UNIT – IV

STRATEGIC MANAGEMENT

Introduction:

Strategic management provides better guide lines to entire organization on the crucial point of "what is it we are trying to do and to achieve"?

Strategic management is what managers do to develop the organization's strategies. Strategic management involves all four of the basic, management functions – planning, organizing, leading, and controlling. Strategic management is important for organizations as it has a significant impact on how well an organization performs. Strategic management is an ongoing process that evaluates and controls the business and the industries in which the company is involved assesses its competitors and sets goals and strategies to meet all its existing potential competitors.

Strategy:

The strategy is the central to understanding the strategic management. The word strategy is originated from the **Greek word**, **"strategic"** which means to lead; **"generalship"** and which described the role of general in the command of the **army**. This word is mainly drawn from armed forces.

Meaning of Strategy

Strategy is the determination of basic long term goals and objectives of an organization. It is the central understanding of the strategic management process. Strategy allocates the necessary resources for implementing course of action. It develops the company from its present position to the desired future position. Enterprise knows its strengths and weaknesses compared those of its competitors.

Definition:

According to **Alfred D. Chandler** defines strategy as, "the determination of the basic long-term goals and objectives of an enterprise and the adoption of the Courses of action and the allocation of resources necessary for carrying out these goals."

According to **Arthur Sharplin,** "strategy is a plan or course of action which is of vital pervasive or continuing importance to the organization as a whole."

CRITERIA FOR EFFECTIVE STRATEGY:

Although each strategic situation is unique, there are some common criteria that tend to explain an effective strategy. Criteria for effective strategy include:

Clear, decisive objectives: All efforts should be directed towards clearly understood, decisive and attainable overall goals. All goals need not be written Down or numerically precise but they must be understood and be decisive.

Maintaining the initiative: The strategy preserves freedom of action and enhances commitment. It sets the pace and determines the course of events rather than reaching to them.

Concentration: The strategy concentrates superior power at the place and time likely to be decisive. The strategy must define precisely what will make the enterprise superior in power, best in critical dimensions in relation to its competitors. A distinctive competency yields greater success with fewer resources.

Flexibility: The strategy must be purposefully being built in resources, buffers and dimensions for flexibility. Reserved capabilities, planned maneuverability and repositioning allow one to use minimum resource while keeping competitors at a relative disadvantage.

Coordinated and committed leadership: The strategy should provide responsible, committed leadership for each of its major goals. Care should be taken in selecting the leaders in such a way that their own interest and values match with the requirements of their roles. Commitment but not acceptance is the basic requirement.

Surprise: The strategy should make use of speed, secrecy and intelligence to attack exposed or unprepared competitors at an unexpected time. Thus surprise and correct time are important.
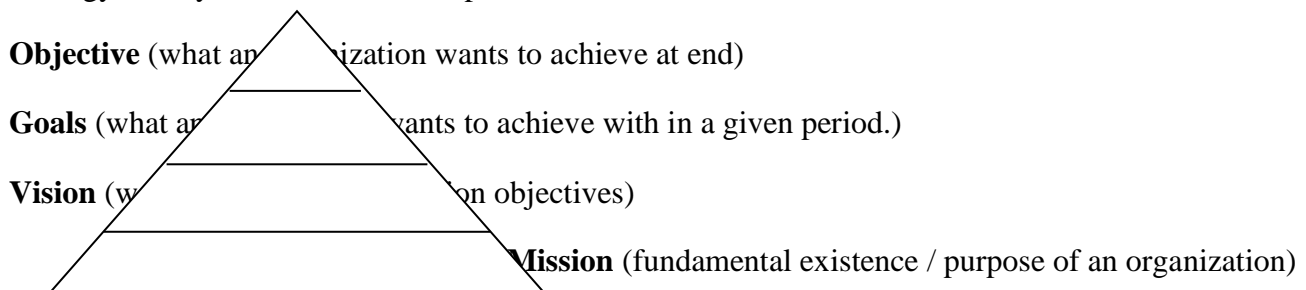
Security: The organization should secure or develop resources required, securely maintain all vital operating points for the enterprise, an effective intelligence system to prevent the effects of surprises by the competitors.

Need for strategy:

→ To have rules to guide the search for new opportunities both inside and outside the firm.
→ To take high quality project decisions.
→ To have and develop internal ability to anticipate change.
→ To develop measures to judge whether a particular opportunity is a rare one (or) whether much better ones are likely to develop in future.

Elements / components of strategy:

Strategy mainly considers four components.

Objective (what an organization wants to achieve at end)

Goals (what an organization wants to achieve with in a given period.)

Vision (which depends on objectives)

Mission (fundamental existence / purpose of an organization)

MISSION

The mission statement is an explicit written statement of what an organization whishes to achieve in the employees at levels to put forth their best in their individuals and collective efforts in the organization.

Company mission:

The mission of a company is having fundamental, unique purpose that is setting it apart from other companies of its type and identifies the scope of its operations in product and market terms.

Mission statement defines the aspirations, values, roles, growth, goals, survival and profitability of a company.
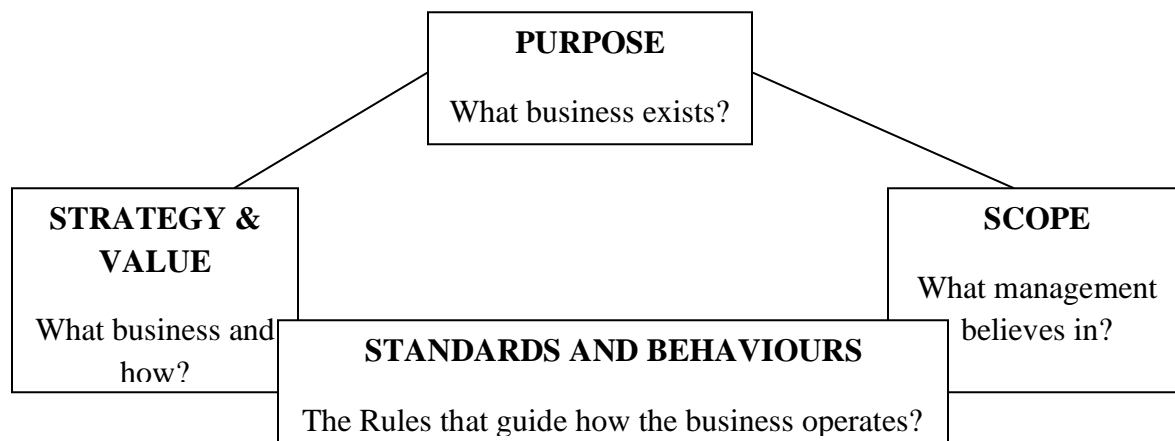
Definition:

"Mission is the purpose (or) fundamental reason for the organization organization's purpose of existence. When strategies raise certain fundamental questions related to business such as:

→ What is our business?
→ Why are we in the business?
→ What will it be after five years?

Then, the need of the mission statements arises. The survival of an organization mainly depends on its needs, for satisfying the needs of the society.

Elements of a mission statement: A mission statement contains following elements.

i) purpose   ii) strategic scope iii) standards and behaviors iv) strategy and values.

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                    │      PURPOSE         │
                    │  What business exists?│
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┌──────────────────────┐              ┌──────────────────────┐
│   STRATEGY &          │              │       SCOPE          │
│   VALUE               │              │                      │
│                       │              │  What management     │
│  What business and    │              │  believes in?        │
│  how?     ┌───────────────────────────────────┐            │
└───────────│    STANDARDS AND BEHAVIOURS       │────────────┘
            │                                    │
            │ The Rules that guide how the business operates? │
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Characteristics of an effective mission statement:A mission statement should incorporate the basic business purpose and the reason for its existence by rendering some valuable functions for the society. An effective mission statement should posses the following characteristics.

➢ **It should be clear enough to trigger action:** A clear statement mission facilities understanding among the employees. This in turn leads to action.

Ex: NASA's mission in 21st century is to know more about mars.

➢ **It should be flexible:** No mission statement can ever be rigid & hard. It should be flexible. If the company finds that the mission is achieved (or) the present mission does not hold relevance any more, (or) it is not economical to pursue the mission, further it is freely to modify its mission.

➢ **It should be measurable in terms of specific targets:**Organisations must establish specific targets so that the performance can be exactly measured.

➢ **It should be motivating:**By determine a clear mission statement which is easily understand by each and every employee that means that mission statement perfectly pinpoints the what they have to do in the organisation without getting any confusion it deals to employee motivation.

➢ **It should be precise:**The mission statement has to detail address about the organisation's activities, vision, goals, and objectives.

➢ **Mission should be distinctive:**A mission statement made the distinct than the other companies.

➢ **Mission focuses on customer needs and utilities, not products:**

A mission statement should define the broad scope of activities with in which the company will operate competitively. It may specify the details of the range industries, products, and their markets. However, all these must build around the customer needs and utilities.

➢ **It should be focus limited number of goals:**The mission statement has to priorities its preferences and put forward what it wants to achieve in the year to come.

Mission statements of some Indian companies:

Reliance industries – "speed and innovation is a way of life"
Hero Honda motors – "we hero Honda constantly innovative products and processes".
L&T – "L&T shall be innovative and attaining global benchmarks".

VISION

Vision is the starting point of articulating organizations hierarchy of goals and objectives. A vision statement is a vivid idealized of a desired outcome that inspires, energizes and helps firm to create a mental picture of its target.

The vision statement seeks to answer the basic question, "What do we want to become"?

Definition:

A company vision is sinuous with the company's mission. This means that alternative name for the company's mission is vision. – **Robinson.**

Vision is the art f seeing things invisible.

Examples of vision statement:Motorola – "Total customer satisfaction". **Mc Donald's** – "To be world's best quick service restaurant". **The canon** – "Beat Xerox" **Disneyland** – "To be the happiest place on earth".

Vision statement may also contain slogan a diagram, or a picture – whatever grabs attention.

Components of vision:

The vision statement consists of two elements. They are as follows

Core ideology:it means the long lasting character of a firm as it passes through the changing circumstances like competition, technology (or) management style. Generally core ideology resets on the core values and purposes. By values, we mean the beliefs, business principles, and practices that are incorporated into the way the company operates and the behavior of the organizational personnel. The typical value statement consists of – ethics, trust, customer focus, team work.

Envisioned future:it is consistent long term goal and description of what is would be like to achieve that goal.

Characteristics of an effective vision:

Strategic vision must convey something definite about how the organisations leaders intend to beyond where it is today. A good vision always needs to beyond a company reach. The following are the characteristics of effective vision statement.

Focused: Is specific enough to provide managers with guidance in making decisions and allocating resources.

Graphic: paints a picture of the kind of company that management is trying to create and the market position the company is striving to carve itself.

Directional:says something about the company's journey or destination and signals the kind of business and strategic changes that will be forthcoming.

Flexible:vision is a path it should change according to the situations.

Feasible:what the company can reasonably expect to achieve in due time.

Desirable:appeals to the long term interest to the shareholders, employees and customers.

Easy to communicate:it is able to explain in short time and it is a simple memorable slogan.

Benefits of vision:

✓ It provides competitive advantage through efficiency and innovativeness.

- ✓ It gives direction and sense of purpose.
- ✓ Encourage and builds confidence- a good vision is inspiring.
- ✓ Builds loyalty through investment (ownership).
- ✓ Promotes laser like focus.
- ✓ Alerts stakeholders to need change.

Differences between mission and vision

MISSION	VISION
Mission is defined as a "purpose or reason for the organizations existence"	Vision is defined as a, "description of something can organization, a corporate culture, a business, a technology, an activity in future".
Mission is the strategic intent	It is the first and core step in strategic intent.
Mission statements are formulated on the basis of vision decided by entrepreneur.	A vision is like a dream which is derived from the actions.
Mission statement an organization's philosophy, identity, character and images are reflected.	Vision statement, goals, objectives, strategies, policies and programmes can be developed.

GOALS

The term goal signifies general statement of direction in line with the mission. It may be well be qualitative in nature. A company's goal describes the desired future position the company wants to reach. The selection of goal is based on the defined mission of the company. Goals are the overall objectives of a department or organization.

Definition: goal is defined as what an organization wants to achieve during (or) by the end of a given period of time.

Any goal is said to be effective it should be consist of following elements:

Specific enough for focus and feedback.
Meaningful enough to engage participants.
Accepted by the participants.
Realistic but challenging.
Time framed means it should be complete in given time.
Significance:

It helps to define organization in its environment: By stating the goals, the company can attract people who identity with these goals to work for them. A non government organization announces its mission as 'to empower women' and goal as 'to educate the tribal women about the self-employed opportunities during next five years'.

It helps in coordinating decisions: Goals help the managers to coordinate resources and the efforts of the employees under their command effectively.

Goals are more tangible targets: Goals are capable of being measured. At times, the mission statement may look abstract one should be innovative in the goal- setting process.

It facilitates performed appraisal: The performance of both the organization and the individuals in it can be evaluated by considering whether the goals have been achieved or not.
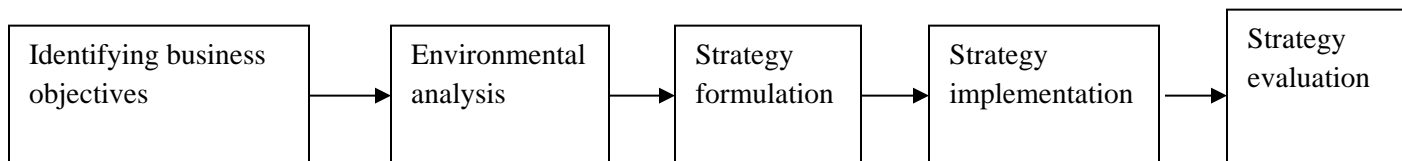
STRATEGIC MANAGEMENT:

Introduction: Strategic management is the process of management of strategic decision-making, implementation and control. It is not a complete meaning of strategic management as it fails to cover many important aspects of Strategic management.

Definition: According to **Samuel C. Certo and J. Paul Peter**, "Strategic management is a continuous, iterative, cross-functional process aimed at keeping an organization as a whole appropriately matched to its environment."

Schellenberger and Bosenan define the term strategic management as, "the continuous process of effectively relating the organization's objectives and resources to the opportunities in the environment."

STEPS IN STRATEGIC MANAGEMENT (OR) STRATEGIC MANAGEMENT PROCESS

Identifying business objectives → Environmental analysis → Strategy formulation → Strategy implementation → Strategy evaluation

1. Identifying or defining business mission, purpose and objectives: Identifying or defining an organization's existing mission, purpose and objectives is the logical starting point as they lay foundation for strategic management. Every organization has a mission, purpose and objectives, even if these elements are not consciously designed, written and communicated. These elements relate to organization with the society and states that it has to achieve for itself and to the society.

2. Environmental analysis: Environmental factors- both internal environment and external environment- are analyzed to: (1) identify changes in the environment, (2) identify present and future threats and opportunities, and (3) assess critically its own strengths and weaknesses. Organizational environment encompasses all factors both inside and outside the organization that can influence the organization positively and negatively. Environmental factors may help in building a sustainable competitive advantage. Managers must understand the purpose of environmental analysis and recognize the multiple organizational environments in which they operate.

3. Revise organizational direction: A thorough analysis of organization's environment pinpoints its strengths, weaknesses, opportunities and threats (SWOT). This can often help management to reaffirm or revise its organizational direction.

