

GE3751 PRINCIPLES OF MANAGEMENT

UNIT I INTRODUCTION TO MANAGEMENT AND ORGANIZATIONS

Definition of Management – Science or Art – Manager Vs. Entrepreneur - types of managers -managerial roles and skills – Evolution of Management – Scientific, human relations , system and contingency approaches – Types of Business organization – Sole proprietorship, partnership, company-public and private sector enterprises - Organization culture and Environment – Current trends and issues in Management.

PART A

1. Define the term management. [Nov 2018,,May 2017,Nov 2017, Apr 2019](A/M-22)

- Management is the process of designing and maintaining an environment in which individuals, working together in groups, accomplish their aims effectively and efficiently.

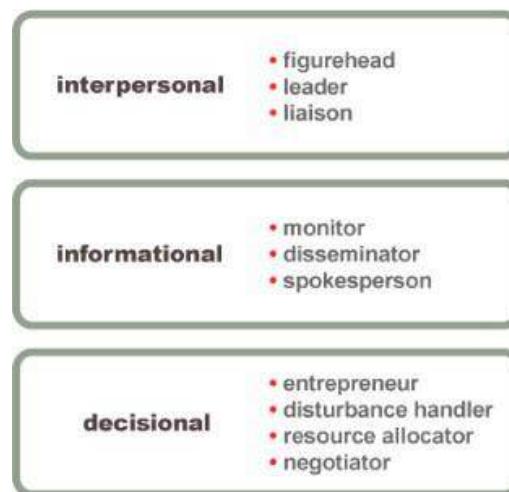
2. Write the meaning of entrepreneur.

[Apr 2019]

- The entrepreneur is defined as someone who has the ability and desire to establish, administer, and succeed in a startup venture along with risk entitled to it, to make profits. The best example of entrepreneurship is the starting of a new business venture

3. What are the roles and skills of managers?

[May 2015, Nov 2018,2021]



4. List out the roles played by managers in an organization.**[Apr 2018]**

- Figurehead.
- Leader.
- Liaison.
- Monitor.
- Disseminator.
- Spokesperson.
- Entrepreneur.
- Disturbance Handler.

5. Differentiate Public and Private Sector enterprises (or) Distinguish between public and private limited companies. [Apr 2018](N/D-22)

| Features | Public limited company | Private limited company |
|---|------------------------|---|
| Minimum members | 7 | 2 |
| Minimum directors | 3 | 2 |
| Maximum members | Unlimited | 200 |
| Minimum capital | 500000 | 100000 |
| Invitation to public | Yes | No |
| Issue of prospectus | Yes | No |
| Quorum at AGM | 5 Members | 2 Members |
| Certificate for commencement of Business (Mandatory) | Yes | No |
| Term used at the end of name | Limited | Private Limited |
| Managerial remuneration | No restriction | Can not exceed more than 11% of Net Profits |
| Statutory meeting (Mandatory) | Yes | No |

6. Define Partnership.**(Nov 2017)**

- 'Partnership' is an association of two or more persons who pool their financial and managerial resources and agree to carry on a business, and share its profit.
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- The persons who form a partnership are individually known as partners and collectively a firm or partnership firm.

7. What is an organizational culture?

(May 2017)

- Organizational culture is the shared values, principles, traditions, and ways of doing things that influence the way organizational members act. This definition implies:
- Individuals perceive organizational culture based on what they see, hear, or experience within the organization.
- Organizational culture is shared by individuals within the organization.
- Organizational culture is a descriptive term. It describes, rather than evaluates.

8. Give the current trends in management.

(Nov 2016)

- Globalization
- Technology
- Sustainability and Corporate Social Responsibility
- The Study of Psychology
- Business Ecosystems

9. List the functions of Management.

(Nov 2011, Nov 2012)

What are the five basic functions of managers?

Specify the functions of management?

(May 2016, Nov 2016)

- Planning,
- Organizing,
- Staffing,
- Leading and
- Controlling.

10. Who is the father of scientific management? What is scientific management?

(Nov 2015)

- Fredrick Winslow Taylor (F.W. Taylor) is the father of scientific management.
- The goal of scientific management is to emphasize on scientific methods of work.

Principle:

- Observation and measurement should be used in the organization.
 - The employees should be scientifically selected and trained.
 - Cooperate fully with workers to ensure that they use proper methods.
-

- Divide work and responsibility.

11. Distinguish between Administration and Management. (Nov 2015, May 2014)

| Management | Administration |
|---|---|
| a. It is lower level function | It is higher level function |
| b. It refers to the employees | It refers to the owners of organization. |
| c. Management is concerned with execution of decision. | Administration is concerned with decision making. |
| d. It acts through the organization | It acts through the management. |
| e. Management executes the policies laid by administration into practice. | Administration lays down broad policies and principles of guidance. |

12. Define scientific management. (May 2015)

- Scientific management is an attitude and a philosophy which discards the traditional hit-and-miss and rule-of-thumb method of managing work and workers;
- It means the acceptance and application of the method of scientific investigation for the solution of the problems of industrial management.

13. Differentiate between managerial and entrepreneur. (A/M-22)

| Points | Entrepreneur | Managerial |
|---------------|--|---|
| 1. Motive | The main motive of an entrepreneur is to start a venture for his personal gratification. | Main motive of a manager is to render service in an enterprise already set by someone else. |
| 2. Status | Owner | Servant |
| 3. Risk | Assumes risk and uncertain and not fixed | Manager does not bear any risk involved in enterprise. |
| 4. Rewards | Profits, which are highly uncertain and not fixed. | Salary which is certain and fixed. |

14. What are the objectives of planning?

(Nov 2013)

- To manage by objectives
- To offset uncertainty and change
- To secure economy in operation
- To help in co-ordination

- To make control effective
- To increase organizational effectiveness

15. What are the functions performed by low level managers? (Nov 2013)

- Functions of Lower Level Management Submitting Workers Grievances
- Ensuring Proper working Environment Ensuring Safety of Workers
- Helping Middle Level Management Inviting Suggestions
- Creating better Human Relations

16. Define globalization. (May 2013)

- Globalization is the process of transformation of local or global phenomena into global ones.
- It can be described as the process by which the people of the world are unified into a single society and function together. It also means internationalization of trade.

17. Define Administration. (May 2013)

- "Administration is that part of management which is concerned with the installation and carrying out of the procedures by which the programme is laid down and communicated and the progress of activities is resulted and checked against plans.
- Breach concerns administration as a part of management".

18. List the role played by managers in an organization.(Apr/May 2018) (N/D-21,22)

1. Interpersonal roles:

- Figure head role
- Leader role
- Liaison role

2. Informational roles:

- Monitor role
- Disseminator role
- Spokesperson role

3. Decision roles:

- Entrepreneur role
- Disturbance handler role
- Resource allocator role
- Negotiator role

19. Who is referred as father of scientific management?

What is the goal and principle of scientific management?

Who is known as the father of modern operation management theory? (May 2012)

- Fredrick Winslow Taylor (F.W. Taylor) is the father of scientific management.
- The goal of scientific management is to emphasize on scientific methods of work.

Principle:

- Observation and measurement should be used in the organization.
- The employees should be scientifically selected and trained.
- Cooperate fully with workers to ensure that they use proper methods.
- Divide work and responsibility.

20. Name the different levels management. (May 2012)

- Top level management
- Middle level management and
- Lower level or supervisory management.

21. Define "Joint sector unit". (May 2010)

- Joint Stock Company/Unit is association of many persons who contribute money worth to common stock and explain source trade and also share the profit and losses.

22. List the characteristics of Modern Management thought. (May 2010)

- Management is a continuous process
- Managers use the resources of the organization both physical as well as human to achieve the goals.
- Management aims at achieving the organization goals by ensuring the effective use of resources.

23. What is system approach to management? (May 2010)

- The system approach views, the organization as a unified, purposeful system composed of interrelated parts. This way the manager can look at the organization as a whole or a part of the larger outside environment.
- Activity of any part affects all other parts of the organization.
- A System can be biological, physical or social.

24. Define MNC (multinational companies). (May 2010)

- MNC's are companies that manufacture and market products or services in several countries.

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- It is defined as “an organization which own or control production or services outside the country in which they based”

25. What are the Characteristics of modern management?

(May 2010)

- Management is a continuous process
- Managers use the resources of organization both physical as well as human to achieve the goals.
- Management aim acts in achieving the organization goals by ensuring the effective use of resources.

26. What is scientific management?

(Nov 2011)

- Scientific management (also called Taylorism or the Taylor system) is a theory of management that analyzes and synthesizes workflows, with the objective of improving labor productivity.
- In other words, Traditional rules of thumb are replaced by precise procedures developed after careful study of an individual at work.

27. List any two contributions of F.W.Taylor.

(Nov 2010)

- Principles of Management
- Mechanism of Management
- Philosophy of Management

28. Define Staffing.

- Staffing is defined as, “ filling and keeping filled the positions in the organization structure”.

This includes

- Identifying the workforce requirements
- Inventorying the people available
- Recruiting
- Selecting
- Placing
- Promoting
- Compensation
- Training
- Developing both candidates and current jobholders to accomplish their task effectively and efficiently.

29. Management is science or art- gives reason.

-
- Management is science because it contains general principles.
 - It is also an art because it requires personal skills, practical knowledge and creativity to achieve desired result.
 - Hence management is both science and art.

30. List the Nature of management. (Or) characteristics of management.

- Management is multidisciplinary in nature and continuous process.
- Management aims at achieving the organization goals by ensuring effective use of resources. It implies skills and experience in getting things done through people.
- Management is dynamic and not static, Management is a system of authority

31. What are the stages in the evolution of management thought?

- Pre-scientific or pre-classical management
- Period Classical management theory
 - Scientific management of Taylor
 - Administrative management of Fayol
 - Bureaucratic model of Max Weber
- Neo-classical theory or behavioral theory
 - Modern theory
 - System approach
 - Contingency approach

32. State the fourteen principles of management by Henry Fayol.(N/D-2020)

1. Division of work
2. Authority and responsibility
3. Discipline
4. Unity of command
5. Unity of direction
6. Subordination of individual interest to common interest
7. Esprit de corps
8. Centralization
9. Scalar Chain
10. Order
11. Equity
12. Stability of personnel tenure
13. Initiative
14. Remuneration

33. What are the skills required by the managers? (or)

What are managerial skills?

- Technical skills,
- Human skills
- Conceptual skills.

34. List the Benefits of globalization.

- Improves efficiency
- Improves income
- Improves finance and Gains from migration

35. What are the Drawbacks of globalization?

- Increases the problem of unemployment
- Domestic industries find difficulty in survival
- Control on domestic economy becomes more difficult.
- Only a particular group of people are benefited.

36. How does effectiveness differ from efficiency?

Efficiency

- Efficiency means doing things right. It defines the ability to minimize the resources in achieving organizational objectives.

Effectiveness

- Effectiveness means “doing the right things”. The ability is to determine appropriate objectives.

37. What is Esprit-de-corps?

- Union is strength. In organization employees should be harmony and unity. It improves employee morale

38. What are the challenges of management?

- Changing employee expectations
- Building organizational capabilities
- Job design and organizational structure
- Changing psychosocial system
- Technological changes
- Changes in legal environment

39. What are the characteristics of MNC?

- The MNC top manager regards the entire world as the relevant frame of reference for making the kinds of resource acquisition, production and market identified.
- MNC is reduction of unit costs through producing more units.

40. Mention the characteristics of a bureaucratic system.

- Well-defined hierarchy
- Division of labour and specialization
- System of written rules and regulations
- Impersonal relationships between managers and employees
- Selection and evaluation system
- Records

41. Management is science as well as an art-justify.

| Management is science because, | Management is an art because, |
|--|---|
| <ul style="list-style-type: none">• Management principles are verifiable• It has reliable basis for predicting future | <ul style="list-style-type: none">• Management is creative• Management includes the use of practical knowledge and personal skill. |

42. List down the terminologies in understanding systems approach.

- Closed system
- Open system
- Entropy
- Synergy

43. Mention the effects of globalization.

- Industrial sector
- Financial sector
- Economic effects
- Information technology
- Competition
- Cultural
- Technical sector
- Legal/Ethical sector

44. List the types of Business organization

- Sole Proprietorship,
- Partnership,
- Company-public and private sector enterprises.

45. How would you interpret the results of Hawthorne experiment?[Nov/Dec-2021]

The results were surprising: productivity increased, but for reasons unrelated to economics. Ultimately, researchers concluded that job performance improved because more attention was being paid to the workers.

PART-B**1. Define Management. What is meant by management process? Discuss the nature and scope of management.****Key Points**

- Management – Definition
- Management Process
- Nature of Management - characteristics of management
- Scope of Management - Various Functional Management

Management**Definition**

- Management is the process of designing and maintaining an environment in which individuals, working together in groups, accomplish their aims effectively and efficiently.

Management Process

- The Management processes are planning, organizing, leading and controlling.
- Management is a distinct process, a set of ongoing coordinated ongoing activities that managers exercise to achieve organizational goals.
- During the management process the managers are exposed to different challenges and call on various resources such that physical, financial, informational and human.
- Depending on the situations and resources, managers may stress on one or another of four management functions to accomplish their goals.

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- The work methods and managerial roles as well as work agendas feed into the core management functions.
 - A manager's knowledge base and key management skills are other important factors that contribute to goal achievement.

Nature of Management

The salient characteristics of management are

a) Management is multidisciplinary in nature

- Management is an interdisciplinary study. It draws ideas and concept from various disciplines, such as economics, statistics, mathematics, psychology, sociology etc.

b) Management is a continuous process

- Management is a process, function or activity. This process continues till the objectives set by administration are actually achieved.

c) Management is a universal activity

- Management is not only applicable for business undertakings but also to social, political, religious and educational institutions. Management is necessary when group effort is required.

d) Management is science as well as art

- Management is a science because it contains general principles. It is also an art because it requires certain personal skills to achieve desired result.

e) Management is dynamic and not static

- The principles of Management are dynamic and not static because it has to adopt itself according to social changes.

f) Management is a profession

- Management is gradually becoming a profession because there are established principles of Management which are being applied in practice, and it involves specialized training and is governed by ethical code arising out of its social obligations.

g) Management is a group activity

- Management comes into existence only when there is a group activity towards a common objective.
- Management is always concerned with group efforts and not individual efforts.
- To achieve the goals of the organization management plans, organizes coordinates, directs and controls the group effort.

h) Management is a system of authority

- Authority means power to make others act in a predetermined manner.
- Management formalizes a standard set of rules and procedures to be followed by the subordinates and ensure their compliance with the rules and regulation.

i) Management is intangible

- Management cannot be seen with eyes. It is evidenced only by the quality of organization and the results i.e., profits, increased productivity etc.

j) Management implies good leadership

- A manager must have the ability to lead and get the desired course of action from subordinates.
- Management of higher order implies the capacity of managers to influence the behavior of their subordinates.

Scope of Management(Various Functional Management)

a) *Financial management*

- Includes forecasting, cost control, management accounting, budgetary control, statistical control, financial planning etc.

b) *Human resource management*

- Deals with the various aspects relating to the employees of organization such as recruitment, training, transfers, promotions, retirement, termination, remuneration, labor welfare and social security, industrial relations etc.

c) *Marketing management*

- Deals with marketing of goods, sales promotion, advertisement and publicity, channels of distribution, market research etc.

d) *Production management*

- Includes production planning, quality control and inspection, production techniques etc.

e) *Material management*

- Includes purchase of material, issue of materials, storage of materials, maintenance of records, material control etc.

f) *Purchasing management*

- Includes inviting tenders for raw materials, placing orders, entering into contracts etc.

g) *Maintenancemanagement*

- Relates to the proper care and maintenance of buildings, plant and machinery etc.

h) *Office management*

- Is connected with office layout, office staffing and equipment of office.

2. **"Management is the art of getting work done through people". Comment on the statement and explain the various functions of management. (N/D-18,22)**

Management is the art of getting work done through people.

Management is an art of getting things done through people. Management is to plan, organize, direct and control the resources of the organization for obtaining common objectives or goals. It is related with resources like material, money, machinery, methods, manufacturing and marketing.

Management principles are universal in nature. Management is necessary for all types of organization, such as public sector, private sector, govt. department, hotel, hospital, hostels, educational institutes, require management for several growth and expansion.

What is an art?

- Art is "bringing about of desired results through the application of skill".
- Art is the application of science. It is putting principle into practice.
- After knowing a particular art, practice or experience is needed to become skilful.
- It is undertaken for accomplishing an end through deliberate efforts.

Management is an art because of the following facts:

- Management process involves the use of practical knowledge and personal skill to achieve concrete results.
- Management is creative.

- Management implies capacity to apply accurately the knowledge to solve the problems, to face the situation and to realize the objectives fully and timely.

Management is both science as well as an art:

- Management is a science because it contains the general principles.
- It is also an art because it requires "certain personal skills to achieve the desired results.

Science provides the knowledge & art deals with the application of knowledge and skills.

3. Discuss the various functions of management. (A/M-12,N/D-07,22)

Key Points

Functions of management

- Planning - Activities
- Organizing - Activities
- Staffing - Activities
- Directing - Activities
- Controlling - Activities

Functions of management

1. Planning

- It is the process of preparing for the future. Effective planning leads to efficient management.
- Effective planning provides answers to questions such as

What to do?

When to do?

How to do?

Who is to do?

The planning process involves the following activities:

- Determination of the goal of the organization.
- Formulating policies, rules, procedures etc. for the organization.
- Forecasting the future based on past and present activities.

2. Organizing

- "Organization involves identification and grouping the activities to be performed and dividing them among the individuals and creating authority and responsibility relationships among them for the accomplishment of organisational objectives".

Organisation process involves the following activities:

- Identification and analysis of activities required for the attainment organisational objectives.
- Assignment of duties to the individuals concerned. Follow-up the activities.

3. Staffing

- Staffing process involves selecting candidates for positions, fixing salary, training and developing them for effective organisational functions.
- The manager performs the duties of job analysis, job description etc. which come under the staffing function.

4. Directing / Leading

- Directing involves activities, such as guiding, supervising, communicating and motivating the subordinates in their jobs.
- Motivation, leadership and communication are three important sub functions of directing. Motivation helps to increase the performance of workers.
- Communication provides with proper information to the subordinates for the improved and effective management Leadership is the process by which a manager guides and influences the work of his subordinates.

5. Controlling

- Controlling deals the checking and verifying the activities against the predetermined standards. It is the process of ensuring that the actual activities confirm to the planned activities.

Controlling process involves the following steps:

- Establishing standards.
- Measuring current performance.
- Comparing this performance to the established standards.
- Taking corrective actions if deviation are detected

4. Is management a science or art? Discuss.(May 2016) (OR) Explain whether management is a science or art or both.[Nov 2018] [Apr 2019]

Key Points

- Characteristics of Science
- Characteristics of Arts

Is Management a Science or an Art?

- It is said that "management is the oldest of arts and the youngest of sciences".

What is science?

- "Science is a systematized body of knowledge which establishes relationship between cause and effect".

Characteristics of science

- It is the existence of a systematic body of knowledge with array of principles
- It is based on scientific enquiry
- The principle should be verifiable
- It is a reliable basis for predicting future events.
- Management as a discipline fulfills the science criterion.
- The application of these principles helps any practicing manager to achieve the desired goals. Management is a dynamic subject in which it has heavily from economics, psychology, sociology, mathematics and engineering.
- Management is multi-disciplinary in nature.

Science is classified into two types

- *Exact science* and *inexact science*.
 - In exact science, the results are accurate.
 - In inexact science every organization human resources are different attitudes, aspirations and perceptions. So, the standard results may not be obtained.

What is an art?

- Art is "*bringing about of desired result through the application of skill*".
 - Art is the application of science. It is putting principle into practice.
-

- After knowing a particular art, practice or experience is needed to become skillful.
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Management is both science as well as an art:

- Management is a science because it contains the general principles.
- It is also an art because it requires "certain personal skills to achieve the desired results.
- Science provides the knowledge & art deals with the application of knowledge and skills.

5. Write short notes on management levels (or) Managerial levels (or) types of management (or) types of manager and importance of management.(N/D-2020)

Key Points

- Three levels of management
 - Top level management or manager
 - Middle level management or manager
 - Lower level or Supervisory management or manager
- Importance of Management
 - Attainment of group goals
 - Effective functioning of business
 - Resource development
 - Management controls the organization
 - Sound organization structure
 - Integrates individual efforts
 - Motivation
 - Communication
 - Coordination
 - Decision-making

- Leadership quality
- Management is needed at all levels

Three levels of management

There are three levels of management as shown in fig:1.1

1. Top level management or manager

- Top level management is at the very first top levels of the hierarchy who have the most authority and who are ultimately responsible for the entire organization.
- These individuals typically have titles, such as executive vice president, president, managing director, chief operating officer, chief executive officer or chairman of the board.

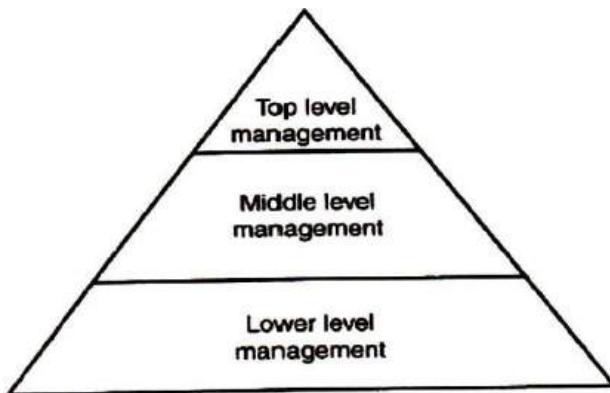


Figure: 1.1 Management levels

The main functions of top management are:

- To formulate goals and policies of the company
- To formulate budgets
- To appoint top executives
- To provide overall direction and leadership of the company
- To decide the distribution of profits etc.

2. Middle level management or manager

- Middle-level managers are those managers beneath the top levels of the hierarchy and directly supervise other managers below them.
- These managers manage the work of first-line managers and may have titles, such as department head, project leader, plant managers, or division manager.

The important functions of middle level management are:

- To monitor and control the operating performance of the sub-units and individual managers who report to them
- To implement overall organizational plans so that organizational goals are achieved as expected
- To train, motivate and develop supervisory level
- Implement changes or strategies generated by top managers
- To co-ordinate among themselves so as to integrate the various activities of a department.

3. Lower level or Supervisory management or manager

- Low-level managers or first-line supervisors are those managers having the least authority and are at the lowest level in the hierarchy of the organization.
- They are directly responsible for the work of operating employees.

The main functions of Lower level management are:

1. To train and develop the efficiency of the workers
2. To assign jobs to workers
3. To give orders and instructions
4. To maintain discipline and good human relations among workers
5. To report feedback information about workers.

Importance of Management

1. Attainment of group goals

- The achievement of objectives of business depends upon various factors.
- The management theory gives the direction of achievement of goals.

2. Effective functioning of business

- Ability, understanding, communication, motivation, coordination and supervision are some of the factors responsible for the effective functioning of business.
- Management is vital to help for effective functioning of business.

3. Resource development

-
- The resources of any enterprise may be identified and developed by the management. Generally, the term resources are men, money, material and machines.

4. Management controls the organization

- The management controls the activities of enterprises. A control process is used to eliminate the unnecessary activities.

5. Sound organization structure

- Sound organization's structure clearly defines the authority and responsibility of relationship. It helps to take corrective action wherever and whenever necessary.

6. Integrates individual efforts

- Management takes necessary steps to integrate various efforts to achieve the objectives of an organization.

7. Motivation

- Motivation is a vital tool to achieve organisation goal. A proper motivating the workers increase the speed of performance of a work. Motivation is in the form of monetary or non-monetary incentive.

8. Communication

- Communication is an important role for effective management. Effective communication leads to efficient management.

9. Coordination

- All the activities of enterprises are department-wise. Management coordinates the activities of different departments to attain the objectives of the organization.

10. Decision-making

- There are a few numbers of decisions taken by the management every day. The management guides the managers to take correct decisions.

11. Leadership quality

- Leadership quality is developed in the persons who are working in the top level management.

12. Management is needed at all levels

- The functions of management are common to all levels of organizations. The management is more essential for top management, middle management and lower management

6. Write about managerial skills and role of managers (or) managerial roles in detail.

(May 2017)

Key Points

- Managerial Skills
 - ❖ Technical Skill
 - ❖ Human Skill
 - ❖ Conceptual Skills
- Role of Managers
 - ❖ Interpersonal roles
 - Figurehead role
 - Leader
 - Liaison
 - ❖ Informational roles
 - ❖ Decisional roles

Managerial Skills

- For analysis, skills required of any manager are classified under three different heads: Technical, Human and Conceptual skills.

1. Technical Skill

- Technical skills are skills that reflect both an understanding of a proficiency in a specialized field, such as engineering, computers, accounting, or manufacturing.
- These skills are more important at lower levels of management since these managers are dealing directly with employees doing the organization's work.

2. Human Skill

- Human skill refers to the ability of the manager to work effectively as a group member and to build cooperative effort in the team he leads. Human skills are concerned with understanding of 'people'.

- Managers with good human skills are able to get the best out of their people. They know how to communicate, motivate, lead, and inspire enthusiasm and trust.

3. Conceptual Skills

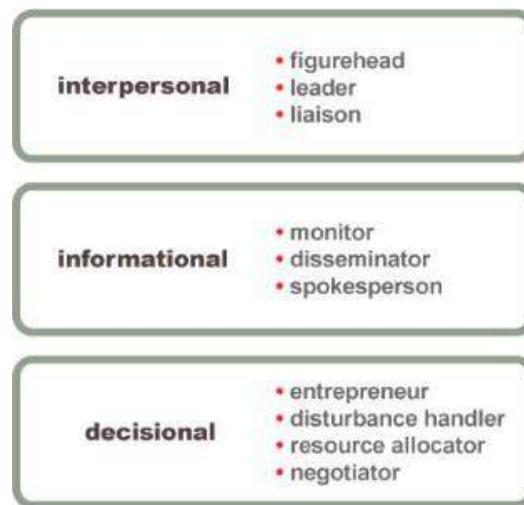
This skill also called design and problem solving skill. It involves the ability:

- To see the organization and the various components of it as a whole
- To understand how its various parts and functions mesh together
- To foresee how changes in any one of them may affect all the others.
- A higher degree of conceptual skill helps in analyzing the environment and identifying the opportunities.

Role of Managers

(May 2012)

- A set of ten roles that a manager performs. These roles fall into three categories:



1. Interpersonal roles

- Roles that involve people (Subordinates and persons outside the organisation) and other duties that is ceremonial and symbolic in nature.

The three interpersonal roles include:

a) Figurehead role

- Perform ceremonial and symbolic duties, such as greeting visitors and signing legal documents.

b) Leader

- Direct and motivate subordinates
- Counsel and communicate with subordinates
- Responsible for staffing and training

c) **Liaison**

- Maintain information links both inside and outside organisation via mail, phone calls, and meetings.

2. Informational roles

- It involves receiving, collecting, and disseminating information. The three informational roles include:

Monitor

- Seek and receive information
- Scan Periodicals and reports
- Maintain personal contact with stakeholders

Disseminator

- It forwards information to organisation member, via memos, reports, and phone calls.

Spokes Person

- Transmit information to outsiders via reports, memos, and speeches.

3. Decisional roles

- It revolved around making choices. The four decisional roles include entrepreneur, disturbance handler, resource allocator, and negotiator.

Entrepreneur

- Initiate improvement projects; identify new ideas and delegate idea responsibility to others.

Disturbance handler

- Take corrective action during disputes or crises; resolve conflicts among subordinates; adapt to environments.

Resource allocator

- Decide who gets resources; prepare allocator budgets; set schedules and determine priorities.

Negotiator

- Represent department during negotiations of union contracts, sales, purchases, and budgets.

6. Describe about the evolution of management thought.

(May/June 2014)

(or) Explain the evolution thought in detail.

(May & Nov 2016)

Key Points

- Evolution of Management Thought
- Four Stages
 1. Pre-scientific or Pre-classical management period
 2. Classical Management Theory
 - Scientific management of Taylor
 - Administrative Management of Fayol
 - Bureaucratic Model of Max Weber
 3. Neo-classical Theory or Behavioural Theory
 4. Modern Theory
 - Systems approach
 - Contingency approach

The Evolution of Management Thought

- The management in some form or the other has been practiced in various parts of the world since the dawn of civilization exists.
- Most of the evolutionary changes and new perspective occurred as a result of industrial revolution and transformed agricultural societies into industrial societies.
- At this stage, the development of formal theory of management became absolutely necessary.

Evolution of management thought is divided into following four stages:

The evolution of management thought is divided into following four stages are show in fig: 1.2

1. Pre-scientific or Pre-classical management period

2. Classical Management Theory

- Scientific management of Taylor
- Administrative Management of Fayol
- Bureaucratic Model of Max Weber

3. Neo-classical Theory or Behavioral Theory

4. Modern Theory

- Systems approach
- Contingency approach

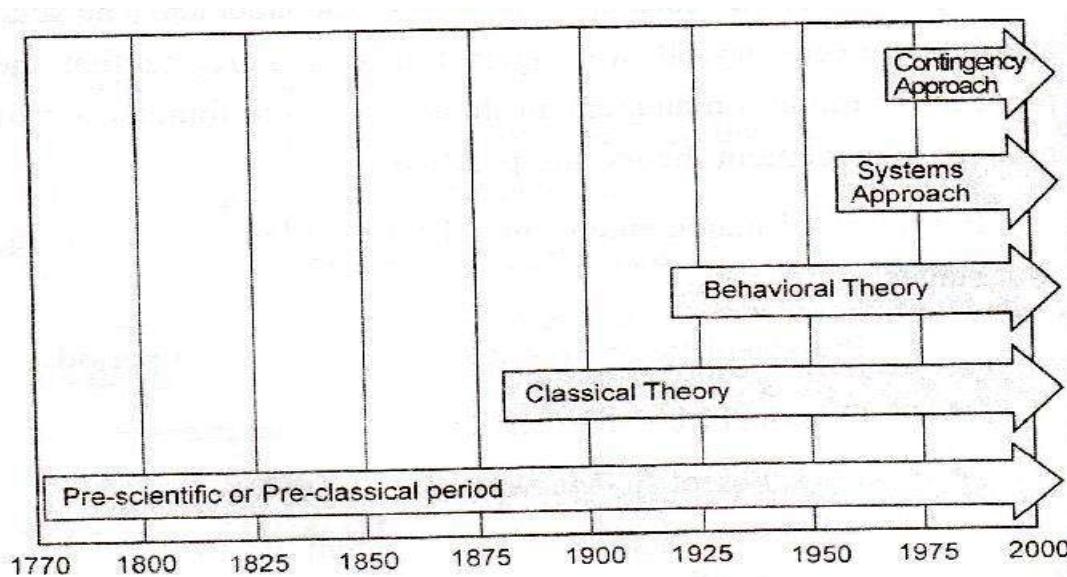


Fig: No: 1.2, Chronological development of management theories

1. Pre-Scientific or Pre-Classical Management Period

- During the period the following industrial revolution, certain pioneers tried to challenge the traditional character of management by introducing new ideas and approaches.

The notable contributors are:

Robert Owen

- Robert Owen used his ideas of human relation.
- He is the promoter of trade union and co-operative movement in England. He emphasized the recognition of human element in industries.
- Robert firmly believed that worker performance in industry was influenced by the working condition and treatment of workers.
- He introduced new ideas of human relation such as shorter working hours, housing facilities, education to children, provision of canteen etc.
- Though his approaches were strict, he is regarded as the father of personnel management.

Charless Babbage

- Charless Babbage is ***the father of modern computing***
- Charless felt the method of science and mathematics could be applied to the solution of methods in the place of guess work the solution of business problem.
- He advocated the use of accurate observation, measurement and precise knowledge for taking decisions.
- His management ideas also anticipated the concept of profit sharing to improve productivity.

Henry Robinson Town

- Henry advised the combination of engineers and economist as industrial managers. This combination of qualities, together with some skills as an accountant, is essential to the successful management of industrial workers.

2. Classical Management Theory

- The classical management theory developed during the industrial revolution when new problems related to the factory system started to appear.

Classical management theory is made up of three parts.

- a) Scientific management theory
- b) Administrative management theory
- c) Bureaucratic management theory

a) Scientific management theory

- Frederick W. Taylor attempted a more scientific approach to management as well as the problems and approach was based on four basic principles.
- Study each part of the task scientifically and develop best method to perform it.
- Carefully select the workers and train them to perform a task using scientifically developed method.ee
- Cooperate fully with workers to ensure they use proper methods.
- Divide work and responsibility. So, management is responsible for planning the work methods using scientific principles and workers are responsible for executing the work accordingly.

Elements of scientific management**(i) Planning the task**

- Taylor suggests that separation of planning from actual doing.
- Supervisor should do the planning.
- The workers only concentrate on doing work.

(ii) Scientific task and work setting (work study)

- Work study is defined as the systematic, objective and critical examination of all factors governing the efficiency of specified activity effect improvement.
- This can be obtained by method, motion and fatigue studies.

Method study

- The management should try to ensure that the plan is laid out in the best manner and equipped with the best tools and machinery. The possibilities of eliminating or combining certain activities may be done.

Motion study

- It is the study of the movement of an operator (or a machine) in performing an operation , with the purpose of eliminating useless motions

Time study

- This study determines the proper time for performing the operations. The movement which takes less time is the best one.

Fatigue study

- Employees get both physical and mental fatigue easily. Fatigue study indicates the amount and frequency of rest required in completing the job. Taylor suggests a fair days work requiring certain movements and rest periods to complete it.

(iii) Rate setting

- Taylor recommended the differential piece wage system, under which workers performing the standard task within prescribed time or paid much higher rate per unit than inefficient workers who are not able to come up to the standard set.

iv) Scientific selection and training

- Workers should be scientifically selected by a central personnel department. The procedure of selection will also have to be systemized.
- A worker should be physically and technically most suited for the selected post.
- After selection the worker should be given a proper training which makes them more efficient and effective.

v) Standardization

- Standards must be maintained with respect to the equipment's and tools, materials, period of work, amount of work, working conditions, cost of production, etc.
- These standards will be fixed in advance on the basis of various experiments.

vi) Specialization

- Taylor developed a theory called functional foremanship based on specialization of function. Under this plan, the two functions of planning and doing are separated in the organization.
- The "functional foreman" are specialist who join their heads to give thought to the planning of the performance of operation in the workshop. Eight functional foremen are involved to direct and control the activities of workers.

vii) Financial incentives

- Financial incentives can motivate the workers to put up their maximum efforts.
- Taylor suggest that wages should be based on individual performance and not on their individual positions (i.e) a worker who completes the normal work gets wages at higher rate and who do not complete gets lower rate.

viii) **Economy**

- Scientific management enhances profit and economy by making the resources more productive as well as by eliminating the wastage.

ix) **Mental revolution**

- Scientific management is based on co-operation between management and workers.
- Co-operation enhances the effective managerial activities.
- Mutual conflict should be replaced by mutual co-operation.

Benefits of Scientific Management

- Proper selection and training of workers.
- Incentive wages to the workers for higher production.
- Elimination of waste and rationalization of system of control.
- Standardization of work methods, tools, materials and equipment's.
- Detailed instructions and constant guidance to the workers.
- Establishment of harmonious relationship between the workers.
- Better utilization of various resources.
- Satisfaction of needs of customers by providing higher quality products at lower prices.

b) **Administrative Management Theory**

i) **Fayol's Administrative Management Theory. (May 2013, May 2012, Nov 2013)**

- Whereas scientific management focused on the productivity of individuals, the administrative management theory concentrates on developing organisational structure that leads to high efficiency and effectiveness.

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- Organisational structure is the system of task and authority relationships that control how employees use resources to achieve the organisation's goals.
 - The emphasis is on the development of managerial principles rather than work methods.

Henry Fayol was the most important exponent of this theory.

Henri Fayol (1841-1925)

- Fayol's book falls two parts.
- The first part concerned with the theory of administration in which Fayol divided the total industrial activities into six categories.
 1. Technical (Production, Manufacture)
 2. Commercial (Buying, Selling, Exchange)
- famous Financial (Search for and optimum use of capital)
 3. Security (Protection of property and persons)
 4. Accounting (Balance sheets, Cost statistics)
 5. Management (Planning, Organizing, Coordinating, Directing, Controlling)

7.Explain the fourteen principles of management advocated by Henry Fayol.

Discuss the contributions of Henry Fayol to the field of management. (N/D-22)

Henry Fayol's 14 Principles of Management:

1. Division of work
2. Authority and Responsibility
3. Discipline
4. Unity of command
5. Unity of Direction
6. Subordination of individual interest to general interest
7. Remuneration of personnel
8. Centralisation
9. Scalar chain
10. Order
11. Equity
12. Stability of tenure of personnel

-
- 13.Initiative
 - 14.Esprit de corps.

1. Division of work

- Work should be divided in a proper way with reference to the available time.
- In general worker on the same job and the managers on the same duty acquire ability sureness and accuracy which increase their output.

2. Authority and Responsibility

Authority

- It is the power given to a person to get work from his subordinates.

Responsibility

- It is the kind and amount of work expected of from man by his superior.
- One of the essential elements of a good management is delegation of authority to the lower levels of management and fixing responsibility on its own.

3. Discipline

- Discipline is essential for the smooth running of organization.
- To Fayol, discipline will result from good leadership at all levels of the organisation, fair agreements and judiciously enforced penalties for infractions.

4. Unity of command

- An employee must receive orders and instructions from one supervisor only.
- Multiple commands will cause conflicts and confusions.
- A sound management should avoid dual commands.

5. Unity of Direction

- Unity of direction signifies each group of activities having the same objective with one head and one plan.
- All the groups should coordinate and work together to achieve the common goal.

6. Subordination of individual interest to general interest

- Every employee is working in an organization and his interest is to earn money to meet his personal needs.
- The general interest of the organization is the development and the progress of the organization.
- The employees should give importance first to the general interest than his individual interest.
- It will lead to effective management of the organization.

7. Remuneration of personnel

- Remuneration should be fair for both the employees and employers.
- The wage payment systems should satisfy the employees.

8. Centralization

- The organization is centralized when the power is concentrated with one person.
- If the power is fully distributed to the subordinates, the organization is fully decentralized.
- For effective management of people decentralization is necessary. Decentralization helps to take a quick decision on all important problems.

9. Scalar chain

- Scalar chain principle states that instructions and orders should be sent from the top management to the bottom management.

10. Order

- 1) Materials order
- 2) Social order

In any organization materials and for men are provided in correct places so that materials can be easily taken out and men easily located and also saved time.

Materials order

- "A place for everything and everything in its place."

Social order

- A place for everyone and everyone in its place.

11. Equity

- Equity refers to the treatment of employees equally.
- Equal treatment of the employees helps to achieve organizational goals.

12. Stability of staff

- A high employee turnover rate is not good for the efficient functioning of any organization.

13. Initiative

- It is concerned with thinking and execution of a plan.
- When employees come forward with new ideas, they must be encouraged by the superiors.
- It will create the morale of the employees.

14. Esprit-de-corps

- This means union is strength.
- In organization, employees should be harmony and unity.
- It improves the employee morale.

ii) Bureaucratic Management Theory

- Max weber, a German sociologist coined the term bureaucracy which means a form of organization characterized by division of labor, a clearly defined hierarchy, detailed rules and regulation, and impersonal relationships.

According to him there are three types of authority exist in nature.

- **Traditional**

Subordinates obedience based upon custom or tradition

- **Charismatic**

Subordinates obedience based upon special personal qualities associated with certain social reformers, political leaders or organizational leaders.

- **Rational-legal**

Subordinates obedience based upon the position held by the superiors within the organization.

Bureaucratic system of administration is based on following characteristics.

1. A well-defined hierarchy

- All positions within the bureaucracy are structured in a way that permits the higher positions to supervise and controls the lower positions.
- Positions should be arranged hierarchically so that the employees should know whom to report and who reports them.
- This clear chain of command facilitates the control and order throughout the organization.

2. Division of labor and specialization

- All responsibilities in an organization are specialized so that each employee has necessary expertise to do a particular job.

3. System of written rules and regulation

- Organization must create a well-defined system of rules, standard operating procedures and norms, so that they can effectively control the behavior within the organization.
- Standard operating procedures govern all organizational activities to provide certainty and facilitate coordination.

4. Impersonality

- Managers should maintain an impersonal relationship with employees so that favoritism and personal prejudice do not influence on decisions.

5. Selection and evaluation system

- Selection and evaluation of the performance should not be based on "who you know" but they should be on the basis of their performance or workout.

6. Records

- A bureaucracy needs to maintain complete files regarding all its activities.

3. Neo-Classical Theory Behavioral Management Theory

(Nov 2013)

- Classical theory ignored employee motivation and Behavior.
- Behavioral theory modified, improved and extended the classical theory.

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- It points out the role of psychology and sociology in understanding of individual and group behavior in an organization.

a) Mary Parker Follett

- Mary felt that Taylor was ignoring the human side of the organization.
- She felt that managers need to coordinate and harmonize the group effort rather than force and compel people.

She identified

- The importance of functioning of groups, not just individuals in organization.
- The principle of "power with" rather than "power over" in management of employee relation.
- Conflict resolution through integration.
- Achievement of integrative unity

b) Elton Mayo

- Harvard professor Elton Mayo and his team of researchers conducted the experiment at the Hawthorne plant of Western Electric Company in United States.
- They interviewed more than 20,000 workers and prepared the data.
- According to Mayo, these interviews suggested that the workers viewed the experiments as evidence of increased management concern in the workplace.
- The workers apparently increased their output in response to what they view as manager's concern for their well-being.
- The concept that increased attention by management results in increased productivity by the worker is known as Hawthorne effect.
- One of the significant contributions of the Hawthorne studies was the realization that the impact of management was not restricted to planning and design but it is powerful in human impact too.

- According to him, an organization is a social concern and therefore individual's knowledge and recognition of informal relationship between workers help in better management.
- He stressed the importance of human factor in organization.

c) Abraham Maslow

- He developed the "hierarchy of needs theory". It is the theory of motivation based on the consideration of human needs.

It was based on following assumptions.

- Human beings have needs that are never completely satisfied.
- Human behavior aimed at satisfying the needs
- Motivation needs can be classified according to hierarchical structure of importance, from lowest to highest.
- He broke down Needs of hierarchy into five areas
 - Physiological needs
 - Safety needs
 - Belongings
 - Esteem needs
 - Self-actualization needs

d) Douglas McGregor

- Douglas believed that two basic kinds of managers exist.
- Theory X manager has a negative view of employees and assumes that they are lazy, untrustworthy, and incapable of assuming responsibility.
- Theory Y manager assumes that employees are not only trustworthy and capable of assuming responsibility, but also have high levels of motivation.

e) Chester barnard

According to him the executives serve two functions.

- They must establish and maintain a communication system among employees
- They must establish the objectives of organization and motivate them
- He also developed the acceptance theory of authority

4. Modern Theory

Modern theory of management is classified into

- a) System approach to management
- b) Contingency approach to management

a) Systems Approach to Management

- System is a set of interrelated and interdependent parts arranged in a manner that produces a unified whole.
- While an organization as a whole is a system, the various components or parts within it are called the subsystem. Thus, a department is a subsystem of the organization.
- The systems approach to management is based on the belief that organizations can be visualized as systems of interrelated parts or subsystems that operate as a whole in pursuit of common goals.

An organization as a system is composed of five elements as show in fig:1.3

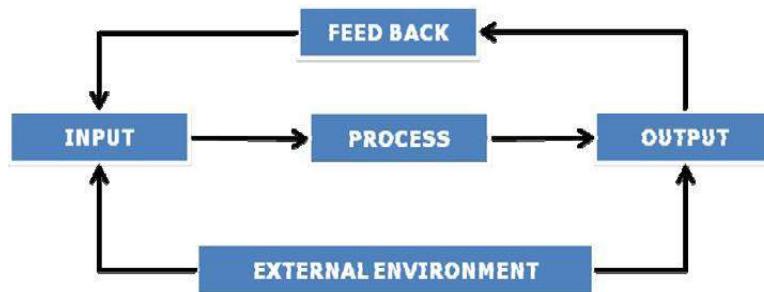


Fig: No: 1.3, organization as a system is composed Elements

1. Input

- The various human, materials, financial, equipment, and informational resources required to produce goods and services.

2. Transformation processes

- The organization's managerial and technological abilities are applied to convert inputs into outputs.

3. Output

- The products, services, and other outcomes produced by the organization.

4. Feedback

- Information is about results and organizational status relative to its environment.

5. Environment

- The set of forces and conditions operate beyond an organization's boundaries but affect a manager's ability to acquire and utilize resources.
- The systems theory encourages managers to look at the organization from a broader perspective.

Managerial Levels based on Systems Approach

- Based on the system approach Talco persons have suggested three meaningful levels in the organization.

(i) Technical level

- It involves actual production and distribution of products and services.

(ii) Organizational level

- It coordinates and integrates work performance at the technical level.

(iii) Institutional level

- It is concerned with relating activities of the organization to environmental system. It involves relating the organization to the needs of the environment.

b) Contingency Approach to Management

- The contingency approach is also called as situational approach. It was developed by managers, consultant and researchers who tried to apply for real life situations.
- According to contingency theory, the characteristics of environment affect an organization's ability to obtain resources. For example, some management concepts are more effective in one situation.
- The same management concept may fail in another situation. Results or solutions differ because situations differ.
- In contingency approach theory, managers identify which is suitable technique for a particular situation, particular environment of the organization at a specific time refer figure.
- The contingency approach theory is more favor to the modern management theory. Modern management theory suggests the psychological approach to the employees.

- The contingency approach is highly dependent on the experience and judgment of the manager in a given organizational environment.

8. Explain short notes on Organization culture and Environment.(N/D-2020)

Key Points

Organization Culture and Environment

- Two perspectives
 - Omnipotent view of management
 - Symbolic view of management

Organization's Culture

- Seven dimensions

Organization Culture and Environment

- Managers must realize that organizational culture and organizational environment have important implications for the way an organization is managed.
- **Two perspectives** concerning the role that managers play in an organization's success or failure have been proposed.
 - Omnipotent view of management
 - Symbolic view of management

Omnipotent view of management

- The omnipotent view of management maintains that managers are directly responsible for the success or failure of an organization.
- This view of managers as being omnipotent is consistent with the stereotypical picture of the "take-charge" executive who can overcome any obstacle in carrying out the organization's objectives.
- When organizations perform poorly, someone must be held accountable and according to the omnipotent view, that "someone" is management.

Symbolic view of management

- The symbolic view of management upholds the view that much of an organization's success or failure is due to external forces outside managers' control.

- The influence that managers do have is seen mainly as a symbolic outcome. Organizational results are influenced by factors outside of the control of managers, including the economy, market changes, governmental policies, competitors' actions, the state of the particular industry, the control of proprietary technology, and decisions made by previous managers in the organization.
- The manager's role is to create meaning out of randomness, confusion, and ambiguity.
- According to the symbolic view, the actual part that management plays in the success or failure of an organization is minimal.

The Organization's Culture

(Nov 2016)

- Just as individuals have a personality, so, too, do organizations. We refer to an organization's personality as its culture.
- Organizational culture is the shared values, principles, traditions, and ways of doing things that influence the way organizational members act.

Definition

- Individuals perceive organizational culture based on what they see, hear, or experience within the organization. Organizational culture is shared by individuals within the organization.
- Organizational culture is a descriptive term. It describes, rather than evaluates.

Seven dimensions of an organization's culture have been proposed

1. Innovation and risk taking (the degree to which employees are encouraged to be innovative and take risks)
2. Attention to detail (the degree to which employees are expected to exhibit precision, analysis, and attention to detail)
3. Outcome orientation (the degree to which managers focus on results or outcomes rather than on the techniques and processes used to achieve those outcomes)
4. People orientation (the degree to which management decisions take into consideration the effect on people within the organization)
5. Team orientation (the degree to which work activities are organized around teams rather than individuals)
6. Aggressiveness (the degree to which people are aggressive and competitive rather than easygoing and cooperative)

7. Stability (the degree to which organizational activities emphasize maintaining the status quo in contrast to growth)

Strong versus Weak Cultures [Nov/Dec-2021]

- Strong cultures are found in organizations where key values are intensely held and widely shared.
- Whether a company's culture is strong, weak, or somewhere in between depends on organizational factors such as size, age, employee turnover rate, and intensity of original culture.
- A culture has increasing impact on what managers do as the culture becomes stronger.
- Most organizations have moderate-to-strong cultures. In these organizations, high agreement exists about what is important and what defines "good" employee behavior.

An innovative culture should have these characteristics:

- Challenge and involvement
- Freedom
- Trust and openness
- Idea time
- Playfulness/humor
- Conflict resolution
- Debates
- Risk taking

The general environment includes these broad external conditions that may affect the organization.

- Economic, political/legal, sociocultural, demographic, technological, and global conditions.
- Economic conditions include interest rates, inflation rates, and changes in disposable income, stock market fluctuations, and the general business cycle.
- Political/legal conditions include the general political stability of countries in which an organization does business and the specific attitudes that elected officials have toward business.

- Sociocultural conditions include the changing expectations of society. Societal values, customs, and tastes can change, and managers must be aware of these changes.
- Demographic conditions, including physical characteristics of a population (e.g., gender, age, level of education, geographic location, income, composition of family) can change, and managers must adapt to these changes.
- Technological conditions, which have changed more rapidly than any other element of the general environment.
- Global factors include global competitors and global consumer markets.
- Environments differ in their amount of environmental uncertainty, which relates to (1) the degree of change in an organization's environment and (2) the degree of complexity in that environment
- Degree of change is characterized as being dynamic or stable. In a dynamic environment, components of the environment change frequently. If change is minimal, the environment is called a stable environment.
- The degree of environmental complexity is the number of components in an organization's environment and the extent of an organization's knowledge about those components.
- If the number of components and the need for sophisticated knowledge is minimal, the environment is classified as simple.
- If a number of dissimilar components and a high need for sophisticated knowledge exist, the environment is complex.
- As uncertainty is a threat to organizational effectiveness, managers try to minimize environmental uncertainty.

9. Explain the current trends and issues in management.(N/D-22)

Key Points

Current Trends and Issues

- Globalization
- Ethics
- Workforce diversity
- Entrepreneurship
- Managing in an E-Business World
- Knowledge Management and Learning Organizations
- Quality Management

Current Trends and Issues

Globalization

- Organizational operations are no longer limited by national borders.
- Managers throughout the world must deal with new opportunities and challenges inherent in the globalization of business.

Ethics

- Cases of corporate lying, misrepresentations, and financial manipulations have been widespread in recent years.
- Managers of firms such as Enron, ImClone, Global Crossing, and Tyco International have placed their own self-interest ahead of other stakeholders' welfare.
- While most managers continue to behave in a highly ethical manner, abuses suggest a need to "upgrade" ethical standards.
- Ethics education is increasingly emphasized in college curricula today.
- Organizations are taking a more active role in creating and using codes of ethics, ethics training programs, and ethical hiring procedures.

Workforce diversity

- It refers to a workforce that is heterogeneous in terms of gender, race, ethnicity, age, and other characteristics that reflect differences.
- Accommodating diverse groups of people by addressing different lifestyles, family needs, and work styles is a major challenge for today's managers.

Entrepreneurship

- It is the process whereby an individual or group of individuals use organized efforts to pursue opportunities to create value and grow by fulfilling wants and needs through innovation and uniqueness, no matter what resources the entrepreneur currently has.

Three important themes stand out in this definition:

- a. The pursuit of opportunities
- b. Innovation
- c. Growth

Entrepreneurship will continue to be important to societies around the world.

Managing in an E-Business World

- E-business (electronic business) is a comprehensive term describing the way an organization does its work by using electronic (Internet-based) linkages with its key constituencies in order to efficiently and effectively achieve its goals.

Knowledge Management and Learning Organizations

- Change is occurring at an unprecedented rate. To be successful, today's organization must become a learning organization—one that has developed the capacity to continuously learn, adapt, and change.
- Knowledge management involves cultivating a learning culture where organizational members systematically gather knowledge and share it with others in the organization so as to achieve.

Quality Management

- Quality management is a philosophy of management that is driven by continual improvement and response to customer needs and expectations.
- The objective of quality management is to create an organization committed to continuous improvement in work.

10. Explain in detail about Sole proprietorship. (N/D-2020)

Key Points

- Characteristics of Sole Proprietorship form of Business Organization
- Merits of Sole Proprietorship form of Business Organization
- Limitations of Sole Proprietorship Form Of Business Organization

Sole proprietorship

- Definition of Sole Proprietorship J.L. Hanson: "A type of business unit where one person is solely responsible for providing the capital and bearing the risk of the enterprise, and for the management of the business."
- Thus, 'Sole Proprietorship' form of business organization refers to a business enterprise exclusively owned, managed and controlled by a single person with all authority, responsibility and risk.

