MANAGEMENT & ENTREPRENEURSHIP FOR IT INDUSTRY

Subject Code : 15CS51   IA Marks : 20
No. of Lecture Hrs/Week : 04   Exam Hours : 03
Total no. of Lecture Hrs. : 50   Exam Marks : 80

MANAGEMENT

Module -1
MANAGEMENT: Introduction -Meaning -nature and characteristics of Management, Scope and functional areas of Management - goals of Management, Levels of Management, Brief overview of evolution of management theories. Planning- Nature, importance, types of plans, steps in planning, Organizing- nature and purpose, types of Organization, Staffing- meaning, process of recruitment and selection.

10 Hours

Module -2
Directing and controlling-meaning and nature of directing, leadership styles, motivation Theories, Communication- Meaning and importance, Coordination- meaning and importance, Controlling- meaning, steps in controlling, methods of establishing control.

10 Hours

Module -3
Entrepreneur – meaning of entrepreneur, characteristics of entrepreneurs, classification and types of entrepreneurs, various stages in entrepreneurial process, role of entrepreneurs in economic development, entrepreneurship in India and barriers to entrepreneurship. Identification of business opportunities, market feasibility study, technical feasibility study, financial feasibility study and social feasibility study.

10 Hours

Module -4
Preparation of project and ERP -meaning of project, project identification, project selection, project report, need and significance of project report, contents, formulation, g
uidelines by planning commission for project report, Enterprise Resource Planning: Meaning and Importance- ERP and Functional areas of Management – Marketing / Sales- Supply Chain Management – Finance and Accounting – Human Resources – Types of reports and methods of report generation.

10 Hours

Module -5
Micro and Small Enterprises : Definition of micro and small enterprises,characteristics and advantages of micro and small enterprises, steps in establishing micro and small enterprises,

Government of India indusial policy 2007 on micro and small enterprises, case study (Microsoft), Case study(Captain G R Gopinath),case study (N R Narayana Murthy & Infosys), Institutional support: MSME-DI, NSIC, SIDBI, KIADB, KSSIDC, TECSOK, KSFC, DIC and District level single window agency, Introduction to IPR.

10 Hours

TEXT BOOKS:

1. Principles of Management -P. C. Tripathi, P. N. Reddy; Tata McGraw Hill, 4th Edition, 2010.
2. Dynamics of Entrepreneurial Development & Management -Vasant Desai Himalaya Publishing House.
3. Entrepreneurship Development -Small Business Enterprises -Poornima M Charantimath Pearson Education – 2006.
4. Management and Entrepreneurship - Kanishka Bedi- Oxford University Press-2017

REFERENCE BOOKS:

1. Management Fundamentals -Concepts, Application, Skill Development Robert Lusier – Thomson.
2. Entrepreneurship Development -S S Khanka -S Chand & Co.
3. Management -Stephen Robbins -Pearson Education /PHI -17th Edition, 2003.

CONTENTS

Entrepreneurship in India	
Entrepreneurship- its Barriers	
Identification of business opportunities-	
Market feasibility study,	
Technical feasibility study,	
Financial feasibility study and social feasibility study.	
MODULE-4 DIRECTING & CONTROLLING	**98- 103**
Meaning of project, project identification	
Project selection, project report,	
Need and significance of report	
Contents, formulation,	
guidelines by planning commission for project report	
ERP and Functional areas of Management	
Marketing / Sales- Supply Chain Management	
Finance and Accounting	
Human Resources – Types of reports	
Methods of report generation	
MODULE – 5 SMALL SCALE INDUSTRY AND IPR	**104-148**
Definition,characterstics and advantages of micro and small enterprises	
Steps in establishing micro and small enterprise,Govenament of india indusial policy 2007 on micro and small enterprise,	
Case study (Microsoft)	
Case study (Captain G R Gopinath)	
Case study (N R Narayana Murthy & Infosys)	
Institutional Support : MSME-DI, NSIC,SIDBI,KIADB	
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KSFC,DIC	
District level single window agency	

Module-1 Introduction

Management is the act of getting people together to accomplish desired goals and objectives using available resources efficiently and effectively. Management comprises planning, organizing, staffing, leading or directing, and controlling an organization(a group of one or more people or entities) or effort for the purpose of accomplishing a goal. Resourcing encompasses the deployment and manipulation of human resources, financial resources, technological resources and natural resources.

Since organizations can be viewed as systems, management can also be defined as human action, including design, to facilitate the production of useful outcomes from a system. This view opens the opportunity to 'manage' oneself, a pre-requisite to attempting to manage others.

Theoretical scope

At first, one views management functionally, such as measuring quantity, adjusting plans, setting and meeting goals, fore sighting /forecasting. This applies even in situations when planning does not take place. From this perspective, Henri Fayol(1841–1925) considers management to consist of six functions: forecasting, planning, organizing, commanding, coordinating and controlling. He was one of the most influential contributors to modern concepts of management.

Some people, however, find this definition useful but far too narrow. The phrase "management is what managers do" occurs widely, suggesting the difficulty of defining management, the shifting nature of definitions and the connection of managerial practices with the existence of a managerial class.

One habit of thought regards management as equivalent to "business administration" and thus excludes management in places outside commerce, as for example in charities and in the public sector. More realistically, however, every organization must manage its work through leading employees, people, planning, controlling and organizing processes, technology, etc. to maximize effectiveness. Nonetheless, many people refer to university departments which teach management as "business schools." Some institutions (such as the Harvard Business School)

use that name while others (such as theYale School of Management) employ the more inclusive term "management."

English speakers may also use the term "management" or "the management" as a collective word describing the managers of an organization, for example of a corporation. Historically this use of the term was often contrasted with the term "Labor" referring to those being managed.

Nature of managerial work

In for-profit work, management has as its primary function the satisfaction of a range of stakeholders. This typically involves making a profit (for the shareholders), creating valued products at a reasonable cost (for customers) and providing rewarding employment opportunities (for employees). In nonprofit management, add the importance of keeping the faith of donors. In most models of management/governance, shareholders vote for the board of directors, and the board then hires senior management. Some organizations have experimented with other methods (such as employee-voting models) of selecting or reviewing managers; but this occurs only very rarely.

In the public sector of countries constituted as representative democracies, voters elect politicians to public office. Such politicians hire many managers and administrators, and in some countries like the United States political appointees lose their jobs on the election of a new president/governor/mayor.

Basic roles

- **Interpersonal**: roles that involve coordination and interaction with employees, networking.
- **Informational**: roles that involve handling, sharing, and analyzing information.
- **Decisional**: roles that require decision-making.

Management skills

- **Political**: used to build a power base and establish connections.
- **Conceptual**: used to analyze complex situations.

- **Interpersonal**: used to communicate, motivate, mentor and delegate.

- **Diagnostic**: the ability to visualize most appropriate response to a situation .

Formation of the business policy

- The mission of the business is the most obvious purpose—which may be, for example, to make soap.

- The vision of the business reflects its aspirations and specifies its intended direction or future destination.

- The objectives of the business refer to the ends or activity at which a certain task is aimed.

- The business's policy is a guide that stipulates rules, regulations and objectives, and may be used in the managers' decision-making. It must be flexible and easily interpreted and understood by all employees.

- The business's strategy refers to the coordinated plan of action that it is going to take, as well as the resources that it will use, to realize its vision and long-term objectives. It is a guideline to managers, stipulating how they ought to allocate and utilize the factors of production to the business's advantage. Initially, it could help the managers decide on what type of business they want to form.

Implementation of policies and strategies

- All policies and strategies must be discussed with all managerial personnel and staff.

- Managers must understand where and how they can implement their policies and strategies.

- A plan of action must be devised for each department.

- Policies and strategies must be reviewed regularly.

- Contingency plans must be devised in case the environment changes.

- Assessments of progress ought to be carried out regularly by top-level managers.

- A good environment and team spirit is required within the business.
- The missions, objectives, strengths and weaknesses of each department must be analysed to determine their roles in achieving the business's mission.

- The forecasting method develops a reliable picture of the business's future environment.

- A planning unit must be created to ensure that all plans are consistent and that policies and strategies are aimed at achieving the same mission and objectives. All policies must be discussed with all managerial personnel and staff that is required in the execution of any departmental policy.

- Organizational change is strategically achieved through the implementation of the eightstep plan of action established byJohn P. Kotter: Increase urgency, form a coalition, get the vision right, communicate the buy-in, empower action, create short-term wins, don't let up, and make change stick.

Policies and strategies in the planning process

- They give mid- and lower-level managers a good idea of the future plans for each department in an organization.

- A framework is created whereby plans and decisions are made.

- Mid- and lower-level management may adapt their own plans to the business's strategic ones.

Levels of management

Most organizations have three management levels: low-level, middle-level, and top-level managers. These managers are classified in a hierarchy of authority, and perform different tasks. In many organizations, the number of managers in every level resembles a pyramid. Each level is explained below in specifications of their different responsibilities and likely job titles.

Top-level managers

Consists ofboard of directors, president, vice-president,CEOs, etc. They are responsible for controlling and overseeing the entire organization. They develop goals, strategic plans, company policies, and make decisions on the direction of the business. In addition, top-level managers play a significant role in the mobilization of outside resources and are accountable to the shareholders and general public.

According to Lawrence S. Kleiman, the following skills are needed at the top managerial level.

▪Broadened understanding of how: competition, world economies, politics, and social trends effect organizational effectiveness .

Middle-level managers

Consist of general managers, branch managers and department managers. They are accountable to the top management for their department's function. They devote more time to organizational and directional functions. Their roles can be emphasized as executing organizational plans in conformance with the company's policies and the objectives of the top management, they define and discuss information and policies from top management to lower management, and most importantly they inspire and provide guidance to lower level managers towards better performance. Some of their functions are as follows:

- Designing and implementing effective group and intergroup work and information systems.
- Defining and monitoring group-level performance indicators.
- Diagnosing and resolving problems within and among work groups.
- Designing and implementing reward systems supporting cooperative behavior.

low-level managers

Consist of supervisors, section leads, foremen, etc. They focus on controlling and directing. They usually have the responsibility of assigning employees tasks, guiding and supervising employees on day-to-day activities, ensuring quality and quantity production, making recommendations, suggestions, and upchanneling employee problems, etc. First-level managers are role models for employees that provide:

- Basic supervision.
- Motivation.
- Career planning.

- ▪ Performance feedback.
- ▪ Supervising the staffs.

It's both.

ART because you have to deal with people. You have to study organization behaviour and know what motivates people and what puts people off. You have to know Maslow's hierarchy of need etc. This is more qualitative.

SCIENCE because you have to know how to be accountable. You have to count how many people are in the office, the turnover rate, profit and loss, accounting etc. It's more quantitative.

Management as an Art

Art involves the systematic application of theoretical knowledge and personal skills to achieve desired results. The function of art is to effect change and to bring about desired results through deliberate efforts. Art represents 'how' of human behavior because it is the know-how to accomplish concrete practical results.

Art is a personalized process as every artist has his own style. Art is essentially creative and the success of an artist is measured by the results he achieves. A carpenter making furniture out of wood and a goldsmith shaping gold into ornaments are examples of art.

Art prescribes how to do things and it can be improved through continuous practice. Art is result-oriented involving practical way of doing specific things.

It consists of bringing about desired results through the use of skills. Art involves practical application of theoretical knowledge.
Management is essentially an art because of the following reasons:

(a)   The process of management involves the use of knowledge and skills. Every manager has to apply certain knowhow and skills while dealing with people.

(b)   Management seeks to achieve concrete practical results, e.g., profits, service, etc. According to Prof. John F. Mee, "management is the art of securing maximum results

with a minimum of effort so as to secure maximum prosperity and happiness for both employer and employee and give the public best possible service."

(c)   Like any other art, management is creative. It brings out new situations and makes resources productive. In fact, management is one" of the most creative arts because it requires molding and welding the attitudes and behavior of people at work for the accomplishment of specific goals in a changing environment.

It is the art of securing desired response from people. Management makes things happen.

(d)   Like any other art, management is a personalized process. Every manager has his own approach and technique depending upon his perception and the environmental conditions.

(e)   As an art, management requires judgment and skills. The art of management can be refined with continuous practice of management theories and principles.

The art of management is as old as human civilization. The importance of management art has increased with rapid growth in the number size and complexity of organizations.

Management as a Science:

Science is an organized or systematized body of knowledge pertaining to a particular field of enquiry. Science is systematized in the sense that it establishes cause and effect relationship between different variables.

Such systematized body of knowledge contains concepts, principles and theories which help to explain past events and to predict the outcome of specific actions. These principles are capable of universal application, i.e., they can be applied under different situations.
They represent fundamental truths derived through empirical results. These principles or basic truths are developed through scientific methods of continuous observation, experiment and testing.

When generalizations or hypotheses are empirically verified for accuracy through continuous observation and experimentation they become principles. Science explains 'why' of human behavior.

Management is a science because it contains all the characteristics of science. Firstly, there is a systematized body of knowledge in management. Principles are now available in every function of management and these principles help to improve managerial effectiveness.

For instance, there are a number of principles which serve as guidelines for delegating authority and thereby designing an effective organization structure. Similarly, there are several techniques (ways of doing things) in the field of management.

Budgeting, cost accounting, ratio analysis, rate of return on investment, critical path method (CPM), programme evaluation and review technique (PERT) are some of these techniques which facilitate better management.

Secondly, principles of management have been developed through continuous observations and empirical verification. Thirdly, management principles are capable of universal application.

Levels of management

Exhibit 2: Flat vs. Tall Organizational Hierarchy
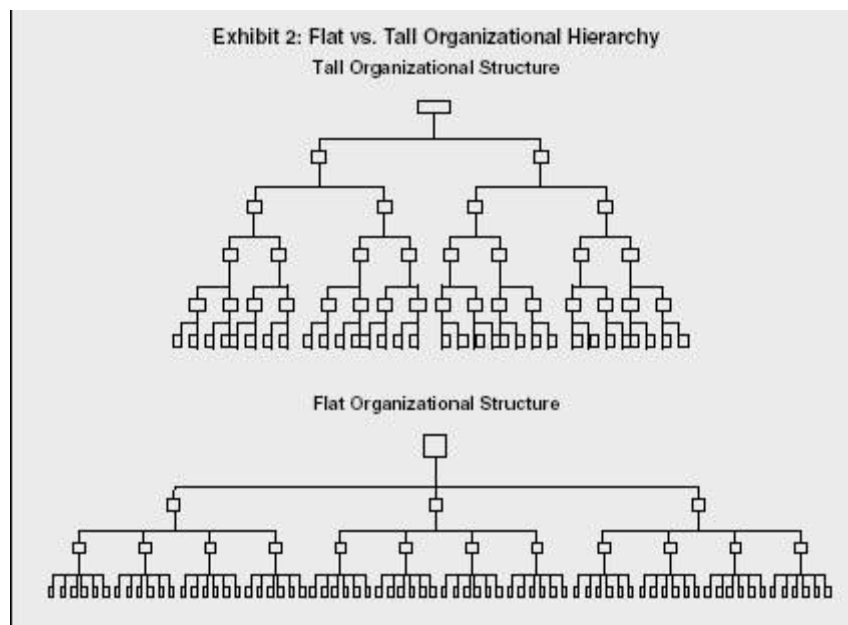
The term —**Levels of Management**' refers to a line of demarcation between various managerial positions in an organization. The number of levels in management increases when the size of the business and work force increases and vice versa. The level of management determines a chain of command, the amount of authority & status enjoyed by any managerial position. The levels of management can be classified in three broad categories: -

1.**Top level / Administrative level** 2.**Middle level / Executory** 3.**Low level / Supervisory / Operative / First-line managers**

Managers at all these levels perform different functions. The role of managers at all the three levels is discussed below:

LEVELS OF MANAGEMENT

Top Level of Management

It consists of board of directors, chief executive or managing director. The top management is the ultimate source of authority and it manages goals and policies for an enterprise. It devotes more time on planning and coordinating functions.

The role of the top management can be summarized as follows –

a.   Top management lays down the objectives and broad policies of the enterprise.

b.   It issues necessary instructions for preparation of department budgets, procedures, schedules etc.

c.   It prepares strategic plans & policies for the enterprise.

d.   It appoints the executive for middle level i.e. departmental managers.

e.   It controls & coordinates the activities of all the departments.

f.   It is also responsible for maintaining a contact with the outside world.

g.   It provides guidance and direction.

h.   The top management is also responsible towards the shareholders for the performance of the enterprise.

2. Middle Level of Management

The branch managers and departmental managers constitute middle level. They are responsible to the top management for the functioning of their department. They devote more time to organizational and directional functions. In small organization, there is only one layer of middle level of management but in big enterprises, there may be senior and junior middle level management. Their role can be emphasized as –

a.   They execute the plans of the organization in accordance with the policies and directives of the top management.

b.   They make plans for the sub-units of the organization.

c.   They participate in employment & training of lower level management.

d.   They interpret and explain policies from top level management to lower level.

e.   They are responsible for coordinating the activities within the division or department.

f.   It also sends important reports and other important data to top level management.

g.   They evaluate performance of junior managers.

h.   They are also responsible for inspiring lower level managers towards better performance.

3.   Lower Level of Management

Lower level is also known as supervisory / operative level of management. It consists of supervisors, foreman, section officers, superintendent etc. According to R.C. Davis, —Supervisory management refers to those executives whose work has to be largely with personal oversight and direction of operative employees□. In other words, they are concerned with direction and controlling function of management. Their activities include -

a.   Assigning of jobs and tasks to various workers.

b.   They guide and instruct workers for day to day activities.

c.   They are responsible for the quality as well as quantity of production.

   d.   They are also entrusted with the responsibility of maintaining good relation in the organization.

   e.   They communicate workers problems, suggestions, and recommendatory appeals etc to the higher level and higher level goals and objectives to the workers.

   f.   They help to solve the grievances of the workers.

   g.   They supervise & guide the sub-ordinates.

   h.   They are responsible for providing training to the workers.

   i.   They arrange necessary materials, machines, tools etc for getting the things done.

   j.   They prepare periodical reports about the performance of the workers.

   k.   They ensure discipline in the enterprise.

   l.   They motivate workers.

   m.   They are the image builders of the enterprise because they are in direct contact with the workers. Modern Management approaches

A worker does not work for money only. Non-financial rewards such as affection and respect for co-workers are also important factors. The emphasis was on employee-centered, democratic and participative style of supervisory leadership as this is more effective than task centered leadership. This approach was however criticized for its emphasis on the importance of symbolic rewards and not on material rewards. The belief of this approach that an organization can turn into one big happy family where it is always possible to find solutions which satisfies everybody has also been questioned.

Behavioral Approach:

An approach that recognizes the practical and situational constraints on human rationality for making decisions

Behavioral scientists attach great importance to participative and group decision making. They are highly critical of the classical organization structures built on traditional concepts and prefer more flexible organization structures.

Two major theorists, Abraham Maslow and Douglas Mcgregor, came forward with ideas that managers found helpful.

Abraham Maslow: He developed the theory of motivation that was based on three assumptions. First, human beings have needs that are never completely satisfied. Second, human action is aimed at fulfilling the needs that are satisfied at a given point in time. Third, needs fit into a hierarchy, ranging from basic and lower level needs at the bottom to higher level needs at the top.

Douglas McGregor: He developed a concept of Theory X versus Theory Y dealing with possible assumptions that managers make about workers. Theory X managers tend to assume that workers are lazy, need to be coerced, have little ambition and are focused mainly on security needs. Theory Y managers assume that workers do not inherently dislike work, are capable of self control, have capacity to be creative and innovative and generally have higher level needs. This approach helped managers develop a broader perspective on the nature of workers and new alternatives for interacting with them.

Quantitative Approach:

An approach that focuses on the use of quantitative tools for managerial decision making.

The quantitative management viewpoint focuses on the use of mathematics, statistics and information aids to supports managerial decision making and organizational effectiveness. Three main branches have evolved: operations research, operations management and management information systems.

Operations Research: Operations Research is an approach aimed at increasing decision effectiveness through the use of sophisticated mathematical models and possibilities as they can accomplish extensive calculation. Some operations research tools are linear programming, querying, waiting line, routing and distribution models.

Operations management: Operation management is a field that is responsible for managing the production and delivery function of an organization's products and services. Operations management is generally applied to manufacturing industries and uses tools such as inventory analysis, statistical quality control, networking etc.

Management Information System: Management Information System refers to the designing and implementing computer based information systems for use by the management. Such systems turn raw data into information that is required and useful to various levels of management.

Contingency Approach: A view point which believes that appropriate managerial action depends on the peculiar nature of every situation.

This approach is a viewpoint which argues that there is no best way to handle problems. Managerial action depends on the particular situation. Hence, rather than seeking universal principles that apply to every situation, this theory attempts to identify contingency principles that prescribe actions to take depending on the situation.

Systems Approach to management:

Systems theory is an approach based on the notion that organizations can be visualized as systems. A system is a set of interrelated parts that operate as a whole in pursuit of common goals. Every system has four major components:

1. Inputs are the various resources required to produce goods and services.
2. Transformation processes are the organization managerial and technological abilities that are applied to convert inputs into outputs.

3. Outputs are the products, services and other outcomes produced by the organization.

4. Feedback is information about results and organizational status relative to the environment.

Resources: (1) Human (2) Materials (3) Equipment (4) Financial (5) Informational

Managerial and Technological Abilities: (1) Planning (2) Organizing (3) Leading (4) Controlling (5) Technology

Outcomes: (1) product and services (2) Profits and losses (3) Employee growth and satisfaction.

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Outcomes: (1) product and services (2) Profits and losses (3) Employee growth and satisfaction.

Meaning and Definition of Planning

Planning is the primary function of management. It focuses on the future course of action. It specifies the objectives to be achieved in future and selects the alternative course of action to reach defined objectives. It also involves many activities like analyzing and decision making about technical, personnel, financial, and other elements essential to implement predetermined course of action. Thus, planning is mental and paper activities which look ahead for drawing the future course of action.

In other words, planning is intellectual process which is concerned with deciding in advance what, when, why, how, and who shall do the work. Generally, manager defines

goals and takes necessary steps to ensure that these goals can be achieved in efficient manner. Planning reflects vision, foresight and wisdom. Thus, it is the blue print of action and operation.

Following are the important definition of planning:

―Generally speaking, planning is deciding in advance what is to be done

W H Newman

―Planning is that function of manner in which he decides in advance what he will do. It is a decision making process of a special kind, its essence is futurity.

Hayness and Massie

―Planning is deciding in advance what to do, how to do, when to do and who is to do it. Planning bridges a gap between from where we are to where we want to go

Harold . Koontz and O'Donnel.

― Planning is the selecting and relating of facts and the making and using of assumption regarding the future in the visualization and formulation of proposed activities believed necessary to achieve desired results**"**   **George R Terry**

From the above definition, we may come into conclusion that planning is predetermination of objectives and intellectual course of action to be taken to achieved defined goal effectively and on time.

Generally, planning involves the following elements;

1. Establishment of organizational objectives and policies.
2. Identification of alternative courses of action and programs
3. Selecting the best course of action and programme.

