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BBA	SEMESTER I	UNIVERSITY OF KERALA	COURSE CODE: UK1DSCMGT104

MANAGEMENT FUNCTIONS AND SPECIALISATIONS

EXAM REVISION NOTES

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MODULE I

CORE MANAGEMENT FUNCTIONS AND MANAGERIAL CONTROL

Management Meaning and Epistemological Nature: Universal process of coordinating physical, human, financial, and informational resources:

- **Definitional Perspectives:** Henri Fayol (forecast, plan, organize, command, coordinate, control); Harold Koontz (art of getting things done through and with people in formally organized groups); Peter F. Drucker (multipurpose organ that manages business, managers, and worker and work; two primary entrepreneurial functions: marketing and innovation).
- **Art vs Science Dichotomy:** Science provides an organized, empirically tested body of knowledge, principles, and quantitative models; Art provides personalized creative intuition, empathetic communication, situational leadership, and practical behavioral application. Management is an inexact, applied social science practiced through human artistry.
- **Professional Attributes of Management:** Codified body of knowledge; formal university business education; representative associations (AIMA, AMA); ethical codes of conduct and statutory corporate governance (Companies Act 2013); public interest and corporate social responsibility (CSR) stewardship.
- **Cross-Sectoral Applications:** Corporate enterprises (profitability, ROI, shareholder wealth); Public sector PSUs (socioeconomic welfare, infrastructure equity, CAG accountability); SMEs & Startups (cash runway, lean agility, rapid market pivoting); Non-profits & NGOs (program spend ratio, beneficiary impact, donor transparency, FCRA compliance).

Managerial Roles and Essential Competency Hierarchies: Observable executive behaviors and skill distributions:

- **Henry Mintzberg's 10 Managerial Roles:** Interpersonal Roles (Figurehead ceremonial duties, Leader motivational guidance, Liaison external horizontal networking); Informational Roles (Monitor environmental scanning, Disseminator internal communication, Spokesperson external public relations); Decisional Roles (Entrepreneur innovation driver, Disturbance Handler crisis manager, Resource Allocator budget distributor, Negotiator contract bargaining).
- **Robert L. Katz's Skills Model:** Technical Skills (specialized methods and tools; paramount at supervisory/first-line management); Human Skills (empathetic interpersonal collaboration and team motivation; equally critical across all managerial tiers); Conceptual Skills (holistic enterprise vision and strategic environment analysis; vital at top-level executive management).

Luther Gulick's POSDCORB Framework and Managerial Workflows: Seven universal executive functions:

- **Planning:** Intellectual forecasting bridging current state with future objectives; strategic environmental scanning (SWOT, PESTLE); formulating quantifiable SMART goals and scenario contingency reserves.
- **Organising:** Structural grouping of activities into departments (functional, divisional, matrix); establishing span of management (narrow vs wide); delegating authority, responsibility, and absolute accountability.
- **Staffing:** Human capital procurement lifecycle; job analysis (Job Description duties vs Job Specification candidate qualifications); manpower demand-supply forecasting; performance appraisal and compensation.
- **Directing:** Activating the human engine via transformational leadership, psychological workforce motivation (Maslow, Herzberg), bidirectional communication, and operational coaching.
- **Coordinating:** Harmonizing fragmented functional silos into unified strategic action via ERP systems, cross-functional project teams, and balanced enterprise incentives; the essence of management.
- **Reporting:** Executive information architecture; operational dashboards, management information systems (MIS), internal audits, and board accountability disclosures.
- **Budgeting:** Quantitative operational planning and financial control; variance analysis comparing actual revenues/costs against budgeted benchmarks; operating budgets vs financial cash budgets.

Strategic Budgeting and Cybernetic Managerial Control: Capital governance and performance stabilization:

- **Zero-Based Budgeting (ZBB):** Rejection of incremental historical baselines; clean-slate planning where every activity must re-justify its entire resource requirement; identification of decision units, formulation of decision packages, and cost-benefit ranking.
- **Cybernetic Control Cycle:** Establishing measurable performance standards → measuring actual performance → variance analysis via management by exception (MBE) → taking corrective action.
- **Kaplan & Norton's Balanced Scorecard:** Multi-dimensional strategic control harmonizing lagging financial measures with forward-looking operational drivers across Financial, Customer, Internal Business Processes, and Learning and Growth perspectives.

