



BEE501

Engineering Management & Entrepreneurship



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Module-1a_Management

- Definition
- Importance - Nature and Characteristics of Management
- Management Functions
- Roles of Manager
- Levels of Management
- Managerial Skills
- Management & Administration
- Management as a Science, Art & Profession.



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Definitions of Management:

- *Management is a multipurpose organ that manages business, manages a manager and manages workers and work-* **Peter Drucker**
- *Management is to forecast and to plan, to organise, to command, to co-ordinate and to control-* **Henry Fayol**
- *Management is the process of planning, organising, leading and controlling the efforts of organisation members and of using all other organisational resources to achieve stated organisation goals-* **James A F Stoner.**





Management is a process:

- A process is defined as systematic method of handling activities.
- Often we hear the statements “that company is well managed” or “the company is miss-managed”.
- These statements imply that management is some type of work or set of activities, these activities sometimes performed quite well and some times not so well.
- These statements imply that management is a process involving certain functions and activities that managers perform.

Nature/Feature/ Characteristics of Management

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- **Management is considered as universal process-** Applied to all types of institutions- social, religious, political, military, commercial, bureaucratic etc.
- **Management is goal oriented activity-** The success of management is measured by the extent to which the desired objectives are achieved.
- **Management is a social process:** It deals with managing human beings and their emotions, talents, attitudes, culture, education etc.

Nature & Characteristics of Management cntd.

- **Management is a coordinating force**-It combines individuals goals with organisational goals
- **Management is intangible**- It does not have physical force, its presence can be only felt by the results of its efforts
- **Management is dynamic**
- **Management is multidisciplinary**
- **Management is a creative activity**
- **Management is decision making**
- **Management is a profession**

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Features of Management



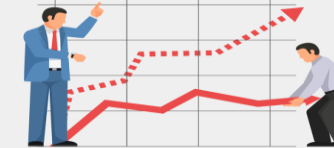
Management is Associated with Group Efforts



Management is Purposeful



Management is Accomplished Through the Efforts of Others



Management is Goal-oriented



Management is Indispensable



Management is Intangible



Management can Ensure Better Life

FUNCTIONS OF MANAGEMENT



Functions of Management

- **Forecasting**- *Estimation of future events. Sales forecast is usually followed by production forecast and forecasts for costs, finance, purchase, profit or loss.*
- **Planning**- *Preparation for action. It anticipates and analyses all the difficulties that are encountered in running the business and decides in advance how these difficulties can be overcome.*
- **Organization**- *The process of organising involves the following steps:*
 - *Determining all activities required to achieve company objectives*
 - *Division or grouping of all these activities*
 - *Selecting people for particular jobs and defining their responsibilities*
 - *Giving people enough authority to carry out their responsibilities.*



Functions of Management cntd.

➤ **Staffing**-Staffing means filling up positions in the organization by appointing competent and qualified persons for the jobs. It involves:

- Recruitment
- Selection
- Placement
- Training
- Development of personnel
- Developing system for salary structure
- Evaluating employee performance (Appraisal)



➤ **Directing and motivating**- Directing involves guiding and supervising the subordinates in their activities. Motivating means inspiring people to increase their desire to perform duties effectively to achieve company goals

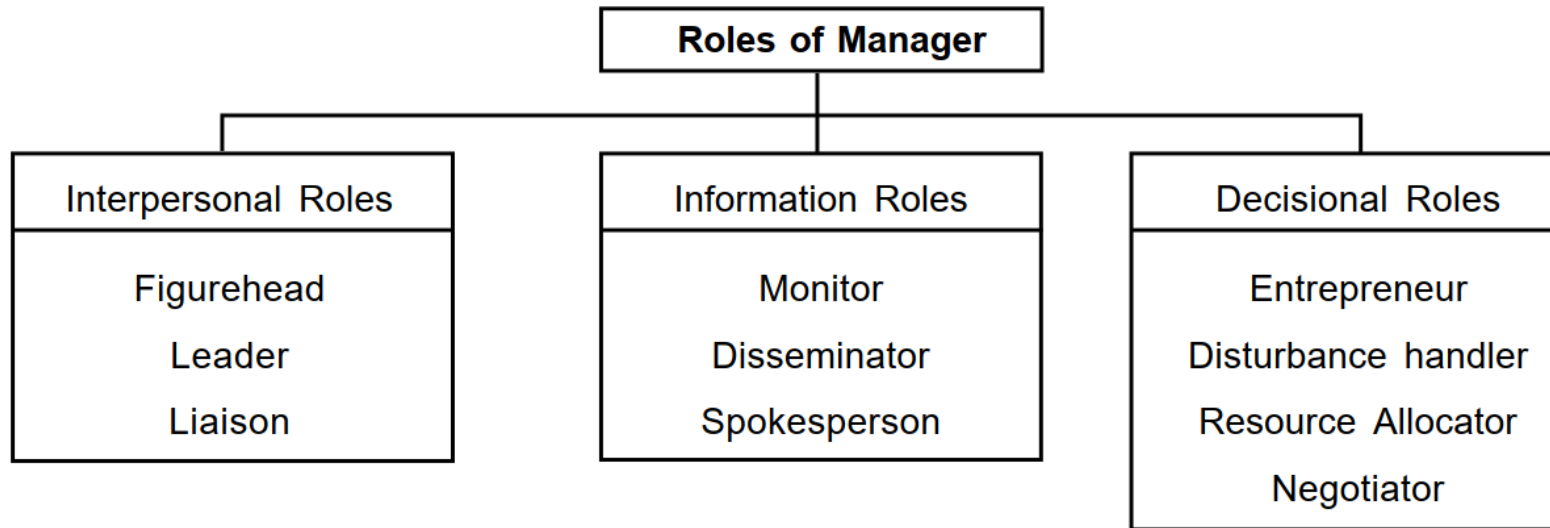


Functions of Management cntd.

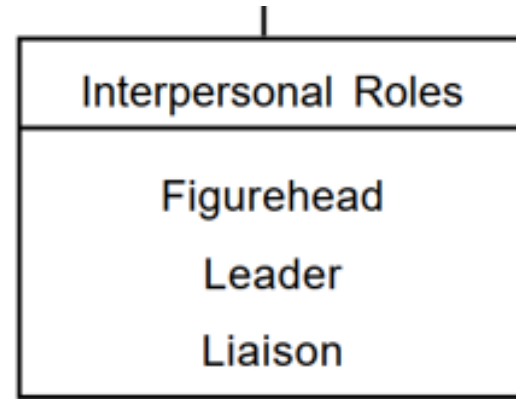


- **Coordinating-** *There can be many departments and a large number of workers working at various levels. Hence coordination is an orderly arrangement of group of effort to provide unity of action. It can be achieved with the tools such as : Clear cut objectives, Effective communication between various levels of workers*
- **Controlling-** *Controlling means setting standards, measuring actual performance and taking corrective action if necessary.*
- **Leadership-** *It is the ability of an individual or a group of individuals to influence and guide members of an organization.*
- **Decision making-** *It is the course of action chosen from available alternatives.*
- **Communication-** *It is a process by which instructions are transmitted, received and understood by people working in the organization.*

Role of Management



Role of Management cntd.



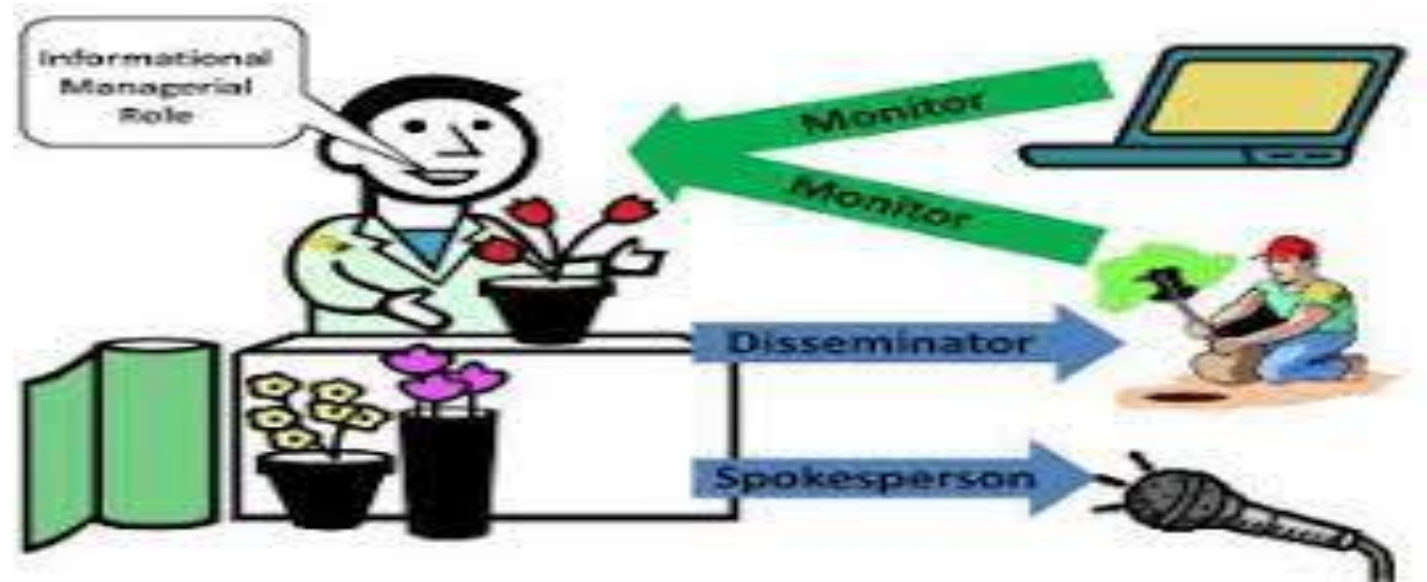
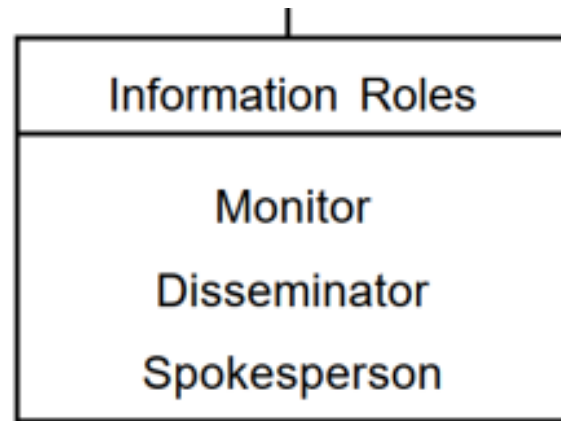
Interpersonal role: This role is concerned with his interacting with people both organizational members and outsiders. There are three types of interpersonal roles:

(1) ***Figure head role:*** In this role manager has to represent organization in formal matters such as attending social functions of employees, taking an important customer to lunch and so on.