Procedure of Planning

For systematic approach to planning, it is essential to complete some procedures or steps. The major steps of planning are as follows:
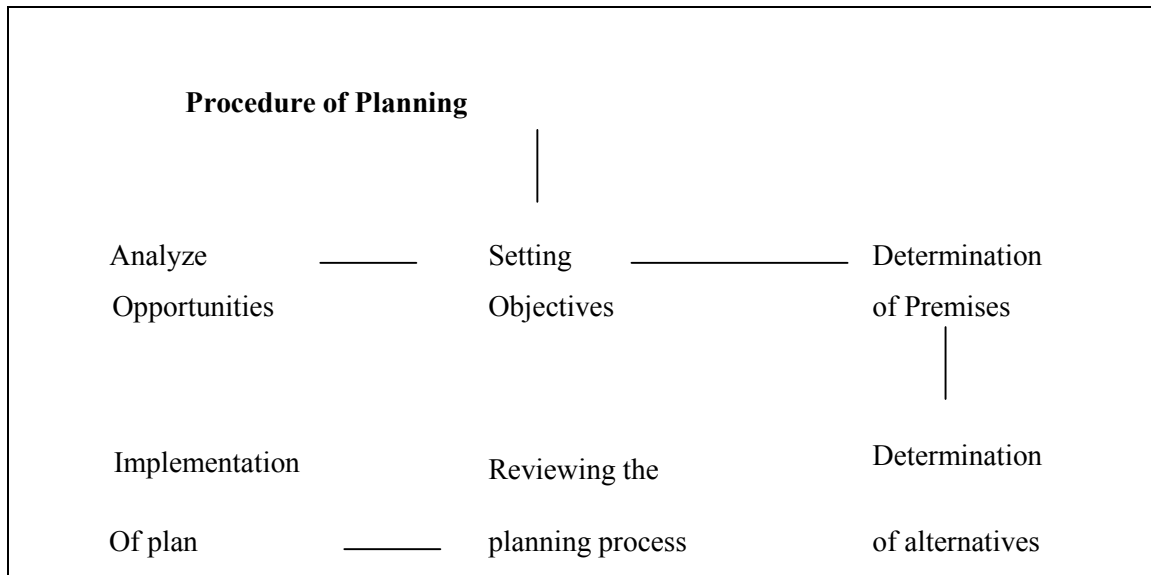
Procedure of Planning

Analyze ———	Setting ————————	Determination
Opportunities	Objectives	of Premises
Implementation	Reviewing the	Determination
Of plan ———	planning process	of alternatives

Figure: Procedure of Planning

1.**Analyze Opportunities:** Generally, this is not a step of planning. It is known as pre-step of planning. It is essential to make a successful plan.   The management has to analyze strengths; weakness, opportunities and threats (SWOT) of changing environment of the business. Here, strengths   and   weaknesses are internal environment of the enterprise like availability   of materials, machines, manpower, organizational structural technology etc.

In the similar manner, opportunities and threats are external environment and affected by many factors like government rules, economic condition,   competitors strategy customers taste, social and cultural believes etc. it is essential   to make detail study about the above factors and should be pointed clearly.

2.**Setting objectives:**This is the first and real starting point of planning. The objectives must be specific, clear and practical. They should be time bound and expressed in numerical terms. They should not be idealistic or over ambitious. A minor mistake in

setting objectives might affect in implementation of plan. Thus, management has to define objectives in clear manner by considering organizational resources and opportunities. After clarification of specific objective, it should be broken down into different departments, branches, sections and individuals.

3.**Determination of premises:** After setting objectives, another step of planning is to determine premises. Premises are the assumptions about the future in which the planning is implemented. They provide environment and boundaries for the implementation of plan in practical operation. The future environment will be established through forecasting. They provide present trend and future possibilities. These premises may be tangible and intangible and external.

(a)   **Tangible and intangible:** Tangible premises involve capital investment, unit of production, units sold, cost per unit, time available etc. Similarly, intangible premises involve employees moral, goodwill, motivation, managerial attitude, etc.

(b)   I**nternal and external:** Internal premises involve money, materials, Machines and managements. In the similar manner, external factors involve competitors strategy, technological change, government policy, social and cultural beliefs etc.

4.**Determination of alternatives**: The next step, after establishment of objective and premises of the planning is to discover the various alternative courses of action for the achievement of organizational objectives. For this purpose, it is essential to identify all the possible hidden alternatives. The information about alternative courses of action may be obtained from primary and secondary sources. There must be search for the best alternative. The management must develop alternatives through the support of experienced and intellectual experts in management sectors. The determination of alternative courses of action is the basis of development, and therefore, they must be up-to-date and reliable for the organization.

5. **Evaluation of alternatives:** This is another step after determination of alternative courses of action to evaluate them from their expected cost and benefits. This is the

logical step to evaluate each alternative from its plus and minus points. Each alternative is studied and evaluated in terms of some common factors such as risk, responsibility, planning premises, resources, technology etc. Thus, management must implement a broad basis of requirement; it may borrow techniques of analysis from many disciplines such as mathematic, sociology, economics, psychology etc. In conclusion, evaluation techniques must be scientific and practical so that one of the best courses can be selected.

6**Selecting a course of action:** Next step of the planning after evaluation of alternative courses of action is to select a best course of action. At that time of selection of one course of action, management has to consider past experience, present situation and future contingencies of such decision. In practical sense, this is the first step in the real point of decision. Thus, it is essential to consider about the various premises and environments of an organization and their impact on future course of action. Besides, it is needed to forecast about the comparative costs and benefits factors. The evaluation of these factors will provide guidelines and suggestions in practical implementation of plan.

7**Formulation of derivative plans: This** is the next logical step after the selection of a course of action. After the selection of course of action, it is essential to formulate action plans for each step of work and to all departments of the organization. These action plans involve formulation of policies, rules, schedule and budget to complete defined objectives. Thus, formulation of derivative plans is an essential step in planning process. It is difficult to implement main plan without formulation of derivative plan without formulation plan. For example, management has decided introduce a new product in the line, for this purpose it has to prepare plans for product design, plan and equipment, staffs, production process, market strategy, budget etc. This is helpful to implement in practical field.

8**Implantation of plans:** This is one of the significant steps of planning. Without this step, other this procedure of plan will remain as paper work. This step brings all the procedure of plan into action. For implementation plan, management has to take some steps such as to communicate with subordinates who initiate to plan into action; provide necessary instruction and guidance; make arrangement of all resources like materials, machines, money, equipments etc; make timely supervision and control over subordinates.

9**Reviewing the planning process:** The planning procedure is continuous function up to the attainment of defined objectives. For this purpose, evaluation of achievement of work, according to the time, is necessary to know about actual performance. The manager can take corrective action in proper time only after evaluation of actual performance. The right decision at the right time is necessary to achieve objectives according to the plan. It is also essential to adjust with changing environment of the business.

Types of planning

Planning is the formal process and schedules to complete the work. Every organization has to prepare a plan to achieve predetermined objectives in proper time. However, the types of plan depend upon the nature and sizes of the organizations. Plan may be prepared by prepared either for short period or long period or may be prepared by top level management or operational level management. The following are the major types of plan prepared in the organization:

 i, Corporate or strategic plan
ii Tactical or Division plan
iii Operational or Unit plan

i. **Corporate or Strategic Plan:** This plan is prepared by the top level management by taking the long term objectives of the organization into consideration. It clearly defines

the objectives of the organization and strategies to achieve the defined objective. Here goal focuses on the result that an organization wants to achieve. It is the end point of planning. In the similar manner, strategies involve the clear explanation about how to achieve the defined objectives. They consist of programs, policies and schedules to utilize properly the available resources of the service, market, competition, social responsibility, introduction of technology, public image etc. As strategies are for the long term future course of action, they are based on analysis of future opportunities and threats. Hence, there is a high degree of uncertainty in strategic plans. A minor negative impact of an environment may inverse impact on organizational performance. Thus the top level management has to modify strategic plan on the basis of time, situation and requirement.

ii   **Tactical or Division Plan:** Tactical plan is prepared by the middle level management It is consistent with corporate plan. In simple words, it is the sub-division of corporate plan to implement in practical field. Here, divisional managers identify the priorities of the works. They focus to allocate work and resources on the basis of programs. It is prepared to allocate divisional activities like production, finance, marketing, personal and others. It focuses to get the things done complete. Basically divisional plan is based on divisional strength and threats.

This plays a mediator role between corporate and operational plans.

iii   **Operational or Unit Plan:** This plan is prepared by the lower level management. It is consistent with tactical plant. In simple sense, it is the action plan of each and every activity of the department. It prepares the schedule of each and every department. It prepares schedule of each unit of work and implement tactical plan in practical field. It is concentrated in the best use of available resources. For this purpose, operating level of management prepares plan and schedule of each stage of work of a unit or department. For instance, it prepares regular production schedule of a production department so that priority should be given to regular production process. In the similar manner, short term operational plan are also prepared for other units like marketing, finance, personal etc. In conclusion, this plan concentrates in best utilization of resources under the control of concerned unit.

Advantages (Benefits/Importance) of Planning

Planning is the foundation of the organization. It is the primary function of management which clearly defines the organizational objectives and line of action. The quality of planning is important for successful operation of the organization. The following points clarify the importance of planning in the organization:

Advantages of Planning

Goal Focus

Minimize Uncertainty

Improve efficiency

Facilitates to Control

Innovation and Creativity

Better Coordination

Ensures Commitment

Aid to Business Success

Brings Systematization

i.   **Goal Focus:**Planning helps to focus the attention of the managers and subordinates towards organizational objectives. It predetermines the objectives and defines line of action to complete the work. Management of any organization is formed to attain defined objectives. Thus, good management is the management by objectives. Planning facilitates to make management by objectives. It serves as the blue print of the course of action and eliminates the unnecessary and useless activities. It focuses to priorities and facilitates to take right decision at the right time.

ii.   **Minimize uncertainties:** Planning is one of the important tools to forecast and anticipate future uncertainties and risks. The management has to work in an environment which is uncertain and ever changing. The change in environment may occur due to economic, social, political and technological changes. Planning helps an enterprise to make study about future challenges and uncertainties which may arise in

the future course of action. Thus, it helps management to face future which greater strength and confidence. The systematic and practical planning provides guidelines to the management to complete the work in efficient manner.

iii.   **Improve efficiency:** One of the parts of planning is to select a best course of action by evaluating many alternatives. While selecting a course of action, the benefit of the organization is taken into consideration. It also provides guidelines and procedures to complete the work. It also helps for the optimum utilization of resources, avoiding wasteful efforts and money and minimizing wastage. Besides, it also avoids the concept of trial and error or hit and misses and defines a clear line of action. The selection of best cause of action, definition of clear line of action ad optimum utilization of resources contribute to improve overall working efficiency of the organization.

iv.   **Facilitates to control:** Planning is the basis of control. It defines the minimum standard of work to be achieved and time to complete the job. It is helpful to compare the actual performance achieved with that of predetermined or standard fixed. The manager evaluates the actual achievement of work interval of time. This is helpful to identify the deviation, if any, between actual and planned performances. In case any deviation is there, the management can take necessary steps so that defined work can be completed in given time. Thus, planning makes control meaningful and effective.

v.   **Innovation and creativity:** Planning encourages innovative thought and creative action among the managers. An effective planning encourages managers to think about new knowledge, idea, procedures, technique and strategy for the completion of work. It also helps to create new modified course of action. This is essential for the growth and expansion of working areas of the business. It contributes to motivate and develop moral among the employees. It is also helpful to maintain up-to-date position in business operation and face business complexity. Thus, planning is the base of management. The managers innovate and create new strategy to complete the predetermined work in this ever-changing environment.

VI **Better Coordination :** Planning plays an important role to facilitate better coordination among all the authorities and units of the organization. It clearly defines in advance what, when, and by whom the work should be done. For this purpose, it clarifies the authority and responsibility of each and every employee from top level of the organization. This is helpful to harmonize the relationship between all employees and develop feeling of team spirit or group work among them. In absence of proper planning of interrelated units, it is difficult to accomplish goal and there is possibility of wastage of resources. Thus, planning is the primary instrument to facilitate better coordination in the organization.

Vii **Ensure Commitment :** Planning ensures commitment of the management towards organizational goal. It set the feelings of responsibility of managers. It facilitates to convert individual goals to organizational objectives. It clearly defines authority and responsibility of each and every authority. No one can avoid or divert his responsibility to others. Planning also develops the sense of team spirit and group work.

Viii **Aid to Business System :** Planning is the initial tool to business success. It plays a key role for the successful operation of the business. It helps to select the best course of action among many alternatives and defines clear line of action. Besides, it brings unity in action, minimizes cost and effort and coordinates among all the members of the organization. Ultimately, it helps to develop working efficiency and to achieve predetermined goals in an effective way. Thus, planning is the best for the successful operation of business activities. It is known as the key to business activities.

Brings Systemization : Planning contributes to develop a system and uniformity in organizational performance. It clearly defines authority and responsibility of each and every employee from upper to subordinate levels. It integrates and unites all the possible efforts of the organization. It avoids random activity and the concept of trial and error. It provides order rationality to the organization. It brings maturity in decision and makes simplification on its implementation. It brings coordination to complete the work in systematic and efficient manner and ultimately helps to minimize time and cost.

Therefore, planning is essential function for the successful completion of organizational performances so that it can adjust itself in this competitive and ever

changing environment of the society. It plays an important role to maintain unity in action and coordination among all the units and employees, improve productivity, maintain effective control and develop overall working efficiency of the business.

Strategy and Business policy

Strategy is meant to fill in the need of organizations for a sense of dynamic direction, focus and cohesiveness .Objectives alone do not fill in the need of organization. Strategy provides an integrated framework for the top management to search for evaluation of opportunities, to perceive and meet threats and crises to make full use of resources to make major decision.

Strategy may be defined as long range blueprint of an organization's desired image, direction and destination what it wants to be, what it wants to do and where it wants to go.

The concept of strategy is ancient. The word itself comes from the Greek Strategeia, which means the art or science of being general. The connection that managers today make between business and strategy is a relatively recent one. Only since World War II has emerged that strategic planning and acting on those plans constitute a separate management process- the process we call Strategic management.

Strategic management provides a disciplined way for managers to make sense of the environment in which their organization operates, and then to act.

Stages in formulation of strategy

A number of framework have been developed for identification the major strategic alternatives that organization should consider when choosing their business – level strategies.

The several stages involved in formulating a strategy .

1. *Determination of corporation vision, mission, and purpose*
2. *External environmental appraisal*
3. *Internal environmental appraisal*
4. *Gap analysis*
5. *Strategic search*

6. *SWOT analysis*

Types of Strategies

1. *Stability strategy*

2. *Growth strategy*

3. *Diversification strategy*

4. *Acquisition strategy*

5. *Retreat strategy*

6. *Combination strategies*

The Importance of Planning

The importance of the planning function should have be clear to you. We can outline the importance of planning function as follows:

Provides Direction: Planning provides a clear sense of direction to the activities of the organization and to the job behavior of managers and others. It strengthens their confidence in understanding where the organization is heading and what for, how best to make the organization move along the chosen path, and when should they take what measures to achieve the goals of the organization.

Provides opportunity to analyze alternative courses of action: Another source of importance of planning is that it permits managers to examine and analyze alternative course of action with a better understanding of their likely consequences. If managers have an enhanced awareness of the possible future effects of alternative courses of action, for making a decision or for taking any action, they will be able to exercise judgment and proceed cautiously to choose the most feasible and favorable course of action.

Reduces uncertainties: Planning forces managers to shake off their inertia and insular outlook; it induces them to look beyond those noses, beyond today and tomorrow, and

beyond immediate concerns. It encourages them to probe and cut through complexities and uncertainties of the environment and to gain control over the elements of change.

Minimizes impulsive and arbitrary decisions: Planning tends to minimize the incidence of impulsive and arbitrary decisions and ad hoc actions; it obviates exclusive dependence on the mercies of luck and chance elements; it reduces the probability of major errors and failures in managerial actions. It injects a measure of discipline in managerial thinking and organizational action. It improves the capability of the organization to assume calculated risks. It increases the freedom and flexibility of managers withing well-defined limits.

King-pin function: As stated earlier, planning is a prime managerial function which provides the basis for the other managerial functions. The organizational structure of task and authority roles is built around organizational plans. The functions of motivation, supervision, leadership and communication are addressed to implementation of plans and achievement of organizational objectives. Managerial control is meaningless without managerial planning. Thus, planning is the king-pin function around which other functions are designed.

Resource Allocation: Planning is means of judicious allocation of strategic and scarce resources of the organization in the best possible manner for achieving strategic goals of the organization. The strategic resources include funds, highly competent executives, technological talent, good contacts with government, exclusive dealer network and so on. If the organization enjoys a distinct advantage in possession of such resources, a careful planning is essential to allocate them into those lines which would strengthen the overall competitive position of the organization.

Resource use efficiency: For an ongoing organization, planning contributes towards a more efficient functioning of the various work units. There is better utilization of the organization's existing assets, resources and capabilities. It prompts managers to close

gaps, to plug loopholes, to rectify deficiencies, to reduce wastage and leakages of funds, materials, human efforts and skills so as to bring about an overall improvement in resource use efficiency.

Adaptive responses: Planning tends to improve the ability of the organization to effectively adapt and adjust its activities and directions in response to the changes taking place in the external environment. An adaptive behavior on the part of the organization is essential for its survival as an independent entity. For a business organization, for example, adaptive behavior is critical in technology, markets, products and so on.

Anticipative action: While adaptation is a behavior in reaction and response to some changes in the outside world, it is not enough in some situations. In recognition of this fact, planning stimulates management to act, to take hold initiatives, to anticipate crises and threats and to ward them off, to perceive and seize opportunities ahead of other competitions, and to gain a competitive lead over others. For the purpose, some enterprises establish environmental scanning mechanism as part of their planning systems. Thereby such enterprises are able to direct and control change, instead of being directed and controlled by the pervasive external forces of change.

Integration: Planning is an important process to bring about effective integration of the diverse decisions and activities of the managers not only at a point of time but also over a period of time. It is by reference to the framework provided by planning that managers make major decisions on organizational activities, in an internally consistent manner. **Steps in Planning Function**

Planning function of management involves following steps:-

1.Establishment of objectives
a.Planning requires a systematic approach.
b.Planning starts with the setting of goals and objectives to be achieved.

c.Objectives provide a rationale for undertaking various activities as well as indicate direction of efforts.

d.Moreover objectives focus the attention of managers on the end results to be achieved.

e.As a matter of fact, objectives provide nucleus to the planning process. Therefore, objectives should be stated in a clear, precise and unambiguous language. Otherwise the activities undertaken are bound to be ineffective.

f.As far as possible, objectives should be stated in quantitative terms. For example, Number of men working, wages given, units produced, etc. But such an objective cannot be stated in quantitative terms like performance of quality control manager, effectiveness of personnel manager.

g.Such goals should be specified in qualitative terms.

h.Hence objectives should be practical, acceptable, workable and achievable.

2.Establishment of Planning Premises

a.Planning premises are the assumptions about the lively shape of events in future.

b.They serve as a basis of planning.

c.Establishment of planning premises is concerned with determining where one tends to deviate from the actual plans and causes of such deviations.

d.It is to find out what obstacles are there in the way of business during the course of operations.

e.Establishment of planning premises is concerned to take such steps that avoids these obstacles to a great extent.

f.Planning premises may be internal or external. Internal includes capital investment policy, management labour relations, philosophy of management, etc. Whereas external includes socio- economic, political and economical changes.

g.Internal premises are controllable whereas external are non- controllable.

3.Choice of alternative course of action

a.When forecast are available and premises are established, a number of alternative course of actions have to be considered.

b.For this purpose, each and every alternative will be evaluated by weighing its pros and cons in the light of resources available and requirements of the organization.

c.The merits, demerits as well as the consequences of each alternative must be examined before the choice is being made.

d.After objective and scientific evaluation, the best alternative is chosen.

e.The planners should take help of various quantitative techniques to judge the stability of an alternative.

4.Formulation of derivative plans

a.Derivative plans are the sub plans or secondary plans which help in the achievement of main plan.

b.Secondary plans will flow from the basic plan. These are meant to support and expediate the achievement of basic plans.

c.These detail plans include policies, procedures, rules, programmes, budgets, schedules, etc. For example, if profit maximization is the main aim of the enterprise, derivative plans will include sales maximization, production maximization, and cost minimization.

d.Derivative plans indicate time schedule and sequence of accomplishing various tasks.

5.Securing Co-operation

a.After the plans have been determined, it is necessary rather advisable to take subordinates or those who have to implement these plans into confidence. b.The purposes behind taking them into confidence are :-

a.Subordinates may feel motivated since they are involved in decision making process.

b.The organization may be able to get valuable suggestions and improvement in formulation as well as implementation of plans.

c.Also the employees will be more interested in the execution of these plans.

6.Follow up/Appraisal of plans

a.After choosing a particular course of action, it is put into action.

b.After the selected plan is implemented, it is important to appraise its effectiveness.

c.This is done on the basis of feedback or information received from departments or persons concerned.

d.This enables the management to correct deviations or modify the plan.

e.This step establishes a link between planning and controlling function.
f.The follow up must go side by side the implementation of plans so that in the light of observations made, future plans can be made more realistic.

Nature and Characteristics of Planning management

Managerial function has some unique characteristics of its own which separate it from other functions. They are:

Primacy of Planning: Planning is the first and foremost activity of Managerial function. Management starts with planning. Planning gives base for other functions like organizing, staffing, directing controlling etc. It is equally important like all other managerial functions. **Planning a Process:** Planning is a process of management which starts with identification of mission and goals of the organization and ends with making arrangements for fulfilling the goal. **Ubiquity/pervasiveness of Planning:** Planning is an function which exists in all levels of managerial hierarchy. Starting from the the CEO to down to the last line worker. But the content and quality of planning differ in different levels. Planning of top level executives considerably affect the function of organization. Middle and lower level managerial planning will not affect much of the function of the organization. Some examples of planing are: Production planning, Material requirement planning, financial planning, project planning etc.

Future orientation: Planning are always future oriented. It is a process which look ahead or think ahead and making provision to tackle future event. While planning for the future managers would consider the situations and events of present and past within and outside the organization.

Information base: Information is the basis of planning. Without information planning is not possible. Information about present, future and past are needed for the good planning. It will help the managers to evaluate the present and future situations and plan accordingly for the future.

Rationality: Planning is done based on reasons rather than emotions. That is why planning is said to be a purposeful and conscious managerial function and is backed by necessary information, understanding and knowledge. Planning decisions are made with the awareness of their consequences. Managers are unemotional in their approach to planning.

Formal and informal Nature: Normally planning is of formal and informal nature. Formal planning is done through investigation and analysis of various factors. It will be

a step by step process to achieve the goal. Various jobs are allocated and communicated to managers of different levels and are recorded for future reference/control and accountability. Informal planning is done by the managers and communicated them to others through the word of mouth which are flexible. Informal planning is considered as a trial and error process. ***Planning management***

Intellectual Process: Planning is a process which needs the ability to think in a logical way and understanding things. It needs the ability or skill to view the future opportunity and threats. The person who does the planning should have the ability to see the problems and analyze it and find an alternate way to solve these problems. Choosing the right course of action is the most important skill needed by the person who does the planning

Pragmatic, action-orientation: Even if it is an intellectual process, it needs practical, flexible and sensible way of action rather than a fixed ideas or theories. Think before acting and decide before doing are part of the culture of planning. Actions should be practical and implementable. Planning follows action and these actions should be discussed and confirmed in advance. **Decision making**: Planning involves decision making and problem solving. It also involves identification of the issues which needs to be addressed, collection of relevant information/facts, finding out the most appropriate alternative course of action or choice. Decisions are made based on organizational policies, programs, strategies, objectives, other plans and procedures. It also involve allocation, mobilization and commitment of resources.

Dynamism: Planning is a dynamic process and it is based on the external and internal changes of environment. Delay in planning may cause huge losses. Market changes and current fashion trends are to be taken in to consideration while planning. The trend is changing every day. If the organization is not changing as per the current trend, the organization will fail to continue its existence. It is a continuous process of assessment and reassessment of goals, resources, directions opportunities and problems of the organization.

Levels and of planning: On the basis of scope there are two levels:

1.   Corporate Planning covering the entire organization

2.   Sub-corporate or functional Planning – within the various divisions or units.

On the basis of significance we may divide planning into
1.   Strategic planning

2.   Tactical or operational planning.

On the basis of time we can divide planning into:

1.   Long term planning covering periods of more than one year.

2.   Short term planning covering a period of one year or less.

Even if we divide planning into different levels to analyze, it must be coordinated and balanced to support one another and attain the objectives of the organization.

