MODULE-1 define management explain characteristics of management.

Management
Definition of management: **Simplest definition is that it is defined as the art of getting things Done through people**. **Management can also be defined as :** **The process consisting of planning, organizing, actuating, and controlling, performed to determine and accomplish the objectives through the use of people and resources.** **Is systematic way of doing things**

Difference between a manager and other personnel in the organization:
A manager is one who contributes to the organizational goals indirectly by directing the efforts others by not performing the task by himself. A person who is not a manager makes his contribution to the organizations goals directing by performing the task himself.

explain functional areas of management

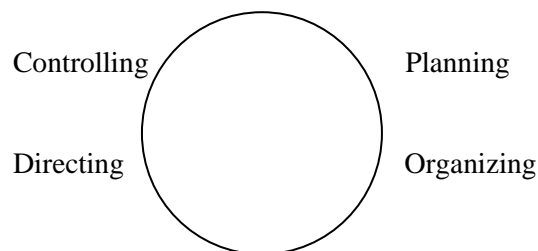| Functional areas of management or Four management activities are included in this process are: Planning, organizing, actuating and controlling. |
|---|
| **Planning:** means thinking of their actions in advance.
Organizing: means that managers coordinate human and material resources of the organization.
Actuating: means that managers motivate and direct subordinates.
Controlling: means that mangers attempt to ensure that there is no deviation from the norm or plan.
The definition involves the act of achieving the organizations objectives.
A manager also uses people and other resources such as finance, equipment to achieve their goals.
Management involves the act of achieving organizations objectives. |
| **Planning:** is a function that determines in advance what should be done which is looking ahead and preparing for the future.
Is a process of determining the objectives and charting out the methods of attaining those objectives
Is determination of what, where and how it is to be done and how the results are to be evaluated
Is done, not only for the organization as a whole, but also for every division, department or sub-unit of the organization.
Is a function which is performed by the managers at all levels-top (which may be as long as five years), middle (shorter may be week) and supervisory. |
| **Organizing and staffing** |
| Is a function which may be divided into two main sections namely the human organization and material organization.
Once the plans have been developed and the objectives established they must design and develop a human organization to carry out plans successfully.
May defined as a structure which results from identifying and grouping work, defining and delegating responsibility and authority and establishing the relationships.
Staffing is also considered an important function in building the human organization involves building the right person for the right job.
Fixes responsibility for a manager to find the right person for the right job and ensures enough manpower for the various positions needed for the organization which involves selection and training of future managers and suitable system of compensation.
Different objectives require different kinds of organizations. |

Directing:
Is the next step after planning, organizing and staffing
Involves three sub-functions namely communication, leadership and motivation
Communication is the process of passing information from one person to another.
Leadership is the process of guiding and influencing the work of his subordinates by the manager.
Motivation is the arousing the desire in the minds of the workers to give their best to their enterprise.
To pull out the weight effectively, to be loyal to their enterprise and carry out the task effectively.
Has two types of motivation, financial and nonfinancial.
Financial: takes the form of salary, bonus, profit-sharing etc.
Nonfinancial: takes the form of job security, opportunity of advancement, recognition, praise etc.

Controlling: is a function which ensures everything occurs in conformity with plans adopted and involves three elements:
1)establishing the standards of performance
2) Measuring current performance and comparing it against the established standards.
3)taking action to correct any performance that does not meet the standards

Management Process:

Meaning of management:
Cannot be defined or understood let alone be practiced except in terms of performance dimensions And of the demands of performance on it as said by Drucker in 1973.The results of a manger's action should be enjoyed by the customer or the client as the ultimate beneficiary. the customers may be internal or external to the organization
Nature of management:
1)All the managers carry out the managerial functions of planning, organizing, staffing leading and controlling
2)management applies to any kind of organization
3)applies to managers at all organizational levels
4)the aim of the managers is same create the surplus
5)managing is concerned with productivity, which implies effectiveness and efficiency
Characteristics of management:
Management is
1) Intangible (not measurable and cannot be seen) but its presence can be felt by efforts in the production sales and revenues.
2)universal and it is applicable to all sizes and forms of organizations
3) a group activity and it involves getting things done with and through others
4) Is goal oriented and all actions of management are directed at achieving specific goals.
5)is science as well art and emerging now as a profession
6)is multidisciplinary and it has contributions from psychology, sociology, anthropology

Scope of the management:
The management is a must for every organization which encompasses for profit as well as nonprofit organizations, government as well as non-government organizations, and service as well as manufacturing organizations. It is in fact difficult to find an area of activity where management is not applicable. Management is not only limited to business enterprises for profits but also for non-profit organizations like educational institutions, health care organizations, financial organizations, stores management for keeping their cost of the operation at the optimal levels. Government organizations like municipal corporations, water supply departments, electricity boards in providing best possible services to the public. Non-government agencies like environmental agencies benefit from management in achieving their social objectives in cost effective manner. Manufacturing organizations extensively use management to increase production to enhance the quality of the products manufactured and similarly Service organizations benefit from management in providing an exemplary service experience to the customers.

Roles of a manager: explain different roles of manager

I)Interpersonal roles:
(i)Figure head: performs duties of ceremonial nature such as greeting the touring dignitaries, attending the wedding of an employee and taking important customers to lunch and so on. **(ii)Leader:** every manager must motivate and encourage their employees, try to reconcile their individual needs with the goals of the organization. **(iii)Liaison:** in this role, every manager must develop contacts outside his vertical chain of command to collect information useful for the organization.
(II)Informational roles:
Monitor: must perpetually scan his environment for information interrogate his liaison contact and subordinates to get any solicited information useful for the organization. **Disseminator:** manager passes the privileged information directly to the subordinates who otherwise would not have access to it. **Spokesman:** may require to spend a part of the time in representing the organization before various outside groups having some stake in the organization such as government officials, labour unions, and financial institutions.
(III) Decisional roles:
(i)Entrepreneur: in this role the manager proactively looks out for innovation to improve the organization by means of creating new ideas, development of new products or services or finding new uses for the old ones. **(ii)Disturbance handler:** must act like a firefighter to seek solutions to various unanticipated problems **(iii)Resource allocator**: must divide work and delegate authority among his subordinates. **(iv)Negotiator:** must spend considerable time in negotiations. **Example:** the foreman negotiating with the workers for the grievance problems

Levels of management: In any organization, there are three levels of management the first-line, middle and top level managers.
First-line management: is made up of foreman and white collared supervisors. **Middle management:** consists of vast and diversified group consisting plant managers, personnel managers and department heads. **Top management:** consists of board chairman, the company presidents, and the executive vice-presidents. Men who coordinate all the specialties and make policies for the company as whole.

Managerial skills:

The manager is required to possess three major skills: Conceptual skill which deals with ideas, human relations skill which deals with people and technical skill which deals with things.
(**i**) **Conceptual skill:** deals with the ability of manager to take a broad and farsighted view of organization and its future, ability to think in abstract ability to analyze the forces working in a particular situation. **(ii) Technical skill:** are managers understanding of the nature of the job that people under him have to perform. Refers to the person's knowledge and proficiency in any type of process or technique. **(iii) Human relations skill**: is the ability to interact effectively with people at all levels and the manager sufficient ability to (a) To recognize the feelings and sentiments of others. (b)to judge the possible reactions to and the outcomes of various courses of action he may undertake (c) to examine his own concepts and values which may enable to more useful attitudes and about himself. **Skill mix of a manager with the change in his level:** **(a) Top level:** technical skill becomes less important **(b)Middle management:** human relations skill become more important **(c)Supervisory skill:** technical skill becomes more important.

Management and administration:

Management	Administration
1) Management involves doing which is a lower level function concerned with the execution and direction of policies and operations. No two separate personnel are required. Each manager performs both activities and spends part of his time in administering and part of his time managing. 2) Management is a generic term which includes administration Manager is the term used in the business enterprises. In management, economic performance becomes the chief dimension of management.	1) Administration involves thinking which is a top level function which centers around the determination of plans, policies and objectives of a business enterprise. 2) Administration is a term used in the governance of non-business institutions (such as government, army etc). In administration, on-business institutions economic consequences of decisions are secondary

Evolution of the management can be studied as

1)Early classical approaches represented by a)Scientific management b)Administrative management and c)Bureaucracy
2)Neoclassical approaches represented by a)Human relations movement and Behavioral approach
3)Modern approaches represented by a)Quantitative approach b)Systems approach and c)Contingency approach

1 a) Scientific management:
Frederic Winslow (1856-1915) is considered as the father of Scientific management Exerted a great influence on the development of the management through his experiment and writings. Conducted as a series of experiments in three companies Midvale steel, Simonds Rolling machine and Bethlehem Steel while serving as a chief engineer of Midvale steel company for a period of 26 years.

Taylors contributions under scientific management

1) Time and motion study: started time and motion study under which each motion of job was timed out with the help of stop watch of doing job was found and shorter and fewer motions were developed and amongst these the best job was found which replaced the old rule of thumb knowledge of the workman.

2) **Differential payment:** new payment plan called the differential piece work was introduced which was linked incentives with production. under this plan a worker received low piece rate if he produced the standard number of pieces and high rate if he surpassed the standard which would motivate the workers to increase production

3) Drastic reorganization and supervision: introduced two new concepts separation of planning and doing and functional foremanship.
Taylor suggested that the work should be planned by the foreman and not by the worker and there should be as foreman as there are special functions involved in doing a job and each of these foreman should give orders to the worker on his specialty.

4) Scientific recruitment and training: Taylor emphasized the need for scientific selection and development of the worker. He says that management should develop and train every worker to bring out his best facilities and enable him to do a higher, more interesting and more profitable class of work than he has done in past.

5) Intimate and friendly cooperation between the management and the workers: Taylor argued that both the management and the workers both should try to increase production rather than quarrel over profits which would increase the profits to such an extent that labour and management would no longer have to compete for them and should sow common interest in increasing productivity. A complete mental revolution is required.

Contributions and limitations of scientific management:

Contributions:

1) Time and motion studies have made us aware that the tools and physical movements involved in a task can be made more efficient and rationale.

(2) Scientific selection of workers has made us recognize that without ability and training a person cannot be expected to do job properly.

(3) The scientific management have to work design encouraged the mangers to do one best way of doing the job.

Limitations:

(1)Taylors belief that economic incentives are strong enough to motivate workers for increased production proved wrong as there are other needs such as security, social needs, or egoistic needs rather than financial needs

(2) Taylors time and motion study is not accepted as entirely scientific as there is no best way of doing the same job by two individuals as they may not have same rhythm, attention and learning speed

(3) Separation of planning and doing the greater specialization inherent in the system tends to reduce the need for skill and greater monotony of work.

(4)Advances in methods and better tools and machines eliminated some workers who found it difficult to get other jobs and caused resentment among them.

Fayol's Administrative management:

Henry Fayol is considered as the father of administrative management(1841-1925)
Where the focus is on development of broad administrative principles.
Was a French mining engineer turned a leading industrialist and a successful manager.
Provided a broad analytical framework of the process of administration.

