. Innovation and entrepreneurship is given emphasis, which will lead to customer satisfaction. So, happy productive workers can always bring back more number of customers.

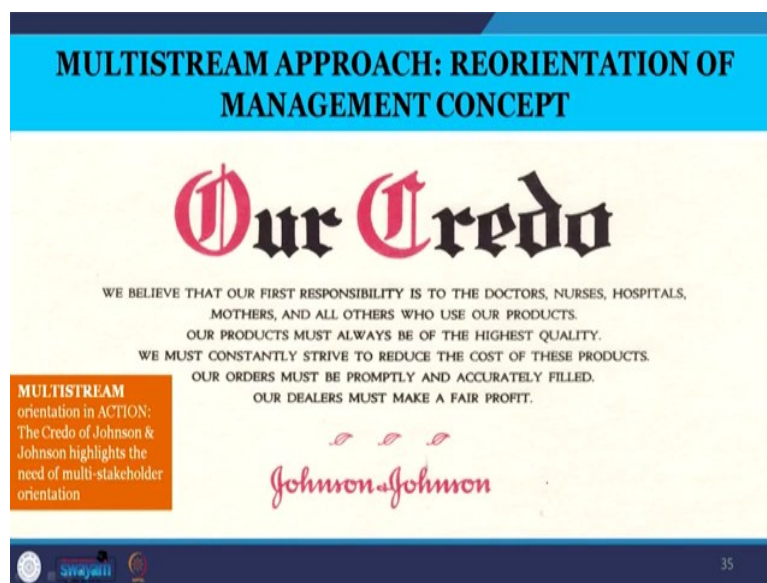
Productivity can be achieved by paying close attention to the needs of the employees or the people. Were driven by company philosophy often based on the values of their leaders, those companies are more successful which are driven by values. For example, as discussed earlier Johnson and Johnson is a company which is sustainable in the market because of the core values, because of their ethical concern towards all the stakeholders.

Be it the customers, employees, or the shareholders, they have been more concerned towards all the stakeholders. So, and the values are being framed by the leaders. Focused on the business they knew the best. They do not focus on each and every aspect, but they focus on what they know the best.

The resources which they have the best or they emphasize on their own strengths, rather than highlighting the weaknesses had a simple organizational structure with lean staff. So, the organizations mostly emphasize on a structure or simple organizational structure, with a lean and efficient staff.

Were centralized as well as decentralized depending on appropriateness. So, the organizations were more centralized they strike a balance between centralization and decentralization, depending on what is appropriate in the present context.

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So, multistream approach with taking one example of a multistream approach reorientation of management concept; Johnson and Johnson is a company which is oriented towards action, the Credo of Johnson and Johnson is the highlights the need of multiple stakeholder orientation.

They are responsible company which not only takes care of the needs of the employees, the customers, the stakeholders, the community at large. So, overall emphasizing or overall being more ethically concerned towards all the stakeholders.

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REORIENTATION OF MANAGEMENT

- ❖ Management skills and actions are key to helping organizations overcome crisis be creative, inspired, and productive.
- ❖ The future of work demands less command and control, more coordination and communication.
- ❖ Differs from traditional mindset of top-down control to emphasize on sustainability with flexibility, human dignity, and stakeholder engagement.
- ❖ Successful department and organizations just don't happen—they are managed (Daft, 2008).

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Reorientation of management: Management skills and actions are key to helping organizations overcome crisis. The skills; the basic skills of managers, planning or the conceptual skills, the technical skills, or the human skills, or the management functions, they always help an organization to overcome crisis like situations, to be more creative inspired and productive.

So, these skills managerial roles, interpersonal, informational and decisional roles, the planning, organizing, directing, and controlling functions they help managers, and help organizations, overcome crisis like situation. Whenever, the organization faces a loss like situation or a crisis like situation. So, these skills help managers to be more responsive towards or responsive and to be active to be creative, and inspired, and productive.