Types of plans: Plans are categorized into two groups:
1. Single use pans – those which are designed to meet specific, non-repetitive and unique situations

2. Standing Plans – those which are fairly stable and are meant to handle a wide range of repetitive situations over a period of time.

5 essential objectives of economic planning in India

Planning without an objective is like driving without any destination. There are generally two sets of objectives for planning, namely the short-term objectives and the long-term objectives. While the short-term objectives vary from plan to plan, depending on the immediate problems faced by the economy, the process of planning is inspired by certain long term objectives. In case of our Five Year plans, the long-term objectives are:

(i)   A high rate of growth with a view to improvement in standard of living.

(ii) Economic self-reliance;

(iii) Social justice and

(iv) Modernization of the economy

(v) Economic stability

(i) High Rate of Growth

All the Indian Five Year Plans have given primary importance to higher growth of real national income. During the British rule, Indian economy was stagnant and the people were living in a state of abject poverty. The Britishers exploited the economy both through foreign trade and colonial administration. While the European industries flourished, the Indian economy was caught in a vicious circle of poverty. The pervasive poverty and misery were the most important problem that has to be tackled through Five Year Plan.

During the first three decades of planning, the rate of economic growth was not so encouraging in our economy Till 1980, the average annual growth rate of Gross Domestic Product was 3.73 percent against the average annual growth rate of population at 2.5 percent. Hence the percapita income grew only around 1 percent. But from the 6th plan onwards, there has been considerable change in the Indian economy. In the Sixth, Seventh and Eight plan the growth rate was 5.4 percent, 5.8 percent and 6.8 percent respectively. The Ninth Plan, started in 1997 targeted a growth rate of 6.5 percent per annum and the actual growth rate was 6.8 percent in 1998 - 99 and 6.4 percent in 1999 - 2000. This high rate of growth is considered a significant achievement of the Indian planning against the concept of a Hindu rate of growth.

(ii) Economic Self Reliance

Self reliance means to stand on one's own legs. In the Indian context, it implies that dependence on foreign aid should be as minimum as possible. At the beginning of planning, we had to import food grains from USA to meet our domestic demand. Similarly, for accelerating the process of industrialization, we had to import, capital goods in the form of heavy machinery and technical know-how. For improving infrastructure facilities like roads, railways, power, we had to depend on foreign aid to raise the rate of our investment.

As excessive dependence on foreign sector may lead to economic colonialism, the planners rightly mentioned the objective of self-reliance from the third Plan onwards. In the Fourth Plan much emphasis was given to self-reliance, more specially in the production of food grains. In the Fifth Plan, our objective was to earn sufficient foreign exchange through export promotion and important substitution.

By the end of the fifth plan, Indian became self-sufficient in food-grain production. In 19992000, our food grain production reached a record of 205.91 million tons. Further, in the field of industrialization, now we have strong capital industries based on infrastructure. In case of science and technology, our achievements are no less remarkable. The proportion of foreign aid in our plan outlays have declined from 28.1 percent in the Second Plan to 5.5 percent in the Eighth Plan. However, in spite of all these achievements, we have to remember that hike in price of petroleum products in the inter national market has made self-reliance a distant possibility in the near future.

(iii) Social Justice:

Social justice means to equitably distribute the wealth and income of the country among different sections of the society. In India, we find that a large number of people are poor; while few lead a luxurious life. Therefore, another objective of development is to ensure social justice and to take care of the poor and weaker sections of the society. The Five-Year Plans have highlighted four aspects of social justice. They are:

(i)   Application of democratic principles in the political structure of the country;

(ii) Establishment of social and economic equity and removal of regional disparity;

(iii) Putting an end to the process of centralization of economic power; and

(iv) Efforts to raise the condition of backward and depressed classes.

Thus the Five Year Plans have targeted to uplift the economic condition of socio-economically weaker sections like scheduled caste and tribes through a number of target oriented programmes. In order to reduce the inequality in the distribution of landed

assets, land reforms have been adopted. Further, to reduce regional inequality specific programmes have been adopted for the backward areas of the country.

In spite of various efforts undertaken by the authorities, the problem of inequality remains as great as ever. According to World Development Report (1994) in India the top 20 percent of household enjoy 39.3 percent of the national income while the lowest 20 percent enjoy only 9.2 percent of it. Similarly, another study points out that the lowest 40 percent of rural household own only 1.58 percent of total landed asset while the top 5.44 percent own around 40 percent of land. Thus the progress in the field of attaining social justice has been slow and not satisfactory.

(iv) Modernization of the Economy:

Before independence, our economy was backward and feudal in character. After attainment of independence, the planners and policy makers tried to modernize the economy by changing the structural and institutional set up of the country. Modernization aims at improving the standard of living of the people by adopting a better scientific technique of production, by replacing the traditional backward ideas by logical reasoning's and bringing about changes in the rural structure and institutions.

These changes aim at increasing the share of industrial output in the national income, upgrading the quality of products and diversifying the Indian industries. Further, it also includes expansion of banking and non-banking financial institutions to agriculture and industry. It envisages modernization of agriculture including land reforms.

(v) Economic Stability:

Economic stability means to control inflation and unemployment. After the Second Plan, the price level started increasing for a long period of time. Therefore, the planners have tried to stabilize the economy by properly controlling the rising trend of the price level. However, the progress in this direction has been far from satisfactory.

Thus the broad objective of Indian plans has been a non-inflationary self-reliant growth with social justice.

Nature of organization

The following are the important characteristics of organization.

Specialization and division of work

The entire philosophy of organization is centered on the concepts of specialization and division of work. The division of work is assigning responsibility for each organizational component to a specific individual or group thereof. It becomes specialization when the responsibility for a specific task lies with a designated expert in that field. The efforts of the operatives are coordinated to allow the process at hand to function correctly. Certain operatives occupy positions of management at various points in the process to ensure coordination.

Orientation towards goals

Every organization has its own purposes and objectives. Organizing is the function employed to achieve the overall goals of the organization. Organization harmonizes the individual goals of the employees with overall objectives of the firm.

Composition of individuals and groups

Individuals form a group and the groups form an organization. Thus,organization is the composition of individual and groups. Individuals are grouped into departments and their work is coordinated and directed towards organizational goals.

Differentiated functions

The organization divides the entire work and assigns the tasks to individuals in order to achieve the organizational objectives; each one has to perform a different task and tasks of one individual must be coordinated with the tasks of others. Collecting these tasks at the final stage is called integration.

Continuity

An organization is a group of people with a defined relationship in which they work together to achieve the goals of that organization. This relationship does not come to end after completing each task. Organization is a never ending process.

Purpose of organization

Helps to achieve organizational goal

Organization is employed to achieve the overall objectives of business firms. Organization focuses attention of individuals objectives towards overall objectives.

Optimum use of resources

To make optimum use of resources such as men, material, money, machine and method, it is necessary to design an organization properly. Work should be divided and right people should be given right jobs to reduce the wastage of resources in an organization.

To perform managerial function

Planning, Organizing, Staffing, Directing and Controlling cannot be implemented without proper organization.

Facilitates growth and diversification

A good organization structure is essential for expanding business activity. Organization structure determines the input resources needed for expansion of a business activity similarly organization is essential for product diversification such as establishing a new product line.

Human treatment of employees

Organization has to operate for the betterment of employees and must not encourage monotony of work due to higher degree of specialization. Now, organization has adapted the modern concept of systems approach based on human relations and it discards the traditional productivity and specialization approach.

Applications

Organizing, in companies point of view, is the management function that usually follows after planning. And it involves the assignment of tasks, the grouping of tasks into departments and the assignment of authority and allocation of resources across the organization.

Structure

The framework in which the organization defines how tasks are divided, resources are deployed, and departments are coordinated.

1. A set of formal tasks assigned to individuals and departments.
2. Formal reporting relationships, including lines of authority, decision responsibility, number of hierarchical levels and span of managers control.
3. The design of systems to ensure effective coordination of employees across departments.

Work specialization

Work specialization (also called division of labour) is the degree to which organizational tasks are sub-divided into individual jobs. With too much specialization, employees are isolated and do only a single, tiny, boring job. Many organizations enlarge jobs or rotate assigned tasks to provide greater challenges.

Chain of command, Authority, responsibility, and accountability

▪ **Authority** is a manager's formal and legitimate right to make decisions, issue orders, and allocate resources to achieve organizationally desired outcomes.

▪ **Responsibility** means an employee's duty to perform assigned task or activities.

▪ **Accountability** means that those with authority and responsibility must report and justify task outcomes to those above them in the chain of command.

Delegation

Delegation is the process managers use to transfer authority and responsibility to positions below them. Organizations today tend to encourage delegation from highest to lowest possible levels. Delegation can improve flexibility to meet customers' needs and adaptation to competitive environments. Managers often find delegation difficult

Types of authority (and responsibility)

Line authority managers have the formal power to direct and control immediate subordinates. The superior issues orders and is responsible for the result—the

subordinate obeys and is responsible only for executing the order according to instructions.

Functional authority is where managers have formal power over a specific subset of activities. For instance, the Production Manager may have the line authority to decide whether and when a new machine is needed but the Controller demands that a Capital Expenditure Proposal is submitted first, showing that the investment will have a yield of at least x%; or, a legal department may have functional authority to interfere in any activity that could have legal consequences. This authority would not be functional but it would rather be staff authority if such interference is "advice" rather than "order".

Staff authority is granted to staff specialists in their areas of expertise. It is not a real authority in the sense that a staff manager does not order or instruct but simply advises, recommends, and counsels in the staff specialists' area of expertise and is responsible only for the quality of the advice (to be in line with the respective professional standards etc.) It is a communication relationship with <u>management</u>. It has an influence that derives indirectly from line authority at a higher level.

Span of management

Factors influencing larger span of management.

1. Work performed by subordinates is stable and routine.
2. Subordinates perform similar work tasks.
3. Subordinates are concentrated in a single location.
4. Subordinates are highly trained and need little direction in performing tasks.
5. Rules and procedures defining task activities are available.
6. Support systems and personnel are available for the managers.
7. Little time is required in non-supervisory activities such as coordination with other departments or planning.
8. Managers' personal preferences and styles favour a large span.

Tall versus flat structure

- **Tall** - A management structure characterized by an overall narrow span of management and a relatively large number of hierarchical levels. Tight control.Reduced communicationoverhead.
- **Flat** - A management structure characterized by a wide span of control and relatively few hierarchical levels. Loose control. Facilitates delegation.

Departmentalization

Departmentalization is the basis on which individuals are grouped into departments and departments into total organizations. Approach options include:

1. **Functional** - by common skills and work tasks
2. **Divisional** - common product, program or geographical location
3. **Matrix** - combination of Functional and Divisional
4. **Team** - to accomplish specific tasks
5. **Network** - departments are independent providing functions for a central core breaker **Importance of organizing**

- Organizations are often troubled by how to organize, particularly when a new strategy is developed
- Changing market conditions or new technology requires change
- Organizations seek efficiencies through improvements in organizing

Principles of Organisation In Management

Some Principles of Organisation used for **Designing an Organisation** are:-

1. Objectives

The objectives of the organisation should be clearly defined. Every single individual in the organisation should understand these objectives. This will enable them to work efficiently and help the organisation to achieve its objectives.

2. Specialisation

Every single individual in the organisation should be asked to perform only one type of function (work). This function should be related to his educational background, training,

workexperience, ability, etc., in other words, there should be a division of work and specialization in the organisation. This will increase the efficiency, productivity and profitability of the organisation. *3. Co-ordination*

The efforts of all the individuals, departments, levels, etc. should be co-coordinated towards the common objectives of the organisation. Therefore, managers must try to achieve co-ordination.

4. Authority

Every individual should be given authority (power) to perform his responsibilities (duties). This authority should be clearly defined. Authority should be maximum at the top level and it should decrease as we come to the lower levels. There should be a clear line of authority which joins all the members of the organisation from top to bottom. This line of authority should not be broken.

It should be short, i.e. there should be few levels of management.

5. Responsibility

The responsibility (duties) of every individual should be clearly defined. This responsibility is absolute, i.e. it cannot be delegated. The responsibility given to an individual should be equal to the authority given to him.

6. Span of Control

Span of control means the maximum number of subordinates which one superior can manage effectively. The span of control should be as small as possible. Generally, at the top level, the span of control should be 1:6, while at the lower level, it should be 1:20. Span of control depends on many factors such as nature of job, ability of superior, skill of subordinate, etc.

7. Balance

There should be a proper balance between the different levels, functions and departments of the organisation. Similarly, there should be a proper balance between centralisation and decentralisation, authority and responsibility, etc. If there is no balance between these factors then the organisation will not function smoothly.

8. Chain of Command

The chain of command should be very short. That is, there should be very few levels of management. If not, there will be many communication problems and delays in execution of workflow.

9. Delegation

Authority and responsibility should be delegated to the lowest levels of the organisation. Therefore, the decisions can be made at the lowest competent level. The authority delegated to an individual should be equal to his responsibility.

10. Continuity

The organisation structure should have continuity. That is, the enterprise should be able to use the organisation structure for a long period of time. The organisation structure should be able to achieve not only present objectives but also future objectives of the enterprise.

Types of Organization

Michel Muraski, Journalism and Technical Communication Department Identifying different organizational patterns is important. For example, if I'm going to do an imperial research report, based on my original research, I would organize the paper based on inductive information where I take a specific observation and end up with a generalization about it. If I'm going to be comparing a choice among options, then I might want to organize my paper by way of comparing and contrasting. Organizational patterns depend on what information needs to be conveyed.

In writing, ideas are conveyed through various methods. Sometimes we discuss the causes of something without ever mentioning its effects. Other times, we present a general idea about a topic before we ever get to the specifics. And still other times, we relate details according to their importance.

Every time you sit down to write, you should rethink what type of organization you'll use. To choose a pattern, consider why you are writing and who will read your writing.What is the most effective way to present this information? The list below

represents some common organizational patterns, although many more patterns exist. You should use only one pattern for the overall structure of your writing.

- General Organization Patterns
- Cause/Effect
- Chronological Order
- Comparison
- Emphatic Order
- General to Specific Order

Departmentation

Departmentation is a process resulting out of choice to group tasks according to some criterion. The resultant process of departmentation includes decisions regarding segregating organizational work, allocation of work to persons, telling all involved who is in charge and provide for the support needed by those. Given the nature of these choices and decisions, departmentation and the criteria or bases used for creating departments can have serious impact on the organization's effectiveness. Nine bases of departmentation are common among managerial choices:

(a)   Departmentation by numbers: Perhaps this is the simplest way to create groups or units within the organization, if we assume that all the individuals available are possessing same skills, abilities and other required qualifications. If so, and if the manager has a fair idea of how many people might be required to carry out the task, the grouping by size is ready. Given this nature, we might guess that this method is more useful where the task requires more of a muscle force (for example, an army battalion, or the building contractors' work-force) rather than use of specialized skill.

(b)   Departmentation by time of duty: Generally this basis is chosen when the operation or organizational activity is required to be carried on round the clock. The staff which is divided as per the time or shift basis might possess a set of different skills and abilities. Usually we find departmentation using this method at the lower levels of the organization, including manufacturing operations at the plant level, various security

and control operations. Within the service sector, we find medical or firefighting services available round the clock, all days of the week.

(c)   Departmentation by function: This widely used method of departmentation is found in almost all organizations at some level and to some degrees. Groups are created such that within a group, people perform same function or activity, which at the lower level can even be identical. Example is a production department where all the jobs are focused on one activity, and the machine operators or workers assigned to a particular job such as machining or turning might be doing the same work. When work is divided like this, we have different groups performing different activities, so after functional departmentation, coordination among these groups is required.

(d)   Departmentation by Process or Equipment: This basis of departmentation is sometimes required by the technology itself as part of the production activity, where the transformation of raw material into finished goods is achieved through performance of various processes. Example is production unit of textiles, where workshops dedicated to processes like spinning, weaving, dying etc. sequentially operate to manufacture the finished goods. For other organizations also, sometimes the cost of specialized technology makes more sense for some facilities to be organized by process and be shared. Example is the Electronic Data Processing unit in small a organization.

(e)   Departmentation by Location or territory: If an organization's activities are scattered and if the differences across locations are significant in terms of customer preferences or the difficulty in handling complex scheduling issues, or the importance of local participation in decisionmaking , it makes sense to use departmentation by territory or location. The Indian Railway, for example is divided along territorial lines into central railway, western railway and so on. This method of departmentation is observed in the sales and service departments of many organizations where the major departmentation at the first level below the head of the organization is along functional line, but at the sub-department level, the sales department would have geographic regions or zones catered to by regional or zonal offices.

(f)   Departmentation by Product: as the name suggests, the grouping of activities is by the product, which evolves mainly in organizations that have grown into multi-product

set-up. The usually preceding functional organization might not be supporting the growth and spread of business across different types of products. The head of the organization might be supported by product managers, in turn who might be supported by various functional sub-departments dedicated to specific product. On a large scale, these product managers become heads of divisions run like separate companies within the overall company. While this arrangement is good for paying close attention to the market, the demand and the competitive scenario for each of the products, it might be too expensive to maintain this type of departmentation unless the sales volumes or profits are high enough to justify it.

(g)   Departmentation by Customer: One more method to pay close attention to the needs of the customer is to create departments by customer types. We have within banks this type of departments - retail banking for retail customers, corporate banking for business clients, separate services for high net worth individuals, and so on. The rates offered for same products or services might be different in case of some departments compared to the routine business with retail individual customers, because again the volumes or the deal values might be very high. If so, even the procedures and rules, the purchase process, payment methods etc. might be different for these departments.

(h)   Departmentation by Market or Distribution Channel: Companies who want to ensure that their product reaches the intended customers through multiple channels so that the product enjoys high saliency and provides easy reminder to the customers can consider this type of departmentation. You can take the example of VIP luggage. This product is available in its dedicated, company owned show rooms as well as through the distributors and retailers. Each of the last two sell this brand along with several others. If so, once again you might wonder if the commonly needed service functions such as accounting or human resource management would be provided separately for each department managing a separate channel of distribution or market of the same product. If so, there might be confusion also, apart from high costs. But examining the structures of the organization, we would realize that departmentation by this type is also usually combined with some other basis for the best results.

(i)   Departmentation by Services: This type is especially meant for combination with other type(s) of departmentation, because it refers to the type of internal services provided within the organization and the number of people engaged in those services. The examples are Management Information System (MIS), Human Resource Management, Legal, Secretarial Assistance, House-keeping, Maintenance, Medical facilities and so on. These services are helpful in keeping the business activities and the flow of revenue-generating processes smooth. However, when dedicated in-house departments are created, sometimes they add to staff and operational costs because the support work required may vary and during the down-side of fluctuating type of business. Additionally, when separate departments such as MIS are created, they might generate volumes of reports which are not found usable by the intended users. Finally, the separation of service form the intended users sometimes leads to great importance attached to the service itself, for example purchasing of most cost-effective parts, but it does not satisfy the need of the intended users.

IMPORTANCE OF STAFFING

All of us know that it is the people in every organisation who run the show successfully. For example, if you do not have good salesman you cannot sell well even if your product is good. Similarly, you may have the best quality raw materials, machines etc. but the quality of the product is not assured unless, you have good workers engaged in the production process. Staffing thus, as a function, is very important as it is through this process that we get right persons for the organisation and ensure that they stick to the organisation. The benefits of good staffing are as follows.

(a)   It helps in getting right people for the right job at the right time. The function of staffing enables the manager to find out as to how many workers are required and with what qualifications and experience.

(b)   Staffing contributes to improved organisational productivity. Through proper selection the organisation gets quality workers, and through proper training the performances level of the workers can be improved.

(c)   It helps in providing job satisfaction to the employees keeping their morale high. With proper training and development programmes their efficiency improves and they feel assured of their career advancements.

(d)   Staffing maintains harmony in the organisation. Through proper staffing, individuals are not just recruited and selected but their performance is regularly appraised and promotions made on merit. For all these, certain rules are made and are duly communicated to all concerned. This fosters harmony and peace in the organisation.

PROCESS OF STAFFING

The process of staffing starts with ascertaining the required number of various categories of employees for the organisation. This is known as manpower planning. It decides the kinds of staff and the number of staff required for the organisation. This is done through several methods like job analysis, workload analysis, etc. The next thing to be done in the staffing process is the recruitment exercise, i.e., finding out the available manpower from internal and external sources. The next step is to select the right person from the available manpower through tests and interviews and make appointments. This is followed by their placement on the jobs and necessary introduction of the work environment and the rules of compensation, promotion, transfer etc. Thus, the various steps involved in the process of staffing are as follows.

(a) Manpower Planning

(b) Job Analysis

(c) Recruitment

(d) Selection

(e) Placement

(f) Induction

(g) Training and Development

(h) Performance Appraisal

(i) Compensation

(J) Promotion and Transfer

Let us now discuss these aspects briefly to gain more clarity.

MANPOWER PLANNING

Manpower planning refers to the process of estimating the manpower requirement of an organisation. While estimating the manpower requirement, the management generally keeps in mind the available infrastructure including the technology, production schedule, market fluctuation, demand forecasts, government's policies and so on. It tentatively decides the kinds of staff as well as the number of staff needed for the organisation. The focus of the manpower planning is to get right number of qualified people at the right time.

JOB ANALYSIS

In the context of recruitment, one must be conversant with another important aspect of manpower planning viz, job analysis, which is a pre-requisite for any recruitment exercise. The job analysis helps in determining the qualifications, skills and experience required for various categories of employees. It involves:

(i) identification of each job in terms of duties and responsibilities, (called job description) and (ii) determining the abilities and skills that are required for performing the job (called job specification).

RECRUITMENT

Suppose you want to open a restaurant. After planning and organising you are aware of the various job positions that are required to be filled up. Let us say, you have assessed your requirement for a general manager, a chef, an accountant, and many other staff for home delivery of foods. Possibly, you have a list of persons interested to join your restaurant.

For example, your uncle has promised you to provide an experienced general manager. The manager of the bank from where you have taken loan has referred an accountant to you. One of the chief cooks of a reputed hotel has already approached/talked to you to join your restaurant as a chef. In addition to all these, you know that there is an office that can provide you people of your requirement by charging a fee, whenever you ask for it.

You also know that an advertisement in the newspaper can help you in getting applications from many people. While engaging yourself into all these activities you are basically trying to make a pool of suitable/interested applicants for the job. In other words you are recruiting the staff for your business.

The term recruitment is often used to signify employment. It is true that normally when we say we have recruited such and such persons, it signifies that we have employed them. But as a part of staffing function, the term recruitment has limited scope. It just refers to one of the initial steps in employment of people i.e., searching for suitable candidates for the various job positions to be filled up from time to time in the organisation. Thus, **recruitment is the process of finding and attracting suitable applicants for employment.**

SOURCES OF RECRUITMENT

Having determined the qualification and experience required for various jobs involved, one has to search for the suitable persons and receive their application. For this purpose one has to have an idea as to where such persons are available. In other words, one must be aware of the sources of recruitment before publicising the specific staffing needs and induce the suitable persons to apply for the job positions involved. These sources can be internal and external.

(A) Internal Sources: In any business, existing employees expect that they will have chances of promotion and will be considered for higher positions before outsiders are considered. Managers, therefore may promote and transfer some of the existing employees to fill the vacant positions. The advantage of internal recruitment is that it is easier for managers to fill vacancies as they are conversant with the abilities and skills of their subordinates and have records of their performances. Employees also feel happy as their work performance is recognised by management through promotion.

However, there is one major drawback of recruitment through internal sources i.e., the organisation is deprived of the benefit of inducting fresh blood into its system.