4. Strategic alternatives and choice: Many alternative strategies are formulated based on possible options and in the light of organizational analysis and environmental appraisal. Alternative strategies will be ranked based on SWOT analysis. The best strategy out of the alternatives will be chosen. The steps from identification of business mission, purpose and objectives of alternative strategies and choice can be grouped into the broad step of strategy formulation.

5. Strategy Implementation: The fifth step of strategic management process is the implementation of strategy. The logically developed strategy is to be put into action. The organization cannot reap the benefits of strategic management, unless the strategy is effectively implemented. The managers should have clear vision and idea about the competitor's strategy, organization's culture, handling change, skills of the managers-in-charge of implementation and the like. The progress from the stage of identification of business mission, purpose and objectives to the stage of achieving desired performance must overcome many obstacles.

6. Strategic Evaluation and Control: The final step of strategic management process is strategic evaluation and control. It focuses on monitoring and evaluating the strategic management process in order to improve it and ensure that it functions properly. The managers must understand the process of strategic control and the role of strategic audit to perform the task of control successfully.

BENEFITS OF STRATEGIC MANAGEMENT

Several corporations & institutions have been using strategic management. Organizations reap several benefits from effective strategic management. The benefits of strategic include:

❖ Strategic management helps an organization to be proactive rather than reactive in shaping its future.

❖ It helps the organization not only to respond to its relevant environment, but also to initiate and influence its environment and thereby exert control over its density.

❖ It helps organizations to make effective strategies trough the use of a more systematic, logic and rational approach to strategic choice.

❖ It helps the organizations to achieve understanding & commitment from all managers & employers. Managers & employers become creative & innovative when they understand & commit to the company's strategic management. This process results in employee empowerment. Empowerment is the act of strengthening an individual's sense of effectiveness.

❖ It encourages the organizations to decentralize the management process involving lower level managers and employees.

CORPORATE PLANNING

The corporate plans provide a rational approach to achieve corporate goals. Through corporate planning, uncertain events can be turned to relatively less uncertain, less certain events to more certain. Corporate planning is an intellectually demanding process; it sets the background for a viable course of action based on the organizational goals, skills and resources.

DEFINITION: Corporate planning can be defined as the process of formulating the corporate mission, scanning the business environment, evolving strategies, creating necessary infrastructure, and assigning resources to achieve the given mission.

Corporate planning has a company-wide and comprehensive perspective. It is not just a long term planning where, usually, there is a selective focus like that on a department of the organization. **Strategic planning, if done for the entire organization, can also be called corporate planning**.

ELEMENTS OF CORPORATE PLANNING PROCESS

The vital components of the corporate planning process. The elements of the corporate planning process can be described as below:

(a) Identifying corporate mission	**(g)** Fix targets and allot resources to each SBU
(b) Formulating strategic objectives	**(h)** Developing operating plans
(c) Appraising internal and external environment	**(i)** Monitoring the performance
(d) Developing and evaluating alternative strategies	**(j)** Revising the plans, where necessary.
(e) Selecting the best strategy	
(f) Establish strategic business units	

a) Identify corporate mission: Identify what the organization wants to be achieve, to start with. For this purpose, it is necessary that all concerned parties understand the overall purpose of the organization and the methods of attaining them. It is also desirable that they agree on the corporate policies of the organization.

b) Formulate strategic objectives: By preparing statements of mission, policy, strategy, and goals, the top management establishes the frame work with in which its divisions or departments prepare their plans. It is essential that the members of the organization agree on these given strategic objectives. The goals should be very specific in terms of profits, market share, and employee retention and soon. The strategic objectives thus formulated reinforce the commitment of the members of the organization to achieve corporate goals.

c) Appraise internal and external environment: To evolve alternative strategies to achieve these goals, a detailed appraisal of both the internal and external environment is carried out. The appraisal of internal environment reveals the strengths and weaknesses of the firm. The appraisal of the external environment reveals the opportunities and threats for the firm. An analysis of strengths, weaknesses, opportunities, and threats, popularly called SWOT analysis, is an essential exercise every firm has to carry out to evolve an appropriate strategy to achieve the given goal.

d)Develop and evaluate alternative strategies: There could be some alternative strategies to pursue a given goal. If the goal is to expand the business, the following could be the three alternatives:

- Adding new products to the existing product line
- Finding new markets, apart from the present market territories
- Manufacturing within the organization, the components, which were earlier procured from outside?

Similarly, if the goal is to attain stability, the alternative strategies could be maintaining the following:

- The existing range of products
- The existing markets
- The functions presently being carried out

To arrive at a feasible strategy, it is necessary to identify the possible alternative strategies.

e) Select the best strategy: For the firm to be more successful, it is necessary to focus its strategies around its strengths and opportunities. It is a prerequisite that the members of the team or organization agree on a strategic plan. Such a plan, which has been generally agreed upon, is normally considered as the best strategy. Such strategies ensure a better degree of participation and involvement of its members in the process of achieving the goals.

f) Establish strategic business units: It is more strategic to define a business unit in terms of customer groups, needs, and/or technology and set up the business unit accordingly. This is not followed many a time. Most of the companies define their businesses in terms of products. For instance, if a company defines its business as electronic typewriting machines, it may have to change such a product-based definition when the technology changes. In due course, when the technology changes, the company may prefer to switch over to personal computers. A business must be viewed as a customer-satisfying process, not as a goods-producing process.

g) Fix targets and allot resources to each SBU: The purpose of identifying the company's strategic business units is to develop separate strategies and assign appropriate funding. The top management knows that its portfolio has certain old, established, relatively new, and brand new products.It cannot rely just on opinions; it needs to classify its businesses by profit potential by using analytical tools.
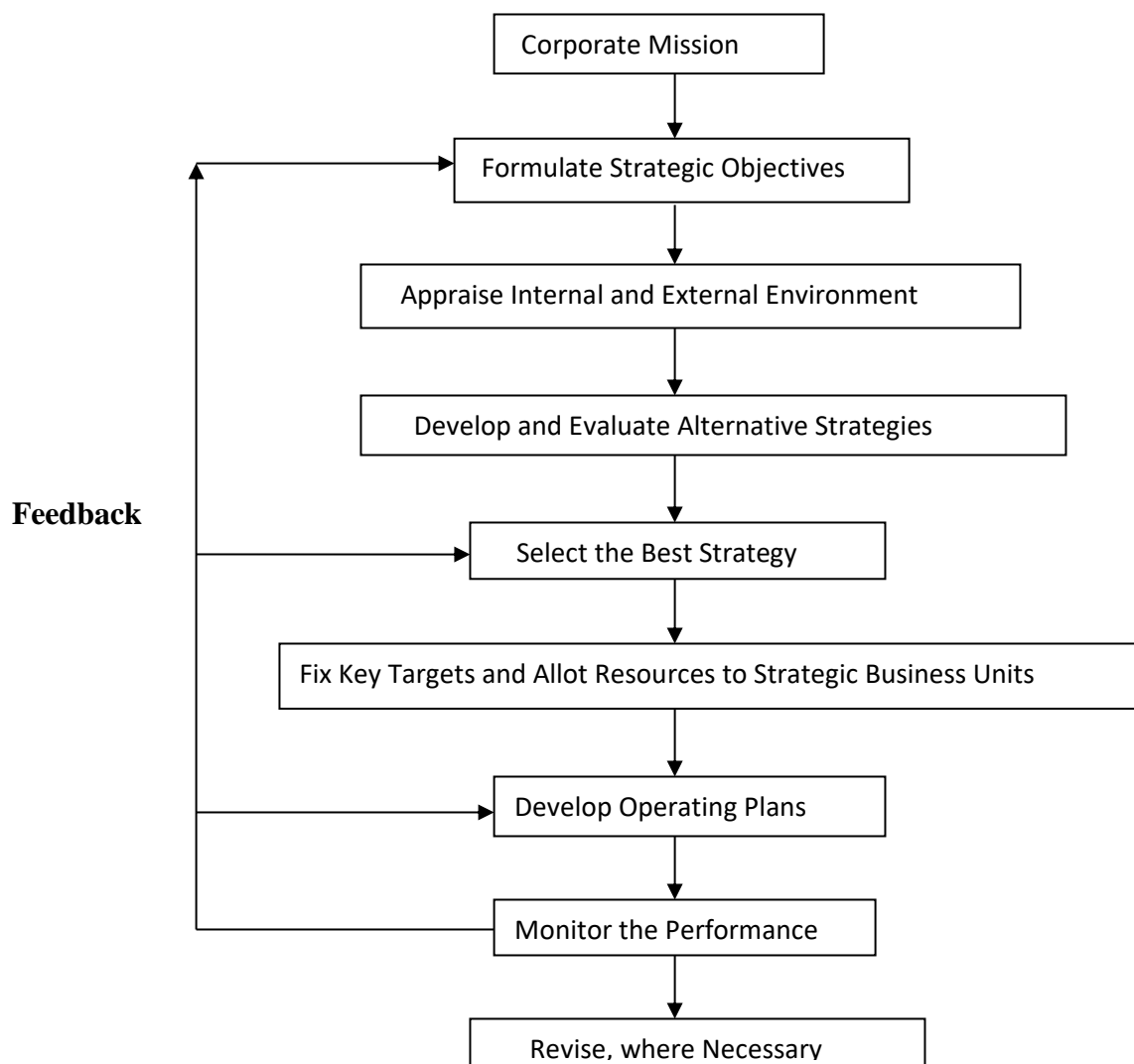
The major factors indicating market attraction are: overall market size, rate of annual increase in the market size, profit margin, and degree of competition, technological standards, rate of inflation, energy needs, impact on environmental issues, and others. These factors affect the decision-making at the macro level. Management should visualize what each SBU should become in the next 3 to 5 years, given the current strategy. In this process, it is necessary to identify the specific stage for each of its products and services in their product life cycle and analyze this in relation to the competitor strategies, new technologies, economic events, and the like.

The management also has to critically evaluate, from time to time, their portfolio-the list of products and services they have to offer through each SBU.Resources should be allocated based on market growth rate and relative market share of each SBU. Here, resources mean executive talent, money, and time. The resources have to be assigned in line with the strategy. If the strategy is to expand, then the resources should be adequate enough to reinforce the strategy. Where the resources are not adequate, they fail to give the necessary force to the strategy and the strategy remains a tiger on paper.

h) Developing operation plan: The operating plans explain how the long-term goals of the organization can be met. The corporate plans reveal how much the projected sales and revenues are. Most often, the management would like to have performed better than these projections. Where the top management finds a significant gap between the targeted sales and actual sales, it can either develop the existing business or acquire a new one to fill the gap.

i) Monitor performance: The results of the operating plans should be well monitored from time to time. In the case of poor or low performance, check up with the members of the team to find out their practical problems and sort these out. Also, it is essential to verify whether there are any gaps in formulating the operating plans.

j) Revise the operating plans, where necessary: It is necessary to revise the operational plans particularly when the firm does not perform as well as expected. The operating plans can be revised in terms of focus, resources, or time frame. In case of any organizational bottlenecks, suitable changes can be initiated to the organization structure itself. This would ensure adequate authority or freedom for the members of the team and enable them to achieve the targets.

Feedback

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                    │  Corporate Mission   │
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         │     Formulate Strategic Objectives   │
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         │ Appraise Internal and External Environment │
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         │ Develop and Evaluate Alternative Strategies │
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         │        Select the Best Strategy      │
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         │ Fix Key Targets and Allot Resources to Strategic Business Units │
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         │        Develop Operating Plans       │
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         │        Monitor the Performance       │
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         │        Revise, where Necessary       │
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ENVIRONMENTAL SCANNING:

The process of environmental scanning has been far from being systematic except with regard to information relating to current developments. Environmental scanning requires information relating to current developments. Environmental scanning is also called as **"environmental analysis".**
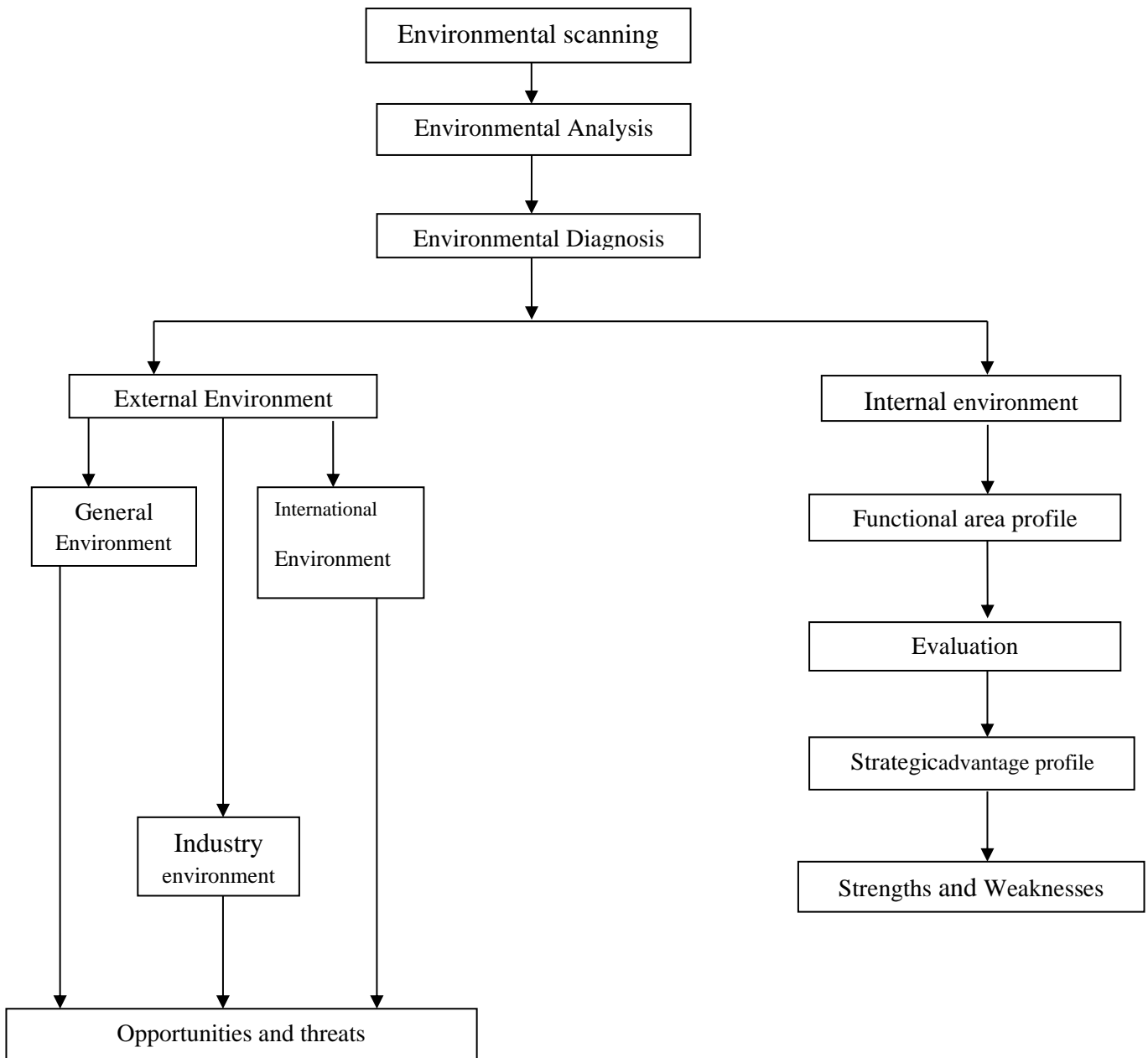
Definition:
"**Environmental scanning** is the process by which strategies monitor the environmental factors to determine opportunities for and threats to their firms. Environmental diagnosis consists of managerial decisions made by assessing the significance of the data of the environmental decisions made by assessing the significance of the data of the environmental analysis".