Fayol's 14 principles of management as general guides to the management process and management practice.

1)Division of work: In the management process produces more and better work with the same effort as the various functions of management like planning, organizing, directing and controlling cannot be performed efficiently by a single proprietor or by a group of directors which must be entrusted to specialists in related fields.

2) Authority and responsibility: Implies that the manager should have the right to give orders and power to exact obedience and the manager also may exercise formal authority and also personal power. Formal authority is derived from the official position and personal power is the result of
Intelligence, experience, moral worth, ability to lead, past service etc. Responsibility is closely related to authority and an individual who is willing to exercise authority must also be prepared to bear responsibility to perforators etc. the work in the manner desired.

3) Discipline: Absolutely essential for smooth running of the business and discipline means the obedience of authority, observance rules of service and norms of performance, respect for agreements, sincere efforts of completing the given job, respect for superiors.
Best means of maintaining discipline are
(a)good supervisors at levels (b)clear and fair agreements between the employees and the
 Employer.

4) Unity of command: This principle requires that each employee should receive instructions about a particular work from one superior only if reported to more than one superior would result in confusion and conflict of instructions.

5) Unity of direction: Means that there should be complete identity between individual and organizational goals on the one hand and between the departmental goals on the other hand and both should not pull in different directions.

6) Subordination of individual interest to general interest: In a business concern, an individual is always interested in maximizing his own satisfaction through more money, recognition, status etc. which is against the general interest which lies in maximizing production and hence there is a need to subordinate the individual interest to the general interest.

7) Remuneration: Remuneration paid to the personnel of the firm should be fair and should be based on general business conditions such as cost of living, productivity of the concerned employees and the capacity of the firm to pay and the fair remuneration increases workers efficiency and morale and fosters good relations between them and management.

8) Centralization: The degree of centralization or decentralization of authority must be decided on the basis of nature of the circumstances, size of the undertaking, the type of activities and the nature of organizational structure.

9) Scalar chain: Scalar chain means the hierarchy of authority from the highest executive to the lowest ones for the purpose of communication and states superior-subordinate relationship and the authority of superiors in relation to subordinates at various levels and the orders or the communications should pass through the proper channels of authority along the scalar chain.

10) Order: Putting things in order needs effort and the management should obtain orderliness in work through suitable organization of men and materials and the principle of right place for everything and for

every man should be observed by the management which requires the need for scientific selection of competent personnel, correct assignment of duties to personnel and good organization.

11) Equity: Means equality of fair treatment which results from a combination of kindness and justice and employees expect management to be equally just to everybody which requires managers to be free from all prejudices, personal likes or dislikes.

12)stability of tenure of personnel: Is necessary to motivate workers to do more and better work and they should be assured security of job by management which if not provided they have fear of insecurity of job, their morale will be low and they cannot give more and better work.

13) Initiative: Means freedom to think out and execute a plan which when provided to the employees leads to innovation which is the landmark of technological progress.
Initiative is one of the keenest satisfactions for an intelligent man to experience and hence mangers are required to give sufficient scope to show their initiative.

14) Esprit de corps: Means team spirit which should be created b y the management among the employees and is possible only when all the employees pull together as a team and there is scope for realizing the objectives of the concern and there should be harmony and unity among the staff which is a great source of strength to the undertaking which could be achieved through avoiding divide and rule motto and use of verbal communication and written communication to remove misunderstandings.

Contributions and limitations of administrative management:

Contributions:

1) Fayol's principles met with wide spread acceptance among writers on management and among managers and managers themselves.
2) Drawing inspiration from Fayol a new school of thought known as the Management Process School came into existence.

Limitations:

1)Fayol's principle of specialization lead to the following dysfunctional consequences:
(a) Leads to the formation of small work groups with norms and goals with each individual carrying out his own assigned part without bothering about the overall purpose of the organization as a whole.
(b) Results in the dissatisfaction amongst workers as it does not provide them the opportunity to use all their abilities.
(c) It results in an increase in overhead cost because the more the specialization develops at one level the greater becomes the need for coordination at a high level.
2) One of the findings in Fayol's principles is that there is nothing in Fayol's writings to indicate which the proper one to apply is. Forexample the principle of unity of command and the principle of unity of specialization or division of labour cannot be followed simultaneously. In this way many of these principles are full of contradictions and dilemmas.
3) Fayol's principles are based on a few case studies only and have not been tested empirically and whenever tested have fallen like autumn leaves.
4) These principles are often stated as unconditional statements of what should be done in all circumstances, when what is needed are conditional principles of management.
5.the principles of Fayol such as the principles specialization, chain of command, unity of direction and span of control result in the mechanistic organizational structures which are insensitive to employees Social and psychological needs.
6.these principles are based on the assumption that the organization are closed systems but in reality organizations are open systems and hence the rigid structures so created do not work well under stable conditions.

Bureaucracy
German scientist Max Weber is considered to be the father of Bureaucracy.
Made a study on various business and government organizations and distinguished three types of administration amongst them.
Leader oriented, tradition oriented, and bureaucratic.
(i) Leader oriented: Administration is one in which there is no delegation of management functions and all employees serve as loyal subjects of a leader.
(ii) Tradition oriented: all managerial positions are handed down from generation to generation and who are you, rather than, what you can do becomes the primary function.
(iii) Bureaucratic oriented: is based on the persons demonstrated ability to hold the position and no person can claim particular position either because of his loyalty to the leader or because the position has been traditionally held by members of his family and the people earn positions because they are presumed to be best capable of filling them.

Important features of Bureaucratic Administration:
1)Insistence on following standard rules: There should not governed by the personnel preferences of the employer but it should be governed by the standard rules which provides equality in the treatment of subordinates and continuity and predictability of action.   **2) Systematic division of work:** increases production by improving efficiency and saving time in changing over from one job to another.   **3) Principle of hierarchy followed:** each lower officer is under the control and supervision of a higher one.   **4) Not necessary for the individual to have knowledge of and training in the application of rules:**   These form the basis on which legitimacy is granted to his authority.   **5) Administrative acts, decisions and rules are recorded in writing:** makes the organization independent of people besides making peoples understanding more accurate.   **6) There is rational personnel administration:** people are selected on the basis of their credentials and merit and are paid according to their option in their hierarchy, promotions are made systematically and there is on winning peoples loyalty and commitment.

Contributions and limitations of bureaucracy:
Contributions:
Bureaucracy can be viewed as the logical extension of management when it becomes impossible for one person to fulfill all managerial functions which has enabled most modern large scale organizations which require functionally specialized staff to train and control the people with heterogeneous backgrounds and to delegate specific responsibilities and functions to them.
Limitations:
Has lead to important dysfunctional consequences of bureaucracy as follows: **1) Over conformity of rules:** Employees observe stick to rule policy because they follow stick to the rule policy because they fear of being penalized of the violation of these rules and therefore follow the letter of law without going into its spirit.   Example: a doctor in the emergency spends precious time in filling various forms before helping the accident victim.   **2)buck passing:** In situations where there are no rules, employees are afraid of taking decisions independently and may be punished for wrong decisions and therefore either shift decisions to there or postpone them which results in the increase of office work and leads to Parkinson's disease.

3) Categorization of queries: Probable queries coming from outside are generally classified in advance into a few broad categories and answer for each category are prepared in advance.

On receiving the query the employees job is to simply determine its category and tick the reply applicable to that category

4) Displacement of goals: Very common phenomena in bureaucratic organization and takes place when an organization substitutes for its legitimate goals some other goal which it was not created, for which resources were not allocated to it and which it is not known to serve.

Can occur in several ways:
(a) Occurs when the leaders try to devote resources to preserve and maintain the organization itself rather than its initial purpose and when several interest groups try to use the organizational goals to serve their own goals.
(b) occurs when the employees try to internalize the rules and the goals are totally forgotten which is called professional automation.
Example: praising the librarian for neat and orderly look of the library and not for increase in the number of book borrowers.
Praising the factory worker for his regular attendance and not for the quality of his performance.
(c) Secondary goals of an organization subordinating its primary goals so that latter are not served effectively.
Example: university initiating certain social or extra-curricular activities to attract students to classes and universities consuming greater time and resources in conducting the same rather than teaching a course.
(d) sectional interests developing among the heads of sub-units of the organization which may lead to forget the organizational goals.

5) No right of appeal: The clients of the bureaucratic organization feel dissatisfied because they have no right of appeal

6) Neglect of informal groups: Forms informal groups which play an important role in the organization which has lead to the development of group dynamics which are ignored by the bureaucratic organization.

7) Rigid structure: precise description of roles and over conformity of rules make bureaucratic structures rigid which work well in stable environments but do not work well in today's organizational flexible structures which require constant mentoring, collection of information and changing of job descriptions and roles of the employees.

8) Inability to satisfy the needs of the mature individuals: A mature individual wants independence, initiative, self-control, opportunity to use his all skills and information to plan his future which is not provided as the hierarchy and control features work against this organization.

Neo-classical approach:
Are called neoclassical because they do not reject the classical concepts but only try to refine them.
The human relations movement:
Emerged to achieve complete production efficiency and workplace harmony Was developed in helping managers to deal more effectively with the people side of the their organizations. Came into existence due hawthorns experiments conducted by Elton Mayo and his colleagues at the western electric company's plant in Cicero, Illinois from 1927 to 1932 which employed 29,000 workers to manufacture telephone parts and equipment. Elton Mayo's experiments can be divided into following four parts:

1)Illumination experiments 2)relay assembly test room 3)interviewing program 4)bank wiring test room
1) Illumination Experiments: Was considered to be the first phase of study
Productivity was correlated with illumination, tested, experiments were done on a group of workers and the productivity was measured at various levels of illumination for the first time and two groups were formed and set up in different buildings for the second time, this time one group called the control group worked under the constant level of illumination and the other group called the test group called worked changing levels of illumination. **Results:** When post-productivity of two groups were compared, it was found that illumination affected production only marginally.
2) Relay assembly test room: Was considered to be the second phase of study
In this phase, the object of study being broadened, along with the impact of illumination on production, other factors such as the length of the working day, frequency and duration of rest pauses and other physical conditions were taken into consideration. A group of six women workers, who were friendly with each other, were selected for the experiment, were told about the experiment, were made to work in a informal atmosphere with the supervisor researcher in a separate room who acted as a friend, philosopher and guide. Several variations were made in the working conditions during the study, to find the most ideal combination for production. **Results:** the researchers found that the production group had no relation with the working conditions which went on increasing and stabilized at a high level even when all the improvements were taken away and the poor pre-test conditions were reintroduced and something else was responsible for this. (a)feeling of importance among girls as result of participation in the research and the attention they got (b)warm informality ,tension-free interpersonal and social relations amongst small groups and relative freedom from strict supervision and rules lead to these results (c)high group cohesion among girls
3) Interviewing programme:
The knowledge about the informal group processes which were accidentally acquired in the second phase made researchers design the third phase. They wanted to know about the basic factors responsible for human behavior at work Method used to know the basic factors: More than 20000 workers were interviewed. Questions were asked relating to the type of supervision, working conditions, living conditions and so on. Indirect questions were asked to the workers and the workers were free to talk about their favorite topics related to their work environment. **Results**: the study revealed that the workers social relations inside the organization had an unmistakable influence on their attitudes and behavior and about the all-pervasive nature of informal groups on their culture and the production norms which the members were forced to obey.
4) Bank wiring observation room: Can be considered as the fourth phases of experimentation.
Involved in-depth observation of 14 men making terminal banks of telephone wiring assemblies, to determine banks of telephone wiring assemblies, to determine the effect of informal group norms and formal economic incentives on productivity.   **Results:**

Study revealed that group evolved its own production norms for each individual worker which were much lower than the those set by the management and the workers would produce that much and no more thereby defeating the incentive system

This artificial restriction of production saved workers from a possible cut in their piece rates and protected weaker and slower workers from being reprimanded or thrown out of jobs.