(B) External Sources: All vacancies cannot be filled up from within the organisation. Existing employees may lack the required skill, initiative and qualification needed for

the jobs involved. Hence managers have to recruit some persons from outside the organisation. Not only that the external recruitment provides a wide choice from among a large number of external candidates from which employees may be recruited. The workers and office employees at the lower level are often recruited from outside the organisation. The various external sources of recruitment are as follows:

(a)   Media Advertisements: You must have seen advertisements in newspapers aboutvacancies in organisations. The advertisement contains details about the job, its nature, the qualification required to do the job, how to apply, etc. This is a very popularmedium of advertising. The job advertisements are also given in magazines, specialized employment magazines like Employment News, Rozgar Samachar, etc. Now-a-days we also commonly find such advertisements in various electronic media like television and Internet. Such advertisements normally get a very good response from the prospective candidates.

(b)   Employment Exchanges: In India, employment exchanges have been set up by the government for bringing together job-seekers and employers who are looking for employees. Those who are in search of employment get themselves registered with the local Employment Exchanges which keep a record of all such persons in detail who require help in finding jobs. The employer informs about the vacancies to the nearest Employment Exchange. The Employment Exchange, in turn, identifies the names of the qualified employment seekers already registered with it, and forwards them to the employer for consideration. Thus, if you are seeking a job after passing the senior secondary examination, it would be better if you get yourself registered with an Employment Exchange. It may forward your name to the prospective employers keeping in view the suitability of the job as per your qualifications.

(c)   Educational Institutions: Now-a-days, companies/big organisations maintain a close liaison with the universities, vocational institutes and management institute for recruitment of their staff. As and when the need arises, the companies send one or more of their senior executives to the institutions of repute imparting such professional/technical education to students. These executives take the interview of the interested candidates and select the suitable candidates as per their requirement. This

process is popularly known as campus interview and is found to be an effective source of recruitment of managers, engineers, technicians etc. for many companies on a regular basis.

(d)   Unsolicited Application : Those looking for jobs often apply on their own initiative. They assume that certain vacancies are likely to arise, and apply without references to any job advertisement. Managers keep a record of such applications and contact the suitable candidates when they need them.

(e)   Recruitment at the Factory gate: This is found mainly in case of factory workers to be recruited on daily wages. Such workers gather in the morning at the factory gate to serve as casual workers. Very often existing regular employees go on leave, and their vacancies are filled up by recruitment at the factory gate. These casual workers having served in the factory for some time may be considered for regular employment at some stage.

(f)   Referrals: Quite often the management gets references about interested workers from different sources like workers unions, previous employees, existing employees, clients of the organisation etc. These sources are important because their recommendations are made by people who are associated with the organisation and are fully conversant with its requirements. Sometimes we also receive recommendations from our friends and relatives to employ persons known to them. But one should be very much cautious while considering such recommendations.

(g)   Private Employment Agencies: In urban areas, a number private organizations have started functioning as employment agencies. These agencies register with them the names of the individuals who are seeking employment and try to arrange job interviews for such candidates. Companies often get in touch with such agencies to provide them the details of suitable candidates for various jobs.
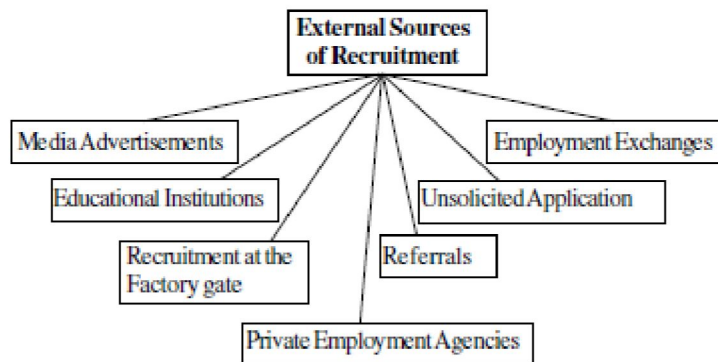
Staffing: It is human resource management. This includes the requirement of work force by taking inventory people available reconciling selecting placing promoting appraising planning the employee's covers training them to suit the job developing the staff to carry out the defined job effectively.

Nature of staffing
    1.-It is basic function of management
    2.-Staffing is important to increase in production
    3.-It maintains healthy atmosphere in any organization
    4.-It creates optimum utilization of human resources
    5.-Staffing is basic function of management

Process of selection & recruitment
 Selection of personnel for the organization is the important managerial responsibility. Recruitment is the process of searching for prospective employees & stimulating them to apply for jobs in the organization.

 Techniques of selection
    1.-Application banks
    2.-Preliminary
    3.-Interview
    4.-Group discussion
    5.-Employment test

 Application Bank: It provides actual information needed for evaluating the candidate's suitability.
 Preliminary interview: It is the interview for short direction & is aimed at obtains certain basic information.

 Interview: It is one of the least reliable & valid delection techniques. IT relies upon a considerable extent in accepting or rejecting a candidate.

 Group discussion: there are the techniques where the candidates are brought together in

group to informal discussion & evaluate them.

Employment tests: These are the only techniques of selection which are fool proof.

Various sources where the personnel may be recruited:
1. -Application introduced by friends
2. -Consulting agencies
3. -Campus recruitment
4. -Casual callers
5. -Through advertisements
6. College recruitment
7. Employment Exchange

MODULE 2-DIRECTING & CONTROLLING

Meaning and nature of directing
Directing means issuing of orders, leading and motivating subordinates as they go about executing
orders. It is also defined as the process and techniques used for issuing instructions to carry out a
job and making sure that the operations are carried out as per the plan.

Directing is the interpersonal aspect of managing by which subordinates are led to understand and
contribute effectively and efficiently to the attainment of enterprise objectives. The direction has
two major activities namely 1. Giving orders to employees and 2. Leading and motivating them to
accomplish the goals.

Definition of direction:
Directing is the interpersonal aspect of managing by which subordinates are led to understand and contribute effectively to the attainment of enterprise objectives. (Harold D Koontz & O' Donnel)
Directing consists of the processes and techniques utilized in issuing instructions and making certain that operations are carried on as originally planned. (Haimann)

Direction is telling people what to do and seeing that they so it to the best of their ability. It includes making assignments, corresponding procedures, seeing that mistakes are corrected, providing on the-job instruction and issuing orders. (Ernest Dole)

Directing is the guidance, the inspiration, the leadership of those men and women that constitute the real core of the responsibilities of the management. (Urwick and Breach)

Principles of Direction:
The role of a manager is to understand the needs, motives and attitudes of his subordinates. He should use appreciate strategies according to the people and situations. The following are some of the principles of effective direction:
1.-Harmony of objectives:
        For an organization to function well, it the goals of company and goals of individuals are in complete harmony. It is very uncommon for such a situation to exist in any organization.
        Individual goals may differ from the goals of the organization. The manager should coordinate the individual goals to be in harmony with the goals of the organization.
2.-Unit direction of command:
        This principle implies that an employee should receive orders and instructions only from one supervisor or boss. Otherwise, there may be indiscipline and confusion leading to conflicting orders, divided loyalties and reduced results.
3.-Efficiency:
        If the superior consults with the subordinates in decision-making, then there

would be a sense of commitment. This makes the direction easy and improves the efficiency of subordinates.

4.-Direct supervision:

Managers should have direct face-to-face contact with the subordinates. Personal touch with subordinates will ensure successful direction.

5.-Effective communication:

The supervisor must have good communication skills. He must clearly communicate the plans, goals, policies, responsibilities and the duties to the subordinates. In communication, comprehension is more important than the content.

6. Effective control:

The management should monitor the behavior and performance of subordinates to exercise effective control over subordinates.

7.-Follow – through:

Direction is a continuous process. Having given the directions may not ensure carrying out them. Hence a manager should follow-through the performance of his subordinates. Follow up is very important function of direction.

Leadership:

Leadership is an important aspect of managing. Leadership is defined as Influence that is the art or process of influencing people so that they will strive willingly and enthusiastically towards the achievement of group goals. In other words, people should be encouraged to develop not only willingness to work but also willingness to work with zeal and confidence.

The will to do is triggered by leadership and lukewarm desires for achievements are transformed into burning passion for successive accomplishment by the skilful use of leadership (George R Terry)

Leadership is the lifting of man's visions to higher sights, the raising of man's performance to a higher standard, the building of man's personality beyond its normal limitation. (Peter Drucker)

Leadership is the ability to secure desirable actions from a group of follower voluntarily without the use of coercion. (Alford and Beatty)

Leadership is the ability to persuade others to seek defined objectives enthusiastically. It is the human factor which binds a group together and motivates it towards goals. (Keith Davis)

Leadership styles

There are 3 widely used leadership styles or leadership approaches viz., Traits approach, Behavioural approach and contingency approach.

Traits approach

Trait is basically a character and early notions about leadership dealt with personal abilities. IT was believed that some people have leadership qualities by birth or god's gift. The traits that associate with leadership are identified as: mental and physical

energy, emotional stability, knowledge of human relations, empathy, objectivity, personal motivation, communication skills, teaching ability, social skills, technical competence, friendliness and affection, integrity and faith, intelligence etc.

This approach has several drawbacks:
- It failed to identify right traits required for effective leadership.
- It is difficult to associate the traits with jobs to be carried out. A leader who is successful in
     one area may be a failure in different area.
- Since these are subjective, it is difficult to measure their effectiveness quantitatively.

- This approach implies that leadership is in-built quality and no training can make a person leader.

Behavioural approach

Several studies have been made did not agree as to which traits are leadership traits or their relationship to actual instances of leadership. It is found that most of these so called traits are really pattern of bahaviour.

There are several theories based on leadership behavior and styles. Some of them are:
       1.-Leadership based on the use of authority.
       2.-Likert's four systems of managing.
       3.-The managerial grid and
       4.-Leadership involving a variety of styles and level of use of power and influence.

(i) Style based on authority: Based on how the authority is used, the leaders are styled into 3 groups.
  1.-The first is autocratic leader who commands and expects compliance, is dogmatic and positive
     and leads by the ability to withhold or give rewards and punishment.
  2.-The second is democratic or participative leader who consults with subordinates on proposed actions and decisions and encourages participation from them. This type of leaders include the person who does not take action without the concurrence of subordinates and who makes decisions bur consults with subordinates before doing so.
  3.-The third type is free-rein leader who uses his power very little and gives a high degree of independence to his subordinates to carry out their work. Such leaders depend largely on subordinates to set their own goals and the means to achieve.

The flow of influence with three leadership styles:
There are some variations within this simple classification of leadership styles. Some democratic leader may consult and listen to their followers ideas and concerns, but when decision is to be made, they make their own decision. A participative leader is the person who is supportive. They consult with their subordinates and take their opinions, feelings and suggestions before making decision.

The use of any style will depend on the situation. A manager may be autocratic in

routine and emergency tasks. Leaders gain considerable knowledge and better commitment on the part of persons involved by consulting with subordinates whereas free-rein type leadership works better in R & D organizations.

Comparison of leadership styles

Factor	Leadership style		
	Autocratic	Participative	Free-Rein
1.Decision maker	Leader only	Leader in consultation with subordinates	Subordinates only
2.Discipline	Obey the leader	Cooperative	Self-imposed
3.Delegation of authority	Rare	Good	Complete
4.Responsibility	Leader	Leader and Subordinates	Individuals
5.Initiative	By leader	By team	Only by individuals
6.Communication	One way and downward	Both ways	Free flow
7.MOtivation attenuation	Punishments	Rewards	Self
8.Hierarchy of needs attenuation	Physiological and safety	Mixed	Self
9.Focus	Task oriented	People oriented	People

(ii)Likert's four systems of management: Prof. Likert had developed four systems of management based on his study of patterns and styles of leadership.

System 1: Management is described as exploitive-authoritative. Its managers are highly autocratic, have little trust in subordinates. They motivate people through fear and punishment, only occasional rewards, engage downward communication and limit decision making to the top.

System 2: This is called benevolent authoritative. Its managers have a patronizing confidence and trust in subordinates, motivate them with rewards and some fear and punishment, allows little upward communication, solicits some ideas and opinions from subordinates, allows some delegation of decision making but with close policy control.

System 3: This is referred to as consultive management. Managers in this system have substantial but not complete confidence in subordinates, They usually try to make use of the ideas and opinions of subordinates, rewards for motivation, occasional punishments, engage in communication in both up and down and act like a consultant to both up and act like a consultant to both top and subordinates.

System 4: This is most participative type and hence it is often called as participative-group. These managers have complete trust and confidence in subordinates in all matters. The always get ideas and opinions from subordinate and use them for constructive purpose. They give monitory rewards encourage decision making and work with subordinates as a group.

(iii) The managerial grid: A well-known approach to definig leadership styles is the

managerial grid developed by Robert-Blake and Jane Mouton. Building on previous history which dealt with managers concerned with both people and production, they deviced a two dimensional grid based on people and production. Concern for production on X-axis of grid includes the attitudes of a supervisor towards a variety of things such as quality of policy decisions, procedures, creativeness, staff services, work efficiency; volume of output etc. concern for people is taken on Y-axis of grid.

This include elements like degree of personal commitment towards good achievement, maintenance of self-esteem of workers, placement of responsibility on the basis of trust rather than obedience, provision of goal working conditions and maintenance of satisfying interpersonal relations.

The managerial grid is a useful device for identifying and classifying
Managerial styles, but it does not tell how to lead.
(iv) Leadership involving a variety of styles: this concept is also called as leadership continnum. It is seen that the leadership involves a variety of styles ranging from one which is highly boss centered to the other which is highly subordinate concerned. The style varies with the degree of freedom a leader or manager grants to his subordinates. Thus instead of suggesting a choice between two extreme styles of leadership autocratic and democratic, this approach offers a range of styles with no suggestion of what is right and what is wrong. This theory recognizes that which type of leadership is appropriate depends on the leader, the subordinates and the situation.

Contingency approach to leadership

The behavioural approach seems to suggest that the best style of leadership is one that combines both autocratic and democratic. There is no one best style of leadership under all conditions.
Effective leadership style varies with situation. The effective leaders need to analyse the situation and find the most appropriate and best-suited style for a given environment. Contingency approaches have much meaning for managerial theory and practice.

MOTIVATION

Introduction
Management is an art of getting the work done by the people and thereby achieving the best results.
Getting the work done depends upon the inducement of the people to better their performance by inspiring the personnel with zeal to do work for the accomplishment of objectives of the organization. It may rightly be called motivation of people, the most important function of the personnel management. Management should constantly provide for incentive or motivating forces to intensify their desire and willingness to apply their potentialities for the achievement of common objectives. Some people may be motivated by the intense outer pressures of reward while some others are self-motivated.

Motivation is derived from motive motive means any idea, need, emotion or organic state thatprompts a man to an action. Motive is an internal factor that integrates a man's behavior. As the motive is within the individual, it is necessary to study the needs, emotions etc., in order to motivate him to do work. There are certain inducing factors

which influence the man's bahaviour and induce him for the best performance to meet his needs and emotions. So motivation is a process to get the needs of the people realized with a view to induce him to do work. Indeed motivation is nothing but an action of inducement.

Motivation has been defined by Edwin B.Flippo as follows:

        (i)   Motivation is the process of attempting to influence others to do your will

           through the possibility of gain or reward.

        (ii)   Motivation is the process consisting of the three parts (a) motives, (b) the needs,

           drives, desires, aspirations ect., which are the motivating factors (c) attainment of

           the objectives.

Characteristics of motivation

The following are the characteristics of motivation.

•   Motivation is a psychological concept: Motivation should come from inside each individual.

      There are two desiring factors, in motivation:

      (a)-Fundamental needs, such as food, clothes and shelter and

      (b)-Ego-satisfaction including self-esteem, recognition from others, opportunities for achievement, self- development and self-actualization, which act as powerful, though unconscious, motivators of behavior.

•   The whole individual is motivated, not part of him: A person's basic needs determine to a great extent what he will try to do at any given time. All these needs are interrelated because each individual is an integrated organized whole.

•   Motivation is an unending process: Man is a social animal. As a social animal he has innumerable wants which induce him to work. If one basic need is adequately satisfied for a given individual it loses power as a motivator and does not determine his current behavior, but at the same time others needs continue to emerge. Wants are innumerable and connot be satisfied at one time. It is an unending process so the process of motivation is also unending to induce the person to satisfy his innumerable wants.

•   Frustration of basic needs makes a man sick: If anybody fails in trying to meet a need which he feels is essential for him, he becomes to some extent, mentally ill and such frustrated man cannot be motivated any further, until his essential need is satisfied.

•   Goal are motivators: Goals and motives are inseparable. Man works to achieve the goals. As soon as the goal is achieved he would be no longer interested in work. Therefore, it is very essential for the management to know his goal to push him to work.

•   The self-concept as a unifying force: Unifying force means the drive to actualize his own image of himself. The outlines of a person's self image are fairly well checked in early childhood and there after don not act i9nner change. For example, a child who easily seems himself as a leader will if possible try to behave that way in later life. Thus, two things that individual is always trying to do are:

      1.-To act like the person he thinks he is, and

      2.-To get what he thinks he can.

      •   Motivation is an important function of personnel management

because management of personnel means getting the work done by the people to achieve the organizational objectives. Motivation is one of the methods to induce the   man on the job to get the work done effectively to have the best results towards the common objectives. Motivation is necessary for the better performance.

The expected results from motivation are as follows:
- Best utilisation of Resources: All other resources can produce no results unless the man tries to put them in to action. Man should be motivated to carry out the plans, policies and programmers laid down by the organization by utilizing the other resources to the best of their efforts.
- Will to contribute: A distinction should be made between capacity to work and willingness to work. A man can be physically, mentally and technically fit to work but he may not be willing to work. Motivation concerns to create a need and desire on the part of the workman to present his better performance.

- Reduction in labour problems: All the members try to concentrate their efforts to achieve the objectives of the organization and carry out the plans in accordance with the policies and programmers laid down by the organization. If the management introduces motivational plans, it reduces the labour problems like labour turnover, absenteeism, in-discipline, grievances etc., because their real wages increase by the motivational plans.
- Sizable increase in production and productivity: Motivation induces the men to work hence it results in increased production and productivity because men try to put their efforts to produce more and more and thus their efficiency increases.
- Basic of cooperation: In a zeal to produce more, the members work as a team to pull the weight effectively, to get their loyalty to the group and the organization, to carry out properly the activities allocated and generally to play an efficient part in achieving the purpose which the organization has undertaken. Thus motivation is basic of cooperation to get the best results our of the efforts of the men on the job.
- Improvement upon skill and knowledge: All the members will try to be as efficient as possible and will try to improve upon their skill and knowledge so that they may be able to contribute to the progress of the organization.

Positive and Negative motivation
Motivation is concerned with inspiring the man to work to get the best possible results. It may be done by two ways:
- By Positive motivation and
- By negative motivation.

Positive motivation
In the real sense, motivation means positive motivation. Positive motivation makes the people induce to do their work in the best possible manner they can and improve their performance. It provides better facilities and rewards to them for their better performance. It provides better facilities and rewards to them for their better performance. Such rewards and facilities may be financial and non-financial. Financial or monetary motivation mau include different incentive wage plans, productive bonus schemes etc. Monetary incentives provide the worker a better standard of life while the

non-monetary motivation satisfies the ego of the man.

Negative motivation
Negative motivation aims at controlling the negative efforts of the workers and so inducing the man to work positively in the interest of the organization. It is based on the concept that if the man fails in achieving the desired results, he should be punished. Punishments, reprimands, fear of loss of job are some of the methods which are usually taken as a means to direct the man in the desired direction. Under this method man works in fear and tends to produce minimum enough to get by safety. The negative motivation may also be classified into monetary and non-monetary motivation. The non-monetary negative motivation may include reprimands, cut in facilities and greater control on the activities etc. this is based on the presumption that man works because of fear. Though both the methods of motivation-positive and negative aim at inspiring the will of the people to work but the two differ in their approaches. Positive approach has no place for punishment whereas the negative approach does not provide for rewards. In this sense both are opposite to each other and may be regarded as two ends of a rod.

Human Needs
The central problem of motivation, as far as management of an organization is concerned, is how to induce the people because the psychology and behavior of people differ from one another. A manager should invariably, know before planning for motivation, why people work. In order to take effective motivational decision the manager should study and try to understand the behavior of people at work and thus plan to motivate it in the desired direction. For this purpose, manager must have knowledge of the motives of the worker which bring about purposeful behavior and induce him to behave in a particular manner. They have direct influence on the individual, since they determine in part his thoughts and actions.

Need can be defined as a condition requiring supply or relief, the lack of any requisite, desired or useful. A motivating situation has both subjective and objective aspect. The subjective side is a need, a drive or a desire. The objective side is called the incented or goal. When the process of obtaining the incentive satisfies the needs, the situation is described as motivating.

Maslow's theory of motivation
Abraham Maslow was the pioneer in contributing a systematic scheme of need hierarchy. He arrived at a conclusion, after a proper research, that there are certain perceived needs of the employees which they expect to be satisfied by joining any organization. If the perceived needs are satisfied according to the satisfaction, they feel satisfied and motivated and if there is a gap between the two, they become slow or refuse to work,

Maslow's hierarchy of needs
Maslow has suggested that the underlying needs for all human motivation can be organized in a hierarchical manner on five general levels.
They are:
1.-Physiological needs
2.-Safety needs
3.-Social needs
4.-Esteem needs and

5.-Self-actualization.

Physiological needs: At the lowest order level are physiological needs which include the need for food, water, sex, clothing and shelter. For a human being who lacks everything the major motivation would be such physiological needs.

Safety needs: When the physiological needs are satisfied, the safety needs become the most important in the hierarchy. These are the needs for protection against danger or loss of existing physiological needs.

Social needs: The third level in the hierarchy comprises the social needs, that is the giving and receiving of love, friendship, affection, belongingness, association and acceptance. If the first two levels are fairly well satisfied, then a person becomes keenly aware of the absence of friends or of a sweetheart, and will be motivated toward affectionate relations with people in general.

Esteem needs: At the fourth level in the hierarchy are the esteem needs, which are generally classified on to two subsets. The first subset include the needs for achiecement, strength and freedom. In essence this is the need for independence. The second sub set includes the needs for status, recognition, and prestige. In essence this is the need for self- esteem of self-worth.
Self actualization: The fifth and highest level in hierarchy is the self-actualization need. This is the need to realize one's potentialities for continued self-development and the desire to become more and more of what one is and what one is capable of becoming. This is also known as self realization or self attenuation.

For example: A musician must create music, an artist must paint, a poet must write in order to achieve ultimate satisfaction.

In 1943 Maslow arbitrarily suggested that in general, our physiological needs are generally 85% satisfied, the safety needs 70% satisfied, the social needs 50%, satisfied, the esteem needs 40% satisfied and the self actualization needs 10% satisfied.

Behaviour
Behaviour is basically goal oriented. In other words, our behavior is generally motivated by a desire to attain same goal.
Behaviour is basically goal oriented. In other words, our behavior is a series of activities and motives. The motivation of people depends on the strength of their motives. Motives are defined as needs, wants, drives, within the individual. Motives are the ways of behavior of an individual.

Goals
Goals are outside of an individual. They are referred to as hopes for rewards towards which motives are directed. Managers who are successful in motivating employees are often providing an environment in which appropriate goals are available for need satisfaction.

Motive strength

This can be defined as the need which has the highest strength at any given time. If a need is satisfied the motive strength for the particular need will decrease at the particular time.

hanges in motive strength
A motive tends to decrease in strength if it is either satisfied or blocked from satisfaction.

Need satisfaction
When a need is satisfied according Maslow, it is no longer a motivator of behavior. High strength needs that are satisfied are sometimes referred to as satisfied.
Example: If a high strength need is thirst, drinking tends to lower the strength of this need, and afterwards the other needs may now became more important.

