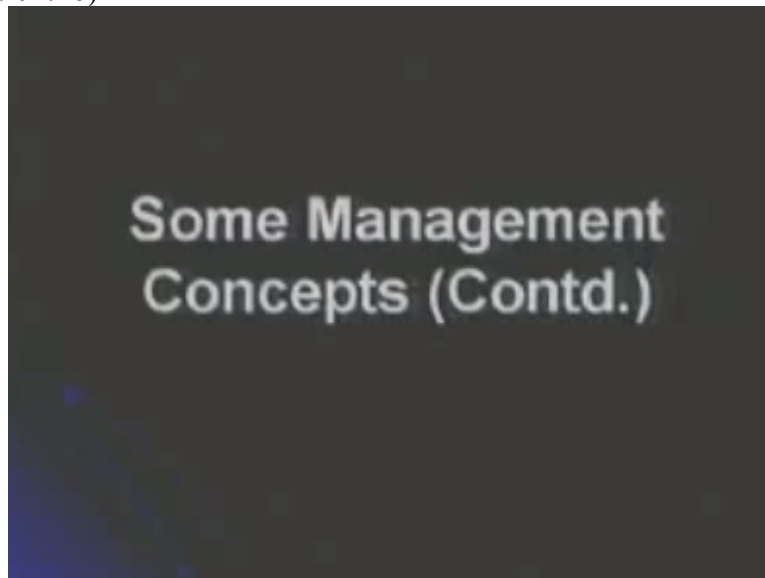


**Indian Institute
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Presents
Under the auspices of
National Program on
Technology Enhanced Learning
NPTEL
(An MHRD initiative)
TECHNOVISION
Educational Technology
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PRESENTS
A Video Course
On
Management Science
BY
Prof. Amerada Sharma
Department of Humanities and
Social Sciences, IIT DELHI
Lecture # 19
Some Management Concepts
(Contd.)**

We are discussing some management concepts.
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And in my last lecture are try to make you familiarize with number of concepts today we were discussing further concepts toady we begin with.
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Environmental Scanning

It is the process of collecting information about the business environment to identify opportunities and assist in planning. It is the practice of monitoring the company's internal and external environment for threats and opportunities.

Another set of concepts let us begin with environmental planning today the issue of environmental planning it is a process of collecting information about the business environment to identify opportunities and assists in planning it is the process of monitoring the companies internal and external environment for threats and opportunities, so we can see that the environmental planning is also an important factor in the overall functioning of an organization then. The next concept we are taking up is the first mover advantage.
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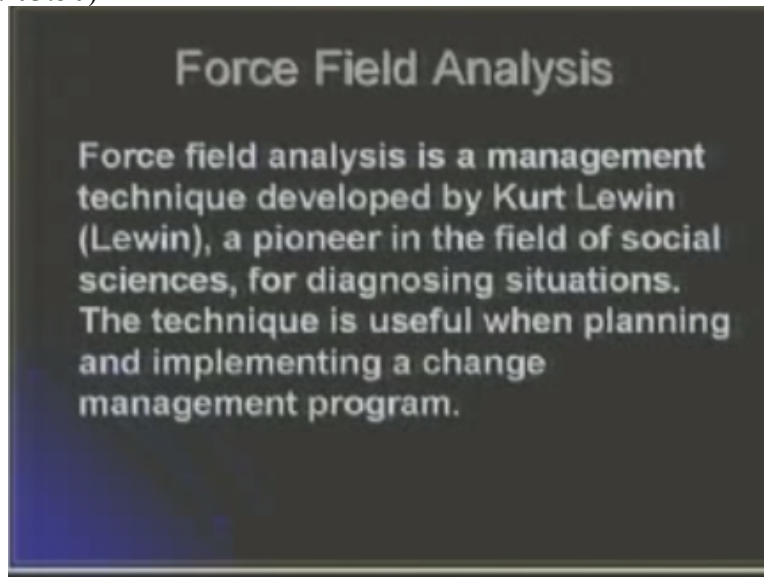
First- Mover Advantage

It is the competitive advantage gained by a company on entering a new market or by introducing a new product or service. As the company is the only one present in the new market or product segment, it can attain market leadership position fairly easily as compared to the others who follow later.

The first mover advantage refers to the first mover advantages it is the competitive advantage in fact all of us have understood in our introduction that the competitive advantage word we are using in today's time to look at the performance of an organization in terms of competitive scenario in today's time.

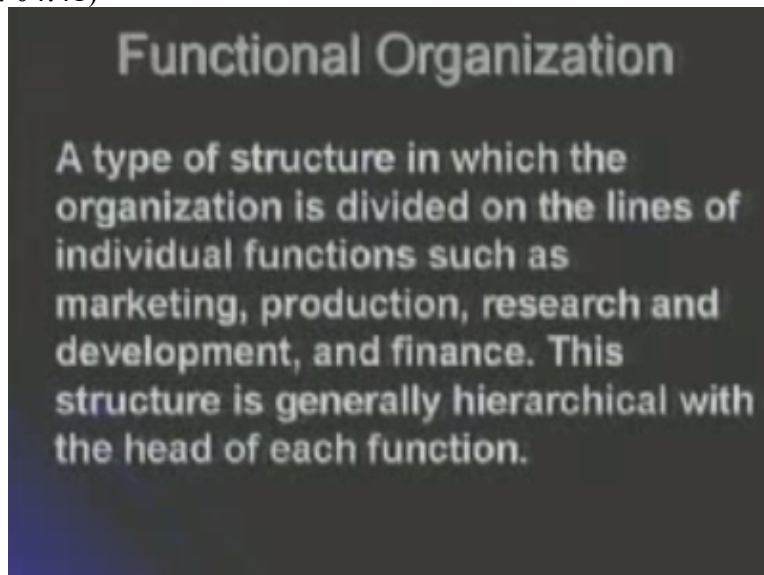
So this refers to the competitive advantage gained by a company on entering a new market or by introducing a new product or service as the company is the only one present in the new market or

product segment it can attain market leadership position fairly easily as compared to the others who follow later. So this company gets the first mover advantage.
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In terms of coming to the market then we move on to a concept called forced field analysis this force field analysis is a management concept actually that comes from the literature pyshcology were Kurt Lewin had pioneer you know in this field and so the force field analysis is the management technique developed by Kurt Lewin a pioneer in the field of social sciences,for diagnosing situations, the technique is useful when planning and implementing or change in an organization.

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So Lewin as given strategies for change management then the functional organization is a type so structure in which the organization is divided on the lines of the individual functions such as marketing, production, research, development, finance and so on, this is structure is generally hierarchical with the head of each function.

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Garbage In, Garbage Out (GIGO)

This is the term widely used in the field of computer science. If the incorrect data is entered This concept is applied in management situations also when companies recruit new people who are incompetent.

So this makes us to the issue of the use of the information of the computer, which is known as the garbage in and garbage out, this is the term widely used in the field of computer science, and as you know in the multi disciplinary approach we had seen, that for managing need, so many disciplines and of course one of the major and put the conflict from the computer science, if the correct data is entered.

This concept is applied to management and the situations when the companies recruit new people who may be in competent, so if the correct data is entered yes of course you are going to get the correct results, but suppose the date is not correct then you are not going to get the correct results that is the idea, computer has a tool, has to be handle extremely carefully well in all the sciences, all the subjects, but when we are looking at management we have to see. That if the strategies is not giving us the best results, where we have been gone wrong, sometimes we enter wrong data, so some here we want to the generics strategy.

