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BBA	SEMESTER I	UNIVERSITY OF KERALA	COURSE CODE: UK1DSCMGT101

FUNDAMENTALS OF MANAGEMENT

EXAM REVISION NOTES

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MODULE I

INTRODUCTION TO MANAGEMENT

Management Concept and Definitional Scope: The continuous social, administrative, and technical process of planning, organising, directing, and controlling organizational resources (human, financial, physical, information) to achieve enterprise objectives with high efficiency and effectiveness.

- **Efficiency vs Effectiveness:** Efficiency focuses on doing things right with minimal resource waste; effectiveness focuses on doing the right things to achieve strategic goals.
- **Management as Art, Science, and Profession:** Art because it requires personal craftsmanship, creative problem-solving, and practical judgment; Science because it rests on organized knowledge, universal principles, and empirical cause-and-effect relationships; Profession because it demands specialized training, formal ethical codes, and societal service.
- **Universality of Management:** Core managerial principles apply across commercial corporations, public sector enterprises, healthcare systems, educational institutions, and non-profit organizations.

Managerial Hierarchy and Functional Levels: Modern enterprises partition administrative authority into three interdependent scalar tiers:

- **Top Management:** Board of Directors, Chief Executive Officer, Managing Director, President; responsible for enterprise survival, overall vision, long-range strategic planning, capital allocation, and external stakeholder relationships.
- **Middle Management:** Departmental Heads, Regional Directors, Divisional General Managers; acts as administrative buffer, translating strategic directives into tactical plans, coordinating functional workflows, and evaluating operational supervisors.
- **First-Line (Supervisory) Management:** Foremen, Section Supervisors, Team Leaders; directly oversees operational workers, enforces safety protocols, assigns daily job schedules, and maintains production output pace.

Values in Management and Functional Disciplines: Corporate values govern administrative decision-making and operational integrity across core enterprise domains:

- **Production and Operations Management:** Managing plant location, layout, production scheduling, inventory control, and Total Quality Management.
- **Marketing Management:** Identifying customer needs, market segmentation, targeting, positioning, and coordinating the 4 Ps (Product, Price, Place, Promotion).
- **Financial Management:** Procurement and optimal utilization of capital, investment decisions, working capital governance, and dividend distribution.
- **Human Resource Management:** Manpower planning, talent recruitment, technical training, performance appraisal, compensation design, and labor relations.

Classical School: Scientific Management (F.W. Taylor): The systematic application of scientific methods of engineering, experiment, and time study to shop-floor industrial operations:

- **Four Core Taylor Principles:** Develop a true science of work replacing rule of thumb; scientifically select, train, and develop workers; secure hearty cooperation between labor and management; divide work and responsibility equally between managers and workers.
- **Taylor Techniques:** Time Study (establishing standard task duration using stopwatches); Motion Study (eliminating superfluous body movements via cyclographs); Fatigue Study (determining mandatory rest intervals); Method Study (identifying the single best way of work); Differential Piece Rate System (rewarding workers exceeding standard quotas while penalizing substandard output).
- **Mental Revolution:** Complete mutual psychological transformation wherein labor and management abandon adversarial hostility to cooperate wholeheartedly in expanding the economic pie.

Classical School: Administrative Management Theory (Henri Fayol): Comprehensive administrative framework analyzing top-level organizational governance from a general manager's perspective:

- **Fayol's 14 Principles of Management:** Division of Work (specialization increases output); Authority and Responsibility (parity between rights and duties); Discipline (respect for agreements and adherence to rules); Unity of Command (one boss per subordinate); Unity of Direction (one head, one plan for a group of activities having same objective); Subordination of Individual Interest to General Interest; Remuneration (fair compensation to employee and employer); Centralization (optimal balance of authority concentration vs dispersal); Scalar Chain (unbroken line of authority from top to bottom with Gang Plank emergency bypass); Order (a place for everything and everything in its place); Equity (fairness, kindliness, and justice from superiors); Stability of Tenure of Personnel (minimizing turnover to build competence); Initiative (encouraging employee creative problem-solving); Esprit de Corps (fostering team harmony and collective solidarity).
- **Five Functions of Management (POCCC):** Prevoyance (Planning), Organising, Commanding, Coordinating, and Controlling.