"**Environmental scanning** is the process of monitoring the organizational environment to identify both present and future threats and opportunities that may influence the firm's ability to reach its goals.

Key Sources of Information for Environmental Scanning: Once strategists have selected key environmental variables, the next step is to select key sources of environmental information for scanning. The sources of information include:

- The economic and business daily newspapers like The Economic Times, Business Standard, Business Line, and Financial Express.
- Journals and periodicals like Business India, Business World, Business Today, Update, Fortune India. Annual reports of various companies, publications of professional organizational like Federation of Indian Chamber of Commerce and Industry.
- Government publications like Economic Survey, Guidelines to India Bulletins, ICICI Portfolio Studies, Business Intelligence and Data, The State of Nation Report, Quarterly Survey of Industries, Indian Trade Journal, Yojana etc.

PROCESS OF ENVIRONMENTAL SCANNING:

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                    │   Environmental Analysis│
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                    │  Environmental Diagnosis│
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External Environment		Internal environment

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  External Environment                        Internal environment
   ↓              ↓                                  ↓
General       International                  Functional area profile
Environment    Environment                          ↓
   │              │                             Evaluation
   │              │                                  ↓
   │          Industry                       Strategicadvantage profile
   │          environment                            ↓
   ↓    ↓         ↓                          Strengths and Weaknesses
Opportunities and threats
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Why Environmental scanning:

The following **examples** summarize the purpose of environmental scanning.
i) The banks and business enterprises in the public sector are being disinvested by the government.
ii) Computers have wiped out the market for type writers and electronic type writers.
iii) The govt. policies keep changing. The current focus of the govt.of India has been on globalization, privatization, and deregulation.

● **Environmental analysis:**

It refers to the process of analyzing the environment component-wise or sector wise to provide a basis for further diagnosis. It inter-relates the formation of objectives, generation of alternative strategies, and other related issues.

● **Environmental Diagnosis:**

It comprises the managerial decisions based on the perceived opportunities and threats of the firm. In effect, it helps to determine the nature of the implementing task, to take advantage of opportunity or effectively manage a threat. The environmental diagnosis is performed by completing the both internal and external environments.

✓ **External environmental analysis:**

The external environment has a profound effect on the business operations irrespective of the nature of the business. The business has to monitor the key forces both in the micro and macro environment. the forces in the micro environment may be customers, competitors, and others. The forces in the macro environment may be demographic, economic, technological, socio-cultural and political. All these factors affect the business both in short run and long run. These factors can be grouped in to three parts of the environment.

- General environment
- Industry environment
- International environment

General (National) Environment: The purpose of general (national) environmental analysis is to predict the state of the future, which will shape the organization's environment. The predict serves **three important** purposes.

(a) It enables the firm to review and revise (if necessary) the mission and objectives concerning how it wishes to interact with future events.
(b) It identifies the fundamental requirements for success in future.
(c) It permits the firm to formulate strategy to accomplish the goals within the constraints of the fundamental requirements for success.
The national environment consists of,

i) **Economic Environment:** Economic environment refers to all those economic factors which have a bearing on the functioning of a business. Economic environment and business are mutually interdependent. In fact, the dependence of the business on the economic environment is more. The important economic factors that constitute the economic environment are; Growth

strategy, Economic system, Economic planning, Industry, Agriculture, Infrastructure, Population, Per capita and national income.

ii)   Political Environment: The political system prevailing in a country dictates policies and controls of business. The democratic political system promotes and encourages business while the authoritarian political system controls the business very much. A stable, honest, and efficient political system is a primary and essential factor for economic development in general and business growth in particular.

iii)   Technological environment: This affects the flow and development of alternative raw materials, the life cycles of products and services.

iv)   Socio-cultural environment: These factor the economy society, and the business climate.

Role of the strategist:

The job of the strategist starts with the diagnosis of the data analysed. The quality of diagnosis depends upon the following factors.

- The **personal capabilities** and business insights of the strategies(such as his experience, motivation, ability to lead groups, perception of opportunities and threats.)
- **Functional resources** of the strategist (such as resource constraint and degree of freedom)
- **Working environment** (which include pressure for achievement of results)

✓   **Industry environment**:

It is an important component of the overall environmental analysis. Industry refers to group of firms carrying on similar activity. It has three sectors: customers, competitors, suppliers.

Customers: It is necessary to identify the profile of buyers, in terms of their needs and preferences based on the basic demographic factors such as age, income, size of the households and consumption patterns.

Suppliers: Strategist also must determine the availability and cost of supply conditions including raw materials, energy, prevailing technology, money, and labour. The suppliers can influence the firm and its strategy particularly the firm is outsourcing. Its logistic requirement.

Competition: The exit or entry of competitors, the emerging substitutes, and major strategic changes by competitors are some of the important factors to be analyzed and diagnosed.

✓   **International Environment:**internal analysis and diagnosis is a process of analyzing and diagnosing the firm's internal strengths and weaknesses. By identifying strength and weaknesses, the firm can strategically exploit the available opportunities, overcome threats and correct weaknesses placing itself at a competitive advantage

Conducting internal analysis and diagnosing: To conduct internal analysis and diagnosis, identify first the internal strengths and weaknesses. The internal strengths and weaknesses may

include the following: Marketing factors, research and development, engineering design and development, production management, managerial personnel, accounting and financial policies and procedures. By analyzing the each element the strategist able to develop functional area profile

For instance, the profile of research and development listed below:

- **Financial resources –** budget to conduct basic research, to develop new products and processes, improve existing processes, and so on.
- **Infrastructural facilities –**in terms of state – of – the – art technologies.
- **Human resources –** hoe many scientist and engineers are required, presently available, turn over of key personnel.
- **Organizational systems –** systems to monitor technological developments from time to time.
- **Technological capabilities –** how capable the firm is in terms of number of patents, new products, sales contribution from new products, so on.

Evaluation: In this step the firm by considering the different factors of each functional areas, to know the strengths & weaknesses of the entire functional areas of the firm, it tries to find out the answers for following **questions:(i)** what does the firm do well? **(ii)** Do these competencies count?

(iii) What are the areas of the poor performance? **(iv)** Do these areas really matter?

The ultimate result of such a detailed internal analysis is to build a *strategic advantage profile.* The strategic advantage profile is a tool used to evaluate systematically the enterprise's internal factors. The competitive strengths and weaknesses for each internal area such as marketing, R&D, and others have been identified as follows:

Internal area	Competitive strength or weaknesses
Marketing	+ product line is extensive
	+ service is excellent
	-channels of distribution are weak.
Research and development	+ 4 patents, -2 scientists left,
Finance	+ internally generated resources
Operations	+ Plenty of raw materials, -outdated machinery.
Corporate resources	0 the company is just three years old,
	+ the size of the company is more than average,
	-poor union and management relations.

(+) indicates strengths, **(-)** indicates weaknesses, **(0)** indicates neutral.

Strategic advantage profile

With this advantage profile the internal analysis is completed and the firm knows what are its strengths and weaknesses, opportunities and threats.

Finally by knowing the SWOT of the firm the environmental analysis is completed based on that the firm can prepare required strategies to grab the opportunities and to overcome the weaknesses

SWOT ANALYSIS:

Introduction: Organizational analysis requires data and information about the internal environment. SWOT analysis refines this information by applying a general framework for understanding and managing the environment under which a company operates. SWOT analysis was developed in the middle of the 1960's.

SWOT analysis strands for strengths, weaknesses, opportunities, and threats.

Definition:

SWOT analysis is defined as the rational and overall evaluation of a company's strengths, weaknesses, opportunities, and threats which are likely to affect the strategic choices significantly.

➤ **Internal environment (strengths & weaknesses):**

The internal environment of the organisation will cover the organizational position with respect to different functional areas like production, finance, marketing, R&D etc. it is necessary to analyze own strengths and weaknesses. It mainly concentrates on the organizational sales volume, market share, profitability and employee competencies.

Strength:strengths are the internal capabilities of the organization when compared to the competitors in the market. The strength of an organization provides competitive advantages such as good customer service, high quality product, etc.

Weakness: weaknessis the limitation, faults, defects in the organization that will keep it from achieving its objectives. The weakness may due to the financial resource, technical knowledge, etc.

➤ **External environment (opportunity and threat):**
The external environment will do necessary scanning of the business environment to identify any threat and opportunities posed on the company, its products or services. More especially this will include the industry performance, competitive activities and a review of the growth and decline of the user industry.
Opportunities:opportunities are those favorable conditions in a firm's environment which help the firm strengths its position. These are the external factors and forces in the business

environment that provide scope for the organization to grow and increase its market share and profitability.

Threats: threat is the any unfavorable situation in the organization environment that may directly damage the organization's strategy. The threat may be problem or constraints anything may cause problem to the organization. These are the factors that can hide the organization to achieve its goals.

Based **on the degree of threat** and its impact on business, the business can be of the following **four types:**

Ideal business: a business is said to be the ideal one when it has a large number of major opportunities and a minimal number of major threats.

Speculative business: a business is said to be speculative one when it has a large number of both opportunities and threats of major magnitude.

Mature business: a business is said to be mature one when it has a lower number of opportunities and threats of major magnitude.

Troubled business: a business is said to be troubled one when it has a lower number of opportunities and a high number of threats.

Significance:

SWOT analysis provides four alternative strategies to deal with the factors in the external and the internal environment. They are:

The threat- weakness (TW) strategy: this attempt to minimize the both weaknesses and threats. As a part of this strategy, the firm may have to add new product base or the range of services by taking over the competitors business. The government of India has been disinvesting from most of the public sector units in recent years through this strategy. It is able to minimize its threats & weaknesses of public sector are minimized.

The opportunity – weaknesses (OW) strategy: here, the weaknesses are minimized while the opportunities are minimized. As a part of this strategy, the firm can overcome its weaknesses by developing necessary competencies among the workforce by investing moderately in the latest technology, and thus offering products of the best quality to its customers.

The strength – threat (ST) strategy: the strategy enables the firm to address the threats through its strengths. The focus is to maximize the strengths and minimize the weaknesses. In this strategy the firm can seek long term and low invest loans to minimize the cost of its operations.

The strength – opportunity (SO) strategy: in this strategy the firm considers expanding in to new markets with the existing products and services. This is the most preferred strategy. Here, the firm can take advantage of the available opportunities through its present strengths.

Internal Assessment of the Organization

What are our strengths?

Manufacturing efficiency?

Skilled work force/

Strong financing?

Superior reputation/

What are our weaknesses?

Outdated facilities?

Inadequate R&D?

Weak management?

Past planning failure?

Obsolete technologies?

SWOT

Analysis

What are opportunities?

Possible new markets?

Strong economy?

Weak market rivals?

Emerging technologies?

Growth of existing market?

What are threats?

New competitors?

Shortage of resources?

Changing market tastes?

New regulations?

Substitute products?

STRATEGY FORMULATION AND IMPLEMENTATION

A _____ then we take the steps fo_____tions are pl_____ults of the strategy.

Strategy formulation: Strategy formulation is the process_____develops an organisation's strategic mission, derives specific objectives to implement.

Strategy implementation: Strategy implementation and execution means that translating a decision in to action is essentially an administrative task.

External assessmentof theorganization

The strategy formulation and implementation includes the following stages.

Enterprise strategists	Mission and objectives

General environment

Industry and international environment

🔴 **Identification of mission and objectives:**

For formulating a strategy first the company has to clearly analyse its mission statement and what are its obje_____

Internal factors

🔴 **Environmental scanning:**

Generic strategy alternatives

Strategy variations

Feed back

After analyzing the mission statement the strategist has to analyse the environment of the company. For doing this activity he has to know about in which type of environmental situations present the firm is operates its business activities, what are the various factors like international, industrial, general environmental factors influences the environment of the firm. By this analysis he knows the SWOT of the organization.

● **Generic strategy alternatives:**

Generic strategy alternatives refer to the strategy alternatives in broader terms. After the nature of business of the firm is defined, the next task is focus on the type of strategic alternative, in general, the firm should pursue. The strategist seeks to identify the right alternative through questions such as:

▪ Should we get out of this business entirely?
▪ Should we try to expand?

For any firm mainly four generic strategic alternatives are available thy are: **i)** to expand, **ii)** to wind up or retrench, **iii)** to stabilize, **iv)** to combine its operations pertaining to is products, markets, or functions.

● **Considering strategy variations:**

Strategy variation is a global phenomenon. When the firm finds that it is not possible to fill up a gap in the market with the existing strategy, it may consider a change in the focus of the strategy. There can be a no. of variations of the generic strategy alternatives. For instance, if strategy is to expand, then the alternatives are internal expansion or external expansion. Internal expansion can be achieved through any of the following approaches:

▪ Penetrate existing markets
▪ Add new markets
▪ Add new products, and so on.

Similarly, the external expansion can be achieved through mergers or acquisitions, if the firm is to attain stability, then the alternatives could be internal or external stability.

● **Selection of best alternative:**

The best alternative is the one that can improve the performance. The selection of the right alternative is depend upon the

▪ Particular configuration of the objectives
▪ Environmental threat and opportunity
▪ Strategic advantage profile
▪ The generic strategy itself.

● **Strategic Choice:**

Here the exact strategy is chosen. Strategic choice involves the decision to select from among the alternatives; the best strategy which effectively contributes to the business objectives. The spade work to be undertaken before making a strategic choice consists of

▪ Identifying the few viable alternative course of action

- Considering the parameters for selection of best alternative
- Evaluating each alternative on its own merits and in relation to other alternative
- Making the final choice
- Keeping the next best alternative as stand by

The following are the questions in terms of which environmental and internal conditions are analyzed:
- What are the main business objectives?
- Does the selected strategy contribute to these objectives?
- What is the business definition – is it product based, market based, or function- based?
- Will it be achieved in the future?

These questions help us to examine the performance gap between the expected and the ideal outcomes in relation to the alternatives under consideration.

$\rightarrow$ If the gap is **negligible or narrow** stability strategy is best. Stability strategy focuses on "doing in the best way what we do"

$\rightarrow$ If the gap is **large or significant**, the alternatives are either to expand or with draw from the under related areas.

In this way different factors influences the decision maker by analyzing the all these questions and choices he has to take one best alternative course of action.

● Allocation of resources and development of organizational structure:

The process of strategy implementation calls for an integrated set of choices and activities. These include allocating resources, organizing, assigning appropriate authority to the key managers, setting policies and developing procedures.

A good strategy with effective implementation has a higher probability of success. The resource allocation decisions such as, which department is sanctioned how much amount of money and resources, in the name of budget, and so on. Set the operative strategy of the firm.

● Formulation of policies, plans, programmes and administration:

The resources allocated are said to be well utilized only when they are well monitored. For this purpose it is essential
- To develop policies and plans
- To assign or reassign leaders task and decisions to support the chosen strategy.
- To provide a conductive environment in the organization through proper administration to achieve the given objectives.