Class of workers-production rate

Called foolish-was more than the group norm were isolated, harassed or punished by the group in the several ways and were called rate busters.

Those who were too slow were nicknamed as chisellers.

Those who complained to the supervisor against their coworkers were called squealers.

Conclusion:

The experience of the Hawthorne experiments had a profound impact on the luminaries of the human relations movement.

Came to realize the important role played by informal groups in the working of an organization.

Contributions and limitations of the human relations movement:

Contributions:

The contributions can be summarized as follows:

1) a business organization is not merely a techno-economic system but is also a social system and hence it is important to provide social satisfaction to the workers to produce goods.

2) There is no correlation between improved working conditions and high production.

3) A workers production norm is set and enforced by his group and not by the time and motion study done by the industrial engineer and those deviating from the group were penalized by the coworkers.

4) Worker does not work for money only and also nonfinancial awards, affect his behavior and limit the economic incentive plan.

5) Employee centered, democratic and participative style of supervisory leadership is more effective than task centered leadership.

6) The informal group and not the individual is the dominant unit of analysis in organizations.

Limitations:

1) is swing in the opposite direction and is as much s incomplete as the scientific management and administrative management. The human relations writers saw only the human variable as critical factor and ignored other variables.

2) The implicit belief that every organization can be turned down into one big happy family which could satisfy everybody was not correct as every organization is made up of a number of diverse social groups with incompatible values and interests.

3) This approach emphasizes the importance of symbolic rewards and underplays the role of material rewards.

4) Approach provides an unrealistic picture about informal groups by describing them as major source of satisfaction for industrial workers and it is assumed that many workers do not come to the factory to seek affiliation and affection.

5) Approach is in fact production oriented and not employee oriented as it claims to be. Many of its techniques (running canteens, social groups) trick workers into false sense of happiness.

6) the leisurely process of decision making of this approach cannot work during emergency,

7) Makes unrealistic demand on the superior and wants him to give up is desire.

8) Approach is based on wrong assumption that satisfied workers are more productive workers because attempts to increase output by improving working conditions and the human relations skills of a manager generally in the dramatic productivity increases that are expected.

Behavioral approach:

This version is an improved and a more mature version of the human relation approach management.

Douglas McGregor, Abraham Maslow, Kurt Levin, Chester Bernard, Mary Parker Follett, George Humans, RenisLikert, Chris Argyris, and warren Bennis are some of the foremost behavioral scientists who made significant contributions to the development of the behavioral approach to management.

These scientists were rigorously trained and used more sophisticated research methods.

These people came to be regarded as the behavioral scientists rather than the members of the human relations school.

The findings of these people have enormously helped in understanding the organizational behavior.

These do not believe in the highly classical organization structures which were built around the traditional concepts of hierarchical authority, unity of command, line and staff relationships and narrow spans of control.

They believe that lot of domination takes place by the managers which causes subordinates to become passive and dependent on them.

These scientists prefer more flexible organization structures and jobs built around the capabilities and aptitudes of average employees.

Recognizes the practical and situational constraints on human rationality for making optimal decisions which in practice, is done in a suboptimal manner.

Attach more weight age to participative and group decision making as the business are so complex that it is not fair nor feasible to make individuals responsible for solving them.

Underline the desirability of humanizing the administration of the control process and encouraging the process of self-direction and control instead of imposed control.

Also favor participation in the establishment, measurement and evaluation of standards of performance, prompt information feedback to whose performance is off the mark and for positive and reformative measure instead of punitive measures.

Consider organizations as group of individuals with certain goals for both big and small groups about the individuals forming groups, joining groups, group size, structure and process and group cohesiveness.

Have made extensive studies on leadership which they believed democratic style desirable and the autocratic style appropriate in some situations.

Believed that the realistic model of human motivation as complex because people react differently for the same situation or react the same way to different situations and no two people are exactly alike.

Modern approaches(Three of them) 1) Quantitative 2) Systems approach 3) Contingency approach

1)Quantitative approach: Called the management science approach

Gained momentum during the second world war when UK and USA were desperately trying to seek the solutions to a number of few, complex problems in warfare.

Interdisciplinary group of scientists were engaged for this purpose were known as operations research(OR) teams because their work consisted of analyzing operations and carrying out applied scientific research which were the same which were used for solving problems in the industry.

solving problems in the industry using OR techniques

1) A mixed team of specialists from relevant disciplines is called to analyze the problem and to propose a course of action to the management.

2) The team constructs the a mathematical model to simulate the problem which in symbolic terms all relevant factors that bear the problem, and the interrelationship amongst them

3) By the changing the values of the variables in the model generally with a computer and then team can determine the effect of each change.

Thus we can conclude that the focus is on quantitative approach is based on decision making with quantitative tools and techniques for making objectively rational decisions.

Approach facilitates disciplined thinking, precision and perfection by expressing relationships in quantitative terms which has been widely used in planning and control activities where problems can be precisely identified and defined in quantitative terms.

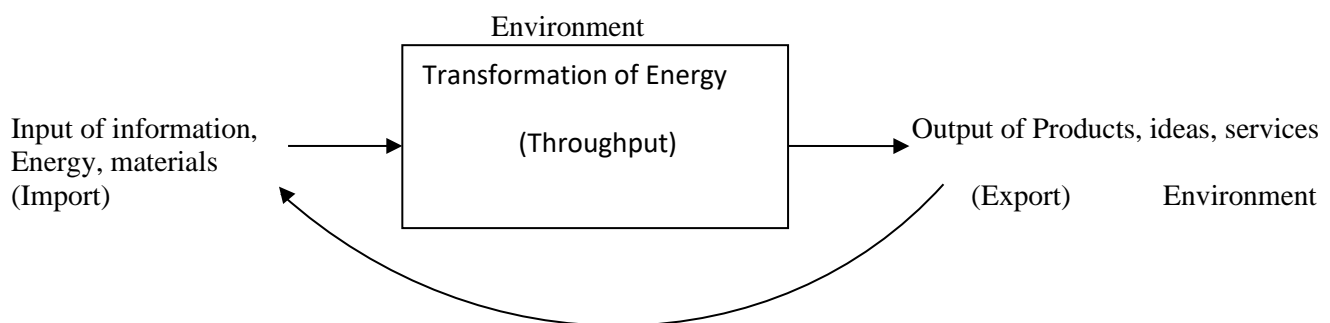| |
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| **2)Systems approach:** Provides integrated approach to management problems and the key concepts of systems approach are |
| **1)a system is a set of independent parts:** |
| Which together works as a single unit and performs some function. Similarly an organization can also be considered to be composed of four independent parts namely task, structure, people and technology.
The **task subsystem** refers to main purpose.
Structure subsystem: refers to the formal division of authority and responsibility, communication channels and workflow.
People subsystem: refers to the employees with their motives, attitudes and values and the informal organization.
Technology subsystem: refers to the tools and equipment as well as techniques which are used by the organization to perform the task. |
| **2)concept of considering the system as a whole:** |
| Means that no part of the system can be analyzed and understood apart from the whole system and conversely, the whole system cannot be accurately perceived without understanding all its parts.
Each part bears a relation of interdependence to every other part which rather than dealing separately with the various parts of the organization as a whole.
The above concept facilitates more effective diagnosis of complex situations and increases the likelihood of appropriate managerial functions |
| **3)a system can be either open or closed:** |
| Open system is one which interacts with its environment and closed system is one which is independent of the environment.
All living systems are actually dependent on the external environment for information, material and energy. They enter the system from the environment as inputs and leave the system as outputs and therefore they are rightly conceived as open systems.
Inputs of a business organization: raw materials, power, finance, equipment, human effort, technology, information about market, new products, government policies and the changes these inputs into output of goods, services and satisfaction and the transformation process is known as throughput. |
| **The transformation process can be categorized as follows:** |
| Physical(as in manufacturing)
Location(as in transportation
Exchange(as in retailing)
Storage(as in warehousing)
Physiological(as in telecommunications)
The output of a system is always more than the combined output of its parts which is called synergy.
Which in organizational terms means that as separate departments within organization cooperate and interact they become more productive than if they acted in isolation.
One important mechanism of a system which enables to exercise control over its operations is feedback as shown in the figure |

Environment

Transformation of Energy

(Throughput)

Input of information,
Energy, materials
(Import)

Output of Products, ideas, services

(Export)   Environment

4) Every system has a boundary:
Boundaries can be clearly observed and therefore more precisely defined in the case of physical and biological systems than in case of social systems.
For example: we can define the physical boundaries of the human body or a plot of land very precisely but it is difficult to define the boundary of an organization and they do not have clearly observable boundaries.

Concept of a boundary:
1) Helps a system in determining whether it ends and the other system begins.
2) Divides those elements that are a part of a system from those that are a part of its environment
3) Enables a system to protect its transformation process from the vagaries of its environment.
Contributions of systems approach:
A problem here is studied both at the level of the subsystem (micro level) and the total system (macro level).
Application of this approach results in the requirement that executives in addition to having the skills in their own functional areas should have enough knowledge of other areas also who should be generalists also.
Contingency approach:
Is the second approach which tries to integrate the various schools of management thought.
There is no best way of doing things under all conditions
Methods and techniques are highly effective in one situation may not work in other situations and results differ because the situations differ.
The task of a manger is to try to identify which technique will in a particular best contribute to the attainment of the management goals and managers have therefore to select the situational sensitivity and practical selectivity.
Contingency views are applicable in designing organizational structure, in deciding the degree of decentralization, in planning information decision systems, in motivational and leadership approaches in establishing communication and control systems, in resolving conflicts and managing change, in establishing and control systems and in several areas of organization and management.

Define Planning. Explain the general steps involved in planning.

Planning:

Planning is the beginning of the process management
A manager must plan before he can possibly organize, staff, direct or control.
Because planning sets all other functions into action, it can be seen as the most basic function of management.
Without planning other functions become mere activity.
Planning is an intellectual process which requires manager to think before acting. It is thinking in advance. it is planning that managers of organization decide what is to be done, when it is to be done, how it is to be done, and how has to do it.
Decision making is an integral part of planning. It is the process of choosing among alternatives. Obviously, decision making will occur at many points in the planning process.
Planning is a continuous process like a navigator constantly checks where his ship in going in the vast ocean, a manger must constantly watch his plans must constantly monitor the conditions, both within and outside the organization to determine if changes are required in his plans.