Classical School: Bureaucratic Model (Max Weber): Rational-legal governance framework emphasizing institutional impersonality and codified rules:

- **Core Bureaucratic Attributes:** Clearly demarcated jurisdictional hierarchy; codified written rules and procedures governing all administrative actions; strict impersonality in official duties; career advancement based on objective technical qualifications and merit; maintenance of written official records and files.
- **Pathologies of Bureaucracy:** Red tape, procedural inflexibility, trained incapacity, goal displacement, and suppression of entrepreneurial initiative.

Neoclassical and Modern Management Theories: Evolving paradigms integrating human psychology, systems engineering, and environmental contingency:

- **Hawthorne Studies (Elton Mayo & F.J. Roethlisberger):** Illumination experiments, Relay Assembly Test Room, and Bank Wiring Observation Room proved that organizations are socio-psychological systems. Social approval, informal group norms, managerial empathy, and psychological recognition surpass physical working conditions in driving worker productivity.
- **Human Relations and Behavioral Science:** Pioneered by Chester Barnard (Acceptance Theory of Authority), Mary Parker Follett (Creative Integration and constructive conflict resolution), Douglas McGregor (Theory X vs Theory Y), and Abraham Maslow (Hierarchy of Needs).
- **Systems Approach to Management:** Conceptualizes the enterprise as an open, dynamic, purposeful socio-technical system interacting with its external environment, comprising inputs (raw materials, capital, labor), transformation processes, outputs (goods, services, profits), feedback loops, and boundaries. Key concepts include Synergy (the whole is greater than sum of parts: 2 + 2 = 5) and Entropy (systemic tendency toward decline unless replenished by external energy).

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- **Contingency (Situational) Approach:** Rejects universal "one-best-way" management dogmas. Asserts that appropriate managerial action depends entirely upon specific environmental contingencies (If Environmental Variable X exists, then Managerial Strategy Y is most effective).

MODULE II

PLANNING AND DECISION MAKING

Planning Fundamentals and Operational Architecture: The primary managerial function of deciding in advance what to do, how to do it, when to do it, and who is to do it, bridging the gap from present reality to future ambitions.

- **Essential Characteristics:** Primacy of planning (precedes all other functions); pervasiveness (practiced across all organizational tiers); future-oriented (proactive forecasting); goal-directed; continuous and dynamic cycle; rational intellectual exercise.
- **Strategic Purpose:** Provides organizational direction, minimizes risk of environmental uncertainty, eliminates overlapping and wasteful expenditures, establishes benchmarks for control, and stimulates innovative thinking.
- **Inherent Limitations:** Procedural rigidity in volatile markets, forecasting inaccuracies, substantial financial and temporal costs, potential stifling of employee initiative, and false psychological security.

The Eight-Stage Systematic Planning Sequence: A disciplined rational process for strategic formulation:

- **1. Perception of Opportunities:** Scanning the macro-environment to identify emerging market demands, technological discontinuities, and competitive gaps.
- **2. Establishing Objectives:** Codifying enterprise and departmental targets following SMART criteria (Specific, Measurable, Achievable, Relevant, Time-bound).
- **3. Developing Planning Premises:** Establishing foundational assumptions and forecasts regarding future economic, regulatory, demographic, and technological conditions.
- **4. Identifying Alternatives:** Discovering, researching, and brainstorming all viable strategic courses of action.
- **5. Evaluating Alternatives:** Assessing alternative pathways against feasibility, capital expenditure, risk profile, and strategic alignment criteria.
- **6. Selecting the Optimal Course:** Executive adoption of the chosen strategic path or balanced portfolio of alternatives.
- **7. Formulating Derivative Plans:** Designing supporting departmental sub-plans, procurement schedules, recruitment targets, and operational workflows.
- **8. Quantifying Plans Through Budgeting:** Translating operational commitments into financial statements, operating budgets, and capital allocations.