So, this will provide a continuous momentum to the organization. The future of work demands less command and control, more of coordination and communication. As the workplace is changing, earlier there was less of or there was more emphasis on stability and today there is more emphasis on flexibility. So, rigidity, command and control is now replacing, coordination, communication, coordination, communication and or more of interpersonal relationship.

It differs from traditional mindsets of top down control. The top down control exercised by the top management is now facing out and emphasis is given on sustainability, with flexibility, human dignity and stakeholder concern, or stakeholder engagement.

So, what will lead an organization in the twenty first century is not just command and control economy; but, a top bottom up approach with emphasis on participation, participation engagement and concern for human dignity and flexibility, which will give emphasis on overall sustainability.

Successful departments and organizations do not just happen. Successful organizations like GE or Apple, they have not just happened over a period of time, they have just not happened. They have been managed with a well-defined philosophy, they have been managed and well planned, so, that they are successful.

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VALUE OF STUDYING MANAGEMENT IN CONTEMPORARY ENVIRONMENT

- The **universality** of management
 - Good management is needed in all organizations.
- The **reality** of work
 - Employees either manage or are managed.
- **Rewards** and of being a manager
 - Management offers challenging, exciting and creative opportunities for **meaningfulness of work**.
 - Successful managers receive significant monetary rewards for their efforts.

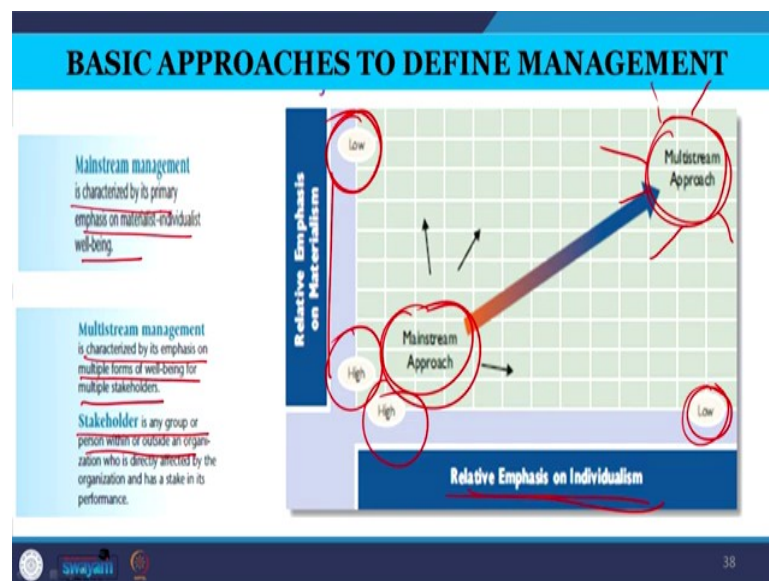
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Values of studying management in contemporary environment. Why do we need to study management concept? The principles of universality of management, do you think management is applicable in all organizations? Be it a profit centered or nonprofit organization. The concept of management, planning, organizing, the management functions, planning, organizing, directing and controlling are equally important in all organizations.

Good management is needed in all organizations. Whether it is a manufacturing organization or a service centered organization, service oriented organization, be it a philanthropic organization or a public sector organization, or a private organization, management is required in all of these organizations. The reality of work employees either manage or are managed.

There are different types of employees, some can manage themselves, some need to be managed. Therefore, management is applicable for all managers, rewards of being a manager. Management offers challenging, exciting and creative opportunities for meaningfulness of work. Management provides meaningful meaningfulness of work; successful managers receive significant monetary rewards for their efforts.

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So, basic approaches to define management. If we look at there are two approaches; one is mainstream and multistream approach. Mainstream approach, if we look at this particular quadrant or the diagram, there are two axes; relative emphasis on individualism and relative emphasis on materialism; there are two axes.

The first axis says if a focus on individualism is too high as well as materialism is high then the company is more concerned towards earning more profit for themselves; so that is the mainstream approach.