Corollary:

A plan must be flexible. By flexibility of a plan is mean, its ability to change direction to adapt to changing situations without undue cost. It needs to possess a built in flexibility in at least major areas technology, market, finance, personal and organization.

Flexibility in technology means the mechanical ability of a company to change and vary its product-mix according to changing needs of its customers. Flexibility in market means the company's ability to obtain additional funds on favorable terms whenever there is need for them. Flexibility in personnel means the company's ability to shift individuals from one job to another. Flexibility in organization means the company's ability to change the organization structure.

Flexibility is possible only within the limits. it is almost invariably true that it involves extra cost. Sometimes it may be so expensive that it benefits may not be worth the cost. People may develop patterns of the thought that are resistant to change. Sometimes already established and procedures may become so deeply ingrained in the organization that changing them may become difficult. In most cases irretrievable costs already incurred in fixed assets, training, advertising may block flexibility.

Planning is all pervasive function. In other words, planning is important to all managers regardless of their level in the organization. There are however some differences in involvement by managers at different levels. One major difference concerns the time period covered. Top level managers are generally months to five years later, or even after that. Lower level managers are more concerned with planning activities for the day, week or month .first line supervisors, for example plan the work activities for their people for the day. They are not responsible for predicting sales levels and ordering materials to produce products six months in the future. A second major difference concerns the time spent on planning.

Top managers generally spend more time on planning. They are concerned with establishing objectives and developing plans to meet those objectives. Lower level managers are more involved in executing these plans.

Importance of planning

Planning:

1)Minimizes risk and uncertainty

By providing a more rational, fact-based procedure for making decisions, planning allows managers and organizations to minimize risk and uncertainty.

Planning does not deal with future decisions, but in futurity of present decisions.

If a manager does not make any provision for the replacement of plant and machinery, the problems he will have to face after ten years can well be imagined. The manager has a feeling of being in control if he has anticipated some of the possible consequences and has planned for them. It is like going out with an umbrella in cloudy weather.

It is through planning that the manger relates the uncertainties and possibilities of tomorrow to the facts of today and yesterday.

2)Leads to success:

Planning does not guarantee success but studies have shown that, often things being equal, companies which plan not only outperform the non-planners but also their past results.

This may be because when a businessman's actions are not random arising as mere reaction to the market place

Planning leads to success by doing beyond mere adaption to market fluctuations. With the help of a sound plan, management can act proactively and not simply react. It involves to attempt to shape the environment on the belief that business is not just the creation of environment but its creator as well

3)Focus attention on the organizations goals:

Planning helps the manger to focus attention on the organizations goals and activities. This makes it easier to apply and coordinate the resources of the organization more economically. The whole organization is forced to embrace identical goals and collaborate in achieving them. It enables the manager to chalk out in advance an orderly sequence of steps for the realization of organizations goals and to avoid needless overlapping of activities

4)Facilitates control:

In planning, the manager sets goals and develops plans and to accomplish these goals. These goals and plans then become standards against which performance can be measured. The function of control is to ensure that activities conform to the plans. Thus control can be exercised only if there are plans.

5)Trains executives:

Planning is also an excellent means for training executives. They become involved in the activities of the organization and the plans arouse their interest in the multifarious aspects of planning.

<mark>Purpose of Planning:</mark>

(i) to select amongst the any of the available alternatives so as to achieve the objectives of the enterprise effectively, economically and efficiently
(ii)to direct all other functions of management
(iii)to setup the goals of the enterprise within perspective and within environment
(iv)to help the planned goals of the environment and to breakup into more handle able additive segmented goals
(v) to form the basis of the budget
(vi) to forecast the future to avoid uncertainty and change
(vii) to provide effective control
(viii) to search among the alternatives and adopt the best way to accomplish the work
(ix) To focus the vision, objectives, and goals of the organization.

Forms of planning:

Planning can take many forms and styles in practice. Planning can be comprehensive or limited in scope.
There are organizations that plan to the last detail. Others rest content, simply broad targets for the next financial period. Planning may be done by an army of experts using sophisticated forecasting techniques. Or it may be done in a seat of the pants manner, by a number of executives, sharing their judgments over a cup of coffee. Planning may begin at the top with top executives deciding on targets and passing them down for implementation or it may begin at the bottom with the lowest sections formulating their targets and sending them up for evaluation and coordination. Planning may be done participative with many members of the organization chipping in with their ideas and judgments or it may be done in the elitist manner by a few executives or technocrats.

Thus there are many **forms and styles of planning, and planning practices are likely to vary from organization to organization**. One useful way of classifying them is to distinguish between **strategic planning and tactical planning.**

Forms of planning: can be classified into two types
1)Strategic Planning   2)Tactical planning
Strategic planning:
1) Strategic planning involves deciding what the major goals of the entire organization will be and what policies will guide the organization in its pursuit of these goals and depends on the data collected. If the data collected is of outside the organization such as market analysis, estimates of costs, technological developments and so on and if the data being mostly imprecise make strategic planning less certain.
2) Tactical planning involves deciding specifically how the resources of the organization will be used to help the organization achieve these strategic goals. for example if the organization has prepared a ten-year strategic plan which envisages a profit rate of 25% on capital employed in the tenth year, it also necessary to prepare a more detailed tactical plan for the next year, with a specific target of 10% on the capital employed.

Distinction between strategic planning and tactical planning.

Strategic planning	Tactical planning
1)decides the major goals and policies of allocation of resources to achieve these goals	1)decides the detail use of resources for achieving these goals
2) Done at higher levels of management. Middle managers sometimes not even aware that strategic planning being considered.	2)is done at lower levels of management
3)it is long term	3)it is short term
4) Is generally based on long term forecasts about technology, political environment and is more uncertain.	4)is generally based on the past performance of the organization and is less uncertainly
5)is less detailed because it is not involved with the day to day operations of the organization	5)is more detailed because it is involved with the day-to-day operations of the organization

With a neat diagram, Explain the hierarchy of planning

Types of plans:
Plans are arranged in a hierarchy within the organization as shown in the figure below
At the top of this hierarchy stand objectives. Objectives are the broad ends of the organization which are achieved by means of strategies. Strategies in their turn are carried out by means of the two major groups of plans.
Single use plans and standing plans.
Single use plans are developed to achieve a specific end and when the end is reached the plan is dissolved. The two major types of plans are single use plans are programmes and budgets.
Standing plans on the other hand are designed for situations that recur often to justify the standardized approach. For example, it would be inefficient for a bank to develop a single use plan for processing a loan application for each new client. instead it uses one standing plan that anticipates in advance whether to approve or turn down the request based on the information furnished, credit rating, etc. the major types of plans are policies, procedures methods and rules.
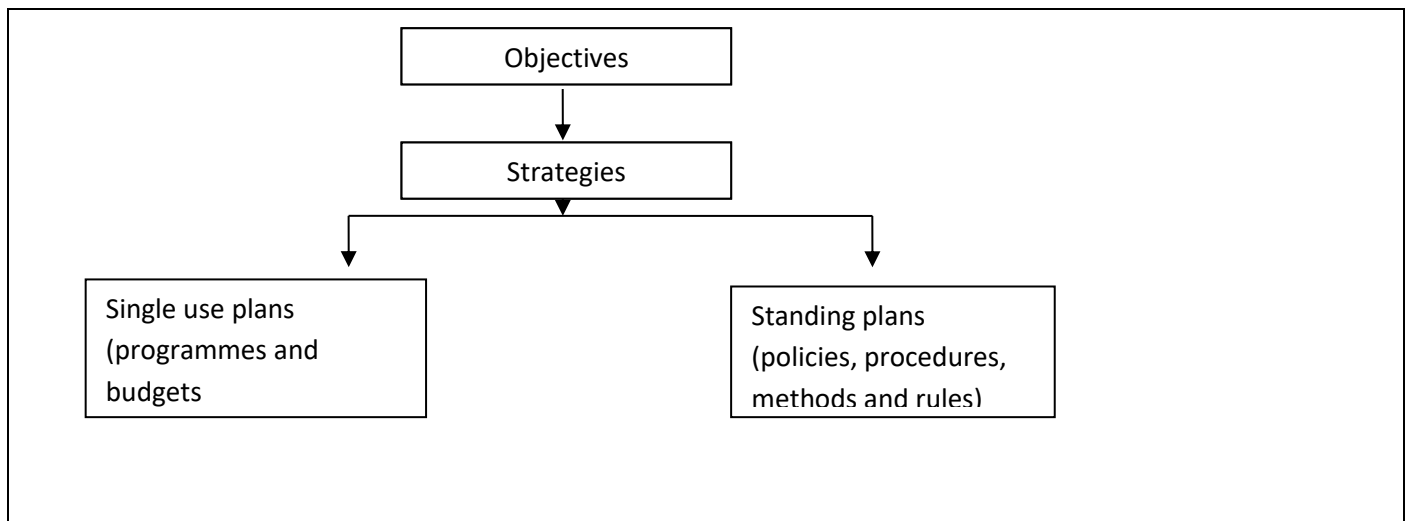
Each type of plan is described in detail as follows.

Objectives:
Are the goals of the organization which the management wishes the organization to achieve. These are the end points or pole-star towards which all business activities like organizing, staffing, directing and controlling are directed. Only after having defined these end points, they can determine the kind of organization, the kind of personnel and their qualifications, the kind of motivation, supervision and direction and the control techniques, which they must employ to reach these points. Objectives are the specific targets to be reached by an organization. They are the translation of the organization's mission into concrete terms against which the results can be measured. **Example:1)university decision to admit a certain number of students or the hospitals decision to admit a certain number of indoor patients.**

Characteristics of the objectives:
Some of the important characteristics of the objectives are: **1)Objectives are multiple in number :** Implies that every business enterprise has a package of objectives set out in various key areas. There are eight key areas in which objectives of performance and results are set which are (i)market standing (ii)innovation (iii)productivity(iv)physical and financial resources(v)profitability (vi)Manager performance and development (vii) worker performance (viii) attitude and public responsibility. **2)objectives are either tangible or intangible:** for some objectives such as in the areas of market standing, productivity, and physical and financial resources) there are quantifiable values available. – Tangible. Other areas of objectives are not readily quantifiable and are intangible, such as manager's performance, workers morale, public responsibility etc. **3)objectives have priority:** Implies that at one particular given point of time, the accomplishment of one objective is relatively more important than others. Priority of goals also says something about the relative importance of certain goals regardless of time. For example, the survival of organization is necessary condition for the realization of other goals. The establishment of priorities is extremely important in that resources of any organization must be allocated by rational means. **4)objectives are generally arranged in a hierarchy:** This means that we have corporate objectives of the total enterprise at the top, followed by divisional or departmental objectives, then each section and finally individual objectives. Objectives at all levels serve as an end and as a means. **5)objectives sometimes clash with each other:** The process of breaking down the enterprise into units requires that objectives be assigned to each unit. Each unit is given the responsibility of attaining an assigned objective. The process of allocating objectives among various units creates the problem of potential goal conflict and sub optimization on where in achieving the goals of one unit may put in risk of achieving the goals of the other.