The implementation of plans and policies is designed in accordance with the strategy chosen. The firm creates plans and policies to guide the managerial performance, and these make the chosen strategies work.

The implementation of the strategy becomes easy when the organization

- Plan for career development of its personnel at all levels
- Applies organizational development concepts in its normal functioning
- Ensure that the strategist is capable, experienced, and versatile enough to match the strategy demands.

● **Evaluation and control:**

It is the last phase in the strategic management process. It is at this high stage that the success of the programmes can be assessed. There should be a built-in mechanism to examine the deviations and initiate corrections as and when required. This assures that the chosen strategies will be implemented properly. Timely measurement of performance and the effectiveness of the implementation of the strategy.

GENERIC STRATEGIC ALTERNATIVES:

Generic strategy alternatives refer to the strategy alternatives in broader terms. The alternative helps to the firm to take right step for their improvement. Selection of the proper suitable alternative brings profits to the organization. The generic strategy alternatives are classified in to following types:
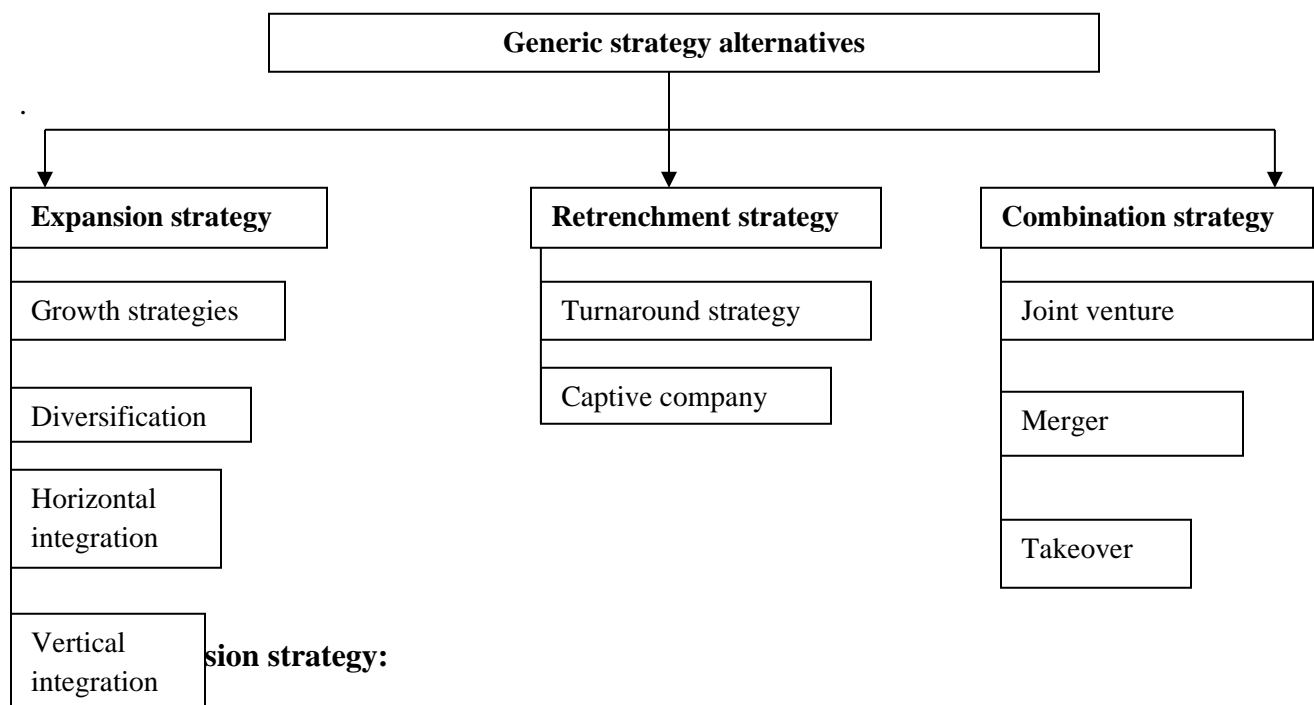
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                    ┌─────────────────────────────────┐
                    │   Generic strategy alternatives  │
                    └─────────────────────────────────┘
   .                               │
   ┌───────────────────────┬───────┴──────────────┬────────────────────────┐
┌──────────────────┐  ┌─────────────────────┐  ┌────────────────────────┐
│ Expansion strategy│  │ Retrenchment strategy│  │ Combination strategy   │
└──────────────────┘  └─────────────────────┘  └────────────────────────┘

┌──────────────────┐  ┌─────────────────────┐  ┌────────────────────────┐
│ Growth strategies│  │ Turnaround strategy │  │ Joint venture          │
└──────────────────┘  └─────────────────────┘  └────────────────────────┘

┌──────────────────┐  ┌─────────────────────┐  ┌────────────────────────┐
│ Diversification  │  │ Captive company     │  │ Merger                 │
└──────────────────┘  └─────────────────────┘  └────────────────────────┘

┌──────────────────┐                            ┌────────────────────────┐
│ Horizontal       │                            │ Takeover               │
│ integration      │                            └────────────────────────┘
└──────────────────┘