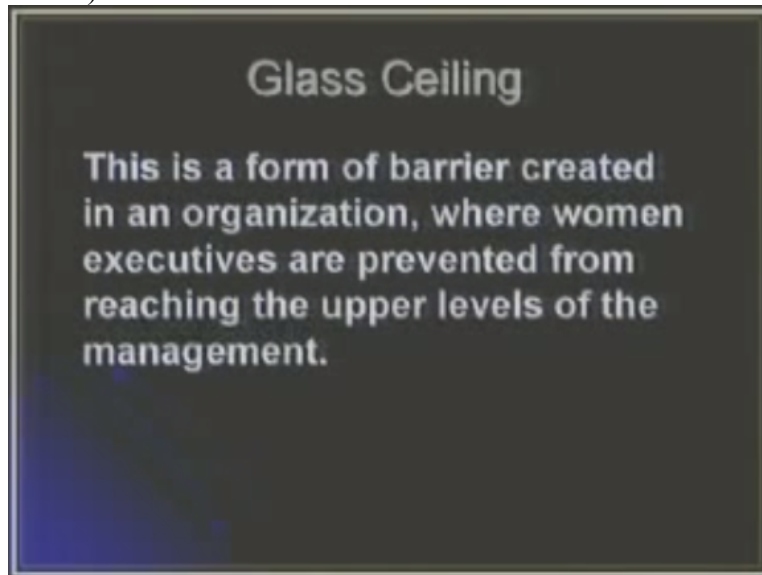
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Generic Strategy

A term associated with Michael Porter who identified three generic strategies:

Cost leadership, Differentiation and Focus

Generic strategy term is associated with the Michael Porter generic strategy he has talked about the cost leadership, differentiation and focuses, has the three aspect of generic strategy.
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From here we move on to interesting terms I am sure some much you have all of you in fact you have heard about the concept of glass yielding, women are coming in the management in big way in fact of all fields of works, women are coming, and the other day know I was hearing about the results.

You know from our this twelfth examination, I found women have done much better and more number of women have set off scored better marks and so on. And the result of that there are also entering into all kinds of professions, but they cannot set, when women in the management the concept of class ceiling is seen.

In a big field, this is the form of barrier created in an organization, women executives prevented from reaching the upper level of the management, well may be an attitudinal problem we do not know what it is, we are going to have a discussion, women in management one of the lectures so there we can discuss concept in much details, then the issue of globalization.

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Globalization

Globalization is a very commonly used term today. But it can mean different things to different people. At a worldwide level, globalization refers to the growing economic interdependence among countries. This is reflected in the increasing cross border flow of goods, services, capital and technical know how.

I have perhaps also used that word number of times all see in the mind deduction now is talking to you about the term globalization, but what is actually mean by that oaky, all of you know about because newspaper are full of that, but let us see formally we can say globalization is vary commonly used on today, but it can mean different things to different people, at the world wide level, globalization.

Refers to the growing economic interdependence among countries and this is reflected in the increasing cross border floe of goods, services, capitals, technical to know how etcetera, so when we are looking at globalization that means you know we are talking about the boarder less, perhaps the economy and the kind of the collaborations that we have, so globalization is many things at the same time.

That is the idea we are talking about then we come to yet another concept that we are doing to discussing in our chapter model on organizations we are will be discussing about the structure of a organization particularly in India and so there the concept of independent director will emerge. (Refer Slide Time: 11: 35)

Independent Director

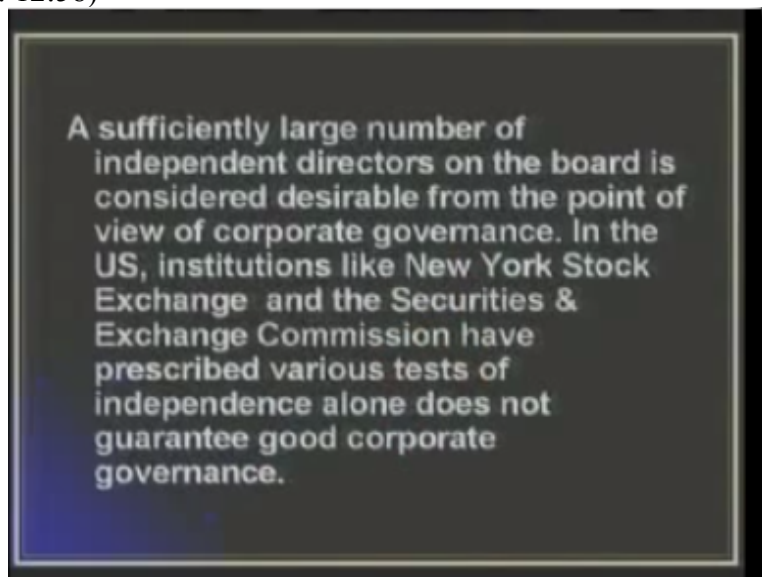
An outside Director or Non executive Director with no interests in the company, other than the directorship. Such a director should not have interests seen to affect, the exercise of independent judgment, while taking decision on behalf of the company.

So let us see what is the meaning of independent director? All of you know that the companies are board do director and then there is a concept of independent directors. Independent director, on non executive director with no interested in company other than the directorship such a director should not have any interest seen to effect in the exercise of independent judgment.

While taking decision on behalf of the company

So these days the concept of independent director has also started Indian then corporate sector in fact I was told there has been trying to look into that the most of the companies must have independent director. On there also making list of the individuals could be made independent directors in certain companies. So from here we are discussing furthered that is the sufficient large number of independent directors on the board.

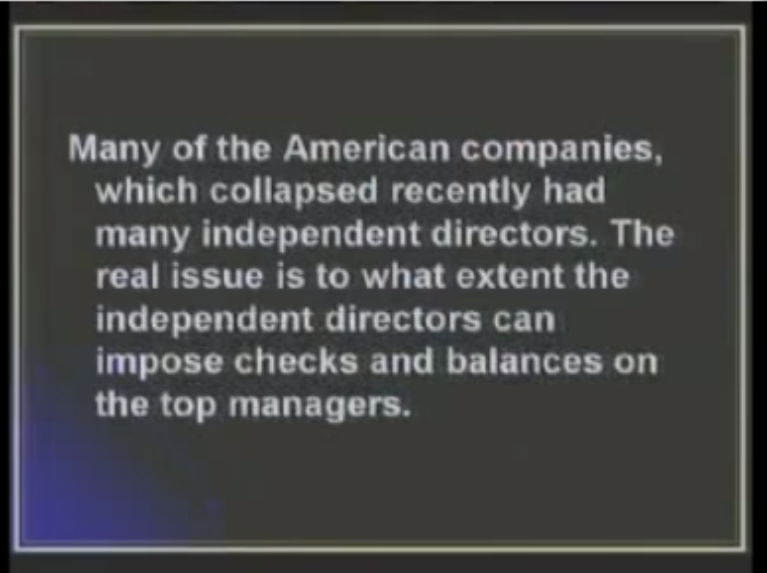
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Is considered desirable from the point of view of corporate governments, in the states institutions like New York stock exchange and Securities and Exchange Commission's have prescribed various tests of independence of dependence Okay for the board of directors, okay and this does not guaranty good corporate governance if we are not choosing perhaps the independent directors very carefully.

So this concept becomes extremely important for the companies of today and many of the American companies which have collages decently.

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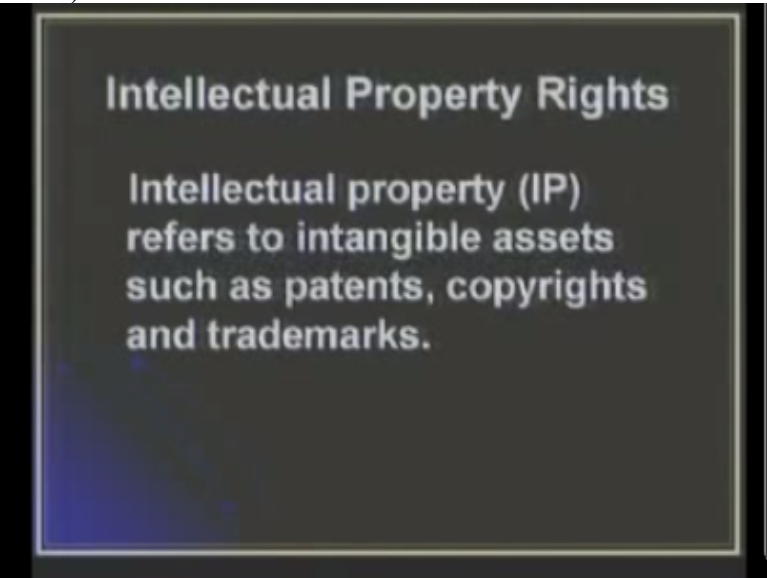


Many of the American companies, which collapsed recently had many independent directors. The real issue is to what extent the independent directors can impose checks and balances on the top managers.