Taxonomy of Organizational Plans: Systematic categorization by temporal horizon and frequency of use:

- **Strategic Plans (Long-Term, 3-10+ Years):** Formulated by top executive leadership to define corporate vision, competitive positioning, diversification, and international expansion.
- **Tactical Plans (Medium-Term, 1-3 Years):** Formulated by middle-tier functional managers to translate strategic ambitions into departmental programs and resource allocations.
- **Operational Plans (Short-Term, Daily to 1 Year):** Formulated by supervisory managers to govern daily production runs, shift schedules, and sales quotas.
- **Standing Plans (Recurring Guidance):** Enduring guidelines for repetitive situations: Missions (foundational organizational purpose); Policies (broad boundaries guiding executive thinking); Procedures (chronological step-by-step instructions for tasks); Rules (rigid directives allowing zero managerial discretion).
- **Single-Use Plans (Non-Recurring Goals):** Terminate upon project completion: Programs (comprehensive multi-activity initiatives); Projects (narrowly scoped components of programs); Budgets (quantified numerical resource allocations).

Management by Objectives (MBO - Peter Drucker): Results-oriented philosophy integrating individual performance targets with overarching enterprise objectives through participative goal-setting:

- **The Six-Step MBO Operational Cycle:** (1) Top leadership formulates enterprise goals; (2) Superiors and subordinates collaboratively negotiate and agree upon specific subordinate targets; (3) Action plans and resource budgets are established; (4) Periodic progress reviews and coaching sessions are held; (5) Final performance appraisal evaluates actual results against agreed targets; (6) Merit rewards are allocated and cycle recycles.
- **Key Benefits:** Generates authentic psychological ownership, role clarity, open communication, and objective performance evaluations.
- **Documented Pitfalls:** Excessive administrative paperwork, risk of setting coercive quotas, overemphasis on short-term measurable targets at the expense of qualitative goals, and environmental inflexibility.

Executive Decision-Making Environments and Rational Sequence: The conscious process of selecting an optimal course of action from among competing alternatives:

- **Environmental Contexts:** Decision-making under Certainty (complete deterministic information); Decision-making under Risk (probabilistic outcomes with historical data); Decision-making under Uncertainty (novel conditions lacking probabilities or historical precedent).
- **Seven-Stage Rational Decision Process:** Diagnose and define root problem; analyze problem and gather relevant empirical data; develop viable alternative solutions; evaluate alternatives against criteria; select optimal alternative; implement decision through communication and resource allocation; monitor results and establish feedback loops.

Quantitative and Qualitative Decision Techniques: Mathematical and psychological tools aiding executive choice:

- **Quantitative Tools:** Linear Programming (mathematical resource allocation under constraints); Decision Tree Analysis (calculating Expected Monetary Value across probabilistic branches); Queuing Theory (optimizing customer waiting time against facility operating costs); Game Theory (strategic choices against intelligent competitors); Simulation Modeling (testing randomized scenarios).
- **Qualitative Group Techniques:** Brainstorming (uninhibited idea generation without initial criticism); Nominal Group Technique - NGT (silent independent writing, round-robin recording, discussion, anonymous secret voting); Delphi Method (geographically dispersed expert consensus via sequential anonymous questionnaires); Dialectical Inquiry (structured debate between thesis and antithesis teams).

Herbert Simon's Bounded Rationality and Cognitive Biases: Dismantling classical "Economic Man" assumptions:

- **Bounded Rationality:** Human decision-makers face severe cognitive limitations, imperfect information, and strict time constraints, making perfect optimization impossible.
- **Satisficing Behavior:** Administrative Man selects the first alternative meeting acceptable minimum aspiration thresholds rather than exhausting resources searching for mathematical perfection.

- **Cognitive Biases:** Availability Heuristic (overreacting to vivid recent events); Representativeness Bias (judging probability by superficial stereotypes); Anchoring Bias (disproportionate fixation on initial information); Confirmation Bias (seeking data that confirms pre-existing beliefs while ignoring contrary evidence); Escalation of Commitment (sunk cost fallacy: continuing investment in failing projects).