Blocking need satisfaction
The satisfaction of a need may be blocked. If there is a high motive strength for attaining a particular goal the individual may behave in various ways to attain a goal. If all the ways are blocked either by imaginary or real barriers, then frustration can take place. Frustration can take in different forms.
Example: regression, Fixation

Frustration
The blocking or thwarting of goal attainment is referred to as frustration. This is defined in term of the condition of the individual rather than in terms of the external environment. A person may be frustrated by an imaginary barrier and may fail to be frustrated by a real barrier.
Aggression, Rationalization, regression, fixation and resignation are all symptoms of frustration.

Increase motive strength
Behaviour may change if an existing need increases in strength. The strength of some needs tends to appear in a cyclical pattern.

Example: The need for food tends to recur regardless of how well it has been satisfied at a given moment.

ategories of activities
Activities resulting from high strength can be classified in to goal directed activity and
➢ goal activity.
      Goal directed activity: It is motivated behavior directed at reaching a goal.
      Example: If one's strongest need at a given moment is hunger, various activities
➢ such as looking for a place to eat, buying food or preparing food would be considered goal-directed activities.
      Goal – activity: It is engaging in the goal itself.
      Example: In case of hunger, food is the goal and eating is the goal activity.

Expectancy and availability The important factors that effect strength of needs are expectancy and availability.

Expectancy
It is the perceived probability of satisfying a particular need of an individual based on past experience. Expectancy can be either actual or vicarious. Vicarious behavior comes form sources such as parents, teachers and books etc.

Example: Suppose a boy's father is a cricket star and the boy also wants to become a cricketer. In the beginning his motive strength will be very high, but if he is not selected year after year, then his expectancy of being a cricket star decision will slowly die and finally he may give up hopes of being a cricket star.

Availability
This reflects the perceived limitations of the environment. It is determined by how the goals that can satisfy a given need by an individual.

Example: If a person is watching a TV in the night and if current goes off he can not watch TV or read. This goal activity is limited by the external factors. So the individual may settle for sleeping.
This availability is variable of environment.
In this situation there seems to be a general disregard for the welfare of the organization.

Goal oriented behavior
Since in every human being there is some need or the other, there will also a goal for every human being. He works to achieve the goal. This is goal oriented behavior.
An organization can be considered as collective of individuals with one particular goal. It may so happen very often that the goals of the management do not coincide with the goals of the individual.
When this happens the organization will not prosper. If the goal of the individual can be made parallel to the goals of the organization then the organization will be profited.

Integration of organizational goals and need of an employee
The goals of organization mainly are increasing the production and process. The needs
➢ of the employee also must be the same as that of the organization. For this the basic needs must be satisfied i.e., the physiological, safety, and social needs must be satisfied.
        Physiological needs: Money is the goal; for this need money satisfies other
➢ needs as well. So workers will demand higher wages and other financial benefits.
        Safety: Free from hazards of life, accidents, diseases, wars, etc., are the goals
➢ for the need of safety. Insurance for life, accident, health, promise for retirement benefits etc., are the best measures to satisfy the need of safety. Security of job is a very important goal.
        Social need: This is expressed in the form of co-operation tendency of workers.
➢ They join groups of similar belief oriented people.
        Esteem: Which are generally classified into two subjects. The first subject
➢ includes the needs for achievement, strength and freedom. In essence this is the need for independence. The second sub-set includes the needs for status, recognition, and prestige. In essence this is the need for self-esteem or self-worth.

Self actualization: This is the need to realize one's potentialities for continued self development and the desire to become more and more of what one is and what one is capable of becoming.

Needs of an employee
Maslow told motives are those which are still not satisfied. So accordingly the workers want the
following:
- Full appreciation of their work
- Feeling in the things
- Sympathetic understanding of personal problems
- Job security
- Good manager
- Good wages
- Promotion and growth with company
- Management loyalty with workers
- Good working conditions
- Tactful discipline

Hawthorne studies and its findings
In 1924, experts at a Hawthorne plant of the western electric company, USA., decided to study the
effect of illumination on productivity. It is one of the most famous studies in the history of human
relation.

In the beginning of studies the efficiency experts assumed that the output increases with
illumination for that the expert selected two groups of employees: Control group and the test group.
The control group worked under normal lighting. The test group worked under various light
conditions. As the lighting was increased the out put of the test group also increased as expected.
But the out put of the control group also increased. But this was unexpected. The experts could not
explain this. Elton Mayo of the Harward University tried to explain this:

They increased and improved the working conditions of the workers in the control group and the
output was correspondingly high. After one and half years the team suddenly brought the conditions
back to normal. They expected to have a negative psychological impact on the women workers and
reduce the output. But the output jumped to all time high.

So, Hawthorne research found out that the workers were motivated to work more when

the benefit
 was decreased. The workers wanted to get the same level of benefit so they work hard to get the
 benefit and therefore production increases or this can also be due to level of self actualization, in
 which case the workers realized their true potential and did their jobs perfectly. They found this to
 be another theory and later experts like Douglas Mc Gregor called the same as Theory – X and
 Theory – Y and chris Argyrious also exposed it as Maturity and Immaturity Theory.

Theory X and Theory Y
 The findings of Elton Mayo helped Douglas Mc Gregor to form his theory of human nature which
 is called Theory X and Theory y. Theory X assumed that the most people are not willing to assume
 responsibility. They do not like to work and they like to be directed. After defining theory X, he
 then questioned whether these views of human nature are correct and if management practice based
 upon it are correct.

 Basing his analysis on Maslow's hierarchy of need, he concluded that the theory X is wrong.
 Therefore he developed another theory. This is called theory-Y . this assumed that people are not
 lazy by nature. The work is as natural as play and people can work naturally if motivated properly.

Theory X
 • Work is inherently distasteful to most people.
 • Most people are not ambitious, have little desire for responsibility and they prefer to be
    directed.
 • Most people have little capacity for creativity in solving organization problems.
 • Motivation occurs only at the physiological and safety levels.
 • Most people must be closely controlled or often forced to achieve organization objectives.

 Theory Y
 • Work is as natural as play if the conditions are favourable.
 • Self control is often responsible in achieving organization goals.
 • The capacity for creativity in solving organization problems is widely distributed in
    population.
 • Motivation occurs at the social esteem and self-actualization levels as well as physiological
    and security levels.

- People can be self directed and creative at work if properly motivated.

The idea one may get that theory X is manager is usually direct. They like controlling people and
they supervise people very closely. Theory Y manager is directly opposite to the theory X manager.
They are more supporting and appreciative.

Let us not assume that theory is X good and theory Y is bad or vise verse for the particular given
situation and particular worker for a given job, a manager should choose either theory X or theory
Y.

A manger who adapts theory X will be of the type who orders people and is more task oriented. A
manager who adopts theory Y will be more relation oriented and will care for worker. But only a
combination of both theory X and theory Y will give a manger good control over his group. So a
manager should adopt theory X with a particular person and theory Y with the another and so on.

Immaturity – Maturity theory
This theory was developed by Chris Argyrious of the Harward University. This theory is better than
Douglas Mc. Gregor's Theory X and theory y. According to him, a person will develop from
immaturity to maturity in the following seven stages:
   1.-People become adults from infants.
   2.-They become from a dependent to relatively independent persons.
   3.-They are at this state behaving more like adults and lees like infants.
   4.-Their interest as adults increases till their interest as children become very little.
   5.-They develop longer time perspective than children.
   6.   They become independent form depending stages.
   7.-They develop awareness of self.

Maturity theory	Immaturity theory
Active	Passive
Independence	Dependence
Capable of behaving in many ways	Behave in a few ways
Deeper and stronger interest	Erratic shallow interest
Long time perspective	Short time perspective
Equal or super ordinate position	Subordinate position
Awareness and control over self	Lack of awareness of self.

Motivation-Hygiene theory
This theory was developed by Frederick Herzberg of the university of Utah was the basis of
effective utilization of human resources. Herzberg began collecting information on job attitude from
over 200 engineers and accountants from various industries in pittsburgh area. In this interview the
people were asked about what kinds of things on their jobs made then dissatisfied or unhappy and
what made them satisfied or happy.

In analyzing the data he came to a conclusion that people can be divided into two categories
dissatisfied and satisfied. When people are satisfied they are concerned with work it self. He called
this as motivation factor. While when they were dissatisfied, they were concerned about the
environment in which they were working. He called this as hygiene factor.

Hygiene Factors
Company policies, administration supervision, money status, security etc., may be thought of as
hygiene factors. These are not an integral part of job but are related to the conditions under which a
job is performed. Hygiene factor has not produced a growth in worker's output capacity, but only
prevent output losses in worker performance due to work retraction.
In analysis of the data, it was concluded that the people have two categories of needs. The following
is the comparison between hygiene factors and motivators.

Hygiene	Motivating Factors
Environment	The job it self
Policies and administration	Achievement
Supervision	Recognition for accomplishment
Working conditions	Challenging conditions
Inter-personal relations	Increased responsibility
Money, status, and security	Growth and development.

Motivator
Feeling which produces feelings of achievement, recognition in jobs can be called motivator. These
motivators often increase the productivity. If the motivation hygiene theory is applied to maslow's
hierarchy of needs, one will come to a situation of the type shown below:

As be seen from the above figure, the lower of Maslow,s hierarchy of needs came under hygiene
factors, i.e., physiological safety, social needs are completely by hygiene factors, while esteem is
half hygiene and half motivating factor. Self actualization is a completely motivation factor.

Let us assume that a man is highly motivated and is working at a 90% capacity. He has good
working relationship with his supervisors. He will be satisfied with his working conditions. Let us
also assume that his supervisor is suddenly transferred and a person who is unable to work with him
becomes his supervisor, then the man is dissatisfied. His capacity for work falls to 60%

COMMUNICATION

Communication is the process of transmitting ideas or thoughts from one person to another, for the
purpose of creating understanding in the thinking of the person receiving the ideas or information.
It can also be said that communication is an exchange of facts, ideas, opinions or emotions by two
or more persons. The effectiveness of communication largely depends upon the proper
understanding of what is being communicated and what is being received at the other end. The
correct interpretation and understanding of the messages is important from the point of view of
organizational efficiency. As such the greater the degree of understanding present in
communication, the more likely-hood that the human action will proceed in the direction of
accomplishing organizational goals.

Systems of communication
  • According to organizational structure: (a) Formal and   (b) Informal
  • According to direction of expression: (a) Downward   (b) Upward   (c) Horizontal
  • According to the way of expression: (a) Oral or verbal   (b) Written.

Formal communication
Such communications are those which are associated with the formal organizations structure. They
travel through the formal channels. These communications include orders, instructions, decisions
etc., of the supervisor. Thus it is a deliberate attempt to regulate the flow of organizational
communication so as to make it orderly and thereby to ensure that the information

flows smoothly,
accurately and timely. This officially prescribed communication network may be designed on the
basis of single or multiple channel. A single channel network prescribes only one path of
communication for any particular position and all communications have to necessarily flow through
one path only. This path is the line of authority linking its line supervisor and it is commonly
referred to as "through proper channel". Its implication is that all communication to and from a
position should flow through the line supervisor and subordinates only.

Merits
- Maintenance of authority of the officers: It helps in exercising control over subordinates and
  fixation of responsibility in respect of activity to be carried out by a person in the
  organization.
- Sound and proper communication: An immediate supervisor has a direct contact with his
  subordinates. He/She understands their attitudes, wants, level of intelligence and capacities,
  He/She can determine efficiently as to how, what and when the information is to be
  communicated to whom. It is easy to maintain and is orderly in nature.

Demerits
- Overload of work: In a modern business organization, there is a lot of information, messages
  and other things to be communicated. All these, if transmitted through formal line of
  authority only, it will increase the work level on the line officers and they will not be able to
  perform their duties well.
- Decay in accuracy: It provides bottlenecks in the flow of information. It exhausts the
  original distance also and channels of more information at various positions, record the
  accuracy of message.

  Over look by the line officers: Communication through chains of command is not suitable
  for upward communication at all. Line officers do not take any interest in their subordinates.
  They do not like to forward the suggestions to the top management given by their

subordinates. This bias changes the nature and characteristic of information at all levels

when it reaches its final destination.

Limitations

➢ The formal communication is useful only in downward communication. One way of

overcoming this limitation is to provide a number of communication channels linking one

position with various other positions. Thus the system of multiple channels may improve the

situation in some cases, but an unlimited use of this may cause confusion and also

undermine the supervisors authority. So along with formal communication, the informal

channel should also be developed for efficient and effective communication within the

enterprise.

Informal communication

It is also known as grape wine communication. The communication to be made through informal

channels of communication is called informal communication. It is not the result of official action

but of the operation of personnel, social and group relationship of people. Apart from these formal

organizational relationship, people have got social or personnel relationship, membership of some

club or organizations from same place.

Such channels of communication serve as a quick vehicle for messages. While formal communication exists to meet the utility and needs of the organization, informal communication is

the method by which people carry on their non programmed activities within the formal boundaries

of the system. Such type of communications are very fast, spontaneous and flexible. It is a very

active channel of communication through which the information is carried immediately.

Merits

➢ It performs a positive eservice to the organization.
➢ It operates with much greater speed.
➢ The informal communications fulfil needs of various person in the organization, more

particularly those persons who freely mix up with others and rely upon informal
➢ relationship.

A typical informal committee network involves people within the same level of an

organization.

Demerits
- It is less orderly and less static.
- Messages communicated through informal channels, sometimes are very erratic and
  uncertain, and any action taken based upon these may lead to difficult situation to the
- organization.
- Often it carries incinerate information, half- truths, rumours and distorted information.
  Origin and direction of the flow of information is hard to pin point.
  There is a chance that by the time a communication completes a complex journey it may be
  distorted.

Limitations
- The informal communication is the part and parcel of the organizational process. The only
  thing the management can do in this respect is to take suitable actions to minimize the
  adverse affect of such channels. Proper analysis of informal communication and a suitable
  classification in this respect would be helpful in making its use towards organizational
  efficiency.
  According to the direction of communication

Downward communication: Communication which flows from supervisor to the subordinate is
known as downward communication. They include orders, rules, instruction, society directions etc.
their nature is directive. It would be impossible to manager an enterprise without downward
communication.

Upward communication: this is just the reverse of the downward communication. It flows from
subordinate to supervisor. Each communication includes reactions and suggestions from workers,
their grievance etc. the contents of the upward communication are repots, suggestions, reaction,
statements and proposals prepared for submissions to the supervisors. There was very little
application of this forms of communication sometime before as it does not fit into the traditional

theory of organization. But in modern times upward communication is considered to be main source
of motivation to employees.

Horizontal communication: when communication takes place between two to more persons who
are subordinates of the same person or those who are working on the same levels of the
organization, this communication is known as horizontal communication or lateral communication
or cross communication. The communication between functional managers, among superintendents
working under some supervisor, meetings of general manager's of various factories are some of the
examples of such communication. This type of communication may be oral or written.

According to the way of expression.
Oral or vertical communication: In this type of communication both parties to the process of
communication exchange their ideas orally either face to face or through devices like phone,
intercoms etc., meetings, conference, lectures, interviews or other ideas.

Written communication: In this type of communication, written words, graphs, diagrams, pictures,
etc., are used. They may take forms of circulars, rules, manuals, reports, porters, memos etc.

Barriers to successful communication
  ➢ More levels in organization structure through which an information has to pass.
  ➢ Long and unstructured channels of communication.
  ➢ Heavy workloads at certain level of organization.
  ➢ Prestige and superiority complex.
  ➢ Sender unable to symbolize the information correctly.
  ➢ Prejudicial and biased attitude of the receiver.
  ➢ Receiver ignoring conflicting information.
  ➢ Receiver tending to evaluate information from his own angle.
Techniques to overcome barriers and improve communication
    1.-Sending direct and simple messages using many channels
    2.-Feedback system to know whether the manager has been understood correctly or not.
    3.-Adopting face to face communication.
    4.-Time the message carefully, communicate when the receiver is motivated to listen.
    5.-Be sensitive to the private world of the receiver, try to predict the impact on his feeling and
        attitude and tailor the message to fit receivers vocabulary, interests and values.
    6. Introduce a proper amount of redundancy of in the message i.e., some amount

of repetitions
           of information so that it is not misunderstood.

 COORDINATION

 Meaning
 Various department of an organization will be performing different tasks as assigned to them on the
 basis of their specialization. It is essential to coordinate these activities to achieve common
 objectives collectively. Coordination is the process which ensures smooth ensuring of the functions
 of management with the increase in the departmentation, coordination has become important.

 Definition: the following are definitions given by some management pioneers.
 "To coordinate is to harmonise all the activities of a concern so as to facilitate its working and
 success. In a well coordinated enterprise, each department or division works in harmony with others
 and is fully informed of its role in the organization", -Henri Fayol.

 "Coordination deals with the task of blending efforts in ordered to ensure the successful attainment
 of the objective. It is accomplished by means of planning organizing, actuating and controlling"
 G.R. Terry.

 Coordination is regarded as the essence of managerial ship for the achievement of harmony of
 individual efforts towards the accomplishment of group goals as the purpose of management. Each
 of the managerial function is an exercise in coordination". –Koontz and O'Donnel.

 Thus coordination is the management of interdependence in the work situation. It is the orderly
 synchronization of the interdependent efforts of individuals in order to attain a common goal. In any
 modern organization consisting of number of departments such as purchase, finance, production,
 designs, Personnel, sales etc., there is a need for all of them to perform their tasks properly and
 timely for achieving the targets. This calls for coordination between the various departments of any
 organization.

 haracteristics of coordination

1.-Not a separate function of management: It is necessarily in all the functions of management and
    not a separate one.
2.-Managerial responsibility: Every departmental head is responsible to coordinate the efforts of
    his subordinates and also coordinate with his counter parts of other departments.
3.-Unity of action: Unity of action is essential to reach common goals. Coordination brings about
    of organization.
4.-Coordination is part of all levels of organization: It is to be built in activity at all levels of
    organization.
5.-It is relevant to group efforts: Coordination brings about group efforts than individual efforts. It
    guides the individuals towards group efforts to reach the tergets.
6. Continuous and dynamic process: It is continuous and dynamic process. Managers should
    continuously monitor and coordinate between people and activities.
7.-System concept: Any organization starts is a system of cooperation. Each department functions
    are different in nature and interdependence in the organization system. The organization runs
    smoothly with the help of coordination. Thus coordination is a system concept.

Importance of coordination:
The coordination is important because of the following factors:
    a)-Unity in diversity: there are large number of employees each with different ideas, views or
    opinions and interests. This results into a diversified activity in any organization. It is
    necessary to bring them together to accomplish the common objective. Hence coordination
    is the main element to bring unity in diversity.
    b)-Specialisation: In the modern industrial organizations, there is a high degree of
    specialization. This will lead to misunderstanding and dispute among the specialists.
    Coordination plays important role in bringing them together and explaining the important of
    each other's activities.
    c)-Team work: Coordination help converging the diversified efforts of various groups to
    achieve the objectives. It promotes teamwork and avoids duplication of work.
    d)-Large number of employees: Large organizations employ large number of employees. They
    have different habits, behavior and approaches in a particular situation. Many times they
    don't work in harmony. Coordination is necessary to bring harmony among

them.

    e)-Empire building: Empire building refers to top level of line organization. The line officers
       expect cooperation from staff officers, but the line officers are not ready to extend their
       cooperation to staff officers. This creates conflicts between line and staff officers. Therefore,
       coordination is necessary to avoid conflicts between line and staff officers.

    f) Functional differences: the functions of organization are divided section wise. Each section
       performs different jobs. Each department tries to perform its function in isolation from
       others. Coordination is necessary to integrate the functions of the related department.

    g)-Recognition of goals: there are general goals of an organization. In addition, each
       department has its own goals and the individual employees also have their own goals. The
       individual employees give more importance for their own goals than the organizational
       goals.

    h)-Communication: Coordination ensures the smooth flow of information one direction to other
       direction.

    i) Interdependency: the need for coordination in an organization arises of the interdependence
       of various units. The greater the interdependence of units, the greater the need for
       coordination.

 Type of coordination
 Coordination may be classified as internal and external coordination.

    1.-Internal coordination: Coordination among the employees of the same department or
       section, among workers and managers at different levels, among branch offices, plants,
       departments and sections is called internal coordination. Internal coordination is subdivided
       into two types.

       (a)-Vertical coordination: Vertical coordination refer to the one in which a departmental
         head coordinates his work with that of his sub-ordinates and vice-versa.

       (b)-Horizontal coordination: Horizontal coordination refers to the coordination taking
         place sideways, i.e., the relationship between the persons of same status. It exists
         between heads of different departments, or supervisors or co-workers.

2.-External coordination: Coordination with customers, suppliers, government and other
outsiders with whom the organization has business connections is called external
coordination.

Coordination and co-operation
Coordination and cooperation are two terms widely used in a business or ganization. Though they
sound similar they differ with each other. The differences are explained below:

oordination	cooperation
It is a management function.	It is not a management function.
Coordination is an orderly arrangement of help group efforts.	Cooperation is willingness to work or others.
Coordination is obtained officially.	Cooperation is a voluntary service.
Achievement of objectives is directly linked cooperation and to coordination.	There is no direct link between objectives.
The success of an organization depends upon coordinating.	Cooperation forms the basis of

the degree of coordination

CONTROLLING

Controlling is the last function of management. The main objective of control is to identify the
variations between the set standards and actual performance and then to take necessary steps to
correct it and prevent such deviations in future.

Definition
"Control is checking current performance against predetermined standards contained in the plans
with a view to ensure adequate progress and satisfactory performance"-E.F.L. Brech.

"Control consists of verifying whether everything occurs in conformity with the plans adopted, the
instructions issued and principles established. It has for its object to point out weaknesses and errors
in order to rectify them and prevent recurrences"-Henri Fayol.

"Controlling is determining what is being accomplished, that is, evaluating the performance and if
necessary, applying corrective measures so that the performance takes place according to the

plans"-George R. Terry.

"Controlling is the measurement of accomplishment against the standards and the correct ion of
deviations to assure attainment of objectives according to plans" – Koontz and O' Donnel.s

Steps in controlling
Control points out the deviations of the plans and suggests remedial action to improve future plans.
There are three steps in control process.
    (i)-Establishing standards
    (ii)-Measuring and comparing actual results against standards
    (iii)   Taking corrective action
Establishing standards: the first step in any control process is to establish standards against which
results can be measured. Standards are criteria of performance. Standards may be qualitative or
quantitative. Standards like, costs should be reduced, communication is to be faster, goodwill,
employees morale etc., are some examples of qualitative standards. Number of units produced,
profit percentage, standard hours, total cost incurred, overheads etc., can be expressed quantitatively.
Standards are to be flexible in order to adapt to changing conditions. Standards should emphasize
the achievement of results more than the conformity to rules and methods. The standards could be
of physical standards, cost standards, revenue standards, capital standards, intangible standards etc.

Measuring and comparing actual results against standards: The second step in control process is to
measure the performance and compare it with the set standards. Measurement of performance can
be done by personal observation or by a study of various summaries of figures, reports, charts and
statements. Comparison is very easy if the system of control is well defined. Several established
techniques are available for quick comparison. Some variations are desirable like excess production,
reduced expenditure than standards, no corrective action is required. However, if the standards are
not achieved, then the management should initiate necessary corrective action. If the deviations are
beyond the reasonable limits then they should be reported to the management.

Taking corrective action: After comparing the actual performance with the set standards and
noticing the deviations, the next important step is to take corrective action by managers. The causes
of deviation may be due to ineffective communication, defective system of wages, wrong tools and
machines, negligence from worker, lake of training, ineffective supervision, inadequate facilities
etc. the management has to take necessary corrective action based on the nature of causes of
deviation.

Managers may correct deviations by redrawing their plans, or by modifying goals, they may use
their authority through reassignment of job to others, or by putting additional staff, or providing
extra training, better tools and by better leading.