MODULE II

OPERATIONS MANAGEMENT AND SUPPLY CHAIN ARCHITECTURE

Operations Transformation and Performance Dimensions: Converting inputs into value-added outputs:

- **Transformation Process Model:** Transformed resources (materials, information, customers) processed by Transforming resources (facilities, capital equipment, labor) through physical, locational, informational, or physiological transformations with feedback monitoring.
- **Five Core Operational Objectives:** Cost (unit production minimization); Quality (specification excellence and conformance reliability); Speed (rapid throughput and delivery lead time); Dependability (on-time schedule fulfillment); Flexibility (product, mix, volume, and delivery adaptability).

Plant Location Decisions and Quantitative Spatial Models: Long-term geographical positioning:

- **Alfred Weber's Material Index (MI):** Ratio of localized raw material weight to finished product weight; MI > 1 indicates weight-losing manufacturing locating at raw material source; MI < 1 indicates weight-gaining production locating adjacent to consumer market; MI = 1 indicates pure material location neutrality.
- **Center of Gravity Method:** Mathematical Cartesian coordinate modeling locating distribution warehouses to minimize aggregate volume-distance transport product across dispersed demand centers.
- **Factor Rating Technique:** Multi-criteria matrix assigning percentage weights to location criteria (labor, infrastructure, power, taxes) to compute composite weighted site feasibility scores.

Plant Layout Architecture and Spatial Flow Design: Arranging physical machinery and workstations:

- **Process (Functional) Layout:** Grouping similar machines into specialized bays (batch/job shop); high flexibility for customized products, but long tortuous paths and high WIP inventories.
- **Product (Line) Layout:** Linear sequential arrangement matching standardized processing stages (mass production); minimal material handling and rapid cycle times, but vulnerable to total line stoppages.

- **Fixed-Position Layout:** Product remains stationary (shipbuilding, aircraft assembly, civil construction) while tools, equipment, and labor are brought to the centralized site.
- **Cellular (Group Technology) Layout:** Autonomous U-shaped machine cells dedicated to distinct part families; drastically reduces setup times via SMED, slashes WIP, and boosts team agility.

Capacity Planning, Scheduling, and Bottleneck Optimization: Balancing output and constraints:

- **Capacity Taxonomy:** Design Capacity (theoretical maximum output under ideal conditions); Effective Capacity (maximum realistic output allowing for maintenance and setup); Actual Output (realized production rate).
- **Capacity Strategic Postures:** Lead Strategy (preemptively expanding ahead of demand); Lag Strategy (conservatively expanding only after demand exceeds limits); Match Strategy (incremental alignment).
- **Goldratt's Theory of Constraints (TOC):** System throughput is governed strictly by its slowest workstation (Bottleneck); five focusing steps: identify, exploit, subordinate, elevate, and repeat.
- **Production Scheduling & Priority Rules:** Master Production Schedule (MPS) and Material Requirements Planning (MRP); Priority dispatching: FCFS (equitable, standard in retail), SPT (minimizes average flow time and WIP), EDD (minimizes maximum tardiness), Critical Ratio (dynamic time-to-work ratio).

Quality Management Systems and Supply Chain Integration: Continuous improvement and logistics networks:

- **Total Quality Management (TQM):** Customer-defined quality, universal employee empowerment (Jidoka), continuous incremental improvements (Kaizen), and Deming's PDCA cycle.
- **Statistical Process Control (SPC):** Shewhart control charts (±3σ limits) distinguishing common-cause natural variation from special-cause assignable variation.
- **Six Sigma Quality:** Motorola methodology targeting 3.4 Defects Per Million Opportunities (DPMO) using the disciplined 5-phase DMAIC framework (Define, Measure, Analyze, Improve, Control).
- **ISO 9001 Standards:** International standard for documented quality management systems, leadership engagement, risk-based thinking, and formal audit mechanisms.
- **Supply Chain Management (SCM) & Bullwhip Effect:** Coordinating material, information, and financial flows; mitigating the Bullwhip Effect (order variance amplification upstream) via Vendor-Managed Inventory (VMI), POS data sharing, and Collaborative Planning (CPFR).