(2) ***Leader role:*** Manager's leader role involves leading the subordinates motivating and encouraging them.

(3) ***Liaison:*** In liaison role manager serves as a connecting link between his organization and outsiders.

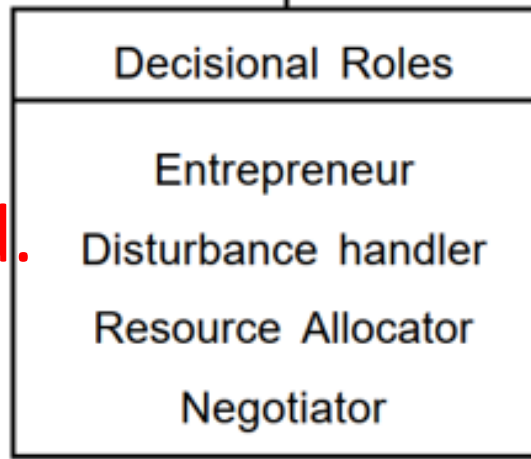
Role of Management cntd.



Information roles: It involves communication. There are three types of informational roles:

- (1) **Monitor:** In his monitoring role, manager continuously collects information about all the factors which affects his activities. Such factors may be within or outside organization.
- (2) **Disseminator:** Manager is transmitting information within organization between top management to lower cadre and vice versa.
- (3) **Spokesperson:** As a spokesperson manager represents his organization while interacting with outsiders like customers, suppliers, financiers, government and other agencies of the society.

Role of Management cntd.



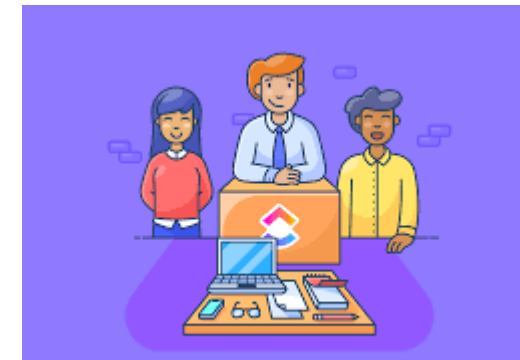
Decisional roles:

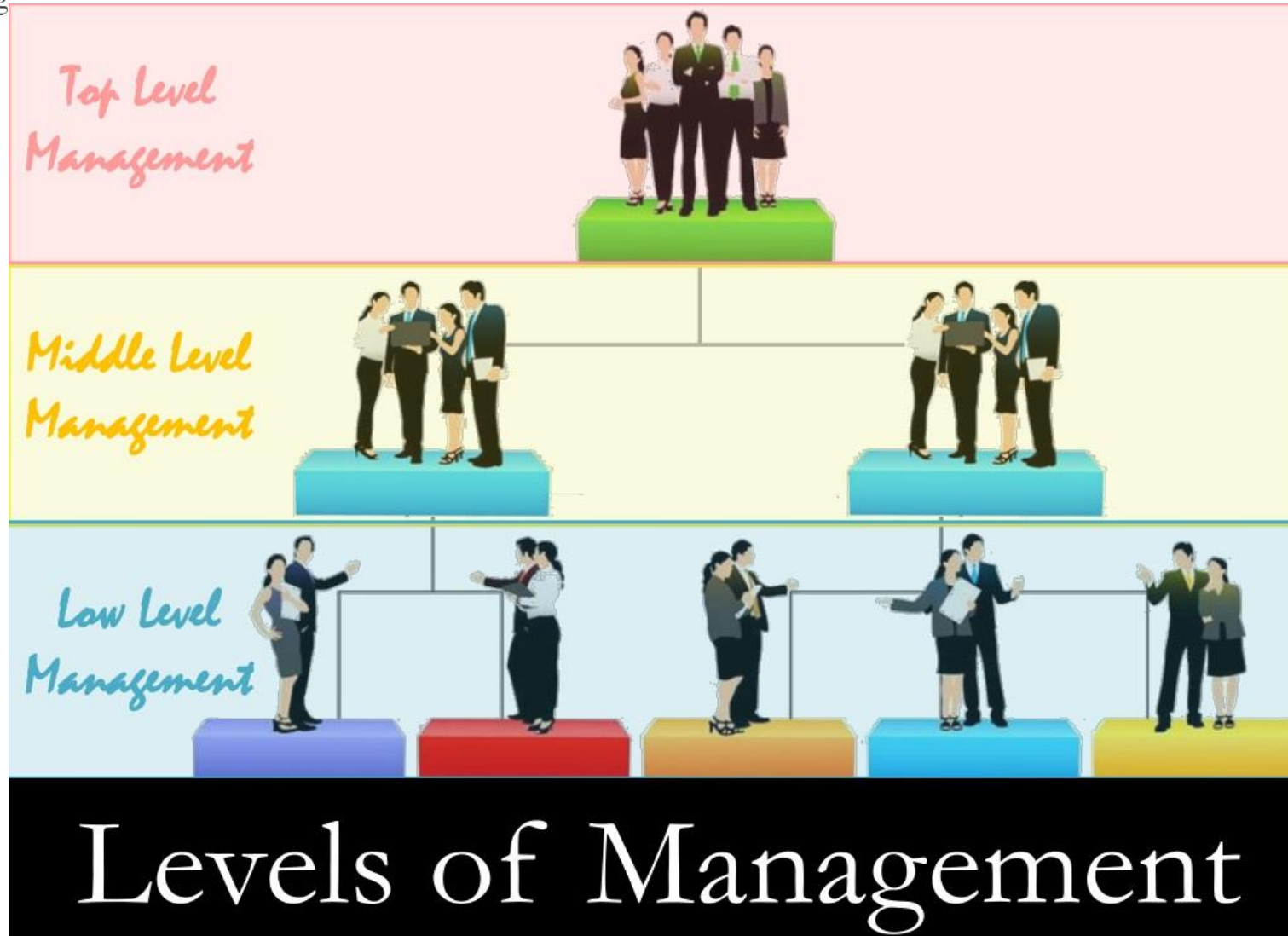
1. **Entrepreneur:** As an entrepreneur, a manager initiates projects to improve the organization, encourages new ideas and innovations, brings in changes and looks for sources of funds.

2. **Disturbance handler:** In this role manager works like a fire-fighter manager contains forces and events which disturb normal functioning of his organization. The forces and events may be employee complaints and grievances, strikes, shortage of raw materials etc.

3. **Resource Allocator:** The manager allocates resources to particular areas in the best interests of the organization.

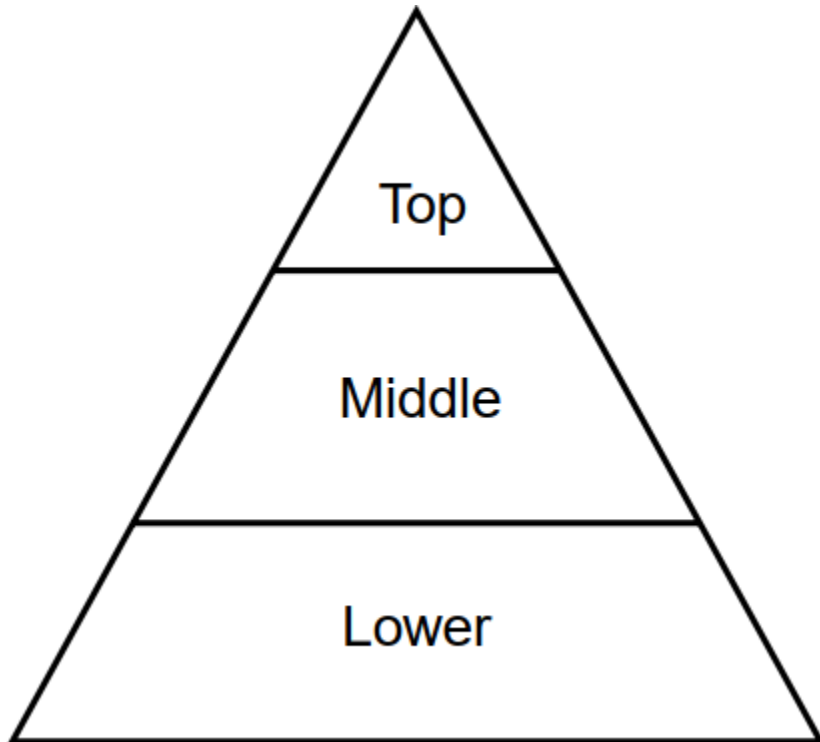
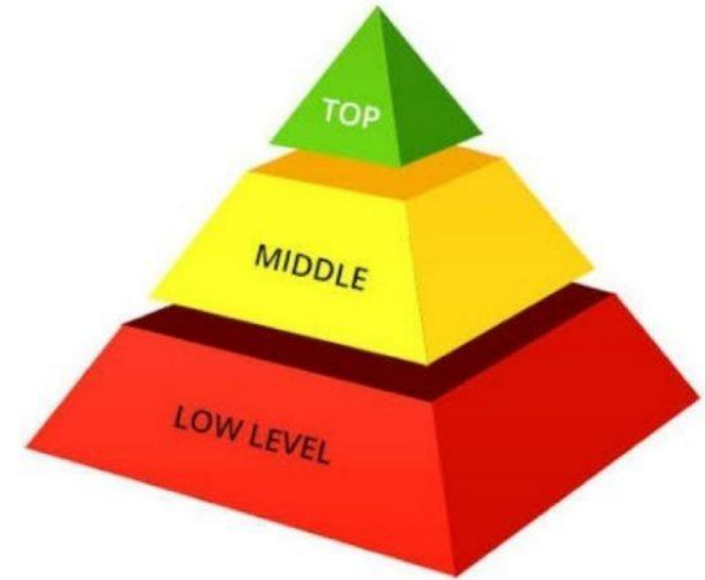
3. **Negotiator:** In his role of negotiator, manager negotiates with various groups in the organization. Such groups are employees, shareholders and other outside agencies.