Characteristics of Sole Proprietorship form of Business Organization

Single Ownership

- The sole proprietorship form of business organization has a single owner who himself/herself starts the business by bringing together all the resources.

No Separation of Ownership and Management

- The owner himself/herself manages the business as per his/her own skill and intelligence.
- There is no separation of ownership and management as is the case with company form of business organization.

Less Legal Formalities

- The formation and operation of a sole proprietorship form of business organisation does not involve any legal formalities. Thus, its formation is quite easy and simple.

No Separate Entity

- The business unit does not have an entity separate from the owner.
- The businessman and the business enterprise are one and the same, and the businessman is responsible for everything that happens in his business unit.

No Sharing of Profit and Loss

- The sole proprietor enjoys the profits alone. At the same time, the entire loss is also borne by him.
- No other person is there to share the profits and losses of the business. He alone bears the risks and reaps the profits.

Unlimited Liability

- The liability of the sole proprietor is unlimited. In case of loss, if his business assets are not enough to pay the business liabilities, his personal property can also be utilized to pay off the liabilities of the business.

One-man Control

- The controlling power of the sole proprietorship business always remains with the owner. He/she runs the business as per his/her own will.

Merits of Sole Proprietorship form of Business Organization

Easy to Form and Wind Up

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- It is very easy and simple to form a sole proprietorship form of business organization.
 - No legal formalities are required to be observed.
 - Similarly, the business can be wind up any time if the proprietor so decides.

Quick Decision and Prompt Action

- As stated earlier, nobody interferes in the affairs of the sole proprietary organization.
- So he/she can take quick decisions on the various issues relating to business and accordingly prompt action can be taken.

Direct Motivation

- In sole proprietorship form of business organisations.
- The entire profit of the business goes to the owner.
- This motivates the proprietor to work hard and run the business efficiently.

Flexibility in Operation

- It is very easy to effect changes as per the requirements of the business.
- The expansion or curtailment of business activities does not require many formalities as in the case of other forms of business organization.

Maintenance of Business Secrets

- The business secrets are known only to the proprietor.
- He is not required to disclose any information to others unless and until he himself so decides.
- He is also not bound to publish his business accounts.

Personal Touch

- Since the proprietor himself handles everything relating to business, it is easy to maintain a good personal contact with the customers and employees.
- By knowing the likes, dislikes and tastes of the customers, the proprietor can adjust his operations accordingly.
- Similarly, as the employees are few and work directly under the proprietor, it helps in maintaining a harmonious relationship with them, and run the business smoothly.

Limitations of Sole Proprietorship Form Of Business Organization

Limited Resources

- The resources of a sole proprietor are always limited. Being the single owner it is not always possible to arrange sufficient funds from his own sources.
- Again borrowing funds from friends and relatives or from banks has its own implications. So, the proprietor has a limited capacity to raise funds for his business.

Lack of Continuity

- The continuity of the business is linked with the life of the proprietor.
- Illness, death or insolvency of the proprietor can lead to closure of the business.
- Thus, the continuity of business is uncertain.

Unlimited Liability

- You have already learnt that there is no separate entity of the business from its owner.
- In the eyes of law the proprietor and the business are one and the same.
- So personal properties of the owner can also be used to meet the business obligations and debts.

Not Suitable for Large Scale Operations

- Since the resources and the managerial ability is limited, sole proprietorship form of business organization is not suitable for large-scale business.

Limited Managerial Expertise

- A sole proprietorship form of business organization always suffers from lack of managerial expertise.
- A single person may not be an expert in all fields like, purchasing, selling, financing etc.
- Again, because of limited financial resources, and the size of the business it is also not possible to engage the professional managers in sole proprietorship form of business organizations.

11. Write in brief about Partnership, its merits, limitations and types. (N/D-2020)

Key Points

- Characteristics of Partnership Form of Business Organization
- Merits of Partnership Form of Business Organization
- Limitations Of Partnership Form Of Business Organization

- Types of Partners
- Formation of Partnership Form of Business Organization

Partnership

- ‘Partnership’ is an association of two or more persons who pool their financial and managerial resources and agree to carry on a business, and share its profit.
- The persons who form a partnership are individually known as partners and collectively a firm or partnership firm.

Characteristics of Partnership Form of Business Organization

Two or More Persons

- To form a partnership firm at least two persons are required.
- The maximum limit on the number of persons is ten for banking business and 20 for other businesses.
- If the number exceeds the above limit, the partnership becomes illegal and the relationship among them cannot be called partnership.

Contractual Relationship

- Partnership is created by an agreement among the persons who have agreed to join hands.
- Such persons must be competent to contract.
- Thus, minors, lunatics and insolvent persons are not eligible to become the partners.
- However, a minor can be admitted to the benefits of partnership firm i.e., he can have share in the profits without any obligation for losses.

Sharing Profits and Business

- There must be an agreement among the partners to share the profits and losses of the business of the partnership firm.
- If two or more persons share the income of jointly owned property, it is not regarded as partnership.

Existence of Lawful Business

- The business of which the persons have agreed to share the profit must be lawful.

-
- Any agreement to indulge in smuggling, black marketing etc. cannot be called partnership business in the eyes of law.

Principal Agent Relationship

- There must be an agency relationship between the partners.
- Every partner is the principal as well as the agent of the firm.
- When a partner deals with other parties he/she acts as an agent of other partners, and at the same time the other partners become the principal.

Unlimited Liability

- The partners of the firm have unlimited liability.
- They are jointly as well as individually liable for the debts and obligations of the firms.
- If the assets of the firm are insufficient to meet the firm's liabilities, the personal properties of the partners can also be utilized for this purpose.
- However, the liability of a minor partner is limited to the extent of his share in the profits.

Voluntary Registration

- The registration of partnership firm is not compulsory.
- But an unregistered firm suffers from some limitations which make it virtually compulsory to be registered.

Limitations of an unregistered firm

- The firm cannot sue outsiders, although the outsiders can sue it.
- In case of any dispute among the partners, it is not possible to settle the dispute through court of law.
- The firm cannot claim adjustments for amount payable to, or receivable from, any other parties.

Merits of Partnership Form of Business Organization

Easy to Form

- A partnership can be formed easily without many legal formalities.
- Since it is not compulsory to get the firm registered, a simple agreement, either in oral, writing or implied is sufficient to create a partnership firm.

Availability of Larger Resources

- Since two or more partners join hands to start partnership firm it may be possible to pool more resources as compared to sole proprietorship form of business organization.

Better Decisions

- In partnership firm each partner has a right to take part in the management of the business.
- All major decisions are taken in consultation with and with the consent of all partners.
- Thus, collective wisdom prevails and there is less scope for reckless and hasty decisions.

Flexibility

- The partnership firm is a flexible organization.
- At any time the partners can decide to change the size or nature of business or area of its operation after taking the necessary consent of all the partners.

Sharing of Risks

- The losses of the firm are shared by all the partners equally or as per the agreed ratio.

Keen Interest

- Since partners share the profit and bear the losses, they take keen interest in the affairs of the business.

Benefits of Specialization

- All partners actively participate in the business as per their specialization and knowledge.
- In a partnership firm providing legal consultancy to people, one partner may deal with civil cases, one in criminal cases, another in labor cases and so on as per their area of specialization.
- Similarly two or more doctors of different specialization may start a clinic in partnership.

Protection of Interest

- In partnership form of business organization, the rights of each partner and his/her interests are fully protected.

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- If a partner is dissatisfied with any decision, he can ask for dissolution of the firm or can withdraw from the partnership.
 - Secrecy: Business secrets of the firm are only known to the partners.
 - It is not required to disclose any information to the outsiders. It is also not mandatory to publish the annual accounts of the firm.

Limitations of Partnership Form Of Business Organization

Unlimited Liability

- The most important drawback of partnership firm is that the liability of the partners is unlimited i.e., the partners are personally liable for the debt and obligations of the firm.
- In other words, their personal property can also be utilized for payment of firm's liabilities.

Instability

- Every partnership firm has uncertain life.
- The death, insolvency, incapacity or the retirement of any partner brings the firm to an end.
- Not only that any dissenting partner can give notice at any time for dissolution of partnership.

Limited Capital

- Since the total number of partners cannot exceed 20, the capacity to raise funds remains limited as compared to a joint stock company where there is no limit on the number of shareholders.

Non-transferability of share

- The share of interest of any partner cannot be transferred to other partners or to the outsiders.
- So it creates inconvenience for the partner who wants to transfer his share to others fully and partly. The only alternative is dissolution of the firm.

Possibility of Conflicts

- Every partner has an equal right to participate in the management.
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- Also every partner can place his or her opinion or viewpoint before the management regarding any matter at any time.
 - Because of this, sometimes there is friction and quarrel among the partners.
 - Difference of opinion may give rise to quarrels and lead to dissolution of the firm.

Types of Partners

Based on the extent of participation

- In the day-to-day management of the firm partners can be classified as 'Active Partners' and 'Sleeping Partners'.
- The partners who actively participate in the day-to-day operations of the business are known as active partners or working partners.
- Those partners who do not participate in the day-to-day activities of the business are known as sleeping or dormant partners.
- Such partners simply contribute capital and share the profits and losses.

Based on sharing of profits

- The partners may be classified as 'Nominal Partners' and 'Partners in Profits'.
- Nominal partners allow the firm to use their name as partner.
- They neither invest any capital nor participate in the day-to-day operations.
- They are not entitled to share the profits of the firm. However, they are liable to third parties for all the acts of the firm.
- A person who shares the profits of the business without being liable for the losses is known as partner in profits.
- This is applicable only to the minors who are admitted to the benefits of the firm and their liability is limited to their capital contribution.

Based on Liability

- The partners can be classified as 'Limited Partners' and 'General Partners'.
- The liability of limited partners is limited to the extent of their capital contribution.
- This type of partners is found in Limited Partnership firms in some European countries and USA.
- So far, it is not allowed in India. However, the Limited liability Partnership Act is very much under consideration of the Parliament.

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- The partners having unlimited liability are called as general partners or Partners with unlimited liability.
 - It may be noted that every partner who is not a limited partner is treated as a general partner.

Based on the behavior and conduct exhibited

There are two more types of partners

- Partner by Estoppel
 - Partner by Holding out
- A person, who behaves in the public in such a way as to give an impression that he/she is a partner of the firm, is called 'partner by estoppel'.
 - Such partners are not entitled to share the profits of the firm, but are fully liable if somebody suffers because of his/her false representation.
 - Similarly, if a partner or partnership firm declares that a particular person is a partner of their firm, and such a person does not disclaim it, then he/she is known as 'Partner by Holding out'.
 - Such partners are not entitled to profits but are fully liable as regards the firm's debts.

Formation of Partnership Form of Business Organization

- Minimum two members are required to form a partnership.
- The maximum limit is ten in banking and 20 in other businesses.
- Select the like-minded persons keeping in view the nature and objectives of the business.
- There must be an agreement among the partners to carry on the business and share the profits and losses. This agreement must preferably be in writing and duly signed by all the partners.
- The agreement, i.e., the partnership deed must contain the following:
 - Name of the firm
 - Nature of the business
 - Names and addresses of partners
 - Location of business
 - Duration of partnership, if decided
 - Amount of capital to be contributed by each partner
 - Profit and loss sharing ratio

- Duties, powers and obligations of partners.
- Salaries and withdrawals of the partners
- Preparation of accounts and their auditing.
- Procedure for dissolution of the firm etc.
- Procedure for settlement of disputes
- The partners should get their firm registered with the Registrar of Firms of the concerned state.
- Although registration is not compulsory, but to avoid the consequences of nonregistration, it is advisable to get it registered when it is setup or at any time during its existence.

The procedure for registration of a firm is as follows.

- The firm will have to apply to the Registrar of Firms of the concerned state in the prescribed form.
- The duly filled in form must be signed by all the partners.
- The filled in form along with prescribed registration fee must be deposited in the office of the Registrar of Firms.
- The Registrar will scrutinize the application, and if he is satisfied that all formalities relating to registration have been duly complied with, he will put the name of the firm in his register and issue the Certificate of Registration.

12. Explain company-public and private sector enterprises.

Key Points

- Characteristics of Public Enterprises
- Forms of Organization of Public Enterprises

Company-public and private sector enterprises

- A public sector enterprise may be defined as any commercial or industrial undertaking owned and managed by the government with a view to maximize social welfare and uphold the public interest.
- Public enterprises consist of nationalized private sector enterprises, such as, banks, Life Insurance Corporation of India and the new enterprises set up by the government such as Hindustan Machine Tools (HMT), Gas Authority of India (GAIL), and State Trading Corporation (STC) etc.

Characteristics of Public Enterprises

Government Ownership and Management

- The public enterprises are owned and managed by the central or state government, or by the local authority.
- The government may either wholly own the public enterprises or the ownership may partly be with the government and partly with the private industrialists and the public.
- In any case the control, management and ownership remains primarily with the government.
- For example, National Thermal Power Corporation (NTPC) is an industrial organisation established by the Central Government and part of its share capital is provided by the public. So is the case with Oil and Natural Gas Corporation Ltd. (ONGC).

Financed from Government Funds

- The public enterprises get their capital from Government Funds and the government has to make provision for their capital in its budget.

Public Welfare

- Public enterprises are not guided by profit motive. Their major focus is on providing the service or commodity at reasonable prices.
- Take the case of Indian Oil Corporation or Gas Authority of India Limited (GAIL).
- They provide petroleum and gas at subsidised prices to the public.

Public Utility Services

- Public sector enterprises concentrate on providing public utility services like transport, electricity, telecommunication etc.

Public Accountability

- Public enterprises are governed by public policies formulated by the government and are accountable to the legislature.

Excessive Formalities

- The government rules and regulations force the public enterprises to observe excessive formalities in their operations.
- This makes the task of management very sensitive and cumbersome

Difference between Private and Public Sector Enterprises

Public Enterprises

- These are established with the objective of rendering service to the people.
- It minimizes concentration of wealth in the hands of few persons.
- These are formed with social interest.
- It prevents regional imbalanced growth of industries.
- It is free from exploitation motive and as such the consumers and the employees are given fair dealings.
- There is no shortage of capital to undertake risky and costly projects.
- It undertakes all sorts of industries irrespective of its nature.
- It can be operated on large scale and can attain gigantic size.

Private Enterprises

- These are established with the predominant objective of earning profit.
- It lends to concentration of wealth in the hands of few persons.
- These are formed with personal interest.
- It develops regional imbalances in the growth of industries.
- It is not free from exploitation motive and the consumers and the employees are not given fair dealings.
- It feels insufficiency of capital to undertake risky and costly projects.
- It undertakes those consumer goods industries where profit earning scope is high.
- It can be operated on large scale and cannot attain gigantic size.

Forms of Organization of Public Enterprises

- There are three different forms of organization used for the public sector enterprises in India.
- These are
 - a. Departmental Undertaking
 - b. Statutory (or Public) Corporation
 - c. Government Company

a. Departmental Undertaking

- This form of organisation is primarily used for provision of essential services such as railways, postal services, broadcasting etc.
- Such organisations function under the overall control of a ministry of the Government and are financed and controlled in the same way as any other government department.
- This form is considered suitable for activities where the government desires to have control over them in view of the public interest.

b. Statutory Corporation(or public corporation)

- It refers to a corporate body created by the Parliament or State Legislature by a special Act which defines its powers, functions and pattern of management.
- Statutory Corporation is Also Known As Public Corporation. Its capital is wholly provided by the government.
- Examples of such organisations are Life Insurance Corporation of India, State Trading Corporation etc

c. Government Company

- It refers to the company in which 51 percent or more of the paid up capital is held by the government.
- It is registered under the Companies Act and is fully governed by the provisions of the Act.
- Most business units owned and managed by government fall in this category.

13. Explain the Types of Business organization also mention each types merits and demerits of the same. (Nov 2016,May 2017)(N/D-2020) (A/M-22)

How do you classify the business organizations? Explain. [Nov/Dec-2021][Apr 2019]

- Any business and achieve its objective of earning profit it is required to bring together all the resources and put them into action in a systematic way, and coordinate and control these activities properly.
- This arrangement is known as business organization.

Forms of business organization

- Sole proprietorship (Refer Q.No.10)
 - Partnership (Refer Q.No.11)
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- Company-public and private sector enterprises (Refer Q.No.12)

14. Explain about the Entrepreneur vs. Manager.

Manager vs. Entrepreneur

- The terms *entrepreneur* and *manager* are considered one and the same.
- But the two terms have different meanings. In fact, the two terms are two economic concepts meaning two different meanings.
- *Manager* is a person who is responsible for performing the functions of management such as planning, organizing and directing the group towards the goals of management.
- The difference between entrepreneur and manager is given in the following Table

| Points | Entrepreneur | Manager |
|------------------|--|---|
| 1. Motive | The main motive of an entrepreneur is to start a venture for his personal gratification. | Main motive of a manager is to render service in an enterprise already set by someone else. |
| 2. Status | Owner | Servant |
| 3. Risk | Assumes risk and uncertain and not fixed | Manager does not bear any risk involved in enterprise. |
| 4. Rewards | Profits, which are highly uncertain and not fixed. | Salary which is certain and fixed. |
| 5. Innovation | Entrepreneur himself thinks over what and how to produce goods to meet the changing needs of the customers. Hence he acts as innovator change agent. | A manager simply executes plans prepared by the entrepreneur. |
| 6. Qualification | An entrepreneur needs to possess qualities and qualifications like high achievement motive, originality in thinking, foresight risk-bearing ability etc. | A manager needs to possess distinct qualifications in terms of sound knowledge in management theory and practice. |

**14. What are the trends and challenges of management in global scenario?
(May2013,Nov 2012)**

Key Points

- Workforce Diversity
- Changing Employee Expectations
- International Environment
- Building Organizational Capabilities
- Job Design and Organizational Structure
- Changing Psycho-Social System
- Technological Advance
- Management of human relations
- Changes in legal environment
- Expanding Globalization
- Indian Business in the Globalization

Trends and Challenges of Management

Workforce Diversity

- When workers join organizations, they come with their differing cultural values and life style preferences.
- Therefore, the challenge for organizations is to make them accommodating to diverse groups of people at the work place by addressing their different life styles, cultural moorings, family needs, and work styles.
- If diversity is managed properly, it can increase the creativity and innovations.

Changing Employee Expectations

- Besides changes in workforce, demographics employee's expectations and aspirations have changed from traditional allurement, such as job security, good and attractive remunerations to empowerment, equality and quality work life.
- The manager has then to redraw new methods of motivation, such as job design.
- For example, motivation of workers to deliver their contribution towards the accomplishment of organizational goals.

International Environment

- Creating an environment which is responsive to external changes, providing satisfaction to members of the organizations and sustaining through culture, useful traditions, practices, and even systems will become an another important dimension of managing personnel.

Building Organizational Capabilities

- The paradigm of managing managers would include not only assisting them to acquire new skills and knowledge and to evaluate environmental changes to evolve business strategies but also to live in a psychological state of readiness to continually change.

Job Design and Organizational Structure

In designing an organization with foreign concepts, such as quality circles, TQM, etc. instead of these organizational structure and design, it will primarily be based on

- Task approach
- People approach

Changing Psycho-Social System

- In the traditional bureaucratic mode, the management was designed to perform its work functions.
- But in future, human participation will be required to the management.

Technological Advance

- In the wake of technological advances, new jobs will be created and many old jobs will become redundant.
- Unemployment resulting from modernization could be liquidated by properly assessing manpower needs and training of redundant employees in alternate skills.

Management of human relations

- The new generation of workforce comprising educated and conscious workers will ask for higher degree of participation and avenues for self-fulfillment.

Changes in legal environment

- To meet the increasing changes in the legal environment, necessary adjustments will have to be made so that greater utilization of human resources can be achieved.

Expanding Globalization

- Globalization is the process of transformation of local or regional phenomena into global ones.
- It can be described as a process by which the people of the world are unified into a single society and function together.
- Globalization is often used to refer to economic globalization, that is, integration of national economies into the international economy through trade, foreign direct investment, capital flows, migration, and the spread of technology.
- Business has crossed the national boundaries and thus, it has become a global popularly known as multinational business.
- Globalization of business posed at least two major challenges for managers.
- First in case of multinational companies, the managers are frequently transferred to another country.
- In a new country, the managers have to manage a workforce that is different in needs, aspirations and attitudes from the ones, they were used to back in the former country.
- Second even in their own country, the managers have to work with superiors, subordinates and people are different in culture.
- In order to manage the employees effectively, the managers need understand the varying culture accurately and then learn to adapt their management styles accordingly.

Indian Business in the Globalization

- Globalization announced the New Industrial Policy (NIP) in along with other economic reforms.
- According to NIP, liberalization of foreign investment was one of the features which attempted to remove restrictions on foreign investment in Indian business.
- The advance technology in telecommunication, transportation and information technology have made possible the globalization business. Indian companies have started participating in the global business.
- For example, Ford-Escort, Maruthi - Suzuki Cars, Hero Honda motor cycle and Coco cola- Thumps up.

The following sector-vise list provides the Indian companies which participate in global business.

Textiles

- Arvind Mills, Raymonds, Crazim, Vimal have got good will for men's suiting throughout the world.

PharmaCeuticals

- Cipla, Orchid, Ranbaxy have manufacturing and marketing networks in many countries in the world.

Software

- HCL, TCS, Infosys, Wipro, IBM are renowned manufacturers.

Automobiles

- Maruthi Cars and Hero-Honda in motorcycles are two important globally famous companies.

The effects of globalization in different sectors are summarized as follows:

Industrial sector

- It is the relation between emergence of worldwide production markets and a broader access to a range of foreign products for consumers and companies.
- The particular movement of material and goods is between and within national boundaries.

Financial sector

- It is the emergence of worldwide financial markets and better access to external financing for borrowers.
- As these worldwide structures grew more quickly than any transnational regulatory regime, the instability of the global financial infrastructure is dramatically increased, as evidenced by the financial crises of late 2008.

Economic sector

- It is the realization of a global common market, based on the freedom of exchange of goods and capital.
- The interconnectedness of these markets, however, meant that an economic collapse in any one given country could not be contained.

Information technology

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- Increase in information flows between geographically remote locations.
 - Arguably, this is a technological change with the advent of fiber optic communications, satellites, and increased availability of telephone and Internet.

Competition

- Survival in the new global business market calls for improved productivity and increased competition.
- Due to the market becoming worldwide, companies in various industries have to upgrade their products and use technology skillfully in order to face increased competition.

Cultural

- Growth of cross-cultural contacts; advent of new categories consciousness and identities which embodies cultural diffusion, the desire to increase one's standard of living and enjoy foreign products and ideas, adopt new technology and practices, and participate in a "world culture".
- Some regret the resulting consumerism and loss of languages.
- Spreading of multiculturalism, and better individual access to cultural diversity (e.g. through the export of Hollywood and Bollywood movies).
- Some consider such "imported" culture a danger.
- Since it may supplant the local culture, causing reduction in diversity or even assimilation
- Others consider multiculturalism to promote peace and understanding between peoples.

Technical sector

- The development of a global telecommunications infrastructure and greater transponder data flow, using such technologies as the Internet, communication satellites, submarine fiber optic cable, and wireless telephones are considered with technical aspects.

Legal Ethical sector

- It is the creation of the international criminal court and international justice movements.
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- They do crime importation and raising awareness of global crime-fighting efforts and cooperation.
 - It is the emergence of Global administrative law..

15. “Money is the only motivator for employees in an organization.” Comment. (A/M-22)

Traditionally, employers have used monetary rewards to boost employee engagement and motivation, but studies have shown that monetary benefits are losing their appeal. Instead, recognizing employees' efforts is appearing to be the most effective in motivating employees.

MONEY IS A SHORT-TERM MOTIVATOR AND HAS LIMITED APPEAL

Yes, money is important, but that comes as a standard expectation with any job. People expect to be paid a fair wage, and without it, no amount of perks can attract or retain employees. This is particularly important in countries with weaker economies, such as Poland and Brazil, where take-home pay is still the number one factor in employees decision to move or stay with their existing employer.

However, in stronger economies with stricter laws enforcing a minimum wage, such as the UK, financial compensation loses its influence. The ripples of motivation that follow a wage increase fade away after two or three weeks. A recent BCG survey asked more than 200,000 employees from around the world their top ten factors for on-the-job happiness. Results show that people place appreciation for their work as the most important factor for on-the-job happiness - an attractive fixed salary was only eighth on the list.

BENEFITS OUTRANK SALARY

So what is the most effective way for a company to show its appreciation? Research from Glassdoor shows that nearly four in five employees - 79% - would prefer new or additional benefits as opposed to a pay increase.

Yet, the kind of benefits people prefer varies depending on a wide range of factors. An individual's profile, such as age and gender, as well as their own personal preferences can determine what incentives work best for them. Studies have also shown that trends for

preferred benefits change between countries. For example, a 2016 Sodexo Benefits and Rewards study conducted in five countries shows that, in Brazil and India, access to training courses can boost a company's appeal just as much as the financial benefits it offers. Whereas, in the United States - the only mature market in the world that does not provide universal paternity leave and offers fully paid maternity leave to just 9% of mothers - time off to raise a newborn baby could be invaluable to expecting parents. Thus, finding the right rewards to increase the productivity of your workforce becomes increasingly difficult.

Incentive and recognition programmes

Incentive and recognition programmes have been proven as effective motivators without the need for financial benefits. While the range of incentives can be vast, workplace experts recommend one characteristic above all: adaptability.

The 'ultimate reward' can look very different depending on your perspective. Giving employees a choice in how their hard work and dedication will be rewarded is a good way to boost employee engagement. More and more companies are getting flexible and creative with their employee recognition offers, ranging from company-sponsored fitness programs to free meals and even outside-the-box perks such as egg-freezing.

According to the Incentive Research Foundation, the right incentive program can improve team performance by as much as 44%, boost employee engagement by 27% and also attract higher quality employees. SMEs and larger companies alike can reap huge rewards from effective incentive recognition programmes. A 2015 Sodexo Benefits and Rewards global survey revealed that 74% of SME leaders who had introduced such programmes had seen an improvement in hiring, with 88% claiming a jump in productivity and 71% an increase in sales.

Personality traits play a role in every relationship. Individual personalities help to form an organization's culture and image. Therefore, every successful organization relies heavily on the personality traits of its employees. While everyone has a different personality, there are certain traits and characteristics that are common amongst individuals.

ANNA UNIVERSITY QUESTIONS

Part-A

- 1.** Define the term management. [Apr 2019]
 - 2.** Write the meaning of entrepreneur? [Apr 2019]
 - 3.** Define management. [Nov 2018]
 - 4.** What are the roles and skills of managers? [Nov 2018,2020,2021]
 - 5.** List out the roles played by managers in an organization [Apr 2018]
 - 6.** Distinguish between public and private limited companies. [Apr 2018]
 - 7.** Define Management. (Nov 2017)
 - 8.** Define Partnership. (Nov 2017)
 - 9.** Define Management. (May 2016,May 2017)
 - 10.** List the functions of Management? (May 2017)
- What are the five basic functions of managers?
- Specify the functions of management? (May 2016,Nov 2016)
- 11.** Give the current trend in Management. (Nov 2016)
 - 12.** Define Administration. (May 2013)
 - 13.** Distinguish between Management and Administration (May 2014)
 - 14.** Define "Joint sector unit". (May 2010)
 - 15.** List the characteristics of Modern Management thought. (May 2010)
 - 16.** What is system approach to management? (May 2010)
 - 17.** What are the roles of managers?(or)Mention the roles of managers (May 2014)
 - 18.** What are the objectives of planning? (Nov 2013)
 - 19.** Define globalization (May 2013)
 - 20.** Name the different levels management. (May 2012)
 - 21.** What are the functions performed by low level managers? (Nov 2013)
 - 22.** What is scientific management? (Nov 2011)
 - 23.** List any two contributions of F.W.Taylor? (Nov 2010)
 - 24.** Who is known as the father of modern operation management theory?(May 2012)
 - 25.** Give the current trends in management? (Nov 2016)
 - 26.** Explain the fourteen principles of management advocated by henry fayol. [Nov 2020]
 - 27.** How would you interpret the results of Hawthorne experiment?[Nov/Dec-2021]

ANNA UNIVERSITY QUESTIONS

PART -B

1. Is management are or science? Discuss. [Apr 2019]
2. How do you classify the business organizations? Explain. [Apr 2019]
3. Is management a science or art? Discuss. [Nov 2018]
4. Explain the evolution of management in detail. [Nov 2018]
5. Explain the fourteen principles of management advocated by henry fayol. [Nov 2018]
6. Elucidate the contributions of F.W. Taylor to management. [Apr 2018]
7. Enlighten the relevance of environmental factors that affects global business.[Apr 2018]
8. Explain the current trends and issues in Management. (Nov 2017)
9. Elucidate in detail the various principles of management as advocated by henry Fayol. (Nov 2017)
10. Is management a science or art? Discuss (May 2016)
11. Write about role of managers? (May 2012, May 2017)
12. Describe about the evolution of management thought. (May 2014)
Explain the evolution thought in detail? (May 2016, Nov 2016)
13. Explain the fourteen principles of management advocated by HenryFayol.(May 2016)
14. Discuss the Scope and nature of management. (Nov 2015)
15. What are the environmental factors that affect business? Explain them. (Nov 2015)
16. With suitable example explain the various types of business organizations.(Nov 2021)
17. Discuss the various functions of management (May 2012)
18. Write short notes on management levels (or)Managerial levels (or)
Types of managementtypes of manager and importance of management? (Nov 2011)
19. What are the trends and challenges of management in global scenario?(May 2013)
20. Explain the Types of Business organization in detail. (Nov 2016,2020)
21. Elaborate internal external factors affecting organization culture. [Nov 2020]

GE3751 PRINCIPLES OF MANAGEMENT

UNIT II

PLANNING:

Nature and purpose of planning - planning process - types of planning - objectives - setting objectives - policies - Planning premises - Strategic Management - Planning Tools and Techniques - Decision making steps and process.

PART A**1. Define planning.****[Apr 2019]**

- Planning is deciding in advance what to do and how to do.
- It is one of the basic managerial functions.
- Planning therefore involves setting objectives and developing an appropriate course of action to achieve these objectives.

2. What is the meaning of strategic management?**[Apr 2019]**

- The set of managerial decisions and actions that determines the long-run performance of an organization.

Important of Strategic Management

- It results in higher organizational performance.
- It requires that managers examine and adapt to business environment changes.
- It coordinates diverse organizational units, helping them focus on organizational goals.
- It is very much involved in the managerial decision-making process.

3. List objectives of strategic management. (A/M-22)

- To gain competitive advantage, to outperform the competitors and achieve market dominance and.
- To act as a guide to the organization to help survive the changes in the business environment.

4. State a various steps in planning.**[Nov 2018]**

- Setting objectives
- Developing premises
- Identifying alternative courses of action
- Evaluating alternative courses
- Selecting an alternative
- Implement the plan
- Follow-up action

5. What you understand by decision making?**[Nov 2018]**

- Decision making is the process of making choices by identifying a decision, gathering information, and assessing alternative resolutions.

- Using a step-by-step decision-making process can help you make more deliberate, thoughtful decisions by organizing relevant information and defining alternatives.

6. What is intuitive decision making?

[Apr 2018]

- Intuitive decision-making ability is also known as 'sixth sense' and involves being able to gather information that other individuals may miss.
- It is the opposite of rational decision making, which is when individuals use analytics, facts, and a step-by-step process to come to a decision.

7. Define planning premises.

[Apr 2018,2021]

- "Planning premises are the anticipated environment in which plans are expected to operate.
- They include assumptions or forecasts of the future and known conditions that will affect the course of plans such as prevailing policies and existing company plans that controls the basic nature of supporting plans."

8. What do you understand by Strategic Management?

(Nov 2017)

- The set of managerial decisions and actions that determines the long-run performance of an organization.

9. Distinguish between Policy and Rules.

(Nov 2017)

- "Policies are general statements or understandings which guide managers thinking in decision making".
- Rules spell out specifically what employees are supposed to do or not to do.

10. What are the nature and purpose of planning? (May 2017)(A/M-22)

Nature of planning

- ❖ Planning is goal-oriented
- ❖ Primacy of planning
- ❖ Pervasiveness of planning
- ❖ Efficiency, Economy and accuracy
- ❖ Co-ordination
- ❖ Limiting factors
- ❖ Flexibility
- ❖ Planning is an intellectual process

Purpose of planning

- ❖ To manage by objectives
- ❖ To offset uncertainty and change
- ❖ To secure economy in operation
- ❖ To help in co-ordination
- ❖ To make control effective
- ❖ To increase organizational effectiveness

11. List the planning tools available in business management. **(May 2017)**

- Identification of opportunities
- Establishment of objectives
- Developing planning premises
- Identification of alternatives
- Evaluation of alternatives
- Selecting an alternatives
- Formulating derivative plans
- Establishing sequence of activities

12. Define MBO. **(Nov 2016)**

- “MBO is a comprehensive managerial system that integrates many key managerial activities in a systematic manner and that is consciously directed towards the effective and efficient achievement of organization and individual objectives”.

13. What is policy?(OR) What is meant by policies? **(Nov 2016)**

- The term “policy” is defined by Koontz and O’Donnell as “policies are general statements or understandings which guide managers thinking in decision making”.

14. What are the importance of planning/objectives of planning? (May 2016)

- To achieve objectives
- To cope with uncertainty and change
- To facilitate control
- To help in coordination
- To increase organizational effectiveness
- To guide decision-making

15. Write down the steps involved decision making. **(Nov 2013) (May 2016)**

- Step 1: Define the problem
 - Step 2: Identify alternative solutions
 - Step 3: Evaluate the alternative solutions
 - Step 4: Make the decision
 - Step 5: Implement the decision
 - Step 6: Evaluate the decision made
-

16. Explain the importance of decision making in management. (May 2015)

1. Implementation of managerial function
2. Pervasiveness of decision making
3. Evaluation of managerial performance
4. Helpful in planning and policies
5. Selecting the best alternatives
6. Successful; operation of business

17. What are the different types of plans? (Nov 2012)

- Operational plan
- Tactical plan
- Strategic plan
- Contingency plan

18. Define Strategy. (Nov 2012)(N/D-2020)

- Strategy of an organization is the programmed of action and development of resources to attain its objectives.

19. Define the term strategic plan. (Nov 2011)

- Strategic plans are designed with the entire organization in mind and begin with an organization's mission.
- Top-level managers, such as CEOs or presidents, will design and execute strategic plans to paint a picture of the desired future and long-term goals of the organization.
- Essentially, strategic plans look ahead to where the organization wants to be in three, five, even ten years.
- Strategic plans, provided by top-level managers, serve as the framework for lower-level planning.

20. Distinguish between strategic and tactical planning. (Nov- 2011,2021)

| Strategic planning | Tactical planning |
|---|--|
| 1. Strategy- a plan, method, or series of manoeuvres or stratagems for obtaining a specific goal or result. | Tactics- a system or a detail of tactics. a plan, procedure, or expedient for promoting a desired end or result. |
| 2. Strategic planning is macro-oriented | Tactical planning is micro-oriented |

3. It focuses on the core of **Who** (you are), **What** (you want to accomplish) and **Why** (do you want to accomplish the what) of organizations and people.

This type of short term planning is all about the How(i.e., process)of getting things doing.

21. What is the importance of Planning?

- Planning provides directions, reduces risks of uncertainty, reduces overlapping and wasteful activities, promotes innovative ideas, facilitates decision making, and establishes standards for controlling.

22. What are the features of Planning?

- Planning focuses on achieving objectives
- It is a primary function of management
- Planning is pervasive, continuous, and futuristic and involves decision making
- It is a mental exercise

23. What are the limitations of Planning?

- Planning leads to rigidity
- Reduces creativity
- Involves huge costs
- It is a time consuming process
- Planning does not work in a dynamic environment
- And does not guarantee success

24. What are the types of Plans?

- Objectives
- Strategy
- Policy
- Procedure
- Rule
- Programme
- Budget

25. What do you mean by SMART?

- SMART criteria are commonly attributed to Peter Drucker's management by objectives concept.

The establishment of all objectives should be created using the S.M.A.R.T. philosophy.

| Criteria | Description |
|-----------------|--|
| Specific | The objective should state exactly what is to be achieved. |

| | |
|------------|---|
| Measurable | An objective should be capable of measurement – so that it is possible to determine whether (or how far) it has been achieved |
| Achievable | The objective should be realistic given the circumstances in which it is set and the resources available to the business. |
| Relevant | Objectives should be relevant to the people responsible for achieving them |
| Time Bound | Objectives should be set with a time-frame in mind. These deadlines also need to be realistic |

26. Define operational plan.

- All operational plans are focused on the specific procedures and processes that occur within the lowest levels of the organization.
- Managers must plan the routine tasks of the department using a high level of detail.
- Operational plans can be either single-use or ongoing plans.
- **Single-use plans** are those plans that are intended to be used only once.
- **Ongoing plans** are those plans that are built to withstand the test of time.
- They are created with the intent to be used several times and undergo changes when necessary.

27. Define tactical plan.

- Tactical plans support strategic plans by translating them into specific plans relevant to a distinct area of the organization.
- Tactical plans are concerned with the responsibility and functionality of lower-level departments to fulfil their parts of the strategic plan.

28. Define contingency plan.

- Contingency plans allow a manager to be flexible and change-savvy by providing an alternative course of action, which can be implemented if and when an original plan fails to produce the anticipated result.

29. What are the advantages of planning?

- Planning facilitates management by objectives.
- Planning minimizes uncertainties.
- Planning facilitates co-ordination.
- Planning improves employee's moral.
- Planning helps in achieving economies.

-
- Planning facilitates controlling.
 - Planning provides competitive edge.
 - Planning encourages innovations.

30. What are the disadvantages of planning?

- Rigidity
- Misdirected Planning
- Time consuming
- Probability in planning
- False sense of security
- Expensive

31. What is an objective?

- An objective is a sub goal. It identifies a short-term, measurable step within a designated period of time that is moving toward achieving a long-term goal.

32. What is the importance of objectives?

- Market share is high.
- Consumer satisfaction.
- Novel ideas.
- Cooperation everywhere.
- More output.
- Cost control.
- Loyalty of employees.
- Different kinds of products.

33. What are the advantages of objectives?

- Proper planning
- Single motivation
- Direct coordination
- Control process is standard
- Integration
- Decentralization of authority

34. What are the features of strategies? (N/D-2020)

- Strategy is a dynamic or relative concept as it is designed to meet the demands of a particular situation. Every situation requires a different strategy. Strategies may have to be revised frequently because of changes in the situation.

- Strategies are a complex plan encompassing other plans in order to achieve organizational objectives.
- Strategy is forward looking: it has to do orientation towards the future. Strategic action is required in a new situation. Nothing new requiring solutions can exist in the past. So strategy is relevant only to future. It may take advantages of the past analysis.

35. What is the importance of strategy?

- Strategies provide the framework for plans by channeling operating decisions. If strategies are developed carefully and understood properly by managers, there will be more consistent framework by managers. Therefore, strategies help to ensure efficiency and consistency in the allocation and employment of resources.
- Strategy formulation is essential for the long-term survival and growth of an organization.
- It enables the enterprise to take advantage of environmental opportunities and to combat environmental pressures. It provides useful framework for guiding thinking and action.

36. What are the types of policies?

- Originated Policy.
- Appealed Policy.
- Implied Policy.
- Externally imposed policy.
- Basic policies.
- General policies.
- Department Policies.

37. What are the factors determining the policy making?

- Foresight of the top management.
- Public attitudes.
- Technology from workers.
- Response from workers.
- Possible reactions of competitors.
- Government regulation and control.
- Financial implication.

- Business and general environment.

38. Define decision making.

- “A decision is the selection of a course of action from two or more alternatives. The decision making process is a sequence of steps leading to that selection”.

39. What are the characteristics of decision making?

- It is a process of making a choice from alternative course of action.
- Decision is the end process preceded by deliberation and reasoning.
- Decision making is a focal point at which plans, policies, and objectives are translated into concrete action.
- Decision-making involves commitment. The management is committed to decision for two reasons.
- Firstly it leads to the stability of the concern and secondly, every decision taken becomes part of the expectations of the people involved in the organization.

40. What are types of decision?

- Programmed and non-programmed decisions
- Major and supplementary decisions
- Routine and strategic decisions
- Policy and operating decisions
- Personal and organizational decisions
- Individual and group decisions

41. What are the factors influencing decision making?

- Time pressures
- manager's values
- Organizational policy
- Other factors

42. What do you term 'bounded rationality' in decision making?

- If people are having time and cognitive ability for making decisions, it is said to be bounded rationality.

43. What are the various types of decision making models?

- (a) Econologic Model or Economic Man Model.

(b) Administrative man model or Bounded Rationality model.

(c) Implicit favourite Model or Gamesman Model.

44. Define the term 'Planning Premises'. (Nov/Dec 2015) (N/D-21,22)

- Planning premises are defined as the anticipated environment in which plans are expected to operate.
- Premises are the assumptions on which plans are formulated

45. Distinguish between policies and strategies.

| Policies | Strategies |
|--|---|
| 1. Policies are the guidelines to decision making. | Strategy is the long-term view and to see the big picture. |
| 2. Policies are formulated by top and middle level management. | Strategic planning is made by top level management only. |
| 3. Policies are the means for achieving organizational goals. | Strategy is concerned with positioning the business in the market and establishing a reputation with customers, employers and other stakeholders. |

46. What are the techniques that are useful while evaluating alternatives? List the forecasting techniques used for decision making.(M/J-2013) (N/D-22)

- Consumer Survey method.
- Expert opinion (Delphi) Method.
- Sales force opinion Method.
- Test market method
- Controlled experiments method
- Trend projection method
- Leading indicators method.
- Regression method.

47. What is the importance of setting organizational objectives in a modern complex organization?

- Objectives provide the basic for planning.
- Objectives facilitate coordination of work.

- Objectives motivate employees.
- Objectives provide the yardstick to measure the performance of the employees and hence better control.

48. Mention the characteristics of 'Programmed' and 'Non-programmed' decisions.

| Programmed decisions | Non-programmed decisions |
|--|---|
| 1. Routine and repetitive decisions are called programmed decisions. | They are made under unusual situations that have not been often addressed. |
| 2. Rules or guidelines are used to make programmed decisions. | No rules to be followed to make this decision since the decision are new. |
| 3. This decisions are made by lower level management and it does not involve risk and uncertainty. | This decisions are made by top level management and it involves risk and uncertainty. |

49. Discuss about the various conditions of decision making. (N/D-2020)

Decision Making Under Various Conditions

- a) Certainty
- b) Uncertainty
- c) Risk

PART-B

1. Explain the nature and purpose of planning in details.

Key Points

- Introduction
- Nature of Planning
- purpose of planning

Introduction

- Planning means looking ahead.
- It is deciding in advance what is to be done.
- Planning includes forecasting.
- When management is reviewed as a process, planning is the first function performed by a manager.

- The work of a manager begins with the setting of objectives of the organization and goals in each area of the business.
- This is done through planning.

Nature of Planning

- a) **Planning is goal-oriented**
 - Every plan must contribute in some positive way towards the accomplishment of group objectives.
 - Planning has no meaning without being related to goals.
- b) **Primacy of Planning**
 - Planning is the first of the managerial functions.
 - It precedes all other management functions.
- c) **Pervasiveness of Planning**
 - Planning is found at all levels of management.
 - Top management looks after strategic planning. Middle management is in charge of administrative planning.
 - Lower management has to concentrate on operational planning.
- d) **Efficiency, Economy and Accuracy**
 - Efficiency of plan is measured by its contribution to the objectives as economically as possible.
 - Planning also focuses on accurate forecasts.
- e) **Co-ordination**
 - Planning co-ordinates the what, who, how, where and why of planning.
 - Without co-ordination of all activities, we cannot have united efforts.
- f) **Limiting Factors**
 - A planner must recognize the limiting factors (money, manpower etc) and formulate plans in the light of these critical factors.
- g) **Flexibility**
 - The process of planning should be adaptable to changing environmental conditions.
- h) **Planning is an intellectual process**
 - The quality of planning will vary according to the quality of the mind of the manager.

Purpose of planning

- a) **To manage by objectives**

- All the activities of an organization are designed to achieve certain specified objectives.
- However, planning makes the objectives more concrete by focusing attention on them.

b) To offset uncertainty and change

- Future is always full of uncertainties and changes.
- Planning foresees the future and makes the necessary provisions for it.

c) To secure economy in operation

- Planning involves the selection of most profitable course of action that would lead to the best result at the minimum costs.

d) To help in co-ordination

- Co-ordination is, indeed, the essence of management, the planning is the base of it.
- Without planning it is not possible to co-ordinate the different activities of an organization.

e) To make control effective

- The controlling function of management relates to the comparison of the planned performance with the actual performance.
- In the absence of plans, a management will have no standards for controlling others' performance.

f) To increase organizational effectiveness

- Efficiency in the organization is not important; it should also lead to productivity and effectiveness.
- Planning enables the manager to measure the organizational effectiveness in the context of the stated objectives and take further actions in this direction.

2. Explain the features of planning in detail.

Key Points

- Planning focuses on achieving objectives
- Planning is a primary function of management
- Planning is pervasive
- Planning is continuous
- Planning is futuristic
- Planning involves decision making
- Planning is a mental exercise

Features of Planning

a) Planning focuses on achieving objectives

- Organisations are set up with a general purpose in view.
- Specific goals are set out in the plans along with the activities to be undertaken to achieve the goals. Thus, planning is purposeful.
- Planning has no meaning unless it contributes to the achievement of predetermined organisational goals.

b) Planning is a primary function of management

- Planning lays down the base for other functions of management.
- All other managerial functions are performed within the framework of the plans drawn. Thus, planning precedes other functions.
- This is also referred to as the primacy of planning.
- The various functions of management are interrelated and equally important.
- However, planning provides the basis of all other functions.

c) Planning is pervasive

- Planning is required at all levels of management as well as in all departments of the organisation.
- It is not an exclusive function of top management or of any particular department.
- But the scope of planning differs at different levels and among different departments.
- For example, the top management undertakes planning for the organisation as a whole. Middle management does the departmental planning.
- At the lowest level, day-to-day operational planning is done by supervisors.

d) Planning is continuous

- Plans are prepared for a specific period of time, may be for a month, a quarter, or a year.
- At the end of that period there is need for a new plan to be drawn on the basis of new requirements and future conditions. Hence, planning is a continuous process.
- Continuity of planning is related with the planning cycle.
- It means that a plan is framed; it is implemented, and is followed by another plan, and so on.

e) Planning is futuristic

- Planning essentially involves looking ahead and preparing for the future.

- The purpose of planning is to meet future events effectively to the best advantage of an organisation.
- It implies peeping into the future, analysing it and predicting it.
- Planning is, therefore, regarded as a forward looking function based on forecasting.
- Through forecasting, future events and conditions are anticipated and plans are drawn accordingly.
- Thus, for example, sales forecasting is the basis on which a business firm prepares its annual plan for production and sales.

f) Planning involves decision making

- Planning essentially involves choice from among various alternatives and activities.
- If there is only one possible goal or a possible course of action, there is no need for planning because there is no choice.
- The need for planning arises only when alternatives are available. In actual practice, planning presupposes the existence of alternatives.
- Planning, thus, involves thorough examination and evaluation of each alternative and choosing the most appropriate one.

g) Planning is a mental exercise

- Planning requires application of the mind involving foresight, intelligent imagination and sound judgment.
- It is basically an intellectual activity of thinking rather than doing, because planning determines the action to be taken.
- However, planning requires logical and systematic thinking rather than guess work or wishful thinking.
- In other words, thinking for planning must be orderly and based on the analysis of facts and forecasts.

3. Explain the advantages and disadvantages of planning in detail.

Advantages of Planning

- All efforts are directed towards desired objectives or results. Unproductive work and waste of resources can be minimized.
- Planning enables a company to remain competitive with other rivals in the industry.
- Through careful planning, crisis can be anticipated and mistakes or delays avoided.
- Planning can point out the need for future change and the enterprise can manage the change effectively.

- Planning enables the systematic and thorough investigation of alternative methods or alternative solutions to a problem. Thus we can select the best alternative to solve any business problem.
- Planning maximizes the utilization of available resources and ensures optimum productivity and profits.
- Planning provides the ground work for laying down control standards.
- Planning enables management to relate the whole enterprise to its complex environment profitably

Disadvantages of Planning

- Environmental factors are uncontrollable and unpredictable to a large extent. Therefore planning cannot give perfect insurance against uncertainty.
- Planning is many times very costly.
- Tendency towards inflexibility to change is another limitation of planning.
- Planning delays action.
- Planning encourages a false sense of security against risk or uncertainty.

4.Analyse the importance of planning and also explain the steps involved in it.[Apr 2019]

Key Points

- To manage by objectives
- To offset uncertainty and change
- To secure economy in operation
- To help in co-ordination
- To make control effective
- To increase organizational effectiveness

Importance of planning

a) To manage by objectives

- All the activities of an organization are designed to achieve certain specified objectives.
- However, planning makes the objectives more concrete by focusing attention on them.

b) To offset uncertainty and change

- Future is always full of uncertainties and changes.
- Planning foresees the future and makes the necessary provisions for it.

c) To secure economy in operation

- Planning involves the selection of most profitable course of action that would lead to the best result at the minimum costs.

d) To help in co-ordination

- Co-ordination is, indeed, the essence of management, the planning is the base of it.
- Without planning it is not possible to co-ordinate the different activities of an organization.

e) To make control effective

- The controlling function of management relates to the comparison of the planned performance with the actual performance.
- In the absence of plans, a management will have no standards for controlling other's performance.

f) To increase organizational effectiveness

- Efficiency in the organization is not important; it should also lead to productivity and effectiveness.
- Planning enables the manager to measure the organizational effectiveness in the context of the stated objectives and take further actions in this direction

4. List and explain the steps in planning process with suitable neat sketch (8)

(Nov 2012, Nov 2013, May 2017) (A/M-22)

Key Points

- Setting Objectives
- Developing Premises
- Identifying alternative courses of action
- Evaluating alternative courses
- Selecting an alternative
- Implement the plan
- Follow-up action

Steps in planning process

- Planning, as we all know is deciding in advance what to do and how to do.
- It is a process of decision making.

- Since planning is an activity there are certain logical steps for every manager to follow as shown in fig.2.1

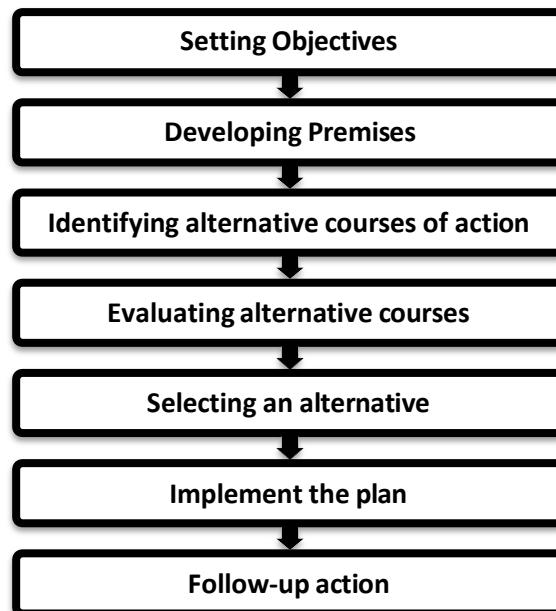


Fig:2.1,The steps in planning process

Setting Objectives

- Every organisation must have certain objectives.
- Objectives may be set for the entire organization and each department or unit within the organization.
- Objectives or goals specify what the organisation wants to achieve.
- It could mean an increase in sales by 20% which could be objective of the entire organization.
- Objectives should be stated clearly for all departments, units and employees.
- They give direction to all departments.
- Departments/units then need to set their own objectives within the broad framework of the organization's philosophy.
- Objectives have to percolate down to each unit and employees at all levels.
- At the same time, managers must contribute ideas and participate in the objective setting process.
- They must also understand how their actions contribute to achieving objectives.
- If the end result is clear it becomes easier to work towards the goal.

Developing Premises

- Planning is concerned with the future which is uncertain and every planner is using conjecture about what might happen in future.
- Therefore, the manager is required to make certain assumptions about the future.
- These assumptions are called premises.
- Assumptions are the base material upon which plans are to be drawn.
- The base material may be in the form of forecasts, existing plans or any past information about policies.
- The premises or assumptions must be the same for all and there should be total agreement on them.
- All managers involved in planning should be familiar with and using the same assumptions.
- **For example**
 - Forecasting is important in developing premises as it is a technique of gathering information.
 - Forecasts can be made about the demand for a particular product, policy change, interest rates, prices of capital goods, tax rates etc.
 - Accurate forecasts therefore become essential for successful plans.