Had many independent directors and the real issue is what extent the independent director can improves checks and balances on the top manager. So selecting an independent director itself you know it is very important so challenging and before independent director in our countries these big exercise going on and we are all trying to look into that. So that in this is the responsible person who can really govern the organization with the perhaps the certain the checks and balances.

For so that there is a good functioning of the company, this brings has to yet another concept in management. See we have you know invasions and we are trying to design new systems, the new ideas of technologies. And for which there is an intellectual write a clause and whole companies is the have write to.

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Intellectual Property Rights

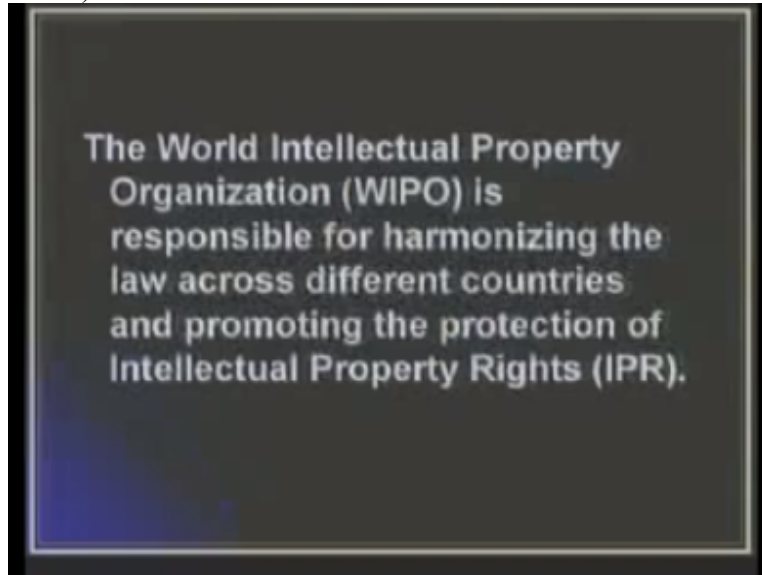
Intellectual property (IP) refers to intangible assets such as patents, copyrights and trademarks.

Keep the designs and there innovative ideas you know underproduction some kind of a production. So intellectual property right is the one that is trying to look into that the intellectual property right this refers to intangible assets such as patents, copy right, trademarks, including

the designs, including the photo graphs, including all this things on for the production of the company.

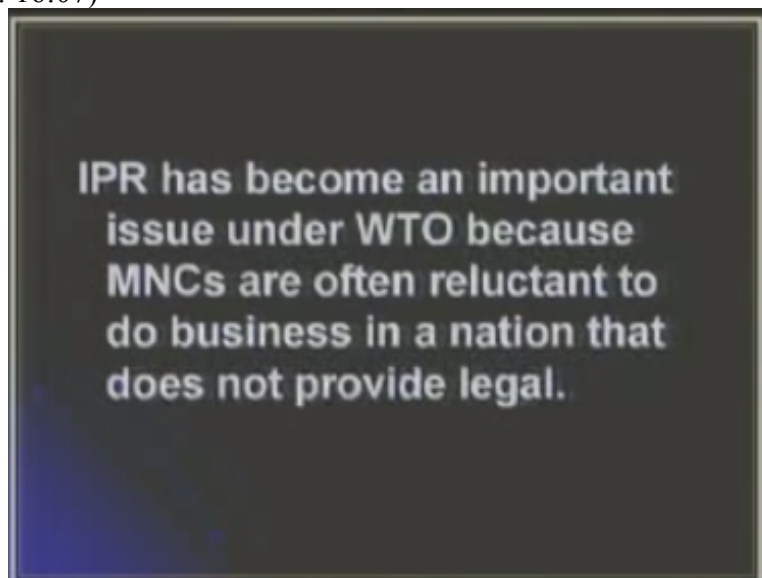
Or any author so these the every years you know perhaps in a we have one intelligent property right and they also we celebrate.

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And world intelligent property write is responsible for harmonizing the law across different in countries and promoting the production of intelligent property rights which we in short to say IPR.

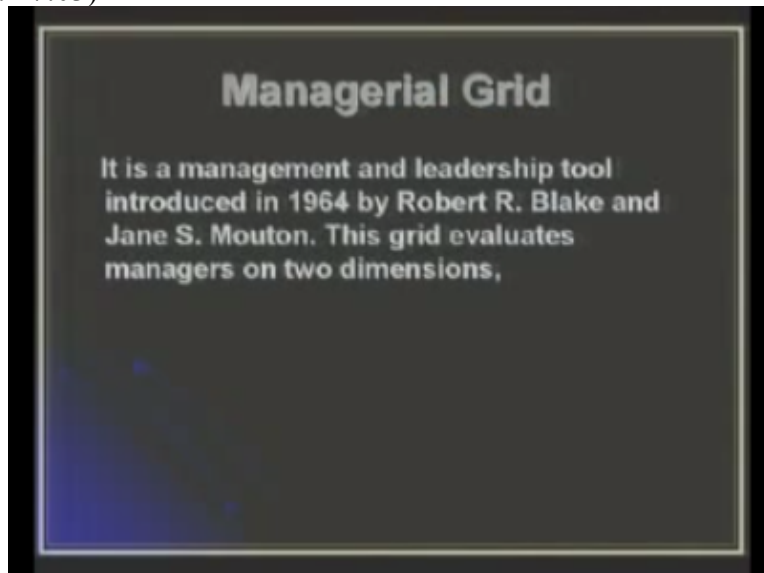
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This becomes an important aspects of management studies and further innovate we are discussing some of the models may be the difference will come to this aspect. Now IPR also became a important issue under the WTO because MNC s are often reluctant to do their business in the nation that does not to provide any legal set of production or any legal we can say kind of a situation.

Is it is creative then how to manage that so from here we come to another discussion of managerial grid.

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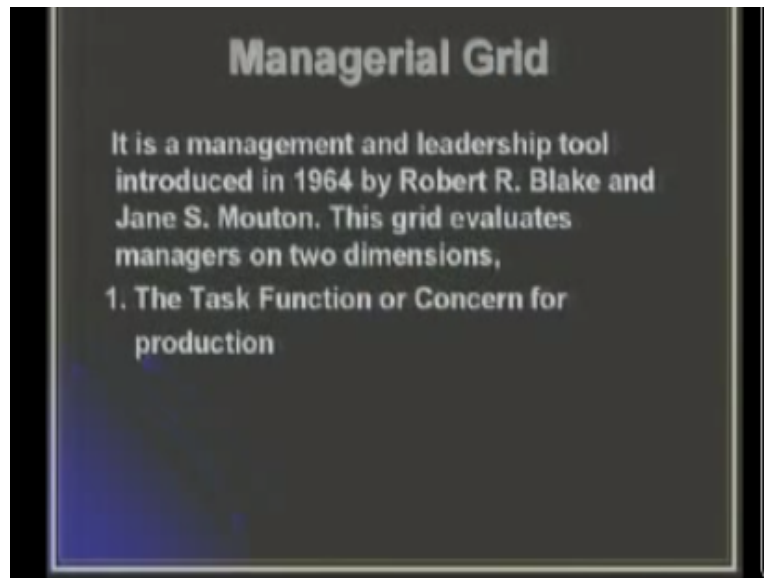
I we here about managerial grid, what kind of a grid is add in fact in when you study leadership you will find that there is a theory of leadership which we call has managerial grid. And managerial grid theory it is a management leadership behavior analyzed and this has been introduced has a toy by Robert Blake and Mouton and this grid valuations managers are two dimensions.