Levels of Management

3 Levels of Management



Board of Directors, Chairman, Chief Executive

Department Heads, Divisional Heads, Section Heads

Senior Supervisor, Front Line Supervisors





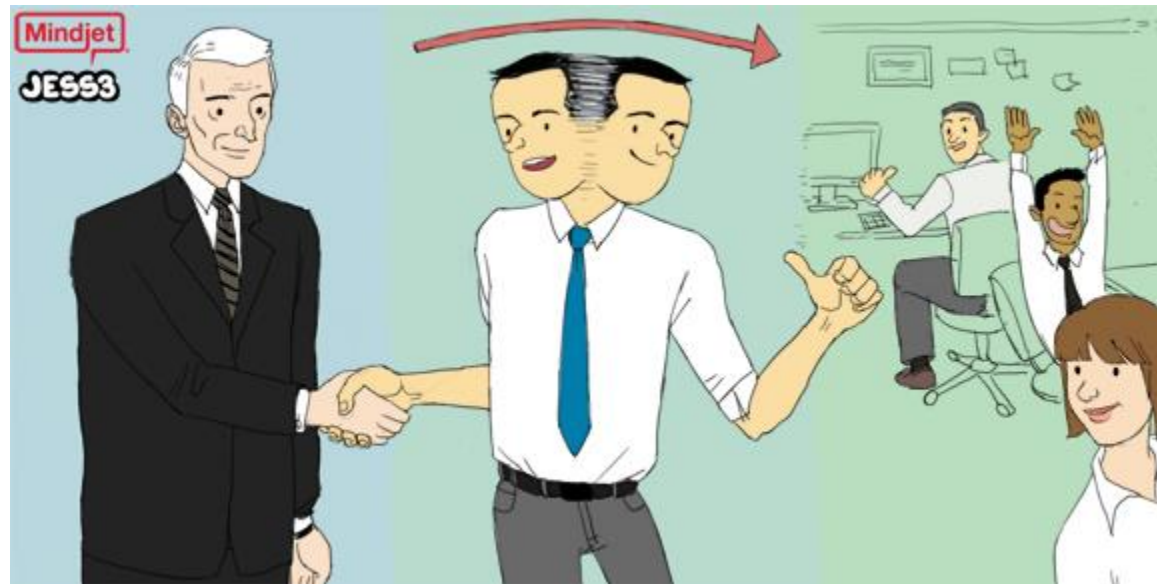
Functions of Top Management

- Determine the goals of the organization
- Establish policies
- Monitoring performance
- Judging the results



Functions of Middle Management

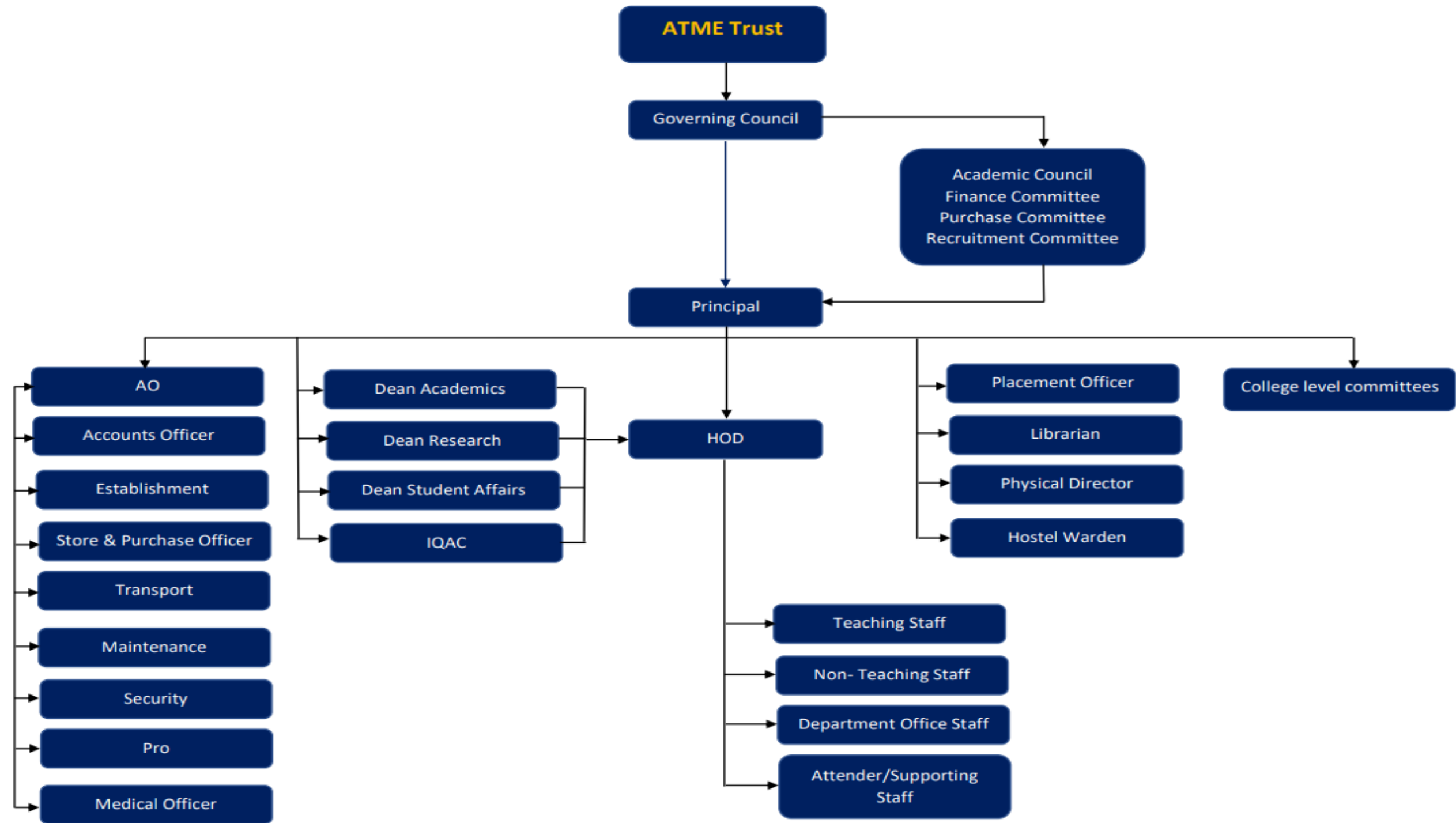
- To plan details of all operations
- To cooperate with top management for the smooth functioning of organization.
- To coordinate between various departments
- Developing man power for the organization by imparting training



Functions of Lower Level Management

- To plan day-to-day production within the goals laid down by higher authorities.
- To assign jobs to workers to make arrangements for their training & development.
- To act as a link between management and the workers
- Direct supervision of workers and their work
- Arrangement of material, tools, facilities etc, for production