Requirements of sound objectives:
(i)Objectives must be clear and acceptable: The objectives must be clear and understandable amongst people which could be achieved by unambiguous communication, should be compatible with their individual goals. **(ii)Objectives must support one another:** Objectives could interlock or interfere with one another which require the need for coordination and balancing the activities of the entire organization, otherwise its members may pursue different paths making it difficult for the manager to achieve the company's overall objectives. **(iii)Objectives must be precise and measurable:**

An objective must be spelled out in precise, measurable terms the reasons for which being

(1) The more precise and measurable the goal, the easier it is to decide the way of achieving it.

(2) Precise and measurable goals are better motivators of people than general goals.

(3) Precise and general goals make it easier for lower level managers to develop their own plans for actually achieving these goals.

(4) It is easier for managers to ascertain whether they are succeeding or failing if their goals are precise and measurable.

(iv) Objectives should always remain valid:

Means that the manager should constantly review, reassess and adjust them according to the changed conditions.

Advantages of objectives: The following are the benefits of objectives

(i) They provide a basis for planning and for developing other type of plans such as policies,budgets and procedures.

(ii) They act as motivators for individuals and departments of an enterprise imbuing their activities with a sense of purpose.

(iii) They eliminate haphazard action which may result in undesirable consequences.

(iv) Facilitate coordinated behavior of various groups which otherwise may pull in different directions.

(v) Function as a basis for managerial control by serving as standards against which actual performance can be measured.

(vi)They facilitate better management of the enterprise by providing a basis for leading, guiding, directing and controlling the activities of people of various departments.

(vii)Lessen misunderstanding and other conflict and facilitate communication among people by minimizing jurisdictional disputes.

(viii) Provide legitimacy to organizations activities.

Strategies: A corporate strategy is a plan which takes these factors into account and provides optimal match between the firm and the environment.

Two important activities are involved in strategy formulation(i)environmental appraisal (ii)corporate appraisal

(i)environmental appraisal:

(1)Political and legal factors:

An analysis of the relevant environment results in the identification of threats and opportunities.

Key environment factors which need to be studied are

(a)stability of the government and its political philosophy (b)taxation and industrial licensing laws

(c) Monitory and fiscal policies (d) Restrictions on capital movement, repatriation of capital, state trading etc.

(2)economic factors

(a) Level of economic development and distribution of income (b) Trend in prices, exchange rates, balance of payments.(c) Supply of labor, raw material, capital etc.

(3)competitive factors:

(a)identification of principle competitors

(b)analysis of their performance and programmes in major areas

(c)antimonopoly laws and rules of competition

(d)protection of patents, trademarks, brand names and other industrial property rights

(4)social and cultural factors:

(a)literacy levels of population(b)religious and social characteristics(c)extent and rate urbanization(d)rate of social change

(ii)Corporate appraisal:

Involves the analysis of company's strengths and weaknesses.

A company's strength may lie in outstanding leadership, excellent product design, low-cost manufacturing skill, efficient distribution, efficient customer service, personal relationship with customers, efficient transportation and logistics, effective sales promotion, high turnover of inventories and capital etc.

The company must plan to exploit these strengths to the maximum. Similarly it may suffer from a number of weaknesses.

Standing plans:

Policies: A policy is a general guideline for decision making which sets up boundaries around decisions including those that cannot be made and shutting out those that cannot. A policy can be considered as a verbal, written or implied overall guide setting up boundaries that supply the general limits and the direction in which ,managerial action takes place.

Policies suggest how to do the work. They do not dictate terms to subordinates and provide only a framework within which the decisions must be made by the management in different spheres.

Example:

1)Recruitment policy of a company is to recruit meritorious people through the employment exchange

2) Distribution policy of a fertilizer company is farmer oriented.

Policies and objectives guide thinking and action, but with a difference.

Objectives are end points of planning while policies channelize decisions to these ends.

Advantages of policies:

1) Policies ensure uniformity of action in respect of matters at various organizational points which make actions more predictable.

2) Policies speed up decisions at lower levels because subordinates need not consult their superiors frequently.

3)makes it easier for the superior to delegate more and more authority to the his subordinates without being unduly concerned because he knows that whatever decision the subordinates make will be within the boundaries of the policies.

4) Policies give a practical shape to the objectives by elaborating and directing the way in which the predetermined objectives are to be attained

Types of policies: Can be classified on the basis of sources, functions or organizational levels

1)Classification on the basis of sources: Four types originated, appealed, implied and imposed policies

(a) Originated policies: Are usually established formally and deliberately by top managers for the purpose of guiding of actions of their subordinates and also their own. These policies are set out in print and embodied in manual.

(b) Appealed policies: Are those which arise from the appeal made by a subordinate to his superior regarding the manner of handling a given situation and comes into existence because of the appeal made by the subordinate to the supervisor.

(c) Implied policies: are also policies which are stated neither in writing nor verbally. Such policies are called implied policies. Only by watching the actual behavior of the various superiors in specific situations can the presence of implied policy is ascertained.

(d) Externally imposed policies: are the policies which are imposed on the business by external agencies such as government trade associations, and trade unions.

Example: policy dictated by the government law.

2) Classification on the basis of functions: on the basis of business functions, policies may be classified into production, sales, finance, and personnel policies.

Every one of these functions have number of policies.

For example: Sales function may have policies relating to market.

Production function: may policies relating to the method of production, output, inventory, research.

Finance function: may have policies relating to capital structure, working capital, internal financing etc.

Personal function: may have policies relating to recruitment, training, working activities, welfare activities etc.

3. Classification on the basis of organizational level: on this basis range from major company policies through major departmental policies to minor or derivative polices applicable to the smallest element of organization.

Guidelines for effective policy making:

Policies should be
(1) as far as possible should be stated in writing and should be clearly understood by those who are supposed to implement them.
(2) Should reflect the objectives of the organization, define appropriate methods and action.
(3) The top managers and the subordinates should participate in the formulation of policies for successful implementation of the policies.
(4) Should strike a reasonable balance between the stability and flexibility. Conditions change and policies must change accordingly. The degree of stability should also prevail to achieve the sense of direction
(5) Different policies should not pull in different directions and so one should support one another and they must be internally consistent.
(6) Should not detrimental to the interest of the society and must confirm to the canons of ethical behavior which prevail in society.
(7)must be comprehensive to cover as many contingencies as possible
(8)Should be periodically reviewed in order to see whether they are to be modified, changed or completely abandoned and new ones put in their place.

Procedures:
Policies are carried out by means of more detailed guidelines called procedures.
A procedure provides a detailed set of instructions for performing a sequence of actions involved in doing a certain piece of work. The same steps are followed each time that activity is performed.
For example: the procedure for purchasing raw material may be
(i)the requisition from the storekeeper to the purchasing department.
(ii) Calling tenders for purchase of materials.
(iii)placing orders with the suppliers who are selected
(iv)inspecting the materials purchased by the inspecting department and
(v) Making payment to the supplier of materials by the accounts department.
Similarly, the procedure for the recruitment of personnel may be
(i)inviting applications through advertisement
(ii)screening the applications
(iii)conducting written test
(iv)conducting interview for those who have passed the written test and
(v) Medical examination of those who are selected for the posts.
Procedures may also exist for conducting the meetings of directors and shareholders, granting loans to employees, issuing raw materials from the stores department, granting sick leaves to the employees, passing bills by the accounts department.

Difference between the policy and the procedure

Policies	Procedures
1. Are the general guidelines to both thinking and action of people at higher levels	1 .are the guidelines to action only usually for the people at the lower levels
2.help in fulfilling the objectives of the enterprise	2.show us the way to implement policies
3.are generally broad and allow some latitude in decision making	3. Are specific and do not show latitude.
4.are often established without any study or analysis	4.are always established after thorough study and analysis of work

Advantages and limitations of procedures:
Advantages:
1) They indicate a standard way of performing a task which ensures a high level of uniformity in performance in the enterprise. 2)they result in work simplification and elimination of unnecessary steps and overlapping 3)they facilitate the executive control over performance by laying down the sequence and timing of each task, executives dependence on the personal attributes of his subordinates is reduced 4)they enable employees to improve their efficiency by providing them with knowledge about their entire range of work
Limitations:
(1)By prescribing one standard way of performing a task, they limit the scope for innovation or improvement of work performance. (2)By cutting across department lines and extending into various other departments, they sometimes result in duplication, overlapping and conflict. These limitations can be overcome if the management reviews and appraises the procedures periodically with an intention to improve them.

Methods:
A method is a prescribed way of in which one step of a procedure is performed. For example the specified technique to be used in screening the applications or conducting a written test is a method whereas the sequence of steps involved in the recruitment of personnel consists of a procedure. Methods help in increasing the effectiveness and usefulness of the procedure. By improving the methods reduced fatigue better productivity and lower costs can be achieved. Methods can be improved in a number of ways. Manual methods of performing a task can be replaced by the mechanical means, or the existing mechanized process may be improved and unproductive methods improved by conducting motion study.
Rules:
Are detailed and recorded instructions that a specific action must or must not be performed a given situation. In sanctioning overtime to workmen, in regulating travelling allowances, in sanctioning entertainment bills and in other similar matters a uniform way of handling them or dealing with case has to be followed which are all covered by the rules of the enterprise. They make sure that the job is done in the same manner every time bringing uniformity in efforts and results

Single use plans: Programmes and budgets

Programmes:
Programmes are precise plans or definite steps in proper sequence which need to be taken to discharge a given task. Programmes are drawn in conformity with the objectives and are made up of policies, procedures, budgets etc. The essential ingredients of every programme are time phasing and budgeting. This means that the specific dates should be laid down for the completion of the each successive stage of a programme. A provision should also be made in the budget for financing the programme. Often a single step in a programme is set up as a project.

Budgets
A budget is a financial and/or quantitative statement prepared prior to a definite period of time, of the policy perceived during that period, for the purpose of obtaining a given objective. Budgets are plans for a future period of time containing the statements of the expected results in numerical terms that is rupees, man hour's product units and so forth. The important budgets are sales budget, revenue budgets, cash budget and expense budget.

Advantages:
1) Budgets are useful for the enterprise and are expressed in numerical terms, facilitate comparison of the actual results with the planned ones and thus serve as control device for measuring performance. 2) They help in identifying and removing the dead heads of expenditure.