MODULE III

MARKETING MANAGEMENT AND STRATEGY

Marketing Philosophy and Historical Evolutionary Paradigms: Customer value creation architectures:

- **Core Foundations:** Needs (fundamental human survival states); Wants (culturally directed desires); Demands (wants backed by purchasing power); Customer Perceived Value (ratio of total customer benefits to total customer costs).
- **Marketing Orientations:** Production Concept (scale economies, low cost); Product Concept (engineering excellence, risk of marketing myopia); Selling Concept (aggressive promotion of unsought goods); Marketing Concept (outside-in customer orientation, integrated marketing); Societal Marketing Concept (balancing profits, customer satisfaction, and long-term ecological welfare).
- **Comprehensive Marketing Scope:** Marketing applied across goods, services, events, experiences, persons, places, properties, organizations, information, and ideas/social causes.

Consumer Behavior and Decision-Making Architecture: Analyzing buyer cognitive dynamics:

- **Behavioral Determinants:** Cultural factors (culture, subcultures, social classes); Social factors (reference groups, opinion leaders, family buying roles); Personal factors (age, life-cycle stage, occupation, lifestyle AIO); Psychological factors (Maslow motivation, selective perception, learning, attitudes).
- **Five-Stage Consumer Decision Process:** Problem recognition → Information search → Evaluation of alternatives → Purchase decision → Post-purchase behavior (mitigating Cognitive Dissonance via follow-up communications and onboarding support).

The Classical Marketing Mix: The 4 Ps of Goods Marketing: Tactical controllable marketing variables:

- **Product:** Levitt's Five Product Levels (Core benefit, Basic, Expected, Augmented, Potential); Product Life Cycle management across Introduction, Growth, Maturity, and Decline; Brand Equity and packaging protection.
- **Price:** Revenue-generating element; Cost-Plus markup; Value-Based pricing; Market-Skimming (high initial prices for radical innovations); Market-Penetration (low initial prices to capture rapid volume and market share).
- **Place (Distribution):** Channel tiers (zero-level direct e-commerce to three-level multi-tiered wholesale); Distribution density: Intensive (FMCG goods), Selective (consumer electronics), Exclusive (luxury automobiles).
- **Promotion (IMC):** Integrated marketing communication blending advertising, personal selling, sales promotion incentives, public relations, and direct/digital social media marketing.

The Extended Marketing Mix (7 Ps) and Strategic STP Framework: Services marketing and market positioning:

- **Services Marketing 7 Ps:** Addresses service intangibility, inseparability, heterogeneity, and perishability; People (trained empathetic service staff); Process (service blueprinting front-stage and back-stage flows); Physical Evidence (servicescape architecture, ambient cues, tangible branding).
- **Market Segmentation:** Disaggregating markets based on Geographic, Demographic (age, income, education), Psychographic (VALS lifestyle), and Behavioral (usage rate, loyalty status) variables.
- **Market Targeting Strategies:** Undifferentiated mass marketing; Differentiated multi-segment marketing; Concentrated niche marketing; Micromarketing individual personalization.
- **Positioning Architecture:** Securing distinct cognitive real estate in consumer minds; establishing Points-of-Parity (POPs) for category credibility and Points-of-Difference (PODs) for competitive differentiation; visual perceptual mapping.
- **Digital Analytics & Marketing Ethics:** Customer Lifetime Value (CLV); Customer Acquisition Cost (CAC); ROAS and digital funnel metrics; ethical safeguards against greenwashing, puffery, and predatory algorithmic targeting.

MODULE IV

HUMAN RESOURCE MANAGEMENT AND TALENT GOVERNANCE

Foundations of Strategic Human Resource Management (SHRM): Managing human capital as a strategic asset:

- **Evolution of People Management:** Shift from mechanistic Personnel Administration (payroll, timekeeping, punitive discipline) to Strategic HRM (talent investment, human potential development, executive partner).

- **SHRM Dual Integration:** Vertical Fit (aligning HR policies directly with corporate differentiation or cost leadership strategies); Horizontal Fit (ensuring recruitment, appraisal, compensation, and training are mutually reinforcing).