┌──────────────────┐
│ Vertical         │
│ integration      │
└──────────────────┘
```

sion strategy:

It can be adopted in the case of highly competitive and volatile industries, particularly, if they are in the introduction stage of product / service life cycle. Expansion strategy is of following types.

Internal Growth: Internal growth is a achieved through increasing the firms production capacity, employees and sales. Some firms prefer this strategy to the strategy of external growth as internal growth preserves their efficiency, quality and image unlike in external growth.

Concentration Strategies: Firms pursue concentration strategies to grow while remaining relatively simple. The efforts of the firm are concentrated on a limited combination of customer groups, customer functions, alternative technologies and products.

Horizontal Integration: Many companies expand by creating other firms in their same line of business. The reasons for engaging in this process of horizontal integration are:

- To increase the market share
- To reduce the cost of operation per unit of business through the large scale economies
- To get greater leverage to deal with the customers and suppliers
- To promote the products and services more efficiently to audience

conglomerate diversification: Horizontal integration strategy aims at related diversification. In other words, diversification occurs, when the existing firm creates another business unit in the same industry. But, firms may also expand through unrelated or conglomerate diversification.

In other words, firms create new business units that are unrelated to its original business. Example: Gujarat Gas ltd.., created another business unit i.e Gujarat finance company ltd.

Vertical Integration: Another growth strategy is vertical integration, in which new products and services. Which are complimentary to the existing product or service lines are added. Vertical integration is characterized by the extension of the company's business definition in three possible directions from the existing business viz.;Backward Integration**,** Forward Integration**,** Both backward and Forward Integration.

Backward vertical integration: Backward vertical integration occurs when the firms acquire or create the company that supplies the firm the raw materials or components and other inputs.

Forward vertical integration: Forward vertical integration occurs when the firm acquire or create the company that purchases it products and services.

- ◼ **Retrenchment strategies:**

It is the obvious choice when the firm is not doing well in terms of sales and revenue and finds greater returns elsewhere, or the products / services is in the finishing stage of the product life cycle. Retrenchment strategies are following types:

Turnaround strategy: Improving internal efficiency can be done by adopting turnaround strategy. The main aim of turnaround strategy is to transform the organization into a learner and more effective business.

Indicators of Turnaround strategy: Adoption of turnaround strategy is necessarily during the adverse conditions of the firm. Especially the indicators include:

- Incurring losses continuously.
- Declining demand for product and services.

- Increasing cash outflows and declining cash inflows.
- Declining sales and market share.

Captive company strategy: In this captive market stage the firm acts as learner it learns things from the surrounding environment like a newly established firm.

■ **Combination strategy:**

Combination strategy is the best strategy when the firm finds that its product wise performance is not even, or all its products differ in their future potential. These are following types:

Merger strategy: Many firms prefer to grow through mergers. Combination of two or more firms is known as a merger. When the firms of similar objectives and similar strategies combine into one firm, such combinations are called as *"mergers".*

A merger is a combination of two or more businesses in which one acquires the assets and liabilities of the other in exchange for stock or cash or both. Companies are dissolved and assets and liabilities are combined and new stock issued. Mergers can take place within one nation or across nations.

Types of Mergers: Mergers can be classified in to the following types:

Horizontal Merger: Horizontal mergers are a combinations of firms engaged in the same business.

Vertical Mergers: Vertical mergers are combination of different firms engaged in activities complimentary to each other like supply of raw material, production of goods and marketing.

For example, combination of a firm engaged in mining of iron ore, and iron and steel company.

Concentric Mergers: Concentric mergers are combination of a firms related to each other in terms of customer groups or customer functions or alternative technologies. *For example,* combination of firms producing televisions, washing machines, and kitchen appliances.

Conglomerate Mergers: These are the combination of firms unrelated to each other in terms of customer groups, customer functions, and alternative technologies. *For example,* combination of publishing company and an automobile company.

Takeovers or Acquisitions Strategy: Sometimes firms want to grow through the strategy of takeover or acquisition. Takeover is defined as, "the attempt of the firm to acquire ownership or control over another firm against the wishes of the latter's management".

But in practice, takeovers can be hostile or friendly. Takeover strategy is currently the most popular strategy in India, particularly after the economic liberalization.

Joint Ventures: Joint ventures are partnerships in which two or more firms carryout a specific project or corporate in a selected area of business. Joint ventures can be temporarily, disbanding after the project is finished. Even a successful joint venture may not last forever. Not does the collapse for specific and time-bound objectives which, once achieved leave little reason for the alliance to be continued**.**

PROJECT MANAGEMENT

Introduction:

This project management is extremely interesting and important for two reasons. One, it is so simple that it can be applied in our day-to-day life to plan our schedules, review our plans, monitor the progress, and control the performance. Project managers of construction works or software assignments, for instance, these techniques immensely useful.

CONCEPT OF PROJECT MANAGEMENT:

Project:A project can be defined as collection of inter – related tasks (or) activities which must be completed in a specified time according to a specified order on sequence and requires resources such as money, material, man- power, facilities, space etc. **(or)**A project is defined as a set of activities with a specific goal occupying a specific period of time.

Ex: it may be small / big project like construction of college building, lying of a road.

Characteristics of a project:

➡ Project is a one- time effort non- repetitive in nature.

➡ It has a definite start and definite end point.

Concept of project:

A project is an investment made on a package of inter-related time – bound activities. Every product has two phases.　　**i)**Preparation & construction

ii)Its operation.

PROJECT CYCLE:

A project cycle passes through a life cycle that may vary with the size and complexity of the project. Typically a project will pass through the following phases.

❖ **The concept phase:**

In this the organization realizes that a project may be needed for he organization is requested to propose a plan to perform a project for some customers.

❖ **Initial planning / feasibility phase:**

In this phase, the project manager plans the project to a level of detail, sufficient for initiate scheduling and budgeting.

❖ **Organization phase:**

The detailed project definition such as the work breakdown structure (WBS) is examined. A WBS is a document similar to the bill of material and divides the total work in to major packages to be accomplished.

❖ **Execution phase:**

In this phase the various activities planned are completed as per the schedule, utilizing the allotted resources.

❖ **Termination:**

The project is terminated (or) disbanded after completion. The personnel who were working in the project are assigned back to their regular jobs (or) to other jobs in the organization (or) to other project in this phase.
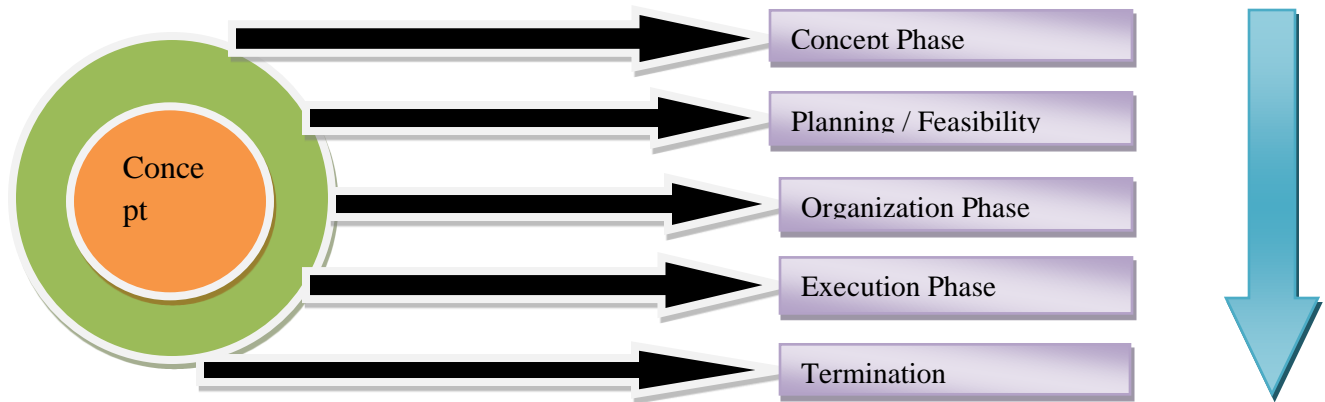
PROJECT CYCLE

In addition to these phases we must considered three elements they are as follows:

→ **Operation:**

Operations are the activities (or) job, which must be performed to meet the project objectives.

→ **Resources:**

It can be classified under man power, methods, material, machine and time. Time and cost estimates are associated with the methods of performance.

→ **Restraints:**

It refers to the externally imposed conditions (or) restraints, like supply of materials, machines, and designs by outside agencies.

Project Management:

Def: Project management can be defined as successful completion of project on time with in the budgeted cost as per the technical specifications to satisfy the end – users.

Project management is the organizing and managing of resource in such a way that these resources deliver all the work required to complete a project with in defined scope, time and cost constraints.

Project management has certain major administrative issues such as:

- ♣ Executive responsibilities
- ♣ Project selection.
- ♣ Project manager selection.
- ♣ Organizational structure.
- ♣ Manage with in functional unit.
- ♣ Assign a coordinator.
- ♣ Use a matrix organization with a project leader.

Key Success Factors of Project Management:

- → Top – down commitment.
- → Having a capable project manager.
- → Having time to plan.
- → Good communications.

NETWORK ANALYSIS

Network: It is a graphical representation of projects operations from starting to completion. it is composed of activities. **(Or)** This is the combination of activities, dummy activities, and events in a logical sequence, according to the rules for drawing networks.

Network analysis:

Network analysis refers to number of techniques for the planning and control of complex projects. "The basis of network planning is the representation of sequential relationship between activities by means of a network of lines and circles".

- → The idea is to link the various activities in such a way that the overall time spent on the project is kept to a minimum.

$\rightarrow$ Network analysis (or) network scheduling is a technique used for planning and scheduling large projects in the fields of construction, maintenance, fabrication, purchase, computer system installation, research and development designs etc.,

$\rightarrow$ Network analysis helps in designing, planning, coordinating, controlling and decision making in order to accomplish the project economically in the minimum available time with the limited available resources.

Objectives of Network Analysis:

- Develops powerful coordinating tool for planning, scheduling, & controlling of projects.
- Effective utilization of resources.
- Minimization of idle resources.
- Minimization of production delays.
- Provides a comprehensive idea of the project.

Applications of network analysis:
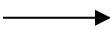
- The construction of buildings, bridges, factories, highways, stadiums, irrigation projects etc.
- Budget and auditing procedures.
- Installation of large computers and machinery.
- Advertisement programmes and for launching a new product.
- Research and development
- Preparing inventory plans.
- Organization of big public work, conferences etc.,

Advantages of network analysis:

- They provide a logical picture of the layout & sequence of a complex project.
- They help to identify the activities and events which are critical to the entire project.
- They provide a basis for working out times, cost and resources involved in the project.

Terminology / terms used in network analysis:

- **Activity:** An activity is a task / job of work, which takes time and resources for accomplishment.

Ex: providing electrical connections, digging of land etc. It is represented by $\longrightarrow$

The **head** of the arrow indicates where the task **ends**. And the **tail** of the arrow indicates where the task **begins.**

The activities are mainly following types they are as follows:

- **Predecessor activity:** An activity that must be occur / completed immediately before anther activity can began is called Predecessor activity.

- **Successor activity:** An activity that must be occur / required to be performed after the performance of another activity is called successor activity.

Ex:
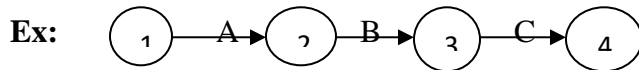
A – is the predecessor activity of the B; C is the successor activity of the B.

- **Dummy activity:** An activity that consumes no time (zero time duration) but shows predence between events. These activities don't consume time or resources.

<div align="center">

(OR)

</div>

In network analysis when two / more activities in a project have the same head and tail events, dummy activity is introduced. The head events (or) tail events are joined by dotted line arrow and this is known as **"dummy activity".** It is represented by dotted arrow

Use of dummy activity:

→ Maintain an undue numbering system for different activities.

→ Keep the logical sequence of activities and their inter- relationship correct.

● **Event:** An event is a point in time during a project that signifies the starting or completion of an activity. Activity starting and finishing points are events. Event consumes neither nor resources. It is represented by circle in the network.

'Event'

Predecessor Event: The event that occurs before another event is predecessor event to that event.

Successor Event: The event that follows another event is called successor event to that event.

Event **i**

Predecessor event   Successor event
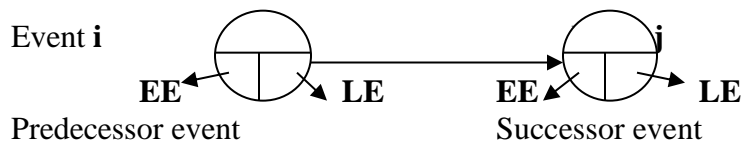
EE = Earliest time of the event.   LE = Latest time of the event.

● **Critical Activity:** A critical activity is an activity that if delayed, affects the completion of entire project. An activity o critical path will be critical activity. An activity for total float is zero is a critical activity.

● **Critical path:** the longest time path through a network is called the critical path. It is the longest path in the network which consumes maximum resources and maximum time. It is denoted by heavy (double) line.

● **Activity duration:** In CPM, this means the best estimate of the time to complete an activity. In PERT, the expected time (or) average time (or) average to complete an activity.

● **Float (or) Slack:** The amount of time for that an activity (or) group of activities can slip without causing a delay in the completion of the project. It is also known as **"float"**. It is used in PERT. Float is the difference between time available for completing an activity and the time necessary to complete the same. **(or)**

Float / Slack mean spare time or a margin of extra time over and above its duration which a non critical activity can consume without delaying the project.

There are three types of floats:

→ **Independent float:** Independent float refers to the time by which an activity can expand without affecting any other preceding or succeeding activity.   **For** $\boxed{EE\ (i) - LE\ (i) - D}$

→ **Free float:** Free float to the time by which an activity can expand without affecting succeeding activities.   **For** $\boxed{EE\ (j) - EE\ (i) - D}$

→ **Total float:** Total float indicates the time by which an activity can expand. When total float is absorbed at the planning stage, the floats in both preceding and succeeding activities can be reduced. $\boxed{LE\ (j) - EE\ (i) - D}$

 Note:

If float and slack values are negative (-) at any activity that value taken as zero **"0".**

Network analysis techniques:

As a tool for project management planning and control the network based methods are used.

✴ CPM – Critical Path Model.

✴ PERT – Project / Programme Evaluation and Review Technique.

CPM – CRITICAL PATH MODEL:

The E.I du Pont de Nemours Company (USA) in the year 1958 while working on a chemical plant employed a technique called CPM to schedule and control the project and experienced a good amount of saving.

CPM is an activity oriented approach. In CPM only one time estimate is used. It is easy to use and maintain. CPM is employed in projects where overall costs are of primary importance.

The critical path analysis is an important tool in production planning and scheduling. This is suitable for the construction of civil and mechanical projects and for how best to reduce the time required to perform routine production, maintenance and construction and minimize the direct and indirect expenses.

CPM is suitable for application like construction, maintenance, civil projects (bridges, dams, buildings, power plants) etc.

CPM method applicable to both small and large projects. CPM is a technique, used for planning and controlling of logical sequence of operations for accomplishment of a project.

Objectives of CPM:
- To find difficulties and obstacles in the course of production process.
- To assign time for each operation.
- To ascertain starting and finishing time of the work.
- To find the critical path and the minimum duration time for the project as a whole.

In some **situations** CPM is effectively used they are as follows:
→ In production planning.
→ Location of and delivery from a warehouse.
→ Road systems and traffic schedules.
→ Communication network.

Advantages of CPM:

The application of CPM leads to the following advantages:
∗ It provides an analytical approach to the achievement of project objectives, which are defined clearly.
∗ It identifies most critical elements and pays more attention to these activities.
∗ It assists in avoiding waste of time, energy and money on unimportant activities.
∗ It provides a standard method for communicating project plans, schedules and cost.

PROGRAMME EVALUATION AND REVIEW TECHNIQUE (PERT):

PERT was first introduced in 1957 it was developed by U.S Navy department. PERT is a technique used for scheduling and controlling the projects. PERT is a time –event network analysis technique designed to watch to how the parts of a programme fit together during the passage of time and events.

PERT is a tool to evaluate a given programme and review the progress made in time to time. It is commonly employed for conducting the initial review of a project. PERT anticipates potential areas of problem which may disturb program objectives. Because timely action can be taken to prevent their occurrence.

PERT is mainly concerns with events and it is thus event oriented system. In PERT time estimates are used calculate expected activity time. Because of uncertainty in activity timings, PERT considered as probabilistic model. Dummy activities are required in PERT.

Time estimates of PERT: In PERT three time estimates are used to calculate they are as follows:

- **Optimistic time (to):** the time for completing an activity if all goes well / under ideal conditions used in PERT.

- **Pessimistic time (tp):** It is the time which an activity will take to complete if every thing goes wrong, used in PERT.

- **Most likely time (tm):** The time taken for completing an activity,under normal conditions. This is the consensus best estimate, PERT. It lies between the optimistic time and pessimistic time.

- **Expected time (Te):** Expected time or average time (Te) for an activity to calculate by combining statistically all the three time estimates to, tp, and tm.

  Formula:
  $$Te = \frac{to + 4tm + tp}{6}$$

- **Variance:**It is a measure of the dispersion. Larger the variance, greater will be the uncertainty.

  Formula:
  $$\sigma = \frac{tp - to}{6}$$

Applications of PERT:

→ Research and development.
→ Marketing programmes and advertising programmes.
→ Defense projects.
→ Installation of machinery.
→ Construction programmes.
→ Instituting inventory control.

Advantages of PERT:

➤ It forces managers and subordinate managers to make a plan for production because time event analysis is quite impossible without planning and seeing how the piece fit together.

➤ PERT encourages management control by exception. It concentrates attention on critical elements that may need correction.

➤ It provides graphic display of activities and identifies critical activities and slack activities.

➤ It enables forward-working control as a delay will affect the succeeding events and possibly the whole project. The production manger can somehow make up the time by shortening that of some other event.

➤ The network system with its sub-systems creates a pressure for action at the right spot and level and at the time.

➤ PERT can be effectively used for rescheduling the activities.

Limitations of PERT:

▶ It is a time-consuming and expensive technique.
▶ It is based on beta distribution and the assumption of beta distribution may not always be true.
▶ PERT is not suitable when programme is not precise and a reasonable estimate of time schedule is not possible.
▶ It is not useful for routine planning of recurring events such as mass production because once a repetitive sequence worked out; elaborate and continuing control is not required.
▶ The expected time and the corresponding variance are only estimated values.
▶ Important activities may be omitted or the precedence relationships may not be correct.

Differences between CPM and PERT:

PERT	CPM
A probabilistic model with uncertainty activity duration.	A deterministic model with well-known activity.
Approach is event-oriented.	Approach is activity-oriented.
Uses words like network diagram, event and slack.	Employs words like arrow diagram, nodes and floats.
Dummy activities are used to represent proper sequencing.	Dummy activities are not necessary for usage. The arrow diagram thus becomes slightly simpler.
Does not democrat between critical and non-critical activities.	Marks critical activities.

Find application in all those projects where resources are always made available as and when required.	Find application in all those projects where overall costs are of primary importance.
Suitable especially in defense projects and research and development where the activity times cannot be readily predicated.	Suitable for problem in industrial settings plant maintenance, civil constructions projects.