Whereas in multistream approach if we move further we can see there is low on individualism and low on materialism which means that; the companies are more focused towards giving equal importance to all the stakeholders, there is less emphasis on individualism, less emphasis on materialism.

They are less concerned towards their own benefit, more concerned towards giving equal importance or winning together approach. Mainstream approach is characterized by its

primary emphasis on materialistic individualistic wellbeing. Multistream approach is characterized by emphasis on multiple forms of wellbeing for multiple stakeholders. Stakeholder is any group of person with or within or outside an organization, who is directly affected by organization and has a stake in its performance.

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Shift in Focus of Management: Mainstream to Multistream Approach	
Mainstream Approach	Multistream Approach
Concern for <u>productivity, profitability</u> and competitiveness.	To achieve a balance among <u>multiple forms of well being for multiple stakeholders.</u>
	❖ Social ✓
	❖ Ecological ✓
	❖ Spiritual ✓
	❖ Physical ✓
	❖ Aesthetic ✓

So, there is a shift in focus of mainstream management, from mainstream to multistream approach. Mainstream approach which is more concerned towards; profit or surplus, which is surplus, productivity, profitability and competitiveness. The major emphasis of multistream approach is to strike a balance, among multiple forms of wellbeing for multiple stakeholders; the concern for; social society, concern for ecological safety and ecological balance, spirituality, physical, and aesthetic.

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Comparing mainstream and multistream approach as opposite ends of continuum; the planning in mainstream approaches quantifiable goals top down analysis, multistream approach emphasizes on practical wisdom and participative approach. Participation of all stakeholders, participation of employees. Organizing was done through standardization, and specialization of task in mainstream approach. Multistream approach the emphasis is on courage and experimentation.

Leading was done through instrumental motivation, instrumental motivation and the results or output. Motivation behind or the leading function in multistream approach was relational self-control. By relationship emphasizing on relationship building, customer relationship, stakeholder relationship, management, and controlling was done through vigilance or information system. The control in case of multistream approach was through justice, fairness, equity and sensitization.

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Comparing Mainstream and Multistream Management Definitions		
	Mainstream Approach ←	→ Multistream Approach
Management	The process of planning, organizing, leading, and controlling human and other organizational resources with the aim of achieving organizational goals efficiently and, therefore, effectively	The process of planning, organizing, leading, and controlling human and other organizational resources with the aim of achieving organizational goals virtuously and, therefore, effectively
Key ideas	Maximize productivity vis-à-vis self-interest	Nurture community vis-à-vis virtue
Planning	Setting an organization's goals and strategies and deciding on the appropriate organizational resources required to enable achieving them	Working together to identify an organization's goals and strategies as well as the appropriate organizational resources required to enable achieving them
Key ideas	Measurable goals, top-down linear analysis	Practical wisdom, participation
Organizing	Assigning tasks and arranging resources to meet organizational goals	Ensuring that tasks are assigned and adequate resources are arranged to facilitate meeting organizational goals
Key ideas	Standardization, specialization, centralization	Courage, experimentation
Leading	Motivating others so that their work efforts serve to meet organizational goals	Working alongside others so that together everyone's work efforts serve to meet agreed-upon organizational goals
Key ideas	Instrumental motivation, output	Relational self-control, dignification
Controlling	Monitoring organization members' performance, comparing it to standards, and taking corrective action to improve performance as necessary	Ensuring that actions of organizational members are just and consistent with the organization's underpinning values
Key ideas	Vigilance, information systems, value chains	Justice/fairness, sensitization, value loops

So, in comparing mainstream approach with the multistream management definitions; mainstream approach the process of planning, organizing, leading, and controlling human and other resources with the aim of achieving organizational goals efficiently and effectively.

In multistream approach, the process of planning, organizing, leading, and controlling human and other resources, controlling all the resources human and other land capital machinery etc., with the aim of achieving organizational goals virtuously, and effectively. The key idea behind is maximizing productivity and the main interest was self-motive or self-interest.