The various steps involved in planning are as follows:
1)Establishing verifiable goals or set of goals to be achieved: The first step in planning is to determine the enterprise objectives which are often set up by the upper level or top managers, usually after number of possible objectives have been carefully considered. There are many types of objectives managers may select: desired sales volume or growth rate, the development of a new product or service or even a more abstract goal such as becoming more active in the community. The type of goal selected will depend on a number of factors: the basic mission of the organization, the value its mangers hold and the actual and the potential abilities of the organization. **2)Establishing planning premises:** it is the second step in planning to establish planning premises which is vital to the success of planning as they supply pertinent facts and information relating to the future such as population trends, general economic conditions, production costs and prices, probable competitive behavior, capital and material availability and government control and so on. **Planning can be variously classified as under:** (a)internal and external premises (b)tangible and intangible premises (c)controllable and non controllable premises (a)internal and external premises: **Premises may exist within and outside company.** **Internal premises** include sales forecasts, policies and programmes of the organization, capital investment in plant and equipment, competence of management, skill of labour, etc. **External premises** can be classified into three different groups Business environment, factors which influence the demand for the product, and the factors which affect the resources available to the enterprise. **(b)Tangible and non-tangible premises:** **Tangible premises**: those which can be quantitatively measured while **Intangible premises** are those which being qualitative in character and cannot be measured. **Tangible examples**: population growth, industry demand, capital and resources invested in the organization are all tangible. **Intangible:** political stability, sociological factors, business and economic environment are all tangible. **(c)controllable and non controllable premises:** Some of the planning premises are controllable and some are non-controllable and because of the non-controllable factors there is need for the organization to revise the plans periodically in accordance with the current development. **Examples of uncontrollable factors:** strikes, wars, natural calamities, emergency, legislation etc. **Examples of controllable factors:** company's advertising agency, competence of management member's skill of the labor force, availability of resources in terms of capital and labour, attitude and behavior of the owner's of the organization. **3)deciding the planning period:**

It is the next task once the upper level managers have selected the basic long term goals and the planning premises. Business plans are made in some instances once for a year and plans are made for decades based on some logic and future thinking.

The factors which affect the choice of period are:

(a) Lead time in development and commercialization of new product.

(b)The time required to recover capital investments or the pay-back period and

(c) Length of the commitments which are already made.

(a)lead time in development and commercialization of new product:

Example: Heavy engineering manufacturing company wanting to start a new project should have a planning period of five years.

(b)time required to recover capital investments or the pay-back period:

It is the number of years over which the investment outlay will be recovered or paid back.

Example: machine investment Rs.10 lakhs   cash inflow Rs.2 lakhs/year then the payback period is 5 years

(c)length of commitments already made:

Planperiod should be as long as possible to enable the fulfillment of commitments already made

4) Finding alternate courses of action: The fourth step of planning is to find the alternate courses of action.

Example: securing the technical knowhow by engaging a foreign technician or by training staff abroad.

5)evaluating and selecting the alternate courses of action:

After selecting the alternate courses selection the best course or course of action with the help of quantitative techniques and operations research

6)developing the derivative plans:

Once plan formulated, its broad goals must be translated on day to day operations of organization

Middle level managers must draw up the appropriate plans, programmes and budgets for their sub-units which are described as derivative plans

7)measuring and controlling the process:

Plan cannot be run without monitoring its progress. The managers must check the progress of their plans

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Limitations of planning:

1) Planning is expensive and time consuming process. it involves significant amount of money, energy and also risk without any assurance of the fulfillment of the organizations objectives

2) Sometimes restricts the organization to the most rational and risk free opportunities. Curbs the initiatives of the manager and forces him to operate within the limits set by it and sometimes cause delay in decision making in case of emergency.

3) Scope of planning is limited with rapidly changing situations.

4) Establishment of advance plans tends to make administration inflexible.

Example: business changes, change in government policy, may make the original plan lose its value.

5) Another limiting factor in planning is the formulating of the accurate premises.

6) Planning may sometimes face peoples resistance to it

Making plan effective: Guidelines for making the plan effective

1) Coordination: It is important that all plans fit together not only in terms of content but also important plans fit together at proper time.

2) Communication: Every manager in the organization should have access to complete information not only pertaining to his own area of planning but also others area.

3) Participation: Participation of the subordinates with superiors is a key element in making planning effective.

4) Proper climate: Top managers must establish proper climate for planning.

Definition, Nature and purpose of organization
Definition:
An organization can be defined as a social unit or human grouping deliberately structured for the purpose of attaining specific goals. An organization can also be defined as the process of identifying and grouping of the work to be performed, defining and delegating responsibility and authority and establishing relationships for the purpose of enabling people to work most effectively together in the accomplishment of their objectives.
Nature of organization:
1)An organization basically consists of group of people who form the dynamic human element of the organization 2) Organization helps in identifying the various tasks to be performed which are assigned to the individuals to perform to achieve the common objectives or common purpose of the organization. 3) It ensures to achieve coordination amongst the people working in various departments of the organization and ensures integrated efforts to achieve organizational objectives or goals. 4) It delegates authority to the managers with commensurate responsibility and accountability for the discharge of their duties and also amongst different hierarchical levels in an organization. 5) It also aides in achieving financial, physical material and human resources. 6) Organizations are part of the larger environment and hence they are influenced by the external environment. 7) Organization helps in the realization of the plans made by the managers 8)It helps in nurturing and growing special skills and talents by the virtue of division of labour 9)it facilities seamless communication
Purpose of an organization:
The purpose of any organization is to achieve goals for which it is formed, which aims at achieving common objectives through its group member efforts. (i)the organizational structure helps each individual to give specific responsibilities (ii)designates authority, responsibility and duties to each individual or group of people (iii)holds the manager accountable along the line of hierarchy of organizational structure (iv)provides adequate communication (v)coordinates activities of individuals or groups to achieve common objectives **For example:** **For business organization** the purpose is to develop people and their skills for contributing towards the growth of the enterprise through profits **For nonprofit organization** the purpose the objective would be to serve the members of the committee in a productive manner and hence is service oriented

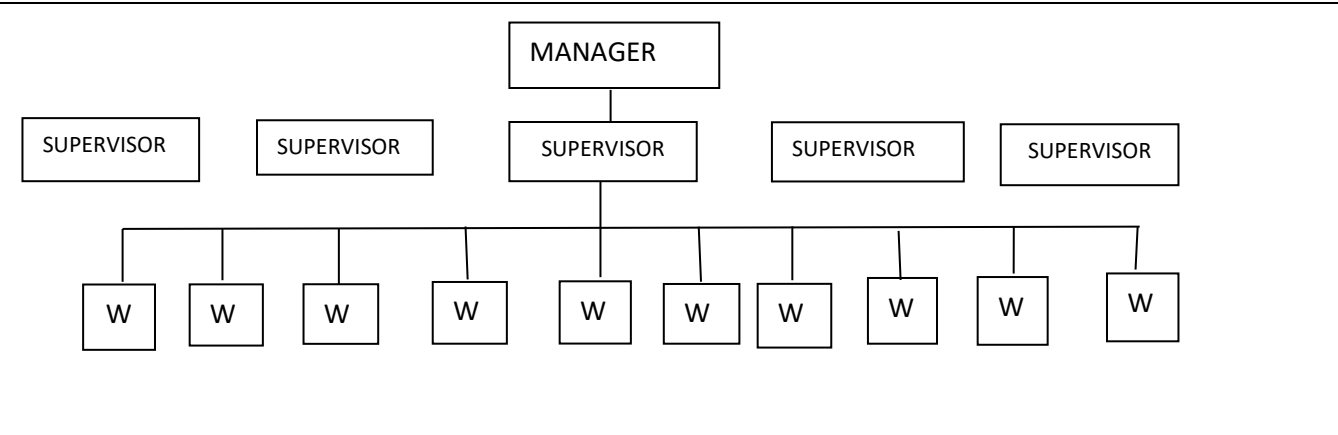| Types of organization: |
|---|
| a) **Business organization:** are those organizations which are formed with the purpose of earning profits the sole purpose being to earn surplus in the form of profits without which they cannot survive and grow
Example: Firms engaged in manufacturing, trading, services etc
b) **Non-profit service organizations:** are those organizations who do not have the motive of making profits but to serve the people of a specific community or a segment of a society.
Example: Rotary club, Lions club, Orphanages, Charitable hospitals etc.
Formal organizations :are officially formed with definite structure, which describes authority and responsibility, relationship and behavior of organizational members
Informal organization: do not have any official recognition and they are formed due to the social interaction needs of the people resulting in different types of social networks. |

Found in all formal organizations where people come together and form social groups for various reasons like common interests, friendship or affiliation, satisfaction of emotional needs

Principles of organization: **The principles of organization are as follows**

1) Objectives: The objectives of the enterprise influence the organization structure and hence the objectives of the enterprise should first be clearly defined. Then every part of the organization should be geared to the achievement of these objectives.

2) Specialization: Effective organization must promote specialization. The activities of the enterprise should be divided according to functions and assigned to persons according to their specialization.

3) Span of control: As there is a limit to the number of persons that can be supervised effectively by one boss, the span of control should be as far as possible, the minimum. That means, an executive should be asked to supervise a reasonable number of subordinates only.

4)Exception :As the executives at the higher levels have limited time, only exceptionally complex problems should be referred and routine matters should be dealt with by the subordinates at lower levels. This will enable the executives at higher levels to devote time to more important and crucial issues.

5) Scalar Principle: This Principle is sometimes known as the "chain of command". The line of authority from the chief executive at the top to the first-line supervisor at the bottom must be clearly defined.

6) Unity of command: Each subordinate should have only one superior whose command he has to obey. Multiple-subordination must be avoided for it causes Uneasiness, disorder, indiscipline and undermining of authority.

7) Delegation: Proper authority should be delegated at the lower levels of managers of the organization also. The authority delegated should be equal to responsibility

That is each manager should have enough authority to accomplish the task assigned to him. Inadequate delegation often results into multiplication of staff and service activity..

8) Responsibility: The superior should be held responsible for the acts of his subordinates. No superior should be allowed to avoid responsibility by delegating authority to his subordinates

9) Authority: The authority is the tool by which a manager is able to accomplish the desired objective. Hence, the authority of each manager must be clearly defined. Further, the authority should be equal to responsibility.

10) Efficiency: The organization structure should enable the enterprise to function efficiently and accomplish its objectives with the lowest possible cost.

11) Simplicity: The Organization structure should be as simple as possible and the organization levels should as far as possible, be minimum. A large number of levels of organization means difficulty of effective communication and coordination. Too many committees and excessive procedures Also unduly complicate the structure.

12) Flexibility: The organization should be adaptable to changing circumstances and permit correction of demonstrated deficiencies in the existing structure without dislocation and disruption of the basic design.

13) Balance: There should be a reasonable balance in the size of various departments, between centralization and decentralization, between the principle of span of control and the short chain of command, and among all types of factors such as human, technical and financial.

14) Unity of direction: There should be one objective and one plan for a group of activities having the same objective. Unity of direction facilitates unification and coordination of activities at various levels.

15) Personal Ability: As people constitute an organization, there is need for proper selection, placement and training of staff. Further the organization structure must ensure optimum use of human resources and encourage management development programmes

16) Acceptability: The structure of the organization should be acceptable to the people who constitute it.Two things generally happen if people oppose the structure: it is modified gradually by the people, or it is used ineffectively.