Identifying alternative courses of action

- Once objectives are set, assumptions are made.
- Then the next step would be to act upon them.
- There may be many ways to act and achieve objectives.
- All the alternative courses of action should be identified.
- The course of action which may be taken could be either routine or innovative.
- An innovative course may be adopted by involving more people and sharing their ideas.
- If the project is important, then more alternatives should be generated and thoroughly discussed amongst the members of the organisation.

Evaluating alternative courses

- The next step is to weigh the pros and cons of each alternative.
 - Each course will have many variables which have to be weighed against each other.
 - The positive and negative aspects of each proposal need to be evaluated in the light of the objective to be achieved.
-

-
- In financial plans, for example, the risk-return trade-off is very common.
 - The more risky the investment, the higher the returns it is likely to give.
 - To evaluate such proposals detailed calculations of earnings, earnings per share, interest, taxes, dividends are made and decisions taken.
 - Accurate forecasts in conditions of certainty/uncertainty then become vital assumptions for these proposals.
 - Alternatives are evaluated in the light of their feasibility and consequences.

Selecting an alternative

- This is the real point of decision making.
- The best plan has to be adopted and implemented.
- The ideal plan, of course, would be the most feasible, profitable and with least negative consequences.
- Most plans may not always be subjected to a mathematical analysis.
- In such cases, subjectivity and the manager's experience, judgment and at times, intuition play an important part in selecting the most viable alternative.
- Sometimes, a combination of plans may be selected instead of one best course.
- The manager will have to apply permutations and combinations and select the best possible course of action.

Implement the plan

- This is the step where other managerial functions also come into the picture.
- The step is concerned with putting the plan into action i.e., doing what is required.

For example,

- If there is a plan to increase production then more labour, more machinery will be required. This step would also involve organising for labour and purchase of machinery.

Follow-up action

- To see whether plans are being implemented and activities are performed according to schedule is also part of the planning process.
- Monitoring the plans is equally important to ensure that objectives are achieved.

5. Explain the types of plan in detail (or) Explain in detail about the classification of planning practices. (Nov 2016,2021)

Key Points

- Based on Hierarchy
 - a) Strategic Plan
 - b) Administrative Plan
 - c) Operational Plan
- Based on Frequency-of-use
 - a) Standing plans, and
 - b) Single-use plans
 - c) Contingency Plans

Types of Plan

- Many different types of plans are adopted by managers to conduct operations, and monitor and control organizational activities as shown in fig.2.2.
- Three such most commonly used plans are—hierarchical plans, frequency-of-use plans and contingency plans.

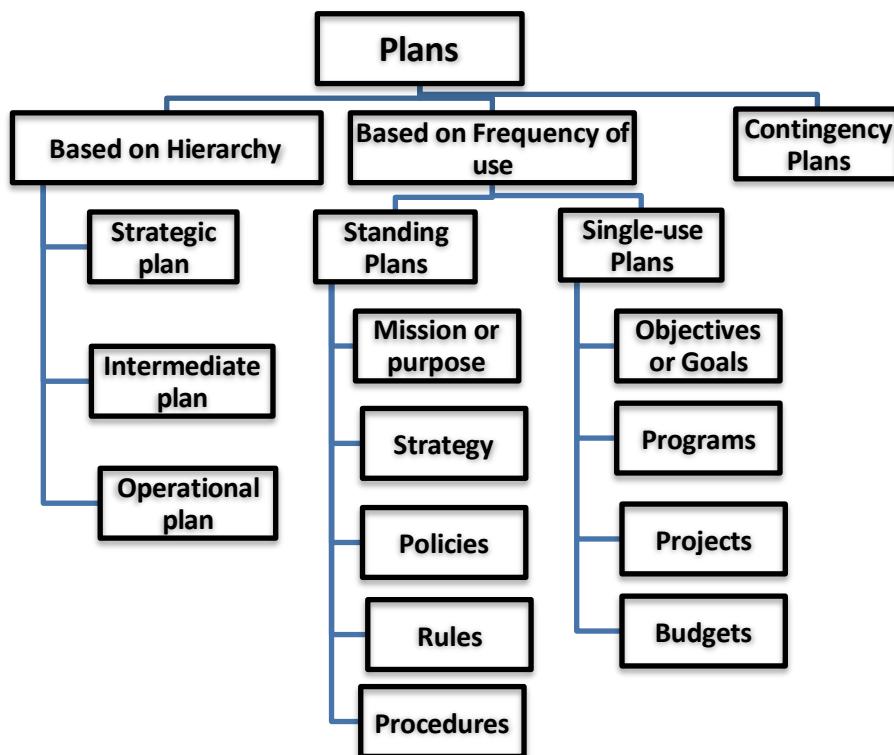


Fig: 2.2, types of plans are adopted by managers to conduct operations.

1. Based on Hierarchy

The plans in these three levels are-

- a) Strategic Plan
- b) Administrative Plan
- c) Operational Plan

a) Strategic plan

- Strategic plan generally involves planning at the top institutional level of an organization.
- Strategic plans define the organization's long-term vision and how the organization intends to make its vision a reality.
- In short, strategic planning is the determination of the basic long-term objectives of an enterprise and the adoption of courses of action and allocation of resources necessary to achieve these goals.
- Strategies do not attempt to outline exactly how the enterprise is to accomplish its objectives, since this is the task of countless major and minor supporting programs.
- But they furnish a framework for guiding, linking and action.

b) Administrative or Intermediate plan

- Administrative or intermediate planning is done at the level of middle management.
- It is done to allocate organizational resources and co-ordinate internal subdivisions of the organization.
- It is also a process of determining the contributions that sub-units can make with allocated resources.

c) Operational plan

- Finally, operational planning is the process of determining how specific tasks can best be accomplished on time with available resources.
- This is also done to cover the day-to-day operations of an organization.
- As such, many operational plans are designed to govern the workings of the organization's technical core.

2. Based on Frequency-of-use

- Plans can also be categorized according to frequency or repetitiveness of use.

They are broadly classified as;

- 1) Standing plans, and

-
- 2) Single-use plans
 - 3) Contingency Plans

1) Standing Plans

- Standing plans are drawn to cover issues that managers face repeatedly.

For example,

- Managers may be facing the problem of late- coming quite often.
- Managers may, therefore, design a standing plan to be implemented automatically each time an employee is late for work.
- Such a standing plan may be called standard operating procedure (SOP).
 - (a) Mission or purpose
 - (b) Strategies
 - (c) Policies
 - (d) Procedures
 - (e) Rules are some of the most common standing plans.

(a) Mission or purpose

- Mission or purpose, often used interchangeably, identifies the basic task of an organization for which it is created.

For example,

- The mission of a University is to impart higher education.
- The mission of garments factory is to produce and sell readymade garments and so on.

(b) Strategy

- Strategy is another type of broad-based standing plan which helps the determination of the basic long-term objectives of an enterprise and the adoption of courses of action and allocation of resources necessary to achieve these objectives.

(c) Policies

- Policies are, in most cases, standing plans.
- As a matter of fact policies provide guidelines for repetitive actions.
- They define an area or provide limits within which decisions are to be made and ensure that the decision will be consistent with, and contribute to, an objective.
- Policies are types of plans that allow decision-makers some discretion to carry out a plan.

(d) Rules

- Rules Like policies, rules, too, are standing plans that guide action.
- Rules spell out specifically what employees are supposed to do or not to do.

For example,

- The no-smoking campaign launched by some organizations is supported by some organizational rules.
- As opposed to policies, rules do not permit exercise of individual discretion.
- Instead, rules specify what actions will be taken (or not taken) and what behavior is permitted or not.
- Policies, on the other hand, tell people how to think about decisions to be made about actions.

(e) Procedures

- Procedures Like rules, procedures are standing plans that provide guidance for action rather than speculation.
- They are plans that establish a required method of handling future activities.
- Procedures establish customary ways for handling certain activities like hiring a clerk, promoting employees, obtaining a loan from a bank.
- The major characteristic of a procedure is that it represents a chronological sequencing of events.
- It specifies a series of steps that must be taken to accomplish a task.
- Specified series of steps that are required to be taken for admission into the MBA program of AUB is an example of procedure.

2) Single-use Plans

- Single-use plans are prepared for single or unique situations or problems and are normally discarded or replaced after one use.

Four types of single-use plans

- (a) Objectives/goals
- (b) Programs
- (c) Projects
- (d) Budgets

(a) Objectives or Goals

-
- Objectives or goals, often used interchangeably, are the ends toward which activity is aimed.
 - They represent not only the end point of planning but also the end toward which all other managerial functions are aimed.
 - In fact, objectives are set in relation to a particular time period and thus the same objective is not repeated year after year, month after month or day after day.

(b) Programs

- Programs are plans of action followed in proper sequence according to objectives, policies and procedures.
- Thus a program lays down the major steps to be taken to achieve an objective and sets an approximate time frame for its fulfilment.
- Programs are usually supported by budgets.
- A program may be a major or a minor one or long, medium or short term one.
- Since it is not used in the same form once its task is over it belongs to single-use plan category.

(c) Projects

- A project is a particular job that needs to be done in connection with a general program.
- So a single step in a program is set up as a project.
- A project has a distinct object and clear-cut termination.
- "Projects have the same characteristics as programs but are generally narrower in scope and less complex.

(d) Budgets

- A budget is a statement of expected results expressed in numerical terms.
- "It is sometimes called numerised program and most commonly expressed in terms of money i.e. Rupee, Euro, Dollar etc.
- They may also be expressed in terms of any measurable unit like hour, metric ton etc.
- It covers a particular period of time, and once the period is over, a new budget comes into being.
- It not only a planning tool but also works as a controlling tool.

3) Contingency Plans

- Contingency plans are made to deal with situations that might crop up if these assumptions turn out to be wrong.
- Thus contingency planning is the development of alternative courses of action to be taken if events disrupt a planned course of action.
- A contingency plan allows management to act immediately, if such unforeseen events as strikes, boycotts, natural disasters or major economic changes render existing plans inoperable or unsuitable.

6. Define objectives. Explain the concept of objectives in detail.Explain how objectives are set in an organization.(Or)

What are the objectives of planning? Illustrate how you will set objectives for a manufacturing organization.[Nov 2018] [N/D-22]

Key Points

- Definition
- Introduction
- Features of Objectives
- Advantages of Objectives
- Process of Setting Objectives
- Hierarchy of Objectives
 - Corporate level objectives
 - Business level objective
 - Function level objective
 - Individuals level objective
 - Smart Objectives

Definition

- Objectives may be defined as the goals which an organisation tries to achieve.
- Objectives are described as the end- points of planning.
- "An objective is a term commonly used to indicate the end point of a management programme."

Introduction

- Objectives constitute the purpose of the enterprise and without them any intelligent planning can take place.

- Objectives provide direction to various activities.
- Objectives make every human activity purposeful.
- Planning has no meaning if it is not related to certain objectives.

Features of Objectives

- The objectives must be predetermined.
- A clearly defined objective provides the clear direction for managerial effort.
- Objectives must be realistic.
- Objectives must be measurable.
- Objectives must have social sanction.
- All objectives are interconnected and mutually supportive.
- Objectives may be short-range, medium-range and long-range.
- Objectives may be constructed into a hierarchy.

Advantages of Objectives

- Clear definition of objectives encourages unified planning.
- Objectives provide motivation to people in the organization.
- When the work is goal-oriented, unproductive tasks can be avoided.
- Objectives provide standards which aid in the control of human efforts in an organization.
- Objectives serve to identify the organization and to link it to the groups upon which its existence depends.
- Objectives act as a sound basis for developing administrative controls.
- Objectives contribute to the management process: they influence the purpose of the organization, policies, personnel, leadership as well as managerial control.

Process of Setting Objectives

- Objectives are the keystone of management planning.
- It is the most important task of management.
- Objectives are required to be set in every area which directly and vitally effects the survival and prosperity of the business.

In the setting of objectives, the following points should be borne in mind.

- Objectives are required to be set by management in every area which directly and vitally affects the survival and prosperity of the business.
- The objectives to be set in various areas have to be identified.
- While setting the objectives, the past performance must be reviewed, since past performance indicates what the organization will be able to accomplish in future.
- The objectives should be set in realistic terms i.e., the objectives to be set should be reasonable and capable of attainment.
- Objectives must be consistent with one and other.
- Objectives must be set in clear-cut terms.
- For the successful accomplishment of the objectives, there should be effective communication.

Hierarchy of Objectives

1. Corporate level objectives

- They are strategic objective set by top management.
- They defined long-term desired outcomes.
- They consist of vision, mission and strategy.

Vision:

- It states the reason for the existence of the organization. It defends the scope and boundaries of the present business of organization. It is the purpose of the organization.

Strategy:

- It is a broad action plan for achieving objectives. It provides long-term direction and scope to an organization.

2. Business level objective

- They are set for each strategic business unit (SBU).
- They defined the business of the organization.
- They are desired outcomes for each SBU over long term in particular markets.
- They are set for key result areas, such as profit, market share, sales.
- They follow from corporate level organization.

SBU level objectives deal with the following aspects for each SBU:

- Long-term profanity

- Market share growth
- product category scope: product line and items
- Positioning among competitive
- New business opportunity, etc.

3. Function level objective

- They set specific targets for each function of SBU.
- The function can be operation, marketing, finance, human resources, research and development.

They follow from SBU objectives.

- Lowering cost of production
- Market coverage in the chosen segment
- Level of customer satisfaction
- Fund generation
- Programmes for human resources development
- New products to be launched
- Advertising and sales promotion targets, etc.

4. Individuals level objective

- They are related to daily or weekly performance of each employee.
- They follow from functional objectives.

They deal with:

- Level of output per employee
- Reject and waste
- Sales per salesperson
- Career planning and development, etc.

5. Smart Objectives

The establishment of all objectives should be created using the S.M.A.R.T. philosophy.

- a) Specific
- b) Measurable
- c) Achievable
- d) Relevant and
- e) Time-Oriented

a) Specific

Specific answers the questions

- "what is to be done?"
- "How will you know it is done?"
- And describes the results (end product) of the work to be done.
- The description is written in such a way that anyone reading the objective will most likely interpret it the same way.
- To ensure that an objective is specific is to make sure that the way it is described is observable.
- Observable means that somebody can see or hear (physically observe) someone doing something.

b) Measurable

- Measurable/Measurement answers the question
- "How will you know it meets expectations?"
- And defines the objective using assessable terms (quantity, quality, frequency, costs, deadlines, etc.)
- It refers to the extent to which something can be evaluated against some standard.
- An objective with a quantity measurements uses terms of amount, percentages, etc.
- A frequency measurement could be daily, weekly, 1 in 3.
- An objective with a quality measurement would describe a requirement in terms of accuracy, format, within university guidelines.

c) Achievable

- Achievable answers the questions
- "can the person do it?"
- "Can the measurable objective be achieved by the person?"
- "Does he/she have the experience, knowledge or capability of fulfilling the expectation?"
- "Can it be done giving the time frame, opportunity and resources?"
- These items should be included in the SMART objective if they will be a factor in the achievement.

d) Relevant

- Relevant answers the questions,
- "should it be done?",
- "why?" and "what will be the impact?"
- Is the objective aligned with the S/C/D's implementation plan and the university's strategic plan?

e) Time-oriented

- Time-oriented answers the question,
- "when will it be done?"
- It refers to the fact that an objective has end points and check points built into it.
- Sometimes a task may only have an end point or due date.
- Sometimes that end point or due date is the actual end of the task, or sometimes the end point of one task is the start point of another.
- Sometimes a task has several milestones or check points to help you or others assess how well something is going before it is finished so that corrections or modifications can be made as needed to make sure the end result meets expectations.
- Other times, an employee's style is such that the due dates or milestones are there to create a sense of urgency that helps them to get something finished.

7. Explain the process of Managing by Objective (MBO), its benefits and limitations.**Define MBO. Explain the process of MBO.****[Apr 2018](Nov/Dec 2011)****Key Points**

- Definition
- Process of Managing By Objectives
 1. Define organizational goals
 2. Define employees objectives
 3. Continuous monitoring performance and progress
 4. Performance evaluation
 5. Providing feedback
 6. Performance appraisal

Definition

- “MBO is a comprehensive managerial system that integrates many key managerial activities in a systematic manner and that is consciously directed towards the effective and efficient achievement of organization and individual objectives”.

Process of Managing By Objectives

- The process starts at the top of an organization and has the active support of the chief executive, who gives direction to the organization.

The six steps of MBO process are shown below graphically

1. Define organizational goals
2. Define employees objectives
3. Continuous monitoring performance and progress
4. Performance evaluation
5. Providing feedback
6. Performance appraisal

1. Define Organizational Goals

- Goals are critical issues to organizational effectiveness, and they serve a number of purposes.
- Organizations can also have several different kinds of goals, all of which must be appropriately managed.
- And a number of different kinds of managers must be involved in setting goals.
- The goals set by the superiors are preliminary, based on an analysis and judgment as to what can and what should be accomplished by the organization within a certain period.

2. Define Employees Objectives

- After making sure that employees' managers have informed of pertinent general objectives, strategies and planning premises, the manager can then proceed to work with employees in setting their objectives.
- The manager asks what goals the employees believe they can accomplish in what time period, and with what resources.
- They will then discuss some preliminary thoughts about what goals seem feasible for the company or department.

3. Continuous Monitoring Performance and Progress

- MBO process is not only essential for making line managers in business organizations more effective but also equally important for monitoring the performance and progress of employees.

For monitoring performance and progress the followings are required

- Identifying ineffective programs by comparing performance with pre-established objectives,
- Using zero based budgeting,
- Applying MBO concepts for measuring individual and plans,
- Preparing long and short range objectives and plans,
- Installing effective controls, and
- Designing sound organizational structure with clear, responsibilities and decision making authority at appropriate level.

4. Performance Evaluation

- Under this MBO process performance review are made by the participation of the concerned managers.

5. Providing Feedback

- The filial ingredients in an MBO program is continuous feedback on performance and goals that allows individuals to monitor and correct their own actions.
- This continuous feedback is supplemented by periodic formal appraisal meetings which superiors and subordinates can review progress toward goals, which lead to further feedback.

6. Performance Appraisal

- Performance appraisals are a regular review of employee performance within organizations.
- It is done at the last stage of MBO process.

Features of MBO

- MBO focuses attention on what must be accomplished and not how to accomplish the objectives. It is a goal oriented rather than work-oriented approach.

- It is an attempt made by the management to integrate the goals of an organization and individuals. It will lead to effective management.
- MBO tries to combine the long range goals of organization with short range of organization.
- MBO involves the participation of subordinate managers in the goal setting process.
- A high degree of motivation and satisfaction is available to employees through MBO.
- MBO increases the organizational capacity of achieving goals at all levels.
- MBO's emphasis is not only on goals but also on effective performance.
- MBO provides better guidelines for appropriate by which the contribution of each individual can be measured.

Advantages

- Improvement of managing
- Clarification of organization
- Encouragement of personal commitment
- Development of effective controls

Disadvantages

- Failure to teach the philosophy of MBO
- Failure to give guidelines to goal setters
- Difficulty of setting goals
- Emphasis on short-run goals
- Danger of inflexibility

8. Explain the steps involved in policy formulation in detail.

Key Points

- Process of policy formulation
- Essentials of Policy Formulation
- Importance of Policies

Steps involved in Process of policy formulation



Fig.2.3,Process of policy formulation

- To capture the values or principles that will guide the rest of the process and form the basis on which to produce a statement of issues as shown in fig.2.3
- The statement of issues involves identifying the opportunities and constraints affecting the local housing market, and is to be produced by thoroughly analyzing the housing market.
- The kit provides the user with access to a housing data base to facilitate this analysis.
- The statement of issues will provide the basis for the formulation of a set of housing goals and objectives, designed to address the problems identified and to exploit the opportunities which present themselves.
- The next step is to identify and analyze the various policy options which can be applied to achieve the set of goals and objectives.
- The options available to each local government will depend on local circumstances as much as the broader context and each local authority will have to develop its own unique approach to addressing the housing needs of its residents.
- An implementation program for realizing the policy recommendations must then be prepared, addressing budgetary and programming requirements, and allocating roles and responsibilities.
- Finally, the implementation of the housing strategy needs to be systematically monitored and evaluated against the stated goals and objectives, and the various components of the strategy modified or strengthened, as required.

- At each step of the way, each component of the strategy needs to be discussed and debated, and a public consultation process engaged in.
- The extent of consultation and the participants involved will vary with each step.

Essentials of Policy Formulation

- A policy should be definite, positive and clear. It should be understood by everyone in the organization.
- A policy should be translatable into the practices.
- A policy should be flexible and at the same time have a high degree of permanency.
- A policy should be formulated to cover all reasonable anticipatable conditions.
- A policy should be founded upon facts and sound judgment.
- A policy should conform to economic principles, statutes and regulations.
- A policy should be a general statement of the established rule.

Importance of Policies

Policies are useful for the following reasons:

- They provide guides to thinking and action and provide support to the subordinates.
- They delimit the area within which a decision is to be made.
- They save time and effort by pre-deciding problems and
- They permit delegation of authority to managers at the lower levels.

9. Explain the strategic management in detail.

Key Points

- Important of Strategic Management
- Six-step process of Strategic Management
- Identifying the Organization's Current Mission, Objectives, and Strategies
- Formulating Strategies
- Implementing Strategies

Strategic management in detail:-

Important of Strategic Management

- It results in higher organizational performance.
- It requires that managers examine and adapt to business environment changes.
- It coordinates diverse organizational units, helping them focus on organizational goals.

- It is very much involved in the managerial decision-making process.

The strategic management process is a six-step process

Step 1 - Establish the vision, mission and goals of the organization

- This step involves the clarification of what the company is and who they do business for.
- At the very basic level, it defines what product, service or good is going to be offered.
- The vision of the company refers to the future of its existence and serves the purpose to inspire and motivate members to work hard to achieve this vision.
- Establishing these 3 things helps the company to zone in on the ultimate goal so they know where to focus their energies.

Step 2- Analyze opportunities & threats

- This step is to analyze outside resources and competition.
- Through market research and studying the industry and any regulation requirements, the organization will be better able to anticipate the needs of its clientele.
- Studying competitors can help companies realize potential things that they should avoid doing or certain strategies that they can adopt that has worked for the other company.

Step 3 - Analyze the internal strengths and potential weaknesses of the organization

- This step is meant for companies to see where they can improve within the confines of the business itself.
- Pinpointing any 'weak links' or potential problems can save the company a lot of time and money if they can fix the issue before it becomes a bigger one.
- This includes an audit of every department and can be accomplished by performance reviews of employees and an audit of all assets and resources the company has.

Step 4 - Analyzing strengths, weakness, opportunities and threats (SWOT) and begin forming the strategy

- This step consists of analyzing the information that was discovered in steps 2 & 3 in a side-by-side comparison.
- The strengths and weaknesses of the internal resources plus knowing the existing opportunities and threats that exist outside of the company help to identify the main issues an organization needs to deal with when forming their strategy.

Step 5 - Implementing the strategy

- In order to get a strategic plan to work effectively, it must be implemented and executed properly.
- Some of the ways that strategies tend to fail are because of miscommunication among different levels of the organization and losing clarity of the tasks at hand.
- Strategic tasks should be defined and the abilities of the organization should be determined.
- There should be a timetable/agenda created that outlines the implementation as well as a plan.
- There are many different types of strategies but some of the main ones to note are: corporate strategy, business strategy, low-cost strategy, differentiation strategy and functional strategies.

Step 6 - Strategic Follow up

- After the strategy has been implemented, there needs to be a way to make sure that it is working.
- A control system should be put in place so that managers can evaluate the process.
- They need to be able to identify what's working and what isn't.
- The faster problems can be identified, the faster they can be resolved and improved.

Identifying the Organization's Current Mission, Objectives, and Strategies

- Every organization needs a mission, which is a statement of the purpose of an organization.
- The mission statement addresses the question:
- What is the organization's reason for being in business?
- The organization must identify its current objectives and strategies, as well.

External Analysis

- Managers in every organization need to conduct an external analysis.
- Influential factors such as competition, pending legislation, and labor supply are included in the external environment.
- After analyzing the external environment, managers must assess what they have learned in terms of opportunities and threats.
- Opportunities are positive trends in external environmental factors; threats are negative trends in environmental factors.

- Because of different resources and capabilities, the same external environment can present opportunities to one organization and pose threats to another

Internal Analysis

- Internal analysis should lead to a clear assessment of the organization's resources and capabilities.
- Any activities the organization does well or any unique resources that it has are called strengths.
- Weaknesses are activities the organization does not do well or resources it needs but does not possess.
- The organization's major value-creating skills and capabilities that determine its competitive weapons are the organization's core competencies.
- Organizational culture is important in internal analysis; the company's culture can promote or hinder its strategic actions.
- SWOT analysis is an analysis of the organization's strengths, weaknesses, opportunities, and threats.

Formulating Strategies

- After the SWOT, managers develop and evaluate strategic alternatives and select strategies that are appropriate.
- Strategies need to be established for corporate, business, and functional levels.

Implementing Strategies

- Evaluating Results to know how effective the strategies have been and if any adjustments are necessary.
- Types of Organizational Strategies Strategic planning takes place on three different and distinct levels:
 1. Corporate
 2. Business
 3. Functional

1. Corporate strategy

- It is an organizational strategy that determines what businesses a company is in, should be in, or wants to be in, and what it wants to do with those businesses.

There are three main types of corporate strategies:

A growth strategy

- It is a corporate strategy that is used when an organization wants to grow and does so by expanding the number of products offered or markets served, either through its current business) or through new businesses.

A stability strategy

- It is a corporate strategy characterized by an absence of significant change in what the organization is currently doing.

A renewal strategy

- It is a corporate strategy designed to address organizational weaknesses that are leading to performance declines.
- Two such strategies are
 - Retrenchment strategy
 - Turnaround strategy

Corporate Portfolio Analysis

- It is used when an organization's corporate strategy involves a number of businesses.
- Managers can manage this portfolio of businesses using a corporate portfolio matrix, such as the BCG matrix.
- The BCG matrix is a strategy tool that guides resource allocation decisions on the basis of market share and growth rate of Strategic Business Units (SBUs).

2. Business Strategy or (Competitive Strategy)

- It is an organizational strategy focused on how the organization will compete in each of its businesses.

Advantage

- A competitive advantage is what sets an organization apart, that is, its distinctive edge.
- An organization's competitive advantage can come from its core competencies.
- If implemented properly, quality can be one way for an organization to create a sustainable competitive advantage.
- An organization must be able to sustain its competitive advantage
- It must keep its edge despite competitors' action and regardless of major changes in the organization's industry.

Michael Porter's

- Work explains how managers can create and sustain a competitive advantage that will give a company above-average profitability.
- Industry analysis is an important step in Porter's framework.
- He says there are five competitive forces at work in an industry; together, these five forces determine industry attractiveness and profitability.

Porter proposes that the following five factors can be used to assess an industry's attractiveness:

Threat of new entrants

- How likely it is that new competitors will come into the industry?
- Managers should assess barriers to entry, which are factors that determine how easy or difficult it would be for new competitors to enter the industry.

Threat of substitutes

- How likely is it that products of other industries could be substituted for a company's products?

Bargaining power of buyers

- How much bargaining power do buyers (customers) have?

Bargaining power of suppliers

- How much bargaining power do a company's suppliers have?

Current rivalry

- How intense is the competition among firms that are currently in the industry?

Three types of generic strategies

They are:

1. A cost leadership strategy

- It is a business or competitive strategy in which the organization competes on the basis of having the lowest costs in its industry.

2. A differentiation strategy

- It is a business or competitive strategy in which a company offers unique products that are widely valued by customers.

3. A focus strategy

- It is a business or competitive strategy in which a company pursues a cost or differentiation advantage in a narrow industry segment.
- An organization that has been not been able to develop either a low cost or a differentiation competitive advantage is said to be “stuck in the middle.”

3. Functional Strategy

- These are strategies used by an organization's various functional departments to support the business or competitive strategy

New Directions in Organizational Strategies

E-Business Strategies

- Using the Internet, companies have created knowledge bases that employees can tap into anytime, anywhere.
- E-business as a strategy can be used to develop a sustainable competitive advantage;
- It can also be used to establish a basis for differentiation or focus.

Customer Service Strategies

- These strategies give customers what they want, communicate effectively with them, and provide employees with customer service training.

Innovation Strategies

- These strategies focus on breakthrough products and can include the application of existing technology to new uses.

10. Elucidate the types of decisions and explain the process of decision making.[Apr 2019],With suitable example illustrate the steps involved in the process of decision making. [Nov 2018] (N/D-20,21,22)

Key Points

- Definition
- Characteristics of Decision Making
- Types of Decisions
- Decision Making Process
- Characteristics of Effective Decisions

Decision Making

Definition

- "Decision-making is the selection based on some criteria from two or more possible alternatives".

Characteristics of Decision Making

1. The decision-maker has freedom to choose an alternative.
2. Decision-making may not be completely rational but may be judgemental and emotional.
3. Decision-making is goal-oriented.
4. Decision-making is a mental or intellectual process because the final decision is made by the decision-maker.
5. A decision may be expressed in words or may be implied from behaviour.
6. Choosing from among the alternative courses of operation implies uncertainty about the final result of each possible course of operation.
7. Decision making is rational. It is taken only after a thorough analysis and reasoning and weighing the consequences of the various alternatives.

Types of Decisions

1) Programmed and Non-Programmed Decisions

- Herbert Simon has grouped organizational decisions into two categories based on the procedure followed.

They are:

a) Programmed decisions:

- Programmed decisions are routine and repetitive and are made within the framework of organizational policies and rules.
- These policies and rules are established well in advance to solve recurring problems in the organization.
- Programmed decisions have short-run impact.
- They are, generally, taken at the lower level of management.

b) Non-Programmed Decisions:

- Non-programmed decisions are decisions taken to meet non-repetitive problems.
- Non-programmed decisions are relevant for solving unique/ unusual problems in which various alternatives cannot be decided in advance.
- A common feature of non-programmed decisions is that they are novel and non-recurring and therefore, readymade solutions are not available.

- Since these decisions are of high importance and have long-term consequences, they are made by top level management.

2) Strategic and Tactical Decisions

- Organizational decisions may also be classified as strategic or tactical.

a) Strategic Decisions

- Basic decisions or strategic decisions are decisions which are of crucial importance.
- Strategic decisions a major choice of actions concerning allocation of resources and contribution to the achievement of organizational objectives.
- Decisions like plant location, product diversification, entering into new markets, selection of channels of distribution, capital expenditure etc are examples of basic or strategic decisions.

b) Tactical Decisions

- Routine decisions or tactical decisions are decisions which are routine and repetitive. They are derived out of strategic decisions.

The various features of a tactical decision are as follows:

- Tactical decision relates to day-to-day operation of the organization and has to be taken very frequently.
- Tactical decision is mostly a programmed one. Therefore, the decision can be made within the context of these variables.
- The outcome of tactical decision is of short-term nature and affects a narrow part of the organization.
- The authority for making tactical decisions can be delegated to lower level managers because:
- First, the impact of tactical decision is narrow and of short-term nature.
- Second, by delegating authority for such decisions to lower-level managers, higher level managers are free to devote more time on strategic decisions.

Decision Making Process

The decision making process is presented in the as shown in figure.2.4, below:

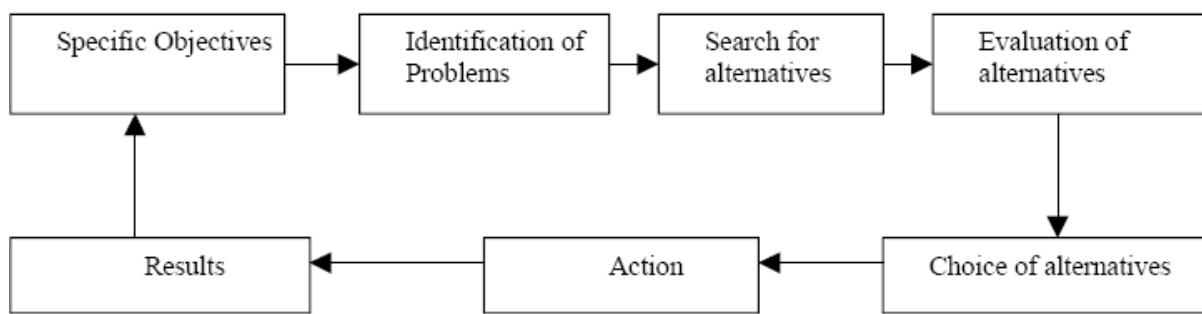


Fig: no.2.4, Decision Making Process

1. Specific Objective

- The need for decision making arises in order to achieve certain specific objectives.
- The starting point in any analysis of decision making involves the determination of whether a decision needs to be made.

2. Problem Identification

- A problem is a felt need, a question which needs a solution.
- In the words of Joseph L Massie "A good decision is dependent upon the recognition of the right problem".
- The objective of problem identification is that if the problem is precisely and specifically identified, it will provide a clue in finding a possible solution.
- A problem can be identified clearly, if managers go through diagnosis and analysis of the problem.

Diagnosis

- Diagnosis is the process of identifying a problem from its signs and symptoms.
- A symptom is a condition or set of conditions that indicates the existence of a problem.
- Diagnosing the real problem implies knowing the gap between what is and what ought to be, identifying the reasons for the gap and understanding the problem in relation to higher objectives of the organization.

Analysis

Diagnosis gives rise to analysis. Analysis of a problem requires:

- Who would make decision?
- What information would be needed?
- From where the information is available?

Analysis helps managers to gain an insight into the problem.

3. Search for Alternatives

- A problem can be solved in several ways; however, all the ways cannot be equally satisfying.
- Therefore, the decision maker must try to find out the various alternatives available in order to get the most satisfactory result of a decision.

A decision maker can use several sources for identifying alternatives:

- His own past experiences
- Practices followed by others and
- Using creative techniques.

4. Evaluation of Alternatives

- After the various alternatives are identified, the next step is to evaluate them and select the one that will meet the choice criteria.
- The decision maker must check proposed alternatives against limits, and if an alternative does not meet them, he can discard it.
- Having narrowed down the alternatives which require serious consideration, the decision maker will go for evaluating how each alternative may contribute towards the objective supposed to be achieved by implementing the decision.

5. Choice of Alternative

- The evaluation of various alternatives presents a clear picture as to how each one of them contribute to the objectives under question.
- A comparison is made among the likely outcomes of various alternatives and the best one is chosen.

6. Action

- Once the alternative is selected, it is put into action.
- The actual process of decision making ends with the choice of an alternative through which the objectives can be achieved.

7. Results

- When the decision is put into action, it brings certain results.
- These results must correspond with objectives, the starting point of decision process, if good decision has been made and implemented properly.
- Thus, results provide indication whether decision making and its implementation is proper.

Characteristics of Effective Decisions

- An effective decision is one which should contain three aspects.

1. Action Orientation

- Decisions are action-oriented and are directed towards relevant and controllable aspects of the environment.
- Decisions should ultimately find their utility in implementation.

2. Goal Direction

- Decision making should be goal-directed to enable the organization to meet its objectives.

3. Effective in Implementation

- Decision making should take into account all the possible factors not only in terms of external context but also in internal context so that a decision can be implemented properly.

11. Explain the steps involved in rational decision making in detail. (Nov 2017)

Rational Decision Making Model

- The Rational Decision Making Model is a model which emerges from Organizational Behavior as shown in fig.2.5,
- The process is one that is logical and follows the orderly path from problem identification through solution.
- It provides a structured and sequenced approach to decision making.
- Using such an approach can help to ensure discipline and consistency is built into your decision making process.

The Six-Step Rational Decision-Making Model

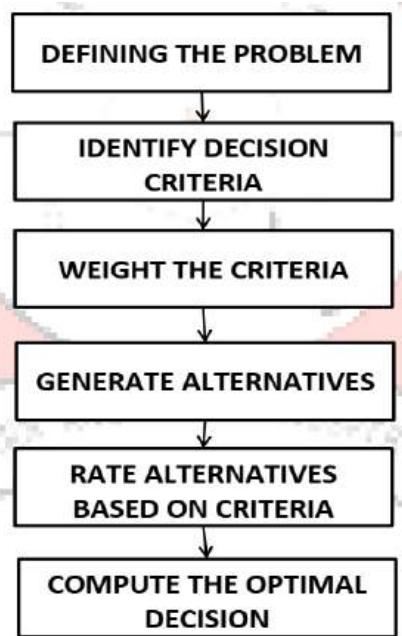


Fig: 2.5, Six-Step Rational Decision

1) Defining the problem

- This is the initial step of the rational decision making process.
- First the problem is identified and then defined to get a clear view of the situation.

2) Identify decision criteria

- Once a decision maker has defined the problem, he or she needs to identify the decision criteria that will be important in solving the problem.
- In this step, the decision maker is determining what's relevant in making the decision.
- This step brings the decision maker's interests, values, and personal preferences into the process.
- Identifying criteria is important because what one person thinks is relevant, another may not.
- Also keep in mind that any factors not identified in this step are considered as irrelevant to the decision maker.

3) Weight the criteria

- The decision-maker weights the previously identified criteria in order to give them correct priority in the decision.

4) Generate alternatives

- The decision maker generates possible alternatives that could succeed in resolving the problem.
- No attempt is made in this step to appraise these alternatives, only to list them.

5) Rate each alternative on each criterion

- The decision maker must critically analyze and evaluate each one.
- The strengths and weakness of each alternative become evident as they compared with the criteria and weights established in second and third steps.

6) Compute the optimal decision

- Evaluating each alternative against the weighted criteria and selecting the alternative with the highest total score.

12. Explain the decision making under various conditions in detail.

Key Points

- Decision Making Under Various Conditions
 - a) Certainty
 - b) Uncertainty
 - c) Risk

Decision Making Under Various Conditions

The conditions for making decisions can be divided into three types.

- a) Certainty
- b) Uncertainty
- c) Risk

a) Certainty

- In a situation involving certainty, people are reasonably sure about what will happen when they make a decision.
- The information is available and is considered to be reliable, and the cause and effect relationships are known.

b) Uncertainty

- In a situation of uncertainty, on the other hand, people have only a manager database, they do not know whether or not the data are reliable, and they are very unsure about whether or not the situation may change.
- Moreover, they cannot evaluate the interactions of the different variables.

For example

- A corporation that decides to expand its Operation to an unfamiliar country may know little about the country, culture, laws, economic environment, and politics.
- The political situation may be volatile that even experts cannot predict a possible change in government.

c) **Risk**

- In a situation with risks, factual information may exist, but it may be incomplete.
- To improve decision making one may estimate the objective probability of an outcome by using.

For example

- Mathematical models On the other hand, subjective probability, based on judgment and experience may be used.
- All intelligent decision makers dealing with uncertainty like to know the degree and nature of the risk they are taking in choosing a course of action.
- One of the deficiencies in using the traditional approaches of operations research for problem solving is that many of the data used in model are merely estimates and others are based on probabilities.
- The ordinary practice is to have staff specialists come up with best estimates.
- Virtually every decision is based on the interaction of a number of important variables, many of which have an element of uncertainty but, perhaps, a fairly high degree of probability.

Thus, the wisdom of launching a new product might depend on a number of critical variables:

- The cost of introducing the product
- The cost of producing it
- The capital investment that will be required
- The price that can be set for the product
- The size of the potential market
- The share of the total market that it will represent

13. Describe the various techniques of decision making. What kind of decisions are managers required to take in organizational context? Explain with examples.

Key Points

- Decision matrix
- T-Chart
- Decision tree
- Motivating
- Pareto analysis
- Cost-benefit
- Conjoint analysis

1. Decision matrix

- A decision matrix is used to evaluate all the options of a decision.
- When using the matrix, create a table with all of the options in the first column and all of the factors that affect the decision in the first row.
- Users then score each option and weigh which factors are of more importance.
- A final score is then tallied to reveal which option is the best.

2. T-Chart

- This chart is used when weighing the pluses and minuses of the options.
- It ensures that all the positives and negatives are taken into consideration when making a decision.

3. Decision tree

- This is a graph or model that involves contemplating each option and the outcomes of each.
- Statistical analysis is also conducted with this technique.

4. Motivating

- This is used when multiple people are involved in making a decision.
- It helps whittle down a large list options to a smaller one to the eventual final decision.

5. Pareto analysis

- This is a technique used when a large number of decisions need to be made.

- This helps in prioritizing which ones should be made first by determining which decisions will have the greatest overall impact.

6. Cost-benefit

- This technique is used when weighing the financial ramifications of each possible alternative as a way to come to a final decision that makes the most sense from an economic perspective.

7. Conjoint analysis

- This is a method used by business leaders to determine consumer preferences when making decisions.

ANNA UNIVERSITY QUESTIONS

PART A

1. Define planning. [Apr 2019]
2. What is the meaning of strategic management? [Apr 2019]
3. State a various steps in planning. [Nov 2018]
4. What you understand by decision making? [Nov 2018]
5. What is intuitive decision making? [Apr 2018]
6. Define planning premises. [Apr 2018][Nov-2021]
7. What do you understand by Strategic Management? (Nov 2017)
8. Distinguish between Policy and Rules. (Nov 2017)
9. What are the nature and purpose of planning? (May 2017)
10. List the planning tools available in business management. (May 2017)
11. List the steps involved in decision making? (May 2016, Nov 2016, May 2017)
12. Define MBO? (Nov 2016)
13. Give the current trends in Management. (Nov 2016)
14. What is the main objective of planning? (June'14, May 2016)
15. Distinguish between strategies and policies. (Nov-2021)
16. What is policy?(OR) Define Policies. (June'14)

What is meant by policies? (Nov 2016)
17. Explain the importance of decision making in management. (Jan 2015)

PART B

1. Analyse the importance of planning and also explain the steps involved in it.[Apr 2019]
 2. Elucidate the types of decisions and explain the process of decision making.[Apr 2019]
 3. What are the objectives of planning? Illustrate how you will set objectives for a manufacturing organization. [Nov 2018]
 4. With suitable example illustrate the steps involved in the process of decision making. [Nov 2018]
 5. Classify the types of goals organizations might have and the plans they use for accomplishment. [Apr 2018]
 6. Define MBO. Explain the process of MBO. [Apr 2018]
 7. Explain in detail the various types of planning. (Nov 2017,2021)
 8. Is decision making a rational process? Discuss. (8) (Nov 2017)
 9. Define MBO and explain the various steps involved in it. (8) (Nov 2017)
 10. Explain the general planning process adopted by the business organizations.(16)
 11. Discuss the eight steps of decision making process. (16) (May 2017)
 12. With suitable example, illustrate steps involved in decision making? (May 2021)
Explain briefly about the decision making steps and process? (Nov 2016)
 - Discuss the steps involved in the decision making process. (May 2015)
 13. What are the objectives of planning?
 - Illustrate how will set an objectives for an manufacturing organisation?(May 2016)
 14. Explain in detail about the classification of planning practices? (Nov 2016)
 15. Describe the various techniques of decision making. What kind of decisions are managers required to take in organizational context? Explain with examples.(Jan 2015)
 16. What is meant by Management by Objectives? Explain its significance. (8) (May 2015)
 17. Explain the different types of strategies in detail. (8) (May 2015)
Explain about the various steps involved in planning. (July 2014)
 18. Explain Management by Objectives (MBO) in detail. Explain the benefits and limitations of MBO?(16) (July 2014)
-

UNIT-III

ORGANISING

Nature and purpose – Formal and informal organization – organization chart – organization structure – types – Line and staff authority – departmentalization – delegation of authority – centralization and decentralization – Job Design - Human Resource Management – HR Planning, Recruitment, selection, Training and Development, Performance Management , Career planning and management.

PART A

1. What is the meaning of formal organization? [Apr 2019]

- A system of consciously coordinated activities or forces of two or more persons.
- It refers to the structure of well-defined jobs, each bearing a definite measure of authority, responsibility and accountability."

2. Experiment the term design. [Apr 2019]

- Process Design is the act of transforming an organization's vision, goals, and available resources into a discernible, measureable means of achieving the organization's vision.
- Process design focuses on defining what the organization will do to achieve its financial and other goals.

3. Define centralization. [Nov 2018]

- It is the process of transferring and assigning decision-making authority to higher levels of an organizational hierarchy.
- The span of control of top managers is relatively broad, and there are relatively many tiers in the organization.

4. What is human resources planning? [Nov 2018]

The human resource planning is a four-step process that analyzes current human resources, forecasts future requirements, identifies areas where there are gaps, and then implements a plan to tighten up those gaps.

5. What is Job Design? [Apr 2018]

Job design involves determining the specific task and responsibilities to be performed and carried out by the employees.

It is a complex process. It enables to identify employees' skill and competence with the job requirements. It ensures organisational efficiency and effectiveness.

6. Distinguish between authority and power.**[Apr 2018]**

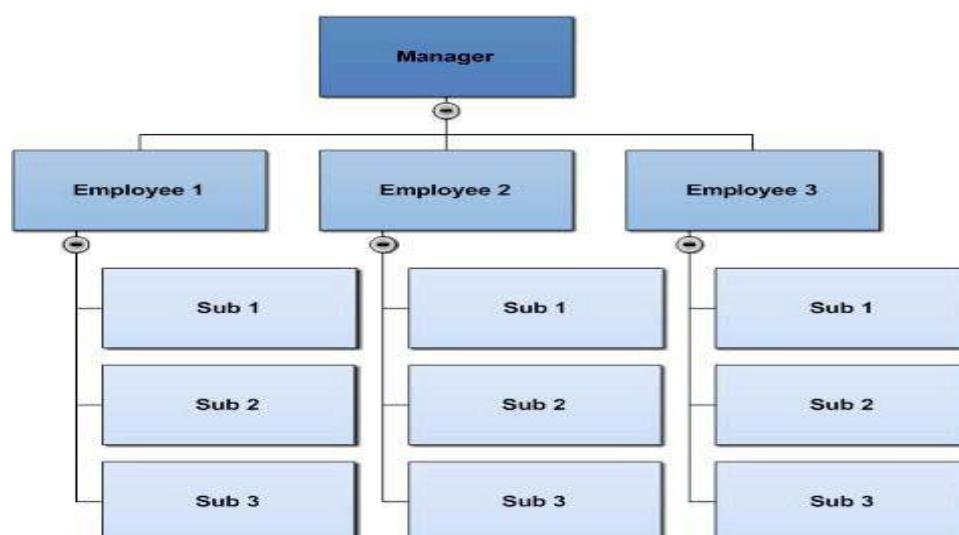
| SI.No | AUTHORITY | POWER |
|--------------|---|---|
| 1. | Control delegates to an individual or group. | Control that allows influence on others. |
| 2. | Is a right or privilege granted to you-resides in the post or position. | Comes from who are – resides in the person/people who use it. |
| 3. | Technical and static | Flexible and dynamic |
| 4. | Illustrated in organizational charts – flows downwards | Cannot be accurate – flows in many directions |
| 5. | positional | Diffuse |

7. Define Career Management.**(Nov 2017) (N/D-22)**

- Career development is an organized approach used to match employee goals with the business needs of the agency in support of workforce development initiatives.
- Career Management is the combination of structured planning and the active management choice of one's own professional career.
- The outcome of successful career management should include personal fulfilment, work/life balance, goal achievement and financial assurance.

8. What do you understand by organization chart?**(Nov 2017)****When is matrix structure appropriate to organizations?****[Nov-2021]**

- Organization charts is a diagrammatical presentation of relationships in an enterprise as shown in fig.3.1.

**Fig: 3.1, Organization chart**

9. Explain the steps involved in performance management in detail. (May 2017)

- Performance management is an ongoing process of communication between a supervisor and an employee that occurs throughout the year, in support of accomplishing the strategic objectives of the organization.

10. What do you mean by delegation of authority? (May 2017)

- Delegation of Authority means division of authority and powers downwards to the subordinate.
- Delegation is about entrusting someone else to do parts of your job.
- Delegation of authority can be defined as subdivision and sub-allocation of powers to the subordinates in order to achieve effective results.

11. Define Organization. (May 2016)

- "Organization involves the grouping of activities necessary to accomplish goals and plans, the assignment of these activities to appropriate departments and the provision of authority, delegation and co-ordination."

12. What is Departmentalization? (Nov 2016)

- Departmentalization is the process of grouping of work activities into departments, divisions, and other homogenous units.
- Departmentalization takes place in various patterns like Departmentalization by functions, products, customers, geographic location, process, and its combinations.

13. What is meant by performance appraisal? (Nov 2016)

- Performance appraisal evaluates the performance of worker regarding his potential for development.

14. What is De-centralization? (May 2016)

- De-centralization refers to decision making at lower levels in the hierarchy of authority.
- In contrast, decision making in a centralized type of organizational structure is at higher levels.
- The degree of centralization and de-centralization depends on the number of levels of hierarchy, degree of coordination, specialization and span of control.

15. What are the Characteristics of Organizing?

(N/D-2020)

- Division of Work
- Coordination
- Plurality of Persons
- Common Objectives
- Well-defined Authority and Responsibility
- Organization is a Structure of Relationship
- Organization is a Machine of Management
- Organization is a Universal Process

16. What is the importance of organizing?

The importance of Organizing is

- Increase In Managerial Efficiency
- Proper Utilization of Resources

17. What are the steps involved in organizing process?



Fig: 3.2, Organization Process

18. What do you mean by organization structure?

- An organization structure is a framework that allots a particular space for a particular department or an individual and shows its relationship to the other.
- An organization structure shows the authority and responsibility relationships between the various positions in the organization by showing who reports to whom.
- It is an established pattern of relationship among the components of the organization.

19. Define organization structure.

- "Organization structure consists simply of those aspects of pattern of behaviour in the organization that is relatively stable and change only slowly."

20. What is the significance of Organization Structure?

- Properly designed organization can help improve teamwork and productivity by providing a framework within which the people can work together most effectively.
- Organization structure determines the location of decision-making in the organization.
- Sound organization structure stimulates creative thinking and initiative among organizational members by providing well defined patterns of authority.
- A sound organization structure facilitates growth of enterprise by increasing its capacity to handle increased level of authority.

21. What are the Principles of organization structure? (N/D-2020)

- Line and Staff Relationships
- Departmentalization
- Span of Control
- De-centralization and Centralization

22. What is Line and Staff Relationships?

- Line employees are responsible for achieving the basic or strategic objectives of the organization, while staff plays a supporting role to line employees and provides services.
- The relationship between line and staff is crucial in organizational structure, design and efficiency. It is also an important aid to information processing and coordination.

23. What is Span of Control?

- It refers to the number of specialized activities or individuals supervised by one person.
- Deciding the span of control is important for coordinating different types of activities effectively.

24. What are the Characteristic Features of formal organization?

- Formal organization structure is laid down by the top management to achieve organizational goals.
- Formal organization prescribes the relationships amongst the people working in the organization.

25. What are the Advantages of formal organization?

- The formal organization structure concentrates on the jobs to be performed. It, therefore, makes everybody responsible for a given task.
- A formal organization is bound by rules, regulations and procedures. It thus ensures law and order in the organization.
- The organization structure enables the people of the organization to work together for accomplishing the common objectives of the enterprise

26. What are the disadvantages of formal organization?

- The formal organization does not take into consideration the sentiments of organizational members.
- The formal organization does not consider the goals of the individuals. It is designed to achieve the goals of the organization only.
- The formal organization is bound by rigid rules, regulations and procedures. This makes the achievement of goals difficult.

27. What is Informal Organization?

- Informal organization refers to the relationship between people in the organization based on personal attitudes, emotions, prejudices, likes, dislikes etc.
- An informal organization is an organization which is not established by any formal authority, but arises from the personal and social relations of the people.

28. What are the Characteristics features of informal organization?

- Informal organization is not established by any formal authority. It is unplanned and arises spontaneously.
- Informal organizations reflect human relationships. It arises from the personal and social relations amongst the people working in the organization.
- Formation of informal organizations is a natural process. It is not based on rules, regulations and procedures.

29. What are the Benefits of Informal organization?

- It blends with the formal organization to make it more effective.
- The presence of informal organization in an enterprise makes the managers plan and act more carefully.
- Informal organization acts as a means by which the workers achieve a sense of security and belonging. It provides social satisfaction to group members.
- An informal organization has a powerful influence on productivity and job satisfaction.

30. What do you mean by Line and Staff authority?

- In an organization, the line authority flows from top to bottom and the staff authority is exercised by the specialists over the line managers who advise them on important matters.
- The staff officers do not have any power of command in the organization as they are employed to provide expert advice to the line officers.
- The 'line' maintains discipline and stability; the 'staff' provides expert information.