In the second multistream approach the key idea was to nurture community; nurturing relationship, maintaining say equity, justice, via virtue. So, there is less emphasis on individualism and less emphasis on materialism.

Planning was setting an organizations goals and strategies, deciding appropriate organizational resources required to enable achieving them. The idea was top down linear analysis, the goals were measurable.

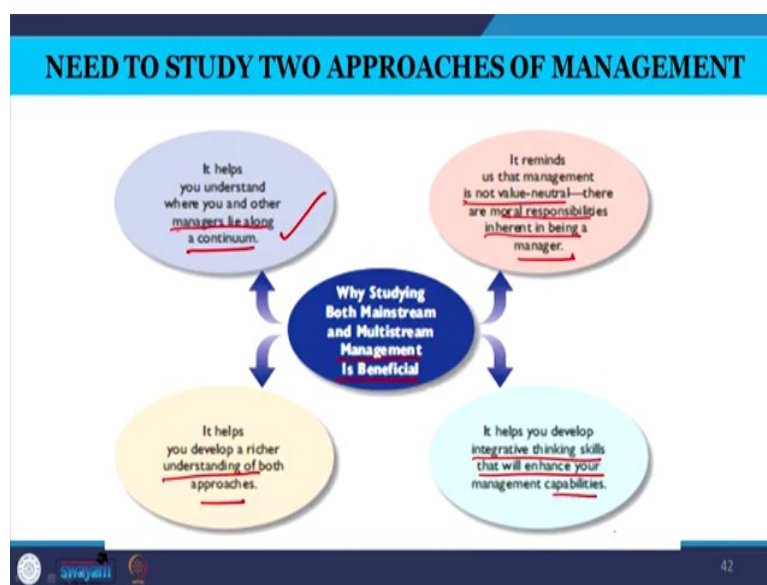
In the multistream approach working together to identify organizational goals and strategies as well as appropriate organizational resources to enable achieving them practical wisdom and participation. Organizing is ensuring assigning tasks and arranging resources to meet organizational goals, key idea is standardization, specialization, and centralization.

In the second case multistream ensuring tasks are assigned and adequate resources are arranged to facilitate meeting organizational goals. Leading motivating others that their work

efforts serve to meet organizational goals, working alongside in the multistream approach, working alongside others together every ones work efforts serve to meet agreed upon organizational goals.

Controlling was monitoring organizational member's performance comparing it to standards taking corrective actions to improve performance as necessary. In multistream approach ensuring that actions of organizational members are just and consistent with organizational underpinning values.

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So, why there is a need to study two approaches of management. Basically, it reminds us that management is not value neutral. There is moral responsibility inherent in being a manager. This helps develop integrative thinking skills that will enhance management capabilities. It helps develop a richer understanding of both approaches multistream as well as mainstream approach. It helps understand managers lie along a continuum.

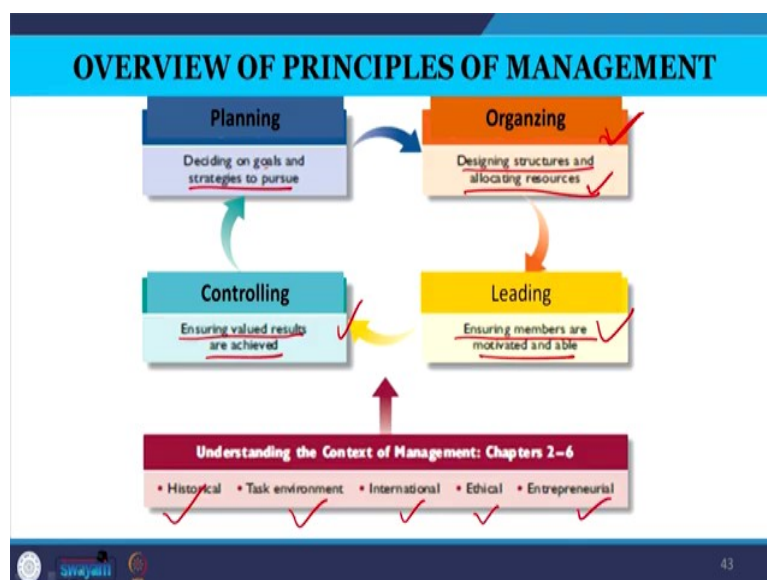
Managers are not necessarily adopting mainstream approach; sometimes they adopt multistream approach. So, it is just like the managerial style is within a continuum, it lies along a continuum.