Span of Control
indicates the number of subordinates who report directly to the manager
Determination of appropriate span of management is important for the following two reasons
(i)Span of management control affects the efficient utilization of managers and the effective performance of their subordinates
To wide a span indicates the managers are overstraining themselves and their subordinates receiving little guidance or control from their managers
To narrow a span indicates managers are underutilized and their subordinates over controlled
(ii)there is a relationship between span of management and organizational structure.
Narrow span of management indicates taller organization with many levels of supervision between top management and the lowest organizational levels which creates communication and cost problems, finding trained managerial personnel
(ii)wide span of management means a "flat" organization with fewer management levels between the top and the bottom
Two types Organization with a (i)Narrow span (i)Wider span of control
(i)Narrow span
Advantages
(i)Close supervision (ii)Close control (iii)Fast communication between subordinates and superiors
Disadvantages
(i)superior tends to involve too much in the subordinates work (ii)many levels of management (iii)high cost due to many levels of management (iv)too much a distance between lower level and top level (v)complicates planning and control process
Example
Wider Span
Advantages
(i)superiors are forced to delegate (ii)are forced to make clear policies (iii)are forced to select subordinates carefully
Disadvantages
(i)overloading of superiors take place which may result in bottle necks (ii)superiors may face a loss of control

(iii)requires managers of exceptional qualities

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                          ┌───────────────┐
                          │    MANAGER    │
                          └───────┬───────┘
  ┌────────────┐  ┌────────────┐  ┌────────────┐  ┌────────────┐  ┌────────────┐
  │ SUPERVISOR │  │ SUPERVISOR │  │ SUPERVISOR │  │ SUPERVISOR │  │ SUPERVISOR │
  └────────────┘  └────────────┘  └────────────┘  └────────────┘  └────────────┘

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Factors determining the span of control
(i)Mangers Capability
Experienced and capable managers can supervise more number of subordinates than inexperienced managers
(ii)Subordinates training
Experienced and skilled subordinates do not require close supervision and the more they are trained, the less supervision by their managers
(iii)Clarity of delegation of authority
Adequate or clear authority delegation by a manager and well defined task, the subordinate will do the work with minimum of time and effort
(iv)Clarity of plans:
Well defined workable plans, if well delegated by a manager, if well understood by a subordinate, little of supervisors time is required
(v)use of objective standards
Good objective standards followed by managers enable managers to reveal whether the subordinates are following the plans and any deviation in plans
(vi)rate of change
Certain enterprises change rapidly and hence this factor determines the degree of formulating the policies and maintaining the stability of policies
(vii)Communication technique
Effectiveness of communication techniques used by a manager, other than objective studies of control for communication of every plan, instruction order or direction , clearly and concisely, other than personal contact used by manager increases the span of manager
(viii)Amount of personal contact needed
It is not always wise to rely upon written reports, memorandum, policy statements but may require face to face meetings sometimes

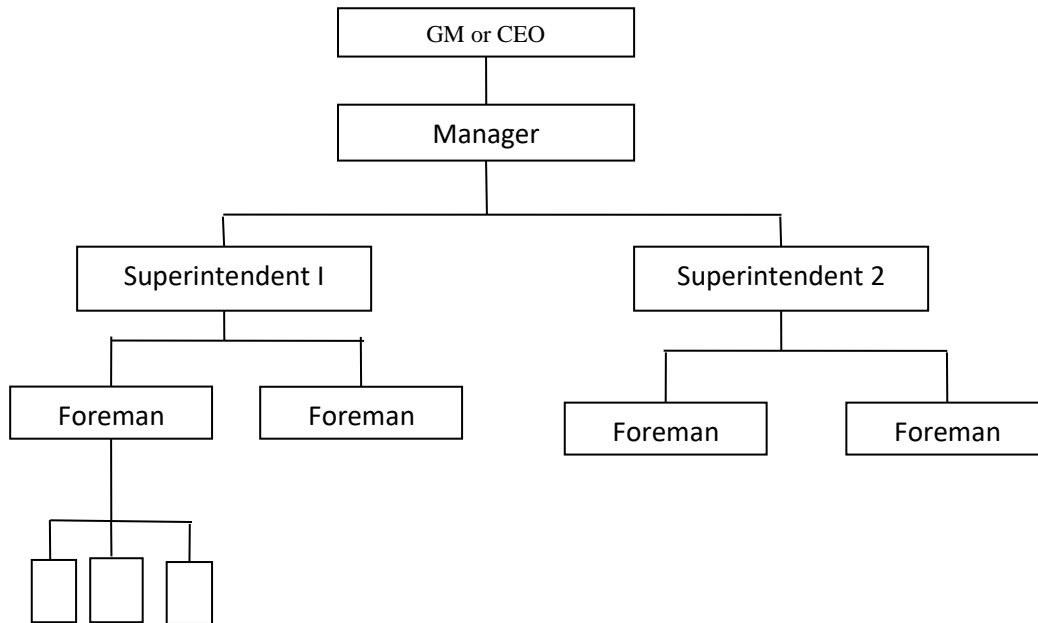| |
|---|
| **Classification of organization:** |
| Five patterns or types of organization have been described
(1)Line organization
(ii)Functional or staff organization
(iii)Line and staff organization
(iv)Committee organization
(v)matrix organization |

(i)Line Organization

Also called military or scalar organization. Line of authority flows from top to the bottom.

Directions issued by the man in charge of the whole organization are directly conveyed to the person responsible for execution of work and makes the line of authority vertical and straight.

The line of authority at the top conforms the decisions, plans, policies, procedure and goals.

Important principles

(i)Command should be given to subordinate through immediate supervisor and no skipping of levels of command.

(ii)the command should be received from the immediate supervisor(single chain)

(iii) There should be limited number of subordinates for the superior who commands.

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                    ┌─────────────┐
                    │  GM or CEO  │
                    └──────┬──────┘
                    ┌──────┴──────┐
                    │   Manager   │
                    └──────┬──────┘
         ┌─────────────────┴─────────────────┐
┌────────┴─────────┐              ┌───────────┴────────┐
│ Superintendent I │              │  Superintendent 2  │
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    ┌────┴────┐                         ┌──────┴──────┐
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Line organization chart for a manufacturing company

Advantages

(i)Simple and easy

(ii)Flexible, easy to expand and contract

(iii)Makes clear division of authority

(iv)clear channel of communication with no confusion

(v)Encourages speedy action

(vi)strong in discipline as it fixes responsibility on individual

(vii)Capable of developing the all-round executive at the higher levels

Disadvantages

i)Neglects specialists

(ii)overloads a few executives

(iii)requires high type of supervisory personnel

(iv)limited to very small concerns'

(v)encourages doctorial way of working

(vi)provisions are seldom made to train, develop and replace top executives

(vii)rigid and inflexible

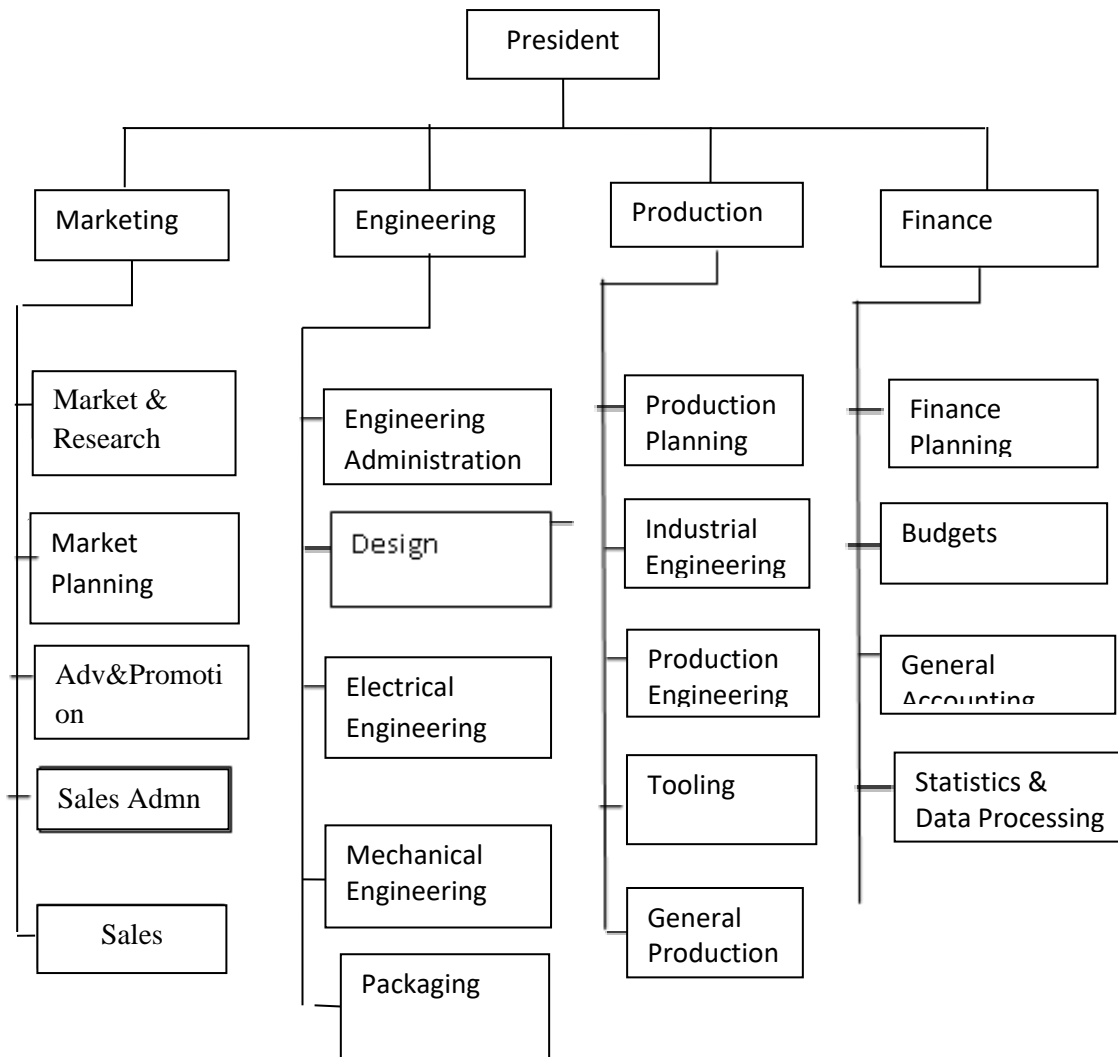**(ii)Functional organization (or Staff organization)**

Functional authority is the right which is delegated to an individual or a department that authorizes control of specified processes, practices, policies or other matters relating to the activities undertaken by the personnel in the departments.

It is delegated by their common superior or a staff specialist or a manager in the department

The whole task of manufacturing and direction of the subordinates should be divided according to the type of work involved.

