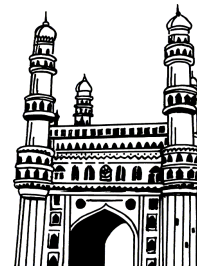**Rahul's** ✔
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PRINCIPLES OF MANAGEMENT

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UNIT I	Introduction to Management - Meaning, definition, concept, scope and principles of management; Evolution of management thought - Management theories - classical, behaviour, system, contingency and contemporary perspectives on management. Management art or science and management as profession. Process and levels of Management. Introduction to Functions (POSDCORB) of Management.

1.1 INTRODUCTION TO MANAGEMENT

1.1.1 Meaning, Definition of Management

Q1. What do you understand by Management?

Ans : (Dec.-16)

One of the most important activities in business is the management of the 4M's men, machines, material and money. The term 'management' can be interpreted differently is difficult contexts. Hence, it is difficult to define. In one context, it may comprise the activities of executives and administrative personnel in an organisation, while in another, it may refer to a system of getting things done.

In a broad perspective, management can be considered as the proper utilization of people and other resources in an organisation to accomplish desired objectives. With increasing global competition, changes in the world of technology, changing business practices and increasing social responsibility of organisations, the role of managers has become all the more significant.

Meaning of Management

It refers to the process of conducting a set of functions (planning, organizing, staffing, directing and controlling) to get the work done in an efficient and effective manner. Simply, management is an art of getting things done through others.

Definition of Management

Different experts have defined management on the basis of its features. Some experts, have defined management as an 'art of getting things done', while others give more importance to its 'function oriented form'. In the same manner, same

experts think management is related to 'decision making', while others are of the opinion that 'productivity and efficiency' are its basis. Following are the main definitions of management.

1. According to Harold Koontz

"Management is the art of getting things done through others and with formally organized groups."

2. According to George R. Terry

"Management is a distinct process consisting of planning, organising, actuating and controlling; utilising in each both science and art, and followed in order to accomplish predetermined objectives."

3. According to F.W. Taylor

"Management is the art of knowing what you want to do and then seeing that they do it in the best and the cheapest way."

4. According to Peterson and Plowman

"Management may be defined as the process by means of which the purpose and objectives of a particular human group are determined, clarified and effectuated."

5. According to Henry Fayol

"To manage is to forecast and to plan, to organise, to command, to coordinate and to control".

6. According to Peter Drucker

"Management is a multipurpose organ that manages business and manages managers and manages workers and work".

7. According to Mary Parker Fallett

"Management is the art of getting things done through people".

1.1.2 Concept of Management

Q2. Explain the concept of Management.

Ans :   **(Dec.-17)**

The term management has been interpreted in several ways; some of which are given below:

A) Management as an Activity

Management is an activity just like playing, studying, teaching etc. As an activity management has been defined as the art of getting things done through the efforts of other people. Management is a group activity wherein managers do to achieve the objectives of the group. The activities of management are:

➢ Interpersonal activities

➢ Decisional activities

➢ Informative activities

B) Management as a Process

Management is considered a process because it involves a series of interrelated functions. It consists of getting the objectives of an organisation and taking steps to achieve objectives. The management process includes planning, organising, staffing, directing and controlling functions.

Management as a process has the following implications:

(i) Social Process : Management involves interactions among people. Goals can be achieved only when relations between people are productive. Human factor is the most important part of the management.

(ii) Integrated Process : Management brings human, physical and financial resources together to put into effort. Management also integrates human efforts so as to maintain harmony among them.

(iii) Continuous Process : Management involves continuous identifying and solving problems. It is repeated every now and then till the goal is achieved.

(iv) Interactive process : Managerial functions are contained within each other. For example, when a manager prepares plans, he is also laying down standards for control.

C) Management as an Economic Resource

Like land, labour and capital, management is an important factor of production. Management occupies the central place among productive factors as it combines and coordinates all other resources. This is shown in Figure.
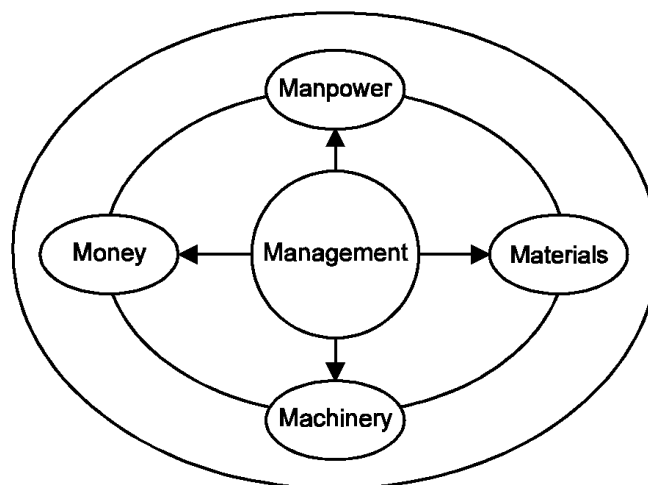
Fig.: Management as Resource Management as a Team