One dimension is the concern for people and the other dimension is concern for task, or concern for production. And they made great and you can have you know show the combinations of a concern people and concern for a task. So if you draw that you know and the gird you can see and the one hand may be zero concern for production and zero concern for task. On the other hand you can hundred concerns for production.

And zero concern for task similarly you can have hundred concern for production and hundred concern for task some other theoretical position and you can have again in a the same the concern for production and concern for task in various positions that you may have. So this is theory that we are going to take up while you are discussing the leadership theory and this theory we has make lot of contrition.

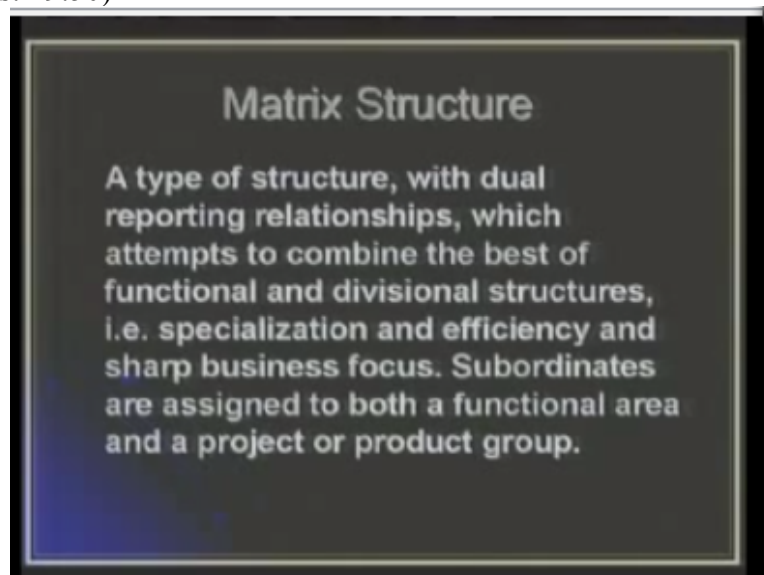
Also in a HRD on strategy and all over the days we discussed the managerial theory of Blake and model. Then from here we go through yet another issue of management.

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That is an issue of an application of these management the managerial theory the task function are the concern for production. And the religion function that is a concern for we can say concern for people this is what I will discuss just now. These are the issues that we have to discuss, so from here we move on to another concept.

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What we called has the matrix structure, matrix structure basically when we are talking about matrix structure this refer to generally organizational climate as we are trying to create to serve as a focal point for those who can really identify, the organization purpose and direction we can say, and this brings us to the issue of, this is also organization purpose that we have discussing.

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to deter those who cannot do so from participating further in its activities,
translation of objectives and goals into a work structure involving the assignment of tasks to responsible people within the organization and
to specify the organizational purpose and the translation of this purpose into goals in such a way that cost, time and performance parameters can be assessed and controlled.

To deter who cannot do so by participating in further activities, then this also machine also refer to the translation of objectives and goals into a work structure form involving the assignments of tasks to responsible people within the organization and to specify the organizational purpose and translation of the purpose into goals, in such a way that cost time and performance parameters could be assessed and controlled.

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Needs Hierarchy

A theory of motivation that focuses on the needs of human beings. Abraham Maslow (Maslow), a behavioral scientist, proposed the Hierarchy of needs theory in 1954, (Motivation and Personality).

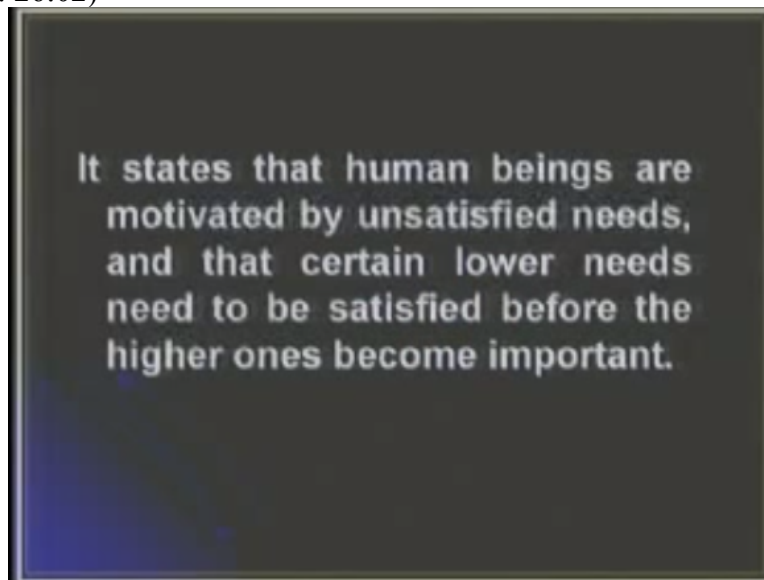
So this is very important when we are looking at the management as a subject, in our motivational analysis we will also be discussing a theory called Needs hierarchy theory, needs hierarchy theory which is proposed by Abrahams Maslow is an important theory about human behavior and this is the theory of motivation, that focuses on needs of human beings, Abraham Maslow, a behavioral scientist.

Proposed the needs of hierarchy theory in 1954 in his book on motivation and personality, and ever since we have all been working in this area and how we need hierarchy works that becomes an important aspect of our enquiry, the needs begin in a day, lowest level need the physiological

needs, then you have safety, security needs, then you have social needs and above that you have the lovingness needs, self esteem needs and self actualization need, self social needs and belongingness needs used interchangeably by many authors. So you can see that there is a hierarchy of needs, so this is what Maslow said hierarchy of need and there are of course.

The assumption of this theory is that humans motivated by the lowest order of needs, was the lowest order of needs is satisfied reasonably, not the maximum the reasonable, then we get motivated to the next order need, social need, security need, security need for safety and security needs first. Then the social and belongingness needs and these are the lower order, and then come the higher order needs, of self esteem and self actualization, and actually these lower order needs are the prerequisites the pre conditions, to the higher order needs.

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So it states that human beings are motivated by unsatisfied needs, and certain lower order needs to be satisfied before the higher order needs become important, and this goes on to say.

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**According to Maslow, when
“deficiency needs” are met,
other higher needs emerge and
when these in turn are satisfied,
new (and still higher) needs
emerge, and so on.**

That the needs, when the deficiency needs are met other higher needs emerge and these in turn are satisfied, these in turn will satisfied the new and still higher order needs and it will emerge in and so on it goes on, so as you can see that will motivate the individuals, so actually the challenge of organizations in is that how the lower order needs on the employees are the levels satisfied.

So that they reach the higher orders needs really make contribution, for themselves and for the organizations, and this is one of the motivational theory for work motivation, which we do in the our management studies matter, from here we come to organizational culture.

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Organizational culture
**It refers to a system of shared
meaning held by members
that distinguishes the
organization from other
organizations.**
(Schein, 1985).

We just talked about culture, but a step had I can say from culture to organizational culture we are talking about, this is culture within a organization, that what we are discussing, so organizational culture refers to a system of shared meaning held by members that distinguishes the organization from other organizations, so that means every organizations is an NTT it is an social NTT.

And it has its, it begins with a machine we have discussed at it has its values, it has its own climate, it goals and perhaps you know the expectations from the members, so it refers to the system of the shared meaning held by the members that distinguishes the organization from other organization professor Schein as given us you know this definition of organizational culture, if I repeat it refers to system of shared meaning held by members. That distinguishes the organization from other organizations.

So what we are trying to understand is every organization is different, and so when we are looking at the organizational performance, we have to say that how our organization cultural has developed, and what needs it to be done further in terms of our performance evolutions, the next concept I am going to take up is about organizational commitment.