It has three- times estimates i.e.., Optimistic time(to), Most Likely time (TM) , and Pessimistic Time (TP)	It has one-time estimate.
It is a control device.	It is a planning device.

Probability of Completing the Project:

By using probability of distribution the probability of completing the project by schedule time is given as:

Normal deviate (Z) = $\left(\dfrac{(TL - TE)}{\sigma} \right)$

Here   Z =   Normal deviate.

   σ =   Standard deviation of the entire network.

   TL =   Given estimate time of the project.

   TE =   Expected time of the project.

Steps involved indetermining the probability:

→ Determine the standard deviation for each activity. $\left(\dfrac{tp - to}{6} \right)$

→ Determine variance $\left(\dfrac{tp - to}{6} \right)^2$

→ Determine the square root of the sum of variances. This gives the standard deviation for entire project. (i.e. calculate the standard deviation for critical path by using the standard deviation for each activity.)

→ By applying the Normal deviate formula we get probability of completing the project within the given time.

Note: We get the value of the normal deviate. This should not be within a range of + / - 3 sigma limits.

$\rightarrow$ To arrive the % of probability of completing the project within the given time, the value of the normal deviate has to be converted in to the value of probability by using the table of normal distribution function table. Thus, the probability completing the project is determined.

Normal distribution Function Table:

Normal Deviate (Z)	Probability (%)	Normal Deviate (Z)	Probability (%)
0	50.0	-0	50.0
0.2	57.9	-0.2	42.1
0.4	65.5	-0.4	34.5
0.6	72.6	-0.6	27.4
0.8	78.8	-0.8	21.2
1.0	84.1	-1.0	15.9
1.2	88.5	-1.2	11.5
1.4	91.9	-1.4	8.1
1.6	94.5	-1.6	5.5
1.8	96.4	-1.8	3.6
2.0	97.7	-2.0	2.3
2.2	98.8	-2.2	1.4
2.4	99.2	-2.4	0.8
2.6	99.5	-2.6	0.5
2.8	99.7	-2.8	0.3
3.0	99.9	-3.0	0.1

PROJECT CRASHING:

In PERT / CPM network techniques, time is related to cost and the objective is to develop optimum time – cost relationship. The **ultimate objective** of the network techniques is not only to bring improvement in planning scheduling and controlling of the project but also **to assess possibility of arriving at a feasible desirable time – cost relationship.**

The policy of any organization is to reduce the target time so that time saved can be utilized for additional product or otherwise.

The overall project duration can be minimized by reducing the duration of only the critical activities of the project network. To reduce the schedule time, non – critical activities can be considered as potential point of resources for diverting to critical activities.

The duration of the project can be shortened by systematic analysis of critical path activities, crashing cost and corresponding cost effect of indirect costs.

Formula:Cost Slope = $\dfrac{\text{Crash Cost} - \text{Normal Cost}}{\text{Normal Time} - \text{Crash Time}}$

Increase Cost   = Crash Cost – Normal Cost.

Decrease in Time = Normal Time – Crash Time.

Terms in Crashing:

- **Normal cost:** It is lowest cost of completing an activity in the minimum time, employing normal means i.e. not using over time or other special resources. **Or** the expenditure incurred on normal resources for completing any activity in normal time is known as normal cost.

- **Normal cost:** It is the minimum time required to achieve the normal cost. Normal time is associated with the normal resources of the organization to perform the activity.

- **Crash cost:** It is the least cost of completing an activity by employing all possible means like overtime, additional machinery, proper materials, etc. **Or** the total expenditure incurred on additional resources for crashing the time is known as "crash cost".

- **Crash time:** Crash time is the minimum possible time in which an activity can be completed by employing extra resources. Crash time is the time beyond which the activity cannot be shortened by any amount of increase in resources.

- **Cost Slope:** The term cost slope is defined as the "increase in the cost of the activity per unit decrease in the time.

Mathematically the time – cost relationship can be represented as:

$$\text{Cost Slope} = \frac{\text{Crash Cost} - \text{Normal Cost}}{\text{Normal Time} - \text{Crash Time}}$$

PROJECT COSTS:

The total project cost is the sum of direct and indirect costs. Indirect cost consists of overheads, depreciation, insurance, supervisory cost etc.

- **Direct costs:** costs, like manpower, material, etc incurred for project execution. This cost is directly proportional to the quality of resources involved during a period. Direct costs are more in crash time.

- **Indirect costs:** Cost consists of overheads, depreciation, insurance, supervisor's salaries, rent, and establishment charges etc. these costs are directly proportionate to the duration of the project.

1.What is meant by strategy?

Strategy refers to determination of the basic long-term goals and objectives of an enterprise and the adoption of the Courses of action and the allocation of resources necessary for carrying out these goals."

2.Define Mission?

Mission is the purpose (or) fundamental reason for the organization organization's purpose of existence.

3.Write the Characteristics of an effective mission statement?.

- ➢ It should be clear enough to trigger action
- ➢ It should be flexible
- ➢ It should be measurable in terms of specific targets
- ➢ It should be motivating

4. Define Mission?

A vision statement is a vivid idealized of a desired outcome that inspires, energizes and helps firm to create a mental picture of its target.The vision statement seeks to answer the basic question, "What do we want to become"?

5.Define goal?

Goal is defined as what an organization wants to achieve during (or) by the end of a given period of time.

6.What is meant by Strategic Management?

Strategic management is the process of management of strategic decision-making, implementation and control. It is not a complete meaning of strategic management as it fails to cover many important aspects of Strategic management. Strategic management is a continuous, iterative, cross-functional process aimed at keeping an organization as a whole appropriately matched to its environment.

7. write about corporate planning?

Corporate planning can be defined as the process of formulating the corporate mission, scanning the business environment, evolving strategies, creating necessary infrastructure, and assigning resources to achieve the given mission.

8.What is Environmental Scanning?

Environmental scanning is the process by which strategies monitor the environmental factors to determine opportunities for and threats to their firms. Environmental diagnosis consists of managerial decisions made by assessing the significance of the data of the environmental decisions made by assessing the significance of the data of the environmental analysis".

9.Define SWOT?

SWOT analysis is defined as the rational and overall evaluation of a company's strengths, weaknesses, opportunities, and threats which are likely to affect the strategic choices significantly.

10. Define Project?

A project can be defined as collection of inter – related tasks (or) activities which must be completed in a specified time according to a specified order on sequence and requires resources such as money, material, man- power, facilities, space etc. **(or)**A project is defined as a set of activities with a specific goal occupying a specific period of time.

11. What is meant by Network analysis?

Network analysis refers to number of techniques for the planning and control of complex projects. "The basis of network planning is the representation of sequential relationship between activities by means of a network of lines and circles".

12. Write the Objectives of Network Analysis?

- It Develops powerful coordinating tool for planning, scheduling, & controlling of projects.
- Effective utilization of resources.
- Minimization of idle resources.
- Minimization of production delays.
- Provides a comprehensive idea of the project.

13. Define Float/ Slack?

The amount of time for that an activity (or) group of activities can slip without causing a delay in the completion of the project. It is also known as **"float"**. It is used in PERT. Float is the difference between time available for completing an activity and the time necessary to complete the same.

14. What is meant by PERT?

PERT is a tool to evaluate a given programme and review the progress made in time to time. It is commonly employed for conducting the initial review of a project. PERT anticipates potential areas of problem which may disturb program objectives. Because timely action can be taken to prevent their occurrence.

15.Define CPM?

CPM is an activity oriented approach. In CPM only one time estimate is used. It is easy to use and maintain. CPM is employed in projects where overall costs are of primary importance. The critical path analysis is an important tool in production planning and scheduling. This is suitable for the construction of civil and mechanical projects and for how best to reduce the time required to perform routine production, maintenance and construction and minimize the direct and indirect expenses. CPM is suitable for application like construction, maintenance, civil projects (bridges, dams, buildings, power plants) etc.

16.Write the terms about Optimistic time,Pessimistic time?

Optimistic time (to): the time for completing an activity if all goes well / under ideal conditions used in PERT.

Pessimistic time (tp): It is the time which an activity will take to complete if every thing goes wrong, used in PERT.

17.Define Most likely time , Expected time?

Most likely time (tm): The time taken for completing an activity, under normal conditions. This is the consensus best estimate, PERT. It lies between the optimistic time and pessimistic time.

Expected time (Te): Expected time or average time (Te) for an activity to calculate by combining statistically all the three time estimates to, tp, and tm.

18.Define Cost Slope?

The term cost slope is defined as the "increase in the cost of the activity per unit decrease in the time.

Mathematically the time – cost relationship can be represented as:

$$\text{Cost Slope} = \frac{\text{Crash Cost} - \text{Normal Cost}}{\text{Normal Time} - \text{Crash Time}}$$

19.DefineProject Crashing?

In PERT / CPM network techniques, time is related to cost and the objective is to develop optimum time – cost relationship. The **ultimate objective** of the network techniques is not only to bring improvement in planning scheduling and controlling of the project but also **to assess possibility of arriving at a feasible desirable time – cost relationship.**

UNIT- III

HUMAN RESOURCE MANAGEMENT

Concept of HRM: Before we define HRM, it seems pertinent to first define the term ‗human resources'. In common parlance, human resources means the people. However, different management experts have defined human resources differently. For example, Michael J. Jucius has defined human resources as ―a whole consisting of inter-related, inter-dependent and interacting physiological, psychological, sociological and ethical components‖.

According to Leon C. Megginson —From the national point of view human resources are knowledge, skills, creative abilities, talents, and attitudes obtained in the population; whereas from the view-point of the individual enterprise, they represent the total of the inherent abilities, acquired knowledge and skills as exemplified in the talents and aptitude of its employees Let us now define human resource management. In simple words, HRM is a process of making the efficient and effective use of human resources so that the set goals are achieved. Let us also consider some important definitions of HRM.

According to Flippo —Personnel management, or say, human resource management is the planning, organising, directing and controlling of the procurement development compensation integration, 4intenance, and separation of human resources to the end that individual, organisational and social objectives are accomplished‖

Objectives: The primary objective of HRM is to ensure the availability of right people for right jobs so as the organisational goals are achieved effectively. This primary objective can further be divided into the following subobjectives:

1. To help the organisation to attain its goals effectively and efficiently by providing competent and motivated employees.

2. To utilize the available human resources effectively.

3. To increase to the fullest the employee's job satisfaction and selfactualization.

4. To develop and maintain the quality of work life (QWL) which makes employment in the organization a desirable personal and social situation.

5. To help maintain ethical policies and behavior inside and outside the organization.

6. To establish and maintain cordial relations between employees and management.

7. To reconcile individual/group goals with organizational goals

Functions of Human Resource Management

Human Resource Management functions can be classified in following two categories. Managerial Functions, and Operative Functions. The Managerial Functions of Human Resource Management are as follows:

1. Human Resource Planning - In this function of HRM, the number and type of employees needed to accomplish organisational goals is determined. Research is an important part of this function,

information is collected and analysed to identify current and future human resource needs and to forecast changing values, attitude, and behaviour of employees and their impact on organisation.

2. Organising - In an organisation tasks are allocated among its members, relationships are identified, and activities are integrated towards a common objective. Relationships are established among the employees so that they can collectively contribute to the attainment of organisation goal.

3. Directing - Activating employees at different level and making them contribute maximum to the organisation is possible through proper direction and motivation. Taping the maximum potentialities of the employees is possible through motivation and command.

4. Controlling - After planning, organising, and directing, the actual performance of employees is checked, verified, and compared with the plans. If the actual performance is found deviated from the plan, control measures are required to be taken

The Operative Functions of Human Resource Management are as follows:

1. Recruitment and Selection - Recruitment of candidates is the function preceding the selection, which brings the pool of prospective candidates for the organisation so that the management can select the right candidate from this pool.

2. Job Analysis and Design - Job analysis is the process of describing the nature of a job and specifying the human requirements like qualification, skills, and work experience to perform that job. Job design aims at outlining and organising tasks, duties, and responsibilities into a single unit of work for the achievement of certain objectives.

3. Performance Appraisal - Human resource professionals are required to perform this function to ensure that the performance of employee is at acceptable level.

4. Training and Development - This function of human resource management helps the employees to acquire skills and knowledge to perform their jobs effectively. Training an development programs are organised for both new and existing employees. Employees are prepared for higher level responsibilities through training and development.

5. Wage and Salary Administration - Human resource management determines what is to be paid for different type of jobs. Human resource management decides employees compensation which includes - wage administration, salary administration, incentives, bonuses, fringe benefits, and etc,.

6. Employee Welfare - This function refers to various services, benefits, and facilities that are provided to employees for their well being.

7. Maintenance - Human resource is considered as asset for the organisation. Employee turnover is not considered good for the organisation. Human resource management always try to keep their best performing employees with the organisation.

8. Labour Relations - This function refers to the interaction of human resource management with employees who are represented by a trade union. Employees comes together and forms an union to obtain more voice in decisions affecting wage, benefits, working condition, etc,.

9. Personnel Research - Personnel researches are done by human resource management to gather employees' opinions on wages and salaries, promotions, working conditions, welfare activities, leadership, etc,. Such researches helps in understanding employees satisfaction, employees turnover, employee termination, etc,.

10. **PersonnelRecord** - This function involves recording, maintaining, and retrieving employee related information like - application forms, employment history, working hours, earnings, employee absents and presents, employee turnover and other other data related to employees.

Human Resources Planning:

Human resource is the most important asset of an organization. Human resources planning are the important managerial function. It ensures the right type of people, in the right number, at the right time and place, who are trained and motivated to do the right kind of work at the right time, there is generally a shortage of suitable persons. The enterprise will estimate its manpower requirements and then find out the sources from which the needs will be met. If required manpower is not available then the work will suffer. Developing countries are suffering from the shortage of trained managers. Job opportunities are available in these countries but properly trained personnel are not available. These countries try to import trained skill from other countries. In order to cope human resource requirements, an enterprise will have to plan in advance its needs and the sources. The terms human resource planning and manpower planning are generally used interchangeably. Human resource planning is not a substitute

for manpower planning. Rather the latter is a part of the former i.e., manpower planning is integrated with human resource planning.

Features of Human Resource Planning:

1. Well Defined Objectives: Enterprise's objectives and goals in its strategic planning and operating planning may form the objectives of human resource planning. Human resource needs are planned on the basis of company's goals. Besides, human resource planning has its own objectives like developing human resources, updating technical expertise, career planning of individual executives and people, ensuring better commitment of people and so on.

2. Determining Human Resource Reeds: Human resource plan must incorporate the human resource needs of the enterprise. The thinking will have to be done in advance so that the persons are available at a time when they are required. For this purpose, an enterprise will have to undertake recruiting, selecting and training process also.

3. Keeping Manpower Inventory: It includes the inventory of present manpower in the organization. The executive should know the persons who will be available to him for undertaking higher responsibilities in the near future.

4. Adjusting Demand and Supply: Manpower needs have to be planned well in advance as suitable persons are available in future. If sufficient persons will not be available in future then efforts should be .made to start recruitment process well in advance. The demand and supply of personnel should be planned in advance.

5. Creating Proper Work Environment: Besides estimating and employing personnel, human resource planning also ensures that working conditions are created. Employees should like to work in the organization and they should get proper job satisfaction.

JOB ANALYSIS

Job Analysis is a systematic exploration, study and recording the responsibilities, duties, skills, accountabilities, work environment and ability requirements of a specific job. It also involves determining the relative importance of the duties, responsibilities and physical and emotional skills for a given job. All these factors identify what a job demands and what an employee must possess to perform a job productively.

Purpose of Job Analysis

Job Analysis plays an important role in recruitment and selection, job evaluation, job designing, deciding compensation and benefits packages, performance appraisal, analyzing training and development needs, assessing the worth of a job and increasing personnel as well as organizational productivity.

Recruitment and Selection: Job Analysis helps in determining what kindof person is required to perform a particular job. It points out the educational qualifications, level of experience and technical, physical,

emotional and personal skills required to carry out a job in desired fashion.

The objective is to fit a right person at a right place.

Performance Analysis: Job analysis is done to check if goals andobjectives of a particular job are met or not. It helps in deciding the performance standards, evaluation criteria and individual's output. On this basis, the overall performance of an employee is measured and he or she is appraised accordingly.

Training and Development: Job Analysis can be used to assess thetraining and development needs of employees. The difference between the expected and actual output determines the level of training that need to be imparted to employees. It also helps in deciding the training content, tools and equipments to be used to conduct training and methods of training.

Compensation Management: Of course, job analysis plays a vital role indeciding the pay packages and extra perks and benefits and fixed and variable incentives of employees. After all, the pay package depends on the position, job title and duties and responsibilities involved in a job. The process guides HR managers in deciding the worth of an employee for a particular job opening.

Job Designing and Redesigning: The main purpose of job analysis is tostreamline the human efforts and get the best possible output. It helps in designing, redesigning, enriching, evaluating and also cutting back and adding the extra responsibilities in a particular job

Recruitment