So, therefore, understanding both approach is beneficial for a manager to know, whether profit is the prime concern. As earlier in the previous discussions we emphasized, that the

very purpose of organization is to earn profit. But, today when the competition has increased, there are many options available to customers.

So, customers or stakeholders can always take a rational decision, which company is most viable for them to maintain relationship. So, therefore, profit cannot be the prime concern of organizations, but along with profit, there is need to emphasize on stakeholder relationship, concern for equity, concern for fairness, justice and as well as concern for maintaining ecological balance. Or in conclusion we can say that there should be emphasis on people planet and profit together.

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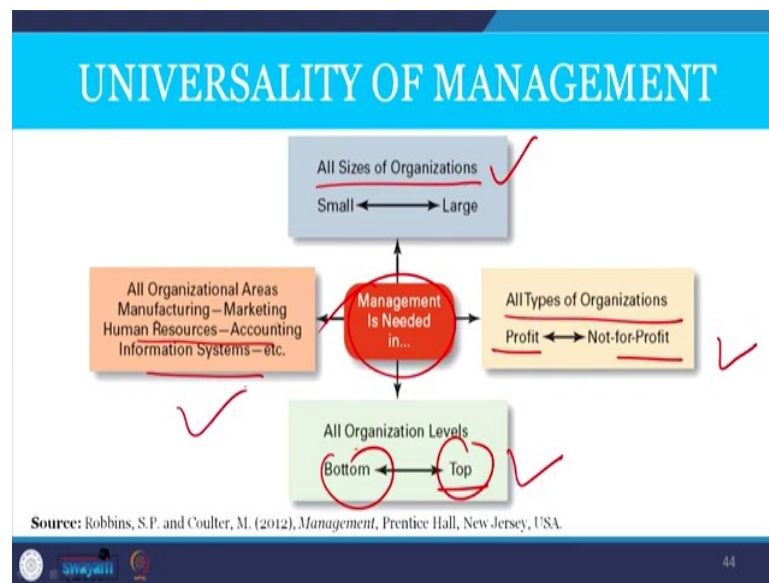


So, overview of principles of management: Planning decides on goals and strategies. Organizing decides structures and designing structures and allocating resources to people. Leading is ensuring members are motivated and are able to perform. Controlling ensures values, valued results are achieved.

So, emphasis of these four management functions, planning, organizing, leading or directing, and controlling is to ensure that the tasks within the organization is as per the plans. And, there is a well-defined plan which need to be executed, by organizing the tasks. We allocating resources to employees, ensuring members are motivated to accomplish those desired goals or plans, and there is a corrective action taken so that there is no deviation in any of the plans.

Understanding the context of management is equally important. So, there we will be learning about the historical evolution of management context. The task environment, international environment, ethical and entrepreneurial, and how to be entrepreneurial.

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So, universality of management concept all sizes of organizations be it a small organization or large organization, management is required. All types of organizations profit or nonprofit organizations, from the top to bottom both all organizational levels, the concept of management is required in all organizational areas, manufacturing, marketing, human resource accounting, information etc. The management concepts are equally relevant.

So, thus what we discussed now is universality of management. Management principles concluding this discussion, I would like to say that; management is universally applicable in all sizes of organizations at all levels, all types of organizations, and in all areas.

Thank you.