31. What are Differences between Formal and Informal Organization?

| Formal Organization | Informal Organization |
|--|--|
| i) Formal organization is established with the explicit aim of achieving well-defined goals. | i) Informal organization springs on its own. Its goals are ill defined and intangible. |
| ii) Formal organization recognizes certain tasks which are to be carried out to achieve its goals. | iii) Informal organization does not have any well-defined tasks. |

32. What are the types of Staff?

- Personal Staff
- Specialized Staff
- General Staff

33. What are the features of line and staff organization?

- The staff officers prepare the plans and give advice to the line officers and the line officers execute the plan with the help of workers.

- The line and staff organization is based on the principle of specialization.

34. What are the key factors in Departmentation?

- It should facilitate control.
- It should ensure proper coordination.
- It should take into consideration the benefits of specialization.
- It should not result in excess cost.
- It should give due consideration to Human Aspects.

35. What do you mean by functional departmentation?

- Functional departmentation is the process of grouping activities by functions performed.
- Activities can be grouped according to function (work being done) to pursue economies of scale by placing employees with shared skills and knowledge into departments for example human resources, finance, production, and marketing.
- Functional departmentation can be used in all types of organizations.

36. What do you mean by Product departmentation?

- Product departmentalization is the process of grouping activities by product line.
- Tasks can also be grouped according to a specific product or service, thus placing all activities related to the product or the service under one manager.
- Each major product area in the corporation is under the authority of a senior manager who is specialist in, and is responsible for, everything related to the product line.

37. What do you mean by Customer departmentation?

- Customer departmentation is the process of grouping activities on the basis of common customers or types of customers.
- Its structure is based on various services which includes Home loans, Business loans, Vehicle loans and Educational loans.

38. What do you mean by Geographic departmentation?

- Geographic departmentation is the process of grouping activities on the basis of territory.
- If an organization's customers are geographically dispersed, it can group jobs based on geography.
- **For example**, the organization structure of Coca-Cola Ltd has reflected the company's operation in various geographic areas such as Central North American

group, Western North American group, Eastern North American group and European group

39. What is De Centralization?

- It is the process of transferring and assigning decision-making authority to lower levels of an organizational hierarchy.
- The span of control of top managers is relatively small, and there are relatively few tears in the organization, because there is more autonomy in the lower ranks.

40. What is job analysis?

- Job Analysis is the process of describing and recording aspects of jobs and specifying the skills and other requirements necessary to perform the job.

The outputs of job analysis are

- Job description
- Job specification

41. Define human resource management. (A/M-22)

- Human resources management (HRM) is a management function concerned with hiring, motivating and maintaining people in an organization.
- It focuses on people in organizations.
- Human resource management is designing management systems to ensure that human talent is used effectively and efficiently to accomplish organizational goals.

42. Explain the steps involved in recruitment process.

- Recruitment is the process of finding and attempting to attract job candidates who are capable of effectively filling job vacancies.
- The recruitment process consists of the following steps
 - Identification of vacancy
 - Preparation of job description and job specification
 - Selection of sources
 - Advertising the vacancy
 - Managing the response

43. What is Job Design? (A/M-22)

- The job design is usually broad enough to accommodate peoples need and desires.

- It may be especially appropriate to design jobs for exceptional persons in order to utilize their potential.

Two important goals/objectives of job design are:

- To meet the organization requirement such as higher productivity, operational, efficiency, quality of product/service etc.
- To satisfy the needs of the individual employees like interest, challenge, achievement.

PART-B

1. Explain the nature of organizing.

(May 2016)

Key Points

- Division of Work
- Coordination
- Plurality of Persons
- Common Objectives
- Well-defined Authority and Responsibility
- Organization is a Structure of Relationship
- Organization is a Machine of Management
- Organization is a Universal Process
- Organization is a Dynamic Process

Characteristics or nature of organization

i) Division of Work

- Division of work is the basis of an organization. In other words, there can be no organization without division of work.
- Under division of work the entire work of business is divided into many departments.
- The work of every department is further sub-divided into sub-works.
- In this way each individual has to do the same work repeatedly which gradually makes that person an expert.

ii) Coordination

- Under organizing different persons are assigned different works but the aim of all these persons happens to be the same - the attainment of the objectives of the enterprise.
- Organization ensures that the work of all the persons depends on each other's work even though it happens to be different.
- The work of one person starts from where the work of another person ends. The non-completion of the work of one person affects the work of everybody.
- Therefore, everybody completes his work in time and does not hinder the work of others.
- It is thus, clear that it is in the nature of an organization to establish coordination among different works, departments and posts in the enterprise.

iii) Plurality of Persons

- Organization is a group of many persons who assemble to fulfil a common purpose.
- A single individual cannot create an organization.

iv) Common Objectives

- There are various parts of an organization with different functions to perform but all move in the direction of achieving a general objective.

v) Well-defined Authority and Responsibility

- Under organization a chain is established between different posts right from the top to the bottom.
- It is clearly specified as to what will be the authority and responsibility of every post.
- In other words, every individual working in the organization is given some authority for the efficient work performance and it is also decided simultaneously as to what will be the responsibility of that individual in case of unsatisfactory work performance.

vi) Organization is a Structure of Relationship

- Relationship between persons working on different posts in the organization is decided.

- In other words, it is decided as to who will be the superior and who will be the subordinate.
- Leaving the top level post and the lowest level post everybody is somebody's superior and somebody's subordinate.
- The person working on the top level post has no superior and the person working on the lowest level post has no subordinate.

vii) **Organization is a Machine of Management**

- Organization is considered to be a machine of management because the efficiency of all the functions depends on an effective organization.
- In the absence of organization no function can be performed in a planned manner.
- It is appropriate to call organization a machine of management from another point of view.
- It is that machine in which no part can afford tube ill-fitting or non-functional.
- In other words, if the division of work is not done properly or posts are not created correctly the whole system of management collapses.

iii) **Organization is a Universal Process**

- Organization is needed both in business and non-business organizations.
- Not only this, organization will be needed where two or mom than two people work jointly. Therefore, organization has the quality of universality.

ix) **Organization is a Dynamic Process**

- Organization is related to people and the knowledge and experience of the people undergo a change.
- The impact of this change affects the various functions of the organizations.
- Thus, organization is not a process that can be decided for all times to come but it undergoes changes according to the needs.
- The example in this case can be the creation or abolition of a new post according to the need.

2. Explain the importance (or) purpose of organization.

(May 2016)

Key Points

- Definition
- Merits
 - Increase In Managerial Efficiency
 - Proper Utilization of Resources
 - Sound Communication Possible
 - Facilitates Coordination
 - Increase in Specialization
 - Helpful in Expansion

Definition

- Organization is an instrument that defines relations among different people which helps them to understand as in who happens to be their superior and who is their subordinate.
- This information helps in fixing responsibility and developing coordination.

Merits

i) Increase In Managerial Efficiency

- A good and balanced organization helps the managers to increase their efficiency.
- Managers, through the medium of organization, make a proper distribution of the whole work among different people according to their ability.

ii) Proper Utilization of Resources

- Through the medium of organization optimum utilization of all the available human and material resources of an enterprise becomes possible.
- Work is allotted to every individual according to his ability and capacity and conditions are created to enable him to utilize his ability to the maximum extent.
- **For example**, if an employee possesses the knowledge of modern machinery but the modern machinery is not available in the organization, in that case, efforts are made to make available the modern machinery.

iii) Sound Communication Possible

- Communication is essential for taking the right decision at the right time.
- However, the establishment of a good communication system is possible only through an organization.
- In an organization the time of communication is decided so that all the useful information reaches the officer concerned which in turn, helps the decision-making.

iv) Facilitates Coordination

- In order to attain successfully the objectives of the organization, coordination among various activities in the organization is essential.
- Organization is the only medium which makes coordination possible.
- Under organization the division of work is made in such a manner as to make all the activities complementary to each other increasing their inter-dependence.
- Inter-dependence gives rise to the establishment of relations which, in turn, increases coordination.

v) Increase in Specialization

- Under organization the whole work is divided into different parts.
- Competent persons are appointed to handle all the sub-works and by handling a particular work repeatedly they become specialists.
- This enables them to have maximum work performance in the minimum time while the organization gets the benefit of specialization.

vi) Helpful in Expansion

- A good organization helps the enterprise in facing competition.
- When an enterprise starts making available good quality product at cheap rates, it increases the demand for its products.
- In order to meet the increasing demand for its products an organization has to expand its business.
- On the other hand, a good organization has an element of flexibility which far from impeding the expansion work encourages it.

3. Explain the steps involved in the process of organizing.

Key Points

- Definition of Organization
- Process of Organizing
 - Determination of Objectives
 - Enumeration of Objectives
 - Classification of Activities
 - Assignment of Duties
 - Delegation of Authority

Definition of Organization

- Organization is the process of establishing relationship among the members of the enterprise as shown in fig.3.3. The relationships are created in terms of authority and responsibility.

The various steps involved in this process are

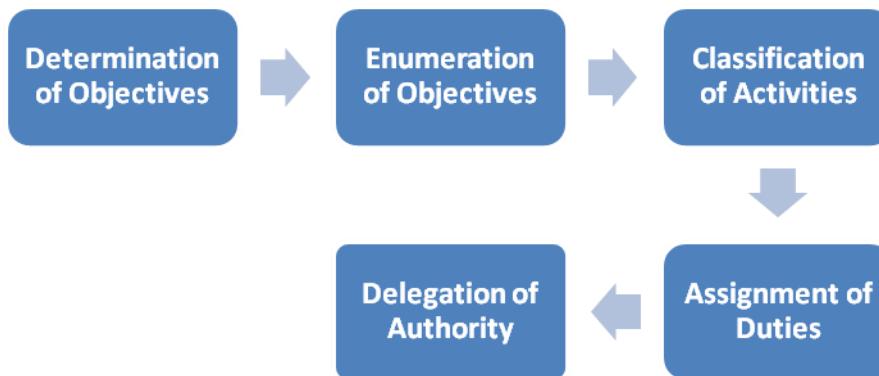


Fig: 3.3, various steps involved in this process

i) Determination of Objectives

- It is the first step in building up an organization.
- Organization is always related to certain objectives.
- Therefore, it is essential for the management to identify the objectives before starting any activity.
- Organization structure is built on the basis of the objectives of the enterprise.

- That means, the structure of the organization can be determined by the management only after knowing the objectives to be accomplished through the organization.
- This step helps the management not only in framing the organization structure but also in achieving the enterprise objectives with minimum cost and efforts.
- Determination of objectives will consist in deciding as to why the proposed organization is to be set up and, therefore, what will be the nature of the work to be accomplished through the organization.

ii) Enumeration of Objectives

- If the members of the group are to pool their efforts effectively, there must be proper division of the major activities.
- The first step in organizing group effort is the division of the total job into essential activities.
- Each job should be properly classified and grouped.
- This will enable the people to know what is expected of them as members of the group and will help in avoiding duplication of efforts.
- **For example**, the work of an industrial concern may be divided into the following major functions – production, financing, personnel, sales, purchase, etc.

iii) Classification of Activities

- The next step will be to classify activities according to similarities and common purposes and functions and taking the human and material resources into account.
- Then, closely related and similar activities are grouped into divisions and departments and the departmental activities are further divided into sections.

iv) Assignment of Duties

- Here, specific job assignments are made to different subordinates for ensuring a certainty of work performance.
- Each individual should be given a specific job to do according to his ability and made responsible for that.
- He should also be given the adequate authority to do the job assigned to him.

- "Organization embraces the duties of designating the departments and the personnel that are to carry on the work, defining their functions and specifying the relations that are to exist between department and individuals."

v) Delegation of Authority

- Since so many individuals work in the same organization, it is the responsibility of management to lay down structure of relationship in the organization.
- Authority without responsibility is a dangerous thing and similarly responsibility without authority is an empty vessel.
- Everybody should clearly know to whom he is accountable;
- Corresponding to the responsibility authority is delegated to the subordinates for enabling them to show work performance.
- This will help in the smooth working of the enterprise by facilitating delegation of responsibility and authority.

4. Explain Organization Structure in detail.

(May 2017)

Key Points

- Introduction
- Significance of Organization Structure
- Principles of organization structure
 - Line and Staff Relationships
 - Departmentalization
 - Span of Control
 - De-centralization and Centralization

Introduction

- An organization structure is a framework that allots a particular space for a particular department or an individual and shows its relationship to the other.
- An organization structure shows the authority and responsibility relationships between the various positions in the organization by showing who reports to whom.
- It is an established pattern of relationship among the components of the organization.

- Organization structure consists simply of those aspects of pattern of behaviour in the organization that is relatively stable and change only slowly.
- The structure of an organization is generally shown on an organization chart.
- It shows the authority and responsibility relationships between various positions in the organization while designing the organization structure, due attention should be given to the principles of sound organization.

Significance of Organization Structure

- Properly designed organization can help improve teamwork and productivity by providing a framework within which the people can work together most effectively.
- Organization structure determines the location of decision-making in the organization.
- Sound organization structure stimulates creative thinking and initiative among organizational members by providing well defined patterns of authority.
- A sound organization structure facilitates growth of enterprise by increasing its capacity to handle increased level of authority.
- Organization structure provides the pattern of communication and coordination.
- The organization structure helps a member to know what his role is and how it relates to other roles.

Principles of organization structure

i) Line and Staff Relationships

- Line authority refers to the scalar chain, or to the superior-subordinate linkages, that extend throughout the hierarchy.
- Line employees are responsible for achieving the basic or strategic objectives of the organization, while staff plays a supporting role to line employees and provides services.
- The relationship between line and staff is crucial in organizational structure, design and efficiency. It is also an important aid to information processing and coordination.

ii) Departmentalization

- Departmentalization is a process of horizontal clustering of different types of functions and activities on any one level of the hierarchy.
- Departmentalization is conventionally based on purpose, product, process, function, personal things and place.

iii) Span of Control

- This refers to the number of specialized activities or individuals supervised by one person.
- Deciding the span of control is important for coordinating different types of activities effectively.

iv) De-centralization and Centralization

- De-centralization refers to decision making at lower levels in the hierarchy of authority.
- Decision making in a centralized type of organizational structure is at higher levels.
- The degree of centralization and de-centralization depends on the number of levels of hierarchy, degree of coordination, specialization and span of control.
- Every organizational structure contains both centralization and de-centralization, but to varying degrees.
- The extent of this can be determined by identifying how much of the decision making is concentrated at the top and how much is delegated to lower levels.
- Modern organizational structures show a strong tendency towards de-centralization.

5. Explain the organization chart in details.

Key Points

- Definition
- Types of Organisation charts
 - Vertical
 - Horizontal
 - Circular
- Principles of Organisation Charts
- Advantages of Organisation Charts
- Limitations of Organisation Charts

Definition

- Organisation charts is a diagrammatical presentation of relationships in an enterprise.
- The functions and their relationships, the channels of authority and relative authority of different managers etc. are depicted in an organisational chart.

Types of Organisation charts

There are three ways in which organisation charts can be shown:

- Vertical
- Horizontal
- Circular

Vertical or Top bottom

- In this chart major functions are shown at the top and subordinate functions in successive lower positions as shown in fig.3.4.
- In this chart scalar levels run horizontally and functions run vertically.
- The supreme authority is shown at the top while lowest authority at the bottom.

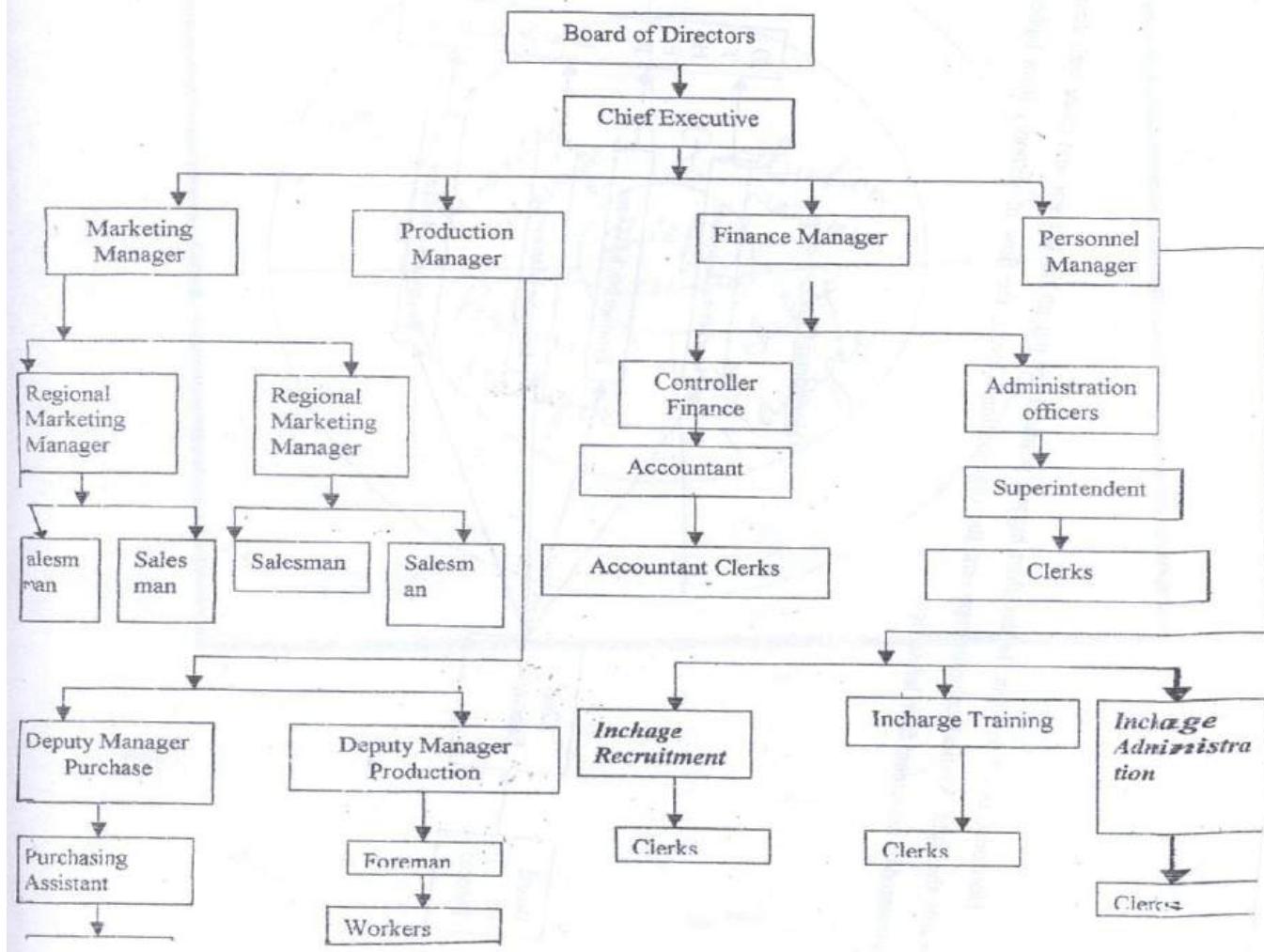


Fig: 3.4, Vertical or Top bottom Chart

Horizontal or Left to Right

- In this chart highest positions are put on the left side and those with diminishing authority move towards the right as shown in fig.3.5.
- The organisational levels are represented by vertical columns, the flow of authority from higher to lower levels being represented by movement from left to right.

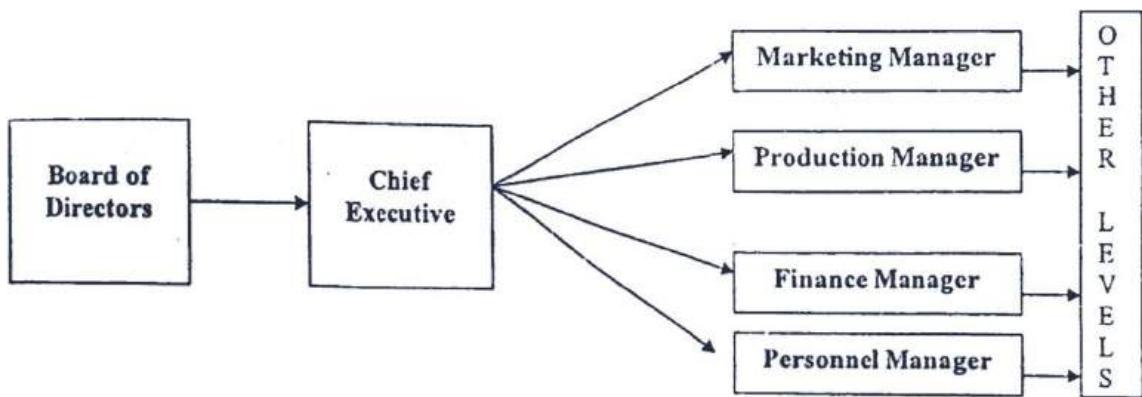


Fig: 3.5, Horizontal or Left to Right Chart.

Circular

- In circular chart as shown in fig.3.6, the centre of the circle represents the position of supreme authority and the functions radiate in all directions from the centre.
- The higher the positions of authority the nearer they are to the centre and the lesser the positions of authority. More distant they are from the centre.
- The positions of relative equal importance are located at the same distance from the centre.

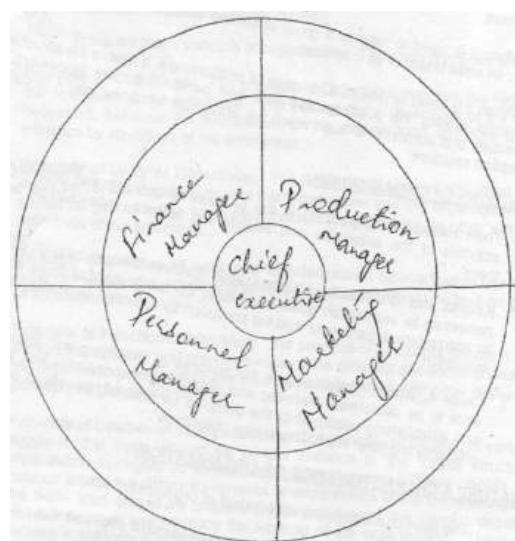


Fig: 3.6, Circular Chart.

Principles of Organisation Charts

- The top management should faithfully follow the line of authority while dealing with subordinates. Any attempt to bypass the organization chart will make it meaningless.

-
- The chart should define lines of position. The lines of different individuals should be so defined so that there is no overlapping and no two persons should be given the same position.
 - The undue concentration of duty at any point should be avoided.
 - The organisation chart should not be influenced by personalities. Balance of organisation should be given more importance than the individuals.
 - The organisation chart should be simple and flexible.

Advantages of Organisation Charts

- An organisation chart is a managerial tool. It helps in specifying authority and responsibility of every position. The relationships among different persons are also established for smooth working of the organisation.
- As organisation chart specifically defines authority and responsibility of people in the enterprise there will be no duplication and overlapping of duties etc.
- The organisation chart will help in pointing out the faults, deficiencies, dual command etc. in the organisation.
- The organisation chart acts as an information centre to the new entrants and they can easily understand different levels of authority and responsibility.
- The charts are also helpful in decision making process. They act as a guide to the decision makers.

Limitations of Organisation Charts

- The organisation charts show the relationship of different positions and not the degree of authority and responsibility. The size of boxes or circles in the chart cannot show the level of authority etc.
- A chart only depicts formal organisational relationship whereas informal organisation is ignored. Practically informal organisation is as useful as formal organisation. Informal organisation greatly helps management in knowing the reactions of the people and is an important channel of communication.
- A chart shows organisational position and status at different levels. It gives rise to superior-inferior feeling among people and it retards the feeling of team work.

6. Explain formal and informal organization in detail.

(May 2017)

Key Points

- Formal Organization - Introduction
- Characteristic Features of formal organization
- Advantages of formal organization
- Disadvantages or criticisms of formal organization
- Informal Organization - Introduction
- Characteristics features of informal organization
- Benefits of Informal organization

Formal Organization

- Formal organization as -"a system of consciously coordinated activities or forces of two or more persons.
- It refers to the structure of well-defined jobs, each bearing a definite measure of authority, responsibility and accountability.

The essence of formal organization is conscious common purpose and comes into being when persons

- Are able to communicate with each other
- Are willing to act and
- Share a purpose.

The formal organization is built around four key pillars. They are:

- Division of labour
- Scalar and functional processes
- Structure and
- Span of control

Characteristic Features of formal organization

- Formal organization structure is laid down by the top management to achieve organizational goals.

- Formal organization prescribes the relationships amongst the people working in the organization.
- The organization structures is consciously designed to enable the people of the organization to work together for accomplishing the common objectives of the enterprise
- Organization structure concentrates on the jobs to be performed and not the individuals who are to perform jobs.
- In a formal organization, individuals are fitted into jobs and positions and work as per the managerial decisions. Thus, the formal relations in the organization arise from the pattern of responsibilities that are created by the management.
- A formal organization is bound by rules, regulations and procedures.
- In a formal organization, the position, authority, responsibility and accountability of each level are clearly defined.
- Organization structure is based on division of labour and specialization to achieve efficiency in operations.
- A formal organization is deliberately impersonal. The organization does not take into consideration the sentiments of organizational members.
- The authority and responsibility relationships created by the organization structure are to be honoured by everyone.
- In a formal organization, coordination proceeds according to the prescribed pattern.

Advantages of formal organization

- The formal organization structure concentrates on the jobs to be performed. It, therefore, makes everybody responsible for a given task.
- A formal organization is bound by rules, regulations and procedures. It thus ensures law and order in the organization.
- The organization structure enables the people of the organization to work together for accomplishing the common objectives of the enterprise

Disadvantages or criticisms of formal organization

-
- The formal organization does not take into consideration the sentiments of organizational members.
 - The formal organization does not consider the goals of the individuals. It is designed to achieve the goals of the organization only.
 - The formal organization is bound by rigid rules, regulations and procedures. This makes the achievement of goals difficult.

Informal Organization

- Informal organization refers to the relationship between people in the organization based on personal attitudes, emotions, prejudices, likes, dislikes etc.
- An informal organization is an organization which is not established by any formal authority, but arises from the personal and social relations of the people.
- These relations are not developed according to procedures and regulations laid down in the formal organization structure;
- Generally large formal groups give rise to small informal or social groups.
- These groups may be based on same taste, language, culture or some other factor.
- These groups are not pre-planned, but they develop automatically within the organization according to its environment.

Characteristics features of informal organization

- Informal organization is not established by any formal authority. It is unplanned and arises spontaneously.
 - Informal organizations reflect human relationships. It arises from the personal and social relations amongst the people working in the organization.
 - Formation of informal organizations is a natural process. It is not based on rules, regulations and procedures.
 - The inter-relations amongst the people in an informal organization cannot be shown in an organization chart.
 - In the case of informal organization, the people cut across formal channels of communications and communicate amongst themselves.
 - The membership of informal organizations is voluntary. It arises spontaneously and not by deliberate or conscious efforts.
-

-
- Membership of informal groups can be overlapping as a person may be member of a number of informal groups.
 - Informal organizations are based on common taste, problem, language, religion, culture, etc. it is influenced by the personal attitudes, emotions, whims, likes and dislikes etc. of the people in the organization.

Benefits of Informal organization

- It blends with the formal organization to make it more effective.
- Many things which cannot be achieved through formal organization can be achieved through informal organization.
- The presence of informal organization in an enterprise makes the managers plan and act more carefully.
- Informal organization acts as a means by which the workers achieve a sense of security and belonging. It provides social satisfaction to group members.
- An informal organization has a powerful influence on productivity and job satisfaction.
- The informal leader lightens the burden of the formal manager and tries to fill in the gaps in the manager's ability.
- Informal organization helps the group members to attain specific personal objectives.
- Informal organization is the best means of employee communication. It is very fast.
- Informal organization gives psychological satisfaction to the members. It acts as a safety valve for the emotional problems and frustrations of the workers of the organization because they get a platform to express their feelings.
- It serves as an agency for social control of human behaviour.

7. Explain Line and Staff authority and Functional authority in detail.

Explain line and functional organisational structures with their advantages and limitation. (May 2016)

Key Points

- *Authority- Definition*
- Line Authority – Advantages, Disadvantages
- Staff Authority – Advantages, Disadvantages
- Functional Authority or Functional Organization – Advantages, Disadvantages

Authority

- "The first thing to consider in defining a manager job is the contribution of his activity towards the 'Organization'".

1. Line Authority

(May 2016)

- It is the simplest and the earliest form of authority.
- It is also known as "military", "traditional", "scalar" or "hierarchical" form of authority.
- The line authority represents the structure in a direct vertical relationship through which authority flows.
- Line authority exists between superior and his subordinate.
- Line authority is the direct, authority which a superior exercises over a number of subordinates to carry out orders and instructions.
- In organization process, authority is delegated to the individual to perform the activities.
- These individuals, in turn assign some of the activities to their subordinates. Then, they delegate the authority in the hierarchy.
- This process goes on creating superior and subordinate relationships. Such a superior subordinate relationship is known as *line relationship*.

Line authority works as follows

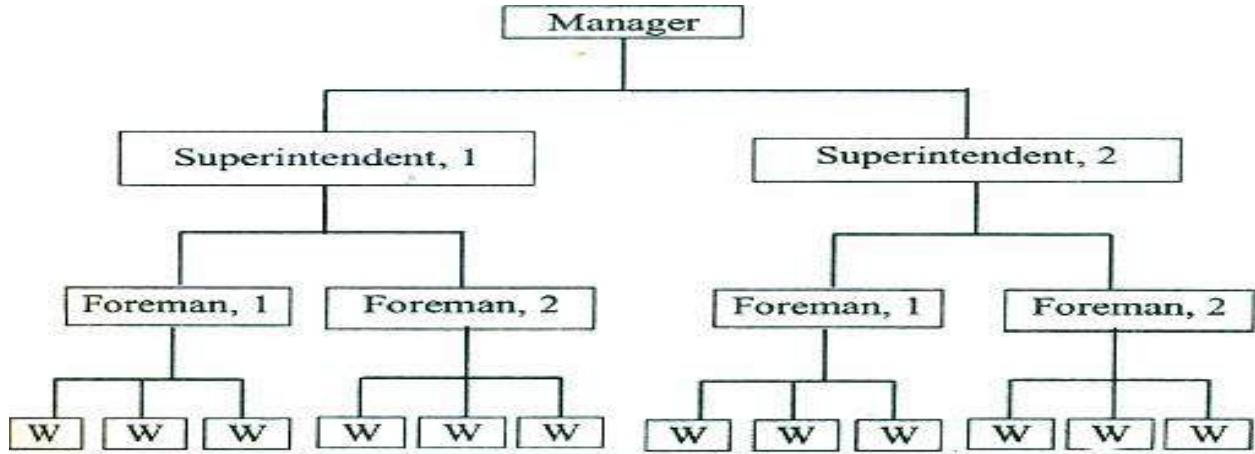
As a chain of command

- In line authorities, officials are in the chain of command from higher position to lower position in the organization.
- There is a command relationship existing between every superior and subordinate.

As a channel of communication

- Line authority can be considered as a channel of communication between superior and subordinate of the organization.

- Communication (up and down) in the organization flows through the line relationship as shown in fig.3.8.
- Every member of the organization has someone to report and other to report him.



As a carrier of responsibility

- The line relationship carries ultimate responsibility for the -work assigned.
- Each individual in the line is accountable for the proper performance of the activities assigned to him.
- Each subordinate is answerable to his superior.

Advantages

- It is simple and easy to understand
- It is most economical and effective.
- Delegation of authority is clear which facilitates a prompt decision-making
- It makes unity of control thus conforming to the scalar principle of organization.
- Channel of communication is clear.
- It ensures excellent discipline in the enterprise because every individual knows to whom he is responsible.
- It is strong in discipline as it insists responsibility on individual.

Limitations

- The organization is rigid and inflexible

-
- It neglects specialists.
 - It overloads a few key executives.
 - It requires great supervisory personnel to meet the challenges imposed in the absence of specialists as advisors.
 - *It is limited to too small organization.*
 - It encourages a dictatorial way of working which may not develop own creative thinking of workers.

2. Staff Authority

- Staff authority is exercised by a man over line personnel as shown in fig.3.9.
- The relationship between a staff manager and a line manager, with whom he works, depends in part on the staff duties.
- In a management, staff refers those elements of the organization which help the line to work more effectively in accomplishing the primary objectives of the enterprise.
- The nature of the staff relationship is advisory. The function of staff is to investigate the research and give advice to line managers.
- Staff personnel having specialized knowledge and skills reduce the burden of line personnel.
- Staff managers have the right to direct or command subordinate who are working under him.
- But with respect to line personnel, they play an advisory or auxiliary role of recommending and assisting.
- The exercise of staff authority depends on the degree of authority delegated to staff personnel.

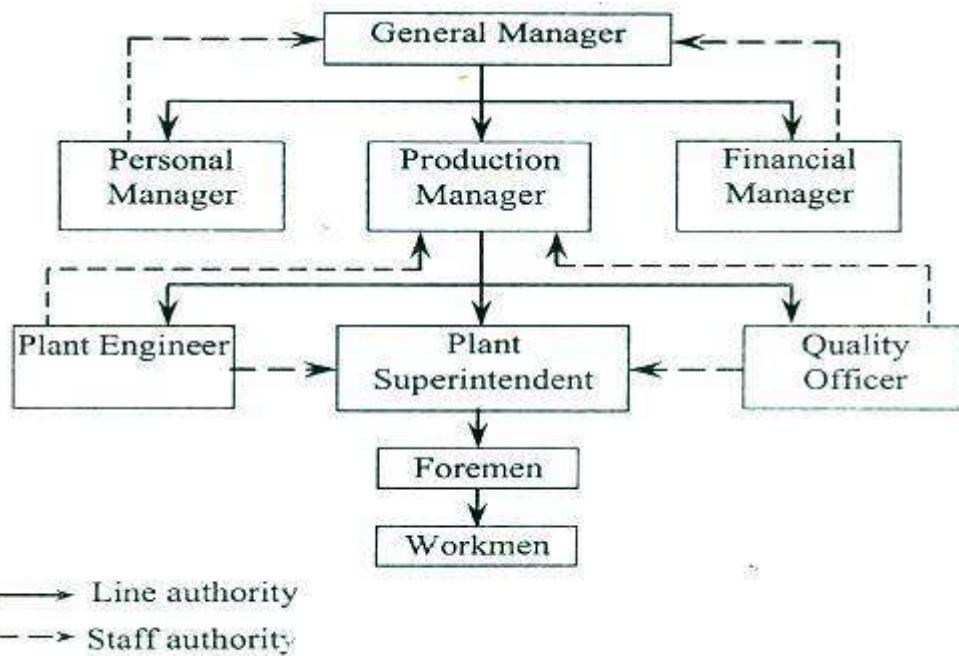


Figure 3.9 Line and Staff authority relationships

The staff authority may be of the following forms:

(i) *Advisory staff authority*

- An advisory staff manager provides advice, assistance and information to the line manager. But, the line manager has the authority to put these advises into action or not.

(ii) *Compulsory staff consultation*

- Under this arrangement, a staff person must be consulted by a lineperson before action is taken. However, line manager is free to take his own action after consulting staff.

(iii) *Concurring authority*

- Sometimes, particularly when control over some operations is very important, a staff person may be granted authority so that no action can be taken until he agrees it.
- For instance, a quality control inspector must pass on raw materials before they move to the next stage of production.

Benefits

- Staff specialists may be allowed the time to think, collect data and analyze the data when the line personnel are busy in managing operations.

- Staff improves the quality of managerial decisions by providing accurate and updated information.
- When the operations become more complex, the line 'people require advice of staff personnel.
- Staff can help in coordinating various activities and in ensuring uniformity of action in certain matters.
- Staff experts may. be given authority to prescribe systems and procedures.
- Staff carries out Co critical evaluation of existing practices and procedures and provides innovative ideas from time to time.

Limitations

(i) Danger of undermining line authority

- In some enterprises, the top management such as Chief Executives gives too much importance and support to the staff personnel.
- Hence, the authority of department managers is being undermined.
- Therefore, the capable managers are not willing to submit indignity or might resign or they might fire the staff managers.

(ii) Lack of staff responsibility

- Staff department is only responsible to make advice or propose a plan and they can easily blame the line mangers for not properly implementing the plans when it fails.
- It creates an ideal situation for shifting the blame, for mistakes.
- When the plan fails, the staff will claim that it is a good plan and it is failed because of lack of attention of line manager. At the same time, the line manager will claim that it is a poor plan.

(iii) Thinking in vacuum

- Sometimes, the recommendations of staff are highly impractical due to the fact that the staffs do not have any experience in implementing the recommendation.
- In such situations, it is possible that staff may think in vacuum.
- The alleged' impracticability of staff recommendations often results in friction and loss of morale.

(iv) ***Managerial problems***

- Sometimes, the lower level people may be getting an advice from staff manager and at the same time, get orders from his own line manager.
- It may lead to friction between them.
- Some disunity in command may be unavoidable, since functional authority relationships are often unavoidable.
- But managers should aware of this situation.

3. Functional Authority or Functional Organization.

(May 2016)

Definition

- "Functional authority is the right which an individual or department has delegated to it over specialized processes, practices, policies or other matters relating to activities undertaken by personnel in departments other than its own".

Functional authority arises because of three factors.

1. A superior delegates the authority to staff person to transmit information, proposal and advice directly to his subordinates for saving time. ,
2. Sometimes, highly experienced and skilled staff person shows the line managers how the information should be used or how the recommendations should be put into effect.
3. In some cases, staff personnel are given the authority to prescribe processes, procedures, methods or even policy to be followed in various departments. For example, the accounting head may prescribe how the accounts should be maintained by various departments.

Functional authority should satisfy the following conditions for its effectiveness:

- It should be granted only when an enterprise wants uniformity in operation.
- It should cover only a minor part of the line authority.
- It should be confined to areas. in which line executives do not possess expertise.
- It should be delegated to the level which is directly below the position of line personnel.

The production manager delegates authority to plant engineer plant superintendent and quality officer.

These people issues the instructions directly to foremen as shown in Figure 3.10.

This authority is *called functional authority*.

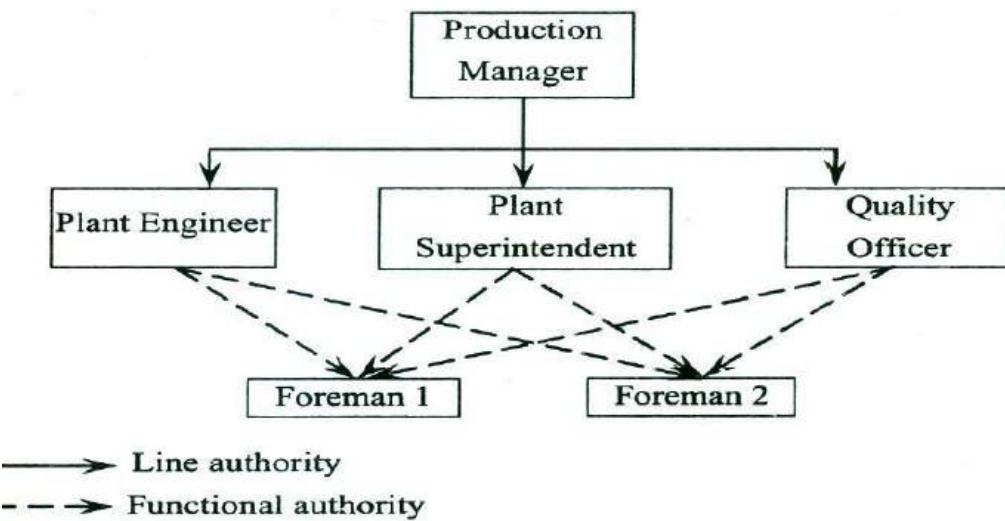


Figure 3.10 Functional authority relationship

Advantages

- Since, a foreman is responsible for one function, he can perform his duties in a better way.
- This organization structure makes use of specialists to give expert advice to workers.
- It relives line executives of routine, specialised decisions which are sometime boredom.
- Expert guideline reduces the number of accidents and wastages materials, man and machine hours.
- 5. It relives the pressure needed to search a large number of all round executives

Limitations

- Coordination is difficult between various functional foremen .
- Functional authority violates the principle of unity of command. Therefore, it should be used sparingly and in some special cases. If it is not so, it may destroy order and discipline.
- Maintaining the discipline is difficult as each worker is responsible to a few numbers of foremen.

- It is difficult to find out the responsibility of anyone foreman in case something goes wrong.
- It makes industrial relationship more complex.
- Workers always remain confused about the authority and activity of each foreman.
- Workers are not given the opportunity to make use of their ingenuity, initiative and drive.

8. Write a brief outline on the types of departmentalization with examples. (N/D-22),(Nov-16, 2021)

(Or) Discuss the different types of organizational structure in detail.

Key Points

- Definition
- Key Factors in Departmentation
- Types of Departmentation
 1. Functional Departmentation – Advantages, Disadvantages
 2. Product Departmentation – Advantages, Disadvantages
 3. Customer Departmentation – Advantages, Disadvantages
 4. Geographic Departmentation – Advantages, Disadvantages
 5. Process Departmentation – Advantages, Disadvantages
 6. Matrix Departmentation – Advantages, Disadvantages

Definition

- Departmentation refers to the process of grouping activities into departments.
- Departmentation is the process of grouping of work activities into departments, divisions, and other homogenous units.
- Departmentation takes place in various patterns like departmentation by functions, products, customers, geographic location, process, and its combinations.

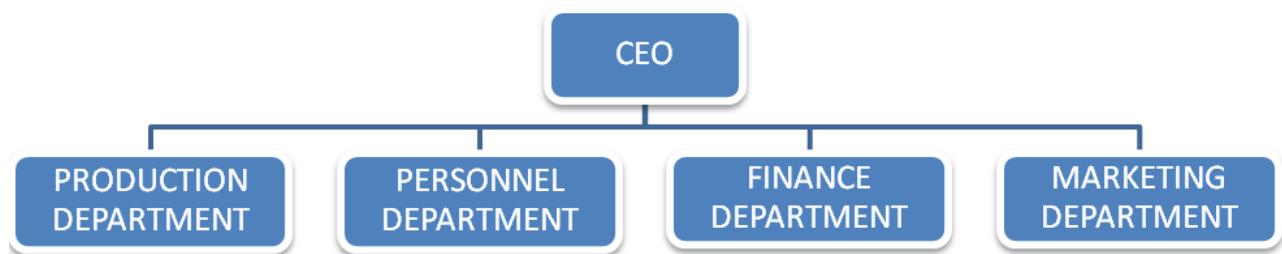
Key Factors in Departmentation

- It should facilitate control.

- It should ensure proper coordination.
- It should take into consideration the benefits of specialization.
- It should not result in excess cost.
- It should give due consideration to Human Aspects.

Types of Departmentation

1. Functional Departmentation



- Functional departmentation is the process of grouping activities by functions performed.
- Activities can be grouped according to function (work being done) to pursue economies of scale by placing employees with shared skills and knowledge into departments.
- **For example** human resources, finance, production, and marketing. Functional departmentation can be used in all types of organizations.

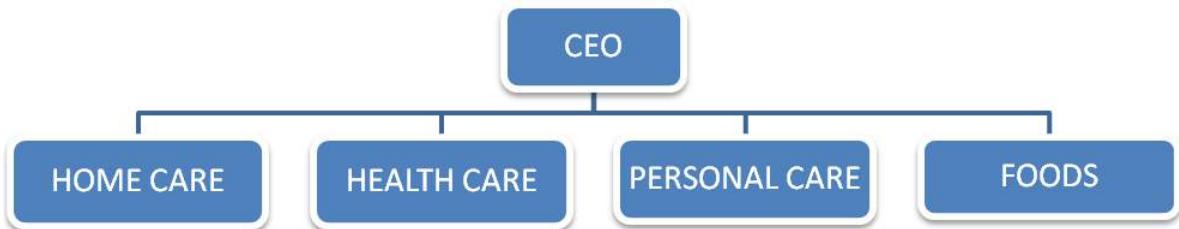
Advantages

- Advantage of specialization
- Easy control over functions
- Pinpointing training needs of manager
- It is very simple process of grouping activities.

Disadvantages

- Lack of responsibility for the end result
- Overspecialization or lack of general management
- It leads to increase conflicts and coordination problems among departments.

2. Product Departmentation



- Product departmentation is the process of grouping activities by product line.
- Tasks can also be grouped according to a specific product or service, thus placing all activities related to the product or the service under one manager.
- Each major product area in the corporation is under the authority of a senior manager who is specialist in, and is responsible for, everything related to the product line.
- Dabur India Limited is the India's largest Ayurvedic medicine manufacturer is an example of company that uses product departmentation.
- Its structure is based on its varied product lines which include Home care, Health care, Personal care and Foods.

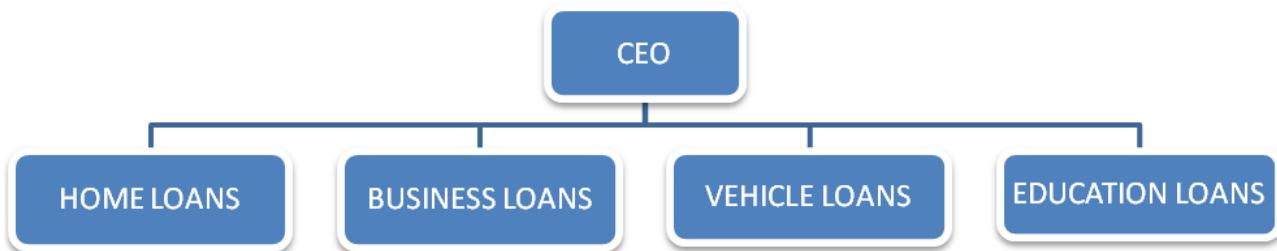
Advantages

- It ensures better customer service
- Unprofitable products may be easily determined
- It assists in development of all around managerial talent
- Makes control effective
- It is flexible and new product line can be added easily.

Disadvantages

- It is expensive as duplication of service functions occurs in various product divisions
- Customers and dealers have to deal with different persons for complaint and information of different products.

3. Customer Departmentation



- Customer departmentation is the process of grouping activities on the basis of common customers or types of customers.
- Jobs may be grouped according to the type of customer served by the organization.
- The assumption is that customers in each department have a common set of problems and needs that can best be met by specialists.
- UCO is the one of the largest commercial banks of India is an example of company that uses customer departmentation.
- Its structure is based on various services which includes Home loans, Business loans, Vehicle loans and Educational loans.

Advantages

- It focused on customers who are ultimate suppliers of money
- Better service to customer having different needs and tastes
- Development in general managerial skills

Disadvantages

- Sales being the exclusive field of its application, co-ordination may appear difficult between sales function and other enterprise functions.
- Specialized sales staff may become idle with the downward movement of sales to any specified group of customers.

4. Geographic Departmentation



- Geographic departmentation is the process of grouping activities on the basis of territory.
- If an organization's customers are geographically dispersed, it can group jobs based on geography.
- **For example**, the organization structure of Coca-Cola Ltd has reflected the company's operation in various geographic areas such as Central North American

group, Western North American group, Eastern North American group and European group

Advantages

- Help to cater to the needs of local people more satisfactorily.
- It facilitates effective control
- Assists in development of all-round managerial skills

Disadvantages

- Communication problem between head office and regional office due to lack of means of communication at some location
- Coordination between various divisions may become difficult.
- Distance between policy framers and executors
- It leads to duplication of activities which may cost higher.

5. Process Departmentation



- Geographic departmentation is the process of grouping activities on the basis of product or service or customer flow.
- Because each process requires different skills, process departmentation allows homogenous activities to be categorized.
- **For example**, Bowater Thunder Bay, a Canadian company that harvests trees and processes wood into newsprint and pulp.
- Bowater has three divisions namely tree cutting, chemical processing, and finishing (which makes newsprint).

Advantages

- Oriented towards end result.
- Professional identification is maintained.

- Pinpoints product-profit responsibility.

Disadvantage

- Conflict in organization authority exists.
- Possibility of disunity of command.
- Requires managers effective in human relation

6. Martix Departmentation

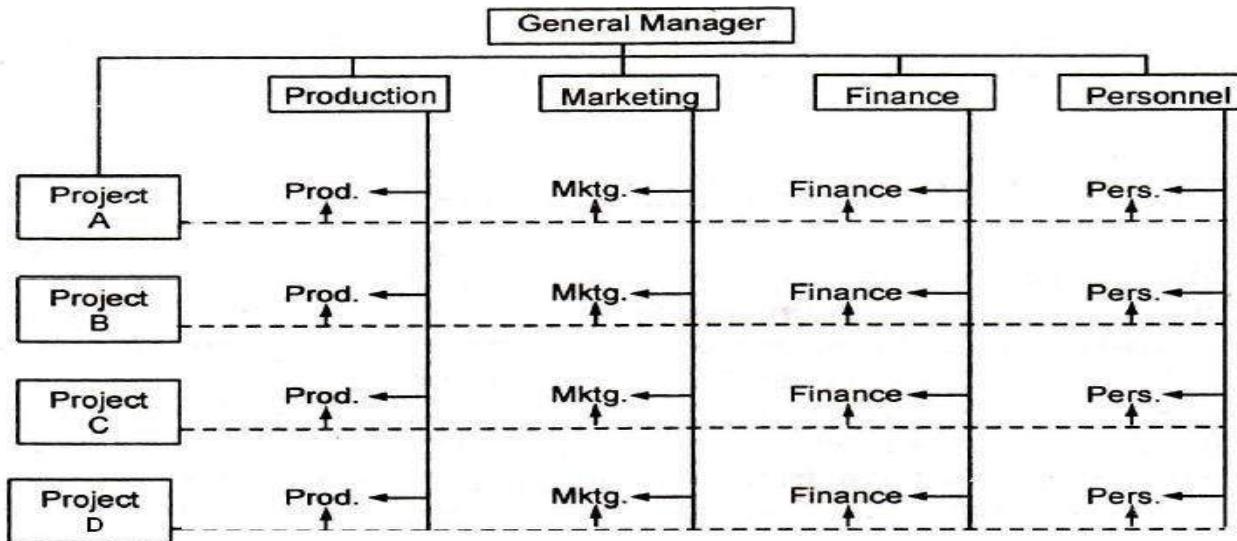


Fig: 3.11, Matrix Departmentation.

- In actual practice, no single pattern of grouping activities is applied in the organization structure with all its levels.
- Different bases are used in different segments of the enterprise.
- Composite or hybrid method forms the common basis for classifying activities rather than one particular method.
- One of the mixed forms of organization is referred to as matrix or grid organization's as shown in fig.3.11
- According to the situations, the patterns of Organizing vary from case to case.
- The form of structure must reflect the tasks, goals and technology if the originations the type of people employed and the environmental conditions that it faces.

- It is not unusual to see firms that utilize the function and project organization combination. The same is true for process and project as well as other combinations.
- For instance, a large hospital could have an accounting department, surgery department, marketing department, and a satellite centre project team that make up its organizational structure.

Advantages

- Efficiently manage large, complex tasks
- Effectively carry out large, complex tasks

Disadvantages

- Requires high levels of coordination
- Conflict between bosses
- Requires high levels of management skills

9. Discuss the pros and cons of centralised and decentralised business organisation (or) Explain Centralization and Decentralization in detail. (Nov 2016, 2021) (A/M-22)

Key Points

- Definition
- Characteristics, Advantages, Disadvantages
- Decentralization
- Characteristics, Advantages, Disadvantages
- Three Forms of decentralization
 - De-concentration
 - Delegation
 - Devolution

Centralization

Definition

- It is the process of transferring and assigning decision-making authority to higher levels of an organizational hierarchy.
- The span of control of top managers is relatively broad, and there are relatively many tiers in the organization.

Characteristics

- Philosophy / emphasis on - top-down control, leadership, vision, strategy.
- Decision-making - strong, authoritarian, visionary, charismatic.
- Organizational change - shaped by top, vision of leader.
- Execution - decisive, fast, coordinated. Able to respond quickly to major issues and changes.
- Uniformity - Low risk of dissent or conflicts between parts of the organization.

Advantages of Centralization

- Provide Power and prestige for manager
- Promote uniformity of policies, practices and decisions
- Minimal extensive controlling procedures and practices
- Minimize duplication of function

Disadvantages of Centralization

- Neglected functions for mid. Level, and less motivated beside personnel.
- Nursing supervisor functions as a link officer between nursing director and first-line management.

Decentralization

Definition

- It is the process of transferring and assigning decision-making authority to lower levels of an organizational hierarchy.
- The span of control of top managers is relatively small, and there are relatively few tiers in the organization, because there is more autonomy in the lower ranks.