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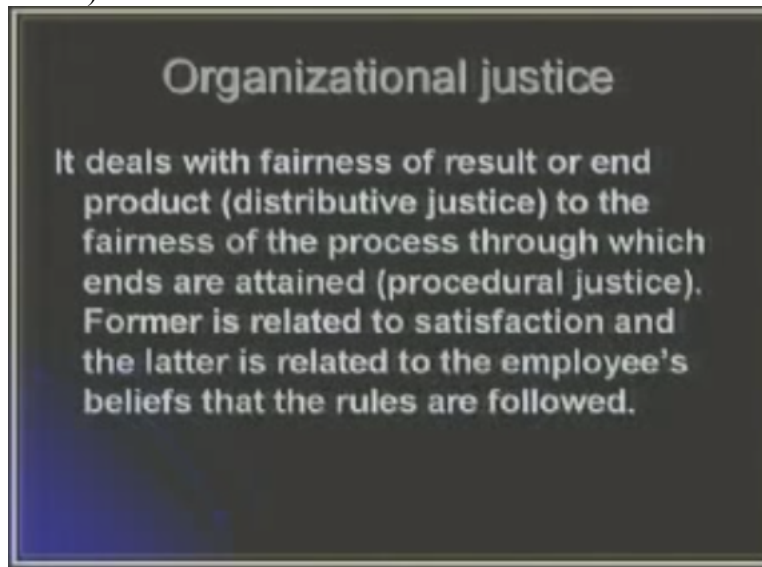
Commitment of people in organizations is an important issue, and inside when it comes to the competitive advantage, we have to see that people with commitment are there in our organization, so the degree to which an employee identifies with a particular organizations and goes and wishes to maintain membership in organization is defined as commitment, which Robbins, Mowday, Porter, Steer.

They have all looked at commitment from these we can say these perspectives and so they define commitment that belief in the acceptance of organizational goals and values, willingness to exert effort towards organizational goal accomplishment and a strong desire for maintaining organizational membership, you must have heard about the obtrusion rates, these days the obtrusion rates are really big challenge for the organizations.

And we can analyze that because of the lakh of organizational commitment, the obtrusion rate might increase, so if we have firstly we could create some conditions, but then we could also select people, because that also might relate to the personality of the people, so this is going to be again discussion in fact I might spend about half an hour to forty five minutes discussing this issue later in one of the lectures.

Then the issue next issue I am going to take up is about organizational justice, some of you must be wondering what kind of justice is that, what are we going to talk about?

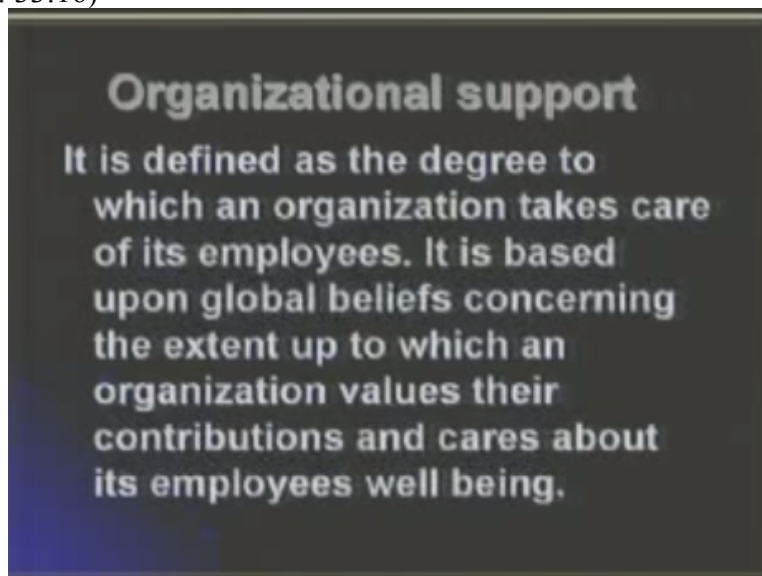
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See every organizational, organization is made of people, and we have to understand this concept of organizational justice in the minds of people, this is organizational justice, this deals with fairness of results, or end product, which may called as distributive justice to the fairness of the process through which ends are attained, which we call as a procedural justice, and the former is related to satisfaction.

And the later is related to the employees beliefs that the rules are followed so when we have the commitments of people in organization then we have to understand also the issue of organization justice because commitment organization justice and other concepts coming up with the organizational support

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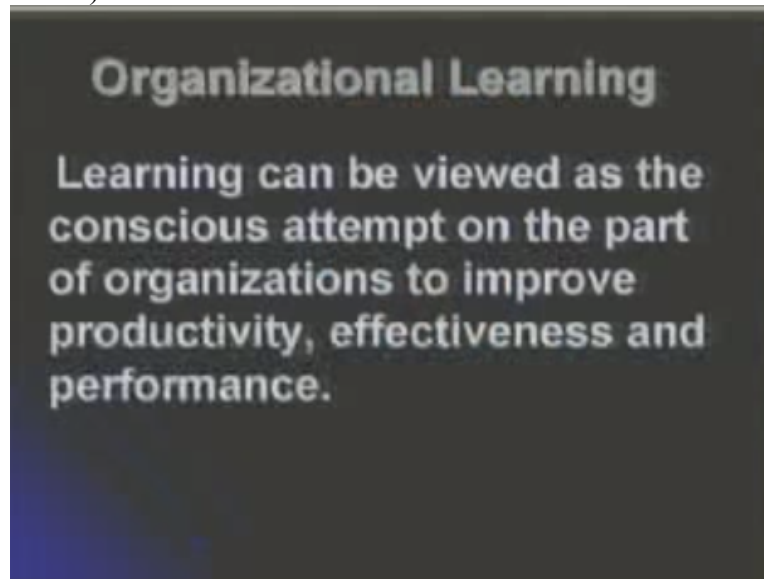


These be related to each other may sometime may be functioning as the some sort of intervening variables between the performance and commitments so we have to actually look at the some of the micro level issues while we are trying to manage the human resources. Next issue is the

organizational support that we are looking at, organizational support this is defined as the degree to which an organization takes care of the employees. It is based upon the global beliefs concerning the extent to which the organization values their contributions and cares about the employees well being.

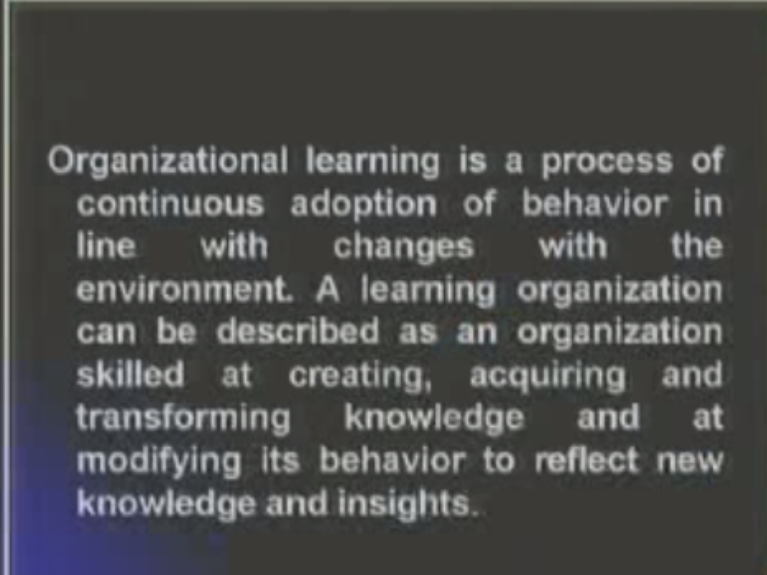
So in our early discussion when I was trying to introduce you that we have people we have systems we have managers we have different levels of hierarchy. Okay, if the organization has to deliver additional support system also become extremely important factor in management. Then the ratio of learning briefly had touched upon that earlier, let me touch upon an issue of learning once again

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Organizational learning can be viewed as a conscious attempt on the part of organization to improve productivity effectiveness and performance so organizational learning perhaps will take the organization to greater heights because it is creating a perhaps utilizing innovation and new knowledge and some experimentation that may be very unique to the organization.