As a group of persons, management consists of all those who have the responsibility of guiding and coordinating the efforts of other persons. These persons are called as managers who operate at different levels of authority (top, middle, operating). Some of these managers have ownership stake in their firms while others have become managers by virtue of their training and experience. Civil servants and defence personnel who manage public sector undertakings are also part of the management team. As a group managers have become an elite class in society occupying positions with enormous power and prestige.

D) Management as an Academic Discipline

Management has emerged as a specialised branch of knowledge. It comprises principles and practices for effective management of organisations. Management has become as very popular field of study as is evident from the great rush for admission into institutes of management. Management offers a very rewarding and challenging career.

E) Management as a Group

Management means the group of persons occupying managerial positions. It refers to all those individuals who perform managerial functions. All the managers, e.g., chief executive (managing director), departmental heads, supervisors and so on are collectively known as management.

Q3. Explain the Features of Management.

Ans :

The nature of management has the following features.

1. Universal Process

Management is universal in nature; it is applied in all types of process like commercial, social or political. Management exists everywhere in universe. The basic principles of management can be applied everywhere, whether they are business or non-business organization.

2. Continuous Process

Management is a never ending process. Management is a continuous process because it always carries the past decisions for the future course of action to achieve organization goals.

3. Multidisciplinary Method

Management is basically multidisciplinary; it depends on the proper knowledge and skill of various disciplines such as economics statistics, anthropology, psychology, sociology etc.

4. Group Activity

Management requires the use of group-efforts to achieve their goal. Management is a vital part of group activities. Management unites with their goal what they cannot achieve individually.

5. Intangible Force

Management is intangible. It is an unseen force, but its presents seem in the form of results.

6. Social Management

Management is a social process in nature, it essentially involves managing people, it concern to developing, retaining and motivating people at work place and also care of their satisfaction.

7. Coordinating Force

Management cannot do anything by them. They should get their work done by organization's member. In the any organization, management coordinates the efforts of human recourse through orderly.

8. Goal Oriented

Management is a goal oriented in nature. It works only to achieve particular goal which decide by the organization.

9. Relative, Not Absolute Principles

Management principles are relative not absolute, because they should be applied according to need and condition of the organization.

10. An Integrative Method

Management integrated the living and nonliving resources to achieve the desired goal.

Q4. What are the Objectives of Management?

Ans :

The primary objective of management is to run the enterprise smoothly. The profit earning objective of a business is also to be kept in mind while undertaking various functions.

Following are the broad objectives of management:

1. Proper utilisation of resources

The main objective of management is to use various resources of the enterprise in a most economic way. The proper use of men, materials, machines and money will help a business to earn sufficient profits to satisfy various interests. The proprietors will want more returns on their investments while employees, customers and public will expect a fair deal from the management. All these interests will be satisfied only when physical resources of the business are properly utilised.

2. Improving performance

Management should aim at improving the performance of each and every factor of production. The environment should be so congenial that workers are able to give their maximum to the enterprise. The fixing of objectives of various factors of production will help them in improving their performance.

3. Mobilizing best talent

The management should try to employ persons in various fields so that better results are possible. The employment of specialists in various fields will be increasing the efficiency of various factors of production. There should be a proper environment which should encourage good persons to join the enterprise. The better pay scales, proper amenities, future growth potentialities will attract more people in joining a concern.

4. Planning for future

Another important objective of management is to prepare plans. No management should feel satisfied with today's work if it has not thought of tomorrow. Future plans should take into consideration what is to be done next. Future performance will depend upon present planning. So, planning for future is essential to help the concern.

1.1.3 Scope of Management

Q5. Explain the Scope of Management.

Ans :   **(June-19, Dec.-16)**

The scope of management is very wide. So, it is very difficult to state the scope of management precisely. However the following aspects may be included in it.

1. Subject Matter of Management

Planning, organizing, staffing, directing, coordinating, motivating and controlling are main functions of management. Innovation, representation, decision making and communication are the subsidiary functions of management.

2. Functional Areas of Management

(i) Financial Management : It includes cash management, planning forecasting, budgeting, cost control, management accounting, pricing, sources of finance etc.

(ii) Marketing Management : Includes marketing plans, branding. Packaging and labeling, product analysis, research, product innovations, price determination, promotion, advertising, distribution, marketing research transportation and insurance.