Workforce Planning, Recruitment, and Scientific Selection Funnels: Talent procurement pipelines:

- **Human Resource Planning (HRP):** Forecasting future labor demand via quantitative workload analysis and qualitative Delphi methods; auditing internal labor supply via Skills Inventories, Management Inventories, and Markov probabilistic transition matrices; reconciling shortages and surpluses.
- **Job Analysis Bedrock:** Job Description (factual operational duties, reporting lines, working hazards) and Job Specification (minimum candidate academic credentials, technical skills, cognitive abilities).
- **Recruitment Channels:** Internal sourcing (internal job postings, promotions, transfers; high morale, lower costs, but risk of inbreeding); External sourcing (campus drives, headhunters, LinkedIn, referrals; fresh talent, but higher costs).
- **Selection Architecture:** Multi-hurdle filtering: ATS resume parsing → preliminary screening → standardized cognitive and psychometric testing → Behavioral Event Interviewing (BEI using the STAR method: Situation, Task, Action, Result) → reference verification → medical audit → formal job offer.

Onboarding, Capability Development, and Performance Governance: Nurturing talent across the employment lifecycle:

- **Placement, Induction, and Socialization:** Assigning optimal job roles; structured induction easing first-day anxiety; three-stage organizational socialization (Anticipatory, Encounter reality shock, Metamorphosis insider identification); Edgar Schein's 8 Career Anchors.
- **Training Needs Assessment (TNA):** Tripartite diagnostic auditing: Organizational Analysis, Task Analysis, and Person Analysis.
- **Training Pedagogies:** On-the-Job (Job Instruction Training, apprenticeship, job rotation, executive coaching); Off-the-Job (vestibule simulated classrooms, case study analysis, behavioral modeling, VR simulations).
- **Kirkpatrick Four-Level Training Evaluation:** Level 1: Reaction (participant satisfaction); Level 2: Learning (knowledge acquisition); Level 3: Behavior (on-the-job skill transfer); Level 4: Results (business impact on scrap rates, sales volume, and Jack Phillips Level 5 ROI).
- **Performance Management Systems (PMS):** Collaborative Management by Objectives (MBO); Behaviorally Anchored Rating Scales (BARS); 360-Degree multi-rater feedback (superiors, peers, subordinates, clients); mitigating cognitive biases (Halo/Horns, Leniency, Central Tendency, Recency).

Total Rewards, Industrial Relations, and Workplace Well-Being: Compensation and employee relations:

- **Job Evaluation Systems:** Establishing internal wage equity; non-quantitative ranking and grading; quantitative Factor Comparison and Point Rating Method evaluating compensable factors (skill, effort, responsibility, hazard).
- **Total Rewards Architecture:** Direct compensation (base salary, Dearness Allowance DA, HRA); Performance incentives (commissions, gainsharing, ESOPs); Indirect statutory fringe benefits (EPF, ESI, gratuity, paid leave).
- **Industrial Relations & Dispute Resolution:** Collective bargaining bipartite negotiations; Trade Unions Act 1926 (minimum 7 workers, Section 18 civil immunity); Industrial Disputes Act 1947 dispute machinery: Conciliation, Voluntary Arbitration, and Adjudication (Labor Courts, Industrial Tribunals).
- **Quality of Work Life (QWL):** Determinants of work environment favorableness, physical safety, constitutionalism, work-life balance flexibility; emerging frontiers in People Analytics and blended gig workforce governance.

MODULE V

FINANCIAL MANAGEMENT AND CAPITAL STRATEGY

Foundations of Financial Management and Executive Mandate: Capital procurement, allocation, and control:

- **Definitional Scope:** Ezra Solomon's core questions (what assets to acquire, total capital to commit, how to finance); CFO transformation from traditional backward-looking scorekeeper to forward-looking strategic co-pilot driving M&A, risk management, and capital allocation.
- **Profit vs Wealth Maximisation:** Profit maximisation is mathematically vague, ignores the time value of money, ignores risk and uncertainty, and promotes destructive short-termism; Wealth Maximisation maximizes the Net Present Value (NPV) of shareholder equity, integrates time value of money, incorporates risk-adjusted discount rates, and focuses on discounted economic cash flows.
- **The Triple Pillar of Corporate Decisions:** Investment Decisions (capital budgeting and working capital allocation); Financing Decisions (capital structure and debt-equity leverage optimization); Dividend Decisions (retained earnings vs cash dividend distribution).