Recruitment is a process of finding and attracting the potential resources for filling up the vacant positions in an organization. It sources the candidates with the abilities and attitude, which are required for achieving the objectives of an organization.

Recruitment process is a process of identifying the jobs vacancy, analyzing the job requirements, reviewing applications, screening, shortlisting and selecting the right candidate.

recruitment process is the first step in creating a powerful resource base. The process undergoes a systematic procedure starting from sourcing the resources to arranging and conducting interviews and finally selecting the right candidates.

1. Recruitment Planning

Recruitment planning is the first step of the recruitment process, where the vacant positions are analyzed and described. It includes job specifications and its nature, experience, qualifications and skills required for the job, etc.

A structured recruitment plan is mandatory to attract potential candidates from a pool of candidates. The potential candidates should be qualified, experienced with a capability to take the responsibilities required to achieve the objectives of the organization.

Identifying Vacancy

The first and foremost process of recruitment plan is identifying the vacancy. This process begins with receiving the requisition for recruitments from different department of the organization to the HR Department, which contains −

- Number of posts to be filled
- Number of positions
- Duties and responsibilities to be performed
- Qualification and experience required

When a vacancy is identified, it the responsibility of the sourcing manager to ascertain whether the position is required or not, permanent or temporary, full-time or part-time, etc. These parameters should be evaluated before commencing recruitment. Proper identifying, planning and evaluating leads to hiring of the right resource for the team and the organization.

Job Analysis

Job analysis is a process of identifying, analyzing, and determining the duties, responsibilities, skills, abilities, and work environment of a specific job. These factors help in identifying what a job demands and what an employee must possess in performing a job productively.

Job analysis helps in understanding what tasks are important and how to perform them. Its purpose is to establish and document the **job relatedness** of employment procedures such as selection, training, compensation, and performance appraisal.

The following steps are important in analyzing a job −

- Recording and collecting job information
- Accuracy in checking the job information
- Generating job description based on the information
- Determining the skills, knowledge and skills, which are required for the job

The immediate products of job analysis are **job descriptions** and **job specifications**.

Job Description

Job description is an important document, which is descriptive in nature and contains the final statement of the job analysis. This description is very important for a successful recruitment process.

Job description provides information about the scope of job roles, responsibilities and the positioning of the job in the organization. And this data gives the employer and the organization a clear idea of what an employee must do to meet the requirement of his job responsibilities.

Job description is generated for fulfilling the following processes −

- Classification and ranking of jobs
- Placing and orientation of new resources
- Promotions and transfers
- Describing the career path
- Future development of work standards

A job description provides information on the following elements −

- Job Title / Job Identification / Organization Position
- Job Location
- Summary of Job
- Job Duties
- Machines, Materials and Equipment
- Process of Supervision
- Working Conditions
- Health Hazards

Job Specification

Job specification focuses on the specifications of the candidate, whom the HR team is going to hire. The first step in job specification is preparing the list of all jobs in the organization and its locations. The second step is to generate the information of each job.

This information about each job in an organization is as follows −

- Physical specifications
- Mental specifications

- Physical features
- Emotional specifications
- Behavioral specifications

A job specification document provides information on the following elements −

- Qualification
- Experiences
- Training and development
- Skills requirements
- Work responsibilities
- Emotional characteristics
- Planning of career

Job Evaluation

Job evaluation is a comparative process of analyzing, assessing, and determining the relative value/worth of a job in relation to the other jobs in an organization.

The main objective of job evaluation is to analyze and determine which job commands how much pay. There are several methods such as **job grading**, **job classifications**, **job ranking**, etc., which are involved in job evaluation. Job evaluation forms the basis for salary and wage negotiations.

2.Recruitment Strategy

Recruitment strategy is the second step of the recruitment process, where a strategy is prepared for hiring the resources. After completing the preparation of job descriptions and job specifications, the next step is to decide which strategy to adopt for recruiting the potential candidates for the organization.

While preparing a recruitment strategy, the HR team considers the following points −

- Make or buy employees
- Types of recruitment
- Geographical area
- Recruitment sources

The development of a recruitment strategy is a long process, but having a right strategy is mandatory to attract the right candidates. The steps involved in developing a recruitment strategy include −

- Setting up a board team
- Analyzing HR strategy
- Collection of available data
- Analyzing the collected data
- Setting the recruitment strategy

3.Searching the Right Candidates

Searching is the process of recruitment where the resources are sourced depending upon the requirement of the job. After the recruitment strategy is done, the searching of candidates will be initialized. This process consists of two steps −

- **Source activation** − Once the line manager verifies and permits the existence of the vacancy, the search for candidates starts.

- **Selling** − Here, the organization selects the media through which the communication of vacancies reaches the prospective candidates.

Searching involves attracting the job seekers to the vacancies. The sources are broadly divided into two categories: **Internal Sources** and **External Sources**.

Internal Sources

Internal sources of recruitment refer to hiring employees within the organization through −

- Promotions
- Transfers
- Former Employees
- Internal Advertisements (Job Posting)
- Employee Referrals
- Previous Applicants

External Sources

External sources of recruitment refer to hiring employees outside the organization through −

- Direct Recruitment
- Employment Exchanges
- Employment Agencies
- Advertisements
- Professional Associations
- Campus Recruitment
- Word of Mouth

4.Screening / Shortlisting

Screening starts after completion of the process of sourcing the candidates. Screening is the process of filtering the applications of the candidates for further selection process.

Screening is an integral part of recruitment process that helps in removing unqualified or irrelevant candidates, which were received through sourcing. The screening process of recruitment consists of three steps −

Reviewing of Resumes and Cover Letters

Reviewing is the first step of screening candidates. In this process, the resumes of the candidates are reviewed and checked for the candidates' education, work experience, and overall background matching the requirement of the job

While reviewing the resumes, an HR executive must keep the following points in mind, to ensure better screening of the potential candidates −

- Reason for change of job

- Longevity with each organization
- Long gaps in employment
- Job-hopping
- Lack of career progression

Conducting Telephonic or Video Interview

Conducting telephonic or video interviews is the second step of screening candidates. In this process, after the resumes are screened, the candidates are contacted through phone or video by the hiring manager. This screening process has two outcomes –

- It helps in verifying the candidates, whether they are active and available.

- It also helps in giving a quick insight about the candidate's attitude, ability to answer interview questions, and communication skills.

Identifying the top candidates

Identifying the top candidates is the final step of screening the resumes/candidates. In this process, the cream/top layer of resumes are shortlisted, which makes it easy for the hiring manager to take a decision. This process has the following three outcomes –

- Shortlisting 5 to 10 resumes for review by the hiring managers
- Providing insights and recommendations to the hiring manager
- Helps the hiring managers to take a decision in hiring the right candidate

5.Evaluation and Control

Evaluation and control is the last stage in the process of recruitment. In this process, the effectiveness and the validity of the process and methods are assessed. Recruitment is a costly process, hence it is important that the performance of the recruitment process is thoroughly evaluated.

The costs incurred in the recruitment process are to be evaluated and controlled effectively. These include the following –

- Salaries to the Recruiters

- Advertisements cost and other costs incurred in recruitment methods, i.e., agency fees.

- Administrative expenses and Recruitment overheads

- Overtime and Outstanding costs, while the vacancies remain unfilled

- Cost incurred in recruiting suitable candidates for the final selection process

- Time spent by the Management and the Professionals in preparing job description, job specifications, and conducting interviews.

Finally, the question that is to be asked is, whether the recruitment methods used are valid or not? And whether the recruitment process itself is effective or not? Statistical information on the costs incurred for the process of recruitment should be effective.

Selection

Selection is the process of picking or choosing the right candidate, who is most suitable for a vacant job position in an organization. In others words, selection can also be explained as the process of interviewing the candidates and evaluating their qualities, which are required for a specific job and then choosing the suitable candidate for the position.

The selection of a right applicant for a vacant position will be an asset to the organization, which will be helping the organization in reaching its objectives.

Importance of Selection

Selection is an important process because hiring good resources can help increase the overall performance of the organization. In contrast, if there is bad hire with a bad selection process, then the work will be affected and the cost incurred for replacing that bad resource will be high.

The purpose of selection is to choose the most suitable candidate, who can meet the requirements of the jobs in an organization, who will be a successful applicant. For meeting the goals of the organization, it is important to evaluate various attributes of each candidate such as their qualifications, skills, experiences, overall attitude, etc. In this process, the most suitable candidate is picked after the elimination of the candidates, who are not suitable for the vacant job.

Advantages of Selection

A good selection process offers the following advantages−

- It is cost-effective and reduces a lot of time and effort.

- It helps avoid any biasing while recruiting the right candidate.

- It helps eliminate the candidates who are lacking in knowledge, ability, and proficiency.

- It provides a guideline to evaluate the candidates further through strict verification and reference-checking.

- It helps in comparing the different candidates in terms of their capabilities, knowledge, skills, experience, work attitude, etc.

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Selection Process and Steps

Selection is very important for any organization for minimizing the losses and maximizing the profits. Hence the selection procedure should be perfect. A good selection process should comprise the following steps −

- **Employment Interview** − Employment interview is a process in which one-on-one session in conducted with the applicant to know a candidate better. It helps the interviewer to discover the inner qualities of the applicant and helps in taking a right decision.

- **Checking References** − Reference checking is a process of verifying the applicant's qualifications and experiences with the references provided by him. These reference checks help the interviewer understand the conduct, the attitude, and the behavior of the candidate as an individual and also as a professional.

- **Medical Examination** − Medical examination is a process, in which the physical and the mental fitness of the applicants are checked to ensure that the candidates are capable of performing a job or not. This examination helps the organization in choosing the right candidates who are physically and mentally fit.

- **Final Selection** − The final selection is the final process which proves that the applicant has qualified in all the rounds of the selection process and will be issued an appointment letter.

Difference between Recruitment and Selection

The major differences between Recruitment and Selection are as follows −

Recruitment	Selection
Recruitment is defined as the process of identifying and making the	Selection is defined as the process of choosing the right

potential candidates to apply for the jobs.	candidates for the vacant positions.
Recruitment is called as a positive process with its approach of attracting as many candidates as possible for the vacant jobs	Selection is called as a negative process with its elimination or rejection of as many candidates as possible for identifying the right candidate for the position.

Both recruitment and selection work hand in hand and both play a vital role in the overall growth of an organization.

Training Methods: On Job Training and off the Job Training Methods!
A large variety of methods of training are used in business. Even within one organization different methods are used for training different

people. All the methods are divided into two classifications for:

A. On-the-job Training Methods:
    1. Coaching

    2. Mentoring
    3. Job Rotation

    4. Job Instruction Technology
    5. Apprenticeship

    6. Understudy
B. Off-the-Job Training Methods:

    1. Lectures and Conferences

    2. Vestibule Training

    3. Simulation Exercises
    4. Sensitivity Training

A. On-the-job training Methods:

Under these methods new or inexperienced employees learn through observing peers or managers performing the job and trying to imitate their behaviour. These methods do not cost much and are less disruptive as employees are always on the job, training is given on the same machines and experience would be on already approved standards, and above all the trainee is learning while earning. Some of the commonly used methods are:

1. Coaching: Coaching is a one-to-one training. It helps in quickly identifying the weak areas and tries to focus on them. It also offers the benefit of transferring theory learning to practice. The biggest problem is that it perpetrates the existing practices and styles. In India most of the scooter mechanics are trained only through this method.

2. Mentoring: The focus in this training is on the development of attitude. It is used for managerial employees. Mentoring is always done by a senior inside person. It is also one-to- one interaction, like coaching.

3. Job Rotation: It is the process of training employees by rotating them through a series of related jobs. Rotation not only makes a person well acquainted with different jobs, but it also alleviates boredom and allows to develop rapport with a number of people. Rotation must be logical.

4. Job Instructional Technique (JIT):It is a Step by step (structured) on the job training method in which a suitable trainer (a) prepares a trainee with an overview of the job, its purpose, and the results desired, (b) demonstrates

the task or the skill to the trainee, (c) allows the trainee to show the demonstration on his or her own, and (d) follows up to provide feedback and help. The trainees are presented the learning material in written or by learning machines through a series called _frames'. This method is a valuable tool for all educators (teachers and trainers). It helps us:

      a. To deliver step-by-step instruction
      b. To know when the learner has learned

      c. To be due diligent (in many work-place environments)

5. Apprenticeship: Apprenticeship is a system of training a new generation of practitioners of a skill. This method of training is in vogue in those trades, crafts and technical fields in which a long period is required for gaining proficiency. The trainees serve as apprentices to experts for long periods. They have to work in direct association with and also under the direct supervision of their masters.The object of such training is to make the trainees all-round craftsmen. It is an expensive method of training. Also, there is no guarantee that the trained worker will continue to work in the same organisation after securing training. The apprentices are paid remuneration according the apprenticeship agreements.

6. Understudy: In this method, a superior gives training to a subordinate as his understudy like an assistant to a manager or director (in a film). The subordinate learns through experience and observation by participating in handling day to day problems. Basic purpose is to prepare subordinate for assuming the full responsibilities and duties.

B. Off-the-job Training Methods: Off-the-job training methods areconducted in separate from the job environment, study material is supplied, there is full concentration on learning rather than performing, and there is freedom of expression. Important methods include:

1. Lectures and Conferences:Lectures and conferences are the traditional and direct method of instruction. Every training programme starts with lecture and conference. It's a verbal presentation for a large audience. However, the lectures have to be motivating and creating interest among trainees. The speaker must have considerable depth in the subject. In the colleges and universities, lectures and seminars are the most common methods used for training.

2. Vestibule Training:Vestibule Training is a term for near-the-job training, as it offers access to something new (learning). In vestibule training, the workers are trained in a prototype environment on specific jobs in a special part of the plant.

An attempt is made to create working condition similar to the actual workshop conditions. After training workers in such condition, the trained workers may be put on similar jobs in the actual workshop.This enables the workers to secure training in the best methods to work and to get rid of initial nervousness. During the Second World War II, this method was used to train a large number of workers in a short period of time. It may also be

used as a preliminary to on-the job training. Duration ranges from few days to few weeks. It prevents trainees to commit costly mistakes on the actual machines.

3. Simulation Exercises: Simulation is any artificial environment exactly similar to the actual situation. There are four basic simulation techniques used for imparting training: management games, case study, role playing, and in-basket training.

(a) Management Games: Properly designed games help to ingrain thinking habits, analytical, logical and reasoning capabilities, importance of team work, time management, to make decisions lacking complete information, communication and leadership capabilities. Use of management games can encourage novel, innovative mechanisms for coping with stress. Management games orient a candidate with practical applicability of the subject. These games help to appreciate management concepts in a practical way. Different games are used for training general managers and the middle management and functional heads – executive Games and functional heads.

(b) Case Study: Case studies are complex examples which give an insight into the context of a problem as well as illustrating the main point. Case Studies are trainee centered activities based on topics that demonstrate theoretical concepts in an applied setting. A case study allows the application of theoretical concepts to be demonstrated, thus bridging the gap between theory and practice, encourage active learning, provides an opportunity for the development of key skills such as communication, group working and problem solving, and increases the trainees‖ enjoyment of the topic and hence their desire to learn.

(c) Role Playing: Each trainee takes the role of a person affected by an issue and studies the impacts of the issues on human life and/or the effects of human activities on the world around us from the perspective of that person.It emphasizes the ―real- world‖ side of science and challenges students to deal with complex problems with no single ―right‖ answer and to use a variety of skills beyond those employed in a typical research project.In particular, role-playing presents the student a valuable opportunity to learn not just the course content, but other perspectives on it. The steps involved in role playing include

defining objectives, choose context & roles, introducing the exercise, trainee preparation/research, the role-play, concluding discussion, and assessment. Types of role play may be multiple role play, single role play, role rotation, and spontaneous role play.

(d) In-basket training: In-basket exercise, also known as in-tray training, consists of a set of business papers which may include e-mail SMSs, reports, memos, and other items. Now the trainer is asked to prioritise the decisions to be made immediately and the ones that can be delayed.

4. Sensitivity Training: Sensitivity training is also known as laboratory or T-group training. This training is about making people understand about themselves and others reasonably, which is done by developing in