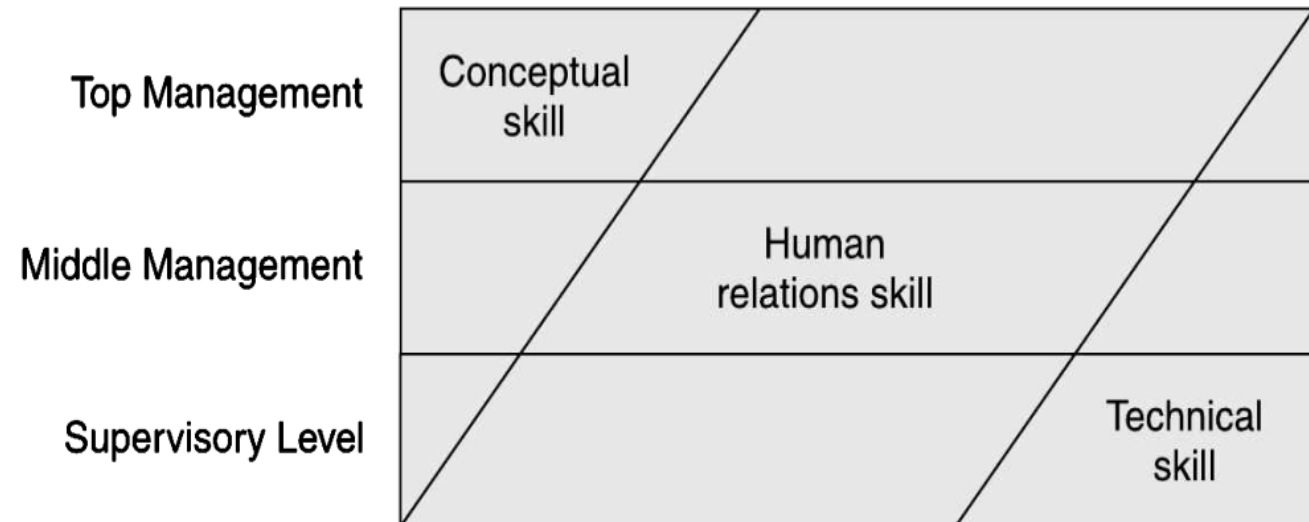
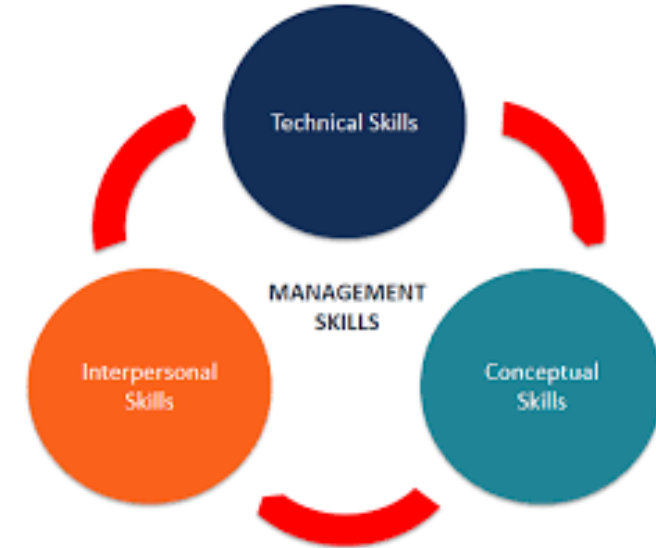


Managerial Skills

A manager should possess three major skills.

1. Conceptual skill
2. Technical skill
3. Human relations skill

1. **Conceptual skill:** Ability to think-Conceptualise the environment, the organisation and his own job in order to set appropriate goals for the organisation, himself and team.
2. **Technical skill:** It refers to a person's knowledge and proficiency in any type of process or technique. It includes an understanding of the technicalities of the process of production
3. **Human relations skill:** It is the ability to interact effectively with people at all levels



Management & Administration

- Administration is above management
- Administration is part of management
- Management & administration are same



“**Administration** is that phase of business enterprise that concerns itself with the overall determination of institutional objectives & policies necessary to be followed in achieving those objectives.

“**Management** on the other hand is an executive function which is primarily concerned with carrying out broad policies laid down by administration”

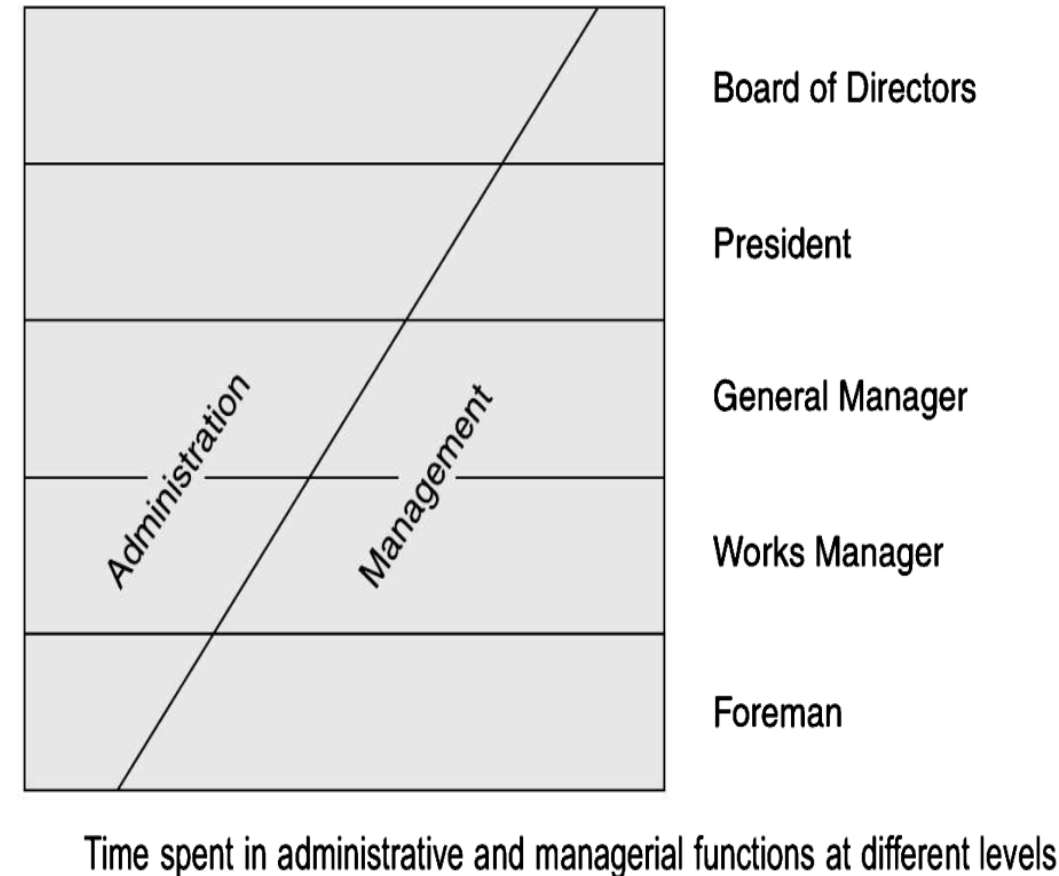
Management & Administration cntd.

Table: : Differences between administration and management

Bas is of difference	Adminis tration	Management
1. Level of organization	Top Level	Middle and Lower Level
2. Major focus	Policies formulation and objective determination	Policies execution for objectives achievements
3. Nature of function	Determinative	Executive
4. Scope of functions	Broad & Conceptual	Narrow & Operational
5. Factors affecting decision	Mostly external	Mostly internal
6. Employer – Employee relation	Entrepreneurs & Owners	Employee
7. Qualities required	Administrative	Technical

Management & Administration cntd.

- Administration is that **part of management** which is concerned with the installation and carrying out of procedures by which it is laid down and communicated, and the process of activities regulated and checked against plans.
- According to this view, administration become a subordinate function to overall management function.
- According to the third approach which is the most popular and practical one, **management and administration are same**. Both involve the same functions, principles and objectives.
- The term administrator found its origin in bureaucratic structure of government or in regulation of some laws.



ADMINISTRATION

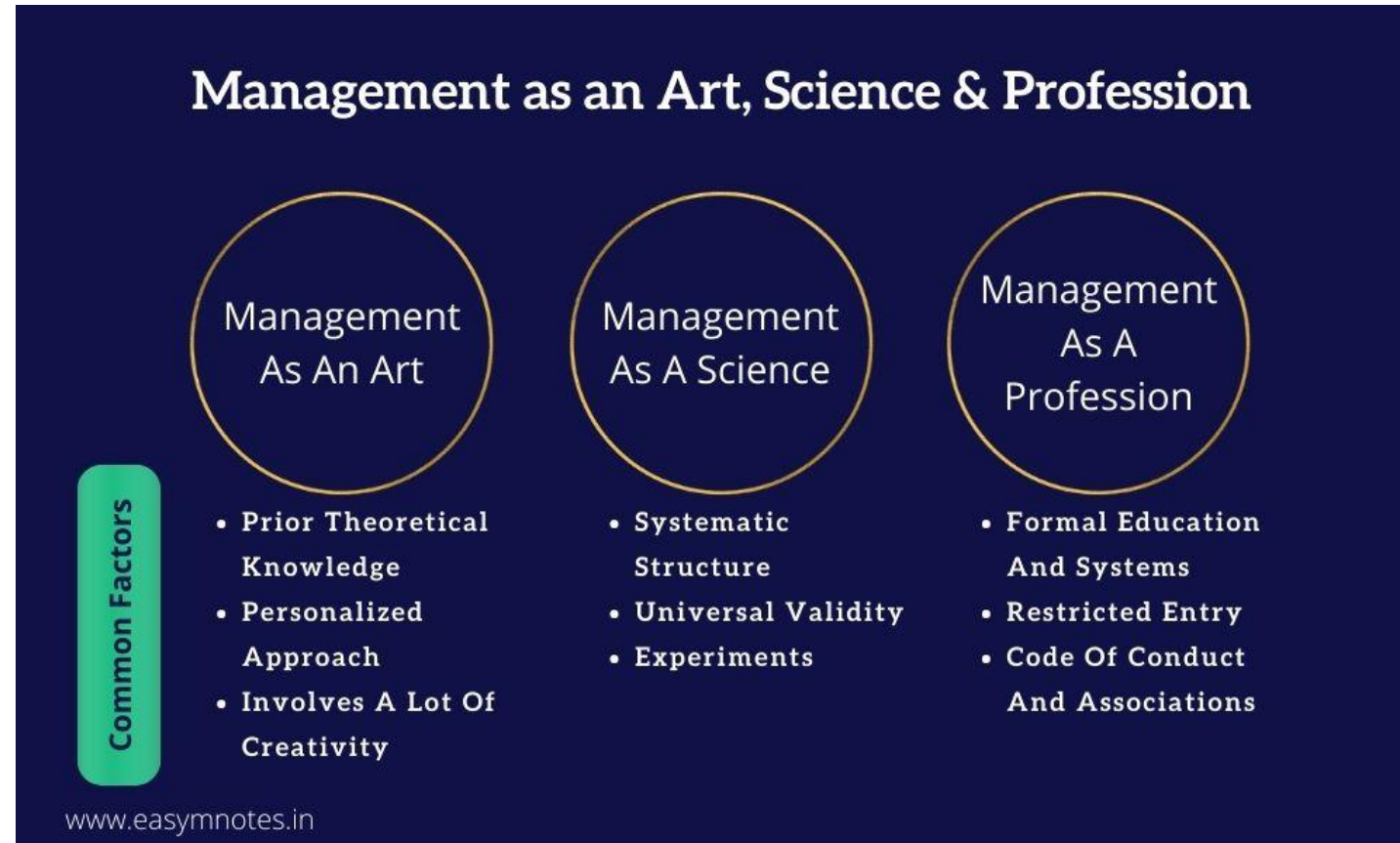
- OWNERS OPERATING TO EARN PROFIT
- WHAT IS TO BE DONE
- WHEN IT IS TO BE DONE
- USED IN GOVT., MILITARY, ETC



MANAGEMENT

- EMPLOYEES WHO ARE PAID SALARIES AND COMMISSIONS
- WHO WILL DO IT
- HOW IT WILL BE DONE
- USED IN BUSINESS CONCERNS WHO OPERATE TO EARN PROFIT

MANAGEMENT: A SCIENCE OR ART OR PROFESSION?