Capital Budgeting Evaluation Techniques and Investment Appraisal: Allocating long-term irreversible capital:

- **Traditional Non-Discounted Methods:** Payback Period (PBP = Initial Outlay / Annual Cash Inflow; liquidity screening, but ignores post-payback cash flows and time value of money); Accounting Rate of Return (ARR = Average Annual Net Profit / Average Investment; uses income statement data, but ignores cash flows and discounting).
- **Modern Discounted Cash Flow (DCF) Methods:**
  - **Net Present Value (NPV):** Present value of future cash inflows minus initial capital outlay; accept if NPV > 0; gold standard of investment appraisal directly maximizing shareholder wealth.
  - **Internal Rate of Return (IRR):** Intrinsic discount rate causing project NPV to equal zero; accept if IRR > Hurdle Rate (Cost of Capital); limitations in mutually exclusive scale conflicts and non-conventional cash flows.
  - **Profitability Index (PI):** Present value of inflows divided by initial outlay; accept if PI > 1.0; indispensable ranking index under Capital Rationing constraints.
- **Capital Rationing & Risk Analysis:** Hard Capital Rationing (external market constraints on borrowing) vs Soft Capital Rationing (internal management capital ceilings); Risk appraisal via Risk-Adjusted Discount Rate (RADR), Certainty Equivalent (CE) method, and sensitivity scenario modeling.

Financing Decisions, Capital Structure Theories, and Cost of Capital: Long-term balance sheet optimization:

- **Financial Leverage & Tax Shield:** Debt introduces fixed interest charges creating magnified percentage swings in EPS (Trading on Equity); corporate interest tax shield lowers effective cost of debt [Kd × (1 − T)], balanced against financial distress risk.
- **Capital Structure Theories:** Net Income Approach (leverage reduces WACC and increases firm value); Net Operating Income Approach (WACC is constant; leverage has zero impact on firm value); Traditional Approach (optimal capital structure exists at trough of U-shaped WACC curve); Modigliani-Miller Hypothesis (irrelevance without taxes; tax shield value of debt with corporate taxes); Pecking Order Theory (internal retained earnings → debt → external equity).

- **Weighted Average Cost of Capital (WACC):** Weighted composite hurdle rate: Ko = [Wd × Kd × (1 − T)] + [Wp × Kp] + [We × Ke] + [Wr × Kr]; Cost of equity estimated via Capital Asset Pricing Model: Ke = Rf + β × (Rm − Rf).
- **Leverage Sensitivity Metrics:** Degree of Operating Leverage (DOL = Contribution / EBIT); Degree of Financial Leverage (DFL = EBIT / EBT); Degree of Combined Leverage (DCL = DOL × DFL = Contribution / EBT).

Dividend Policies and Working Capital Operating Cycles: Cash distribution and operational solvency:

- **Dividend Policy Theories:** Modigliani-Miller Dividend Irrelevance (perfect markets, homemade dividends); Dividend Relevance: Myron Gordon's Bird-in-the-Hand model (investors prefer certain current dividends over risky future capital gains); Signaling Theory (dividend changes signal insider earnings expectations).
- **Practical Dividend Determinants:** Cash liquidity, investment opportunities, legal provisions (Companies Act 2013 depreciation rules), debt covenants, and stable payout policies.
- **Working Capital Governance:** Gross Working Capital (total current assets) vs Net Working Capital (Current Assets minus Current Liabilities); Operating Cash Conversion Cycle (CCC = Inventory Conversion Period + Debtors Collection Period − Creditors Deferral Period).
- **Current Asset Governance Models:** Inventory control via Economic Order Quantity (EOQ = √[2AS/C]) and ABC analysis; Cash management via Baumol BAT model and Miller-Orr stochastic control limits; Receivables governance via 5 Cs of Credit (Character, Capacity, Capital, Collateral, Conditions) and aging schedules.
- **Financial Ratio Architecture & DuPont Model:** Liquidity ratios (Current Ratio 2:1, Quick Ratio 1:1); Solvency ratios (Debt-Equity, Interest Coverage Ratio); DuPont 3-way ROE decomposition = Net Profit Margin × Asset Turnover × Equity Multiplier.
- **Selective Inventory Control Techniques:** ABC classification (monetary volume); VED analysis (critical operational vitality); FSN analysis (fast, slow, non-moving inventory velocity); Just-In-Time (JIT / Kanban) pull-based inventory replenishment eliminating waste.
- **Cash & Working Capital Financing Policies:** Hedging / Matching Policy (matching asset lifespan with financing maturity); Conservative Policy (financing all permanent and part of temporary assets via long-term capital); Aggressive Policy (financing temporary and part of permanent assets via short-term debt).

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