Characteristics

- Philosophy / emphasis on - bottom-up, political, cultural and learning dynamics.
- Decision-making - democratic, participative, detailed.
- Organizational change - emerging from interactions, organizational dynamics.

- Execution - evolutionary, emergent. Flexible to adapt to minor issues and changes.
- Participation, accountability - Low risk of not-invented-here behaviour.

Three Forms of decentralization

- **De-concentration**

The weakest form of decentralization. Decision making authority is redistributed to lower or regional levels of the same central organization.

- **Delegation**

A more extensive form of decentralization. Through delegation the responsibility for decision-making are transferred to semi-autonomous organizations not wholly controlled by the central organization, but ultimately accountable to it.

- **Devolution**

A third type of decentralization is devolution. The authority for decision-making is transferred completely too autonomous organizational units.

Advantages of Decentralization

- Raise morale and promote interpersonal relationships
- Relieve from the daily administration
- Bring decision-making close to action
- Develop Second-line managers
- Promote employee's enthusiasm and coordination
- Facilitate actions by lower-level managers

Disadvantages of Decentralization

- Top-level administration may feel it would decrease their status
- Managers may not permit full and maximum utilization of highly qualified personnel
- Increased costs. It requires more managers and large staff
- It may lead to overlapping and duplication of effort

10. Explain Delegation of Authority in detail.

Key Points

- Introduction
- Elements of Delegation
 - Authority
 - Responsibility
 - Accountability
- Delegation Process
 - Allocation of duties
 - Granting of authority
 - Assigning of Responsibility and Accountability
 - Creation of accountability

Delegation of Authority

Introduction

- A manager alone cannot perform all the tasks assigned to him.
- In order to meet the targets, the manager should delegate authority.
- Delegation of Authority means division of authority and powers downwards to the subordinate.
- Delegation of authority can be defined as subdivision and sub-allocation of powers to the subordinates in order to achieve effective results.

Elements of Delegation

1. Authority
2. Responsibility
3. Accountability

1. Authority

- In context of a business organization, authority can be defined as the power and right of a person to use and allocate the resources efficiently, to take decisions and to give orders so as to achieve the organizational objectives.
- Authority must be well-defined.

-
- All people who have the authority should know what is the scope of their authority is and they shouldn't misutilize it.
 - Authority is the right to give commands, orders and get the things done. The top level management has greatest authority.
 - Authority always flows from top to bottom. It explains how a superior gets work done from his subordinate by clearly explaining what is expected of him and how he should go about it.
 - Authority should be accompanied with an equal amount of responsibility. Delegating the authority to someone else doesn't imply escaping from accountability.
 - Accountability still rest with the person having the utmost authority.

2. Responsibility

- It is the duty of the person to complete the task assigned to him.
- A person who is given the responsibility should ensure that he accomplishes the tasks assigned to him.
- If the tasks for which he was held responsible are not completed, then he should not give explanations or excuses.
- Responsibility without adequate authority leads to discontent and dissatisfaction among the person.
- Responsibility flows from bottom to top. The middle level and lower level management holds more responsibility.
- The person held responsible for a job is answerable for it. If he performs the tasks assigned as expected, he is bound for praises.
- While if he doesn't accomplish tasks assigned as expected, then also he is answerable for that.

3. Accountability

- It means giving explanations for any variance in the actual performance from the expectations set.
 - Accountability cannot be delegated.
 - For example, if 'A' is given a task with sufficient authority, and 'A' delegates this task to B and asks him to ensure that task is done well, responsibility rest with 'B', but accountability still rest with 'A'.
 - The top level management is most accountable.
-

- Being accountable means being innovative as the person will think beyond his scope of job.
- Accountability, in short, means being answerable for the end result. Accountability can't be escaped. It arises from responsibility.

Delegation Process



Fig: 3.12, Delegation Process.

a) Allocation of duties

- The delegator first tries to define the task and duties to the subordinate.
- He also has to define the result expected from the subordinates.
- Clarity of duty as well as result expected has to be the first step in delegation.

b) Granting of authority

- Subdivision of authority takes place when a superior divides and shares his authority with the subordinate.
- It is for this reason; every subordinate should be given enough independence to carry the task given to him by his superiors.
- The managers at all levels delegate authority and power which is attached to their job positions.
- The subdivision of powers is very important to get effective results.

c) Assigning of Responsibility and Accountability

- The delegation process does not end once powers are granted to the subordinates.
- They at the same time have to be obligatory towards the duties assigned to them.

- Responsibility is said to be the factor or obligation of an individual to carry out his duties in best of his ability as per the directions of superior.
- Therefore, it is that which gives effectiveness to authority.
- At the same time, responsibility is absolute and cannot be shifted.

d) Creation of accountability

- Accountability, on the other hand, is the obligation of the individual to carry out his duties as per the standards of performance.
- Therefore, it is said that authority is delegated, responsibility is created and accountability is imposed.
- Accountability arises out of responsibility and responsibility arises out of authority.
- Therefore, it becomes important that with every authority position an equal and opposite responsibility should be attached.
- Therefore every manager, i.e., the delegator has to follow a system to finish up the delegation process.
- Equally important is the delegate's role which means his responsibility and accountability is attached with the authority over to here.

11. Explain Human Resource planning in details. (May 2017) (A/M-22)

Explain in detail about the human resources planning.

[Nov 2018]

Key Points

- Definition
- Four-Phased Process of HRP
- Objectives of Human Resource Planning
- Need for HRP in Organizations
- HRP Process
- Barriers to HRP

Definition

Human Resource Planning (HRP)

- The objective of HR Planning is to ensure that the organization has the right types of persons at the right time at the right place.
- It prepares human resources inventory with a view to assess present and future needs, availability and possible shortages in human resource.
- There upon, HR Planning forecast demand and supplies and identify sources of selection. HR Planning develops strategies both long-term and short-term, to meet the man-power requirement.

HRP is a Four-Phased Process

- **The first phase**
 - It involves the gathering and analysis of data through manpower inventories and forecasts,
- **The second phase**
 - It consists of establishing manpower objectives and policies and gaining top management approval of these.
- **The third phase**
 - It involves designing and implementing plans and promotions to enable the organization to achieve its manpower objectives.
- **The fourth phase**
 - It is concerned with control and evaluation of manpower plans to facilitate progress in order to benefit both the organization and the individual.

Objectives of Human Resource Planning

- To ensure optimum utilization of human resources currently available in the organization.
- To assess or forecast the future skill requirement of the organization.
- To provide control measures to ensure that necessary resources are available as and when required.
- A series of specified reasons are there that attaches importance to manpower planning and forecasting exercises.

Need for HRP in Organizations

a) Employment-Unemployment Situation

- Though in general the number of educated unemployment is on the rise, there is acute shortage for a variety of skills. This emphasizes on the need for more effective recruitment and employee retention.

b) Technological Change

- The changes in production technologies, marketing methods and management techniques have been extensive and rapid. Their effect has been profound on the job contents and job contexts. These changes have caused problems relating to redundancies, retention and redeployment. All these suggest the need to plan manpower needs intensively and systematically.

c) Demographic Change

- The changing profile of the work force in terms of age, sex, literacy, technical inputs and social background has implications for HRP.

d) Skill Shortage

- Unemployment does not mean that the labour market is a buyer's market. Organizations generally become more complex and require a wide range of specialist skills that are rare and scarce. A problem arises in an organization when employees with such specialized skills leave.

e) Governmental Influences

- Government control and changes in legislation with regard to affirmative action for disadvantaged groups, working conditions and hours of work, restrictions on women and child employment, causal and contract labour, etc. have stimulated the organizations to be become involved in systematic HRP.

f) Legislative Control

- The policies of "hire and fire" have gone. Now the legislation makes it difficult to reduce the size of an organization quickly and cheaply.
- It is easy to increase but difficult to shed the fat in terms of the numbers employed because of recent changes in labour law relating to lay-offs and closures.
- Those responsible for managing manpower must look far ahead and thus attempt to foresee manpower problems.

g) Impact of the Pressure Group

- Pressure groups such as unions, politicians and persons displaced from land by location of giant enterprises have been raising contradictory pressure on

enterprise management such as internal recruitment and promotion, preference to employees' children, displace person, sons of soil etc.

h) Systems Approach

- The spread of system thinking and advent of the macro computer as the part of the on-going revolution in information technology which emphasis planning and newer ways of handling voluminous personnel records.

i) Lead Time

- The log lead time is necessary in the selection process and training and deployment of the employee to handle new knowledge and skills successfully.

HRP Process

- HRP effectively involves forecasting personnel needs, assessing personnel supply and matching demand –supply factors through personnel related programmes.
- The HR planning process is influenced by overall organizational objectives and environment of business as shown in fig.3.13

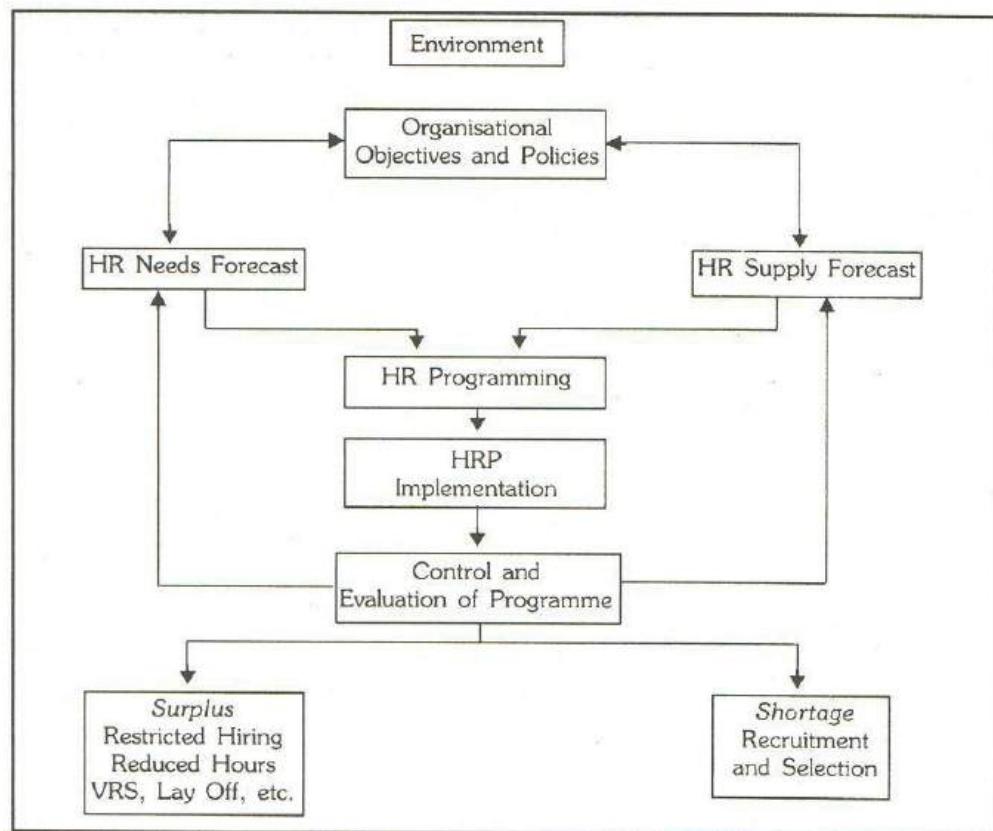


Fig: 3.13, HRP Process

a) Environmental Scanning

- It refers to the systematic monitoring of the external forces influencing the organization.

The following forces are essential for pertinent HRP.

- Economic factors, including general and regional conditions.
- Technological changes
- Demographic changes including age, composition and literacy,
- Political and legislative issues, including laws and administrative rulings
- Social concerns, including child care, educational facilities and priorities.

b) Organizational Objectives and Policies

- HR plan is usually derived from the organizational objectives.
- Specific requirements in terms of number and characteristics of employees should be derived from organizational objectives
- Once the organizational objectives are specified, communicated and understood by all concerned, the HR department must specify its objective with regard to HR utilization in the organization.

c) HR Demand Forecast

- Demand forecasting is the process of estimating the future quantity and quality of people required to meet the future needs of the organization.
- Annual budget and long-term corporate plan when translated into activity into activity form the basis for HR forecast.

Demand forecasting is essential because it helps the organization to

- Quantify the jobs, necessary for producing a given number of goods,
- To determine the nature of staff mix required in the future,
- To assess appropriate levels in different parts of organization so as to avoid unnecessary costs to the organization,
- To prevent shortages of personnel where and when, they are needed by the organization.

- To monitor compliances with legal requirements with regard to reservation of jobs.

d) HR Supply Forecast

- Supply forecast determines whether the HR department will be able to procure the required number of workers.
- Supply forecast measures the number of people likely to be available from within and outside an organization, after making allowance for absenteeism, internal movements and promotions, wastage and changes in hours, and other conditions of work.

Supply forecast is required because it is needed as it

- Helps to quantify the number of people and positions expected to be available in future to help the organization realize its plans and meet its objectives
- Helps to clarify the staff mixes that will arise in future 3. It assesses existing staffing in different parts of the organization. 4. It will enable the organization to prevent shortage of people where and when they are most needed.
- It also helps to monitor future compliance with legal requirements of job reservations. Supply analysis covers the existing human resources, internal sources of supply and external sources of supply.

e) HR Programming

- Once an organization's personnel demand and supply are forecasted the demand and supply need to be balanced in order that the vacancies can be filled by the right employees at the right time.

f) HR Plan Implementation

- HR implementation requires converting an HR plan into action. A series of action are initiated as a part of HR plan implementation.
- Programmes such as recruitment, selection and placement, training and development, retraining and redeployment, retention plan, succession plan etc when clubbed together form the implementation part of the HR plan.

g) Control and Evaluation

- Control and evaluation represent the final phase of the HRP process. All HR plan include budgets, targets and standards.

- The achievement of the organization will be evaluated and monitored against the plan.
- During this final phase organization will be evaluating on the number of people employed against the established (both those who are in the post and those who are in pipe line) and on the number recruited against the recruitment targets.
- Evaluation is also done with respect to employment cost against the budget and wastage accrued so that corrective action can be taken in future.

Barriers to HRP

- HR practitioners are perceived as experts in handling personnel matters, but are not experts in managing business.
- HR information often is incompatible with other information used in strategy formulation.
- Conflict may exist between short term and long term HR needs.
- There is conflict between quantitative and qualitative approaches to HRP.
- Non-involvement of operating managers renders HRP ineffective.

12. Explain the steps involved in recruitment process in detail. (N/D-2020,2021)

Illustrate the steps involved in the recruitment process. [Apr 2019] (A/M-22)

Key Points

- Definition
- Recruitment process
 - a) Identification of vacancy
 - b) Preparation of job description and job specification
 - c) Selection of sources
 - d) Advertising the vacancy
 - e) Managing the response

Definition of Recruitment

- Recruitment is the process of finding and attempting to attract job candidates who are capable of effectively filling job vacancies.

Recruitment process



Fig: 3.14, Recruitment process.

a) Identification of vacancy

- The recruitment process begins with the human resource department receiving requisitions for recruitment from any department of the company.

These contain

- Posts to be filled
- Number of persons
- Duties to be performed
- Qualifications required

b) Preparation of job description and job specification

- A job description is a list of the general tasks, or functions, and responsibilities of a position.
- It may often include to whom the position reports, specifications such as the qualifications or skills needed by the person in the job, or a salary range.
- A job specification describes the knowledge, skills, education, experience, and abilities you believe are essential to performing a particular job.

c) Selection of sources

- Every organization has the option of choosing the candidates for its recruitment processes from two kinds of sources: internal and external sources.
- The sources within the organization itself (like transfer of employees from one department to other, promotions) to fill a position are known as the internal sources of recruitment.
- Recruitment candidates from all the other sources (like outsourcing agencies etc.) are known as the external sources of the recruitment.

d) Advertising the vacancy

- After choosing the appropriate sources, the vacancy is communicated to the candidates by means of a suitable media such as television, radio, newspaper, internet, direct mail etc.

e) Managing the response

- After receiving an adequate number of responses from job seekers, the sieving process of the resumes begins.
- This is a very essential step of the recruitment selection process, because selecting the correct resumes that match the job profile, is very important.

13. Explain job design in detail.

Key Points

- Definition
- Goals
- Techniques for designing jobs
 - Job enlargement
 - Job rotation
 - job enrichment

Definition

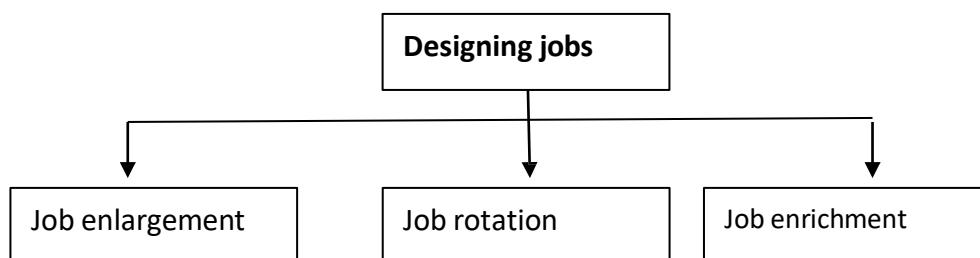
- The job design is usually broad enough to accommodate peoples need and desires. It may be especially appropriate to design jobs for exceptional persons in order to utilize their potential.

Goals

- To meet the organization requirement such as higher productivity, operational efficiency, quality of product/service etc.
- To satisfy the needs of the individual employees like interest, challenge, achievement.

Techniques for designing jobs

- a) Job enlargement
- b) Job rotation
- c) job enrichment



a) Job enlargement

- Job enlargement is several short tasks which are given to one worker.
- Thus the scope of the job is increasing because there are many tasks to be performed by the same worker.
- Enlarged jobs require longer training period because there are more task to be learned.

b) Job rotation

- Job rotation refers in the movement of an employee from the job to another.
- An employee who works on a routine job is affected from boredom and monotony.
- Job rotation improves employee's skills. Thus the role of job rotation in motivating people is limited.

c) Job enrichment

- Job enrichment is based on Herzberg's two factor theory of motivation.
- It is based on the assumption that in order to motivate workers.
- The job itself must provide opportunities for achievement.

14. Explain the steps involved in selection process in detail. (or)

Discuss the steps involved in providing appropriate human resources.

Discuss the tasks associated with identifying and selecting competent employees.

[Apr 2018]

Key Points

- Introduction of Selection
- 1. Initial Screening
- 2. Preliminary Interview
- 3. Filling Application Form
- 4. Personal Interview
- 5. References check
- 6. Background Verification
- 7. Final Interview
- 8. Physical Examination
- 9. Job Offer

Introduction of Selection

- Selecting a suitable candidate can be the biggest challenge for any organization.
- The success of an organization largely depends on its staff.
- Selection of the right candidate builds the foundation of any organization's success and helps in reducing turnovers.
- Though there is no fool proof selection procedure that will ensure low turnover and high profits.
- The following steps generally make up the selection process as shown in fig.3.15.



Fig: 3.15, Steps involved in selection process.

a) Initial Screening

- This is generally the starting point of any employee selection process.
- Initial Screening eliminates unqualified applicants and helps save time.
- Applications received from various sources are scrutinized and irrelevant ones are discarded.

b) Preliminary Interview

- It is used to eliminate those candidates who do not meet the minimum eligibility criteria laid down by the organization.
- The skills, academic and family background, competencies and interests of the candidate are examined during preliminary interview.
- Preliminary interviews are less formalized and planned than the final interviews.
- The candidates are given a brief up about the company and the job profile; and it is also examined how much the candidate knows about the company.
- Preliminary interviews are also called screening interviews.

c) Filling Application Form

- A candidate who passes the preliminary interview and is found to be eligible for the job is asked to fill in a formal application form.
- Such a form is designed in a way that it records the personal as well professional details of the candidates such as age, qualifications, reason for leaving previous job, experience, etc.

d) Personal Interview

- Most employers believe that the personal interview is very important.
- It helps them in obtaining more information about the prospective employee.
- It also helps them in interacting with the candidate and judging his communication abilities, his ease of handling pressure etc.
- In some Companies, the selection process comprises only of the Interview.

e) References check

Most application forms include a section that requires prospective candidates to put down names of a few references.

References can be classified into

- former employer
- former customers
- business references
- reputable persons

f) Background Verification

- A background check is a review of a person's commercial, criminal and (occasionally) financial records.
- Employers often perform background checks on employers or candidates for employment to confirm information given in a job application, verify a person's identity, or ensure that the individual does not have a history of criminal activity, etc., that could be an issue upon employment.

g) Final Interview

- Final interview is a process in which a potential employee is evaluated by an employer for prospective employment in their organization.

- During this process, the employer hopes to determine whether or not the applicant is suitable for the job.
- Different types of tests are conducted to evaluate the capabilities of an applicant, his behavior, special qualities etc.
- Separate tests are conducted for various types of jobs.

h) Physical Examination

- If all goes well, then at this stage, a physical examination is conducted to make sure that the candidate has sound health and does not suffer from any serious ailment.

i) Job Offer

- A candidate who clears all the steps is finally considered right for a particular job and is presented with the job offer.
- An applicant can be dropped at any given stage if considered unfit for the job.

15. Explain the steps involved in career planning and management in detail.

(May 2017)[Nov-2021]

Key Points

- Definition
- Purpose of career development
- Objective
- Career Development Process
 - Step 1: Self-Assessment
 - Step 2: Research (Career Exploration)
 - Step 3: Decision-Making
 - Step 4: Search (Taking Action)
 - Step 5: Acceptance

Definition

- Career development is an organized approach used to match employee goals with the business needs of the agency in support of workforce development initiatives.

Purpose of career development

- Enhance each employee's current job performance.

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- Enable individuals to take advantage of future job opportunities.
 - Fulfil agencies' goals for a dynamic and effective workforce.

Objective

- Career Management is the combination of structured planning and the active management choice of one's own professional career.
- The outcome of successful career management should include personal fulfilment, work/life balance, goal achievement and financial assurance.
 1. Development of overall goals and objectives
 2. Development of a strategy (a general means to accomplish the selected goals/objectives)
 3. Development of the specific means (policies, rules, procedures and activities) to implement the strategy
 4. Systematic evaluation of the progress toward the achievement of the selected goals/objectives to modify the strategy, if necessary

The time horizon for the achievement of the selected goals or objectives

1. **Short term goals** (one or two years) are usually specific and limited in scope. Short term goals are easier to formulate. Make sure they are achievable and relate to your longer term career goals.
2. **Intermediate goals** (3 to 20 years) tend to be less specific and more open ended than short term goals. Both intermediate and long term goals are more difficult to formulate than short term goals because there are so many unknowns about the future.
3. **Long term goals** (more than 100 years), of course, are the most fluid of all. Lack of life experience and knowledge about potential opportunities and pitfalls make the formulation of long term goals/ objectives very difficult. Long range goals/objectives, however, may be easily modified as additional information is received without a great loss of career efforts because of experience/knowledge transfer from one career to another.

Career Development Process

- Career development and the career planning process include a number of specific steps that help to identify personal skills and attributes.
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- Finding out how those skills can be utilized in the job market is accomplished by researching a number of career fields that are of interest to you and then by gaining experience in those fields and/or speaking to people currently working in the field.
 - Participating in some form of experiential education will help you to identify if the field is the right choice for you.

Step 1: Self-Assessment

- Evaluating who you are as a person. This involves taking a personal inventory of who you are and identifying your individual values, interests, skills, and personal qualities.
- What makes you tick as a person? You will look at those personal attributes under a microscope and come up with key qualities you can identify and use in your search for the perfect career.
- Career assessments may be required to promote a better understanding of personal attributes and skills.
- Contact your Career Services Office at your college to discuss if a career assessment may be right for you.
- Self-Assessment Reality Check Goal Setting Action Planning

Step 2: Research (Career Exploration)

- Obtain an insider's perspective about the career field you are considering. Conduct Informational Interviews in person, phone, or by email.
 - Professionals enjoy sharing their expertise with people interested in the field. Perform informational interviews with alumni from your college to gain their perspective of the field and to listen to what they have to say.
 - This strategy provides firsthand knowledge from someone currently working in the field and gives you an opportunity to ask about their experiences as well as potential jobs and what one might expect if just entering the field.
 - Gain experience through internships or by job shadowing for one to several days to see what a typical work day entails and to gain perspective of what the environment is like and the typical job responsibilities of someone working in the field.
-

-
- Research what types of jobs are available in your area of interest by checking out Majors to Career Converter, The Occupational Outlook Handbook and The Career Guide to Industries.
 - The Occupational Outlook Handbook offers a wealth of information for those currently just entering the job market and for those anticipating making a career change.

Step 3: Decision-Making

- Once you've made a thorough self-assessment and have done some research of career options, it's time to make a decision.
- This can be difficult since there may still be many unknowns and a fear of making the wrong choice.
- One thing for sure is that although we can do all the necessary steps to making an informed decision, there is no absolute certainty that we are unquestioningly making the right decision.
- This uncertainty is easier for some people than others but a key point to remember is that you can always learn from any job you have and take those skills and apply them at your next job.

Step 4: Search (Taking Action)

- It's now time to look for prospective jobs and/or employers, send out cover letters and resumes, and begin networking with people in the field.
- Keep in mind that cover letters and resumes are designed to make a favourable impression on employers (if done properly) and the interview process is what will ultimately land you the job.
- In other words, make sure your cover letter and resume highlight your skills and strengths based on the employer's needs and that you are fully prepared to knock their socks off at the interview.
- Take time to research the employer's website prior to the interview, and be prepared to ask thoughtful questions based on your research.

Step 5: Acceptance

- You've completed all of the steps above and you've been accepted into a new and exciting or different job.
-

- Congratulations! According to the Bureau of Labour Statistics, 64.1% of people change jobs between 5 and 14 times in their lifetime.
- Consequently, learning the skills above will increase your chances of gaining meaningful and satisfactory work as well as help you to avoid many of the stresses that occur with changing jobs.

16. Distinguish between training and development and explain the various methods of training. (13)(Nov 2017) or Discuss about purpose and process of training (N/D-20, 21, 22)

Key Points

- Definition of Training
- Purpose of Training
- Distinguish between training and development
- Steps in Training Process
 - Identifying Training needs
 - Getting ready for the job
 - Preparation of the learner
 - Presentation of Operation and Knowledge
 - Performance Try out
 - Follow-up and Evaluation

Definition of Training

- Training is a process of learning a sequence of programmed behavior. It improves the employee's performance on the current job and prepares them for an intended job.

Purpose of Training

1. To improve Productivity

Training leads to increased operational productivity and increased company profit.

2. To improve Quality

Better trained workers are less likely to make operational mistakes.

3. To improve Organizational Climate

Training leads to improved production and product quality which enhances financial incentives. This in turn increases the overall morale of the organization.

4. To increase Health and Safety

Proper training prevents industrial accidents.

5. Personal Growth

Training gives employees a wider awareness, an enlarged skill base and that leads to enhanced personal growth.

Difference between Training and Development

| Training | Development |
|--|--|
| Training is designed for non-managers as well as managers. | It involves only managerial personnel. |
| It is a short term process. | Long term in nature. |
| Managerial personnel learn technical knowledge and skills. | Managerial personnel learn conceptual and theoretical knowledge. |
| The objectives of training are specific job-related purpose. | The objectives have broader overview and consider general knowledge. |
| Training is concerned with the immediate improvement of the employee, i.e. the ways to make the employee more effective in his current role. | Development is a process to make the employee efficient enough to handle critical situations in the future, i.e. how well he can equip himself for the future demands. |
| Training means learning new things and refreshing old one. | Development means implementing the learned session and finding new ones. |

Steps in Training Process

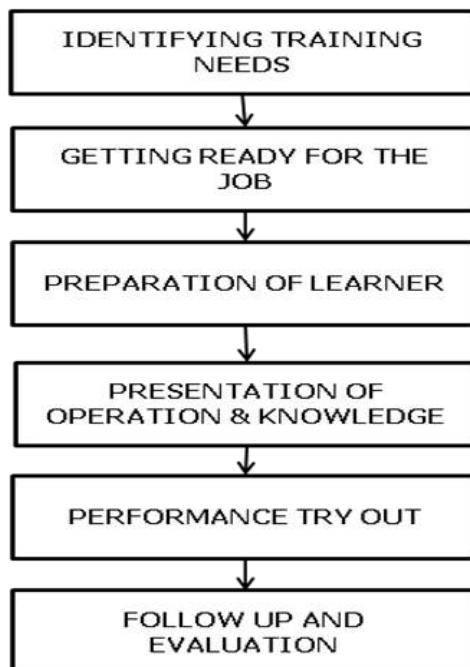


Fig: 3.16, Steps in Training Process.

i) Identifying Training needs

- A training program is designed to assist in providing solutions for specific operational problems or to improve performance of a trainee as shown in fig.3.16.

- **Organizational determination and Analysis:** Allocation of resources that relate to organizational goal.
- **Operational Analysis:** Determination of a specific employee behaviour required for a particular task.
- **Man Analysis:** Knowledge, attitude and skill one must possess for attainment of organizational objectives

ii) **Getting ready for the job**

- The trainer has to be prepared for the job. And also who needs to be trained - the newcomer or the existing employee or the supervisory staff.

iii) **Preparation of the learner**

- Putting the learner at ease
- Stating the importance and ingredients of the job
- Creating interest
- Placing the learner as close to his normal working position
- Familiarizing him with the equipment, materials and trade terms

iv) **Presentation of Operation and Knowledge**

- The trainer should clearly tell, show, illustrate and question in order to convey the new knowledge and operations.
- The trainee should be encouraged to ask questions in order to indicate that he really knows and understands the job.

v) **Performance Try out**

- The trainee is asked to go through the job several times. This gradually builds up his skill, speed and confidence.

vi) **Follow-up and Evaluation**

- This evaluates the effectiveness of the entire training effort

17. Explain the steps involved in performance management in detail.

Key Points

- Communication process
- Importance of Performance Planning
- Developing Performance Goals/Objectives

- Avoid Unrealistic Goals
- Methods of Verifying Performance
- Record Performance
- Counseling and Coaching

Communication process

- Setting Objectives
- Discussing Expectations and Performance Standards
- Identifying Goals
- Providing Feedback
- Evaluating Results

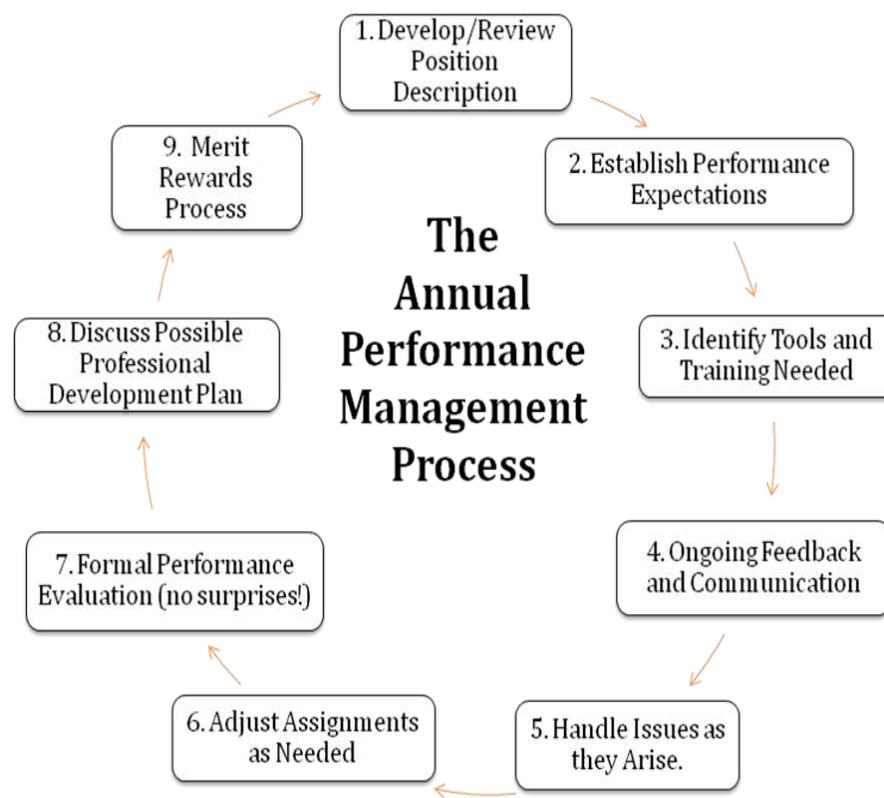


Fig: 3.17, Steps involved in performance management

Importance of Performance Planning

- Provide a link between work planning for individual staff members and overall department and Division goals as shown in fig.3.17.
- Help staff members understand their job responsibilities and improve job performance

- Recognize and reward staff member contributions, and foster professional development and career growth
- Increase productivity and correct problems
- Required in the determination of merit increases

Developing Performance Goals/Objectives

a) Avoid Unrealistic Goals

- Use specific examples of behaviors and of the desired results
- Avoid using evaluative terms which do not describe behaviors and/or outcomes, such as "good work" and "bad attitude"
- Be wary of using terms such as "always" and "never." It is not realistic to expect that a staff member will always perform perfectly and will never make a mistake
- Avoid using numbers in goals unless you actually intend to count the behavior
- Consider the cost/benefit of gathering data on performance

b) Methods of Verifying Performance

- Determined at the start of the evaluation period and discussed with the staff member.
- Direct observation
- Reports of others' observations
- Written records such as attendance, financial, assignment logs, and status reports
- Results in the form of tangible products

c) Record Performance

- Record only job-related performance, avoid making statements about an individual
- Do not try to record every event; select a representative sample of performance
- Cross validate reports from others
- Record both positive and negative performance

d) Counseling and Coaching

- Share knowledge and experience

- Share feedback and observations
- Use questioning to stimulate thinking
- Facilitate by listening
- Encourage brainstorming
- Explore options and consequences together
- Allow the employee to find their own conclusions and solve their own problems when possible

18. Differentiate between selection and recruitment.

Difference between Recruitment and Selection

1. The **recruitment** is the process of searching the candidates for employment and stimulating them to apply for jobs in the organization whereas **selection** involves the series of steps by which the candidates are screened for choosing the most suitable persons for vacant posts.
2. The basic purpose of **recruitment** is to create a talent pool of candidates to enable the selection of best candidates for the organization, by attracting more and more employees to apply in the organization whereas the basic purpose of **selection** process is to choose the right candidate to fill the various positions in the organization.
3. **Recruitment** is a positive process i.e. encouraging more and more employees to apply whereas **selection** is a negative process as it involves rejection of the unsuitable candidates.
4. **Recruitment** is concerned with tapping the sources of human resources whereas **selection** is concerned with selecting the most suitable candidate through various interviews and tests.
5. There is no contract of **recruitment** established in recruitment whereas **selection** results in a contract of service between the employer and the selected employee.

Recruitment

- Recruitment refers to the process of finding possible candidates for a job or function, undertaken by recruiters.
- It may be undertaken by an employment agency or a member of staff at the business or organization looking for recruits.

-
- Advertising is commonly part of the recruiting process, and can occur through several means: through newspapers, using newspaper dedicated to job advertisement, through professional publication, using advertisements placed in windows, through a job center, through campus interviews, etc.
 - Suitability for a job is typically assessed by looking for skills, e.g. communication skills, typing skills, computer skills.
 - Evidence for skills required for a job may be provided in the form of qualifications (educational or professional), experience in a job requiring the relevant skills or the testimony of references.
 - Employment agencies may also give computerized tests to assess an individual's "off-hand" knowledge of software packages or typing skills.
 - At a more basic level written tests may be given to assess numeracy and literacy.
 - A candidate may also be assessed on the basis of an interview. Sometimes candidates will be requested to provide a résumé (also known as a CV) or to complete an application form to provide this evidence.

Selection

- Selection is the process used to identify and hire individuals or groups of individuals to fill vacancies within an organization.
- Often based on an initial job analysis, the ultimate goal of personnel selection is to ensure an adequate return on investment--in other words, to make sure the productivity of the new hire warrants the costs spent on recruiting and training that hire.
- Several screening methods exist that may be used in personnel selection.
- Examples include the use of minimum or desired qualifications, resume/application review, oral interviews, work performance measures (e.g., writing samples), and traditional tests (e.g., of job knowledge).

19. Write a note on the recruitment and selection practices in Indian Industry.

Recruitment and selection in Indian Industry

- Recruitment is a very important part for any company because recruitment not only helps the company expand but also brings in fresh and competitive ideas and improves efficiency of the operations of the company.
-

- A wrong candidate could be harmful to the company's goals and retard its progress.
- The recruitment is done on campus and off campus.
- On campus recruitment means that the companies go to specific colleges spread across the country and hire according to their needs.
- The college placement cells are the connecting link in case of on campus recruitment and thus it is really important for the college placement cell to maintain good relations with the HR departments of the companies, who visit the campus regularly to hire graduates.
- On campus recruitment is mostly done by the private companies.
- When it comes to government recruitments or PSU recruitments the preferred mode followed is off-campus recruitment in form of advertisement in the newspaper inviting applications for a particular post which may be followed by a written test and finally the personal interviews.
- The equal opportunity required of the PSU and other government bodies prohibits them to focus on particular colleges and give chance to each and every graduate in the country.
- Public Sector Banks adopt a different method of recruitment.
- These PSBs organize special test for banking recruitments which is conducted twice a year and then the selection is made on the basis of test scores followed by a round of interviews.
- Companies like Infosys and TCS have been the hiring giants in India, which hire more than 2,00,000 graduates each year.
- Thanks to the outsourcing boom which has come to India technical hiring of software and computer engineers has been on an all time high in India.
- The present economic scenario does not bring too much of good news with all the companies cutting down on recruitment costs.
- There have been layoffs by some of the MNCs signaling the effects of the global turmoil, which are taking its toll on Indian opportunities.
- The economy has been downgraded, industrial production is at all time low and numerous other measures are affecting the Indian economy.

- All hopes are now on the fiscal policy of the government which may bring cheer for the graduates looking for jobs and also for the companies, which have no option, but to stop or slow down recruitments under this circumstance.

20. What are Differences between Formal and Informal Organization?

| Formal Organization | Informal Organization |
|---|--|
| i) Formal organization is established with the explicit aim of achieving well-defined goals. | i) Informal organization springs on its own. Its goals are ill defined and intangible. |
| ii) Formal organization is bound together by authority relationships among members. A hierarchical structure is created, constituting top management, middle management and supervisory management. | ii) Informal organization is characterized by a generalized sort of power relationships. Power in informal organization has bases other than rational legal right. |
| iii) Formal organization recognizes certain tasks which are to be carried out to achieve its goals. | iii) Informal organization does not have any well-defined tasks. |
| iv) The roles and relationships of people in formal organization are impersonally defined | iv) In informal organization the relationships among people are interpersonal. |
| v) In formal organization, much emphasis is placed on efficiency, discipline, conformity, consistency and control. | v) Informal organization is characterized by relative freedom, spontaneity, by relative freedom, spontaneity, homeliness and warmth. |
| vi) In formal organization, the social and psychological needs and interests of members of the organization get little attention. | vi) In informal organization the socio psychological needs, interests and aspirations of members get priority. |
| vii) The communication system in formal organization follows certain pre-determined patterns and paths. | vii) In informal organization, the communication pattern is haphazard, intricate and natural. |
| viii) Formal organization is relatively slow to | viii) Informal organization is dynamic |

| | |
|---|---|
| respond and adapt to changing situations and realities. | and very vigilant. It is sensitive to its surroundings. |
|---|---|

21. Explain the significance and determinants of individual behaviour in an business organizations. (A/M-22)

Individual behaviour refers to the way in which an individual reacts or behaves at his place of work. It can be defined as a combination of reactions to internal and external stimuli. Individual behaviour defines how a person will respond under distinct conditions and will express different emotions such as happiness, rudeness, love, anger etc. It refers to some concrete action by an individual. Study of individual behaviour reveals the behaviour of human at the working environment. Behaviour of an individual have a great influence on the performance of organization. Positive behaviour will lead to enhance the productivity. Whereas on another hand, negative behaviour will cause damages and bring heavy losses for company.

Various factors affecting the individual behaviour is classified into following categories: –

Personal Factors

Environmental Factors

Organizational Factors

Personal Factors

Personal factors are of 2 types: Biographic and Learned Characteristics

Biographic Characteristics: Biographic characteristics are genetic nature and are inherited by individual by their parents or forefathers. These are gifted features that an individual possesses by birth. All of these biographic characteristics are listed below: –

Psychical Characteristics- Personal characteristics relates to skin, complexion, vision, height, weight, size of nose etc. which influence the performance of individual. A person with good physical characteristics have an attractive personality, they dress well and behave gently in an organization.

Age- Age is an individual inherited characteristic that is determined by date of birth. Young people are expected to be more efficient, energetic, risk-taking, innovative and ambitious.

Gender- Gender is an inherited characteristic as being a men or women is genetic in nature. Women are expected to be more emotional than men and generates high turnover rates. It is due to more likeness of woman quitting their job citing personal reasons.

Religion- Religious values of individual influence distinct aspects of his/her behaviour in organization. Highly religious person is stricter towards following moral values, ethics and code of conduct while performing their roles.

Marital Status- Researcher indicated that with marital status, responsibilities of individual get inclined and for them having steady proper job becomes more important. Such employees have less absences, low turnovers and more job satisfaction.

Learned Characteristics: Learned characteristics refers to the changes in persons behaviour that comes from his/her interactions with environment.

Personality- Personality solely do not refer to physical characteristics of person but indicates the growth of individual's psychological system. These are the personal traits of persons that comprises of patience, extrovertness, dominance, aggressiveness etc.

Perception- It is a viewpoint of individual through which it interprets a particular situation. Perception is defined as a process via which information enters mind and an interpretation takes place for providing some sensible meaning to world.

Values- These are global beliefs that guides distinct actions and judgements in several situations. It comprises of idea of an individual that is based on good, right and desirable opinions.

Environmental Factors

The external environment has an effective role in influencing the individual behaviour.

Employment level- Employment opportunities available within the country act as a major determinant of individual behaviour. In case of less employment opportunities, he/she will remain stick to same job level irrespective of how much satisfaction is attained. However, if there are more employment opportunities available then employees will shift to other jobs.

Wages Rate- Monetary compensation is a major factor that every employee considers before joining any organization. Therefore, a decision whether to stay in a particular company or shift anywhere else is taken on the basis of wages he/she is getting.

General Economic Environment- Economic cycle in a country greatly influences the behaviour of individual in an organization. They are subject to retrenchment and layoffs. Job security and a stable income are the most relevant factors of motivation for these type of employees. Whereas, employees of public sector undertakings are not affected by economic position within the country as they receive their fixed salaries irrespective of economic conditions.

Political Factors- Political factors indirectly influences the behaviour of an individual. In a politically stable environment, there will be large opportunities of steady job positions. It will provide better freedom to individual which will influence their career choice, performance and job design.

ANNA UNIVERSITY QUESTIONS

PART-A

- 1.** What are the Characteristics of Organizing? (N/D-2020)
 - 2.** What are the Principles of organization structure? (N/D-2020)
 - 3.** What is the meaning of formal organization? [Apr 2019]
 - 4.** Explain the term design. [Apr 2019]
 - 5.** Define centralization? [Nov 2018]
 - 6.** What is human resources planning? [Nov 2018]
 - 7.** What is Job Design? [Apr 2018]
 - 8.** Distinguish between authority and power? [Apr 2018]
 - 9.** Define Career Management. (Nov 2017)
 - 10.** What do you understand by organization chart? (Nov 2017)
 - 11.** Explain the steps involved in performance management in detail. (May 2017)
 - 12.** What is delegation of authority? (May 2017)
 - 13.** What is Departmentalization? (OR) Define “Departmentation”? (Nov 2016)
 - 14.** What is meant by performance appraisal? (Nov 2016)
 - 15.** Define Organization. (May 2016)
 - 16.** What is De-centralization (May 2016)
-

PART-B

- 1.** Elaborate the merits and demerits of line organization and staff organization. [Apr 2019]
- 2.** Illustrate the steps involved in the recruitment process. [Apr 2019] (Nov 2020)
- 3.** In detail explain the nature and purpose of organization. [Nov 2018]
- 4.** Explain in detail about the human resources planning. [Nov 2018]
- 5.** Describe six key elements in organizational design. [Apr 2018]
- 6.** Discuss the tasks associated with identifying and selecting competent employees. [Apr 2018]
- 7.** Elucidate any four types of organization. (13) (Nov 2017)
- 8.** Distinguish between training and development and explain the various methods of training.(Nov 2017) (or)
Discuss about purpose and process of training. (N/D-2020)
- 9.** Explain the different types of organisation structure. (May 2017)
- 10.** Describe Human Resource Management. (May 2017)
- 11.** Explain departmentation by different strategies in detail. (Nov 2016)
(Or) Discuss the different types of organizational structure in detail.
- 12.** Explain Centralization in detail. (Nov 2016)
- 13.** Explain the nature of organizing? (May 2016)
- 14.** Explain the importance (or) purpose of organization? (May 2016)
- 15.** Explain Line and Staff authority in detail. (or) Explain line and functional organisational structures with their advantages and limitation. (May 2016)

UNIT-IV

DIRECTING

Foundations of individual and group behaviour – motivation – motivation theories – motivational techniques – job satisfaction – job enrichment – leadership – types and theories of leadership – communication – process of communication – barrier in communication – effective communication – communication and IT.

PART-A

1. Define directing.

- Directing is said to be a process in which the managers instruct, guide and oversee the performance of the workers to achieve predetermined goals. Directing is said to be the heart of management process.

2. Define organizational behavior.

Organizational behavior is the study of the actions of people at work

3. What is the goal of organizational behavior?

The goals of OB are to *explain, predict, and influence* behavior

4. Define Group dynamics. (A/M-22)

The social process by which people interact and behave in a group environment is called group dynamics. Group dynamics involves the influence of personality, power, and behaviour on the group process.

5. Outline the meaning of motivation.

(Apr 2019)

- Motivation is the word derived from the word 'motive' which means needs, desires, wants or drives within the individuals.
- It is the process of stimulating people to actions to accomplish the goals. In the work goal context the psychological factors stimulating the people's behaviour can be - desire for money.

6. What is the meaning of leadership?

(Apr 2019)

- Leadership is the art of motivating a group of people to act toward achieving a common goal.

7. What is meant by downward communication?

(Nov 2018)

- Downward communication occurs when information and messages flow down through an organization's formal chain of command or hierarchical structure.

-
- In other words, messages and orders start at the upper levels of the organizational hierarchy and move down toward the bottom levels.

8. Mention the various types of leadership styles.**(Nov 2018)**

- Democratic Leadership
- Autocratic Leadership
- Laissez-Faire Leadership
- Strategic Leadership
- Transformational Leadership
- Transactional Leadership
- Coach-Style Leadership
- Bureaucratic Leadership

9. What are the advantages of democratic leadership styles?**[Apr 2018]**

- Advantages of democratic leadership include creating employee job satisfaction and encouraging innovation and creative solutions to organizational issues and problems.

10. What is Brainstorming?**[Apr 2018]**

- The definition of a brainstorm is a sudden idea or plan. When you suddenly come up with an idea for a new electronic device, seemingly out of nowhere, this is an example of a brainstorm.

11. What is job satisfaction?**(Nov 2017)**

- Job satisfaction as "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences"
- An employee's general attitude toward his or her job.

12. Define job enrichment.**(Nov 17,21,22)**

- Job enrichment is redesigning a job to increase its motivating potential. Job enrichment increases the challenge of one's work by reversing the trend toward greater specialization

13. How job enrichment related with group motivation? (A/M-22)

In the short term, job enrichment may increase individual motivation at the expense of group productivity, as people spend time in research, training and development. It will take skill and flexibility across the team to deliver key priorities without creating resentment or burnout.

14. Define Personality. (May 2017)

- Personality is the combination of the psychological traits that characterize that person.

15. What is communication? (Nov 2016)

- Communication is a process of passing information and understanding from one person to another

16. List the hierarchy of needs.(or)

What are the elements in the Maslow's hierarchy of needs? (Nov 2016)

- Physiological needs
- Safety needs
- Social needs
- Esteem needs
- Self-actualization needs

17. What do you mean by the term 'Noise' in communication? (May 2016)

- The interruptions of the flow of information are referred to as "noise".
- Communicative problems (i.e., noise) can be categorized into three groups:
 - Technical
 - Semantic
 - Efficacy-related

18. List out leadership types (or)Mention the various types of leadership styles.

(May 2016)

Leadership Types

- Autocratic or Authoritative
- Democratic or Participative
- Laissez-Faire or Free-Rein

19. What is the main difference between creativity and innovation? (May14,Nov12)

| Creativity | Innovation |
|--|---|
| Creativity is the ability to generate ideas, | Innovation is the ability to capture these creative ideas |
| Divergent thinking | Convergent thinking - putting ideas into action. |

20. What are the limitations of matrix organization structure? (Nov 2013)

- A conflict of loyalty between line managers and project managers over the allocation of resources.

- Projects can be difficult to monitor if teams have a lot of independence.
- Costs can be increased if more managers (i.e. project managers) are created through the use of project teams.
- The major problem is the confusion and annoyance caused by the two fold chain of command.
- Often employees do not know for sure to whom and how to report.
- Potential conflicts can arise concerning the division of authority.

21. What are the different types of management strategies involved in leadership?

(May 2013)

- Exploitative-Autocratic
- Benevolent-Autocratic
- Consultative-Democratic
- Democratic-participative

22. What are differences between formal and informal communication? (Nov 2013)

| S.No | Formal | Informal |
|------|---|---|
| 1 | Formal communication involves utilizing the formal communication channels of an organization. | Informal communication is communication between employees outside the formal communication structure of the company |
| 2 | Formal communication process is slow. | This type of communication reaches people faster |
| 3 | It is likely to be misunderstood and noisy. | It is more flexible and must faster when compared to formal. |
| 4 | There is no permanent record of the communication. | It helps the management to know the reactions of employees while making critical decisions. |

23. Define motivation.

(Nov 2012)(Nov 2012)

- Motivation is a general term applying to the entire class of drives, desires, needs wishes and similar forces that induce an individual or a group of people to work.

24. Who is a leader?

(Nov 2012)

- Leader is "a person who influences a group of people towards the achievement of a goal".

25. Mention the elements of directing.

(May 2012)

- Directing includes the following elements:
 - Leadership

- Motivation
- Communication

26. List the components of communication process.

(May 2012)

The five important elements in the process of communication are:

- Sender
- Communication channels
- Symbols
- Receiver
- Noise and feedback in communication

27. Define job enlargement.

(Nov 2011)

- Job enlargement is a job design technique wherein there is an increase in the number of tasks associated with a certain job.

28. What is grapevine communication?

(Nov 2011)

- Grapevine is an informal communication which passes through many persons, but loses its original structure and form when passes from one person to another.

29. What is non-verbal communication?

(Nov 2011)

- Communication through symbols other than words is called as non-verbal communication.

30. What is organizational culture?

(May 2011)

- It is a system of informal rules that spells out how people have to behave most of the time.

31. What is meant Effective Communication?

- Effective communication is a two way information sharing process which involves one party sending a message that is easily understood by the receiving party.
- Effective communication by business managers facilitates information sharing between company employees and can substantially contribute to its commercial success.

32. Define Attitude. What are the components of attitude?

Attitudes are evaluative statements—either favorable or unfavorable—concerning objects, people, or events.

Components

- Cognitive component

-
- Affective component
 - Behavioral component

33. Define perception.

- A process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment.

34. Define norms.

- Acceptable standards (e.g., effort and performance, dress, and loyalty) shared and enforced by the members of a group.

35. What is meant by Brainstorming?

- Brainstorming is an excellent way of developing many creative solutions to a problem.
- It works by focusing on a problem, and then coming up with very many radical solutions to it.

36. What are the types of motivation?

- Positive motivation
- Negative motivation
- Extrinsic motivation
- Intrinsic motivation

37. What is the importance of motivation?

- The more motivated the employees are, the more empowered the team is.
- The more is the team work and individual employee contribution, more profitable and
- Successful is the business.
- During period of amendments, there will be more adaptability and creativity.
- Motivation will lead to an optimistic and challenging attitude at work place.

38. What are the advantages of motivation?

- Puts human resources into action
- Improves level of efficiency of employees
- Leads to achievement of organizational goals
- Builds friendly relationship
- Leads to stability of work force

39. Mention the various factors involved in using motivational techniques.

- Money
 - Participation
-

-
- Quality of working life
 - Job security
 - Effective Communication
 - Power of Authority

40. Define leadership.

- Leadership is "organizing a group of people to achieve a common goal".