(iii) Production Management : Includes production planning and control, materials management, scientific purchasing, inventory control, storage and warehousing.

(iv) Human Resource Management : Includes personnel management, recruitment, selection, placement, training and development, motivation, performance appraisal, compensation; settling personnel disputes, turnover worker participation in management and trade unions.

3.   Interdisciplinary Approach

In order Management is a body of discipline that takes the help of other social sciences like psychology, sociology, engineering, economics etc. This indicates that in order to have a correct understanding of the management principles and practices, a study of commerce, economics, sociology, psychology and mathematics is essential.

4.   Universal Phenomenon

Management is a Universal phenomenon or process as it is not only present or concerned in/with business undertakings, but also in political, religious, charitable, armed force and even educational institution. In fact management is present where ever there is human activity. In short, it is present at all spheres of life. No doubt, there may be slight variations in approach and style of management from concern to concern but the basic aspect of carrying out management is the same everywhere.

1.1.4 Principles of Management

Q6.   Explain the Henry Fayol's principles of management.

Ans :   (Dec.-18, Dec.-17)

Henry Fayol's 14 Principles of Management

Major credit of developing the body of principles of management goes to none other than Mr. Henry Fayol. He is put forward a set of fourteen principles of management which has gained a wide area of application in the field of business. A set of fourteen principles of management, developed by Henry Fayol can be depicted as follows:

1.   Division of Work

It is an important principle of management. According to this principle, each and every activity of organization should be clearly allocated among the employees according to their abilities, qualifications and aptitudes, so that every employee can easily understand their tasks and give their hundred percent contributions for the achievement of organizational goals.

2.   Authority and Responsibility

Authority and responsibility both have inter-dependence relationship with each-other. In the absence of authority nobody can take responsibility on his shoulders in organization for the achievement of various activities. Hence, it is too important that authority should be delegated to employees so that they can take more responsibility whenever need arises.

3.   Discipline

It is also an essential principle of management. According to this principle all, those are working in organization as employee and employer should obey the orders, instructions and rules of leader strictly. In case any subordinate does not follow the orders and instructions of leader then he will have to pay plenty for this. Thus it is clear that discipline should be maintained in organization.

4.   Unity of Command

According to this principle, every individual in organization must get orders and instructions only from their own departmental head not from others, because if any individual will get orders and instructions from other superiors then conflicts may arise among the departments as a result of this works cannot be carried out properly by them. Hence, this principle takes an important place in organization.

5.   Unity of Direction

According to this principle, every group of activities in organization should have the same objective. It means all activities must be directed by one superior and with one plan, so that organization cannot face any difficulties in course of achieving its per-determined goals.

6.   Remuneration

According to this principle, every personnel (employee) in organization should receive handsome and equitable remuneration. The differences in payments of personnel must be on the basis of job differentials, abilities of personnel, responsibility of personnel and

difficulties of job. Cost of living, price level and financial situation of enterprise should also be considered for the determination of remuneration of personnel.

7.   **Centralization and De-centralization**

Centralization and De-centralization both are inter-related terms. Centralization refers to a system in which only authorized person can take vital decisions for the development of organization. No common individual has right to take decisions. On the other hand De-centralization refers to a system in which authority can be transferred from higher level to bottom level among the personnel to taking vital decisions for the development of organization. Thus it is clear that both principles are necessary for organization.

8.   **Order**

According to this principle, each and every activity should be done by personnel on the basis of proper pattern. It can only be possible when the tasks are clearly defined among the personnel according to their abilities, qualifications and understandings. According to Henry Fayol 'order' means right person on the right job and everything in the place.

9.   **Scalar Chain**

It is a unique principle of management. According to this principle, all those are working in organization are linked with each-other in superior-subordinate relationship. its is best management Concepts.

10.   **Initiative**

According to this principle, in every organization managers has to create such an environment, where a group of people can willing to take initiative and responsibility for doing various activities in the most efficient way, for all around development of organization. It can only be possible on the basis of developing co-operative relationship among the groups of people. Thus we can say that, it is a vital principle of management.

11.   **Subordination of individual interest to group interest**

According to this principle, the interest of group is above in comparison to the interest of an individual. It means organization has to give priority group's need rather than individual, because no one organization can achieve its goals properly without the group's efforts. Hence, it is clear that, the interest of group is above in comparison to the interest of an individual.

12.   **Stability of tenure of personnel**

According to this principle, job security must be provided by organization to each personnel. In fact, if the personnel are secured about their jobs than they will give their hundred percent contributions for the achievement of pre-determined goals of organization. On the other hand, in the absence of job security the personnel will not give their hundred percent contributions for the achievement of pre-determined goals of organization. Thus tenure of personnel should be stable.