MODULE III

ORGANISING AND STAFFING

Organising Principles and Structural Design: Establishing formal relationships among people, tasks, authority, and physical resources to accomplish corporate goals:

- **Core Principles:** Unity of Objective (alignment with enterprise goals); Specialization (division of labor boosts proficiency); Scalar Chain (unbroken hierarchical line of command); Unity of Command (one boss per employee); Parity of Authority and Responsibility (equal matching of rights and obligations); Span of Control (finite supervisory limits); Simplicity and Flexibility (adaptable to environmental shocks).
- **Formal vs Informal Organization:** Formal is deliberately designed, visible on charts, bound by scalar authority, focused on efficiency; Informal arises spontaneously from social affiliation, fluid, governed by personal influence, and communicates rapidly via the grapevine.

Architectural Models of Organizational Structure: Diverse structural patterns configured to match corporate strategy:

- **Functional Structure:** Groups activities around business disciplines (Production, Marketing, Finance, HR); maximizes specialized expertise and eliminates duplication; suffers from departmental silos, slow cross-functional decisions, and coordination friction.
- **Divisional Structure:** Self-contained semi-autonomous business units based on product lines, geographic territories, or customer segments; clear profit-center accountability and rapid localized adaptation; causes duplicate overhead costs and inter-divisional competition.
- **Matrix Structure:** Dual-command configuration overlaying project teams across functional departments; maximizes resource flexibility and specialized utilization; violates unity of command, creating interpersonal conflict, role ambiguity, and meeting fatigue.

Departmentalization Bases: Partitioning enterprise jobs into logical managerial units:

- **By Function:** Accounting, Marketing, Engineering, Human Resources; foundational across manufacturing and service firms.
- **By Product:** Automotive manufacturers structuring divisions around commercial trucks, luxury sedans, and electric vehicles.
- **By Geography:** Structuring operations by regional territories (Asia-Pacific, EMEA, Americas) to accommodate regional regulations and consumer tastes.
- **By Customer:** Banking institutions separating operations into Retail Banking, Commercial Enterprise Banking, and Wealth Management.
- **By Process:** Textile manufacturing organizing along sequential technical stages: Spinning, Weaving, Dyeing, and Finishing.

Authority, Delegation, and Decentralization Architecture: Governance and distribution of decision-making power:

- **Line vs Staff Authority:** Line managers hold formal scalar command over core operational goals; Staff specialists provide expert counsel, research, and technical advice without direct command authority over line employees.
- **Three Pillars of Delegation:** Assignment of responsibility (allocating operational duties); Granting of authority (conferring decision rights and financial sign-offs); Creation of accountability (absolute subordinate obligation to deliver results; ultimate superior responsibility cannot be abdicated).
- **Centralization vs Decentralization:** Centralization concentrates power at corporate headquarters, providing policy uniformity and tight control at the cost of slow decisions; Decentralization disperses decision rights to operating units, fostering rapid customer response, local initiative, and executive grooming.

Span of Management and Graicunas' Mathematical Theory: The finite number of direct subordinates a supervisor can manage effectively:

- **Tall vs Flat Structures:** Narrow spans produce tall structures with many scalar levels, close supervision, and slow communication; Wide spans produce flat structures with few scalar levels, lower administrative overhead, and high subordinate autonomy.
- **V.A. Graicunas' Formula:** Relationship complexity increases geometrically as subordinate count expands linearly: Total Relationships $R = n \times [2^{(n-1)} + n - 1]$, where n is the number of direct subordinates. Adding a single subordinate geometrically escalates direct single, group, and cross relationships, explaining rapid supervisory cognitive overload.