41. Discuss the Characteristics of Leadership

- Leadership is a continuous process of influencing other's behavior
- Leadership is basically a personal quality
- The success of a leader depends on the acceptance of his leadership by the followers
- Leadership gives an experience of help to followers to attain common goals
- The followers work willingly and enthusiastically to achieve those goals
- Leadership styles may be different under different situations

42. What is the importance of leadership?

- Motivating Employees
- Creating Confidence
- Building Morale

43. Discuss the Functions of Leadership.

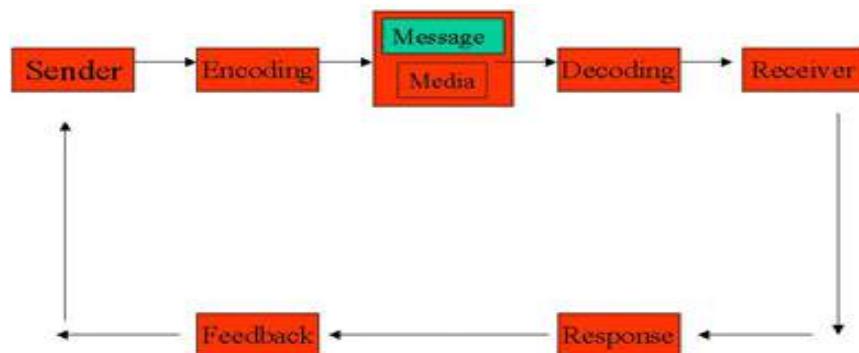
- Developing Team Work
- Representing the Team
- Counselling the Work Men
- Managing Time
- Using Proper Power
- Securing Group Effectiveness
 - Reward
 - Communication
 - Delegation of Authority

44. What are the various forms / types of communication?

- On the basis of numbers – intrapersonal, interpersonal, mass, group
- On the basis of operation – internal and external
- On the basis of method – verbal and non-verbal
- On the basis of channel – oral and written
- On the basis of direction – upward, downward, horizontal, vertical

- On the basis of authority - formal and informal

45. State the process of communication.



46. What are the functions of communication?

- Knowledge management
- Decision-making
- Coordinating work activities
- Fulfils relatedness needs

47. What are the various elements of communication?

- Sender
- Receiver
- Purpose
- Context
- Message
- Channel
- Action
- Feedback

48. Write a short on the importance of feedback in communication process. (N/D-22)

Without feedback, communication is nothing more than information. This makes feedback the primary component in the communication process because it gives the sender the opportunity to analyze the effect of the message. It helps the sender ensure that the recipient has interpreted the message correctly.

49. State the objectives of communication.

- Instructions and orders
- Education and training
- Complaints
- Suggestions

-
- Discussions
 - Problem-solving

50. State the barriers of communication.

- Socio-psychological barriers
- Organizational barriers
- Physical barriers
- Semantic barriers
- Cultural barriers
- Emotional barriers
- Personal barriers

51. What is the communication application in Network computer system?

- E-mail
- Instant Messaging
- Electronic Data Interchange
- Voice mail
- Fax
- Intranet and Extranet
- Tele conferencing and Video conferencing

52. What are the types of Groups?

- Formal groups
 - Command group
 - Task group
- Informal groups
 - Interest group
 - Friendship group

53. What is Job Design?and give details about its approaches? (Nov 2020)

Job design involves determining the specific task and responsibilities to be performed and carried out by the employees.

It is a complex process. It enables to identify employees' skill and competence with the job requirements. It ensures organizational efficiency and effectiveness.

- Techniques for designing jobs
 - Job enlargement
 - Job rotation
 - job enrichment
-

PART - B

1. Explain about Foundations of individual and Group Behavior. [Nov-2021]

Key Points

Organizational Behavior

1. Individual behaviors
 - Attitudes, Personality, perception, learning, and motivation
2. Group behaviors
 - Norms, roles, team-and conflict

Organizational Behavior

- Organizational behavior focuses primarily on two major areas.
 - Individual behaviors
 - Attitudes, Personality, perception, learning, and motivation
 - Group behaviors
 - Norms, roles, team-and conflict

1. Individual behaviors

- Based predominantly on contributions from psychologists, includes
 - a) Attitudes
 - b) Personality
 - c) Perception
 - d) Learning
 - e) Motivation

a) Attitudes

- Attitudes are evaluative statements either favorable or unfavorable concerning objects, people, or events.
- They reflect how an individual feels about something.
- When a person says, "I like my job," he or she is expressing an attitude about work.

An attitude as being made up of three components

- a) Cognitive component
 - An attitude is made up of the beliefs, opinions, knowledge, or information held by a person.
- b) Affective component

- An attitude is the emotional or feeling part of an attitude.
- c) Behavioral component
- An attitude refers to an intention to behave in a certain way toward someone or something.

Job-related Attitudes

- a) Job satisfaction
- Job satisfaction as "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences"
 - An employee's general attitude toward his or her job.
- b) Job involvement
- The degree, to which an employee identifies with his or her job, actively participates in it, and considers his or her job performance important for self-worth.
- c) Organizational commitment
- An employee's orientation toward the organization in terms of his or her loyalty to, identification with, and involvement in the organization.

Cognitive Dissonance Theory

- Cognitive dissonance is any incompatibility between two or more attitudes or between behavior and attitudes.
- Inconsistency is uncomfortable and individuals will seek a stable state with a minimum of dissonance.
- The desire to reduce dissonance is determined by
 - The importance of the elements creating the dissonance
 - The degree of influence the individual believes he or she has over the elements
 - The rewards that may be involved.

b) Personality and Behavior

- Personality is the combination of the psychological traits that characterize that person.

Myers-Briggs Type Indicator (MBTI)

- A method of identifying personality types uses

Four dimensions of personality to identify different personality types

1. Extroversion versus introversion (EI)

-
- An individual's orientation toward the inner world of ideas (I) or the external world of the environment (E).
2. Sensing versus intuitive (SN)
 - An individual's reliance on information gathered from the external world (S) or from the world of ideas (N).
 3. Thinking versus feeling (TF)
 - One's preference for evaluating information in an analytical manner (T) or on the basis of values and beliefs (F).
 4. Judging versus perceiving (JP)
 - Reflects an attitude toward the external world that is either task completion oriented (J) or information seeking (P).

Big Five Model of Personality Factors

Five-factor model of personality

1. Extroversion
 - The degree to which someone is sociable, talkative, and assertive.
2. Agreeableness
 - The degree to which someone is good-natured, cooperative, and trusting.
3. Conscientiousness
 - The degree to which someone is responsible, dependable, persistent, and achievement oriented.
4. Emotional stability
 - The degree to which someone is calm, enthusiastic, and secure (positive) or tense, nervous, depressed, and insecure (negative).
5. Openness to experience
 - The degree to which someone is imaginative, artistically sensitive, and intellectual.

Personality Traits and Work-related Behaviors

1. Locus of control
 - A personality attribute that measures the degree to which people believe that they are masters of their own fate
2. Machiavellianism ("Mach")

- A measure of the degree to which people are pragmatic, maintain emotional distance, and believe that ends can justify means Self-esteem (SE)
- An individual's degree of life dislike for him- or herself

3. Self-monitoring

- A measure of an individual's ability to adjust his or her behavior to external, situational factors.

4. Propensity for risk taking

- The willingness to take chances—a preference to assume or avoid risk.

Holland's Typology of Personality and Sample Occupations fig.4.1

a. Realistic

- Prefers physical activities that require skill, strength, and coordination

b. Investigative

- Prefers activities involving thinking, organizing, and understanding

c. Social

- Prefers activities that involve helping and developing others

d. Conventional

- Prefers rule-regulated, orderly and unambiguous activities

e. Enterprising

- Prefers verbal activities where there are opportunities to influence others and attain power

f. Artistic

- Prefers ambiguous and unsystematic activities that allow creative expression,

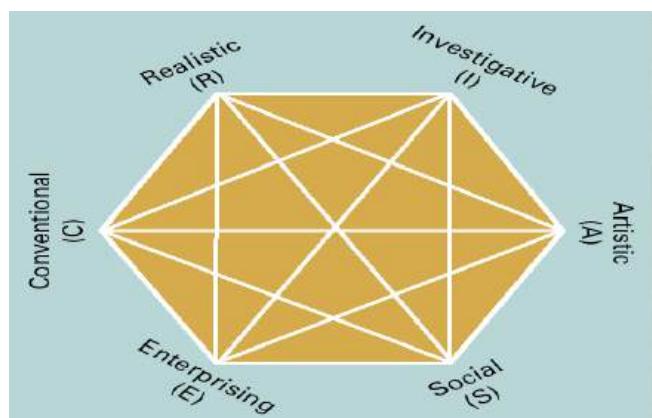


Fig.4.1. Typology of Personality and Sample Occupations.

c) Perception

- A process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment

Influences on Perception

Personal characteristics

- Attitudes
- Personality
- Motives
- Interests
- Past experiences
- Expectations

Target characteristics

- Relationship of a target to its background
- Closeness and/or similarity to other things
- The context in which objects are seen
- Other situational factors.

How Managers Judge Employees

a) Attribution theory

- A theory based on the premise that we judge people differently depending on the meaning we attribute to a given behavior as shown in fig.4.2.
- Internally caused behavior is believed to be under the control of the individual.
- Externally caused behavior results from outside causes; that is, the person is seen as having been forced into the behavior by the situation.

b) Interpreting Behavior

Distinctiveness

- Whether an individual displays a behavior in many situations or whether it is particular to one situation.

Consensus

- If the individual responds in the same way as everyone else faced with a similar situation responds.

Consistency

- The individual engages in the same behaviors regularly and consistently over time.

c) The Process of Attribution Theory

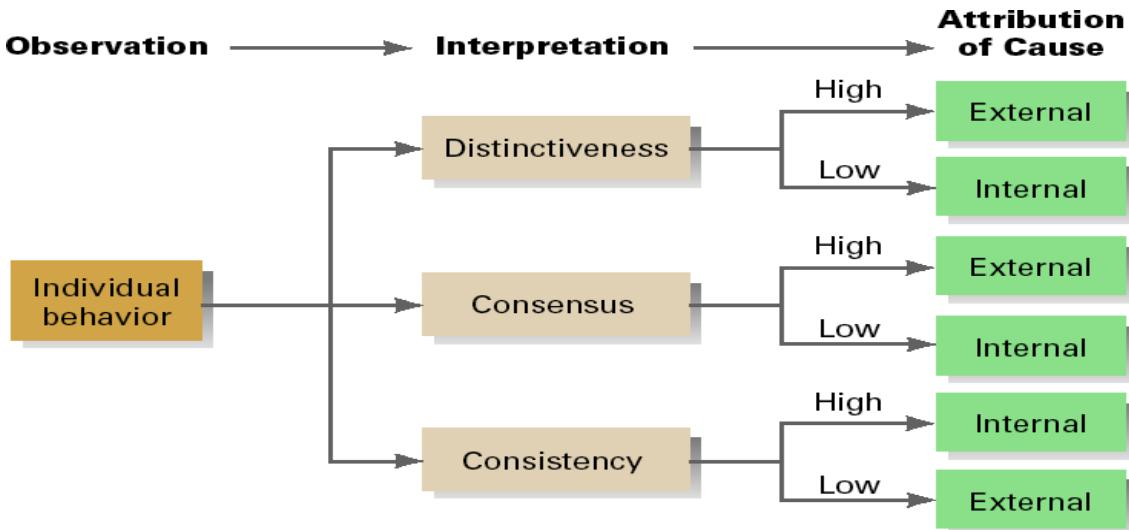


Fig.4.2. Process of Attribution Theory.

d) Judgment Errors

Fundamental attribution error

- The tendency to underestimate the influence of external factors and overestimate the influence of internal or personal factors when making judgments about the behavior of others.

Self-serving bias

- The tendency for individuals to attribute their own successes to internal factors while putting the blame for failures on external factors.

d) Learning

- Learning defined, any relatively permanent change in behavior that occurs as a result of experience
- Operant conditioning (B. F. Skinner)
 - A behavioral theory that argues that voluntary, or learned, behavior is a function of its consequences
 - Reinforcement increases the likelihood that behavior will be repeated; behavior that is not rewarded or is punished is less likely to be repeated.
 - Rewards are most effective if they immediately follow the desired response.

- Social learning theory
 - The theory that people can learn through observation and direct experience; by modeling the behavior of others.
- Modeling processes
 - Attention processes.
 - Retention processes
 - Motor reproduction processes
 - Reinforcement processes

2. Group Behavior

- Two or more individuals, interacting and interdependent, who come together to achieve particular objectives.
- *Group behavior* includes
 - Norms
 - Roles
 - Team building
 - Leadership
 - Conflict

Types of Groups

1. Formal groups

- Those defined by the organization's structure, with designated work assignments establishing tasks.
 1. Command group – a group composed of the individuals who report directly to a given manager.
 2. Task groups - also organizationally determined, representing those working together to complete a job task.

2. Informal group

- A group that is neither formally structured nor organizationally determined.
- Natural formations in the work environment that appear in response to the need for social contact.
 1. Interest group - people not necessarily aligned into common command or task groups who affiliate to attain a specific objective.
 2. Friendship group – those brought together because they share one or more common characteristics.

Reasons Why People Join Groups

- Security
- Status
- Self-esteem
- Affiliation
- Power
- Goal achievement

The Five-Stage Model of Group Development as shown in fig.4.3.



Fig.4.3.Five-Stage Model of Group Development.

Group Properties

- a) Roles
- b) Norms
- c) Status
- d) Size
- e) Cohesiveness

a) Role

- A set of expected behavior patterns attributed to someone in a given position in a social unit.
 - Role Identity – role's associated attitudes and behaviors

- Role Perception – our view of how we're supposed to act in a given situation
- Role Expectations – how others believe you should act in a given situation
- Role Conflict– conflict experienced when multiple roles are incompatible

b) Norms

- Acceptable standards (e.g., effort and performance, dress, and loyalty) shared and enforced by the members of a group.

Types of Group Norms

There are two types of group norms, which are as follows:

- ***Behavior norms***

- Behavior norms are rules that standardize how individuals act while working on a day-to-day basis.
- Examples are. "Do not come to committee meetings unless you have read the reports to be ""discussed""", "greet every customer with a smile", etc.
- These norms tend to reflect motivation, commitment to the organization and therefore result in high level of performance.

- ***Performance norms***

- Performance norms are rules that standardize employee output and number of hours worked.

Conformity

- **Reference Groups**

- Groups in which a person is aware of other members, defines self as a member, believes group members to be significant
- Individuals try to conform to norms of these groups

- **Asch Studies**

- Members desire to avoid being visibly different
- Members with differing opinions feel extensive pressure to align with others
- Level of conformity has declined since 1950s

c) Status

- A prestige grading, position, or rank within a group

- May be informally conferred by characteristics such as education, age, skill, or experience.
- Anything can have status value if others in the group admire it.

d) Size

- Smaller groups are faster at completing tasks – members perform better
- Large groups are consistently better at problem solvingSocial loafing
- The tendency of an individual in a group to decrease his or her effort because responsibility and individual achievement cannot be measured

e) Group cohesiveness

- The degree to which members of a group are attracted to each other and share goals
- Size, work environment, length of time in existence, and group-organization goal congruency affect the degree of group cohesiveness as shown in fig.4.4.

Encouraging Cohesiveness

- Make the group smaller
- Encourage agreement with group goals
- Increase the time spent together
- Increase the status and perceived difficulty of group membership
- Stimulate competition with other groups
- Give rewards to the group rather than to individual members
- Physically isolate the group

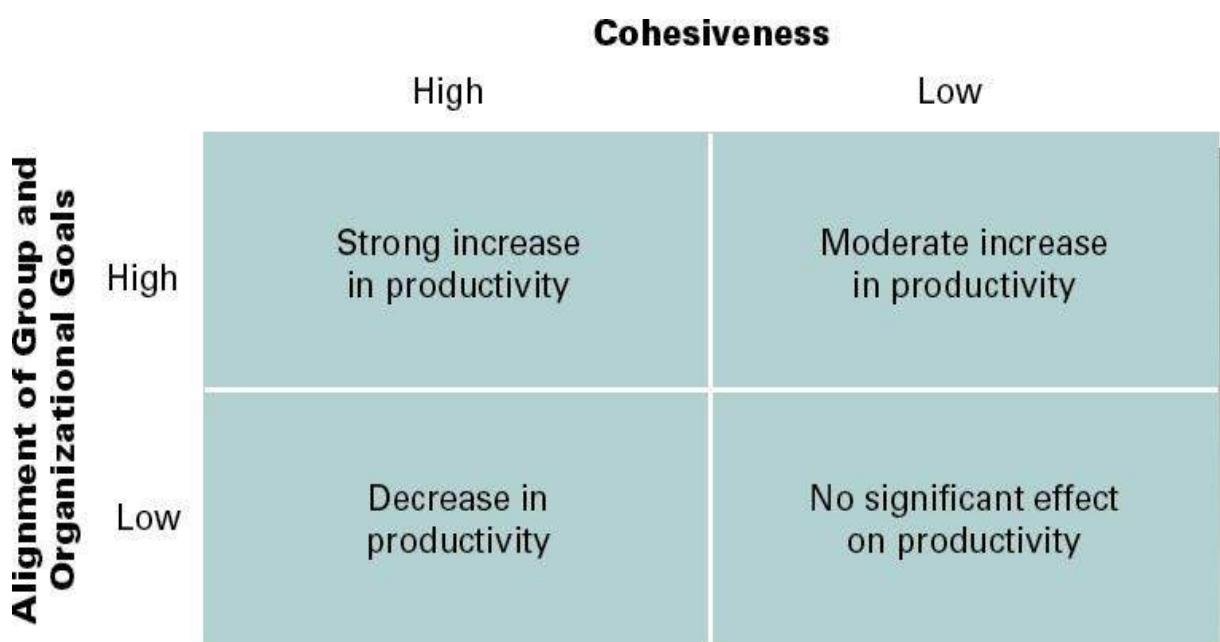


Fig.4.4 Relationship between Group Cohesiveness and Productivity

Group Decision Making

- Strength
 - Generate more complete information and knowledge
 - Increased diversity of views
 - Increased acceptance of a solution
- Weakness
 - Takes longer
 - Conformity pressures
 - Discussions can be dominated by one or a few members
 - Ambiguous responsibility for the final outcome

Groupthink

- A deterioration of individual's mental efficiency, reality testing, and moral judgments as a result of group pressures Occurs when members:
 - Rationalize away resistance to assumptions
 - Pressure doubters to support the majority
 - Doubters keep silent/minimize their misgivings
 - Interprets silence as a "yes" vote

Minimizing Groupthink

- Limit group size (≤ 10)
- Encourage group leaders to actively seek input from all members and avoid expressing their own opinions

Group shift

- Group discussions lead members to assume new, more extreme, positions
- Groups often take positions of greater risk
- May be due to diffused responsibility

Group Decision-Making Techniques

- Interacting groups meet face-to-face and rely on verbal and non-verbal interactions to communicate.

Brainstorming

- Generates a list of creative alternatives
- Problem: production blocking

Nominal Group Technique (NGT)

- Restricts discussion during the decision-making process to encourage independent thinking

Global Implications

- Cultural differences affect the importance, display, and derivation of status.
- Social loafing occurs mostly in individualistic cultures motivated by self-interest.
- Diversity leads to greater conflict but the surface-level recognition may make members more open-minded and accepting – leading to better decisions.
 - Positive relationship between role perception and performance evaluation
 - Group norms can affect individual performance either positively or negatively
 - Status inequities adversely impact productivity and performance
 - Group size impacts effectiveness
- Cohesiveness can influence productivity

2. Explain any two theories of motivation in detail. (N/D 12,18,21) (A/M-22)

Explain Porter and Lawler theory of motivation and Adam's equity theory of motivation.
(Nov/Dec 2013)

Summarize the methods of motivating employees in organization. (Apr 2019)

What do you think are the best suited Motivation theories in today's world? Explain any two motivational theories in detail. (N/D-22)

Key Points

Introduction

Motivation Process

Motivation theories

1) Content theories

- a) Maslow's Hierarchy of Needs
 - b) Herzberg's Motivation Hygiene Theory
 - c) Alderfer's ERG Theory
 - d) McGregor's Theory X and Theory Y
 - e) McClelland's Achievement, Power, and Affiliation Motives
- 2) Process theories
- a) Equity theory
 - o Adams Equity Theory
 - b) Expectancy theory
 - o Vroom's Theory
 - o Porter and Lawler's Theory

Motivation

Introduction

- Motivation is the willingness to do desired actions that satisfy the individual's needs.
- A need indicates an internal state that makes outcomes attractive as shown in fig.4.5

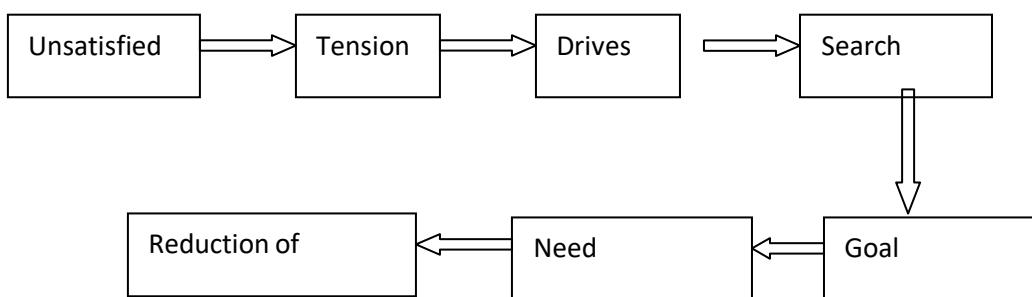


Fig.4.5 Motivation Process

Motivation Process

- An unsatisfied need creates tension in the individual.
- Once the goals are achieved, the need is satisfied.
- Tension is thereby reduced.
- Motivation is also observed in the form of obvious positive work behavior.

Motivation theories

1. Content theories
2. Process theories

1) Content Theory

Content theory identifies what causes motivation?

- The belief is that there are clearly identifiable things that can motivate an employee.
- If the organization is able to ascertain what these are then it can offer these to the employee in return for good performance.
- The employee would be motivated by these offerings provided he values them.

Few of the popular content theories

- f) Maslow's Hierarchy of Needs
- g) Herzberg's Motivation Hygiene Theory
- h) Alderfer's ERG Theory
- i) McGregor's Theory X and Theory Y
- j) McClelland's Achievement, Power, and Affiliation Motives

a) **Maslow's Hierarchy of Needs**

This is perhaps the most popular theory of motivation. He hypothesized that a hierarchy of five needs exists in each individual (see fig.4.6).

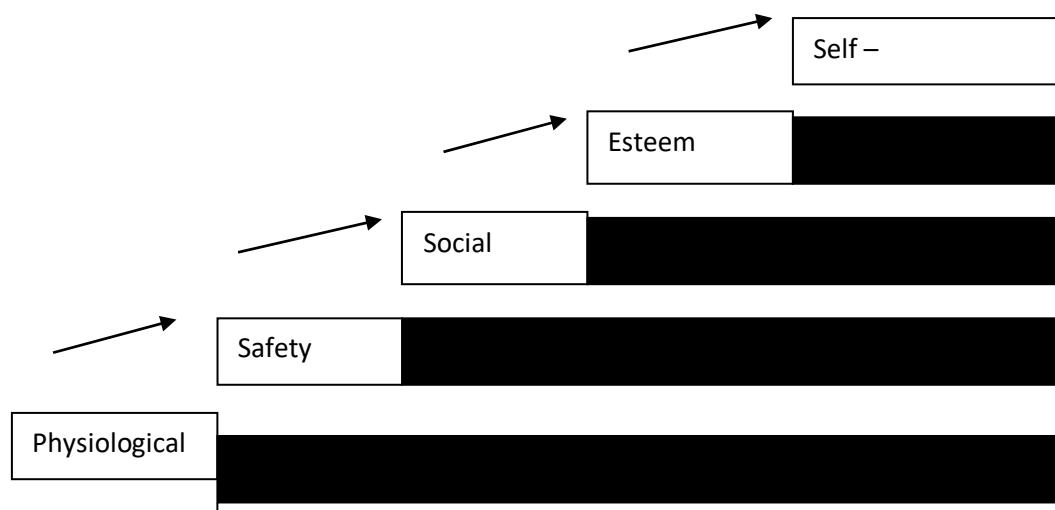


Fig.4.6 - Maslow's Hierarchy of Needs

Let us understand the hierarchy of needs theory.

The five needs identified are the

1. Physiological
 - It includes all needs that have to be satisfied for the well being of the individual. These include hunger, shelter, sex, and other needs related to the body.
2. Safety
 - It includes all needs that have to be satisfied for ensuring the security of the individual. These include protection and security from physical and emotional problems.
3. Social

- This includes all needs that make the person feel wanted .It includes friendship, affection, belongingness and acceptance.
4. Esteem
- This includes all needs that give the individual a better self worth. It includes attention, recognition, status, autonomy, achievement and self-respect.
5. Self-actualization
- This includes the needs that drive the individual to grow and achieve all that he is capable of. It is a state of self fulfillment.

b) Herzberg's Motivation Hygiene Theory

- Herzberg identified that the factors leading to job dissatisfaction are different from those that lead to job satisfaction.
- The factors that lead to job dissatisfaction are called hygiene or maintenance factors.
- The factors that cause satisfaction are called motivators.
- When the organization eliminates factors that create job dissatisfaction, it may at best bring about congenial work conditions.
- It may not necessarily result in motivation.

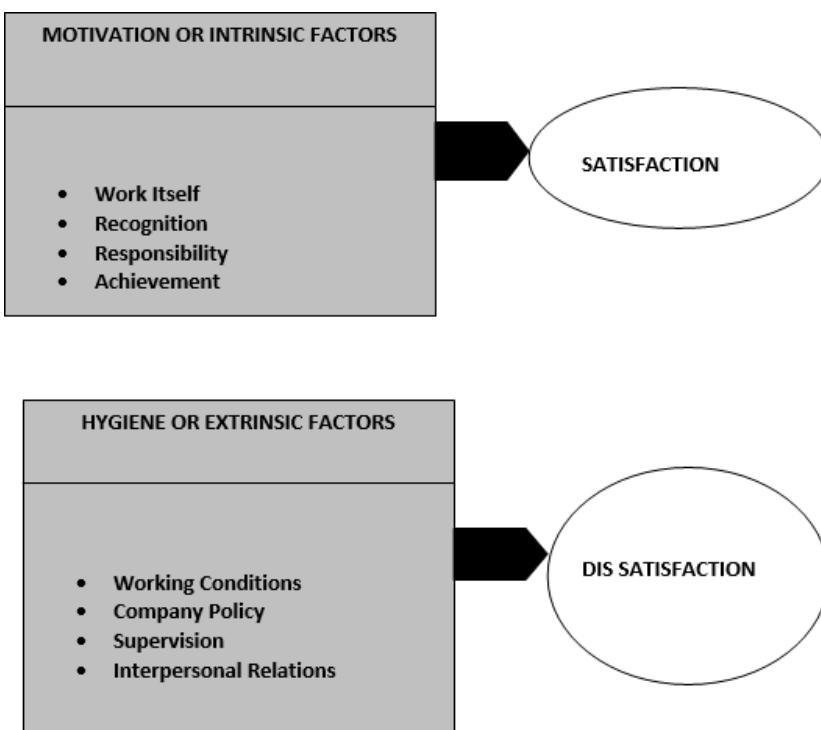


Fig. 4.7.Herzberg's Motivation Hygiene Theory

- Factors such as working conditions, company policy, supervision, interpersonal relations etc. are considered as hygiene or maintenance factors as shown in fig.4.7
- Factors such as work itself, recognition, responsibility, achievement etc, are considered as motivators.

- The opposite of “dissatisfaction” is “no satisfaction”.

The motivation-hygiene theory is criticized on account of the following reasons:

- When the outcomes are good people tend to take credit for themselves. On the contrary they attribute their failure to the external factors.
- Herzberg's methodology suffers from poor reliability.
- An overall measure of satisfaction must be used to assess satisfaction.
- The theory is inconsistent with other research findings.
- It ignores situational variables.
- Herzberg assumes a direct relationship between satisfaction and productivity.
- However, he failed to look into this relationship.
- His theory studied satisfaction in isolation without considering productivity.

Maslow and Herzberg – A Comparison

The below fig.4.8 shows the Comparison of Maslow and Herzberg

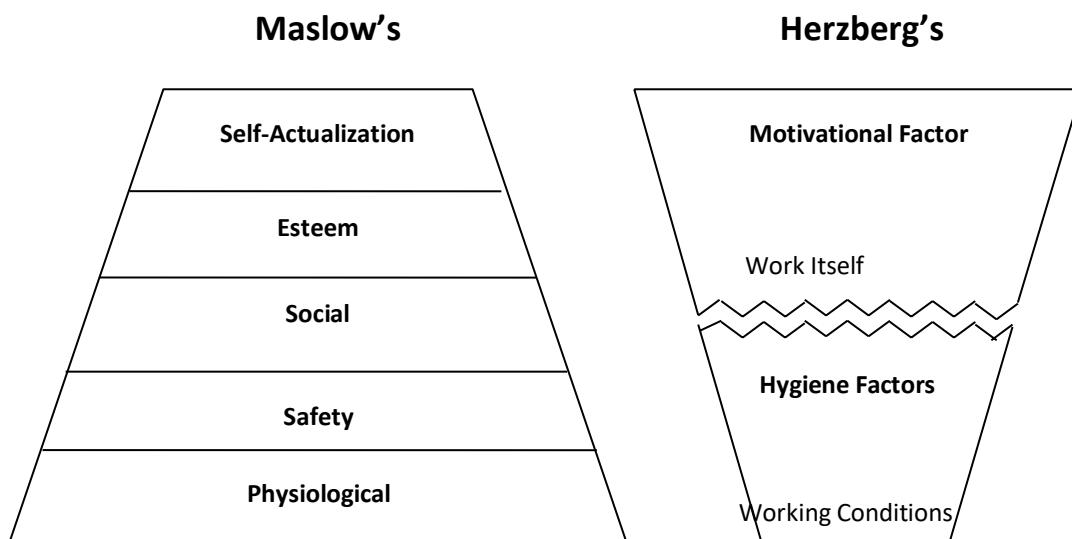


Fig. 4.8. A Comparison of Maslow and Herzberg

- Maslow identified the needs as a hierarchy of five needs.
- The individual moves from the lowest need to the highest need, step by step.
- Herzberg suggested that every individual moves through each of these steps in the same manner.

Herzberg identified two needs

- Maintenance needs
- Motivation needs

c) Alderfer's ERG Theory

- Alderfer reframed Maslow's hierarchy of needs into another model.
- He called it the ERG theory.

According to him there are three groups of core needs.

- **Existence need** - is concerned mainly with providing basic requirements for the individual's existence.
- **Relatedness need** - is concerned with the individual's need to maintain good interpersonal relationships with other members in his work group.
- **Growth need** - is concerned with the intrinsic desire to grow and develop.

d) McGregor's Theory X and Theory Y

Douglas McGregor suggested that a manager's view of his subordinates is based on any one of the two assumptions.

- The first assumption is basically negative. McGregor labeled it as Theory X.
- The second assumption is basically positive.
- He labeled it Theory Y.

Theory X identifies the four assumptions held by the manager as

- Employees inherently dislike work. Therefore, if possible, they try to avoid it.
- As employees dislike work, they must be coerced or threatened with punishment. Such control will force them to achieve desired goals.
- Employees generally shirk responsibilities. They prefer to seek formal direction.
- Most employees want security as against other factors related to work. They do not have much ambition.

Theory Y identifies four other assumptions held by the manager as

- Employees view work as being as natural as rest or play
- Employees will exercise self-direction and self-control when they are committed to the goals.
- The average person can learn to accept and can even seek responsibility.
- Creativity defined as the ability to make good decisions is spread throughout the workforce.

-
- It does not rest only with persons in the managerial positions.
 - There is no proof that either of these assumptions is valid.
 - Practicing the assumptions of Theory Y may not necessarily motivate employees.
 - Most human resource managers are familiar with both theory X and theory Y.
 - While some prefer to use theory X others prefer theory Y.

e) McClelland's Achievement, Power, and Affiliation Motives

- David McClelland identified three motives or needs that drive employees at work. They are the need for achievement, the need for power and the need for affiliation.

The need for achievement

- It indicates the drive to excel, and to achieve in relation to a set of standards. It denotes the employees desire to succeed in his work life.

The need for power

- It indicates the need to make others behave in a particular manner. Without this, it is likely that the employee would not have behaved this way.

The need for affiliation

- It is the desire for good interpersonal relationships. This indicates a predisposition to develop friendly relations with employees.
- McClelland refers to this drive as the need for achievement(nAch). He denoted it as (nAch).
- McClelland found that high achievers have a strong desire to do things better unlike others.
- They search out situations that require them to take personal responsibility.
- They enjoy finding solutions to difficult problems. They prefer to get immediate feedback on their performance.
- They believe in setting moderately challenging goals which require them to expend a little more effort. Being competitive they look for challenges.
- High achievers dislike unrealistic goals as success depends more on chance.
- Similarly, they dislike goals that are easy to achieve.
- McClelland's research is accepted to a fair extent.

- However, practitioners have been more interested in the achievement need. This is because employees driven by nAch are motivated by intrinsic rather than extrinsic motivators.
- It implies that managers can encourage employees to develop nAch.
- By doing so they would instill the desire to achieve a higher work performance.
- Managers can put employees through nAch training.
- These training workshops normally stimulate this need in trainees.
- Managers must understand the concepts behind nAch.
- This will help them understand what employees high in nAch desire from their work.
- This helps to design jobs that are more complete. This can help motivate employees.

II) Process Theory

- It is possible to motivate only if the organization knows how employees are motivated. Therefore, it must take initiative to identify and clearly map these steps.
- Process theories of motivation attempt to understand what individuals think when they decide to put effort into a particular job.
- Process theories are concerned with the thought processes that influence the individual's behavior.

Two process theories are

- c) Equity theory
- d) Expectancy theory

a) **Equity theory**

- It finds the relationship between inputs and outputs.
- If the ratio derived is the same for everyone in an organization then equity is established.
- When inequity exists individuals react in different ways to establish equity.

Adams Equity Theory

- Individuals are motivated by their beliefs about the reward structure.
- Rewards may be considered to be fair or unfair, relative to the inputs the individual puts in.
- Individuals use subjective judgment to compare the outcomes and inputs. Comparisons are made between the individual's inputs and outputs.

Comparisons are also made between different individuals (Fig 4.9).

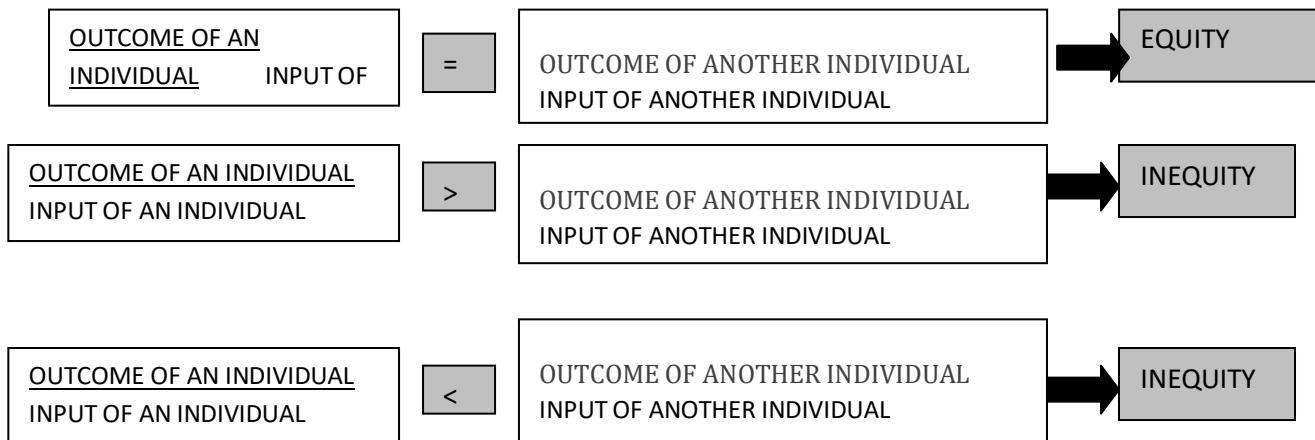


Figure 4.9 Adams Equity Theory

- Adams suggested that these comparisons have an impact on the individual's performance.
- If the individual feels that they are not equally rewarded they either reduce the quantity or quality of work or move to some other organization.

If people perceive that they are well rewarded, they may be motivated to work harder.

b) Expectancy theory

- According to expectancy theory effort is linked to the desire for a particular outcome.
- The theory concludes that, individuals will expend efforts when they have a reasonable expectation that it will lead to the desired outcome, effort perse is not sufficient but it has to be accompanied by ability and skill, and job satisfaction results from effective job performance.

VRoom's Theory

His theory is based on three variables:

- Expectancy
- Valence
- Instrumentality

It is commonly referred to as the VIE theory.

According to this theory, motivation can be mathematically defined as:

- **Motivation = Valence x Expectancy x Instrumentality**

Expectancy

- An employee's choice of behavior depends not only on the outcome, but also the probability that this outcome can be achieved.
- This is based on perceptions of the employee and is denoted as subjective probabilities.
- The probabilities range from 0-1.
- Expectancy denotes the relationship between effort expended and first level outcomes.

Valence

- It denotes the attractiveness of a particular outcome to the employee.
- It is the satisfaction that may arise from attaining the outcome.

Instrumentality

- The valence of outcomes is derived from the instrumentality.

Distinguish between first level outcomes and second level outcomes

- First level outcomes are based on **performance**.
- Performance outcomes have valence because they lead to second level outcomes.
- Second level outcomes are usually **need** based.
- Second level outcomes are performance based and do not depend on effort expended.
- They bring about satisfaction.
- The theory proposes that employees choose the behavior that will help them attain a preferred outcome, which will bring them satisfaction.
- Though the theory is considered to be difficult to comprehend, it is considered useful to understand the complexities of work motivation.
- Expectancy theory suggests that an employee can be motivated to perform well if they are able to understand that such performance will lead to a good performance appraisal.
- In turn, this score may result in realization of a personal goal such as a promotion.

Porter and Lawler's Theory

Porter and Lawler suggested modifications to Vroom's theory.

- Actual performance in a job is primarily determined by the effort expended.
- Unless the individual values the rewards and is able to see the linkage between effort and reward, he will not put in effort.
- Effort is also affected by the individual's abilities, traits and role perceptions.
- Performance leads to intrinsic as well as extrinsic rewards.
- Satisfaction of the individual depends upon the fairness of the reward.
- If these rewards are viewed to be equitable then the individual is satisfied.
- Satisfaction once again motivates the individual to expend efforts.
- They give a more comprehensive model of motivation shown in fig.4.10.

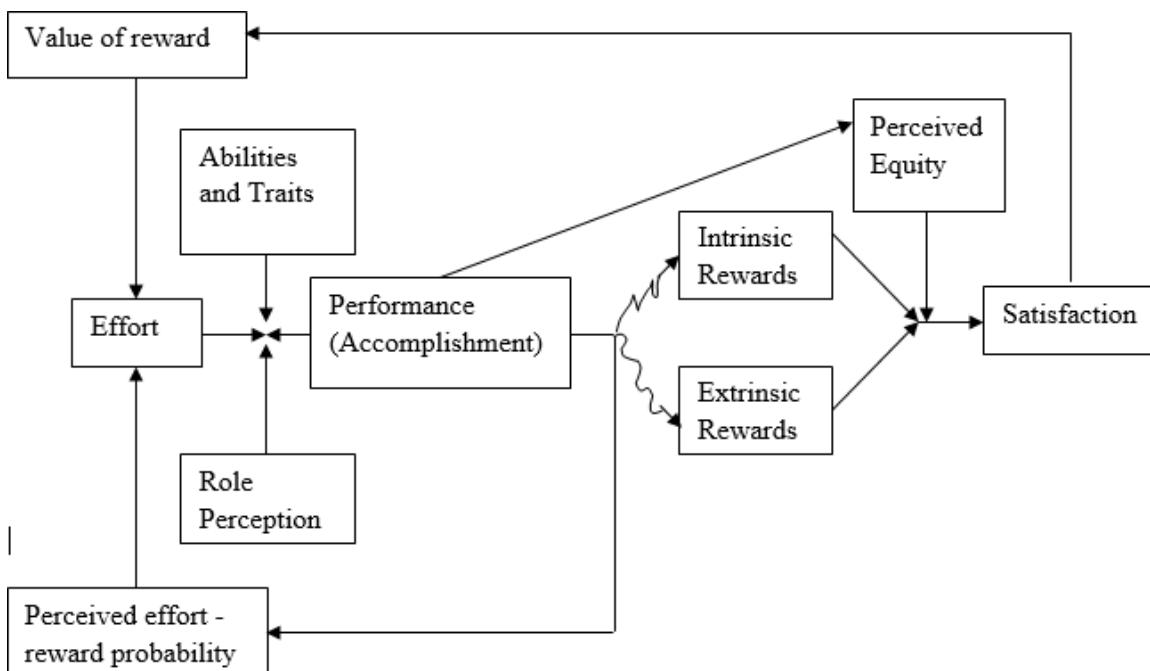


Figure 4.10 Porter and Lawler's Theory

3. Does motivation important for organization development/achievement? Justify your answer with Maslow's hierarchy of needs. (Nov/Dec 2011)

Key Points

Maslow's "Need Hierarchy Theory"

- Physiological needs

- Security or Safety needs
- Social needs
- Esteem needs
- Need for self-actualization

- If a manager wants to get work done by his employees, he may either hold out a promise of a reward (**positive motivation**) or he/she may install fear (**negative motivation**).
- Both these types are widely used by managements.

Maslow's "Need Hierarchy Theory"

As per his theory these needs are.

(i) Physiological needs

- These are important needs for sustaining the human life.
- Food, water, warmth, shelter, sleep, medicine and education are the basic physiological needs which fall in the primary list of need satisfaction.
- Maslow was of an opinion that until these needs were satisfied to a degree to maintain life, no other motivating factors can work.

(ii) Security or Safety needs

- These are the needs to be free of physical danger and of the fear of losing a job, property, food or shelter.
- It also includes protection against any emotional harm.

(iii) Social needs

- Since people are social beings, they need to belong and be accepted by others.
- People try to satisfy their need for affection, acceptance and friendship.

(iv) Esteem needs

- According to Maslow, once people begin to satisfy their need to belong, they tend to want to be held in esteem both by themselves and by others.
- This kind of need produces such satisfaction as power, prestige status and self-confidence.

-
- It includes both internal esteem factors like self-respect, autonomy and achievements and external esteem factors such as status, recognition and attention.

(v) **Need for self-actualization**

- Maslow regards this as the highest need in his hierarchy. It is the drive to become what one is capable of becoming;
- It includes growth, achieving one's potential and self-fulfillment.
- It is to maximize one's potential and to accomplish something.
- A business should therefore offer different incentives to workers in order to help them fulfill each need in turn and progress up the hierarchy.
- Managers should also recognize that workers are not all motivated in the same way and do not all move up the hierarchy at the same pace.
- They may therefore have to offer a slightly different set of incentives from worker to worker.

Explain Motivational Techniques?

- Various theories of motivation described above suggest that several factors influence the performance of employees.

Motivational factors

- Money
- Participation
- Quality of working life
- Job security
- Effective communication
- Power of authority

Money

- Money is one of the important motivational factors.
- It may be in the form of wages, incentives, bonuses, company paid insurance, or any other things that may be given to people for performance.

The manager should remember the following things when money is a kind of motivator

- Money is likely to be more important to people who are raising family.
- Money is an urgent means of achieving a minimal standard living.

-
- Some people consider money as major motivating force while others may not.
 - Various enterprises make wages and salaries competitive within their industry and their area to attract and hold people.
 - Money not only satisfies physiological and security needs but is also a source of status and prestige in society.
 - Management should ensure that individuals working in the same category are given the same or nearly the same salary and wages within the organization as well as the other organization.
 - Even if a company is committed to the practice of comparable wages and salaries, a well-managed firm need never be bound to the same practice with respect to bonuses. i.e., the bonuses for managers should be based on their individual performance and outcome.
 - It is almost true that money can motive only when the additional payment (such as bonuses, incentives) is large relative to a person's income.

Participation

- Research on motivation reveals that majority of workers are capable of creativity and self-control.
- Their consultation and participation in work related issues have favorable effect on their motivation and performance.
- Such participation reflects a genuine faith in human nature and provides dignity to workers. Participation is also a means of recognition.
- It appeals to the need for affiliation and acceptance.
- Above all, it gives people a sense of accomplishment.

Quality of working life

- One of the most important and interesting approach of motivation is the quality of working life program.
 - Good physical working conditions such as right temperature, adequate lighting, proper ventilation, noise free atmosphere have positive effects on the motivation and performance of workers.
-

-
- The leaders in well managed companies like General Motors, Procter & Gamble, American Aluminum and American Telegraph and Telephone (AT & T) are adopting the quality of working life programs.

Job security

- Job security is an important demotivator, although in certain circumstances it can act as a powerful short-term demotivator.
- To threaten people, the loss of employment is to provide a negative incentive, which does not pull them to the desired goal (as a positive incentive does) but pushes them away from an undesirable goal.
- No manager should consciously apply the threat of unemployment as a motivator, since it can devastate the morale of staff and many will be dissipated and left even when the threat is removed.
- Instead, managers should normally do all they can assume their staff of job security.
- This can be done by reassuring subordinates, praising them for a job well done and give them a view of how the task they are currently doing is likely to develop in the future.

Effective communication

- Communication at all levels of the organization must be effective; both up and down the chain.
- Managers and team leaders must make time to listen to grievances and to take to their staff.
- In particular, they must be equitable in dealings with subordinates, providing equal opportunities for benefits such as promotions, and be fair in enforcement of company regulations.

Power of authority

- Many professionals seek power to influence others.
- The managers can satisfy this need in several ways, such as making them responsible for a task force on a specific topic, or getting them to lead an important technical project.
- Often subordinates can satisfy this need by being a part of the team making important decisions on company policy, where they will be sharing information with senior executives.

-
- Managers must also *bewailing* to delegate meaningful decision-making tasks to subordinates, showing trust in their capabilities, and ensure participation in goal setting and decision-making.

4. Discuss about Job Satisfaction and Job enrichment. (Nov 2016)

Key Points

Job satisfaction

- Management
- Understanding of mission and vision
- Empowerment
- Teamwork
- Communication
- Co-worker interaction

Job Enrichment

- Skill variety
- Task identity
- Task significance
- Autonomy
- Job feedback

Job Satisfaction

- Employee satisfaction (Job satisfaction) - is the terminology used to describe whether employees are happy and contented and fulfilling their desires and needs at work.
- It is a factor in employee motivation, employee goal achievement, and positive employee morale in the workplace.
- It is often measured by anonymous employee satisfaction surveys administered periodically

Employee satisfaction in areas such as:

- Management
- Understanding of mission and vision
- Empowerment
- Teamwork

-
- Communication
 - Co-worker interaction
 - The facets of employee satisfaction measured vary from company to company.
 - A second method used to measure employee satisfaction is meeting with small groups of employees and asking the same questions verbally.
 - Depending on the culture of the company, either method can contribute knowledge about employee satisfaction to managers and employees.

Job Enrichment

- Job enrichment is redesigning a job to increase its motivating potential. Job enrichment increases the challenge of one's work by reversing the trend toward greater specialization.
- Unlike job enlargement, job enrichment builds more complexity and depth into jobs by introducing planning and decision making responsibility normally carried out at higher levels.
- Thus, enriched jobs are said to be **vertically loaded**, whereas enlarged jobs are **horizontally loaded**.
- Managing an entire project can be immensely challenging and motivating thanks to vertical job loading.

Jobs can be enriched by upgrading five core dimensions of work:

- (1) Skill variety
- (2) Task identity
- (3) Task significance
- (4) Autonomy
- (5) Job feedback

(1) Skill variety

- The degree to which the job requires a variety of different activities in carrying out the work, involving the use of a number of different skills and talents of the person

(2) Task identity

- The degree to which the job requires completion of a “whole” and identifiable piece of work; that is, doing a job from beginning to end with a visible outcome.

(3) Task significance

- The degree to which the job has a substantial impact on the lives of other people, whether those people are in the immediate organization or in the world at large

(4) Autonomy

- The degree to which the job provides substantial freedom, independence, and discretion to the individual in scheduling the work and in determining the procedures to be used in carrying it out

(5) Job feedback

- The degree to which carrying out the work activities required by the job provides the individual with direct and clear information about the effectiveness of his or her performance.
- Below figure 4.11 shows the theoretical connection between enriched core job characteristics and high motivation and satisfaction.

At the heart of this job enrichment model are three psychological states that highly specialized jobs usually do not satisfy:

- Meaningfulness
- Responsibility
- Knowledge of results

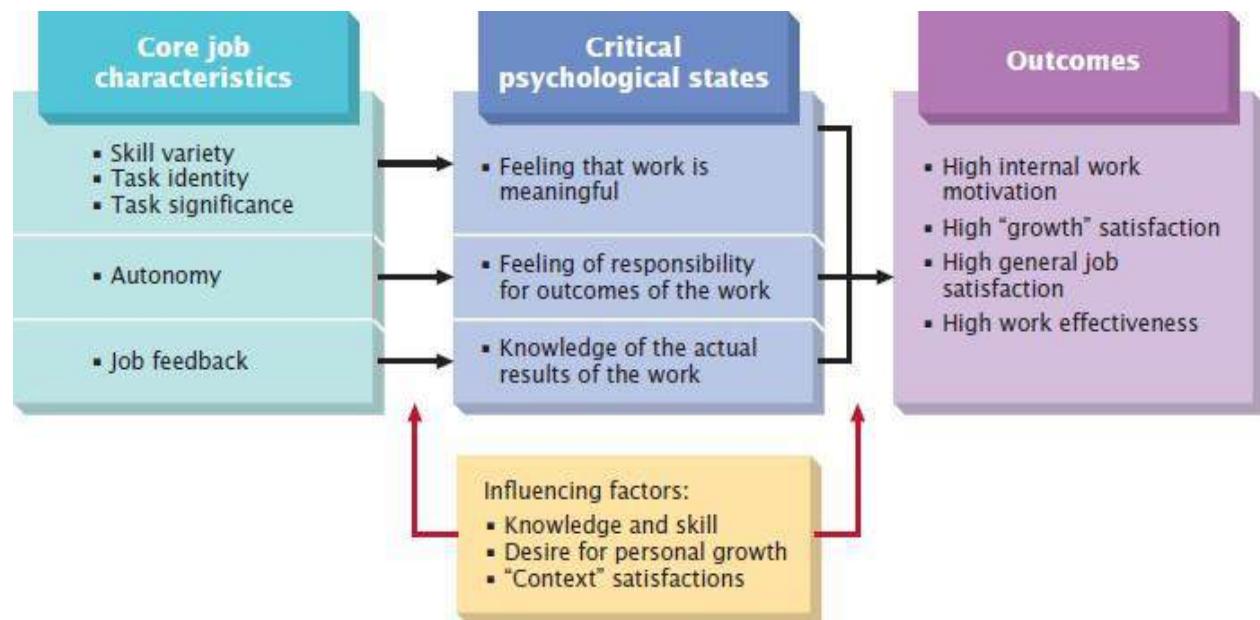


Fig.4.11 Job enrichment model are three psychological states

How Job Enrichment Works

- It is important to note that not all employees respond favorably to enriched jobs.
- Personal traits and motives influence the connection between core job characteristics and desired outcomes.
- Only those with the necessary knowledge and skills plus a desire for personal growth will be motivated by enriched work.
- Furthermore, in keeping with Herzberg's two-factor theory, dissatisfaction with factors such as pay, physical working conditions, or supervision can neutralize enrichment efforts.
- Researchers have reported that fear of failure, lack of confidence, and lack of trust in management's intentions can stand in the way of effective job enrichment.
- But job enrichment can and does work when it is carefully thought out, when management is committed to its long-term success, and when employees desire additional challenge.

5. What is leadership? Explain types of leadership or Leadership styles.

Explain the various types of leadership with its different styles. (Nov 2016)

Explain the various types of leadership with its different styles. (Nov 2018) (Nov 2020)

Key Points

- Definition
- Importance of Leadership
- Types of Leadership
 - a) Autocratic Leader
 - b) Democratic Leader
 - c) Laissez Faire Leader (or) Delegate leader

Definition

- Leadership is defined as influence, the art or process of influencing people so that they will strive willingly and enthusiastically toward the achievement of group goals.
- Leaders act to help a group attain objectives through the maximum application of its capabilities.

-
- Leaders must instill values – whether it is concern for quality, honesty and calculated risk taking or for employees and customers.

Importance of Leadership

1. Aid to authority
2. Motive power to group efforts
3. Basis for co operation
4. Integration of Formal and Informal Organization.