For example, almost all business organizations have separate departments to look after production, sales and general office. the functional manufacturing carries this idea to its logical unit of dividing up management into a number of functions such as production, sales and general office

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                              President
        ┌───────────────┬───────────┴────────────┬──────────────┐
    Marketing       Engineering            Production         Finance

  Market &        Engineering          Production          Finance
  Research        Administration       Planning            Planning

  Market          Design               Industrial          Budgets
  Planning                             Engineering

  Adv&Promotion   Electrical           Production          General
                  Engineering          Engineering         Accounting

  Sales Admn                           Tooling             Statistics &
                  Mechanical                               Data Processing
                  Engineering
  Sales                                General
                                       Production
                  Packaging
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Figure showing functional type of organization

Advantages

(i)It is a logical reflection of functions

(ii)ensures a greater division of labour enables the concern to take advantages of specialization of functions

(iii)makes higher degree of efficiency as the workers and others in the organization have to perform limited number of operations

(iii)facilitates mass production, through specialization and standardization

(iv)relieves pressure of need to search a large number of all-round executives

(v)Quality of work is improved

(vi)simplifies training

(vii)furnishes means of tight control at top

Disadvantages

(i)Coordination of the efforts of various functional foreman is difficult

(ii)it is unstable because it weakens the disciplinary controls by making the workers work under several different bosses
(iii)makes it difficult for the management to fix the responsibility for unsatisfactory results
(iv)workers always remain confused about the authority, activity of each supervisor
(v)responsibility of profit is at the top only
(vi)makes economic growth of the company difficult
(vii)Limits the development of managers difficult

(iii)Line and staff organization

The line organization gradually developed to shape as the line and staff organization.
The growth of industry in size and complexity, lead to the underperformance of the R&D, planning, distribution. legal, public relations, purchasing, accounting, quality control which lead to employment of special executives to assist new line executives known as the '**staff**' as they were recruited to perform specialist functions the function of the people as pure staff is to investigate, research and give advice to the managers whom they report.
Line members have authority (are called doers) in decision making.
Staff members do not have authority (are called advisors) in decision making.
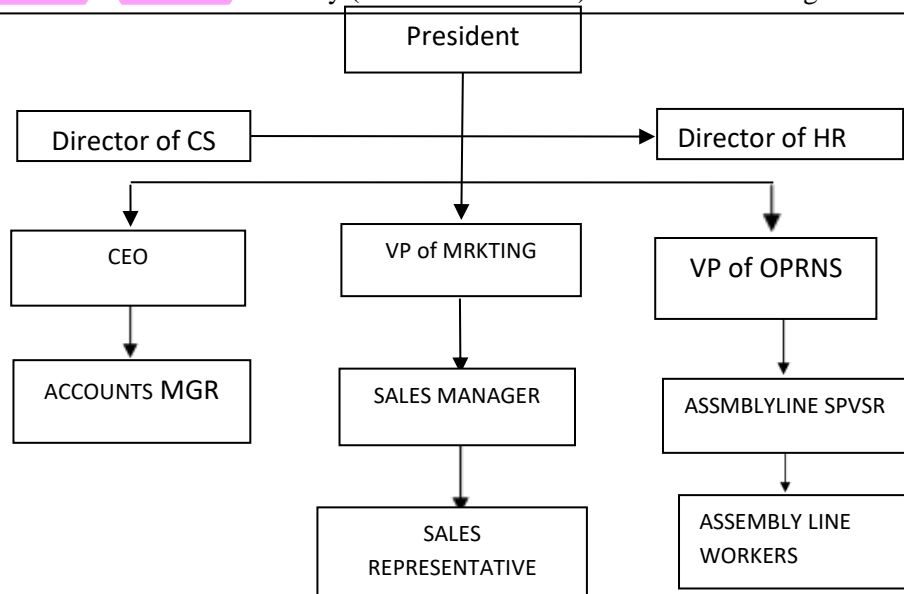
Advantages
(i)Expert advice from specialist staff executive
(ii)line executives are relieved of some of their loads
(iii)less wastage of material, man and m/c hours
(iv)quality of product is improved
(v)there is no confusion
(vi)line and staff organization practically possess all the advantages
(vii)provides greater chances of advancement for employment'

Disadvantages
(i)Product Cost will increase because of high salaries
(ii)line and staff organization may bring in confusion
(iii)friction and jealousies will develop between staff and line executives
(iv)complex in nature
(v)may not be effective for small organization

Explain Committee Organization with its advantages and disadvantages. 5M

(iv)Committee organization
Formed when some of the administrative tasks cannot be performed by a single person alone, which is a group of people pooled to carry out a defined objective
Functions of a committee
(i)collect necessary information from various sources and put them in order (ii)analyze and examine the collected information critically (iii)draft a detailed report containing the recommendation for implementation (iv)used to frame the polices of an organization (v)selection of personnel, direction and controlling officers at regular intervals
Advantages
(i)committees can take valuable decisions and hasty decisions can be avoided (ii)committee members can make use of their expertise (iii)committee decisions are many times better (iv)can be implanted faster (v)communication is faster with involvement of the members of the people (vi)coordination among various departments easy as managers are involved (vii)committee members have authority to implement (viii)decisions are widely accepted as they are democratic (ix)decision is based on the vast experience of the members
Disadvantages
(i)Many times decisions are delayed due to heterogeneous groups (ii)increased administrative expenses (iii)sometimes decisions cannot be arrived due to concurrence of ideas (iv)secrecy of decision cannot be maintained (v)sometimes decisions are taken as compromise (vi)sometimes expressing ideas may lead to heated arguments (vii)dominating people influence more in decision making (viii)individual intuition of the individuals are deferred (ix)responsibility cannot be fixed on any individual
(v)Matrix organization
Is defined as any organization that employees a multiple command structure but also related support mechanisms and an associated organizational culture and behavior pattern. Several departments are categorized under matrix organization with each department assigned a specific task and the available resources can be effectively used by each department with the coordination of the other departments
The conditions for the matrix organization to function effectively are
(i) Scalar chain of command is not followed. A project manager gives report to several superiors. (ii)the physical, financial and the human resources are to be shared by people of different projects in a cooperative way. (iii)the sharing of resources should be understood properly which otherwise would lead to conflicts
Advantages of matrix organization
(i)combines the advantages of functional and line organizations (ii)ensures achievement of objectives with technical specialization (iii)ensures effective utilization of available resources(iv)adopts easily to external changes (v)highly flexible(vi)motivation can be effectively applied(vii)makes for training and development of people
Disadvantages
(i)as it does not follow scalar chain of command may lead to confusions (ii)work may be delayed as too many supervisors control the activity (iii)sometimes resources are not made available owing to other priority projects (iv)may lead to conflict due to lack of unity of command

Staffing:
The process of recruiting, retaining, developing and nurturing the workforce is called staffing
Advantages of proper and efficient staffing:
1) It helps in discovering talented and competent workers and developing them to move up the corporate ladder.   2) Ensures greater production by putting the right man in the right job.   3) It helps to avoid a sudden disruption of an enterprises production run by indicating shortages of personal if any in advance.   4) Helps to prevent underutilization of personnel through over manning and the resultant high labour cost and low profit margins.   5) Provides information to management for the internal succession of managerial personnel in the event of unanticipated turnover.
Recruitment:
Definition :
It is defined as the process of identifying the sources for prospective candidates and to stimulate them to apply for the jobs.   Is also defined as the generating of the applications or applicants for specific positions.   Is defined as the process of attracting potential employees to the company
The management should have a proper plan of recruitment regarding the quantity and quality of personnel required and the time when it is needed
Sources of recruitment:
Can be broadly classified into two categories: Internal and External.   Internal sources refer to the present working force of the company. Vacancies other than the lowest level may be filled by the existing employees of the company.
About more commonly used external sources of recruitment are:
1)Re-employing former employees:
laid off employees or employees left due to personal reasons may be reemployed who may require less training compared to the strangers of the enterprise.
2) Friends and relatives of the present employees:
Employed personnel with a record of good relationships may be encouraged to recommend their friends and relatives for Appointment in the concern where they are employed.
3) Applicants at the gate:
Suitable unemployed employees who call at the gates of the factories or companies are called are interviewed by the factory or company personnel and those who are found suitable for the existing vacancies are selected.
4) College and technical institutes:
Many big companies remain in touch with the colleges and technical institutions to recruit young and talented personnel.
5) Employment exchanges:
Employment exchanges set up by the government for bringing together those men who are in search of the employment and these who are in search of employment and those who are looking for men. Employment exchanges are considered a useful source for the recruitment of clerks, accountants, typists.
6) Advertising the vacancy:
can be done by advertising the vacancy in leading newspapers which may be used when the company requires services of persons possessing certain special skills or when there is acute shortage of labour force
7) Labour unions:
Persons are sometimes recommended for appointment by their labour unions.

What is Selection? Explain in detail the process of selection

Selection:
Steps in the selection procedure:
There are three steps in the selection procedure namely job analysis, job description and job specification
(i)job analysis:
Is the process by means of which a description is developed of present methods and procedures of doing a job, physical conditions in which the job is done, relation of the job to other jobs and other conditions of employment
(ii)job description
The results of the job analysis are set into job description which involves writing job descriptions for production workers, clerical people, first line supervisors and managers
(iii)Job specification
Is a statement of the minimum acceptable human qualities necessary to perform the job satisfactorily
The **various steps involved in the selection process are**
1.filling the application bank by the applicant
Is the first step in the process of selection in which ~~the applicant~~ the applicant gives relevant personal data such as qualification, specialization, firms in which he has worked
2.Initial interview
is conducted by the company on the basis of the particulars furnished in the application blank which is an important means of evaluating appearance of the candidate and also used to establishing a friendly relationship between the candidate and the company and for obtaining additional information
3.Employment tests
Are conducted for further assessment of candidate's nature and abilities such as candidate's particular traits or abilities, his likes and dislikes, his intelligence, manual dexterity, capacity to learn and to benefit from training.
There are several types of tests that are used in selection procedure. They are
(i)Aptitude test (ii)interest test (iii)Intelligence test (iv)Trade or performance or achievement test (v)Personality test
(i)Aptitude Test
This test measures the applicants capacity to learn the skill required for a job and to find the suitability of the candidate for a particular job he will perform if he is given the necessary training
(ii)Interest test
This type of test is used to check the candidates liking for a particular job by means of vocational counseling, well prepared questionnaires and does not reveal the ability of a candidate. For example interest of a candidate in a sales job
(iii)Intelligence tests
Used to judge the mental alertness, reasoning ability, power of understanding of a candidate. For example, reading and summarizing a paragraph in an allotted time
(iv)Trade or performance or achievement tests
Are used to measure the candidates level of knowledge and skill in a particular trade or occupation in which is finally selected and appointed. For example, typists ability to type out some letters with speed and accuracy
(v)Personality test
Are used to measure those characteristics of the candidate like self-confidence, temperament, initiative, Judgment, dominance, integrity, originality etc. which are important for a selection process For example, asking a candidate a series of questions and judging his personality in test situations

What are MBO and MBE explain