Staffing Lifecycle and Human Resource Planning: Procuring, developing, and retaining qualified organizational talent:

- **Manpower Planning:** Forecasting future human resource requirements, evaluating internal skill inventories, and projecting external labor market availability.
- **Job Analysis:** Systematic collection of job data yielding Job Description (written statement of tasks, duties, physical conditions, and reporting lines) and Job Specification (written statement of minimum education, certifications, skills, and personal qualities required).
- **Recruitment vs Selection:** Recruitment is a positive search process creating a broad applicant pool (internal transfers/promotions vs external campus/portals); Selection is a negative screening process filtering candidates through application scrutiny, tests, behavioral interviews, background checks, medical exams, and formal offers.
- **Training vs Development:** Training is short-term, technical, and job-specific (on-the-job coaching, vestibule, apprenticeships); Development is long-term, holistic, and career-oriented (case studies, simulations, leadership seminars).
- **Performance Appraisal Models:** Traditional trait ratings vs Modern systems: MBO (achievement of measurable targets); 360-Degree Feedback (multi-rater evaluations from bosses, peers, subordinates, and clients); BARS (Behaviorally Anchored Rating Scales combining narratives with quantified scales); Assessment Centers (multi-day diagnostic simulations).

MODULE IV

DIRECTING AND CONTROLLING

Directing Principles and Execution Architecture: The executive function initiating coordinated human effort to achieve enterprise objectives:

- **Core Directing Principles:** Maximum individual contribution; Harmony of objectives (aligning employee personal goals with corporate targets); Unity of command; Direct supervision; Managerial communication; Follow-through.
- **Four Pillars of Direction:** Supervision (operational oversight); Motivation (energizing goal-directed behavior); Leadership (interpersonal influence); Communication (information transmission).

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- **Likert's Linking Pin Model:** First-line supervisors act as linking pins across interlocking groups, simultaneously acting as subordinates in higher managerial councils and leaders of lower operational units.

Foundational Theories of Motivation: Content and process models explaining human work drive:

- **Maslow's Need Hierarchy:** Five-stage progression from Physiological, Safety, Social (Affiliation), Esteem, up to Self-Actualization; governed by Deficit and Progression principles.
- **Herzberg's Two-Factor Theory:** Hygiene factors (salary, working conditions, supervision, job security) prevent job dissatisfaction but do not motivate; Motivators (challenging work, recognition, responsibility, personal advancement) generate true job satisfaction and discretionary effort.
- **Vroom's Expectancy Theory:** Motivational Force = Expectancy (effort leads to performance) × Instrumentality (performance leads to reward) × Valence (value of reward to individual).
- **Adams' Equity Theory:** Employees calculate Input-to-Outcome ratios and compare them with referent colleagues; perceived inequity triggers behavioral adjustments to restore perceived fairness.

Contemporary Leadership Models and Frameworks: The art of inspiring collaborative commitment:

- **Blake & Mouton Managerial Grid:** Maps Concern for Production vs Concern for People: (1,1) Impoverished; (9,1) Authority-Compliance; (1,9) Country Club; (5,5) Middle-of-the-Road; (9,9) Team Management (optimal integrative style).
- **Fiedler's Contingency Model:** Leadership effectiveness depends on matching leader style (measured by LPC scale) to situational favorableness (Leader-Member Relations, Task Structure, Position Power).
- **Transformational vs Transactional Leadership:** Transactional leads through contractual exchanges, contingent rewards, and management by exception; Transformational inspires through charisma, inspirational motivation, intellectual stimulation, and individualized consideration.

Controlling Principles, Process, and Variance Analysis: The steering mechanism ensuring organizational activities conform to planned benchmarks:

- **Four-Stage Control Sequence:** (1) Establish standards (KPIs, budgets, standard costs); (2) Measure actual performance; (3) Compare performance with standards and analyze variances; (4) Take corrective action (process redesign, retraining, plan revision).
- **Critical Point Control & Management by Exception:** Critical Point Control concentrates monitoring on Strategic Control Points where failure paralyzes operations; Management by Exception (MBE) dictates that only significant, substantial variances require executive intervention, leaving minor variances to frontline resolution.