ESSENTIALS OF A SOUND CONTROL SYSTEM
The essentials of a sound control system are as follows:
  (i)-Feedback: Feedback is the process of adjusting future actions based upon the information
          regarding past performance. Feedback makes the control system very effective.
  (ii)-Objective: Control system should be objective and understandable. Objective controls
          specify the expected results in clear and definite terms and leave little scope for
          argument by the employees. They avoid aristocracy.
  (iii)   Suitability: The control system should be appropriate to the nature and needs of the
          activity. The controls used in production are different than the obe used in finance and
          personnel. Hence every organization should evolve suitable control system that serves
          specific needs.
  iv)Prompt reporting: the control system should provide for prompt and timely reporting
          without any delay. Delayed reporting may lead to ineffective control actions. Prompt
          reporting will help the managers to take immediate corrective action before the problem
          occurs.
  (v)-Forward looking: Effective control system must focus on how the future actions will
          conform to plans.
  (vi)Flexible: The standards will be altered from time to time. Hence the control

system should
        be flexible in accordance with the modified standards.

(vii)   Economical: The benefits derived from the control system should be more than the cost
        involved in implementing it.

(viii)   Simple: the control system should be simple to understand and implement.

(ix)Effective and operational: A control system should not only detect deviations but should also
        provide solutions to the problems that cause deviations. It must disclose where and how
        the failures are occurring, who is causing them and how they should be dealt with.

(x)-Motivation: A good control system should motivate people to achieve higher performance.
        The control is to be so designed that it induces positive reactions from employees. The
        purpose of control is to prevent and not to punish.

METHODS OF ESTABLISHING CONTROL

Various methods are used by the management for controlling the various deviations in the
organization. Some of the important methods of establishing control are discussed below:

(i)-Personal observation: This is the oldest and simple method of control. The manager
        personally observes the operations in the work places. Any deviations observed are
        corrected immediately then and there itself. However, this is a time consuming technique
        and may not be liked to be observed by workers.

(ii)-Budgeting: A budget is a statement of anticipated results during a designed time period
        expressed in financial and non-financial terms. The budgeting process typically involves
        the use of cost standards. Budgets are made for a specific period like monthly, quarterly
        or annually. The budgets are prepared on the basis of the purpose like sales budgets,
        capital expenditure budget, advertisement budget, R and D budget etc.

(iii)   Cost accounting and cost control: Profit of any business depends upon the cost incurred
        to run the business. Profits are increased by reducing costs. Hence, much importance is
        given for cost accounting and cost control.

(iv)Break - Even analysis: The point at which sales is equal to the total cost is

known as Break

even point (BEP). At this point there will be no loss or no profit. The total cost is the

sum of fixed cost + variable cost. Fixed cost is fixed irrespective of production but

variable cost changes according to the volume of production. This analysis helps in

determining the volume of production or sales and the total cost which is equal to the

revenue. The excess of revenue over total cost is profit.

(v)-Standard costing: standard costing is used to control the cost. The objective of standard

costing is the same as budgetary control. The system compares the actual with standards

and variance is noted. The following are the steps involved in standard costing.

(c)-Setting the cost standards for various components like labour, material, machine hour

   rate etc.

(d)-Measurement of actual performance and comparing with standard cost.

(e)-Find the variance of actual cost compared to standard cost.

(f)-Taking corrective measures to avoid such variances to occur in future.

(vi)Return on investment: Ration of net profit to the total investment or capital employed in the

business is termed as return on investment, generally expressed as percentage.

   RoI = Profit/Total Investment

Using this the percentage of profit is identified. The amount of profit earned by a

company is different from the rate of profitability.

(vii)   Responsibility accounting: It is defined as the system of accounting under which each

department head is made responsible for the performance of his department. Under this

system, each department is made a profit center. The individual department is

responsible for its own operation.

(viii)   Management audit: Management audit is an independent process that aims at pointing

out the inefficiency in the performance of functions of management such as planning,

organizing, staffing, directing, controlling and suggesting possible improvements. It

helps the management to handle the operations effectively.

(ix)Internal audit: Internal audit is conducted by an internal auditor who is an employee of an

organization. He makes an independent appraisal of financial and other operations. He

identifies the defects and deviations and reports to management.

(x)-External audit: External audit is an independent appraisal of the organization's financial

accounts and statements. The purpose of external audit is to safeguard the interests of

shareholders and other outside parties concerned with the company. It is also known as

statutory audit control. The external auditor certifies the compliance of all accounts. The

external audits are conducted by qualified auditors.

(xi)Statistical control reports: this type of reports are prepared and used by large organizations.

They are quantitative in nature. These reports are very useful in sales, production, etc.

there are various statistical tools available for this purpose.

(xii)   Gantt milestone chart: this technique was proposed by Henri I. Gantt. This is basically a

time based production control technique. This is widely used to monitor the progress of

projects. This two dimensional chart with activities on vertical and time on horizontal

scale. This is basically a schedule of activities against time.

(xiii)   Production control: Production control technique is necessary for smooth functioning of

an organization. Production control involves forecasting and planning of production,

inventory control, scheduling, selection of process etc.

(xiv)   Program me Evaluation and Review Techniques (PERT): this was developed during

1957-58 for US Navy. This is primarily oriented towards achieving better managerial

control of time spent in completing a project. A project is split into activities and all the

activities are integrated in a highly logical sequence to find the shortest time required to

complete the entire project. PERT was created primarily to handle R & D projects.

(xv)   Critical path Method (CPM): this technique also follows the principles of PERT. This

concentrates mainly on cost rather than duration like PERT. The use of both PERT and

CPM has grown rapidly today in controlling time bound projects such as repairing a

weak bridge, construction of huge buildings etc.

MODULE – 3 ENTREPRENEUR

The spirit of enterprise makes a person is entrepreneur. Entrepreneur thus is an innovator who
carries out new combinations in ever changing environment to initiate & accelerate the process of
economics social & technological development. He who uses searches for changes responds to it &
exploits the opportunity. The person having a dynamic activity to prime changes in the process of
production, innovations in business, new ideas & usages of resources, establishing new markets.

Characteristics of Entrepreneur
 1.-A good entrepreneur should be action oriented enthusiastic & energetic & ready to take risk at
     all levels to achieve the goal.
 2.-Should have cerwavering determination & commitment.
 3.-Creativeness & result oriented, lord working
 4.-Accepts responsibilities with entrusiom,
 5.-Self confident deactivated & self disciplined
 6. Both thinker & doer planner & worker,
 7.-Future vision intelligent, imaginative & self directed

Type of entrepreneur
According to the type of business.
 1.-Business entrepreneur
 2.-Trading
 3.-Industrial
 4.-Corporate
 5.-Agricultural
 6. Retail
 7.-Service

According to the use of technology:
 1.-Technical entrepreneur or non technical entrepreneur
 2.-Professional entrepreneur
 3.-Low technology or high technology entrepreneurs

According to motivation:
 1. Pure entrepreneur - not for economic rewards awn satisfy by psychological
 2. Induced entrepreneur- Polices measures provides assistance, incentives by the support of
     government & institutions
 3. Motivated entrepreneur- self fulfillment for making & marketing same things new
 4. Spontaneous entrepreneur - inherent national talent by boldness initiative in any

enterprise
        self confident

According to the growth
  1.-Growth entrepreneur
  2.-Super growth entrepreneur

According to the stages of development
  1.-First generation entrepreneur
  2.-Produce entrepreneur
  3.-Classical entrepreneur

According to the area
  1.-Urban entrepreneur
  2.-Rural entrepreneur

According to age & gender
  4.-Young entrepreneur
  5.-Old entrepreneur
  6. Male entrepreneur
  7.-Female entrepreneur

According to the scale of operation
  1.-Small scale entrepreneur
  2.-Medium scale entrepreneur
  3.-Large scale entrepreneur

Other type
  1.-Professional & won professional
  2.-Modern entrepreneur
  3.-Traditional entrepreneur
  4.-Skilled & non- skilled entrepreneur
  5.-Forced entrepreneur
  6. Inherited entrepreneur
  7.-National & international entrepreneur

Qualities: Success & achievement directed & achieve goals Risk bearers, opportunity explorer,
planner, stress fater, facing uncertainties, and independent, flexible, Self- confidant motivator.
Barriers of entrepreneurship
    1.-Lack of capital
    2.-Lack of technical knowledge
    3.-Economic business cycle
    4.-Non availability of raw materials & resources
    5.-Enfold regulations

6. Obsolescence of technology or idea

7.-Unstable & unpredictable markers

8.-globalization & entry of foreign goods

9.-Risk

Stages of entrepreneurial process

1.-Identification of opportunity

2.-Evaluation of opportunity

3.-Preparation of business plan

4.-Determination & organizing the resources

5.-Management of enterprise.

Identification of opportunity

Causesmers & business association, members of distribution system, independent technical

organizations consult entry etc. government organizations & R&D centers also provide new ideas.

Evaluation of opportunity

It involves length of opportunity, its real perceived value its risks & resources, with personal skills

goals of entrepreneur & its uniqueness or differential advantages in its competitive environment

The length of opportunity and size & share are two main aspects for deciding the risk & gains or

profits. SWOT (Strength, weakness, opportunities & treats) analysis. This plan includes

1.-Description of product

2.-Agreement of opportunity

3.-Assessment of the entrepreneur

4.-Resources needed

5.-Amount & sources of capital

6. Profit expected

Development of a business plan

1.-Title of project, table of contents & executive lumserasy

2.-Description of business & industry.

3.-Technology plan

4.-Financial plan

5.-Organization plan

6. Production & operation plan

7.-Marketing & distribution plan

8.-Summary

Management of enterprise

After resources are acquired, the entrepreneur must use them to implement the business

- plan

-

Increased administrative expenses
Some tines it could result in heated arguments

ENTREPRENEURSHIP IN INDIA

The spirit of enterprise makes a person is entrepreneur. Entrepreneur thus is an innovator who
carries out new combinations in ever changing environment to initiate & accelerate the process of
economics social & technological development. He who uses searches for changes responds to it &
exploits the opportunity. The person having a dynamic activity to prime changes in the process of
production, innovations in business, new ideas & usages of resources, establishing new markets.

Evolution of concept
It varies from country to country, time o time & the level of economic development of the place.
This word is derived from French verb. Which is entreprendre means to undertaken to the twenty
th
Frenchmen who organized & military expeditions were referred to as entrepreneurs. Trench
economist Richard cantillion used the word entrepreneur to business. Since the word entrepreneur
is used to me who takes the risk of stating new organization or business or introducing a new idea,
production service to society.

Characteristics of Entrepreneur
    1.-A good entrepreneur should be action oriented enthusiastic & energetic & ready to take risk
        at all levels to achieve the goal.
    2.-Should have cerwavering determination & commitment.
    3.-Creativeness & result oriented, lord working
    4.-Accepts responsibilities with entrusiom,
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    6. Both thinker & doer planner & worker,
    7.-Future vision intelligent, imaginative & self directed
Entrepreneurship development programme EDP
It focuses on indentifying entrepreneurship qualifies of an individual, providing required training,
preparing related project reports, preparing the entrepreneurs to manage finance, Production,
technology marketing & infrastructure facilities. EDP also provides knowledge to solve problems &
difficulties of entrepreneur.

IDENTIFICATION OF BUSINESS OPPORTUNITIES

Business opportunities can be obtained from various manazines, trade journals, financial
institutions, government, commercial organizations, friends, relatives, competitors etc. Choosing of
best business opportunity from the information collected requires ingenuity, skill and foresight of
entrepreneur. An entrepreneur has to identify and select the most rewarding opportunity from the
available ones. For this one has to evaluate the following areas and understand the gap between
demand and supply.

➢   Study of government rules and regulations regarding the different business
➢ opportunities.
➢   Extensive and in depth study of promising investment opportunity.
➢   SWOT analysis of the business opportunities.
         Market feasibility study.

➢   Technical feasibility study.
➢   Financial feasibility study and
➢   Social feasibility study.

An opportunity can be defined as an attractive and excellent project idea which an entrepreneur
searches for and accepts such idea as a basis for his investment decision. A good business
opportunity must be capable of being converted into feasible project. Two major characteristics of
business opportunity are: good and wide market scope and an attractive, acceptable and reliable
return on investment.

Sources of business ideas
   1.-Unfulfilled demand; An Unfulfilled demand will open doors to new products
   2.-Own idea: One own creative idea can result in a business opportunity.
   3.-Social and economic trends: Social and economic trends necessitate demand for new
        products.
   4.-Magazines/Journals/ Research publications: Magazines/ Journals/ Research publications
        form a major role of ideas.
   5.-Government: Government also identifies and proposes ideas and give support for business
        opportunities.
   6. Emerging new technology and scientific know how: commercial exploitation of indigenous
        and imported technologies and know-how is another source of opportunities.

7.-Charges in consumer needs: the needs of consumers charge giving rise to requirement of
    new business opportunities.

8.-Trade fairs/Exhibitions: Trade fairs and technical exhibitions also offer wide scope for
    business opportunities.

9.-Banks and government agencies: Commercial banks and government agencies encourage
    entrepreneurs by providing business opportunities, ideas subsidies, loan etc.

Market feasibility study

Feasibility study is a detailed work of collection of data analysis and concludes the feasibility of
that operation. Market feasibility study involves the study and analysis of the following aspects.

Market feasibility study will assess whether the product has good market. This needs to study the
following:

➢   **Nature of market:** The nature of market in terms of monopolistic or perfect competition is
    to be studied.

➢   **ost of production:** It is essential to study and control cost of production. Cost of
    production decides the selling price.

➢   **Selling price and profit:** Selling price plays a vital role in profit. In price sensitive goods

➢   like cosmetics, one should be careful in fixing the price.

    Demand: Present demand and demand forecast are prepared and studied. This
➢ will decide
    the facility planning.

➢   **Market share:** Estimated market share is to be made. Comparison is made with share of
    similar products.

    Target market: Study is made with regard to the target market and market segmentation.

TECHNICAL FEASIBILITY STUDY

In technical feasibility study, the following points are studied.

Location of the project: The data regarding the location of project is very important. It may
    be located in rural, urban or semi-urban areas.

Construction of factory, building and its size: The construction details, the nature/type of
    building and its size for the project are to be analyzed.

Availability of raw materials: The study of availability of raw materials, sosurces of supply,

alternate sources, its quality and specifications cost etc., are to be studied.

Selection of machinery: The selection of machinery required to produced the intended

product is to be carried out. The specifications are capacity, cost sources of supply,

technology evaluation of various makes of the machine. Their good and bad etc., are

studied.

Utilities: The details about availability of utilities like water, gas electricity, petrol, diesel

etc. are to be studied.

Production capacity: Establishment off production capacity and utilization of production

capacity are analysed.

Staff requirement: Study and analysis of requirement of workers, technical staff and officers

etc. is to be made.

Technical viability: The technical viability of the opportunity is to be studied.

FINANCIAL FEASIBILITY STUDY

Financial feasibility is the most important aspect of a business opportunity. Some of the aspects
involved in financial feasibility study are:

- **Total capital cost of project:** It is very essential to study the total cost of project. This
    includes fixed capital, working capital and interest factor.
- **Sources of capital:** The study of main sources of capital is to be made. If capital is
- borrowed, interest burden is to be studied in detail.
    Subsidiary sources for additional finance: After study of main sources of
- capital,
    subsidiary sources of capital are to be identified and studied.
    Financial for future development of business: Financial requirement for
- future
    development of business are to ve studied. Working capital requirement for at least three
- months running of enterprise are to be estimated.
    Break Even Analysis(BEA): BEA is to be carried out to see at what level of
- production/sales will make the organization no loss/no profit situation. BEA is very useful to
    identify the level of production that makes profit.
- **Estimation of cash and fund flow:** It is very essential to make a study of estimation of cash
- and fund flow in the business.
    Return on investment(ROI): ROI is to be calculated to see the amount of

return on
      investment for the investors/share holders and how much they get.

      Proposed balance sheet: Proposed balance sheet is made showing liabilities and assets,
      depreciation, interest burden, profits expected etc.

      Cost of labour and technology: The cost of employees is to be estimated and studied. If
      technology is not available then it has to be purchased from any R & D institution or by way
      of foreign collaboration.

SOCIAL FEASIBILITY STUDY

▪ Social feasibility study is important in the social environment.

▪ Location: The location is in such a place that it should not have objection from the neighbours.

▪ Social problem: The enterprise should not create any nuisance to the public.

▪ Pollution: There should not have any sort of noise or other pollution objectionable society.
             ▪ Suitable measures are to be taken for controlling pollution.

▪ Other problem: Any other problems related to the society and people are to be studied.

MODULE – 4 PREPARATION OF PROJECT AND ERP

Project is a scheme for investing resources which can be reasonably analyzed & evaluated as an
independent unit. It is analnated as independent unit.

➢   Quantifiable & non quantifiable
         Quantitative assements are mode involving Projects on health education &
➢ defense
➢   Sector projects: Automobile, food processing, transport, educational, power
         Techno-Economic projects.
         a.-Factor intensity – oriented classification based on the intensive of factors projects such
              as capital intensive or labour intensive.
         b.-Cause – oriented
              Projects are classified as demand based on raw material based.
         c.-Magnitude oriented
              Project based on the magnitude of investment

         Project identification
          Concerned with collection of economic data, compiling & analyzing it to identify the
         possibility of investment to produce the goods or services for making profit
         1.-Observe
         2.-Trade & profession marketing
         3.-Bulletin & Research institutes
         4.-Endearment resources.

            Project selection
            1.-Technology
            2.-Equipment
            3.-Investment size
            4.-Location
            5.-Marketing

 Need of Project report
     1.-It serves as a road map describing the direction of enterprises its goal to achieve them.
     2.-It also serves to attract investors & lenders.

Contents of report:
➢   General information
➢   Promoter
➢   Location
➢   Land & building
➢   Plant & machinery
➢   Capital requirement & cost
➢   Operational requirement & cost
➢   Raw material
➢   Man power
       Products
       Market
       Economic analysis
       Working capital
       Requirement of funds.

Project formulation
1. General information which includes
➢   Bio data of promoter
➢   Industry profile
➢   Constitution & organization.
2.   Project decision ultililes, pollution control, communication system, transport facilities,
3.   machinery & Equipment, capacity of the plant, Technology selected.
4.   Market potential capital costs & sources of finance
5.   Capital costs & sources of finance
6.   Assessment of working capital requirement
7.   Other financial aspects
8.   Economic & social variables
       Project implementation.

Objectives
1.-To develop & strengthen their entrepreneur quality.
2.-To analyze environmental set up relating to small industry & business
3.-To select product
4.-To formulate project report for a product
5.-Good & bad about the entrepreneurship
6. To appreciate the need for entrepreneurship
7.-To understand the process & procedures & formalities involved in setting up enterprise
8.-To give knowledge of sources of helps concessions.
9.-To acquire the basic skills
10.-To enable them to communicate regularly
11.-Develop broad vision of business passion for integrity & unity

GUIDELINES BY PLANNING COMMISSION FOR PROJECT REPORT
Planning commission of India issued some guide lines for preparing/ formulating realistic project
reports. The project formulation stage involves the identification of investment options by the
enterprise and in consultation with the Administrative ministry the planning commission and other
concerned authorities. The summery of the guidelines by planning commission are presented here.

General information:
The feasibility report must include the analysis of the industry to which it belongs. The report
should deal with description of type of industry, its priority, past performance, increase in
production, role of public sector, technology, allocation of funds and information about the
enterprise.

Preliminary Analysis of alternatives
The details like gap between demand and supply of proposed products, availability of capacity, list
of all existing plants in industry, indicating their capacity, level of production attained, list of
present projects and list of proposed projects. All technically feasible options are considered here.
Location of plant/ project, requirement of any foreign exchange, profitability, return on Investment,
alternative cost calculations etc., are to be presented.

Project Description
The feasibility report should provide a brief description of the technology/process selected for the
project, information pertaining to the selection of optimal location, population, water. Land,
environment, pollution and other environmental problems etc., are to be provided.

The report should contain details of operational requirements of the plant, requirement of water,
power, personnel, land, transport, construction details for plant and offices etc.

Marketing plan:
The details like marketing plan, demand, target price of product, distribution methods etc., are to be
presented.

 apital requirements and costs

Information with regard to capital requirement and costs with breakup are to be provided. The
estimates should be realistic and based on logical information.

Financial Analysis
Financial analysis is essential to assess the financial viability of the project.
A proforma balance-sheet, details of depreciation, clearance for foreign exchange, details of any
income tax rebate, incentives for back work areas are to be included.

Economic Analysis
Social profitability analysis is to be made. Impact of the operations on foreign trade, direct costs and
benefits are to be included in the report.

Miscellaneous aspects
Depending upon the nature and size of operation of a particular project, any other relevant
information may be included in the project report.

ERRORS OF PROJECT REPORT
Project report formulation is very important and not an easy task. The entrepreneurs often make
errors while preparing project report. The following are some of the widely noticed errors in project
report:

Product selection:
It is noticed that some entrepreneurs commit mistakes by selecting a wrong product for their
enterprise. They select the product without giving due attention to product related and other aspects
such as demand for that product, market need, competition, life cycle, availability of resources like
raw materials, skills labour, technology etc.

apacity utilization estimates:
The entrepreneurs many times make over optimistic estimates of capacity utilization. Their
estimates are based on completely false premises and are made in complete disregard of present
performance of the enterprise, prevailing market conditions, competitive atmosphere, the technical
snags etc.

Market study
Production of goods is ultimately meant for sale. Hence market study plays vital role

and is very
 important. Market study is a difficult task. Some entrepreneurs assume that there will be good
 market for their product without conducting effective market study, leading to failure.

 Technology selection
 The technology varies from product to product. Selection of wrong technology leads to wrong
 product or product with inferior quality. Selection of right technology is very important.
 There are two types of errors made by some entrepreneurs in selecting the location of enterprise.
 First, they are attracted by the concessions and government offers, financial incentives to establish
 industries at a particular location.

 Selection of Ownership form
 Many enterprises fail merely due to the ownership from of enterprises is not suitable.

ERP Functional Areas

ERP is designed to facilitate the sharing of information across functions to eliminate

inconsistency and duplication of effort. In selecting an enterprise resource planning platform,

organizations should consider the various ERP modules that align with their strategic, economic

and technical goals. Let's take a closer look at some of those functional areas:

- **Marketing/Sales** – Sales and marketing departments can track the customer experience from presale activities, which begin with contacting the customer, through the actual dispatch of the customer's order. Tasks related to customer visits, expenses, shipping, invoicing, forecasting and competitor analysis can be automated and/or enhanced through an ERP system. Employees can contact customers, follow up on invoices and track orders. Additionally, sales and marketing personnel can monitor their individual goals, which also can be collated and analyzed by managers and business partners.
- **Customer Relationship Management** – ERP platforms also can incorporate customer relationship management (CRM) modules to focus on how a business communicates with its customers. This may include departments such as sales and marketing, and call center support, as well as functions such as customer interaction data, sales pipeline management, lead prioritization and customer retention.
- **Supply Chain Management** – ERP modules supporting supply chain management may feature functions for purchasing, product configuration, supplier scheduling, goods inspections, claims processing, warehousing and more. There are also related modules to manage order processing and distribution tasks.

- **Manufacturing** – Engineering, scheduling capacity, quality control, workflow and product life management are among the core functions that can fall within an ERP system's manufacturing module.
- **Accounting/Finance** – By automating and streamlining tasks related to budgeting, cost and cash management, activity-based costing and other accounting/finance functions, ERP systems can provide businesses with real-time data and insights on performance while also ensuring compliance with relevant financial regulations.
- **Human Resources** – Human resources modules within an enterprise resource planning system may include tools and dashboards to gather and interpret data on training, recruiting, payroll, benefits, 401(k), retirement and diversity management. HR managers also can monitor and measure key performance indicators (KPIs) for individual employees, job roles and departments.

As technology trends such as mobile, cloud computing, big data and the Internet of Things continue to reshape the marketplace, ERP systems are evolving to provide businesses with the competitive intelligence necessary to drive success across a variety of functional areas.