social sensitivity and behavioral flexibility. It is ability of an individual to sense what others feel and think from their own point of view. It reveals information about his or her own personal qualities, concerns, emotional issues, and things that he or she has in common with other members of the group. It is the ability to behave suitably in light of understanding.

Performance Appraisal

Performance Appraisal is the systematic evaluation of the performance of employees and to understand the abilities of a person for further growth and development. Performance appraisal is generally done in systematic ways which are as follows:

The supervisors measure the pay of employees and compare it with targets and plans.

The supervisor analyses the factors behind work performances of employees.

The employers are in position to guide the employees for a better performance.

Objectives of Performance Appraisal:

- To maintain records in order to determine compensation packages, wage structure, salaries raises, etc.

- To identify the strengths and weaknesses of employees to place right men on right job.

- To maintain and assess the potential present in a person for further growth and development.

- To provide a feedback to employees regarding their performance and related status.

- To provide a feedback to employees regarding their performance and related status.

- It serves as a basis for influencing working habits of the employees.

- To review and retain the promotional and other training programmes.

Performance Appraisal Methods

Ranking Method

The ranking system requires the rater to rank his subordinates on overall performance. This consists in simply putting a man in a rank order. Under this method, the ranking of an employee in a work group is done against that of another employee. The relative position of each employee is tested in terms of his numerical rank. It may also be done by ranking a person on his job performance against another member of the competitive group.

Advantages of Ranking Method

o Employees are ranked according to their performance levels. o It is easier to rank the best and the worst employee.

Limitations of Ranking Method

o The —whole man‖ is compared with another —whole man‖ in this method. In practice, it is very difficult to compare individuals

possessing various individual traits.

o This method speaks only of the position where an employee stands in his group. It does not test anything about how much better or how much worse an employee is when compared to

another employee.

o When a large number of employees are working, ranking of

individuals become a difficult issue.

o There is no systematic procedure for ranking individuals in the organization. The ranking system does not eliminate the possibility of snap judgements.

Forced Distribution method This is a ranking technique where raters arerequired to allocate a certain percentage of rates to certain categories (eg: superior, above average, average) or percentiles (eg: top 10 percent, bottom 20 percent etc). Both the number of categories and percentage of employees to be allotted to each category are a function of performance appraisal design and format. The workers of outstanding merit may be placed at top 10 percent of the scale, the rest may be placed as 20 % good, 40 % outstanding, 20 % fair and 10 % fair.

Advantages of Forced Distribution

o This method tends to eliminate raters bias

o By forcing the distribution according to pre-determined percentages, the problem of making use of different raters with different scales is avoided.

Limitations of Forced Distribution

o The limitation of using this method in salary administration, however, is that it may lead low morale, low productivity and

high   absenteeism.

Employees who feel that they are productive, but find themselves in lower grade(than expected) feel frustrated and exhibit over a period of time reluctance to work.

Critical Incident techniques Under this method, the manager prepareslists of statements of very effective and ineffective behaviour of an employee. These critical incidents or events represent the outstanding or poor behaviour of employees or the job. The manager maintains logs of each employee, whereby he periodically records critical incidents of the workers behaviour. At the end of the rating period, these recorded critical incidents are used in the evaluation of the worker's performance. Example of a good critical incident of a Customer Relations Officer is : March 12 - The Officer patiently attended to a customers complaint. He was very polite and prompt in attending the customers problem.

Advantages of Critical Incident techniques

- o This method provides an objective basis for conducting a thorough discussion of an employees performance.

- o This method avoids recency bias (most recent incidents are too much emphasized)

Limitations of Critical Incident techniques

- o Negative incidents may be more noticeable than positive incidents.
- o The supervisors have a tendency to unload a series of complaints about the incidents during an annual performance review sessions.

- o It results in very close supervision which may not be liked by an employee.
- o The recording of incidents may be a chore for the manager concerned, who may be too busy or may forget to do it.

Checklists and Weighted Checklists

In this system, a large number of statements that describe a specific job are given. Each statement has a weight or scale value attached to it. While rating an employee the supervisor checks all those statements that most closely describe the behaviour of the individual under assessment. The rating sheet is then scored by averaging the weights of all the statements checked by the rater. A checklist is constructed for each job by having persons who are quite familiar with the jobs. These statements are then categorized by the judges and weights are assigned to the statements in accordance with the value attached by the judges.

Advantages of Checklists and Weighted Checklists

- Most frequently used method in evaluation of the employees performance.

Limitations of Checklists and Weighted Checklists

- This method is very expensive and time consuming

- Rater may be biased in distinguishing the positive and negative questions.

- It becomes difficult for the manager to assemble, analyze and weigh a number of statements about the employees characteristics, contributions and behaviours.

Employee Grievance Handling Procedure:

Grievance may be any genuine or imaginary feeling of dissatisfaction or injustice which an employee experiences about his job and it's nature, about the management policies and procedures. It must be expressed by the employee and brought to the notice of the management and the organization.Grievances take the form of collective disputes when they are not resolved. Also they will then lower the morale and efficiency of the employees. Unattended grievances result in frustration, dissatisfaction, low productivity, lack of interest in work, absenteeism, etc. In short, grievance arises when employees' expectations are not fulfilled from the organization as a result of which a feeling of discontentment and dissatisfaction arises. This dissatisfaction must crop up from employment issues and not from personal issues.

Grievance may result from the following factors-

Improper working conditions such as strict production standards, unsafe workplace, bad relation with managers, etc.

Irrational management policies such as overtime, transfers, demotions, inappropriate salary structure, etc.

Violation of organizational rules and practices

The manager should immediately identify all grievances and must take appropriate steps to eliminate the causes of such grievances so that the employees remain loyal and committed to their work. Effective grievance management is an essential part of personnel management. The managers should adopt the following approach to manage grievance effectively-

Quick action- As soon as the grievance arises, it should be identified and resolved. Training must be given to the managers to effectively and timely manage a grievance. This will lower the detrimental effects of grievance on the employees and their performance.

Acknowledging grievance- The manager must acknowledge the grievance put forward by the employee as manifestation of true and real feelings of the employees. Acknowledgement by the manager implies that the manager is eager to look into the complaint impartially and without any bias. This will create a conducive work environment with instances of grievance reduced.

Gathering facts- The managers should gather appropriate and sufficient facts explaining the grievance's nature. A record of such facts must be maintained so that these can be used in later stage of grievance redressal.

Examining the causes of grievance- The actual cause of grievance should be identified. Accordingly remedial actions should be taken to prevent repetition of the grievance.

Decisioning- After identifying the causes of grievance, alternative course of actions should be thought of to manage the grievance. The effect of each course of action on the existing and future management policies and procedure should be analyzed and accordingly decision should be taken by the manager.

Execution and review- The manager should execute the decision quickly, ignoring the fact, that it may or may not hurt the employees concerned. After implementing

the decision, a follow-up must be there to ensure that the grievance has been resolved completely and adequately.

Objective questions (3,4,5 Units)

1. Strategy is developed by the visionary chief executive in _____ mode of strategic management

A. ○ planning mode

B. ○ adaptive mode

C. ○ strategic mode

D. ◉ entrepreneurial mode

2.Horizontal integration is concerned with(a)

(A) Production

(B) Quality

(C) Product planning

(D) All of the above

3.It refers to formal and informal rules, regulations and procedures that complement the company structure
(A) Strategy

(B) **Systems**

(C) Environment

(D) All of the above

4.Micro environment is the ………. environment of a company.
(A) Working

(B) Human

(C) External

(D) **Internal**

5.**Techniques used in environmental appraisal are**

(A) single-variable extrapolation/multivariable interaction analysis

(B) Structured/ unstructured expert/inexpert opinion

(C) Dynamic modes and mapping

(D) All of the above

6. **Match The Following**

Question	Your Answer
a. Ballast business	1. Give the highest priority
b. Gap analysis	2. Difference between desired and projected performance
c. Corporate parenting	3. Managing SBU's by a corporate
d. Heartland business	4. Fit well but low opportunities

The correct answer is

(A) a-1, b-3, c-2, d-4

(B) a-2, b-1, c-4, d-3

(C) a-4, b-2, c-3, d-1

(D) a-2, b-3, c-4, d-1

7.**It enables the strategists to take corrective action at the right time**

(A) Implementation control

(B) Special alert control

(C) Strategic Surveillance control

(D) **Premise** control

8. **Changes in company ………. also necessitates changes in the systems in various degrees**
   (A) structure

   (B) **system**

   (C) strategy

   (D) turnover

9. **The actual performance deviates positively over the budgeted performance. This is an indication of ……….. performance.**
   (A) superior

   (B) inferior

   (C) constant

   (D) any of the above

10. **Criteria for making an evaluation is (are)**
    (A) Consistency with goals

    (B) Consistency with environment

    (C) Money

    (D) All of the above

11. **11. The ………. of any organization is "the aggregate of all conditions, events and influences that surround and affect it."**
    (A) system

    (B) **environment**

    (C) structure

    (D) strategy

12. **Strategic management is mainly the responsibility of**

(A) Lower management

(B) Middle management

(C) Top management

(D) All of the above

13. **The major issue(s) of appraisal system is (are)**
    (A) Factors of appraisal

    (B) Relevance of appraisal

    (C) Procedure of appraisal

    (D) All of the above

14. **14. They have time based utility**
    (A) Goals

    (B) Resources

    (C) both 'A' and 'B'

    (D) None of the above

15. **Formal systems are adopted to bring _____ & amalgamation of decentralized units into product groups.**
    (A) Manpower

    (B) Co-ordination

    (C) Production

    (D) All of the above

16. **Change in company's ………. gives rise to problems necessitating a new ……… to be made**
    (A) structure, strategy

    B) strategy, structure

    (C) structure, structure

    (D) strategy, strategy

17. **Systems are formal and informal rules and regulations that complement the company ………..**
    (A) strategy

    (B) **structure**

    (C) system

    (D) environment

18. **The reasons for acquisition are**
    (A) Increased market power

    (B) Increased diversification

    (C) Increased speed to market

    (D) All of the above

19. **Market research is conducted by**
    (A) By employees

    (B) By research agencies

    (C) By consultants

    (D) all of the above

20. **Vertical integration is concerned with**
    (A) supply chain

    (B) production

    (C) Quality

    (D) planning

    PM will also be involved in making choices that require balancing in

    A. Goals of the project
    B. Goals of the firm
    C. Both A and B
    D. Goals of the resources

21.Like roots of a tree, _____of organization is hidden from direct view.

(A) Performance

(B) Strategy

(C) Core competence

(D) All of the above

22.Just like cultures, microcultures may vary from

    A. Industry to Industry
    B. Firm to firm
    C. Nation to nation
    D. Both A & B

23.Projects provide an excellent growth environment for future executives and for developing

    A. Sales skills
    B. Manufacturing skills
    C. Managerial skills

24.ExPM must perceive sufficient technical knowledge to

    A. Outsiders
    B. Clients
    C. Senior Executives
    D. Both B & C

25.Technology of a culture includes such things as the

    A. Tools used by people
    B. Material produced
    C. Skills
    D. All of the Above

26. Need to preserve some balance between project time, cost, and performance is in

    A. First set of trade-offs
    B. Second set of trade-offs
    C. Third set of trade-offs
    D. Fourth set of trade-offs

27. Technical plans to accomplish project have been translated into a

A. Service
B. Budget
C. Schedule
D. Both B & C

28.Common characteristics of effective project team members includes high-quality technical skills, political sensitivity and

A. High self esteem
B. Problem orientation
C. Technical skills
D. Both A & B

29.At project completion phase, high-priority goal is

A. Performance
B. Schedule
C. Budget
D. Cost

30.Boundary of inputs and outputs differentiates system from its

A. Environment
B. Functionality
C. Specifications
D. Structure

31.TQM focuses on
i. Supplier
ii. Employee
iii. Customer
   The Correct Answer is
   a. i only
   b. ii & iii
   c. i, ii & iii
   d. None of the above

32.The customer requirement to be reviewed
i. Before supply of product
ii. After supply of product
iii. Before commitment of supply of product
   The Correct Answer is
   a. i & ii
   b. i & iii
   c. ii & iii
   d. None of the above

33. what is a BPO?

  A. Takes less time and is less detailed than an appraisal.

  B. It is similar to a Comparative Market Analysis.

  C. Provides an estimate of value.

  D. **All of the above**.

34.The main characteristics of Knowledge Process Outsourcing are

  A. Process are not easily codified

  B. The agent has to interpret the information

  C. The agent is expected to exercise judgement

  D. **All of the above**

35.What is the term for a radical rethinking of the nature of the business?

  a) Transformational change

  b) Revolutionary change

  c) Strategic manoeuvre

  d) Paradigm shift

36.What is the term for incremental changes to processes in an organisation using information technology?

  a) Business Process Improvement

  b) Business Process Reengineering

  c) Business Process Change

  d) Business Process Advance

37.-Just-in-Time was successfully implemented by

(A) Toyota

(B) Honda

(C) Suzuki

(D) Volkswagen

37.-In Just-In-Time system

(A) There is no delay

(B) Conveyance times are balanced

(C) Both (A) and (B)

(D) There is unequal production at different places

38.Such setups which have single digit (in minutes) setup times are called
(A) Single setups

(B) One touch setups

(C) Minute setups

(D) None of the above

38.-Just-In-Time is
(A) Single unit production

(B) Big lot size production

(C) Both (A) and (B)

(D) None of the above

39.Six Sigma is a business-driven, multi-dimensional structured approach to:

- **Choice-1:** Reducing process variability
- **Choice-2:** Increasing customer satisfaction
- **Choice-4:** Improving Processes
- **Choice-5: all of the above**

40.If you were a Six Sigma Deployment Leader in the organization, what will you first do?

- **Choice-1: Develop a vision and mission for the organization and execute a Six Sigma Deployment plan in the organization**
- **Choice-2:** Perform statistical analysis in the process and identify root causes
- **Choice-3:** Help process achieve its metrics by executing process improvement projects
- **Choice-4:** Identify areas of best practices and guide green belts to execute them

41. They set very clear scope for all Six Sigma projects. They are responsible for approving any changes to the scope of the project.

- **Choice-1:** Six Sigma Deployment Leader
- **Choice-2: Champion (Sponsor)**
- **Choice-3:** Master Black Belt
- **Choice-4:** Black Belt

42.Under training and development plan, the form is to be prepared in _____ form.
a. Duplicate
b. Structured
c. Detailed
d. None of the above
   (Ans: a)

43.-The process of analyzing jobs from which job descriptions are developed are called_____.
a. Job analysis
b. Job evaluation
c. Job enrichment
d. Job enlargement
(Ans: a)

44.-Match the following

Question	Correct option
A. The monitoring stage	1. The firm identifies and confirms the overall business direction.
B. The clarification stage	2. Investment on the human capital and the value placed by employees on this investment.
C. The assessment stage	3. The firm checks the new system against strategy.
D. The design stage	4. The firm plans the proposed changes into practice.

The correct order is
a. A-3, B-1, C-2, D-4
b. A-3, B-1, C-4, D-2
c. A-1, B-3, C-2, D-4
d. A-3, B-2, C-1, D-4
(Ans: a)

45.-When effort to earn additional income through a second job does not bear fruit, such type of efforts & the consequent results may be called as
a. Red moon lighting
b. Blue moon lighting
c. Yellow moon lighting
d. Silver moon lighting

46.-Which pay is one of the most crucial pay given to the employee & also shown in the pay structure?
a. Performance
b. Strategic
c. Bonus
d. Commission
(Ans: a)

47.Which of the following is (are) the HRD score card?
a. HRD systems maturity score
b. Competency score
c. HRD competencies systems maturity score
d. All of the above
(Ans: d)

48.-360 -Degree Feedback enhances the quality of _____ decisions.
a. HR
b. Management
c. HRD
d. All of the above
(Ans: d)

49-In the Grid Seminars, stress is laid on _____.
a. Teaching
b. Professionalism
c. Training & Development
d. All of the above
(Ans: a)

50-The three performance counseling phases are
a. Rapport building, Exploration, Action planning
b. Support building, Exploration, Action planning
c. Rapport building, Explanation, Action planning
d. Rapport building, Exploration, Accurate planning
(Ans: a)

51-What is that describes the duties of the job, authority relationship, skills requirement, conditions of work etc.
a. Job analysis
b. Job enlargement
c. Job enrichment
d. Job evaluation
(Ans: a)

52.-The following is (are) the key components of a business process Re-engineering programme?
a. Product development
b. Service delivery
c. Customer satisfaction
d. All of the above
(Ans:d)

53-The actual achievements compared with the objectives of the job is
a. Job performance
b. Job evaluation
c. Job description
d. None of the above
(Ans:a)

54.The following is (are) concerned with developing a pool of candidates in line with the human resources plan
a. Development
b. Training

c. Recruitment
d. All of the above
   (Ans:c)

55.Majority of the disputes in industries is (are) related to the problem of
a. Wages
b. Salaries
c. Benefits
d. All of the above
   (Ans:d)

56.-In an organisation initiating career planning, the career path model would essentially form the basis for
a. Placement
b. Transfer
c. Rotation
d. All of the above
   (Ans:d)

57 -Section _____ of the Industrial Disputes Act 1947, states that an employer should only retrench employees who have been most recently hired
a. 24-F
b. 24-G
c. 25-F
d. 25-G
   (Ans:d)

58-Performance development plan is set for the employee by his immediate boss.
a. Employer
b. Department Head
c. Immediate boss
d. Any of the above
   (Ans:c)

59-The following type of recruitment process is said to be a costly affair.
a. Internal recruitment
b. External recruitment
c. Cost remains same for both types
   (Ans:b)

60-The following is (are) the objective(s) of inspection.
a. Quality product
b. Defect free products
c. Customer satisfaction
d. All of the above

(Ans:d)

61-Large recruitment ____ problematic and vice-versa
a. Less
b. More
c. Any of the above
(Ans:a)

62-The _____ programme once installed must be continued on a permanent basis.
a. Job evaluation
b. Training & Development
c. Recruitment
d. All of the above
(Ans:a)

63-The following person has suggested the new concept which takes into account various key factors that will tell the overall performance of a job.
a. Elliot Jecques
b. Fred Luthas
c. Juran
d. None of the above
(Ans:a)

64-For closure, every worker is to be compensated with _____ average pay for every year of service completed
a. 15 days
b. 20 days
c. 25 days
d. 30 days
(Ans:a)

65-The three important components in aligning business strategy with HR practice:
a. Business Strategy, Human Resource Practices, Organisational Capabilities
b. Marketing Strategy, Human Resource Practices, Organisational Capabilities
c. Business Strategy, Human Resource Practices, Organisational structure
d. Marketing Strategy, Human Resource Practices, Organisational structure
(Ans:a)

66-The basic managerial skill(s) is(are)
a. To supervise
b. To stimulate
c. To motivate
d. All of the above
(Ans:d)