Traditional and Contemporary Control Techniques: Classical and modern governance methodologies:

- **Breakeven Analysis:** Breakeven Point BEP (units) = Fixed Costs / (Selling Price per Unit − Variable Cost per Unit); identifies the operational volume where total revenue equals total costs.
- **Budgetary Control & Zero-Based Budgeting (ZBB):** Traditional incremental budgeting vs ZBB (rejects historical baselines; every department justifies entire budget from scratch using decision packages).
- **Return on Investment (ROI):** DuPont formula: ROI = Profit Margin × Asset Turnover = (Operating Profit / Sales) × (Sales / Total Capital Employed).
- **Network Analysis (PERT & CPM):** CPM uses deterministic time estimates to identify the Critical Path (longest sequence determining minimum project duration); PERT uses probabilistic estimates: Expected Duration $t_e = [t_o + 4(t_m) + t_p] / 6$.
- **Balanced Scorecard (Kaplan & Norton):** Multidimensional framework balancing financial metrics with operational drivers across four perspectives: Financial, Customer, Internal Business Processes, and Learning & Growth.
- **Lean, JIT, and Six Sigma:** Lean eliminates 7 wastes (Muda); JIT pulls parts via Kanban cards; Six Sigma targets defect rates below 3.4 defects per million opportunities (DPMO) via DMAIC.

MODULE V

MANAGERIAL COMPETENCIES AND GLOBAL CHALLENGES

Henry Mintzberg's Ten Managerial Roles: Behavioral synthesis of executive work across three categories:

- **Interpersonal Roles:** Figurehead (ceremonial and legal duties); Leader (directing, motivating, and supervising subordinates); Liaison (maintaining external informational networks).
- **Informational Roles:** Monitor (scanning internal operations and external environments); Disseminator (transmitting information to subordinates); Spokesperson (transmitting corporate positions to external stakeholders).
- **Decisional Roles:** Entrepreneur (initiating change and innovation); Disturbance Handler (resolving crises and operational breakdowns); Resource Allocator (authorizing capital and time expenditures); Negotiator (representing organization in high-stakes bargaining).

Robert L. Katz's Tri-Skill Model: Essential managerial competencies and hierarchical distribution:

- **Technical Skills:** Specialized operational knowledge and tools; crucial at frontline supervisory levels; importance diminishes at higher management tiers.
- **Human (Interpersonal) Skills:** Communicating, motivating, and resolving conflict; vital equally across all hierarchical tiers.
- **Conceptual Skills:** Visualizing the enterprise holistically, anticipating systemic ripple effects, and formulating long-range strategy; paramount at top executive levels.

Corporate Social Responsibility (CSR) and Statutory Governance: Social stewardship and legal mandates:

- **Archie Carroll's CSR Pyramid:** Economic Responsibilities (be profitable - required); Legal Responsibilities (obey law - required); Ethical Responsibilities (act honorably - expected); Philanthropic Responsibilities (good corporate citizen - desired).
- **Section 135 of Indian Companies Act 2013:** Companies with Net Worth ≥ 500 Cr, Turnover ≥ 1,000 Cr, or Net Profit ≥ 5 Cr must establish a Board CSR Committee and mandatorily spend at least 2% of average net profits of preceding three years on Schedule VII initiatives.
- **Corporate Governance Architecture:** Fiduciary oversight resolving Agency Problems (separation of ownership and control); Board committees: Audit Committee, Nomination and Remuneration Committee (NRC), Stakeholders Relationship Committee, Risk Management Committee.

Global Challenges, Cultural Dimensions, and Organizational Change: Leading in volatile global environments:

- **Workforce Diversity and Inclusion:** Diversity represents workforce differences; Inclusion ensures every employee feels psychologically safe, respected, and empowered to contribute.
- **Hofstede's Cultural Taxonomy:** Six dimensions: Power Distance; Individualism vs Collectivism; Uncertainty Avoidance; Masculinity vs Femininity; Long-Term vs Short-Term Orientation; Indulgence vs Restraint.

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- **Kurt Lewin's Three-Stage Change Model:** Unfreezing (dismantling complacency, creating urgency); Changing / Moving (implementing new processes and systems); Refreezing (institutionalizing new practices into corporate culture).
- **Kotter's Eight-Step Change Process:** Establish urgency; create guiding coalition; develop vision; communicate vision; empower broad action; generate short-term wins; consolidate gains; anchor changes in culture.
- **Psychological Safety and Resilience:** Amy Edmondson's psychological safety enables interpersonal risk-taking and innovation; Triple Bottom Line (TBL) evaluates People, Planet, and Profit.

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