Types of Leadership

- a) Autocratic Leader
- b) Democratic Leader
- c) Laissez Faire Leader (or) Delegate leader

a) Autocratic Leader

- Manager retains as much power and decision-making authority as possible.
- The manager does not consult employees, nor are they allowed to give any input.
- Employees are expected to obey orders without receiving any explanations.
- The motivation environment is produced by creating a structured set of rewards and punishments.

Autocratic leadership is a classical leadership style with the following characteristics:

- Manager seeks to make as many decisions as possible
- Manager seeks to have the most authority and control in decision making
- Manager seeks to retain responsibility rather than utilize complete delegation
- Consultation with other colleagues in minimal and decision making becomes a solitary process
- Managers are less concerned with investing their own leadership development, and prefer to simply work on the task at hand.

Advantages

- Reduced stress due to increased control
- A more productive group 'while the leader is watching'
- Improved logistics of operations
- Faster decision making

Disadvantages

-
- Short-termistic approach to management
 - Manager perceived as having poor leadership skills
 - Increased workload for the manager
 - People dislike being ordered around
 - Teams become dependent upon their leader

b) Democratic Leader

- Democratic Leadership is the leadership style that promotes the sharing of responsibility, the exercise of delegation and continual consultation.

The style has the following characteristics:

- Manager seeks consultation on all major issues and decisions.
- Manager effectively delegate tasks to subordinates and give them full control and responsibility for those tasks.
- Manager welcomes feedback on the results of initiatives and the work environment.
- Manager encourages others to become leaders and be involved in leadership development.

Advantages

- Positive work environment
- Successful initiatives
- Creative thinking
- Reduction of friction and office politics
- Reduced employee turnover

Disadvantages

- Takes long time to take decisions
- Danger of pseudo participation
- Like the other styles, the democratic style is not always appropriate.
- It is most successful when used with highly skilled or experienced employees or when implementing operational changes or resolving individual or group problems.

c) Laissez-Faire Leader

- This French phrase means "leave it be" and is used to describe a leader who leaves his/her colleagues to get on with their work.
 - The style is largely a "hands off" view that tends to minimize the amount of direction and face time required.
-

Advantages

- No work for the leader
- Frustration may force others into leadership roles
- Allows the visionary worker the opportunity to do what they want, free from interference
- Empowers the group

Disadvantages

- It makes employees feel insecure at the unavailability of a manager.
- The manager cannot provide regular feedback to let employees know how well they are doing.
- Managers are unable to thank employees for their good work.
- The manager doesn't understand his or her responsibilities and is hoping the employees can cover for him or her.

6. Discuss in detail the leadership theories.

[Nov-2021]

Key Points

- Charismatic Leadership
 - Key Characteristics of Charismatic leaders
 - Self Confidence
 - A vision
 - Ability to articulate the vision
 - Strong convictions about vision
 - Behavior that is out of the ordinary
 - Perceived as being a change agent
 - Environmental sensitivity
- Trait Theory
- Human Relations Theory
 - Hawthorne Experiments
 - X and Y Theory
- Behavioral Theories of Leadership
 - Ohio State University studies
 - studies of Michigan University
- Fiedler's Contingency Model

1. Charismatic Leadership

- Great Man Theory

-
- Individuals are born either with or without the necessary traits for leadership
 - Charisma is a Greek word meaning gift

Key Characteristics of Charismatic leaders

Self Confidence

- They have complete confidence in their judgment and ability.

A vision

- This is an idealized goal that proposes a future better than the status quo. The greater the disparity between idealized goal and the status quo

Ability to articulate the vision

- They are able to clarify and state the vision in terms that are understandable to others.

Strong convictions about vision

- Charismatic leaders are perceived as being strongly committed, and willing to take on high personal risk

Behavior that is out of the ordinary

- Those with charisma engage in behavior that is perceived as being novel, unconventional, and counter to norms.

Perceived as being a change agent

- Charismatic leaders are perceived as agents of radical change

Environmental sensitivity

- These leaders are able to make realistic assessments of the environmental constraints and resources needed to bring about change.

2. Trait Theory

- Leadership traits are not completely inborn but can also be acquired through learning and experience.
- The trait approach seeks to determine 'what makes successful leader' from the leader's own personal characteristics.

-
- The method of study was to select leaders of eminence and their characteristics were studied. It was the hypothesis that the persons having certain traits could become successful leaders.
 - Traits / Qualities in a successful leader classified into **innate** and **acquired** traits.

Innate Qualities

- Physical Features
- Intelligence

Acquired Qualities

- Emotional Stability
 - Free from bias
 - Consistent in action
 - Refrains from anger
- Human Relations
- Empathy
- Objectivity
- Motivating Skills
- Technical Skills
- Communicative Skills
- Social Skills

Limitations of the Theory

- Generalization of Traits
- Measurement of Traits
- Applicability of Traits
- No direct cause and effect relationship

3. Human Relations Theory

The two important human relations theories are

- Hawthorne Experiments
- X and Y Theory

a) Hawthorne Experiments

Background

This study undertaken by Elton Mayo in Western Electric Company, Chicago (1924-1932) Mayo wanted to find out what effect fatigue and monotony had on job productivity and how to control them through variables such as

- Rest breaks
- Work hours
- Temperatures
- Humidity

The experiment

- 6 women from an assembly line
- Segregated them from the rest of the factory
- Put them under the eye of a supervisor (a friendly observer)
- Made frequent changes to their working conditions
- Always discussed and explained the changes in advance

What happened during the experiment?

- The individuals became a team and the team gave wholehearted co-operation with the experiment
- They were happy in the knowledge that they were doing what they wanted to do
- They felt they were working under less pressure than before
- They were not pushed around or bossed by anyone
- Under these conditions they developed an increased sense of responsibility which came from within the group itself

Mayo's Conclusions

- Individual workers cannot be treated in isolation but must be seen as members of a group
- Monetary incentives and good working conditions are less important to the individual than the need to belong to a group
- Informal or unofficial groups formed at work have strong influence on behaviour
- Managers must be aware of these 'social needs' and cater for them to ensure that employees work with the organisation rather than against it
- Managers must consider the human element in the organisation

b) X and Y Theory

"Theory X and Theory Y" of Douglas McGregor

McGregor, in his book "The Human side of Enterprise" states that people inside the organization can be managed in two ways.

- The first is basically negative, which falls under the category X and the other is basically positive, which falls under the category Y.
- After viewing the way in which the manager dealt with employees, McGregor concluded that a manager's view of the nature of human beings is based on a certain grouping of assumptions and that he or she tends to mold his or her behavior towards subordinates according to these assumptions.

Under the assumptions of theory X

- Employees inherently do not like work and whenever possible, will attempt to avoid it.
- Because employees dislike work, they have to be forced, coerced or threatened with punishment to achieve goals.
- Employees avoid responsibilities and do not work till formal directions are issued.
- Most workers place a greater importance on security over all other factors and display little ambition.

In contrast under the assumptions of theory Y

- Physical and mental effort at work is as natural as rest or play.
- People do exercise self-control and self-direction and if they are committed to those goals.
- Average human beings are willing to take responsibility and exercise imagination, ingenuity and creativity in solving the problems of the organization.
- That the way the things are organized, the average human beings brainpower is only partly used.
- On analysis of the assumptions it can be detected that theory X assumes that lower-order needs dominate individuals and theory Y assumes that higher-order needs dominate individuals.

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- An organization that is run on Theory X lines tends to be authoritarian in nature, the word “authoritarian” suggests such ideas as the “power to enforce obedience” and the “right to command.”
 - In contrast Theory Y organizations can be described as “participative”, where the aims of the organization and of the individuals in it are integrated;
 - Individuals can achieve their own goals best by directing their efforts towards the success of the organization. However, this theory has been criticized widely for generalization of work and human behavior.

4. Behavioral Theories of Leadership

- According to behavioral theories of leadership, leadership can be described in terms of what leaders do rather than what they are.
- These theories attempted to determine how different kinds of behaviors affect the performance and satisfaction of the followers.
- The two important behavioral theories are
 - a) Ohio State University studies
 - b) studies of Michigan University

a) Ohio State Studies on Leadership

- Stogdill in Ohio State University initiated a series of researches on leadership 1945

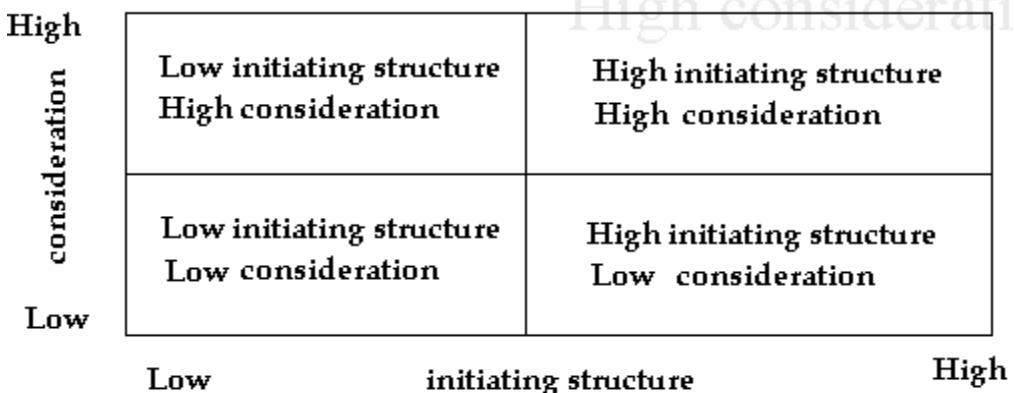
The Two important leadership dimensions identified were

- a) Consideration
- b) Initiating Structure
- Consideration reflected the behavior of the leader indicating his relationship with the subordinates.
- In Initiating structure, leader tries to define and structure own roles and subordinates

Two types of Questionnaires used

- Leader Behaviour Description Questionnaire
- Leader Opinion Questionnaire

Ohio State Leadership quadrants



b) Michigan Studies on Leadership

- This study was carried out by Likert of the University of Michigan
- He identified two leadership orientations
 - Employee Orientation
 - Production Orientation
- He found that the employee oriented style resulted in higher performance compared to production oriented one

5. Fiedler's Contingency Model

- Fred E. Fiedler's developed this contingency model
- According to Fiedler, leadership depends on the situation in which the leader operates
- He identified three situational factors
 - Leader – follower Relations
 - Task Structure
 - The Status Power

Promote the conditions that integrate creativity, high productivity, and high morale through concerted team action.

7. What are the essential qualities of a good leader? (Nov 2012, May 2016)

Key Points

Qualities of a Leader

- Ability to analyze
- Emotional stability
- Self-confidence

- Foresight
- Sense of judgment
- Understanding
- Mental courage
- Capacity to motivate
- Ability to guide
- Communication skills
- Sociability
- Ambitious
- Positive thinking

Qualities of a Leader

- **Ability to analyze**
 - The leader must be able to analyze any problem and offer an immediate solution.
 - He should be alert mentally.
- **Emotional stability**
 - The leader must not make decisions influenced by emotions.
 - He has to approach any problem intellectually and find a solution.
- **Self-confidence**
 - A person cannot be a successful leader if he lacks self-confidence.
 - If he has confidence in himself, he will be able to overcome resistance from anyone for his proposals.
- **Foresight**
 - The leader must foresee what is likely to happen.
 - He must be able to visualize the future events and prepare his followers to meet challenges.
- **Sense of judgment**
 - The leader must be able to judge what is good under the given circumstances.
 - Only then he will be able to evolve certain practical decisions.
- **Understanding**
 - The leader must not always thrust his views on his followers.
 - He must also listen to their viewpoints particularly while making decision in a critical situation.

-
- **Mental courage**
 - The leader must be capable of taking certain bold decisions.
 - For this he must have mental courage. He need not play safe by just endorsing the decisions of others.
 - **Capacity to motivate**
 - Needless to say, the leader must be able to induce and motivate his followers to work for the mission he has undertaken.
 - **Ability to guide**
 - The leader will be able to guide his followers in the work process only if he himself is well versed in the actual work.
 - **Communication skills**
 - Successful leaders are always known for the communication skills.
 - Such skills are essential to direct the followers to work for attaining the desired goal.
 - Moreover, the leader will always be able to defend himself if he possesses good communication ability.
 - **Sociability**
 - The leader should not be indifferent to the needs of his followers.
 - As his followers work wholeheartedly for fulfilling his mission, the leader has the duty to reciprocate.
 - If any follower has certain personal problems, the leader must do his best to help him.
 - The leader must make himself accessible to his followers.
 - **Ambitious**
 - The leader must always be an ambitious person.
 - Only then his subordinates will be able to work with enthusiasm.
 - He must always have some novel plans to make things interesting for the followers.
 - **Positive thinking**
 - The leader must be an optimist. He must always have a positive attitude towards his work.
 - Only then he will be able to instill such a feeling in his followers.

8. Explain the process of communication / components of communication in detail.

Key Points

- Process of Communication
- Components of communication process
 - Context
 - Sender / Encoder
 - Message
 - Medium
 - Recipient / Decoder
 - Feedback

Process of Communication

Definition

- Communication is a process of exchanging verbal and non verbal messages.
- It is a continuous process.
- Pre-requisite of communication is a message.
- This message must be conveyed through some medium to the recipient.
- It is essential that this message must be understood by the recipient in same terms as intended by the sender.
- He must respond within a time frame.
- Thus, communication is a two way process and is incomplete without a feedback from the recipient to the sender on how well the message is understood by him as shown in fig.4.12

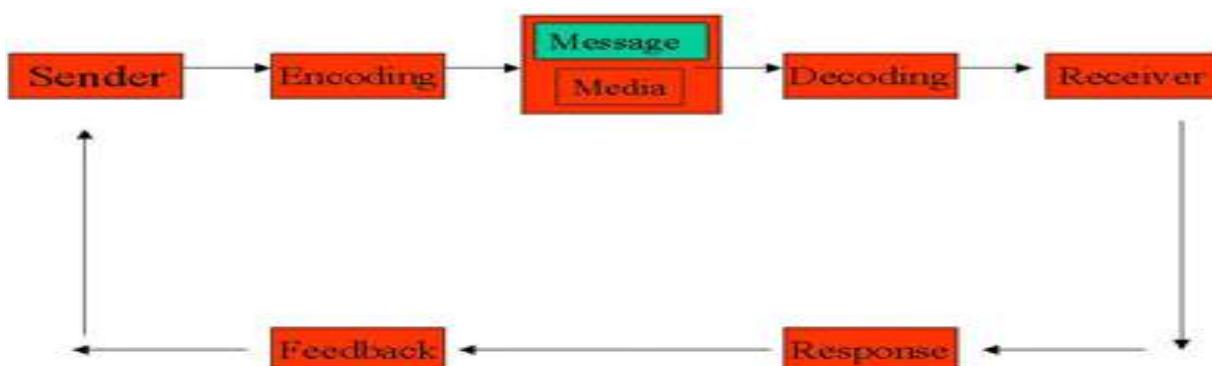


Fig.4.12 Communication Process

Components of communication process

Context

- Communication is affected by the context in which it takes place.
- This context may be physical, social, chronological or cultural.
- Every communication proceeds with context.
- The sender chooses the message to communicate within a context.

Sender / Encoder

- Sender / Encoder are a person who sends the message.
- A sender makes use of symbols (words or graphic or visual aids) to convey the message and produce the required response.
- For instance - a training manager conducting training for new batch of employees
- Sender may be an individual or a group or an organization.
- The views, background, approach, skills, competencies, and knowledge of the sender have a great impact on the message.
- The verbal and non verbal symbols chosen are essential in ascertaining interpretation of the message by the recipient in the same terms as intended by the sender.

Message

- Message is a key idea that the sender wants to communicate.
- It is a sign that elicits the response of recipient.
- Communication process begins with deciding about the message to be conveyed.
- It must be ensured that the main objective of the message is clear.

Medium

- Medium is a means used to exchange / transmit the message.
- The sender must choose an appropriate medium for transmitting the message else the message might not be conveyed to the desired recipients.
- The choice of appropriate medium of communication is essential for making the message effective and correctly interpreted by the recipient.
- This choice of communication medium varies depending upon the features of communication.
- For instance - Written medium is chosen when a message has to be conveyed to a small group of people, while an oral medium is chosen when spontaneous feedback is required from the recipient as misunderstandings are cleared then and there.

Recipient / Decoder

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- Recipient / Decoder are a person for whom the message is intended / aimed / targeted.
 - The degree to which the decoder understands the message is dependent upon various factors such as knowledge of recipient, their responsiveness to the message, and the reliance of encoder on decoder.

Feedback

- Feedback is the main component of communication process as it permits the sender to analyze the efficacy of the message.
- It helps the sender in confirming the correct interpretation of message by the decoder. Feedback may be verbal (through words) or non-verbal (in form of smiles, sighs, etc.).
- It may take written form also in form of memos, reports, etc.

9. Define communication. What are the barriers to effective communications? (Nov 2012)

Explain the process of communication and also explain the barriers of effective communication. (N/D-16,21,22)

What are the barriers of effective communication? and explain the different types of communication. (A/M-14,17,22)(Apr 2019)

Key Points

Definition of Communication

Barriers of Communication

- Perceptual and Language Differences
- Information Overload
- Inattention
- Time Pressures
- Distraction/Noise
- Emotions
- Complexity in Organizational Structure
- Poor retention
- Noise
- Unorganized Thought
- Wrong interpretations
- Not Understanding the receiver

- Ignoring the content
- Avoiding the Listener
- Not confirming with the recipient
- Not understanding the mood of the recipient
- Low pitch and tone
- Impatient Listener
- Different cultural level

Definition of Communication

- Communication is the exchange of ideas, feelings, and thoughts from one person to another.
- Communication is a process of passing information and understanding from one person to another.

Barriers of Communication

a) Perceptual and Language Differences

- Perception is generally how each individual interprets the world around him.
- All generally want to receive messages which are significant to them.
- But any message which is against their values is not accepted.
- A same event may be taken differently by different individuals.

For example:

- A person is on leave for a month due to personal reasons (family member being critical).
- The HR Manager might be in confusion whether to retain that employee or not, the immediate manager might think of replacement because his team's productivity is being hampered, the family members might take him as an emotional support.
- The linguistic differences also lead to communication breakdown.
- Same word may mean different to different individuals.

b) Information Overload

- Managers are surrounded with a pool of information.
- It is essential to control this information flow else the information is likely to be misinterpreted or forgotten or overlooked.
- As a result communication is less effective.

c) Inattention

- At times we just not listen, but only hear.
- For example a traveler may pay attention to one “NO PARKING” sign, but if such sign is put all over the city, he no longer listens to it.
- Thus, repetitive messages should be ignored for effective communication.
- Similarly if a superior is engrossed in his paper work and his subordinate explains him his problem, the superior may not get what he is saying and it leads to disappointment of subordinate.

d) Time Pressures

- Often in organization the targets have to be achieved within a specified time period, the failure of which has adverse consequences.
- In a haste to meet deadlines, the formal channels of communication are shortened, or messages are partially given, i.e., not completely transferred.
- Thus sufficient time should be given for effective communication.

e) Distraction/Noise

- Communication is also affected a lot by noise to distractions.
- Physical distractions are also there such as, poor lightning, uncomfortable sitting, unhygienic room also affects communication in a meeting.
- Similarly use of loud speakers interferes with communication.

f) Emotions

- Emotional state at a particular point of time also affects communication.
- If the receiver feels that communicator is angry he interprets that the information being sent is very bad.
- While he takes it differently if the communicator is happy and jovial (in that case the message is interpreted to be good and interesting).

g) Complexity in Organizational Structure

- Greater the hierarchy in an organization (i.e. more the number of managerial levels), more is the chances of communication getting destroyed.
- Only the people at the top level can see the overall picture while the people at low level just have knowledge about their own area and a little knowledge about other areas.

h) Poor retention

- Human memory cannot function beyond a limit.
- One can't always retain what is being told specially if he is not interested or not attentive.
- This leads to communication breakdown.

i) Noise

- Noise plays an important barrier to effective communication.
- Try sharing some information with your friend in an overcrowded bus or a noisy market, correct information will never reach the recipient and he would never be able to interpret it correctly or respond accordingly.
- Here noise is an external communication barrier and it results in the distortion of the message.

j) Unorganized Thought

- Unorganized and haphazard thoughts also are instrumental in poor communication and a very important barrier to effective communication.
 - Mike to Monalisa -“Please come at 2 pm, okay not 2 come at 2.30 pm instead, fine let us freeze it for 3 pm”
 - Monalisa is bound to get confused as Mike himself is not clear about the timings.
 - The sender must pass on crystal clear information to the receiver.
 - The sender must first be himself very clear what he wants to communicate and then only begin the conversation.
 - Abstract ideas, haphazard thoughts lead to ineffective communication. First know what you have to communicate and then only speak.

k) Wrong interpretations

- Wrong interpretations again play a very important role in miscommunication. Information can be wrongly interpreted by the receiver leading to a complete mess. “Tom went for a bash yesterday night”.
- The word bash can be decoded as beating as well as a party.
- The sender might convey his message to the recipient in order to provide some necessary information but the receiver might misinterpret it.
- It is the responsibility of the receiver to give proper feedback to the speaker and clear all the doubts before ending the conversation.
- Don’t keep things within yourself; ask if you are not clear with anything.

l) Not Understanding the receiver

- The boss once wanted to address his young team. He quoted examples from the year 1950 - the year when his team members were not even born.
- The sender must understand the receiver first and then pass on the information.
- If a sender is sad and you want to give him some exciting news, he will neither respond nor understand and hence the effect will for sure get nullified.
- Not understanding the receiver again is a barrier to effective communication.

m) Ignoring the content

- One should lay emphasis on the content of his speech.
- The content has to be clear, crisp and above all interesting.
- Don't just speak; take some time to find out what you are speaking.
- Find out whether the content is relevant or not?
- During presentations, the speaker must use interesting words, funny one liner to capture the attention of the listeners.
- Don't make your speech monotonous otherwise the listeners after sometime will definitely fall asleep.

n) Avoiding the Listener

- Imagine yourself attending a seminar where the speaker is simply reading from his notes and for once has not made any eye contact with you.
- You will never be able to relate with the speaker and hence never bother to find out what he wants to convey.
- Don't just go on. Create a friendly atmosphere and then start communicating. Don't just come to the point, one can ask questions from the listeners like what's new?, Lovely weather or even use compliments like wonderful crowd, enthusiastic group.
- Don't avoid your listeners; make an eye contact with them to effectively communicate.

o) Not confirming with the recipient

- Always cross check with the listeners, whether they have received the correct information or not.
- For instance, if you are sharing some important contact no, do make it a habit to verify the number with the receiver whether the receiver has noted it correctly or not.
- Use words like "Did you get it? "Am I Audible?" in between the conversation.
- Try to find out whether the listener is getting your message or not.
- Take pauses in between, simply don't rush. Make a habit to spell out words.
- Another effective way is to break each word into alphabets, like ant can be communicated as a as in alpha, n as in Netherlands, t as in tango.
- The error rate will definitely go down and the communication will be more effective.

p) Not understanding the mood of the recipient

- Try to understand the interest or the mood of the second party and read the mind of the other person.

-
- Don't just start speaking, understand the mood of the other person first and then share the information.
 - If you think, the receiver is in the pink of his moods, don't give him sad news, he will never bother to listen.
 - Wait for the correct time and then communicate if you want your communication to create an impact.

q) Low pitch and tone

- Sometimes even the pitch and tone can play a communication barrier.
- Your content might be accurate, crisp and even related, but if your pitch is low your information will never reach the listeners bang on.
- The tone has to be crystal clear and loud for passing on correct information.
- Remember to give the correct pause after each sentence and don't forget the punctuation marks.
- Remember you are communicating not only for the first benchers but the people on the last bench are also a part of the communication.
- Be loud and clear but don't shout.

r) Impatient Listener

- The listener also has to be patient enough to absorb the complete information and then respond accordingly.
- Always jot down your points and start off with your queries once the sender is through with the communication.
- Don't just jump in between the conversation as it leads to unnecessary confusions, misunderstandings and conflict and the communication never reaches any conclusion.

s) Different cultural level

- In any organization, an individual can never think on the same line as his boss does. There is always a difference in their thought process.
- The work pressure, lack of transparency between the team members are also the barriers which lead to an ineffective communication. These barriers are called internal barriers.

10. What are the barriers to effective communications? Suggest remedies to overcome those barriers.

Nov/Dec 2012

Explain the different barriers and breakdowns of communication process. (Nov 2016)

Key Points

Overcoming the barriers of communication

- Eliminating differences in perception
- Use of Simple Language
- Reduction and elimination of noise levels
- Active Listening
- Emotional State
- Simple Organizational Structure
- Avoid Information Overload
- Give Constructive Feedback
- Proper Media Selection
- Flexibility in meeting the targets

The Barriers to Effective Communications (Ref Q.No.09)

Overcoming the barriers of communication

a) Eliminating differences in perception

- The organization should ensure that it is recruiting right individuals on the job.
- It's the responsibility of the interviewer to ensure that the interviewee has command over the written and spoken language.
- There should be proper Induction program so that the policies of the company are clear to all the employees.
- There should be proper trainings conducted for required employees (for eg: Voice and Accent training).

b) Use of Simple Language

- Use of simple and clear words should be emphasized.
- Use of ambiguous words and jargons should be avoided.

c) Reduction and elimination of noise levels

- Noise is the main communication barrier which must be overcome on priority basis.
- It is essential to identify the source of noise and then eliminate that source.

d) Active Listening

- Listen attentively and carefully.
- There is a difference between “listening” and “hearing”.
- Active listening means hearing with proper understanding of the message that is heard.
- By asking questions the speaker can ensure whether his/her message is understood or not by the receiver in the same terms as intended by the speaker.

e) Emotional State

- During communication one should make effective use of body language.
- He/she should not show their emotions while communication as the receiver might misinterpret the message being delivered.
- For example, if the conveyer of the message is in a bad mood then the receiver might think that the information being delivered is not good.

f) Simple Organizational Structure

- The organizational structure should not be complex.
- The number of hierarchical levels should be optimum.
- There should be a ideal span of control within the organization.
- Simpler the organizational structure, more effective will be the communication.

g) Avoid Information Overload

- The managers should know how to prioritize their work.
- They should not overload themselves with the work.
- They should spend quality time with their subordinates and should listen to their problems and feedbacks actively.

h) Give Constructive Feedback

- Avoid giving negative feedback.
- The contents of the feedback might be negative, but it should be delivered constructively.
- Constructive feedback will lead to effective communication between the superior and subordinate.

i) Proper Media Selection

- The managers should properly select the medium of communication.
- Simple messages should be conveyed orally, like: face to face interaction or meetings.

- Use of written means of communication should be encouraged for delivering complex messages.
- For significant messages reminders can be given by using written means of communication such as: Memos, Notices etc.

j) Flexibility in meeting the targets

- For effective communication in an organization the managers should ensure that the individuals are meeting their targets timely without skipping the formal channels of communication.
- There should not be much pressure on employees to meet their targets.

11. Explain the types of formal organizational communications. (Nov 2011)(Nov 2020)

Key Points

- Types of Communication
- Verbal Communication
- Oral Communication
- Written Communication
- Nonverbal Communication
- Formal Communication
- Informal Communication

Types of Communication

- People communicate with each other in a number of ways that depend upon the message and its context in which it is being sent.
- Choice of communication channel and your style of communicating also affect communication. So, there is variety of types of communication as shown in fig.4.13.

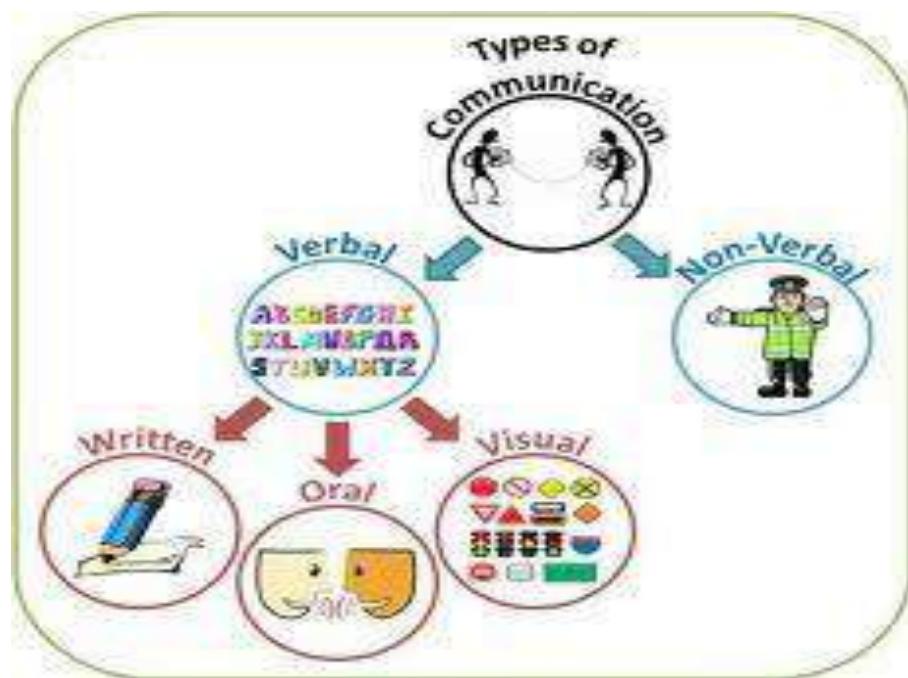


Fig.4.13 Types of Communication

1. Verbal Communication

- Verbal communication refers to the form of communication in which message is transmitted verbally;
- Communication is done by word of mouth and a piece of writing.
- Objective of every communication is to have people understand what we are trying to convey.
- In verbal communication remember the acronym KISS(keep it short and simple).
- When we talk to others, we assume that others understand what we are saying because we know what we are saying. But this is not the case.
- Usually people bring their own attitude, perception, emotions and thoughts about the topic and hence creates barrier in delivering the right meaning.
- Verbal Communication is further divided into:
 - a) Oral Communication
 - b) Written Communication

a) Oral Communication

- In oral communication, Spoken words are used. It includes face-to-face conversations, speech, telephonic conversation, video, radio, television, voice over internet.

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- In oral communication, communication is influenced by pitch, volume, speed and clarity of speaking.

Advantages

- It brings quick feedback.
- In a face-to-face conversation, by reading facial expression and body language one can guess whether he/she should trust what's being said or not.

Disadvantage

- In face-to-face discussion, user is unable to deeply think about what he is delivering.

b) Written Communication

- In written communication, written signs or symbols are used to communicate.
- A written message may be printed or hand written.
- In written communication message can be transmitted via email, letter, report, memo etc.
- Message, in written communication, is influenced by the vocabulary & grammar used, writing style, precision and clarity of the language used.
- Written Communication is most common form of communication being used in business.
- So, it is considered core among business skills.

Advantages

- Messages can be edited and revised many times before it is actually sent.
- Written communication provides record for every message sent and can be saved for later study.
- A written message enables receiver to fully understand it and send appropriate feedback.

Disadvantages

- Unlike oral communication, written communication doesn't bring instant feedback.
- It takes more time in composing a written message as compared to word-of-mouth. and number of people struggles for writing ability.

2. Nonverbal Communication

- Nonverbal communication is the sending or receiving of wordless messages.
- We can say that communication other than oral and written, such as gesture, body language, posture, tone of voice or facial expressions, is called nonverbal communication.
- Nonverbal communication is all about the body language of speaker.
- Nonverbal communication helps receiver in interpreting the message received.
- Often, nonverbal signals reflect the situation more accurately than verbal messages.
- Sometimes nonverbal response contradicts verbal communication and hence affects the effectiveness of message.

Nonverbal communication has the following three elements:

Appearance

- Speaker - Clothing, hairstyle, neatness, use of cosmetics,
- Surrounding - Room size, lighting, decorations, furnishings

Body Language

- Facial expressions, gestures, postures

Sounds

- Voice Tone, Volume, Speech rate

3. Formal Communication

- In formal communication, certain rules, conventions and principles are followed while communicating message.
- Formal communication occurs in formal and official style.
- Usually professional settings, corporate meetings, conferences undergoes in formal pattern.
- In formal communication, use of slang and foul language is avoided and correct pronunciation is required.
- Authority lines are needed to be followed in formal communication.

4. Informal Communication

- Informal communication is done using channels that are in contrast with formal communication channels.
- It's just a casual talk. It is established for societal affiliations of members in an organization and face-to-face discussions.

- It happens among friends and family.
- In informal communication use of slang words, foul language is not restricted.
- Usually informal communication is done orally and using gestures.
- In an organization, it helps in finding out staff grievances as people express more when talking informally.
- Informal communication helps in building relationships.

a) Interpersonal communication

- Communication between two persons are called as interpersonal communication.

b) Intrapersonal communication

- A person speaking by himself is called as intrapersonal communication (Soliloquies)

c) Mass communication

- Communication among a large number of people is called as mass communication.

d) Group communication

- Communication among a small number of persons (3-20) is called as group communication

e) Internal communication

- Communication within the organization among its members is called as internal communication.

f) External communication

- Communication with outside the organization is called as external communication. Eg: suppliers, customers, government, etc.

12. Discuss about Communication and IT. (Nov 2020)

Discuss how the communication through electronic media is helpful for effective communication. (May 2016)

Key Points

- Networked Computer Systems
 - Communication applications
- Wireless Capabilities

Communication with IT

- Technology is changing the way we live and work.

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- Over 75 percent of IBM's 316,000 employees regularly use instant messaging software for communicating and for workplace collaboration.
 - Information technology now touches every aspect of almost every company's business.

How Technology Affects Managerial Communication

- Technology, and more specifically information technology, has radically changed the way organizational members communicate.
- For example, it has significantly improved a manager's ability to monitor individual or team performance, it has allowed employees to have more complete information to make faster decisions, and it has provided employees more opportunities to collaborate and share information.
- In addition, information technology has made it possible for people in organizations to be fully accessible, any time, regardless of where they are.
- Employees don't have to be at their desk with their computer turned on in order to communicate with others in the organization.

Two developments in information technology seem to be having the most significant impact on current managerial communication:

1. Networked computer systems
2. Wireless capabilities

1. Networked Computer Systems

- In a networked computer system, an organization links its computers together through compatible hardware and software, creating an organizational network.

Communication applications

- E-mail, instant messaging, voice mail, fax, electronic data interchange, teleconferencing and videoconferencing, intranets and extranets, and the talking Internet.

E-mail

- It is the instantaneous transmission of written messages on computers that are linked together.
- Messages wait at the receiver's computer and are read at the receiver's convenience.

-
- E-mail is fast and cheap and can be used to send the same message to numerous people at the same time.
 - It's a quick and convenient way for organizational members to share information and communicate.

Instant Messaging

- IM is interactive real-time communication that takes place among computer users who are logged onto the computer network at the same time.
- IM first became popular among teens and preteens who wanted to communicate with their friends online. Now, it's moving to the workplace.

Drawbacks

- It requires groups of users to be logged on to the organization's computer network at the same time. This leaves the network open to security breaches.

A voice-mail

- System digitizes a spoken message, transmits it over the network, and stores the message on disk for the receiver to retrieve later.
- This capability allows information to be transmitted even though a receiver may not be physically present to take the information.
- Receivers can choose to save the message for future use, delete it, or route it to other parties.

Fax

- Fax machines allow the transmission of documents containing both text and graphics over ordinary telephone lines.
- A sending fax machine scans and digitizes the document.
- A receiving fax machine reads the scanned information and reproduces it in hard copy form.
- Information that is best viewed in printed form can be easily and quickly shared by organizational members.

Electronic data interchange

- EDI is a way for organizations to exchange standard business transaction documents, such as invoices or purchase orders, using direct computer-to-computer networks.
- Information on transactions is transmitted from one organization's computer system to another through a telecommunications network.
- Meetings—one-on-one, team, divisional, or organization-wide—have always been one way to share information.

Teleconferencing

- It allows a group of people to confer simultaneously using telephone or e-mail group communications software.
- If meeting participants can see each other over video screens, the simultaneous conference is called videoconferencing.
- Work groups, large and small, which might be in different locations, can use these communication network tools to collaborate and share information.
- Networked computer systems have allowed the development of organizational intranets and extranets.

Intranet

- An intranet is an organizational communication network that uses Internet technology and is accessible only by organizational employees.
- Many organizations are using intranets as ways for employees to share information and collaborate on documents and projects from different locations.

2. Wireless Capabilities

- Wireless communication depends on signals sent through air or space without any physical connection using things such as microwave signals, satellites, radio waves and radio antennas, or infrared light rays.
- Wireless smart phones, notebook computers, and other pocket communication devices have spawned a whole new way for managers to "keep in touch."

How Information Technology Affects Organizations

- Employees working in teams or as individuals need information to make decisions and do their work.
- After describing the communications capabilities managers have at their disposal, it's clear that technology can significantly affect the way that organizational members communicate, share information, and do their work.
- Communications and the exchange of information among organizational members are no longer constrained by geography or time.
- Collaborative work efforts among widely dispersed individuals and teams, sharing of information, and integration of decisions and work throughout an entire organization have the potential to increase organizational efficiency and effectiveness.

ANNA UNIVERSITY QUESTIONS

PART-A

1. What is Job Design? And give details about its approaches? (Nov 2020)
2. Outline the meaning of motivation? (Apr 2019)(Nov 2020)
3. What is the meaning of leadership? (Apr 2019)
4. What is meant by downward communication? (Nov 2018)
5. Mention the various types of leadership styles? (Nov 2018)
6. What are the advantages of democratic leadership styles? (Apr 2018)
7. What is Brainstorming? (Apr 2018)
8. What is job satisfaction? (Nov 2017)
9. What is Job enrichment? (May 2017)
10. Define Personality. (May 2017)
11. Define job enrichment. (Nov 2017)
12. What is communication? (Nov 2016)
13. List the hierarchy of needs?
14. What are the elements in the Maslow's hierarchy of needs? (Nov 2016)
15. What do you mean by the term 'Noise' in communication? (May 2016)
16. List out leadership types (*or*) Mention the various types of leadership styles? (May 2016)
17. Mention the various types of leadership styles? (May 2016)

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- 18.** What do you mean by the term ‘Noise’ in communication? (May 2016)
 - 19.** What is communication? (or) What is effective communication? (Nov 2016)
 - 20.** List the hierarchy of needs? (AU Nov/Dec 2006) (or)
What are the elements in the Maslow’s hierarchy of needs? (Nov 2016)
 - 21.** What is personality? (May 2017)

PART-B

- 1.** Summarize the methods of motivating employees in organization? (Apr 2019)
 - 2.** Examine the characteristics of good communication and also state its barriers?

 - 3.** Explain the various types of leadership with its different styles? (Nov 2018)
 - 4.** Define Motivation. Explain the theories of motivation in detail. (Nov 2018)
 - 5.** Compare and contrast early theories of motivation? (Apr 2018)
 - 6.** Identify barriers to effective interpersonal communication and how to overcome them. (Apr 2018)
 - 7.** Name the motivational theories and explain any two theories of motivation in detail. (Nov 2012, May/June 2014, May 2016)
 - 8.** Discuss the Maslow’s need hierarchy theory. Compare and discuss the Maslow’s and Herzberg’s theory of motivation. (May 2013)
 - 9.** Explain Porter and Lawler theory of motivation and Adam’s equity theory of motivation (Nov-2013)

 - 10.** Does motivation important for organization development/achievement? Justify your answer with Maslow’s hierarchy of needs. (Nov 2011)

 - 11.** What are the basic leadership styles? Explain them critically. / What is meant by “Leadership style”? Describe the different styles of leadership. (Nov 2011)
Explain the various types of Leadership with its different styles? (Nov 2016) (Nov 2020)

 - 12.** What are the essential qualities of a good leader? (Nov 2012, May 2016)
 - 13.** Discuss the barriers to effective interpersonal communications./Define communication. What are the barriers to effective communications?

 - 14.** Discuss the barriers of effective interpersonal communications? (May/June 2014)
 - 15.** What are the barriers to effective communications? Suggest remedies to overcome those barriers. (Nov 2012, Nov 2013)

 - 16.** Explain the types of formal organizational communications. (Nov 2011)
 - 17.** Discuss how the communication through electronic media is helpful for effective communication? (May 2016) (Nov 2020)
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CONTROLLING

System and process of controlling – budgetary and non-budgetary control techniques – use of computers and IT in Management control – Productivity problems and management – control and performance – direct and preventive control – reporting.

PART-A

1. Interpret the meaning of controlling. (Apr 2019)

- Control is a primary goal-oriented function of management in an organisation. It is a process of comparing the actual performance with the set standards of the company to ensure that activities are performed according to the plans and if not then taking corrective action.

2. Name at least four budgetary control techniques. (Apr 2019)

- Variance Analysis
- Responsibility Accounting
- Adjustment of funds
- Zero Based Budgeting

3. What are the various steps involved in the controlling process? (Nov 2018)

- Set standards,
- Measure performance,
- Compare performance to standards,
- Determine the reasons for deviations and then
- Take corrective action as needed

4. Name any two HR related controlling techniques. (Nov 2018)

- Performance appraisals
- Discipline policies
- Employee observations
- Employee training

5. What are the characteristics of control function? (Apr 2018)

- Managerial Function:
- Forward Looking:

- Continuous Activity:
- Control is Related to Planning:
- Essence of Control is Action:
- Basis for Future Action:
- Facilitates Decision-making:

6. What is performance appraisal?

(Apr 2018)

Performance appraisals are an annual process where an employee's performance and productivity is evaluated against a predetermined set of objectives.

7. What is budgetary control?

(Nov 2017) (N/D-22)

- A budget is the expression of a firm's plan in formal form for a period of time into the future.
- A system which uses budgets as a means of planning and controlling all aspects of producing and/or selling commodities and services.

8. What do you understand by productivity?

(Nov 2017)

- Productivity is a measure of how much input is required to produce a given output.
- (i.e.) Productivity = $\frac{\text{output}}{\text{input}}$

9. Define preventive control.

(May 2017)[Nov-2021]

- Preventive control based on the philosophy of preventing undesirable deviations from occurring, by developing and maintaining a highly qualified managerial staff.

10. What is the importance of controlling?

(May 2017)

- Policy verification
- Adjustments in operations
- Psychological pressure
- Coordination
- Employee morale

11. Name any two HR related controlling techniques.

(May 2016)

- Management by Objectives (MBO)
- Ratio Analysis
- Personnel Productivity
- Personnel Reports and Budgets

12. Discuss the productivity problems in a management.

(Nov 2016)

- Technology

- Human resources
- Government policy
- Machinery and equipment
- Workers skill

13. What are the uses of computers in handling the information? (May 2016)

What are the uses of computers in management control? (Nov 2016)

- Sales Forecast and Control
- Payroll
- Business management
- Accounting
- Personnel management information
- Manufacturing information control
- Cost Accounting
- Banking and credit

14. Define productivity. List the types of productivity. (May 2014)

- Productivity is a measure of how much input is required to produce a given output.
- (i.e.) Productivity = $\frac{\text{output}}{\text{input}}$

Types

- Partial Productivity/Labor Productivity
- Total-factor productivity
- Total productivity

15. What are the different types of budget? (May 2014)

- Master budget
- Operating budget
- Financial budget
- Cash budget
- Static budget
- Flexible budget
- Capital expenditure budget
- Program budget

16. List the steps involved in directing. (Nov 2013)

- Establishment of standard
- Fixation of the standard
- Comparing actual performance with standard performance

- Finding out the deviation
- Correcting the deviation

17. What are the kinds of skills companies look for in managers? (Nov 2013)

Companies look for managers with excellent

- Presentation skills.
- Communication Skills
- Problem-Solving Skills
- Organizational Skills
- Computer Skills

18. Define MIS. (May 2013)

- MIS can be defined as “A system of obtaining, abstracting, storing and analyzing data to produce effective information for use in planning, controlling and decision making process”.

19. What is SQC? What is QC?

What is Quality Control (Nov 2012)

- Statistical quality control means controlling the quality characteristics of a product or process using statistical method.
- Quality control (QC) is the procedure that is followed to achieve and maintain the required quality.

20. What is liberalization? (Nov 2012)

- Liberalization refers to a relaxation of previous government restrictions, usually in areas of social or economic policy

21. Define the term budget and budgetary control. (Nov 2012)

- A budget is the expression of a firm's plan in formal form for a period of time into the future.
- A system which uses budgets as a means of planning and controlling all aspects of producing and/or selling commodities and services.

22. List the basic types of control. (Nov 2011)

- Feed forward control
- Concurrent control
- Feedback control

23. Define variable budget. (Nov 2011)

- Variable budgets can also be described as flexible budgets, which allow for variations and will take a % of the known or standard costs to cover the fluctuations.

24. What is zero base budgeting?

- Initially, the budget is designed from a Zero-base. The main element is ZBB is future objective orientation.

25. What are the three potential pitfalls of budgets?

(Nov 2011)

- Inflexibility
- Inaccuracy
- Hiding inefficiencies
- Expenditure

26. Define productivity.

(Nov 2011)

- Productivity is a measure of how much input required to produce a given output i.e. the ratio output/input is called productivity.

27. Enumerate the role of productivity in an organization. (N/D-22)

Productivity boosts morale and creates a company culture of excellence, resulting in an improved workplace environment. When a company is highly productive and successful, incentives like pay hikes, bonuses, medical insurance, etc., are made available to the employees.

28. What are the characteristics of MIS?

- MIS is must simple.
- MIS helps in decision making process.
- MIS should be clear.
- MIS should help in resolving the complicated problems effectively.

29. Define controlling.

- Controlling is the measurement and correction of performance in order to make sure that enterprise objectives and the plans devised to attain them are accomplished.

30. What are the characteristics of controlling?

- Continuous process
- Forward looking
- Related to planning

31. What are the objectives of budgetary control?

- Planning
- Control
- Coordination
- Increase in efficiency
- Financial planning

32. What are the types of budget?

- Sales budget
- Production budget
- Purchase budget
- Cash budget
- Master budget
- Capital budget
- Variable budget

33. What do you understand by 'flexi-budget'?

- A flexible budget is a budget designed to change in the level of activity.

34. What are the factors affecting productivity?

- Technology
- Human resources
- Government policy
- Materials
- Capital
- Research and development

35. What is operation management?

- Operations management refers to the administration of business practices to create the highest level of efficiency possible within an organization.
- Operations management is concerned with converting materials and labor into goods and services as efficiently as possible to maximize the profit of an organization.

36. What is cost control?

- Cost control is the process of controlling the cost of a project within a predetermined sum throughout its various stages from inception to completion.

37. Define direct control.

[Nov-2021]

- Direct controls based on feedback, by measuring deviations from standards analyzing the causes of deviations and taking the necessary corrective steps to bring the performance in the right track.

38. What is JIT?

- In Just in Time inventory system, the suppliers deliver the materials to the production spot just in time to be assembled. This method reduces the cost of inventory.

39. Write some advantages of JIT.

- Inventory cost is reduced.
- It leads to job satisfaction of employees.
- It improves the efficiency of workers.
- Quality product.

40. What is fixed assets and current assets?

Fixed Assets

- These assets used in the business are permanent. Example: Building, Machineries.

Current Assets

- Assets which are reasonably expected to be realized in cash.

Example: Bank in cash, D.D., Bills receivable

41. What is Liabilities?

- Represent obligations which require settlement in the future.

42. What is fixed liabilities and Current liabilities?

- The liabilities that are payable only on the termination of business. Example: Paid up capital.
- The liabilities that are payable within a year or due date. Bills payable, short-term bank overdraft.

43. What is balance sheet? Write some importance of balance sheet?

- Balance Sheet contains profit and loss account will give vital information about the financial position and operation of the company.

Importance

- The balance sheet is considered to be a more important document than the profit and loss account.
- The balance sheet gives a clear picture of the financial position of the business.

44. What are the functions of reporting? (A/M-22)

Provides Information: The very purpose of preparing a report is providing information to various levels of management

Helps in Selection: Out of the much information available, only relevant information is included in the report.

45. What are the factors affect the direct control?

- Uncertainty
- Lack of knowledge experience
- Lack of communication
- Lack of coordination

46. What are effective steps for direct control?

- Performance can be measured
- Effectively utilizes time
- Errors can be discovered in time
- Coordination
- Participation

47. How to calculate ROI?

ROI is calculated on the basis of three factors.

$$\text{Investment Turnover} = \frac{\text{Sales}}{\text{Capital employed or Investment}}$$

$$\text{Percentage profit on sales} = \frac{\text{Profit}}{\text{Sales}} \times 100$$

$$\text{Return on capital Employed} = \frac{\text{Profit}}{\text{Capital employed}} \times 100$$

48. What are the advantage and limitations of ROI?

Advantage

- ROI measurement shows business efficiency.
- ROI plays vital role for top management for budget decisions.
- It is used in Inter departmental comparison.

Limitations

- Depreciation cannot be considered.
- It is not give correct judgment of financial analysis.

PART-B

1. Illustrate and explain the steps in the control process with examples. (N/D-22)

Key Points

- Definition
- Concepts of control
- Characteristics of Control
- Need of Control
- Importance of Controlling
- Limitations of Controlling
- Process of Controlling

Definition

- It is the measurement and correction of performance in order to make sure that enterprise objective and the plans devised to attain them are accomplished".

Concepts of control

- Control - any means used to rule out threats to research validity
 - Control provides a Standard of Comparison
 - Control reduces variability

Characteristics of Control

a) Control process is universal

- Control is an essential function in any organization whether it is an industrial unit, university, government office, hospital etc.

b) Control is a continuous process

- Control is a never ending activity on the part of managers. It is a non-stop process.
- The manager watch the operation of the management and to see whether they are going towards the desired end and if not actions is not taken to correct them.

c) Control is action based

- Action is essential element of the control. It is the action which ensures performance according to the decided standards.

d) Control is forward looking

- Control is linked with future not past.
- A proper control system prevents losses, minimizes wastages.
- It acts as a preventive measure.

e) Control is closely related to planning

- Plan gives the direction to various business activities while control verifies and measures the performance of these activities and suggests proper measures to remove the deviations.

Need of Control

- To minimize dishonest behavior of employees.
- To discover deviations in the management.
- Control can minimize the mistakes.

- To indicate corrective action.

Importance of Controlling

Policy verification

- Control helps to review, revise and update the plans. In this process organization and management can verify the quality of various policies.

Adjustments in operations

- A control system acts as an adjustment in organizational operations.
- Control provides this clue by finding out whether plans are being observed and suitable progress towards the objective is being made to correct any deviations if necessary.

Psychological pressure

- Control process puts a psychological pressure on the individual for better performance.
- The sound control system inspires employees to work hard and give better performance.

Coordination

- Control helps to emerge the coordination of the subordinates in the organization.
- Control ensures coordination of the activities of different department through unity of direction.

Employee morale

- Control creates an atmosphere of order and discipline in the organization.
- Control contributes order and discipline in the organization.

Efficiency and Effectiveness

- Proper control ensures organizational efficiency and effectiveness.
- The organization is effective if it is able to achieve its objective.
- Since control focuses on the achievement of organizational objectives, it necessarily leads to organizational effectiveness.

Limitations of Controlling

- Control is expensive and time-consuming process.

- Control cannot consider the external factors such as technological changes, political factors, social changes, government procedures etc.
- Human behavior and employee morale also cannot be measured.

Process of Controlling

- a) Establishment of standards
- b) Measuring performance
- c) Comparing actual with standards
- d) Finding out deviations
- e) Taking corrective actions



a) Establishing standards

- Standards may be expressed in quantitative or qualitative terms.
- A standard is a criterion against which results can be measured.
- Generally, standards shall be accurate, precise, acceptable and workable.
- Volume of products, man hour, costs, revenue, investment etc. They are quantitative standards.
- Good will, employee morale, motivation etc. These areas are qualitative standard.

b) Measuring performance

- Measurement of actual performance does not mean knowing what has happened but also what is likely to happen.
- The performance should be in quantitative terms.
- The measurement technique may be personal observation, sample checking, performance report etc.

c) Comparing actual with standards

- To find out the deviations and identify the causes of such deviations.

- The employee morale and effectiveness of human resources statements, charts help to compare the performance quantitatively against the already got standards which got.
- This approach will give the correct, quick and favorable results.

d) Finding out deviations

- An efficient manager easily finds out to locate the deviation points properly.
- To find out the cause of deviations, the manager will have to depend on proper accurate and timely information.
- If the deviation between standard and actual performance is beyond the prescribed limit, an analysis of deviations is made to identify the causes of deviation.

e) Taking corrective actions

- A good control system should try to remove the defects causing deviation from the target. Based on the nature of the defect, corrective action has to be taken.
- Given below are some of the corrective actions that may be taken to remove hurdles.
- If the instructions given to the employees have not reached them properly, steps must be taken to improve the quality of instructions.
- If production target has not been attained owing to breakdown of machinery, steps must be taken to keep the machinery in proper working condition always, may be, by employing.