MODULE 5- MICRO AND SMALL ENTREPRISE:
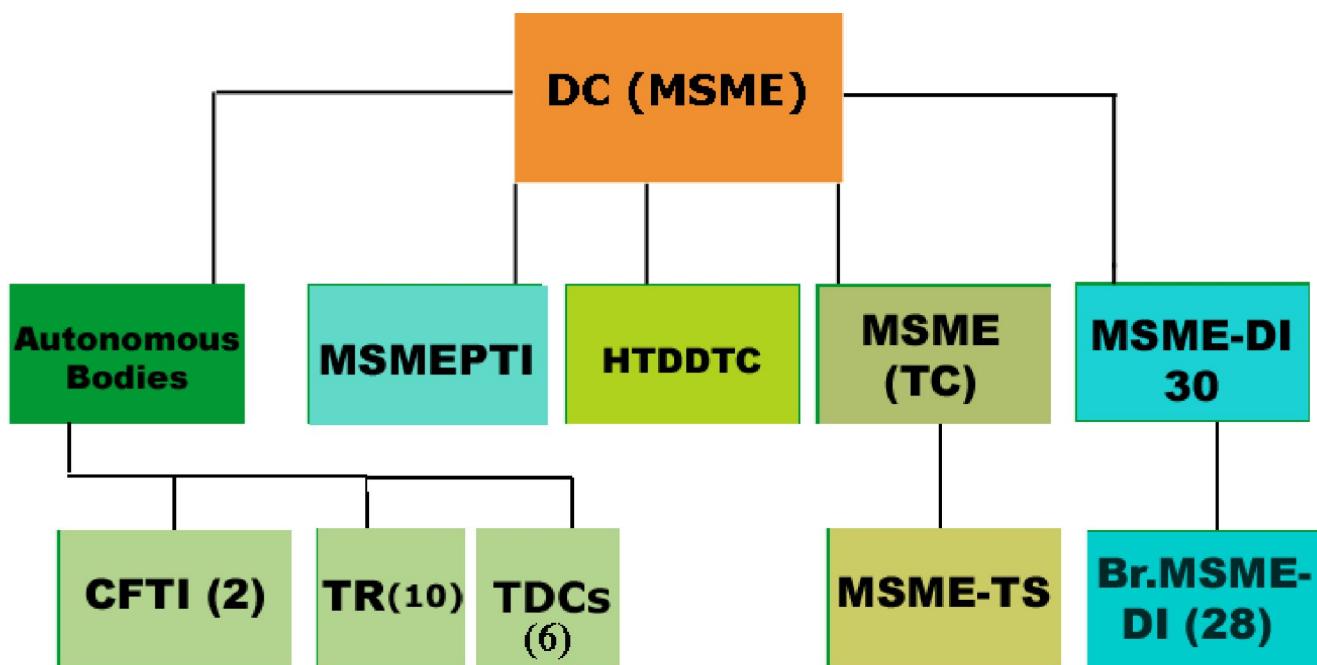
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independence. Rural and Cottage industries, which constituted the —indigenous sector⬜ of our industries, were wide spread throughout the length and breadth of our country. Various programmes to sustain, modernise and further develop this group of industries were initiated soon after the independence and the modern small-scale industry scheme has gradually emerged out of this programme. The Small Scale Industries have provided opportunities for self employment to educated young men and experienced technicians from the middle level of society and contributed full to the growth of industrial entrepreneurship in our country. To day small-scale industries is regarded as power tool for balanced regional economic development. These achievements are primarily due to the dynamic enterprising spirit of the small-scale industrialists themselves. A positive programme for assistance of small-scale industries was initiated towards the end of 1954 on the basis of a suggestion made by the international planning team sponsored by the Ford Foundation at the request of Govt. of India. Further, on the basis of the **recommendations of the central small scale industries advisory board the state level organisations to assist the small** scale industries for procurement of scarce raw materials establishment of industrial estates, etc, have been set up in all states. KSSIDC, is one of such Corporations, established on 29th April 1960.The registered office of the Company started functioning at Bangalore in the State of Karnataka. The Company framed comprehensive and well-defined Memorandum of Association and Articles of Association. Which permit the Corporation to take up any activity aimed at the rapid development of smallscale industry, subject to the guidelines issued by the Government from time to time and also as per Govt order as under.

KIADB, a pioneer agency with **ISO 9001: 2000** Certification, offers to entrepreneurs anunmatched convenience of world-class infrastructure for their new ventures andprojects. **KIADB** rolls out a red-carpet runway to the world of prosperity by providing qualityfacilities and services to its clients all over the state of Karnataka .Come and be a part of ourfamily.

Karnataka Industrial Areas Development Board (KIADB) is a wholly owned infrastructure agency of Government of Karnataka, set up under Karnataka Industrial Areas Development Act of 1966.

This Board functions as per statutory provisions, rules and regulations enacted there under. The Board comprises of senior government officers in their ex-officio capacities. The Board of members meet regularly to take decisions and monitor the functions. KIADB holds pride in being the first government organisation in Karnataka to obtain ISO 9001 certification in the year 1997.

Now the KIADB is following ISO 9001:2000 module covering its functions of Land Acquisition, Development and Allotment functions in Bangalore Urban and Rural districts.

Aims and Objectives :

- Promote rapid and orderly development of industries in the state.
- Assist in implementation of policies of government within the purview of KIAD Act.
- Facilitate for establishing infrastructure projects.
- Function on corporate lines, with ―No Profit – No Loss‖ policy.

Functions :

- Acquire land and form industrial areas.
- Provide all infrastructure to such industrial areas.
- Acquire land for Single Unit Complexes.
- Acquire land for Government agencies for their schemes and infrastructure projects.

KIADB - as a premier industrial area developer

KIADB has also acquired lands to cater the specific needs of individual industrial units (Single Unit Complexes). The Board also acquires land for infrastructure projects of the Government. We promote projects of public importance in joint venture with organizations of international repute.

The vision of KIADB and world class infrastructure has made investors all over the world take notice of Karnataka as the premier destination for their startups and ventures.

Till date, KIADB has formed 95 industrial areas spread all over the State, and acquired land for nearly 290 Single Unit Complexes ensuring balanced industrial development in all regions with well thought of infrastructures and unique features.

Infrastructures in Industrial Area

Few prominent industrial areas :

- Peenya ,Electronic City, Export Promotion Industrial Park (EPIP) in Bangalore.
- Hebbal in Mysore.
- Baikampady in Mangalore.
- Tarihal in Dharwar.
- Kakati in Belgaum.
- Auto Complex in Shimoga.

World's leading Companies have rose up in glory on the infrastructure set by KIADB. This apart, KIADB has envisaged several innovative projects up its sleeve like Agro -Tech Parks, Apparel Park, Auto Parks, Hardware Park, Bio-Tech Park, EPIPs, Special Economic Zones etc.

Some of the projects of KIADB executed with high degree of professionalism:

- Acquisition of about 4316.25 acres of lands for Bangalore International Airport Ltd .
- Acquisition of about 1850 acres of lands for Harbour at Tadri in Uttara Kannada Dist.
- Acquisition of about 1958 acres of lands for M/s MRPL at Mangalore and rehabilitation of about 610 displaced families wth modern infrastructure.

- Acquiring & Developing of about 430 acres of land for M/s Toyota in Bidadi at Bangalore Dist.

Functional units of KIADB :-

AcquisitionWing:

This wing conducts the proceedings of acquisition and hands over the land to KIADB. Special Deputy Commissioner heads acquisition wing and assisted by Special Land Acquisition officers at zonal level. This section is an arm of Government which conducts the proceedings. Board identifies land for development of industrial areas, for single unit complexes, projects & schemes envisaged by Government. On ascertaining the suitability of land, notifications under relevant provisions are issued under KIAD Act of 1966 with approval of Government. Thus the action of acquisition of land is initiated.

Engineering Wing:

Engineering section prepares a design & development plan taking into consideration different parameters like:

- Infrastructure requirements.
- Statutory & Regulatory requirements.
- Co-0rdination with other agencies.

Chief Engineer and Chief Development Officer heads Engineering section assisted by Development Officers who are in charge at the Zonal Offices. This wing of KIADB also provides service to the allottees by approving building plans, providing water supply connections, NOCs for obtaining power connections from supply agencies and addressing the grievances of allottees at industrial areas in the matters related to infrastructure.

Allotment Wing:

This section is headed by Secretary assisted by Assistant Secretaries at Zonal Offices. Requests of entrepreneurs in the matters of leasing, issuance of absolute sale deed, issuance of NOCs for financial assistance, needful clearances for change in activity, change in constitution, maintenance of payment records of allottees etc, are attended by allotment section.

Accounts Wing:

Controller of Finance- the head of this department is assisted by Senior Audit Officer, Accounts Officer, Project Officer and Assistant Secretary (A&MIS). This wing of KIADB is engaged in drawing of budgetary proposals, project financing & planning. This section also has responsibility of monitoring & maintaining the process related to mobilization of finance for projects, preparation of final accounts and other activities of KIADB .

Administration Wing:

Joint Director (Admn.) is the Head of this Department. This section has overall responsibility of general administration, human resources management, other administrative and logistic matters. This section ensures that the employees of this board are abreast with professionalism by providing trainings, refresher courses etc., for better productivity in the Organization.

SmallIndustriesServiceInstitute(SISI's)

At the heart of all agencies dealing with development of small industry is small industries development organization, SIDO. It was originally know as central small industries organization (CSIO). Attached to the ministry, SIDO administers small industries service institute (SISI's).

The small industries service institutes (SISI's) are set-up one in each state to provide consultancy and training to small and prospective entrepreneurs. The activities of SISs are coordinate by the industrial management training division of the DC, SSI office (New Delhi). In all there are 28 SISI's and 30 Branch SISI's set up in state capitals and other places all over the country.

SISI has wide spectrum of technological, management and administrative tasks to perform.

Functions of SISI

1. To assist existing and prospective entrepreneurs through technical and managerial counseling such as help in selecting the appropriate machinery and equipment, adoption of recognized standards of testing, quality performance etc;

2. Conducting EDPs all over the country;

3. To advise the Central and State governments on policy matters relating to small industry development;

4. To assist in testing of raw materials and products of SSIs, their inspection and quality control;

5. To provide market information to the SISI's;

6. To recommend SSI's for financial assistance from financial institutions;

7. To enlist entrepreneurs for partition in Government stores purchase programme;

8. Conduct economic and technical surveys and prepare techno-economic feasible reports for selected areas and industries.

9. Identify the potential for ancillary development through sub-contract exchanges;

10. Organize seminars, Workshops and Industries Clinics for the benefit of entrepreneurs.

The Small Industries Service Institutes have been generally organizing the following types of EDPs on specialized courses for different target groups like energy conservation, pollution control, Technology up-gradation, Quality improvement, Material handling, Management technique etc. as mentioned earlier.

General EDP for educated unemployed youth, ex-service personnel etc. for a duration of four weeks. In these programmes, classroom lectures and discussions are held on issues such as facilities and assistance available from State and Central government agencies, banks, financial institutions and National Small Industries Corporation.

Apart from this, exposure is given information regarding market survey, product identification and selection, technologies involved, management of small enterprises, particularly in matters relating to financial management, marketing, packaging and exports.

The participants also interact with successful small scale entrepreneurs as a part of their experience sharing Information of quality; possibilities of diversification and expansion are also given.

The entrepreneurs are helped to prepare Project Reports based on their own observations and studies for obtaining financial assistance as may be required. Such courses have benefitted many entrepreneurs to set up units of their own choice.

Karnataka State Financial Corporation
ಕರ್ನಾಟಕ ರಾಜ್ಯ ಹಣಕಾಸು ಸಂಸ್ಥೆ

KSFC is one of the fast track term lending financial institutions in the country with assistance to over 1,63,643 units amounting to nearly Rs 10,465 crore over the last 52 years in the State of Karnataka. KSFC is one of the robust and professionally managed State Financial Corporations.

The Infrastructure Sector is an integral part in the economy of the nation and it is a catalyst in boosting the development and economy of the country. Realising this vital factor there is a national focus on infrastructure development. Keeping the need and potentiality in view, KSFC has decided to contribute in this sector also. Hence, as part of the new initiative and diversification process, has decided to take up infrastructure development projects with public / private participation. The Corporation initially focus and identify valuable vacant lands in the prime localities, to start with in and around Bangalore city, owned by various Government Departments / Governmental Agencies / Registered Societies/Trusts, etc., and explore for joint development including SEZ. The Corporation would take care of all the financial tie ups for development of these properties. The expected income out of different revenue models, will be shared with the owners of the properties in appropriate ratio on mutually agreeable terms, after studying economics / viability. The joint venture infrastructure will be of world class and state of art technology. It could be IT park, Shopping Mall, Commercial complex, SEZ, etc.,

depending upon the location of the property and potentiality. This new activity will ensure sustained cash flow for the concerned owner of the property as well as our Corporation by way of rentals and other earnings, which will obviously be mutually beneficial to both the institutions.

Accordingly, a separate Infrastructure Development Department (IDD) has been created and necessary approval from SIDBI has also been obtained.

Single Window Agency

With a view to facilitate and expedite the various clearances and Government approvals required by entrepreneurs as also to promote investments in the State, the Governor of Meghalaya is pleased to constitute a Committee which will act as Single Window Agency for all investments in the State.

The Committee will consists of the following members :-

1.   Chief Minister, Meghalaya   Chairman

2.   Chairman, MeSEB, Meghalaya   Member

3.   Principal Secretary, Revenue Department   Member

4.   Commissioner & Secretary, Industries Department   Member

5.   Commissioner & Secretary, Tourism Department   Member

6.   Principal Chief Conservator of Forest   Member

7.   Chairman, State Pollution Control Board   Member

8.   Managing Director, M.I.D.C. Ltd   Member

9.   Secretary General, C.I.M., Shillong   Member

10.   Director of Industries, Meghalaya, Shillong Member Secretary

Chairman is also empowered to co-opt Member(s) for a particular meeting whose presence is likely to facilitate decisions.

I.   The terms of reference of the Committee will be as follows :

1. To facilitate the expeditious issue of all clearance / approvals required from the various Department and Agencies of the State Government to any entrepreneur applying for the same and to assist there in obtaining clearance from other bodies / organisation in the State.

2. To assist entrepreneurs in obtaining various clearances and approvals from the Central Government and its agencies.

3. To take up with financial Institutions / Commercial Banks, wherever required, for expediting sanction and disbursement of loans / working capital to prospective entrepreneurs.

4. To facilitate and expedite on land matters for the setting up of Industry.

5. To facilitate local entrepreneurs in having an interface with Industrial association, Central Government, Boards and Authorities etc.

6. To attend to all enquiries from all prospective entrepreneurs relating to the law, procedures, practices etc, governing investments in the State, and

7. To continuously review the various clearance and approvals required for investment in the State by entrepreneurs, with a view to simplify them as also to minimise procedural constraints to ensure flow of investments in the State.

II.   Member Secretary (Director of Industries) will function as the nodal authority to receive and process all reference made to the Committee and will also act as ―Escort☐ for intending entrepreneurs.

III.   Regional Chief Conservator of Forest , Shillong will also be requested to attend as a special invitee whether so required.

IV.   In case requiring urgent / immediate disposal, Committee would take resolutions / decisions through circulation.

V.   In case where a member is unable to attend meetings due to unavoidable circumstances, he would depute a senior officer empowered to take decisions on the issue which are to be considered in the meeting.

Numbers of Projects Cleared By Single Window Agency Year Wise

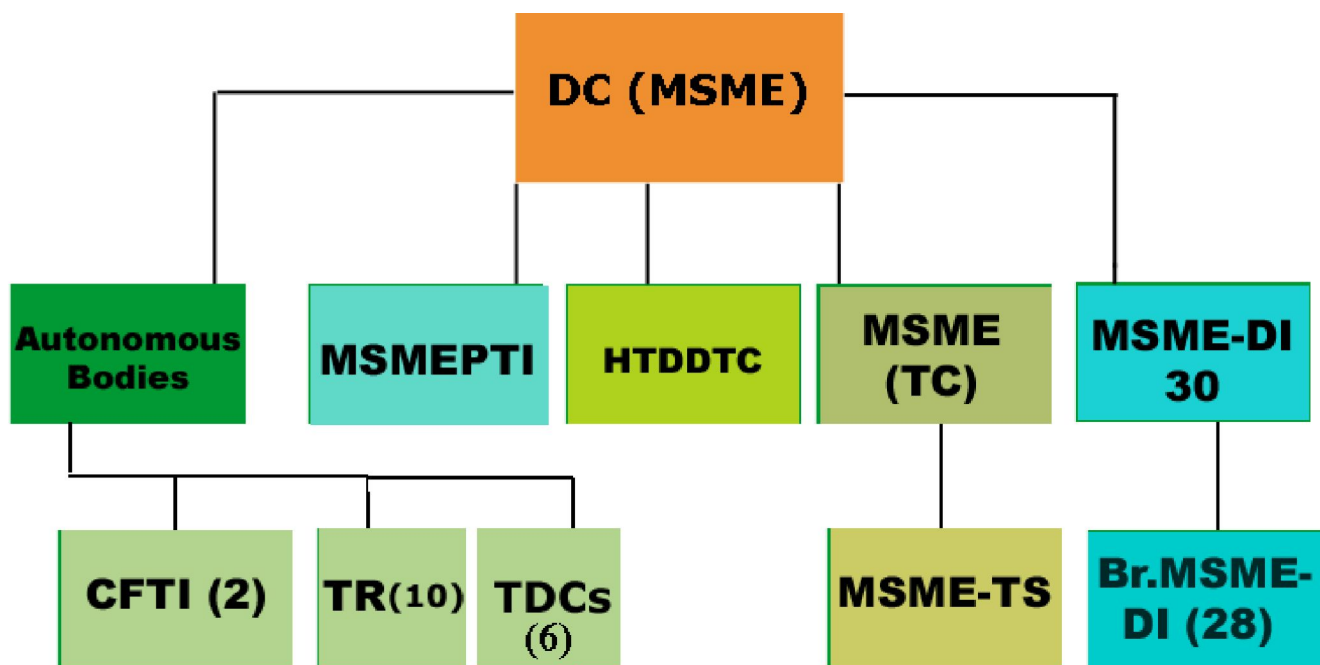| Sl. No.	Year	Nos. of Projects Cleared
1.	1995 – 1996	2 Nos.
2.	1996 – 1997	5 Nos.
3.	1997 – 1998	10 Nos.
4.	1998 – 1999	14 Nos.
5.	1999 – 2000	27 Nos.
6.	2000 – 2001	71 Nos.
7.	2001 – 2002	31 Nos.
8.	2002 – 2003	18 Nos.
9.	2003 – 2004	44 Nos.
10.	2004 – 2005	* 22 Nos.
Total		244 Nos.

 * The figure is up to August, 2004.

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Development schemes

A vast network of field organisations and institutes across the country operate according to the aims, objectives and guidelines laid down by Developmet Commissioner (MSME).

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- Infrastructure development project reports.

INTRODUCTION: **The growth of** Small Scale Industries in our country since independence is rightly regarded as one of the most significant features of planned economic development. The very concept of small-scale industries, as we know, was not in vogue on the eve of

independence. Rural and Cottage industries, which constituted the —indigenous sector☐ of our industries, were wide spread throughout the length and breadth of our country. Various programmes to sustain, modernise and further develop this group of industries were initiated soon after the independence and the modern small-scale industry scheme has gradually emerged out of this programme. The Small Scale Industries have provided opportunities for self employment to educated young men and experienced technicians from the middle level of society and contributed full to the growth of industrial entrepreneurship in our country. To day small-scale industries is regarded as power tool for balanced regional economic development. These achievements are primarily due to the dynamic enterprising spirit of the small-scale industrialists themselves. A positive programme for assistance of small-scale industries was initiated towards the end of 1954 on the basis of a suggestion made by the international planning team sponsored by the Ford Foundation at the request of Govt. of India. Further, on the basis of the **recommendations of the central small scale industries advisory board the state level organisations to assist the small** scale industries for procurement of scarce raw materials establishment of industrial estates, etc, have been set up in all states. KSSIDC, is one of such Corporations, established on 29th April 1960.The registered office of the Company started functioning at Bangalore in the State of Karnataka. The Company framed comprehensive and well-defined Memorandum of Association and Articles of Association. Which permit the Corporation to take up any activity aimed at the rapid development of smallscale industry, subject to the guidelines issued by the Government from time to time and also as per Govt order as under.

KIADB, a pioneer agency with **ISO 9001: 2000** Certification, offers to entrepreneurs anunmatched convenience of world-class infrastructure for their new ventures andprojects. **KIADB** rolls out a red-carpet runway to the world of prosperity by providing qualityfacilities and services to its clients all over the state of Karnataka .Come and be a part of ourfamily.

Karnataka Industrial Areas Development Board (KIADB) is a wholly owned infrastructure agency of Government of Karnataka, set up under Karnataka Industrial Areas Development Act of 1966.

This Board functions as per statutory provisions, rules and regulations enacted there under. The Board comprises of senior government officers in their ex-officio capacities. The Board of members meet regularly to take decisions and monitor the functions. KIADB holds pride in being the first government organisation in Karnataka to obtain ISO 9001 certification in the year 1997.

Now the KIADB is following ISO 9001:2000 module covering its functions of Land Acquisition, Development and Allotment functions in Bangalore Urban and Rural districts.

Aims and Objectives :

- Promote rapid and orderly development of industries in the state.
- Assist in implementation of policies of government within the purview of KIAD Act.
- Facilitate for establishing infrastructure projects.
- Function on corporate lines, with ―No Profit – No Loss policy.

Functions :

- Acquire land and form industrial areas.
- Provide all infrastructure to such industrial areas.
- Acquire land for Single Unit Complexes.
- Acquire land for Government agencies for their schemes and infrastructure projects.

KIADB - as a premier industrial area developer

KIADB has also acquired lands to cater the specific needs of individual industrial units (Single Unit Complexes). The Board also acquires land for infrastructure projects of the Government. We promote projects of public importance in joint venture with organizations of international repute.

The vision of KIADB and world class infrastructure has made investors all over the world take notice of Karnataka as the premier destination for their startups and ventures.

Till date, KIADB has formed 95 industrial areas spread all over the State, and acquired land for nearly 290 Single Unit Complexes ensuring balanced industrial development in all regions with well thought of infrastructures and unique features.

Infrastructures in Industrial Area

Few prominent industrial areas :

- Peenya ,Electronic City, Export Promotion Industrial Park (EPIP) in Bangalore.
- Hebbal in Mysore.
- Baikampady in Mangalore.
- Tarihal in Dharwar.
- Kakati in Belgaum.

- Auto Complex in Shimoga.

World's leading Companies have rose up in glory on the infrastructure set by KIADB. This apart, KIADB has envisaged several innovative projects up its sleeve like Agro -Tech Parks, Apparel Park, Auto Parks, Hardware Park, Bio-Tech Park, EPIPs, Special Economic Zones etc.

Some of the projects of KIADB executed with high degree of professionalism:

- Acquisition of about 4316.25 acres of lands for Bangalore International Airport Ltd .
- Acquisition of about 1850 acres of lands for Harbour at Tadri in Uttara Kannada Dist.
- Acquisition of about 1958 acres of lands for M/s MRPL at Mangalore and rehabilitation of about 610 displaced families with modern infrastructure.

- Acquiring & Developing of about 430 acres of land for M/s Toyota in Bidadi at Bangalore Dist.

Functional units of KIADB :-

AcquisitionWing:

This wing conducts the proceedings of acquisition and hands over the land to KIADB. Special Deputy Commissioner heads acquisition wing and assisted by Special Land Acquisition officers at zonal level. This section is an arm of Government which conducts the proceedings. Board identifies land for development of industrial areas, for single unit complexes, projects & schemes envisaged by Government. On ascertaining the suitability of land, notifications under relevant provisions are issued under KIAD Act of 1966 with approval of Government. Thus the action of acquisition of land is initiated.