It is an **art** in the sense of possessing of **managing skill by a person**.

It is a **science** also because of **developing principles or laws** which are applicable in a place where **a group of activities are coordinated**.

In fact management is **both science and art** as it clear from the following discussion.

MANAGEMENT: A SCIENCE

Management as science: Science is a systematized body of knowledge. We call a discipline, scientific if its

1. Methods of inquiry are systematic and empirical.
2. Information can be ordered and analyzed
3. Results are cumulative and communicable.

Science is an organised collection of knowledge that emphasises definite universal truths or the action of comprehensive laws. The central characteristics of science are as follows:

- **The organised body of knowledge:** Science is a precise entity of knowledge. Its systems are based on a purpose and consequence association.
- **Universal validity:** Scientific conventions have global genuineness and application.
- **Systems based on experimentation:** Scientific conventions are originally formed via research and then tested via repeated trial and error under the regulated situations

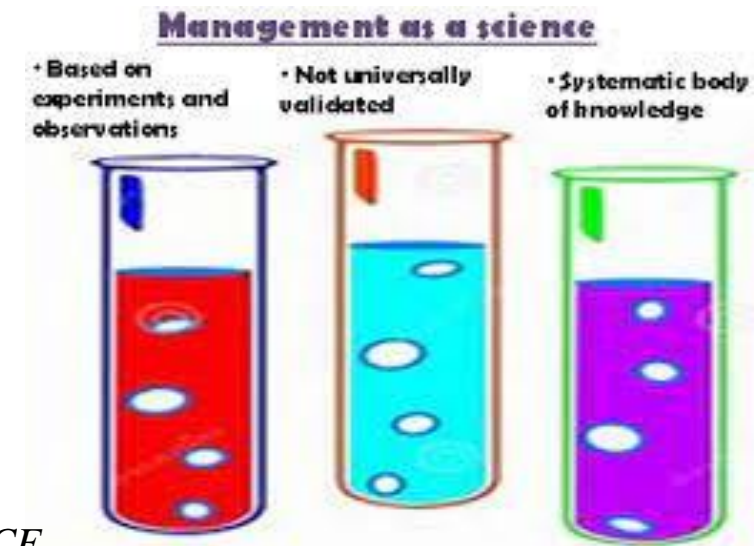


Management as science:

- Science denotes two types of systematic knowledge; **natural or exact and behavioural or inexact.**
- In exact or natural science (such as physics and chemistry) we can study the effect of any one of many factors affecting a phenomenon.
- For example, we can study in the laboratory, the effect of heat on density by holding other factors (like humidity, pressure etc.) constant, whereas in behavioural or in exact science it is not possible.
- In management we have to study man and number of factors affecting him.
- For example, we cannot study the effect of monetary incentives on workers productivity, because in addition to monetary incentives other inseparable factors like leadership styles, workers need hierarchy and leadership styles will also have simultaneous effect on productivity.
- At the most we may get only rough idea of the relationship between monetary incentives and productivity. **Therefore, management is in the category of behavioural science.**

<https://www.youtube.com/watch?v=sXl9bZdBm4E>

https://www.youtube.com/watch?v=_6lM8bz1Hoo



MANAGEMENT: A ART

Management is an art:

- Management is the **art of getting things done through others in dynamic situations.**
- A **manager has to coordinate various resources against several constraints** to achieve predetermined objectives in the most efficient manner.
- Manager has to constantly **analyze the existing situation, determine objectives, seek alternatives, implement, and control and make decision.**
- The theoretical lessons on principles, concepts and techniques learnt by a manager in classroom is not enough to get the aimed results unless he possess the skill (or art) of applying such principles to the problems.
- The **knowledge has to be applied and practised.** It is like the art of musician or painter who achieves the desired results with his own skill which comes by practice.

IS MANAGEMENT IS AN ART OR SCIENCE ?

How management is an art

Managing is the "art of arts" because it organizes and uses human talent.

How management is science

Management follows a systematic method to find a possible solution for a problem

Practical knowledge



Personal skill



Creativity



Perfection through practice



Goal-oriented



Concepts



Methods and principles



Theories



Organized knowledge



Practice



Management as an Art:

Art is the experienced and personal utilisation of subsisting information to accomplish solicited outcomes. It can be procured via education, research and practice. As art is involved with the personal utilisation of data some kind of inventiveness and creativity is needed to follow the fundamental systems acquired. The essential characteristics of art are as follows:



- **The presence of theoretical knowledge:** Art assumes the presence of specific academic knowledge. Specialists in their particular fields have obtained specific elementary postulates which are appropriate to a specific sort of art. For instance, the literature on public speaking, acting or music, dancing is publicly acknowledged.
- **Personalised application:** The application of this primary information differs from person to person. Art, hence, is a highly personalised notion.
- **Based on custom and creativity:** Art is practical. Art includes the creative practice of subsisting intellectual knowledge. We know that music is based on 7 notes. However, what makes the style of a musician different or distinctive is his performance of these notes in an artistic way that is uniquely his own solution.

Examples of being an artist: Dancer, Potter, Musician, Director, Actor, Designer etc. all are artist in their respective fields. A manager is also an artist as he applies his personal knowledge and experience to get the work done from his subordinates.



Activity: Prepare the role of management as an art for taking any events related to Mysuru Dasara



MANAGEMENT: A SCIENCE OR ART? Cntd.

Management uses both scientific knowledge and art in managing an organization. As the science of management increases so should the art of management. A balance between the two is needed.

Comparison between science and art

Science	Art
Advances by knowledge	Advances by policies
Process	Feels
Predicts	Guesses
Defines	Describes
Measures	Opines
Impresses	Expresses

MANAGEMENT: A PROFESSION

According to McFarland, “**Profession**” possesses the following characteristics:

- (1) Existence of an organized knowledge.
- (2) Formalized method of acquiring training and expertise.
- (3) Existence of professional association.
- (4) Existence of an ethical code to regulate the behaviour.
- (5) Charging of fees based on service with due regard to social interest.



However, ‘professionalization’ of management started and it is essential nowadays to acquire some professional knowledge or training. In this regard government of India has started six national institutes of management and a number of universities and institutions are offering MBA programmes.

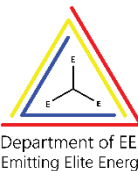
Ex: SWAYAM- NPTEL, NITTTR

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A T M E

College of Engineering



Management as a Profession:

The profession can be described as an occupation upheld by specific education and practice, in which entry is limited. A profession has the following features:

- **The well-defined theory of knowledge:** All services are based on a well-defined form of education that can be procured through education.
- **Restricted entry:** The entrance to a profession is defined through an examination or through obtaining an educational degree. For instance, to become a chartered accountant in India an aspirant has to clear a detailed examination regulated by the Institute of Chartered Accountants of India (ICAI).
- **Professional community:** All professions are affiliated to a professional association which controls entry, presents a certificate of training and expresses and supports a system of government. To be qualified to study in India, lawyers have to become members of the Bar Council which monitors and regulates their actions.

Planning:

- Nature, Importance and Purpose of Planning,
- Types of Plans
- Steps in Planning
- Limitations of Planning
- Decision Making – Meaning
- Types of Decisions
- Steps in Decision making



Nature, Importance and Purpose of Planning

According to Koontz and O'Donnel “Planning is deciding in advance what to do, how to do it, when to do it and who is to do it. It bridges the gap from where we are and to where we want to go. It is in essence the exercise of foresight”.

NATURE OF PLANNING

The nature of planning may be understood in terms of it being a **rational approach, open system, flexibility and pervasiveness.**

Planning: A Rational Approach

- Planning is a rational approach for defining where one stands, where one wants to go in future and how to reach there.
- Rationalist denotes a manager chooses appropriate means for achieving the stated objectives, rational approach fills the gap between the current status and future status.
- The difference between two time periods T_1 and T_2 may be as long as 5 years or as short as one year.