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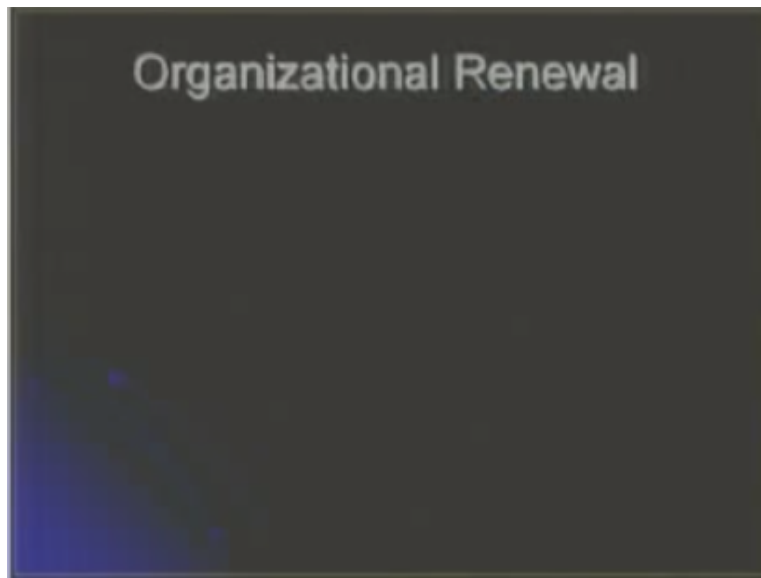
Organizational learning is a process of continuous adoption of behavior in line with changes with the environment. A learning organization can be described as an organization skilled at creating, acquiring and transforming knowledge and at modifying its behavior to reflect new knowledge and insights.

So organization learning is the process of continuous adoption of behavior in line with changes with the environment. A learning organization can be described as an organization skilled at creating, acquiring and transforming knowledge and at modifying its behavior to reflect new knowledge and insights.

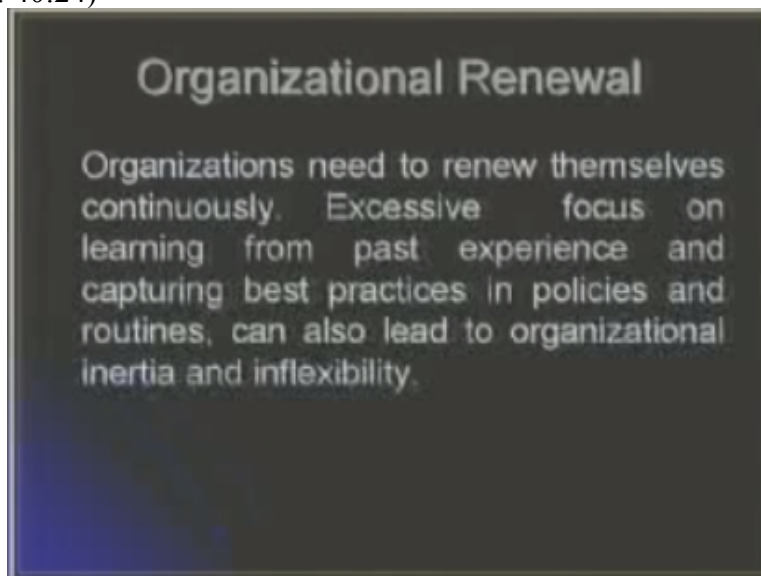
often many organization they try to follow whatever have been fixed and routine and there is no room for innovation, creativity but organizational learning when we are saying that the new organization are the learning organization we are actually using these two terms of interchangeably the organizational learning and learning organizations so we have no choice if we have to really compete today's market and the global economy we need learning organizations and so every organizations has to really gear up for becoming learning organizations in the years to come. Organization learning and learning organizations so you have to you cannot actually ignore innovation and creativity of people of organization of any kind of a new idea because everyone has something new.

Only thing is we have to create such conditions that people give the new ideas sometimes of course it may also be redundant but the organization should encourage new ideas and should encourage and value people with ideas because not all of us have the similar capacity for we can say normal ideas only few of us can do the interpretation and alternative interpretation of new ideas so we have to really value those people in organizations. Okay, if we go just by a routine strategy we may not succeed because as we discuss the organizational commitment and other things see if a creative person does not find your organizations might quit and that maybe that business for you so you have to see that organization we learning environment Is also created from here I teach you the yet another issue that is organizational renewal.

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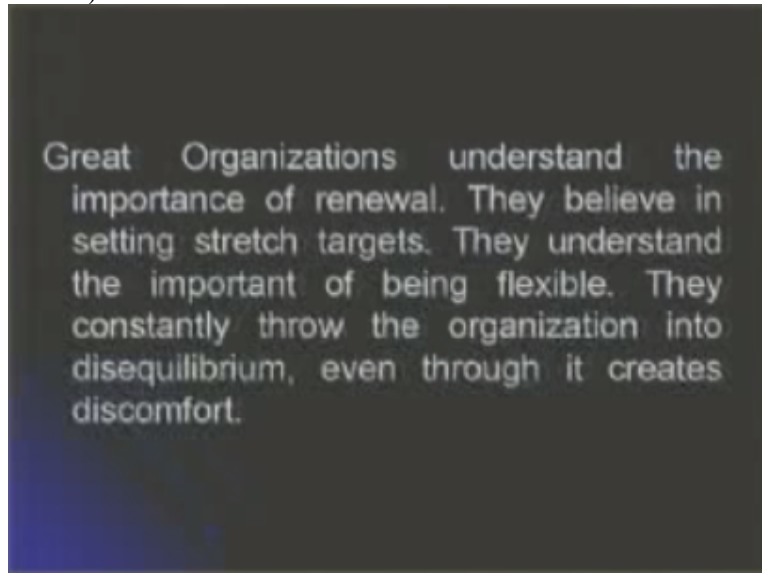


In fact all this issues that we gat discussing just an introduction to this course perhaps and we will have and we could have one full lecture or maybe more on each one of this situations so many of this issues were going to discuses as part of a middle use in this whole course so some of this we might discuses in part of some lectures okay so I thought I will give you some kind of a picture I can say some kind of a picture of management studies as a subject and so that is what you know un time to paint a picture so committing to the issue.
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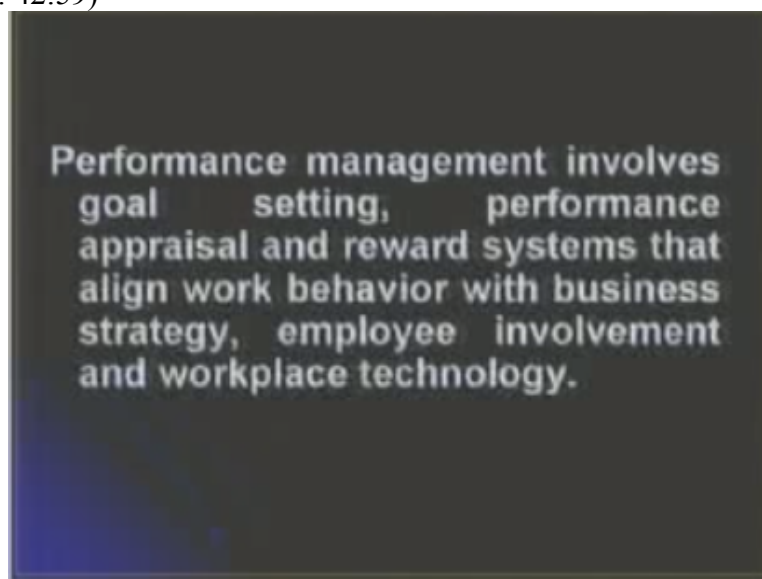