Engineering Wing:

Engineering section prepares a design & development plan taking into consideration different parameters like:

- Infrastructure requirements.
- Statutory & Regulatory requirements.
- Co-0rdination with other agencies.

Chief Engineer and Chief Development Officer heads Engineering section assisted by Development Officers who are in charge at the Zonal Offices. This wing of KIADB also provides service to the allottees by approving building plans, providing water supply connections, NOCs for obtaining power connections from supply agencies and addressing the grievances of allottees at industrial areas in the matters related to infrastructure.

Allotment Wing:

This section is headed by Secretary assisted by Assistant Secretaries at Zonal Offices. Requests of entrepreneurs in the matters of leasing, issuance of absolute sale deed, issuance of NOCs for financial assistance, needful clearances for change in activity, change in constitution, maintenance of payment records of allottees etc, are attended by allotment section.

Accounts Wing:

Controller of Finance- the head of this department is assisted by Senior Audit Officer, Accounts Officer, Project Officer and Assistant Secretary (A&MIS). This wing of KIADB is engaged in drawing of budgetary proposals, project financing & planning. This section also has responsibility of monitoring & maintaining the process related to mobilization of finance for projects, preparation of final accounts and other activities of KIADB .

Administration Wing:

Joint Director (Admn.) is the Head of this Department. This section has overall responsibility of general administration, human resources management, other administrative and logistic matters. This section ensures that the employees of this board are abreast with professionalism by providing trainings, refresher courses etc., for better productivity in the Organization.

SmallIndustriesServiceInstitute(SISI's)

At the heart of all agencies dealing with development of small industry is small industries development organization, SIDO. It was originally know as central small industries

organization (CSIO). Attached to the ministry, SIDO administers small industries service institute (SISI's).

The small industries service institutes (SISI's) are set-up one in each state to provide consultancy and training to small and prospective entrepreneurs. The activities of SISs are coordinate by the industrial management training division of the DC, SSI office (New Delhi). In all there are 28 SISI's and 30 Branch SISI's set up in state capitals and other places all over the country.

SISI has wide spectrum of technological, management and administrative tasks to perform.
Functions of SISI

11. To assist existing and prospective entrepreneurs through technical and managerial counseling such as help in selecting the appropriate machinery and equipment, adoption of recognized standards of testing, quality performance etc;

12. Conducting EDPs all over the country;

13. To advise the Central and State governments on policy matters relating to small industry development;

14. To assist in testing of raw materials and products of SSIs, their inspection and quality control;

15. To provide market information to the SISI's;

16. To recommend SSI's for financial assistance from financial institutions;

17. To enlist entrepreneurs for partition in Government stores purchase programme;

18. Conduct economic and technical surveys and prepare techno-economic feasible reports for selected areas and industries.

19. Identify the potential for ancillary development through sub-contract exchanges;

20. Organize seminars, Workshops and Industries Clinics for the benefit of entrepreneurs.

The Small Industries Service Institutes have been generally organizing the following types of EDPs on specialized courses for different target groups like energy conservation, pollution control, Technology up-gradation, Quality improvement, Material handling, Management technique etc. as mentioned earlier.

General EDP for educated unemployed youth, ex-service personnel etc. for a duration of four weeks. In these programmes, classroom lectures and discussions are held on issues such as facilities and assistance available from State and Central government agencies, banks, financial institutions and National Small Industries Corporation.

Apart from this, exposure is given information regarding market survey, product identification and selection, technologies involved, management of small enterprises, particularly in matters relating to financial management, marketing, packaging and exports.

The participants also interact with successful small scale entrepreneurs as a part of their experience sharing Information of quality; possibilities of diversification and expansion are also given.

The entrepreneurs are helped to prepare Project Reports based on their own observations and studies for obtaining financial assistance as may be required. Such courses have benefitted many entrepreneurs to set up units of their own choice.

KSFC is one of the fast track term lending financial institutions in the country with assistance to over 1,63,643 units amounting to nearly Rs 10,465 crore over the last 52 years in the State of Karnataka. KSFC is one of the robust and professionally managed State Financial Corporations.

The Infrastructure Sector is an integral part in the economy of the nation and it is a catalyst in boosting the development and economy of the country. Realising this vital factor there is a national focus on infrastructure development. Keeping the need and potentiality in view, KSFC has decided to contribute in this sector also. Hence, as part of the new initiative and diversification process, has decided to take up infrastructure development projects with public /

private participation. The Corporation initially focus and identify valuable vacant lands in the prime localities, to start with in and around Bangalore city, owned by various Government Departments / Governmental Agencies / Registered Societies/Trusts, etc., and explore for joint development including SEZ. The Corporation would take care of all the financial tie ups for development of these properties. The expected income out of different revenue models, will be shared with the owners of the properties in appropriate ratio on mutually agreeable terms, after studying economics / viability. The joint venture infrastructure will be of world class and state of art technology. It could be IT park, Shopping Mall, Commercial complex, SEZ, etc., depending upon the location of the property and potentiality. This new activity will ensure sustained cash flow for the concerned owner of the property as well as our Corporation by way of rentals and other earnings, which will obviously be mutually beneficial to both the institutions.

Accordingly, a separate Infrastructure Development Department (IDD) has been created and necessary approval from SIDBI has also been obtained.

Single Window Agency

With a view to facilitate and expedite the various clearances and Government approvals required by entrepreneurs as also to promote investments in the State, the Governor of Meghalaya is pleased to constitute a Committee which will act as Single Window Agency for all investments in the State.

The Committee will consists of the following members :-

11.   Chief Minister, Meghalaya   Chairman

12.   Chairman, MeSEB, Meghalaya   Member

13.   Principal Secretary, Revenue Department   Member

14.   Commissioner & Secretary, Industries Department Member

15.   Commissioner & Secretary, Tourism Department   Member

16.   Principal Chief Conservator of Forest   Member

17.   Chairman, State Pollution Control Board   Member

18.   Managing Director, M.I.D.C. Ltd   Member

19.   Secretary General, C.I.M., Shillong Member

20.   Director of Industries, Meghalaya, Shillong Member Secretary

Chairman is also empowered to co-opt Member(s) for a particular meeting whose presence is likely to facilitate decisions.

I.   The terms of reference of the Committee will be as follows :

8. To facilitate the expeditious issue of all clearance / approvals required from the various Department and Agencies of the State Government to any entrepreneur applying for the same and to assist there in obtaining clearance from other bodies / organisation in the State.

9. To assist entrepreneurs in obtaining various clearances and approvals from the Central Government and its agencies.

10. To take up with financial Institutions / Commercial Banks, wherever required, for expediting sanction and disbursement of loans / working capital to prospective entrepreneurs.

11. To facilitate and expedite on land matters for the setting up of Industry.

12. To facilitate local entrepreneurs in having an interface with Industrial association, Central Government, Boards and Authorities etc.

13. To attend to all enquiries from all prospective entrepreneurs relating to the law, procedures, practices etc, governing investments in the State, and

14. To continuously review the various clearance and approvals required for investment in the State by entrepreneurs, with a view to simplify them as also to minimise procedural constraints to ensure flow of investments in the State.

VI.   Member Secretary (Director of Industries) will function as the nodal authority to receive and process all reference made to the Committee and will also act as ―Escort☐ for intending entrepreneurs.

VII.   Regional Chief Conservator of Forest , Shillong will also be requested to attend as a special invitee whether so required.

VIII. In case requiring urgent / immediate disposal, Committee would take resolutions / decisions through circulation.

IX. In case where a member is unable to attend meetings due to unavoidable circumstances, he would depute a senior officer empowered to take decisions on the issue which are to be considered in the meeting.

Numbers of Projects Cleared By Single Window Agency Year Wise

Sl. No.	Year	Nos. of Projects Cleared
1.	1995 – 1996	2 Nos.
2.	1996 – 1997	5 Nos.
3.	1997 – 1998	10 Nos.
4.	1998 – 1999	14 Nos.
5.	1999 – 2000	27 Nos.
6.	2000 – 2001	71 Nos.
7.	2001 – 2002	31 Nos.
8.	2002 – 2003	18 Nos.
9.	2003 – 2004	44 Nos.
10.	2004 – 2005	* 22 Nos.
Total		244 Nos.

 * The figure is up to August, 2004.

Introduction to IPR

Intellectual property (IP) pertains to any original creation of the human intellect such as artistic, literary, technical, or scientific creation. Intellectual property rights (IPR) refers to the legal rights given to the inventor or creator to protect his invention or creation for a certain period of time. These legal rights confer an exclusive right to the inventor/creator or his assignee to fully utilize his invention/creation for a given period of time. It is very well settled that IP play a vital role in the modern economy. It has also been conclusively established that the intellectual labor associated with the innovation should be given due importance so that public good emanates from it. There has been a quantum jump in research and development (R&D) costs with an associated jump in investments required for putting a new technology in the market place. The stakes of the developers of technology have become very high, and hence, the need to protect the knowledge from unlawful use has become expedient, at least for a period, that would ensure recovery of the R&D and other associated costs and adequate profits for continuous investments in R&D. IPR is a strong tool, to protect investments, time, money, effort invested by the

inventor/creator of an IP, since it grants the inventor/creator an exclusive right for a certain period of time for use of his invention/creation. Thus IPR, in this way aids the economic development of a country by promoting healthy competition and encouraging industrial development and economic growth. Present review furnishes a brief overview of IPR with special emphasis on pharmaceuticals.

The main forms of intellectual property rights:

Patents: a government authority or licence conferring a right or title for a set period, especially the sole right to exclude others from making, using, or selling an invention.

Copyright: is a legal right created by the law of a country that grants the creator of an original work exclusive rights for its use and distribution. This is usually only for a limited time. The exclusive rights are not absolute but limited by limitations and exceptions to copyright law, including fair use. A major limitation on copyright is that copyright protects only the original expression of ideas, and not the underlying ideas themselves.

Copyright is a form of intellectual property, applicable to certain forms of creative work. Some, but not all jurisdictions require "fixing" copyrighted works in a tangible form. It is often shared among multiple authors, each of whom holds a set of rights to use or license the work, and who are commonly referred to as rights holders. These rights frequently include reproduction, control over derivative works, distribution, public performance, and "moral rights" such as attribution.

Trade Secrets: A trade secret is a formula, practice, process, design, instrument, pattern, commercial method, or compilation of information not generally known or reasonably ascertainable by others by which a business can obtain an economic advantage over competitors or customers.

Trademarks: Trademarks relate to any mark, name, or logo under which trade is conducted for any product or service and by which the manufacturer or the service provider is identified. Trademarks can be bought, sold, and licensed. Trademark has no existence apart from the goodwill of the product or service it symbolizes

Case Study:Bill Gates
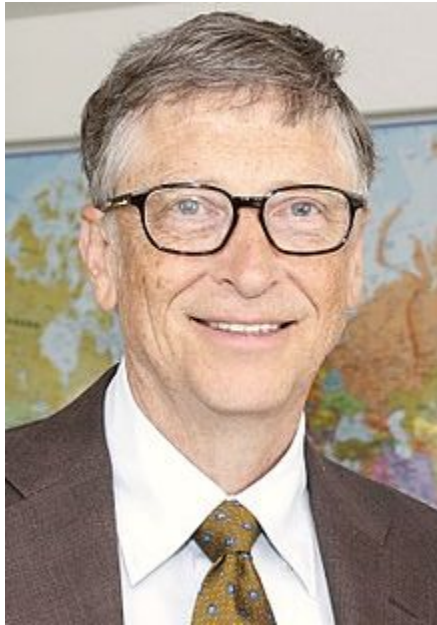
William Henry Gates III (born October 28, 1955) is a co-founder of the Microsoft Corporation and is an American business magnate, investor, author and philanthropist.In 1975, Gates and Paul Allen launched Microsoft, which became the world's largest PC software company. During his career at Microsoft, Gates held the positions of chairman, CEO and chief software architect, while also being the largest individual shareholder until May 2014. Gates stepped down as chief executive officer of Microsoft in January 2000, but he remained as chairman and created the position of chief software architect for himself. In June 2006, Gates announced that he would be transitioning from full-time work at Microsoft to part-time work and full-time work at the Bill & Melinda Gates Foundation. He gradually transferred his duties to Ray Ozzie and Craig Mundie.He stepped down as chairman of Microsoft in February 2014 and assumed a new post as technology adviser to support the newly appointed CEO Satya Nadella.

Gates is one of the best-known entrepreneurs of the personal computer revolution. He has been criticized for his business tactics, which have been considered anti-competitive. This opinion has been upheld by numerous court rulings. Later in his career, Gates pursued a number of philanthropic endeavors. He donated large amounts of money to various charitable organizations and scientific research programs through the Bill & Melinda Gates Foundation, which was established in 2000.Since 1987, Gates has been included in the *Forbes* list of the world's wealthiest people.As of September 2017, he is the richest person in the world, with an estimated net worth of US$84.8 billion. In 2009, Gates and Warren Buffettfounded The Giving Pledge, whereby they and other billionaires pledge to give at least half of their wealth to philanthropy.The foundation works to save lives and improve global health, and is working with Rotary International to eliminate polio.

Early life

Gates was born in Seattle, Washington on October 28, 1955. He is the son of William H. Gates Sr.](b. 1925) and Mary Maxwell Gates (1929–1994). His ancestry includes English, German, Irish, and Scots-Irish.[15][16] His father was a prominent lawyer, and his mother served on the board of directors for First Interstate BancSystem and the United Way. Gates' maternal grandfather was JW Maxwell, a national bank president. Gates has one elder sister, Kristi (Kristianne), and one younger sister, Libby. He is the fourth of his name in his family, but is known as William Gates III or "Trey" because his father had the "II" suffix. Early on in his life, Gates' parents had a law career in mind for him.[18] When Gates was young, his family regularly attended church of the Congregational Christian Churches, a Protestant Reformed denomination.[19][20][21] The family encouraged competition; one visitor reported that "it didn't matter whether it was hearts or pickleball or swimming to the dock ... there was always a reward for winning and there was always a penalty for losing".

At 13, he enrolled in the Lakeside School, a private preparatory school. When he was in the eighth grade, the Mothers' Club at the school used proceeds from Lakeside School's rummage sale to buy a Teletype Model 33 ASR terminal and a block of computer time on a General Electric (GE) computer for the school's students. Gates took an interest in programming the GE system in BASIC, and was excused from math classes to pursue his interest. He wrote his first computer program on this machine: an implementation of tic-tac-toe that allowed users to play games against the computer. Gates was fascinated by the machine and how it would always execute software code perfectly. When he reflected back on that moment, he said, "There was just something neat about the machine. After the Mothers Club donation was exhausted, he and other students sought time on systems including DEC PDP minicomputers. One of these systems was a PDP-10 belonging to Computer Center Corporation (CCC), which banned four Lakeside students – Gates, Paul Allen, Ric Weiland, and Kent Evans – for the summer after it caught them exploiting bugs in the operating system to obtain free computer time.

Personal life

Gates married Melinda French on a golf course on the Hawaiian island of Lanai on January 1, 1994; he was 38 and she was 29. They have three children: Jennifer Katharine (b. 1996), Rory John (b. 1999), and Phoebe Adele (b. 2002). The family resides in a modern design mansion, which is an earth-sheltered house in the side of a hill overlooking Lake Washington in Medina near Seattle in Washington State, United States. According to 2007 King County public records, the total assessed value of the property (land and house) is $125 million, and the annual property taxes are $991,000. The 66,000 sq ft (6,100 m^2) estate has a 60-foot (18 m) swimming pool with an underwater music system, as well as a 2,500 sq ft (230 m^2) gym and a 1,000 sq ft (93 m^2) dining room.In an interview with *Rolling Stone*, Gates stated in regard to his faith:

The moral systems of religion, I think, are super important. We've raised our kids in a religious way; they've gone to the Catholic church that Melinda goes to and I participate in. I've been very lucky, and therefore I owe it to try and reduce the inequity in the world. And that's kind of a religious belief. I mean, it's at least a moral belief.In the same interview, Gates said: "I agree with people like Richard Dawkins that mankind felt the need for creation myths. Before we really began to understand disease and the weather and things like that, we sought false explanations for them. Now science has filled in some of the realm – not all – that religion used to fill. But the mystery and the beauty of the world is overwhelmingly amazing, and there's no scientific explanation of how it came about.

To say that it was generated by random numbers, that does seem, you know, sort of an uncharitable view [laughs]. I think it makes sense to believe in God, but exactly what decision in your life you make differently because of it, I don't know.The Codex Leicester is one of Gates' private acquisitions. He purchased the collection of famous scientific writings by Leonardo da Vinci for $30.8 million at an auction in 1994.[82] Gates is also known for being an avid reader, and the ceiling of his large home library is engraved with a quotation from *The Great Gatsby*.[83] He also enjoys playing bridge, tennis, and golf. In 1999, his wealth briefly surpassed $101 billion.

Despite his wealth and extensive business travel, Gates usually flew coach in commercial aircraft until 1997, when he bought a private jet. Since 2000, the nominal value of his Microsoft holdings has declined due to a fall in Microsoft's stock price after the dot-com bubble burst and the multibillion-dollar donations he has made to his charitable foundations. In a May 2006 interview, Gates commented that he wished that he were not the richest man in the world because he disliked the attention it brought.In March 2010, Gates was the second wealthiest person behind but regained the top position in 2013, according

to the Bloomberg Billionaires List.Carlos Slim retook the position again in June 2014(but then lost the top position back to Gates).

Between 2009 and 2014, his wealth doubled from US$40 billion to more than US$82 billion.Bill Gates has held the top spot on the list of The World's Billionaires for 18 out of the past 23 years.Gates has several investments outside Microsoft, which in 2006 paid him a salary of $616,667 and $350,000 bonus totalling $966,667.In 1989, he founded Corbis, a digital imaging company. In 2004, he became a director of Berkshire Hathaway, the investment company headed by long-time friend Warren Buffett. In 2016, he was discussing his gaming habits when he revealed that he was color-blind.In a BBC interview, Gates claimed "I've paid more tax than any individual ever, and gladly so... I've paid over $6 billion in taxes. He is a proponent of higher taxes, particularly for the rich.

Case Study:G. R. Gopinath

Background and early life

Gopinath was born in Gorur (a remote village in Karnataka's Hassan district) on November 13, 1951.He was the second of eight children. Gopinath's father; a school teacher, believed that schools were systems of regimentation and was resolved to teach Gopinath at home. However, Gopinath was admitted to a Kannada medium school quite late and straight away he joined Standard V. In 1962, Gopinath cleared the admission test and joined Sainik School, Bijapur. The sainik school helped and prepared Gopinath to clear the NDA entrance exams. After 3 years of rigorous training, Gopinath completed education from the NDA. He then went on to graduate from the IMA.

Career

After school, he earned a commission in the Indian Army, earning the rank of Captain. He spent eight years in the army and fought in the 1971 Bangladesh Liberation War.The army life seemed to somehow tie him down. He took early retirement from Indian Army, at the age of 28. Upon retirement from the armed forces, he established an ecologically sustainable sericulture

farm; his innovative methods earned him the Rolex Laureate Award in 1996. Next, he started the MalnadMobikes (Enfield dealership) and opened a hotel in Hasan.In 1997 he co-founded Deccan Aviation, a charter helicopter service. In 2003 Gopinath founded Air Deccan, a low cost airline; Air Deccan merged with Kingfisher Airlines in 2007. In 2009 he founded Deccan 360, a freight flight business. In July 2013, Deccan 360 was ordered to wind up by the Karnataka High Court order based on petitions filed by Dubai-based United Aviation Services (UAS) and another by M/s Patel Integrated Logistics (PIL) Pvt. Ltd. — seeking recovery of amounts due to them by winding up the company.In May 2006 he was knighted with "Chevalier de la Legion d'Honneur" the highest civilian award conferred by the French Government. He has received many awards for Air Deccan.In 2009 Gopinath unsuccessfully contested as an independent candidate in the Lok Sabha elections.In 2014, He unsuccessfully contested Lok Sabha elections on the ticket of AamAadmi Party

Case Study:N. R. Narayana Murthy

NagavaraRamarao Narayana Murthy (born 20 August 1946), commonly referred to as **Narayana Murthy**, is an Indian IT industrialist and the co-founder of Infosys,a multinational corporation providing business consulting, technology, engineering, and outsourcing services. Murthy studied electrical engineering at the National Institute of Engineering, University of Mysore,and MTech at the Indian Institute of Technology Kanpur.Before starting Infosys, Murthy worked with Indian Institute of Management Ahmedabad as chief systems programmer and Patni Computer Systems in Pune (Maharashtra). He started Infosys in 1981 and served as its CEO from 1981 to 2002 and as chairman from 2002 to 2011. In 2011, he stepped down from the board and became chairman Emeritus. On 1 June 2013, Murthy was appointed as Additional Director and Executive Chairman of the board for a period of five years.Murthy has been listed among the 12 greatest entrepreneurs of our time by Fortune magazine.He has been described as Father of Indian IT sector by Time magazine due to his contribution to outsourcing in India.Murthy has also been honoured with the Padma Vibhushan and Padma Shri awards.

Early life and education

Narayana Murthy was born into a Kannada Madhwa Brahmin family on 20 August 1946 in Sidlaghatta, Kolar District**Karnataka**. After completing his school education, he went to the **National Institute of Engineering** and graduated in 1967 with a degree in Electrical Engineering. In 1969 he received his master's degree from the Indian Institute of Technology in **Kanpur**.

Career

Murthy started his career at **IIM Ahmedabad** as chief systems programmer.There he worked on India's first time-sharing computer system[16] and designed and implemented a BASIC interpreter for **Electronics Corporation of India Limited**.[18] He started a company named Softronics. When that company failed after about a year and a half, he joined **Patni Computer Systems** in **Pune**.Murthy and six software professionals founded **Infosys** in 1981with an initial capital injection of Rs 10,000, which was provided by his wife **Sudha Murthy**.Murthy served as the CEO of Infosys for 21 years from 1981 to 2002[20] and was succeeded by co-founder **NandanNilekani**. At Infosys he articulated, designed and implemented the Global Delivery Model for IT services outsourcing from India. He was chairman of the board from 2002 to 2006, after which he became Chairman of the board and Chief Mentor.In August 2011, he retired from the company, taking the title chairman Emeritus.Murthy serves as an independent director on the corporate board of **HSBC** and has served as a director on the boards of **DBS Bank**, **Unilever**, **ICICI** and **NDTV**.

He also serves as a member of the advisory boards and councils of several educational and philanthropic institutions,including Cornell University, INSEAD, ESSEC, Ford Foundation, the UN Foundation, the Indo-British Partnership, Asian Institute of Management, a trustee of the Infosys Prize, a trustee of the Institute for Advanced Study in Princeton, and as a trustee of the Rhodes Trust.He is also Chairman of the Governing board of Public Health Foundation of India. He serves on the Asia Pacific Advisory Board of British Telecommunications.In 2005 he co-chaired the World Economic Forum in Davos.On 1 June 2013, Murthy returned to Infosys as Executive chairman and Additional Director. On 12 June 2014 it was announced that Murthy would step down as Executive chairman effective 14 June. He would continue as Non-Executive chairman till 10 October. On 11 October, Murthy will be designated as chairman Emeritus.Murthy also serves on the strategic board which advises the national law firm, Cyril AmarchandMangaldas, on strategic, policy and governance issues.

Personal life

His wife, Sudha Murthy, is a social worker and author. She does philanthropic work through the Infosys Foundation.He has two children, a son Rohan Murty and a daughter Akshata Murthy.

On 1 June 2013, Rohan joined Infosys as an executive assistant to his father.He left Infosys effective 14 June 2014.Akshata is married to Rishi Sunak a British Conservative MP.