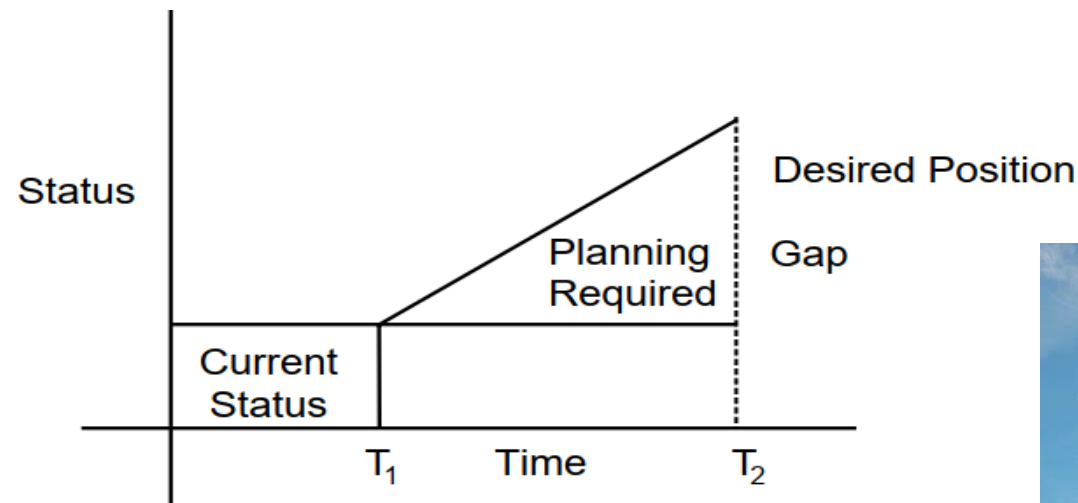
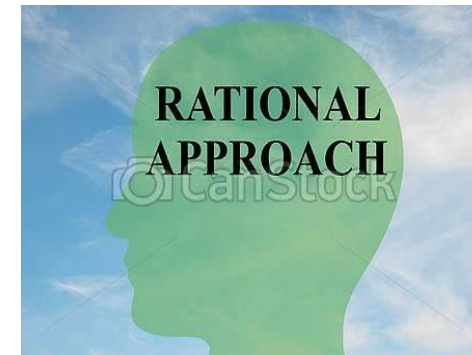


Fig. 2.1: Planning for bridging current & desired



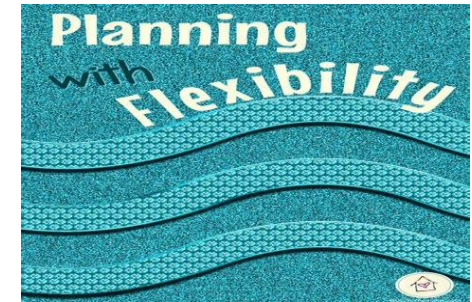
Planning: An Open System Approach

- Planning adopt an open system approach.
- Open system approach indicates that the **gap between current and desired status and the action required** to bridge this gap is influenced by a variety of environmental economic, legal, political, technological, socio-cultural and competitive factors.
- These factors are **dynamic and change with time**.



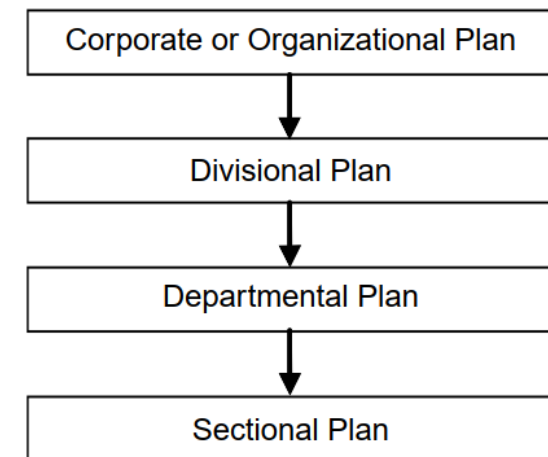
Flexibility of Planning:

The plans must be flexible **to adapt to changes** in technology, market, finance, personal and organizational factors.



Pervasiveness of Planning:

- Planning is pervasive and it extends throughout the organization.
- Planning is the **fundamental management function** and every manager irrespective of level, has a planning function to perform within his particular area of activities.



IMPORTANCE OF PLANNING

Planning is of great importance in all types of organization whether business or nonbusiness, private or public, small or large. Planning is important because of the following reasons.

1. Primacy of planning:

Planning is the first and foremost function of management, other functions follow planning. Planning establishes the objectives and all other functions are performed to achieve the objectives set by the planning process as shown

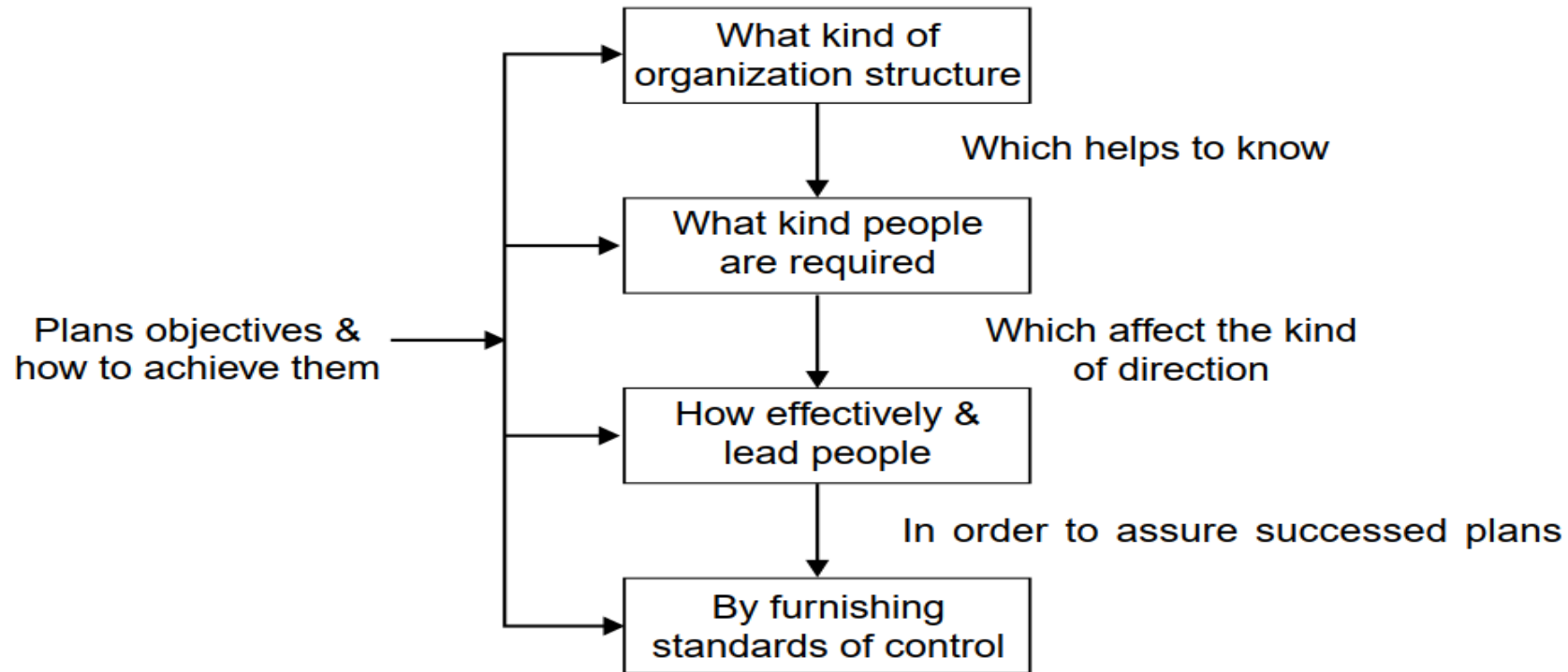
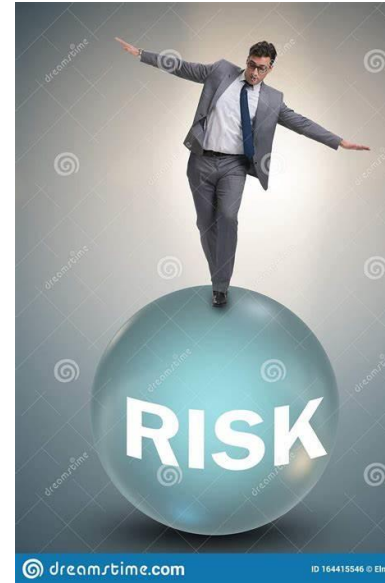


Fig. 2.3: Primacy of planning

2. *To minimize risk and uncertainty:*

- The organization continuously interacts with the external dynamic environment where there is great amount of risk and uncertainty.
- In this changing **dynamic environment** where **social and economic conditions** alter rapidly, planning helps the manager to cope up with and **prepare for changing environment**.
- By using rational and fact based procedure for making decisions, manager can reduce the risk and uncertainty.



3. *To focus attention on objectives:*

- Planning **focuses on organizational objectives and direction of action for achieving these objectives**.
- It helps managers to apply and coordinate all resources of the organization effectively in achieving the objectives.
- The whole organization is forced to embrace identical goals and collaborate in achieving them.



4. *To facilitate control:*

- Planning sets the goals and develops plans to achieve them.
- These goals and plans become the standards or benchmarks against which the actual performance can be measured. Control involves the measurement of actual performance, comparing it with the standards and initiating corrective action if there is deviation.
- Control ensures that the activity confirm to plans.
- Hence control can be exercised if there are plans.



5. *To increase organizational effectiveness:*

- Effectiveness implies that the organization is able to achieve its objectives within the given resources.
- The resources are put in a way which ensures maximum contribution to the organizational objectives.
- Effectiveness leads to success.



TYPES OF PLANNING



Table 2.1: Types of planning

Dimension	Types of planning
1. Coverage of activity	Corporate and functional planning
2. Importance of contents	Strategic and tactical/operational planning
3. Time period involved	Long term and short term planning
4. Approach adopted	Proactive and reactive planning
5. Degree of formalization	Formal and Informal planning

TYPES OF PLANNING

Corporate and functional planning:

- The planning activities at the corporate level which **cover the entire organizational activities** are known as corporate planning.
- The **focus in corporate planning is to determine long term objectives** as a whole and to generate plans to achieve these objectives bearing in mind the probable changes in dynamic environment.