Of an organizational renewal organizations need to renew themselves continuously and the excessive focus on learning from past experience about capturing best practices in policies and routines perhaps can also lead to organizational inertia and inflexibility in fact flexibility is one of the important concepts in the literature management and these stage is part of this strategic management and if we are not using flexibility then the we saw previous as so organizational renewal were organizational learning becomes an important aspects is , is important for the

management studies so when we are looking at the issue of renewal and organizational learning we have to see that the great organizations.
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And understand the importance of renewal most of the great we say I say this I mean the successful okay or the organizations which have been there in of for and all many years okay great when I am using the word great I mean something like that okay so the this organizations are the important organizations they understand the what is newer they belief in setting some stress targets they understand the importance Of being flexible and them constantly through the organizational this disequilibrium even though it may create discomfort so, so what we have to understand is that is the renewal process some types you know it may be a challenge.
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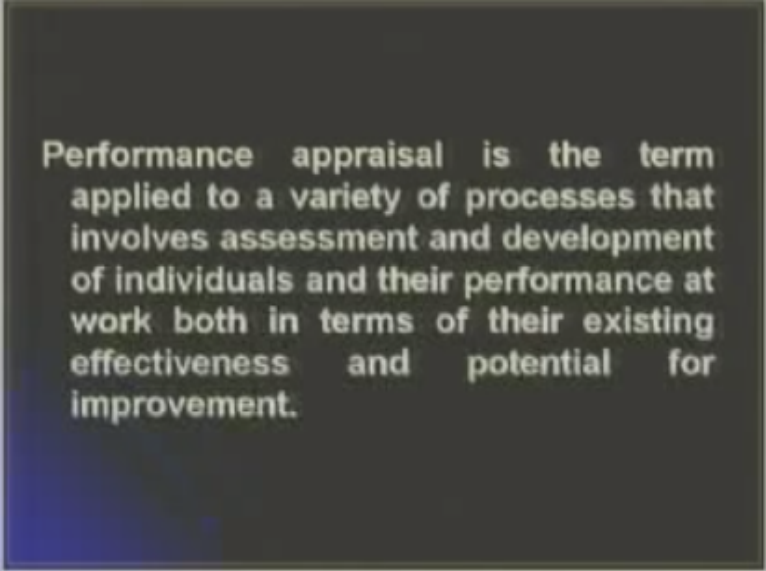
And so that becomes very important for the renewal this brings has to also the performance management which is very much relates to the earlier concepts that we have discussed just see have now performance management involves goal setting performance revolve systems that a

line work behavior with business strategy and employee involvement and work place technology so performance management.

When we say it is many things at the same time it related to the issues like in fact you know many authors you have used word performance management with performance appearance interchangeably this as also used in the literature but when we have saying performance management it is about evaluation of performance and also the whole process of performance is the evaluation.

And also the reward and the feedback that people might have and as a result of that the employee performance so that is while performance management becomes a process which has many issues and many aspects so and this is in fact you know one of the most important concepts that we have to understand whether we look at the issue of domestication or the issue of downsizing all very issue of renewal the some of the issues that we have discussed earlier performance management becomes very important aspect of the whole management process this brings us to on the further issues in performance management that performance appraisal.

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Performance appraisal is the term applied to a variety of processes that involves assessment and development of individuals and their performance at work both in terms of their existing effectiveness and potential for improvement.

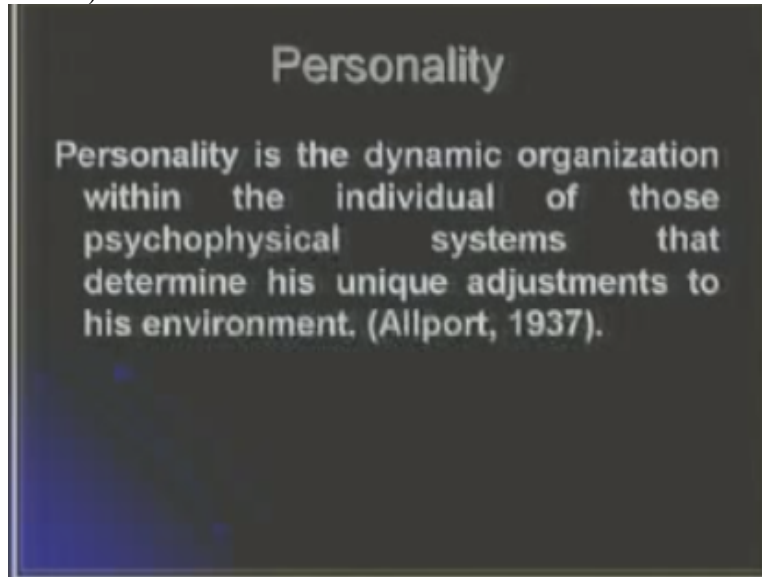
Which asset is often being use know with performance management is the term applied to the bright of process that involve assessment and development individuals and the performance at work both in terms of their existing effectiveness and potential for improvement so, so as I said performance management is a process so it involves many things and the same time is not just you know that what the personal.

How many pieces the personal produce just now okay just one aspects of it because when we look at performance management we have to look at so many issues which may be quality terms which maybe constitutive terms which maybe tangible which maybe intangible which maybe short term which may be long term so, so performance management has again in a become quiet important and challenging issues.

And in fact you know that is the that is one of the one of the goals we are looking at in when we teaching management studies we are looking at the performance of individuals performance of organizations from here I will introduce you to another term that is personality in fact the

purpose of giving you these 2 lectures on maybe more to introduce to some of the management terms and management concepts so that when we are going to different topic is different modules okay you have at least some idea about what I we trying to discuss in this particular module next concept I am going to introduce to you is personality , personality of an individual of an employee.

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Personality is the dynamic organization within the individual of those psychophysical systems that determines his or her I should have written his or her his unique adjustments to the environment well that is the definition of a all port that have taken a psychologists so that this are the unique characteristics that individual has and has the performer is the major component in the whole process of managing system we have to understand the personality of the performer so from here well personality there are there is a lot of literature and personality and these days when we have talking about the performance management we have talking about.

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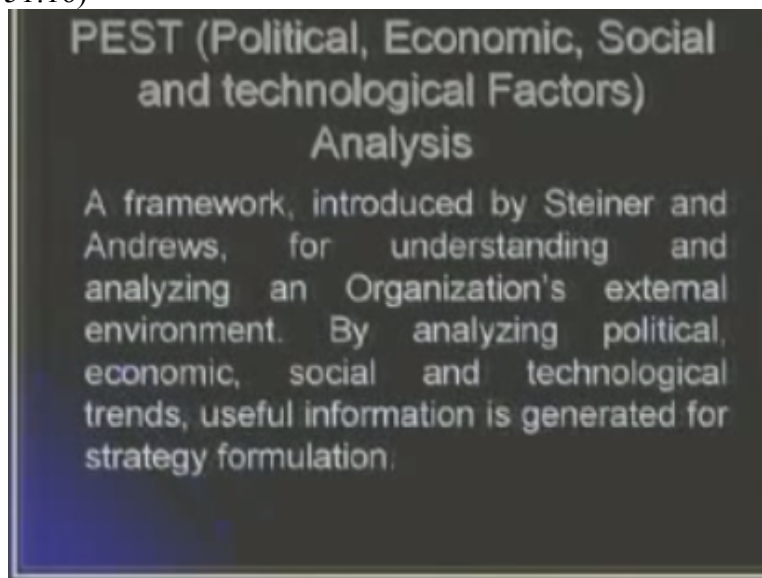


Any strategic management find the personality becomes an important aspect so further to this were going to take up in some lectures later let us move on to the PEST analysis what we called and when we will best analysis says the combination of political economics social and technological factors these are important for any kind of a situation of a any kind contingency analysis if we ahs trying to talk about so if we would recollect in the beginning of our course we has discussed that one of the we can say approaches to management is the contingency approach were we trying to analyze the situation.

And then moving on to decide appoint the particular decision or strategy or any kind of a method that we are going to adopt so when we look at PEST analysis the idea goes back to the contingency approach and this refers to a frame work introduce by ester and Andrew for understanding and analyzing the organizations external environment so one thing is the internal environment when we are talking.