Correction of deviations

- Corrective action is essentially with correcting deviations from planned performance.
- Deviation may be in accurate forecast poor communication, defective machines, lack of motivation etc.
- For the correction of deviations, management should take necessary action and implement them so that in future these deviations and mistakes are minimized.
- If corrective action is not taken properly on time, it will lead to heavy losses.

2. Write a note on the different types of control.

(Nov/Dec 2012)

Key Points

- Types of Control
 - Direct control
 - Preventive control
 - Feed forward Control
 - Concurrent control
 - Feedback Control

Types of Control

1. Direct control

- Direct controls based on feedback, by measuring deviations from standards analyzing the causes of deviations and taking the necessary corrective steps to bring the performance in the right track.

2. Preventive control

- Preventive control based on the philosophy of preventing undesirable deviations from occurring, by developing and maintaining a highly qualified managerial staff.

3. Feed forward Control

- The most desirable type of control feed forward control – prevents anticipated problems because it takes place in advance of the actual activity..
- The key to feed forward control, therefore is taking managerial action before problem occurs. Feed forward controls allow management to prevent problems rather than having to cure them later.
- Unfortunately these controls require timely and accurate information that is often difficult to develop.
- As a result managers frequently have to use one of the other two types of control.

4. Concurrent control

- Control that takes place while an activity is in progress.
- Concurrent control, as its name implies, takes place while an activity is in progress. When control is enacted while the work is being performed management can correct problems before they become too costly.
- The best known form of concurrent control is direct supervision.
- When a manager directly oversees the actions of an employee, the manager can concurrently monitor the employee's actions and correct problems as they occur.
- Although some delay between the activity and the manager's corrective response is inevitable the delay is minimal.

- Technical equipment (such as computers and computerized machine controls) can be designed to include concurrent controls.

5. Feedback Control

- Control that takes place after an action.
- The most popular type of control relies on feedback.
- The control takes place after the action. The control report that shows used for assessing TV sales is an example of feedback control.
- The major drawback of this type of control is that by the time the manager has the information the damage has already been done.
- It's analogous to locking the barn door after the horse has been stolen. But for many activities feedback is the only viable type of control available.

Feedback has two advantages

- First feedback provider's managers with meaningful information on the effectiveness of their planning effort.
 - Feedback that indicates little variance between standard and actual performance is evidence that planning was generally on target.
 - If the deviation is great a manager can use that information to make new plans more effective.
- Second, feedback control can enhance employee's motivation.
 - People want information on how well they have performed.
 - Feedback control provides that information.

3. Discuss the various types of budgets in detail.

(Nov 2021)

What is budgetary control? Explain in detail the different techniques to control budget.(May 2) (Nov 2020)

Enumerate the techniques of controlling.

(Apr 2019)

Explain various techniques for control and performance in various management.(A/M-22)

Enumerate the Budgetary Control Techniques that can be used for a Startup which is into Manufacturing Robots. (N/D-22)

Key Points

- Budget controls
- Budget development methods

- Types of Budget
 - Sales Budget
 - Cash Budget
 - Production Budget
 - Materials Budget
 - Labor Budget
 - Factory Overhead Budget
 - Distribution Overhead Budget
 - Administrative Overhead Budget
 - Master Budget
 - Fixed and Flexible Budget
- Budgetary Control Techniques
 - Revenue and Expense Budgets
 - Time, Space, Material, and Product Budgets
 - Capital Expenditure Budgets
 - Cash Budgets
 - Variable Budget
 - Zero Based Budgets
 - Revenue and Expense Budgets
 - Time, Space, Material, and Product Budgets
 - Capital Expenditure Budgets
 - Cash Budgets
 - Variable Budget
 - Zero Based Budgets
- Problems in budgeting

Budget controls

- A budget depicts how much an organization expects to spend (expenses) and earn (revenues) over a time period.
- Amounts are categorized according to the type of business activity or account, such as telephone costs or sales of catalogs.
- Budgets not only help managers plan their finances, but also help them keep track of their overall spending.
- A budget, in reality, is both a planning tool and a control mechanism.
- Budget development processes vary among organizations according to who does the budgeting and how the financial resources are allocated.

Budget development methods

- Top-down budgeting - Managers prepare the budget and send it to subordinates.
- Bottom-up budgeting - Figures come from the lower levels and are adjusted and coordinated as they move up the hierarchy.

- Zero-based budgeting - Managers develop each new budget by justifying the projected allocation against its contribution to departmental or organizational goals.
- Flexible budgeting - Any budget exercise can incorporate flexible budgets, which set “meet or beat” standards that can be compared to expenditures.

Types of Budget

a) Sales Budget

- It includes a forecast of total sales during a period expressed in money and/or quantities in the organization.
- The forecast relates to the total volume of sales and also its break-up product-wise and area-wise in the organization.
- Preparation of sales budget is the important factor in any business enterprise.
- All other budget is based on the sales budget in the organization.
- Sales budget sets tone for production, finance and personnel budgets in organization.

b) Cash Budget

In the organization, the cash budget usually gives detailed estimates of,

- Cash receipts and
- Cash disbursements for the budget period

In the organization, it is prepared

- To ensure that cash is available in time for meeting the financial commitments and
- To use cash available in the best possible manner

c) Production Budget

- It includes a forecast of the output during a particular period analyzed according to Products, manufacturing departments, to schedule its production according to sales forecast in the organization.

d) Materials Budget

- It generally deals with the direct materials for budgeted output in the organization.
- It is based on the production budget.

- Materials budget helps in scheduling the purchase of materials to produce a given volume of output during a particular period to meet the requirements of customers during that period in the organization.

e) Labor Budget

- It is based upon the estimates of the production budget in the organization.
- It reveals the requirements of labor for a given period of time and the financial requirements to meet the wage bills of workers for the specified budget period.

f) Factory Overhead Budget

- It includes the details of the fixed and variable overhead costs for the budget period. Fixed costs generally remain fixed in the organization.
- They do not change with the change in the volume of production.
- Variable costs change with the changes in the volume of production in the organization.
- Fixed costs can be determined on the basis of past data and likely changes in the future.
- Variable costs for the specified budget period are determined on the basis of the volume of production included in the production budget.

g) Distribution Overhead Budget

- It includes the estimates of all items of expenditure on promotion and distribution of finished products in the organization.
- The cost are divided into fixed, variable and semi-variable categories and estimated on the basis of past experience in the organization.
- The various items of expenditure in the organization include sales office rent, salaries, depreciation and miscellaneous expenses like advertising, commission, bad debts, travelling expenses etc.

h) Administrative Overhead Budget

- It includes the estimates of administration expenses like expenses on office operations including salaries of office personnel part of the total cost of a product.
- Preparation of this budget helps in keeping the administrative costs under control in the organization.

i) Master Budget

- The master budget is the summary budget incorporating its component functional budgets, which is finally approved, adopted and employed in the organization.
- Thus, master budget incorporate all functional budgets.
- It projects a comprehensive picture of the proposed activities and anticipated results during the budget period.
- The top management of the enterprise approves it.

j) Fixed and Flexible Budget

- A fixed budget, which is designed to remain unchanged irrespective of the level of activity, actually attained.
- The main purpose of fixed budgeting in the organization is to coordinate sectional activities to attain the enterprise objectives.
- It is prepared for a given level of production and does not take into account the changes in production in the organization.

Budgetary Control Techniques

(Nov 2016)

i) Revenue and Expense Budgets

- The most common budgets spell out plans for revenues and operating expenses in Rupee terms.
- The most basic of revenue budget is the sales budget which is a formal and detailed expression of the sales forecast.
- The revenue from sales of products or services furnishes the principal income to pay operating expenses and yield profits.
- Expense budgets may deal with individual items of expense, such as travel, data processing, entertainment, advertising, telephone, and insurance.

ii) Time, Space, Material, and Product Budgets

- Many budgets are better expressed in quantities rather than in monetary terms. e.g. direct-labor-hours, machine-hours, units of materials, square feet allocated, and units produced.
- The Rupee cost would not accurately measure the resources used or the results intended.
-

iii) Capital Expenditure Budgets

- Capital expenditure budgets outline specifically capital expenditures for plant, machinery, equipment, inventories, and other items.
- These budgets require care because they give definite form to plans for spending the funds of an enterprise.
- Since a business takes a long time to recover its investment in plant and equipment, (Payback period or gestation period) capital expenditure budgets should usually be tied in with fairly long-range planning.

iv) Cash Budgets

- The cash budget is simply a forecast of cash receipts and disbursements against which actual cash "experience" is measured.
- The availability of cash to meet obligations as they fall due is the first requirement of existence, and handsome business profits do little good when tied up in inventory, machinery, or other noncash assets.

v) Variable Budget

- The variable budget is based on an analysis of expense items to determine how individual costs should vary with volume of output.
- Some costs do not vary with volume, particularly in so short a period as 1 month, 6 months, or a year.
- Among these are depreciation, property taxes and insurance, maintenance of plant and equipment, and costs of keeping a minimum staff of supervisory and other key personnel.
- Costs that vary with volume of output range from those that are completely variable to those that are only slightly variable.
- The task of variable budgeting involves selecting some unit of measure that reflects volume;
- Inspecting the various categories of costs (usually by reference to the chart of accounts); and, by statistical studies, methods of engineering analyses, and other means, determining how these costs should vary with volume of output.

vi) Zero Based Budgets

- The idea behind this technique is to divide enterprise programs into "packages" composed of goals, activities, and needed resources and then to calculate costs for each package from the ground up.
- By starting the budget of each package from base zero, budgeters calculate costs afresh for each budget period; thus they avoid the common tendency in budgeting of looking only at changes from a previous period.

Advantages

- Compels management to think about the future, which is probably the most important feature of a budgetary planning and control system.
- Forces management to look ahead, to set out detailed plans for achieving the targets for each department, operation and (ideally) each manager, to anticipate and give the organization purpose and direction.
- Promotes coordination and communication.
- Clearly defines areas of responsibility.
- Requires managers of budget centres to be made responsible for the achievement of budget targets for the operations under their personal control.
- Provides a basis for performance appraisal (variance analysis).
- A budget is basically a yardstick against which actual performance is measured and assessed.
- Control is provided by comparisons of actual results against budget plan.
- Departures from budget can then be investigated and the reasons for the differences can be divided into controllable and non-controllable factors.
- Enables remedial action to be taken as variances emerge.
- Motivates employees by participating in the setting of budgets.
- Improves the allocation of scarce resources.
- Economizes management time by using the management by exception principle.

Problems in budgeting

- Bad labor relations
- Inaccurate record-keeping.
- Departmental conflict arises due to:
 - Disputes over resource allocation
 - Departments blaming each other if targets are not attained.
- It is difficult to reconcile personal/individual and corporate goals.

- Responsibility versus controlling, i.e. some costs are under the influence of more than one person, e.g. power costs.
- Managers may overestimate costs so that they will not be blamed in the future should they overspend.

4. Explain non-budgetary control techniques with suitable examples.

(Nov 2021, Nov 2016, Nov 2020)

Key Points

Techniques

- a) Statistical data
- b) Special reports and analysis
- c) Analysis of break-even points
- d) The operational audit
- e) The personal observation
- f) PERT
- g) Gantt chart
- h) Special Reports
- i) Responsibility Accounting
- j) Critical Path Method (CPM)
- k) Benchmarking

Non-Budgetary Control Techniques

Techniques

- a) Statistical data
- b) Special reports and analysis
- c) Analysis of break-even points
- d) The operational audit
- e) The personal observation
- f) PERT

a) Statistical Data and Charts

- For effective management control, the various statistical data and charts can be used in every organization.
- Statistical information of the past and data intended for the future can be used for control.
- Tables, charts and graphs are "examples of statistical data in the form of ratios, diagrams, average and percentages.

- Charts are preferred in many organizations as it is self-explanatory, attractive and meaningful.

b) Break- even point analysis

- Break even analysis is an analysis which is used to determine the point at which revenue received equals the costs associated with receiving the revenue.
- It involves a chart which represents the overall volume of sales necessary to cover costs.
- Break even analysis can be used both as an aid in decisionmaking and as a control device.
- The break-even point (BEP) is the point at which cost or expenses and revenue are equal.
- At this point, a business neither earns any profit nor suffers any loss.
- Break-even point is therefore also known as no-profit, no-loss point or zero profit point.
- This chart helps in forecasting, budgeting cash requirement, planning financial needs, make-or-buy decisions etc.

c) Operational audit

- Another effective tool of managerial control is the internal audit or, as it is now coming to be called, the operational audit.
- Operational auditing, in its broadest sense, is the regular and independent appraisal, by a staff of internal auditors, of the accounting, financial, and other operations of a business.

d) Personal Observation

- Personal observation is one of the control processes. It is a direct tool of control. It is a time-consuming process.
- The personal observation helps the managers for their subordinates' characters, attitudes and skills to their job.
- Mistakes committed by the workers can be corrected by the manager directly.
- This method also increases the sincerity of the workers due to observation by their superiors.

e) PERT

- The Program (or Project) Evaluation and Review Technique, commonly abbreviated PERT,

- It is a method to analyze the involved tasks in completing a given project, especially the time needed to complete each task, and identifying the minimum time needed to complete the total project.

f) Gantt chart

- A Gantt chart is a type of bar chart that illustrates a project schedule.
- Gantt charts illustrate the start and finish dates of the terminal elements and summary elements of a project.
- Terminal elements and summary elements comprise the work breakdown structure of the project.
- Some Gantt charts also show the dependency (i.e., precedence network) relationships between activities.

g) Special Reports

- Executives can give special reports for certain projects of nonrepetitive situations.
- Such reports can also be given on the progress and performance of individual departments.
- The prepared reports are submitted to the superiors and they can analyze to control the process.

h) Responsibility Accounting

- It divides the organization into small units where manager of each unit is responsible for achieving the targets of his unit.
- These units are called responsibility centers and head of each responsibility centre is responsible for controlling the activities of his centre.
- Performance of responsibility centre is judged by the extent to which targets of the centre are achieved.
- There are four main types of responsibility centre are control centre, revenue centre, profit centre and investment centre.

i) Critical Path Method (CPM)

- Critical Path Method (CPM) or Critical Path Analysis is a mathematically based algorithm for scheduling a set of project activities.
- CPM is based on the perfect time estimation.
- It is used for itemizing resource allocation and minimizing overall cost for a given object. CPM can reduce the time for completion of project.

- CPM is applicable to both large and small projects. CPM aims to reduce the cost.
- In CPM, two time estimates are made: normal time (N) and expedited time (E). Expedited time is also known as crash time.
- Normal time is at a normal cost equal to N. This cannot be reduced irrespective of how long the activity completion time is extended.
- At additional expenditure, however, the expedited time can be shortened.
- The shortest possible time is called crash time and can only be accomplished at crash cost

j) **Benchmarking**

- Benchmarking is the standard of excellence against which to measure and compare.
- It is the hunt for the obtaining the best practices among competitors or non-competitors which will provide the best performance.

5. How does Information Technology support the controlling function of Management?

(Nov 2011)

Impact of IT in management concepts-Discuss.(Nov 2016) (A/M-22) (N/D-22)

Key Points

- Definition
- MIS Resources
 - Computer hardware
 - Software
 - Programs
 - Data
 - People
- Implementation of MIS
- Application of MIS
- Important Devices for Information System
- Speech Recognition devices
- Network
- Importance of MIS or Role of MIS
- Management and MIS
- Operational control
- Middle management

- Top-level-strategic planning

Definition

- MIS can be defined as “A system of obtaining, abstracting, storing and analyzing data to produce effective information for use in planning, controlling and decision making process”.

MIS Resources

MIS consists of five major resources.

- Computer hardware
- Software
- Programs
- Data
- People

Implementation of MIS

a) Input data

- The necessary data can be collected. The object is the development of better information system for management.

b) Information stored and retrieval

- The necessary data can be stored and utilized and when required. The information can be indexed and classified for quick accessibility of the management.

c) Analysis

- To utilize the data effectively it is necessary to analyze them. To analysis the problem and develop alternatives and select the best one.

d) Output

- Output in the form of reports, charts, tables, graph etc.

e) Decision making

- The output information is used to decision-making process.

f) Action

- After decision is taken it is converted in to action.

Application of MIS

- To provide long-term plans
- To find out new opportunities
- To allocate resources
- To provide planning and control
- To provide sales forecasting
- To help management decision about quality, quantity and market price etc.
- To provide government policy and regulation
- To provide effective managerial activities

Important Devices for Information System

a) Speech Recognition devices

- Instead of keyboard input data in to the computer is through speech by normal manner.
- It can be used several companies for several uses.
- Clear communication is also possible some disadvantage also in this system.
- Similar sound words like 'to' 'too' and 'two' are complex problems.

b) Network

- It is one of the most important information technologies.
- Computer is connected by internet and other communications network.
- The network serves as share processing, software and database.
- Computer networks enable end users and work groups to communicate and collaborate electronically and share the use of hardware, software and data resources.
- The networks have become the primary information technology that supports the business operations of many organizations.

Importance of MIS or Role of MIS

MIS can be used for the decision making process of an organization in the following areas.

| Sl. no. | Major subsystem | Application |
|----------------|------------------------|--|
| 1. | Marketing | Sales planning, Sales analysis, Sales forecasting. |
| 2. | Manufacturing | Production planning cost |

| | | |
|----|------------------------|--|
| | | control analysis. |
| 3. | Logistics | Planning and control |
| 4. | Finance and accounting | Cost analysis, planning, income measurement. |
| 5. | Top management | Strategic planning, policy, resource allocation. |

- The MIS increases knowledge of manager and he can function effectively.
- MIS provides decision-making process.
- MIS provides successful achievement of the organization objectives.

Management and MIS

- MIS supports the management activity.
- Information system provides information to managers of three levels of responsibilities.
- MIS helps to guide managers to carry out their planning, organizing, directing, controlling and coordinating the functions effectives.

Operational control

- Operation control provides a detailed information and accurate on a daily or weekly basis.
- A market manager must know the past and present sales record, consumer's behavior, and advertising budget.
- The MIS must provide him timely and detailed information obtained from daily operations.

Middle management

- Middle levels managers, such as department's heads are concerned with the current future performance.

Top-level-strategic planning

- MIS must provide information to top management for strategic planning and control.
- MIS should provide information to the managers accurately and correct time.
- So, MIS should be designed in a suitable way depending upon the organization.
- The top managers receive overall financial analysis and summarized comparisons of department performance.

6. Listout the needs and characteristics of MIS.

(May2016)

Need of MIS

1. Internal factors

- **Resources**
 - This involves the analysis of available resources in the organization like money, material, machine etc.
- **Planning and control information**
 - To require information about budgets, sales forecasts etc.
- **Operational information**
 - The techniques evaluate the overall operations of the business.
- **Production function**
 - It is required to increase the production, product quality and to reduce wastages etc.
- **Marketing function**
 - To obtain required information for plan sales forecast, advertising budget consumer satisfaction, sales value competitors etc.

2. External Information Needs

- **Political and Government**
 - This involves information about political fiscal policies, government policies, procedures, rules and regulations.
- **Economic condition**
 - To get required information such as money value, GNP, inflation rate interest rate etc.
- **Technology**
 - To get information's about new advanced machinery, new process etc.

Characteristics of MIS

- It should be based on a long-term planning.
- It should provide a holistic view of the dynamics and the structure of the organization.
- It should work as a complete and comprehensive system covering all interconnecting sub systems within the organization.

- It should be planned in a top-down way, as the decision makers or the management should actively take part and provide clear direction at the development stage of the MIS.
- It should be based on need of strategic, operational and tactical information of managers of an organization.
- It should also take care of exceptional situations by reporting such situations.
- It should be able to make forecasts and estimates, and generate advanced information, thus providing a competitive advantage. Decision makers can take actions on the basis of such predictions.
- It should create linkage between all sub-systems within the organization, so that the decision makers can take the right decision based on an integrated view.
- It should allow easy flow of information through various sub-systems, thus avoiding redundancy and duplicity of data. It should simplify the operations with as much practicability as possible.
- Although the MIS is an integrated, complete system, it should be made in such a flexible way that it could be easily split into smaller sub-systems as and when required.
- A central database is the backbone of a well-built MIS.

7. Explain how computers are useful in controlling Organizational issues?

Explain the role of computers in handling information.

(May 2017)

Key Points

- Sales Forecast and Control
- Payroll
- Business management
- Accounting
- Personnel management information
- Cost Accounting
- Manufacturing information control
- Banking and Credit

a) Sales Forecast and Control

- The computer can prepare an estimate of future sales called a sales forecast from sales data.
- It can be programmed to read historical sales data and calculations with huge data the marketing department can make predictions about among business cycles, useful in planning advertising campaigns, stocking retailers, tooling up assembly lines, and contracting with suppliers.

b) Payroll

- The computer can process a firm's payroll.
- It can be programmed to read payroll records.
- Calculate earnings, deductions and withholdings and printout pay checks.
- Computerized payroll systems can handle hourly or salaried pay rolls and commission payments.

c) Business management

- The computer can provide reports and data for management. Inventory sales analysis, credit analysis can be calculated.

d) Accounting

- A comprehensive accounting system can be put on the computer by using electronically stored ledgers in the machine.
- The computers can printout customer billings, taxes, reports, profit and loss statements, balance sheets and other financial information required internally and externally.

e) Personnel management information

- The computer can provide management with data on the composition of its personnel.
- It can print out information on job classification and personnel capabilities, and can list employees by department by salary schedule or by both.

f) Cost Accounting

- The computer can print out an analysis of production cost.
- It can be programmed to perform/ routing cost accounting tasks with budgeted hourly costs on individual machine rates and overhead figures.

g) Manufacturing information control

- The computer is used in the manufacture and production of goods. It can provide ordering, warehousing and cost data, based on art numbers or bills leading.
- The computer can schedule work for an assembly line based upon labor available by shift.
- It can print out a list of equipment and a list of equipment and material needs for the line for a given day and predict output.
- The save machine can then report the number and unity produced and provide follow up cost data.

h) Banking and Credit

- The computer is used in the finance, credit and collection industry.
- It can process deposits, commercial and consumer loans, and revolving charge accounts for banks and department stores.

8. Explain in detail productivity problems and management. [Nov-2021]

Key Points

- Definition
- Factors Affecting Productivity

Definition

- Productivity is a measure of how much input is required to produce a given output.
- (i.e.) Productivity = $\frac{\text{output}}{\text{input}}$
- Productivity is the measure of how well the resources are brought together in an organization and utilized for accomplishing a set of objectives.

Factors Affecting Productivity

1. Technology
2. Human resources
3. Government policy
4. Machinery and equipment
5. Skill of the worker
6. Materials

- 7. Plant equipment
- 8. Land and Buildings
- 9. Capital
- 10. Research and Development**
- 11. Trade unions**

1. Technology

- New technology developments and R & D development improve the productivity.

2. Human resources

- Education of the employee's favors improvement of the productivity motivation of the employees improves the efficiency of the productivity.

3. Government policy

- Government can eliminate unnecessary regulations and make productivity effectively.

4. Machinery and Equipment

- Modern machineries and equipment also increase the productivity.

5. Skill of the workers

- Well trained and experienced employee's leads to effective productivity.

6. Materials

- Productivity of materials can also be increased by using correct process, well trained workers, and storage facilities.

7. Plant, equipment

- Productivity can be increased through modern tools. Proper maintenance of plant and equipment increase the productivity.

8. Land and Buildings

- Working environment must be suitable for employees. Poor plant layout and construction will affect the productivity.

9. Capital

- Increased capital investment results in increased productivity. This capital also increases other factors like market share, low cost, high profit.

10. Research and Development

- Research and development play a vital role in determining productivity. The research includes reduction of cost and wastage, new techniques etc. All these factors must help the concern to increase productivity.

11. Trade unions

- Some trade unions create some unnecessary problems in the company and start strike and lock out the company. It decreases the productivity. Efficient top management executives smoothly handling the trade unions to carry out the positive effect.

9. Productivity Measures (or) Write short notes on control of productivity problems and management. (May 2016)

Key Points

- Approaches
 - Physical Productivity
 - Functional Productivity
 - Economic Productivity
- Role of Productivity
- Managing Productivity

Productivity

- Productivity refers to the ratio between the outputs from production processes to its input.
- Productivity may be conceived of as a measure of the technical or engineering efficiency of production.
- As such quantitative measures of input, and sometimes output, are emphasized.
- Typical Productivity Calculations Measures of size and resources may be combined in many different ways.

The three common approaches to defining productivity

a) Physical Productivity

- This is a ratio of the amount of product to the resources consumed (usually effort).
- Product may be measured in lines of code, classes, screens, or any other unit of product.
- Typically, effort is measured in terms of staff hours, days, or months.
- The physical size also may be used to estimate software performance factors (e.g., memory utilization as a function of lines of code).

b) Functional Productivity

- This is a ratio of the amount of the functionality delivered to the resources consumed (usually effort).
- Functionality may be measured in terms of use cases, requirements, features, or function points (as appropriate to the nature of the software and the development method).
- Typically, effort is measured in terms of staff hours, days, or months.
 - Traditional measures of Function Points work best with information processing systems.
 - The effort involved in embedded and scientific software is likely to be underestimated with these measures, although several variations of Function Points have been developed that attempt to deal with this issue.

c) Economic Productivity

- This is a ratio of the value of the product produced to the cost of the resources used to produce it.
- Economic productivity helps to evaluate the economic efficiency of an organization.
- Economic productivity usually is not used to predict project cost because the outcome can be affected by many factors outside the control of the project, such as sales volume, inflation, interest rates, and substitutions in resources or materials, as well as all the other factors that affect physical and functional measures of productivity.
- However, understanding economic productivity is essential to making good decisions about outsourcing and subcontracting.

The basic calculation of economic productivity is as follows:

- Economic Productivity = Value/Cost
- Labor productivity= (Total output/Labor Input)
- Capital productivity= (Total output/Capital Input)
- Material productivity = (Total output/Capital Input)

Role of Productivity

a) For management

- To get high profit

- To improve the resources
- To increase the sales.

b) For workers

- Job satisfaction and Job security
- Promotion
- Higher salary
- Better working conditions

c) For customers

- To get quality products
- Reduced prices
- Easily available

Managing Productivity

- Improving productivity has become a major goal in virtually every organization.
- By productivity, we mean the overall output of goods or services produced divided by the inputs needed to generate that output.
- Employees can receive higher wages and company profits can increase without causing inflation.
- For individual organizations, increased productivity gives them a more competitive cost structure and the ability to offer more competitive prices.
- Increasing productivity is a key to global competitiveness.
- For instance, a great deal of Japan's economic prosperity in the 1980s can be explained in terms of improved manufacturing productivity in businesses.
- Productivity is a composite of people and operations variables.
- To improve productivity, managers must focus on both.
- A management consultant and quality expert, believed that managers, not workers, were the primary source of increased productivity.
- High productivity can't come solely from good "people management."
- The truly effective organization will maximize productivity by successfully integrating people into the overall operations system.

10. What is Productivity? Explain the methods of improving productivity in IT industry. (May 2016)

Write short notes on (Nov 2018)

(i) Control of productivity problems and management.

Key Points

- **10 steps to improve productivity**
 1. Management commitment.
 2. Training and empowerment
 3. Fabric saving
 4. Work Study
 5. Times and methods
 6. Measuring performance
 7. Line Balancing
 8. Quality
 9. Personnel Management
 10. Better equipment

Productivity

Definition

- Productivity refers to the ratio between the outputs from production processes to its input.

10 steps to improve productivity

1. Management commitment.
2. Training and empowerment
3. Fabric saving
4. Work Study
5. Times and methods
6. Measuring performance
7. Line Balancing
8. Quality
9. Personnel Management
10. Better equipment

1. Management commitment

- Productivity improvement schemes require discipline and co-operation from all concerned, permanent improvements will be maintained only with Top Management involvement and support.
- Management cannot be allowed to “sit on the fence” they MUST commit, performance levels are too low, there is a comfort level that must be broken.
- If management is prepared to accept 45% so will the operators.

2. Training and empowerment

- Without sufficient skills and knowledge your main asset, the people who work for you will not be effective.
- Real, in depth productivity improvement will only be achieved by improving the skill base in the business.
- For productivity purposes we recommend that Production Managers, Supervisors, Work study and Quality controllers undergo training courses and that their performance in the training is monitored and decisions made as a consequence of their results.
- Allow these people to make decisions and to learn by their mistakes.
- Training must start at the top, teaching people communication skills is vital – it's a fact that people do not listen and this of course will immediately delay any planned improvements

3. Fabric saving

- Fabric represents 55% to 70% of the product cost, it is imperative to have total control of all issues. Fabric reconciliations must happen at the end of each P.O.
- The results of these calculations should be shown in VALUE, to establish how much profit or loss was made in every order.
- Width measurement shade and shrinkage grouping is essential.
- There is a premise that if we can save 2% in width we will save 2% in length.
- This is not really true in every case, but additional width can sometimes have a significant effect on marker length.
- Fabric reconciliations are no simple task, it is detailed and time consuming, but the object is to attempt to save up to 4% of your fabric this money will reflect directly on your bottom line profits

4. Work Study

- To improve factory floor productivity you need a “Work Study Department”

- Get a qualified Production engineer to head up this department and then create a team of ATDC students to work in pre-determined areas.
- You should also train a few of the intelligent qualified machinists
- Since they understand how to sew and will give considerable help with the introduction of new methods since they will be able to show the operators how.
- The techniques we teach are quick to train, easy to learn and provided the students are chosen well, extremely effective.

5. Method and Time Study

- It is amazing that Supervisors and Managers do not “see how” the job is being done they are only interested in the hourly score.
- There is a huge improvement potential in teaching work study people to see what the operator is doing, many operators waste huge amounts of effort doing their job, 85% of most sewing operations is handling, looking at the way this is done can lead to great improvements.
- You cannot judge yourselves on “past experience” you cannot judge yourself on times set by timing an operator over a few garments or by using a stop watch in the sample department or by timing a few garments on the line.
- Times must be set after developing a good method, the way the operation is done creates the time.
- Better methods and making work easier is worth good efficiency / productivity improvements.

6. Measuring performance

- It is vital that operator performance is measured continuously, we recommend every two hours; do it by scanning bar coded tickets.
- Operators performing at less than acceptable efficiency levels are investigated by the Work Study team.
- The key to success is acting on the information which must be accurate and easily available

7. Line Balance

Step 1

- Calculate the line balance efficiency this will indicate to you how well the line is balanced.
- Great care should be taken whilst doing the balance since it will dramatically affect the output of the line.
- A skills matrix should be developed and maintained and should be used to allocate the best people for the job

Step 2

- The line must be continuously monitored to ensure that bottlenecks are minimized.
- Supervisors must have the ability to see problems in advance and take the action.
- They need constant training to become good at this.
- Work in progress levels have to be sensible and visible Supervisors must have time to react to the situations that continuously occur during the day.

8. Quality

- Quality personnel must be included in all method changes there is no point in changing the method if the quality fails.
- The cost of quality must be established and monitored, quality should be expressed as a number it is then possible to measure improvements.
- An overhaul of the quality systems is necessary in most of the factories we have seen in India

9. Personnel management

- Absenteeism is a huge cause of loss of productivity.
- Many companies address this problem by offering an attendance bonus and they don't seem to work.
- The Personnel team must be given goals to achieve regarding absenteeism and Labor
- Turnover, they should be made responsible for departments and suggest solutions to limit absenteeism and turnover.
- Labor turnover is also a big problem in some areas of the country and this again is the responsibility of the HR department.

10. Better Equipment

- There are some cases where specialized equipment and work aids will assist in improving productivity.
- But cost justifications and payback calculations must be done before new purchases are made.
- It is also necessary to ensure that you are using your current equipment as efficiently as possible before new investments are made.

11. Explain Control of Overall Performance.

Key Points

- Financial Controls
- Financial Statement
- Users of financial statements
- Importance of financial statements
- Limitations of financial statements
- Cash Flow Statement

Financial Controls

- Managers use a financial control method in the organization which helps managers control an organization's financial resources.

Financial Statement

- Financial statements generally refer to four basic statements the income statements, the balance sheet, the statement of retained earnings and the sources and Fund statements.
- The Financial Statements reflect the Financial Position and Operating strength or weakness of the organization.

Users of financial statements

- Share holders
- Creditors
- Employees
- Trade unions
- Managers
- Economists
- Members of parliament
- SEBI
- Government Departments
- Tax Authorities
- Financial Institutions
- Commercial Bank

Importance of financial statements

1. Management

- Financial statement helps the management to understand the financial position, progress and performance of business.
- Financial statement provides the management accurate and up to date financial information of the company.
- This information help the management formulate appropriate policies, rules, procedures and course of action for the future.

2. Shareholders

- Shareholders cannot take part in day-to-day activities of the business.
- Financial statements help the shareholders to know about the efficiency and effectiveness of the company.
- This statement also gives the information's about profit earning capacity of the company, present position and future position of the company.
- It can be guided to decide about making their investments in this company.

3. Creditors

- The financial statements serve as a useful guide for the financial analysis of liquidity, long-term solvency, short-term solvency and profit.
- This should help them to take correct decisions.

4. Labours

- The financial statements give information about the net profit of the company.
- In wages negotiations profit will be important.

5. Public

- Generally public are interested in knowing the financial position, progress of the company.
- The financial statements people can analyze compare and comment upon the company's financial statement.

6. Government

- Tax liabilities of business enterprises are assessed using financial statements.

Limitations of financial statements

- The data given in these statements are only approximate.
- Current price changes are not considered for valuing the assets of the business.
- Non-Monetary factors are ignored while preparing the financial statements.
- Information is incomplete.

- Qualitative information is ignored.

Income Statement

- The income statement is also known as profit and loss account.
- It performs report recording the changes in income, expenses, and profit and losses as a result of business operation during the year.
- It summarizes revenues and expenses of the period.

Importance

- The Income Statement guides the management to judge business progress period.
- The income statement analyses of business success.
- It reports the results of business activities and indicates the reasons for the business profitability or lack.

Balance Sheet

- A balance sheet is the statement which sets out the financial conditions of Business Company.
- An analysis of balance sheet together with profit and loss account will give vital information about the financial position and operation of the company.
- More broadly financial position is the cumulative result of all transaction of the business from its very start.
- Balance sheet left hand side contains capital and liabilities and right hand side contains assets.
- It lists on a particular date, usually at the close of the accounting period the assets and liabilities and capital of the enterprise.
- A balance sheet is also described as a statement showing the sources and application of capital'.
- It is a statement not an account.

For example

X Ltd. Balance sheet as on 31st Dec. 1998

| Capital and Liabilities | Amount (Rs.) | Assets and Property | Amount (Rs.) |
|--------------------------------|---------------------|----------------------------|---------------------|
| Capital | ----- | Fixed Assets | ----- |

| | | | |
|------------------------------------|-------|---------------------|-------|
| Reserves and Surplus | ----- | Investments | ----- |
| Long term Liabilities | ----- | Current Assets | ----- |
| Current liabilities and provisions | ----- | Miscellaneous asset | ----- |
| | ----- | | ----- |

Importance of balance sheet

- The balance sheet is considered to be a more important document than the profit and loss account.
- The balance sheet gives a clear picture of the financial position of the business.
- It reflects the result of all recorded accounting transactions since the enterprise is promoted.
- It is a cumulative record of the progress of the business.
- A balance sheet is so called because its two sides must always balance i.e. the assets must be equal to liabilities plus owners capital.
 - a) Assets
 - b) Liabilities
 - c) owners
 - d) capital
 - e)

a) Assets

- Costs which represent expected future economic benefits to the business.

Fixed assets

- These assets used in the business are permanent.
Example: Building, Machineries.

Current assets

- Assets which are reasonably expected to be realized in cash.
Example: Bank in cash, D.D., Bills receivable

b) Liabilities

- Represent obligations which require settlement in the future.

Fixed liabilities

- The liabilities that are payable only on the termination of business.

Example: Paid up capital

Current liabilities

- The liabilities that are payable within a year or due date. Bills payable, short-term bank overdraft.

Cash Flow Statement

- A cash flow statement shows the impact of transactions on cash position of the firm and includes all transaction on cash position of the company.
- Cash flow statement changes in cash. i.e. only the cash flow statement provides the details in respect of cash generated and applied during the accounting period.
- The cash flow statement analyses the source and uses of cash in the company.

Advantages

- It is very useful in the evaluation of cash position of the company.
- It helps the management to plan the repayment of loan, and long term planning.
- It is very much useful short-term financial analysis.
- It enables the management to account for situation when business has earned huge profits or when it has suffered a loss.
- A comparison of the past and present cash flow will help the company to rectify the deficiency in the financial performance.

12. What are the effective steps for direct control and preventive control?

(May 2016)

Key Points

Definition

- Factors influencing the direct control
 - Uncertainty
 - Lack of knowledge experience
 - Lack of communication

- Lack of coordination
- Effective steps for direct control
- Performance can be measured
- Effectively utilizes time
- Effective steps for preventive control
- Management principles to measure performance
- Evaluation

Direct Control

Definition

- In this organization some employee's performance is poor.
- To find out the employees and then correct their performance and achieve the organization goals. This is called direct control.

1. Factors influencing the direct control

- a) Uncertainty
- b) Lack of knowledge experience
- c) Lack of communication
- d) Lack of coordination

a) Uncertainty

- Every business enterprises all the managerial activities contain risk, facts and uncertainty.
- Compared to risk and facts, uncertainty is an important element.
- Uncertainty creates negative deviations in the performance. Uncertainty reduces the actual plan.
- Managerial errors are caused by unforeseeable events. Futures cannot be predicted accurately. In this situation direct control is not effective.

b) Lack of knowledge Experience

- Organization managerial position is very important device to attain their goals.
- Inexperienced untrained managers are unable to control process effectively.
- Qualified experienced persons should be appointed as a manager for effective direct control.

c) Lack of communication

- Communication gaps between the different units in the enterprises aspect the managerial activities.
- It also affects the direct control.

2. Effective steps for direct control

- Success of direct control in an organization depends upon the following factors.

3. Performance can be measured

- In every enterprise some standards can be fixed.
- Input, Output, Price, Cost, Time and Quality are subject to numerous standards.
- If there is any deviation from standards skilled managers find out the deviations and correct it.
- Technical skill, creativity skills and problem solving skills are useful to measure the performance of each employee.
- Effective manager is able to locate the poor performance area control effectively so that it is possible to minimize the cost.

4. Effectively utilizes time

- Generally manager conducts various enquiries and meetings and they consume more time. Effective utilization of time increases effective control.

Errors can be discovered in time

- Generally errors have taken place in the major areas like cash, inventories, production etc.
- The able managers can find out the mistakes in correct time and take necessary steps to correct the mistakes.
- Feed ward technique is used for effective control.
- This technique is used to correct the mistakes rather than avoid the mistakes.

Participation

- The involvement of the employees in all the activities of the enterprises leads to effective control.

Coordination

- Increased coordination of all the units increases the effective management. Effective coordination leads to effective control.

Preventive Control

- An efficient manager applies the skills in managerial philosophy to eliminate undesirable activities which are the reasons for poor management.
- This is called preventive control.

5. Effective steps for preventive control

Qualified managers

- The position of a manager is very important for every organization.
- He must take important problem solving and decision making process.
- Experienced, technical skillful manager able to forecast the future with a reasonable degree of accuracy.
- The effective manager performs efficiently and reduces the error in the enterprises.

6. Management principles to measure performance

- The basic principles concepts theory, basic techniques of management is very important tools for effective manager.
- The manager should be aware of the measurement concept to handle any tasks in the organization successfully.
- These principles concepts are used to measure the performance.

7. Evaluation

- Proper evaluation of managers is an essential part of preventive control.
- The evaluation shows the actual performance of the managers.
- In case of dissatisfaction with the evaluation of the managers there will be a need for new recruitment or train up the managers.

Advantages

- It is better than direct control.
- This control is fast and quick.
- This control enhances smooth relationship between the superiors and subordinates.
- Prevention is better than cure. This reduces wastages of cost.
- It gives greater accuracy.

13. What is difference between direct control and preventive control?

(Nov/Dec 2012)

| S.No | Direct control | Preventive control |
|------|--|--|
| 1 | Direct controls based on feedback, by measuring deviations from standards analyzing the causes of deviations and taking the necessary corrective steps | Preventive control based on the philosophy of preventing undesirable deviations from occurring, by developing and maintaining a highly |

| | | |
|---|---|---|
| | to bring the performance in the right track. | qualified managerial staff. |
| 2 | This control is slow | This control is fast |
| 3 | It does not enhances smooth relationship between superiors and subordinates | It does not enhances smooth relationship between superiors and subordinates |
| 4 | Accuracy is less | It gives greater accuracy |
| 5 | Wastage cost will be high | This reduces wastage cost |

14. Discuss about Reporting.

[Nov-2021]

Key Points

- Budget summaries and reports
- Purpose of budget and reports
- Return on Investment
- Advantages of ROI
- Limitations

Budget summaries and reports

- Every enterprise has its own objectives. Submission of budget and reports play a very important role.
- Budget and reports are the resume of the particular company.
- It includes company sales volume, profit, credit, cost, purchase and return on investment.

Purpose of budget and reports

- The manager should compare planned budget and actual budget. Minor deviations can be ignored.
- The manager is responsible to take corrective action or report to the top management. When the major deviation is taken place.
- Budgets reflect the company's objectives or goals. Every budget is influenced by uncertainty.

- Every enterprise meets some unexpected events in the course of action that time budget changes is uncontrollable.
- The deviation between planned budget and actual budget can be controlled by an efficient manager.

Return on Investment

- The return on Investment is the broadest measure of overall performance of a business.
- The prime objective of a business is to obtain satisfactory return on capital invested.
- ROI is calculated on the basis of three factors.

Advantages of ROI

- ROI measurement shows business efficiency.
- ROI plays vital role for top management for budget decisions.
- It is used in Inter departmental comparison.
- ROI is used for comparisons of other companies.
- ROI gives ideas for analysis and decisions to bring about effective changes in financial policies.

Limitations

- ROI measurements some factors such as inventory valuation, depreciation cannot be considered.
- A high rate of ROI the managers may not be interested in the business activities due to the fear of decrease in ROI.
- High or low profits are possible in the concern. In such cases ROI is not correct judgment of financial analysis.

ANNA UNIVERSITY QUESTIONS

PART-A

1. Interpret the meaning of controlling? (Apr 2019)
2. Name at least four budgetary control techniques? (Apr 2019)
3. What are the various steps involved in the controlling process? (Nov 2018)
4. Name any two HR related controlling techniques? (Nov 2018)
5. What are the characteristics of control function? (Apr 2018)

- 6.** What is performance appraisal? (Apr 2018)
- 7.** What is budgetary control? (Nov 2017)
- 8.** What do you understand by productivity? (Nov 2017)
- 9.** List the basic types of controls (Nov 2011, May 2013)
- 10.** What are the three potential pitfalls of budgets? (Nov 2011)
- 11.** Define Productivity. (Nov 2012, May 2014)
- 12.** What is liberalization? (Nov 2012)
- 13.** Define the terms budget & budgetary control (Nov 2012)
- 14.** What is Quality Control (Nov 2012)
- 15.** Define variable budget. (Nov 2011)
- 16.** Define MIS. (May 2013)
- 17.** What are the different types of budgets? (May 2014)
- 18.** List the steps involved in directing. (Nov 2013)
- 19.** What are the kinds of skills companies look for in managers? (Nov 2013)
- 20.** What are the uses of computers in handling the information? (May, Nov 2016)
- 21.** Name any two HR related controlling techniques? (May 2016)
- 22.** Discuss the productivity problems in a management. (Nov 2016)
- 23.** What is preventive control? (May 2016)
- 24.** What is preventive control in management? (May 2017)
- 25.** Why controlling is important? (May 2017)
- 26.** What is budgetary control? (Nov 2017)
- 27.** What do you understand by productivity? (Nov 2017)

PART- B

- 1.** Evaluate the processes of controlling? (Apr 2019)
- 2.** Enumerate the techniques of controlling? (Apr 2019)
- 3.** Explain in detail about impact of IT in management concept. (Nov 2018)
- 4.** Write short notes on
(i) Control of productivity problems and management
(ii) Direct and preventive control
- 5.** Illustrate and explain the three steps in control process? (Apr 2018)
- 6.** Discuss the various types of tools used to monitor and measure organizational performance? (Apr 2018)
- 7.** Describe in detail about the three steps in the control process. (May 2017)
- 8.** Discuss the uses of computers and IT in management control. (May 2017)
- 9.** Explain the various control techniques. (Nov 2017)

- 10.** Discuss the impact of information technology on Management control. (Nov 2017)
11. Case study.

Modern manufacturing company has been using a budgetary control system for the last three years.

When asked to explain the system, Mr.John, the managing director of the company, observed: "we're pretty flexible in our budgetary system.

Every manager is given a total amount that he or she can spend for the next year.

We don't care how it is used as long as the total isn't exceeded and organizational objectives are achieved".

- i) Discuss the merits and demerits of the company's approach to budgeting.
- ii) Do you agree or disagree with this approach? Explain your view. (Nov/Dec 2017)

Refer page no.16, Q3 and Refer page no.19

- 12.** Write short notes on:

- i) Control of productivity problems and management? (May 2016)

Refer Pg.35

- ii) Direct control and preventive control?

Refer Pg.47

- 13.** i) List out the needs and characteristics of MIS?

(May 2016)

Refer Pg.29

- ii) What is Productivity? Explain the methods of improving productivity in IT industry?

(May 2016)

Refer Pg.39

- 14.** Impact of IT in management concepts-Discuss. (Nov 2016)

Refer Pg.25

- 15.** Discuss in detail about the budgetary and non-budgetary control techniques?

(Nov 2016,2021)

Refer Pg.19 and 22

- 16.** Define controlling. What are the steps involved in the process of controlling?

(Nov 2012)

Explain the concept & process of controlling.

(Nov 2012)

Explain the steps involved in the process of controlling. (ay 2013, May 2017)

Refer Pg.10

17. What is the difference between direct control and preventive control? (Nov 2012)

Refer Pg.50

18. Write a note on the different types of budgets in detail (Nov 2012)

Refer Pg.16

19. How does Information Technology support the controlling function of Management? (Nov 2011,May 2017)

Refer Pg.32

20. Explain any four non-budgetary control techniques with suitable examples.

Refer Pg.22 (Nov 2013)

21. Explain the steps involved in the implementation of budgetary control. (May 2013)

Refer Pg.19

22. What is the budgetary control? Explain in details the different techniques to control budget. (May 2014)

Refer Pg.19



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Question Paper Code : X 10732

B.E./B.Tech. DEGREE EXAMINATIONS, NOV./DEC. 2020

Fifth/Sixth Semester

Industrial Engineering

MG 8591 – PRINCIPLES OF MANAGEMENT

(Common to Computer and Communication Engineering/Electronics and
Communication Engineering/Industrial Engineering and Management/

Mechanical and Automation Engineering/Mechatronics Engineering)

(Regulations 2017)

Time : Three Hours

Maximum : 100 Marks

Answer ALL questions

PART – A

($10 \times 2 = 20$ Marks)

1. What is middle level management ? And explain their roles.
2. Write down any eight principles of Henry Fayol.
3. Discuss about the various conditions of decision making.
4. Define strategies and give characteristics of strategy.
5. List out the characteristics of Organizing.
6. What are the principles of organization structure ?
7. Define motivation .
8. What is job design ? And give details about its approaches.
9. Define control and Mention the purpose of control.
10. What is an operational planning ? And what it must comprise ?

PART – B

($5 \times 13 = 65$ Marks)

11. a) Explain the different types of business organizations with their merits and demerits.

(OR)

- b) Elaborate internal and external factors affecting the organisation culture.

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12. a) Discuss about the decision making process in an organization.
(OR)
- b) Give information about the classification of strategies according to Michel Porter and what are the characteristics of strategy ?
13. a) Discuss about various types of selection process towards recruitment.
(OR)
- b) Discuss about purpose and process of training.
14. a) Discuss about the different modes of communication along with their merits and demerits. Also highlight role of IT in todays communication.
(OR)
- b) Define leadership and discuss about different styles in leadership with their merits and demerits.
15. a) What are the techniques of budgetary control techniques and non-budgetary control ?
(OR)
- b) Discuss the process of control and the barriers of controlling in the organization with the suitable examples.

**PART – C
(Case Study)**

(1×15=15 Marks)

16. a) Analyze the case and answer the questions :

Mathew James was the manager at Health-Time, a small but popular fitness club in a mid-sized college town. Health-Time had found a niche in the local market, providing high quality aerobics classes and lots of them. The instructors at Health-Time were superior to those at other facilities around town, and Health-Time offered high-impact low-impact and step aerobics and body-sculpting classes. By offering more than 80 classes per week, Health-Time attracted members who wanted a variety of classes at all times of the day. The Health-Time also included exercise bikes, stair climbers, treadmills and a small weight room, but its “bread and butter” was clearly the aerobics program.

Matt James had recently taken over as manager after working at Health-Time for Five years as an aerobics instructor. Matt’s classes were popular and he was justifiably proud of the aerobics program and his part in making it a success. When he took the job as manager, however, Health-Time was not in good shape financially. Membership was dropping slightly, and personnel costs were too high.

In his first month as manager, Matt worked to streamline the staff by eliminating the positions of assistant manager and weight room supervisor and cutting the membership coordinator position to half-time. Though there was unavoidable unhappiness surrounding these changes, Matt was pleased that he had reduced the management staff to himself, Clarissa (a half-time bookkeeper) and Mei-Chen (a half-time membership coordinator).

After a short month as manager, Matt felt that he had the “office side” of the club in order and he turned his attention to receptionists and aerobic instructors. He had noticed that many receptionists and aerobic instructors did not take their jobs as seriously as he would like. The receptionists spent more time chatting with members than on job tasks (i.e., checking people in, writing receipts, answering phones and cleaning up during downtime). The aerobics instructors often ran into their classes with little time to spare and had to rush to get their cassette tapes ready for class. Instructors and receptionists were also accustomed to informally swapping shifts and classes when the posted schedule conflicted with other plans. Almost all of the reception staff and aerobic instructors were students at the local university. Receptionists were paid the minimum wage and aerobics instructors were paid about \$15.00 per class taught.

Matt decided to hold a general meeting to let the aerobics and reception staff know what he expected now that he was manager. Though he had been their “buddy” when he taught aerobics, he knew that his loyalty now had to be with the financial success of Health-Time. He truly cared about the club and wanted to see it thrive for both professional and personal reasons. At the meeting, Matt told the instructors and receptionists that they all had to pull together for the good of Health-Time logo. He then explained why he thought they should shape up and change their behaviors on the job. As his employees slumped in their chairs, he laid down the law.

“I know things have been lax around here, he said, “but the success of Health-Time depends on everyone pulling together to make this place work. I know you’re all used to the way things used to be around here, but we have to change. There’ll be no more idle chatter on the job and every instructor will be prepared for class at least 15 minutes ahead of time. All changes in the schedule will go through me. When we do change and when this club is as successful as it can be, you’ll feel proud to be a part of this place and what we’ve accomplished together !”

Three weeks later, Matt was perplexed. Three of his receptionists had quit, telling him that they could earn minimum wage elsewhere. Two aerobics instructors had decided to start teaching at the University Athletic Club rather than at Health-Time. Although the remaining staff members were now following his rules regarding job behavior and scheduling, morale seemed to be at an all-time low.

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"You know, I just can't understand these people," Matt complained to a friend. "We've got a great thing going with Health-Time. We're the best aerobics program in town and they should feel proud to be a part of it. I know I get a real bang out of making that place the best it can be – I always have, even when I was just an instructor. But these people just don't seem to care. And when I talk to them about the problem, it only gets worse. I even gave them sweatshirts to get them motivated, but they still quit on me! Is it me, or is it them? And what should I do now?"

Questions :

- 1) Describe the motivational problems of the staff at Health-Time using Maslow's Needs Hierarchy.
- 2) Describe the motivational problems of the staff at Health-Time using the expectancy theory of motivation. Discuss the staff's outcome valences, effort-to-performance (E-to-P) and performance-to-outcome (P-to-E) expectancies.
- 3) Describe the motivational problems of the staff at Health-Time using the equity theory of motivation. Discuss whether the staff is in a situation of under reward inequity or over reward inequity and how they are attempting to restore a feeling or sense of equity.
- 4) What strategies would you recommend to Matt to deal with the problem ?

(OR)

- b) Concentration of power OR Delegation of Authority – which one is better for effective/ successful functioning of organisation – Justify your answer.
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