Strategic and operational planning:

- Strategic planning **sets future directions of the organization** in which it wants to proceed in future.
- Strategic planning involves a **time horizon of more than one year** and for most of the organization it ranges between **3 and 5 years**.
- Operational planning also known of tactical planning on the other hand involves deciding the most effective use of resources already allocated to achieve the organizational objectives.



Table 2.2: Differences between strategic and operational planning.

Strategic planning	Operational planning
1. It decides major goals and policies of allocation of resources to achieve these goals.	1. It decides the detailed use of resources for achieving these goals
2. It is carried at higher level of management.	2. It is carried at lower level of management.
3. It is long term.	3. It is short term.
4. It is based on long term forecasting considering the possible impact of political, economical, technological and competitive factors and is more uncertain.	4. It is generally based on past performance of the organization and is less uncertain.
5. It is less detailed.	5. It is more detailed.

Long and short term planning:

- The long term planning is strategic in nature and involves more than one year period and can extend to **15 to 20 years** or so.
- Short term planning usually covers **one year**.
- **Short term plans are made with reference to long term plans** because short term plans contribute to long term plans.

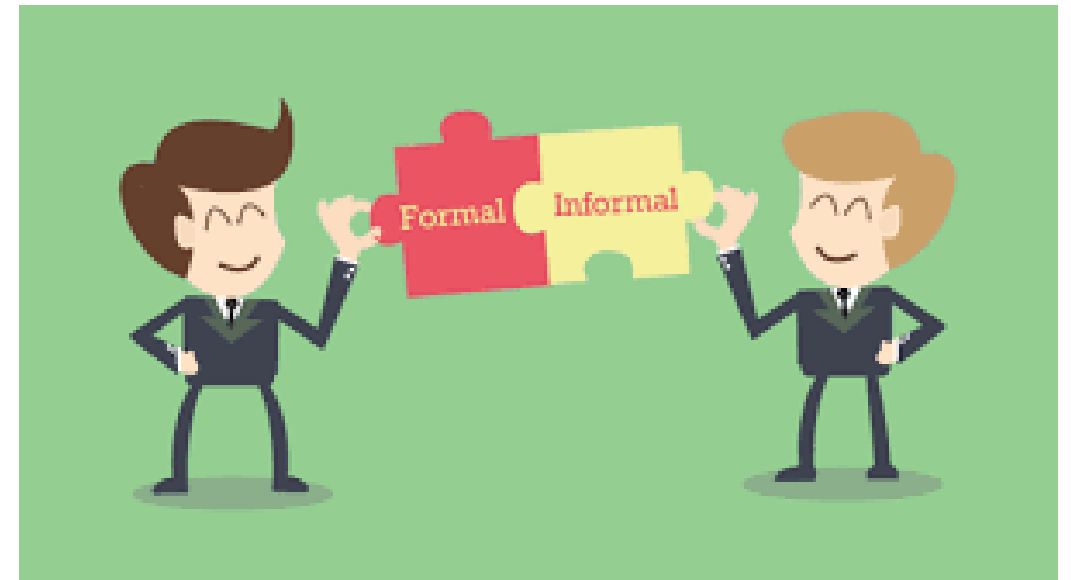
Proactive and reactive plans:

- Planning is an open system approach and hence it is affected by environmental factors which keep on changing continuously.
- **Proactive planning** involves designing suitable courses of action in anticipation of likely changes of environment. Managers adopting proactive changes do not wait for environment to change, but take action in advance of environmental changes. For this, continuous scanning of environment is necessary.
- In **reactive planning** response comes after environmental changes take place. By the time organization responds to change in environment there may be further change in environment. Hence this type of planning is suitable in the environment which is fairly stable over a long period of time.



Formal and informal planning:

- **Large organizations undertake planning in a formal way.** Generally a separate corporate planning cell is formed at higher level. The cell is staffed by people of different backgrounds like engineers, economists, statisticians etc., depending upon the nature. This type of planning is rational, systematic, regular and well documented.
- **Informal planning is undertaken generally by small organizations.**
- This planning process is based on manager's experience, intuitions rather than based on systematic evaluation of environmental changes.
- This planning process is part of manager's regular activity and is suitable for small organizations.



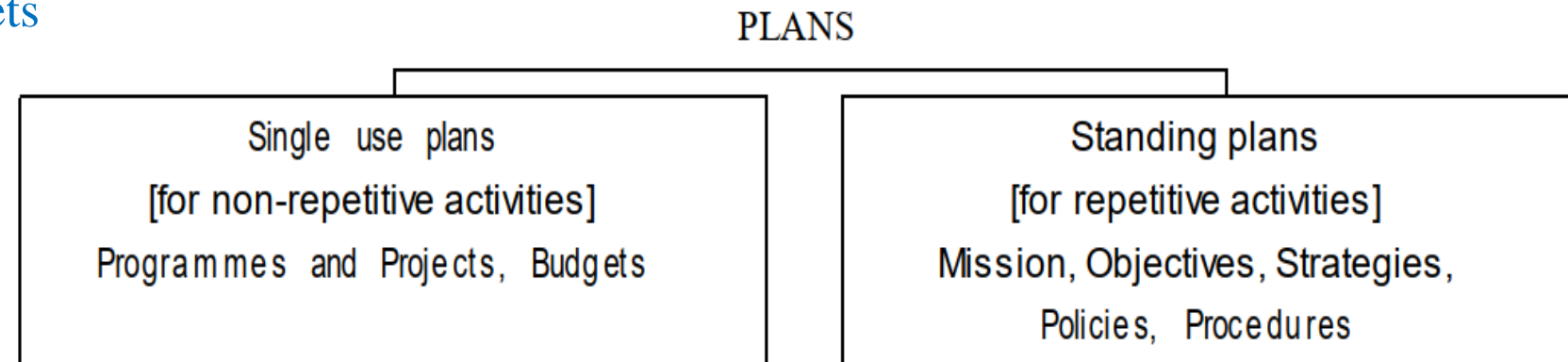
Types of Plans

1. Standing plans:

- Standing plans are **to be used over & again to lead** to the development of policies, procedures, methods, rules and strategies.
- Standing plans are designed for situations that recur often enough to justify a standardize approach.
- **Ex-bank designs a standing plan to process a loan application.**

2. Single use plans:

- Single use plans are **used in specific situations** only to produce programmer & budgets.
- Single use plans are generally derived from standing plans.
- **Ex-project, budgets, quotas, targets**



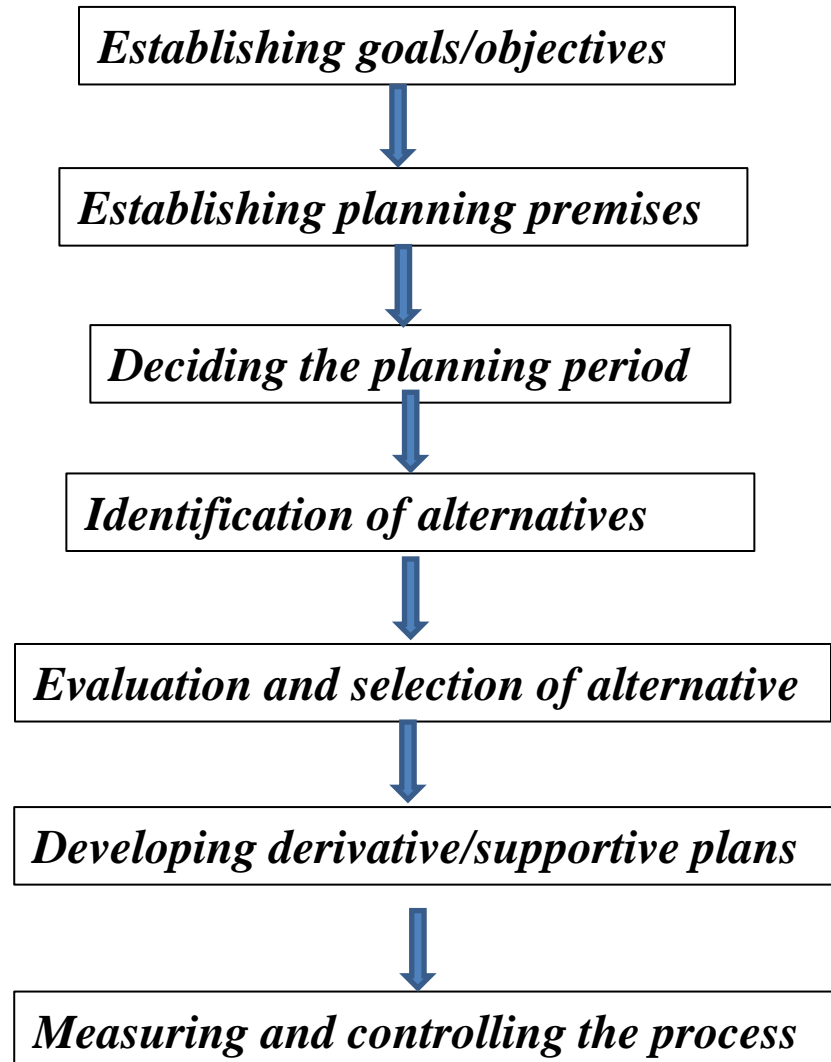
Difference between standing and single use plans

Basis	Standing plans	Single use plans
Period	They are formed for a long period.	They are formed for a short period and discarded when the assignment/project is over.
Scope	They have a wide scope as they involve the whole organisation in its scope.	They have a narrow scope and they are formulated for a specific project/assignment/situation.
Frequency of use	These are repetitive in nature.	They are one time plan, not used for recurring situations.
Examples	Policies, procedures, methods, etc	Objectives, budgets, etc.