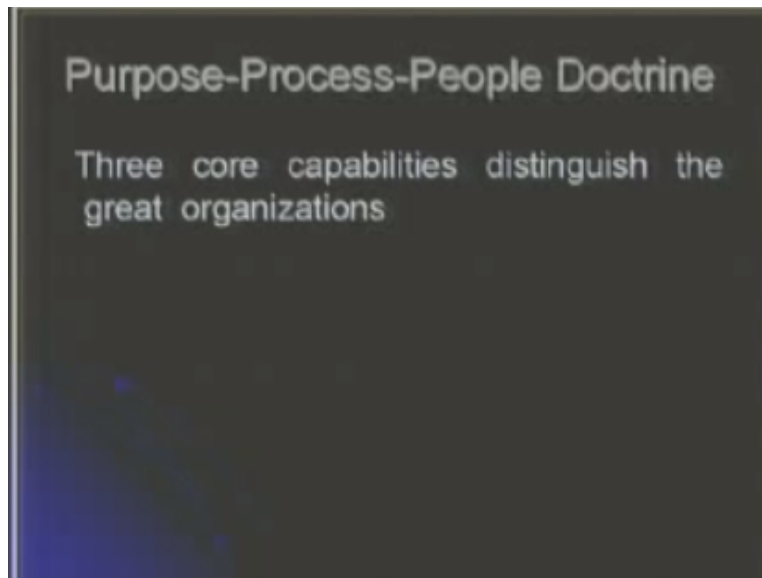
About people about the internal system machines the internal policies and internal systems but here is about the external environment so every organizations see every organization is there but internal environment is one thing but this is also within external environment and this without that actually if we do not analyze that the same industry with different PEST analysis another introducing the same thing which have different PEST analysis might have different results okay so this is one important issues so this is the frame work that we need to use.

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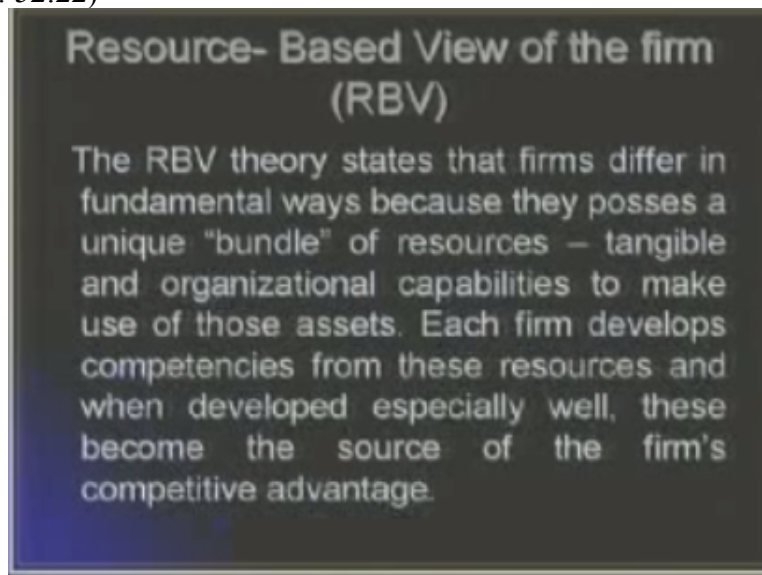
By analyzing political economic social and technological trends are the useful information is generated front he strategy formulation so when we are trying to introduce any kind of an analytical frame work if we have all this information with us then perhaps we can have a better analysis we can also talk about as part of introduction.

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And making you familiar to the concept of management we can also talk about the purpose process, people, doctrine I am sure you can translate that according to you are thinking and when we are looking at this the authors have try to talk about 3 core capabilities distinguished great organizations.

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At the using this word great organizations I do not mean that is wrongly or rightly I mean here the important organizations well established organizations and they have certain characteristics okay so the idea here is about those organizations then in our strategic management literature we have an important view that we have that has been discussed there set here that is the resource based view of the firm at the resource the at the firm.

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Resource- Based View of the firm (RBV)

The RBV theory states that firms differ in fundamental ways because they possess a unique "bundle" of resources – tangible and organizational capabilities to make use of those assets. Each firm develops competencies from these resources and when developed especially well, these become the source of the firm's competitive advantage.

At this point we can say that this is a theory like we have talked about one of the motivational theory and a shifted other theories this is also one of the theories of the strategic management subject and this theory states that the firms differ in fundamental ways because they possess a unique bundle of resources tangible and organizational capabilities to make use of these has sets okay so each firm develops competencies.

From these resources and when they are developed especially well these become the source of firm's competitive advantage so when we are looking at the values this could be in terms of the training of people this could be in terms of the commitment of people the quality of people on this factors in a become very important when we are looking at the resource based view of management one of the important aspects of management is scenario planning.

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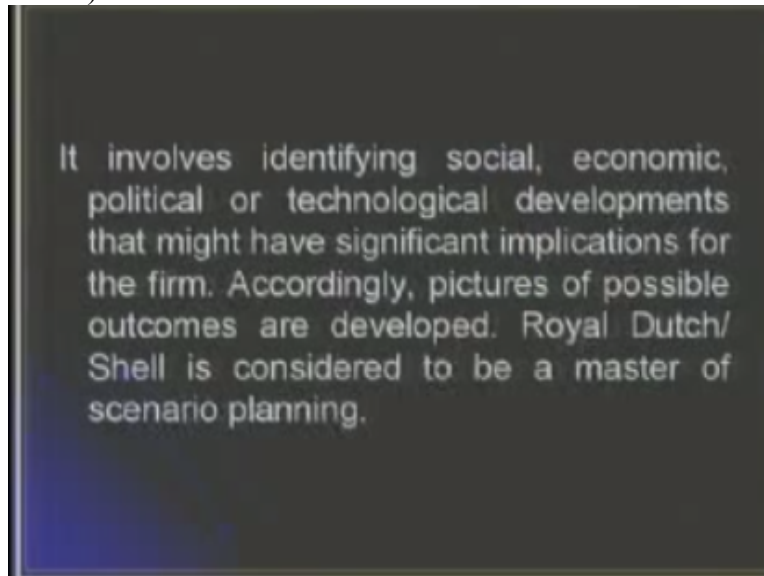
Scenario Planning

A technique, which involves visualizing different ways in which the external environment may develop in the future and accordingly formulate strategies.

And we talk about scenario planning for analyzing the management concepts now I will introduce you to the concepts of scenario planning scenario planning is a unique technique this is technique which involves visualizing different ways in terms of external environment in terms in

which the external environment may develop in the future accordingly the strategies could be formulated so that is the scenario planning and there are many techniques and there are many ways of collecting information for scenario planning.

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It involves identifying social economics political or technological developments that might have significant implementations from the firm accordingly pictures of possible outcomes are developed and in this context we have you know many examples from example shell is considered to be one of the master scenario planning examples so, so there are many others but here for the purpose of just my teaching few.

So, so that is the example aspect have here so the idea here the end is that if you have to any do this scenario planning you need information from all directions perhaps only then you can draw the picture okay as some kind of a futuristic I miss says of for your organization and then you can design your strategies accordingly then when we are looking at these issues we have any another concept called.

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Six Sigma

Six Sigma is a disciplined approach to quality that helps to develop and deliver near-perfect products and services. The word, Sigma is a statistical term that measures how far a given process deviates from perfection.

Six sigma when we are looking at the strategic management six sigma has become an important aspect let us see the tour what is six sigma six sigma is a discipline or we can said a disciplined approach to qualify the fact that quality that helps to develop and deliver near perfect products and services as important and so the word sigma is as strategically term that measures how far a given process the way it is you know from perfection so when we are looking at six sigma we are looking at the performance of an organization and the performance of an organization six sigma is a high performance.

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Six Sigma is a high-performance, data driven approach to analyze the root cause of business problems and solving them. It ties the outputs of a business directly to the customer's requirements. Six Sigma uses the DMAIC FGVB methodology to improve the performance

Approach to analyze the root cause of business problems and solving then we tries the out puts of a business directly to the customer requirements six sigma uses in a many of the some of the methodology in a the performance management so with this we are closing today's discussion and some of the other issues concepts I am going to introduce in an next lecture.

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