Fig. 2.4: Hierarchies of plans

STEPS IN PLANNING



Establishing goals/objectives:

- Set **by upper level managers**
- Objective set depends on the number of factors **like mission of the organization, abilities of the organization**
- Control process is very easy if the objectives are clearly defined.



Establishing planning premises

- **Second step** in planning
- Planning premises are planning assumptions—the expected environmental factors, pertinent facts and information **relating to the future such as general economic conditions, population trends, competitive behavior etc.**
- The planning premises can be **classified as below:**
 - (1) Internal and External premises.
 - (2) Tangible and Intangible premises.
 - (3) Controllable and non-controllable premises.



Deciding the planning period:

Once the long term objectives and planning premises are decided, the next task is to decide the period of the plan.

The factors which influence the choice of a period are:

- Lead time in development and commercialization of a new product
- Time required for recovering capital investment or the pay back period
- Length of commitment already made



Identification of alternatives:

A particular objective can be achieved through various actions. For **example an organization's objective is to grow further which can be achieved in** several ways like expanding in the same field of business or product line, diversifying in other areas, joining hands with other organization



Evaluation and selection of alternative:

- Once the **alternatives are identified** the next step is to evaluate the alternatives in the light of the premises and goals and to select the best course or courses of action.
- This is done with the help of **quantitative techniques and operations research**.
- Software packages are available for evaluating alternatives.

Developing derivative/supportive plans:

- Once the plan is selected, **various plans are derived so as it support the main plan**.
- The derivative may be planning for **buying equipments, buying raw material etc**.
- These derivative plans are formulated out of the main plan and therefore, they support.

Measuring and controlling the process:

- Managers need to **check the progress of their plans** so that **remedial action** can be taken to make plan work or change the plan if it is unrealistic.
- Hence process of controlling is a part of any plan.



LIMITATIONS OF PLANNING:- Following are the limitations of planning:-

1. **LACK OF ACCURATE INFORMATION:-** The reliability of a plan depends upon facts & information on which it is based. If reliable information & dependable data are not available, planning is sure to lose its importance.
2. **LACK OF ACCURATE FORECAST:-** Planning concerns future activity & its quality will be determined by the quality of forecast of future events. No manager can predict completely & accurately the events of future, the plans may cause problems in operation.
3. **COMPLEX PROCESS:-** Planning is a complex & expensive process. It demands serious thinking, hard work & time. Some managers do not like to undergo such a complicated process as they like short-cuts. Such planning may not yield the desired results.
4. **RIGIDITIES:-** Planning may result in internal inflexibilities. By limiting individual freedom, planning may stifle initiative & personal development. Rigidities appear from managers negligence to revise the plan, policies & procedures.



Decision Making



Decision Making :

- Meaning
- Types of Decisions
- Steps in Decision making.

Decision Making

- Decision-making is the study of identifying and choosing alternatives based on the values and preferences of the decision maker.
- Decision-making is one of the central activities of management and is a huge part of any process of implementation.



MEANING OF A DECISION

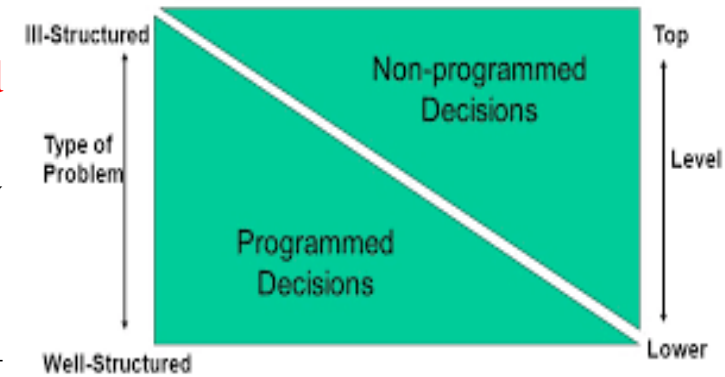
A decision is a choice between two or more alternatives. This implies three things:

1. When managers make decisions they are *choosing*—*they* are deciding what to do on the basis of some conscious and deliberate logic or judgement.
2. Managers have *alternatives* available when they are making a decision. It does not require a wise manager to reach a decision when there are no other possible choices. It does require wisdom and experience to evaluate several alternatives and select the best one.
3. Managers have a *purpose* in mind when they make a decision. There would be no reason for carefully making a choice among alternatives, unless the decision brings them closer to some goal.

Types of Decisions

1. Programmed and non-programmed decisions:

- Programmed decisions are those that are made in accordance to **policy, procedure and rules**.
- These decisions are routine and repetitive and programmed decision are relatively easy to make.
- Non-programmed decisions are novel and **non-repetitive**.
- If a problem has not arisen before or if there is no clear cut method for handling it, it must be handled by non-programmed decision.



2. Major and minor decisions:

- The decisions which have their impact for long-period or which have impact on other departments are known as major decision.
- Decisions which does not have long term effect or affecting one department are known as minor decisions



3. Simple and complex decisions:

- If very few variables are to be considered for solving a problem the decision is sample.
- If the variables are many, then it is a complex decision.



4. **Strategic and tactical or operational decisions:**

- Strategic decision is a **major choice** of actions concerning allocation of resources and contribution to the achievement of organizational objectives.
- Tactical or operational decision is derived out of strategic decision. It relates to **day-to-day working** of the organization and is made in the context of well-set policies and procedures



5. **Individual and group decisions:**

- Decision may be taken either by an individual or group.
- Decisions which are routine in nature, with few variables and definite procedures exists to deal with them are taken by individuals.
- On the other hand decisions which have their impact on other departments, which may result into some changes in the organization, are generally taken by groups.



Steps in Decision making

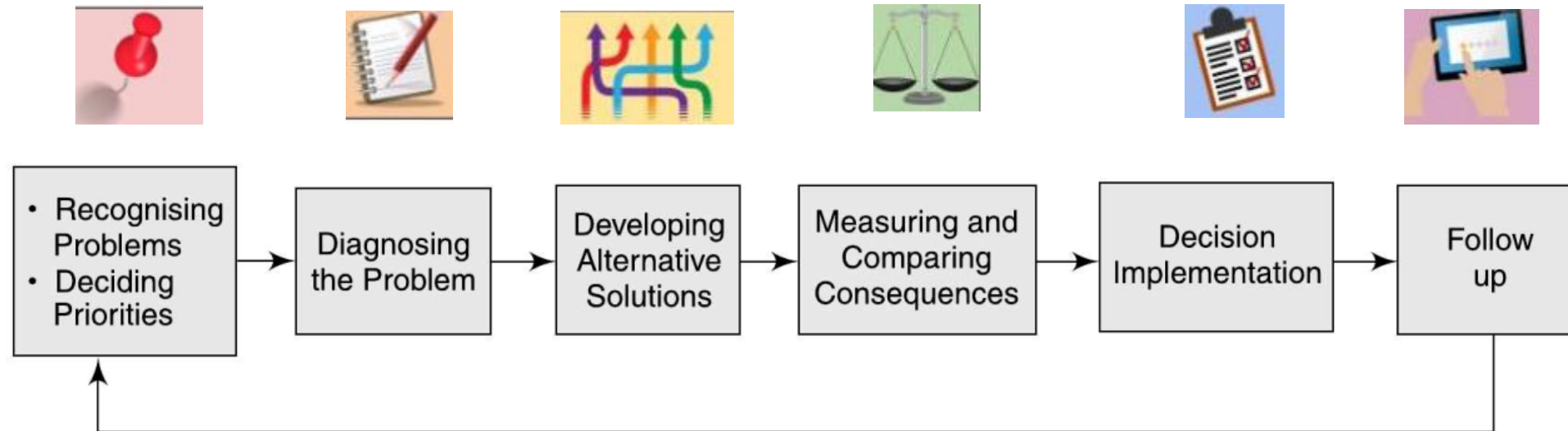


Fig. 5.1 Flow diagram of the rational decision-making process

Steps in Decision making

The following steps are involved in the process decision making.

1. Recognizing the problem: It is necessary to search the environment for the existence of a problem.

A problem is said to exist;

- When there is deviation from past experience
- When there is deviation from plan
- When competitors outperform
- When people bring problems to the manager

2. Deciding priorities among the problems:

- A manager might have identified a number of problems.
- All these problems vary in their importance.
- He may find that some of the problems are such that they can be solved by their subordinates because they are closest to them.

3. Diagnosing the problem:

Symptoms of the problem that are observed by the manager may some times mislead him. The symptom may lead manager to suspect one part when the defect may lie hidden in another part



4. **Developing alternative solutions or courses of activities:** A problem can be solved in several ways; however all the ways cannot be equally satisfying. If there is only one way of solving a problem, then no question of decision arises. Therefore decision maker must identify various alternatives available in order to get most satisfactory result of a decision.

5. **Evaluating alternatives:** Once various alternatives are developed, the next step is to measure and compare their consequences of alternatives using quality and acceptability. The quality of a decision must be determined considering both tangible and intangible consequences.

6. **Converting the decision into effective action:** This step involves communication of decisions to the employees. Decision must be communicated in clear and unambiguous terms. All necessary efforts should be made to secure employees participation in some stages of decision making.

7. **Follow up of action:** The manager while converting a decision into effective action should institute a system of follow-up so that he can modify or alter his decision at the earliest opportunity.



Class group discussion

which activity to choose for the upcoming weekend.

You have three options:

- going to the beach
- hiking in the mountains
- watching movies at home

Each option has its pros and cons.

Decision Points:

- 1.What are the benefits and drawbacks of each activity?
- 2.Consider factors like weather, cost, transportation, and personal preferences.
- 3.How will you make a collective decision that satisfies everyone in the group?



End of Module-1