13.   **Equity**

It is one of the most important principles of management. According to this principle, all those are working in organization as superior and subordinate, both have equal rights as human-beings. In fact, all groups of people, either they may be authorized or non-authorized personnel are equal in the eye of organization. There is no difference among them on the basis of cast and creed, positions and other things.

14.   **Espirit-de-corps**

According to this principle, everyone in organization should do their tasks under the guidance of team spirit. In fact, any organization cannot attain its predetermined goals efficiently, in the absence of team efforts. Thus it is clear that team spirits is too important in organization among the groups to achieve organizational goals in efficient way.

1.2 EVOLUTION OF MANAGEMENT THOUGHT

Q7. Explain briefly about Evolution of Management.

Ans :

The evolution of management thought can be studied under the following headings:

1. Pre-scientific management period.

2. Early management approaches represented by scientific management, process management theory and human relations movement.

3. Modern management approaches represented by behavioral science movement, quantitative approach, systems approach etc

1. Pre-scientific Management Period

The real development of management thought began with the scientific management approach stated by Taylor, though some of the concepts have been developed by thinkers earlier to Taylor. Early management thoughts have come from the Roman Catholic Church, military organizations, the Cameraliasts, a group of German and Austrian public administrators and intellectuals from the sixteenth centuries. Their concepts of management were mostly related to the principles of specialization, selection of subordinates and their training and simplification of administrative procedures.

In the later period, contributions were made by Charles Babbage, James Watt and Robinson Boulton, Robert Owen, Towne and Simon.

Charles Babbage was professor of Mathematics at the Cambridge University and he suggested the use of accurate data obtained through rigid investigation in the management of an undertaking. James Watt Junior (1796-1848) and Robinson Boulton (1770-1842) used the management techniques such as market research and forecasting, production planning, planned machine layout, standardization of components and parts, elaborate statistical records, maintenance of control report, cost accounting data, provision of welfare of personnel etc. Robert Owen (1771-1858) managed a group of textile mills in Scotland and is well known as the promoter of co-operative and trade union movements in England. Henry S.

Simon was one of those effective thinkers who advocated that in economic and social systems, the role of capital is constructive, creative and entrepreneurial other than of exploiting the resources for its own benefit.

The contributions of management thinkers started above were limited mostly to the field of developing the concept to make resources more effective at the shop floor levels. These contributions were made bit by bit and in a haphazard manner and have failed to stimulate management as a distinct discipline for further study. However, the various ideas started by them have created awareness about managerial problems. A stage was set by the end of the nineteenth century for making a systematic study of management and a beginning was made by Fredrick Taylor at the beginning of the present century whose thoughts came to be known as Scientific Management.

2. Early Management Approaches

(a) Scientific Management

F.W Taylor, Gilberth, Lillian Gilberth, Gantt and others have made tremendous contributions to the concept of scientific management. Of all these persons, Taylor's contribution is the most significant and because of this, he is considered as the father of scientific management. We shall give here the contributions of Taylor and some others.

Fredrick Winslow Taylor (1865-1915) worked as a chief engineer in the Midvale Steel Works where he joined as a worker. Afterwards, he worked in the Bethlehem Steel Works and after retirement from his concern, he worked as a consultant.

Taylor, the founder of scientific management movement, states that the object of management should be to secure the maximum prosperity for each employer, coupled with the maximum prosperity of each employee. According to Taylor, scientific management, in its essence, consists of a certain philosophy which results in the combination of four great principles of management, viz., the development of true science, the scientific selection of workers, their scientific selection and development, intimate

and friendly co-operation between the management and their workmen. When management of a business unit is based on a systematic study and analysis of various aspects of work involved with a view to find out the best way of doing things, we call it scientific management of business. Broadly speaking, scientific management is the art of knowing exactly what is to be done and the best way of doing it.

Taylor observed that inefficiency prevails in the organization because of three causes, viz., (a) workers feel that any increase in output would lead to unemployment, (b) defective systems of management and because of these, each worker restricts his output in order to safeguard his interests, and (c) inefficient rule of thumb efforts and wasting methods of work.

The elements of scientific management are: (a) determination of the task, (b) planning of industrial operations, (c) proper selection and training of workers, (d) improvement in methods of work, (e) modification of organization, and (f) mental revolution.

b) **Process Management (H. Fayol 1841-1925)**

Around 1910, H. Fayol, a French engineer, initiated the administrative theory of management (process management) in Europe. Sheldon, Mooney and Railey, L.F .Urwick and L.Gulick also contributed a lot to the administrative theory of management. This theory is called process (functional) management and advocates of this theory belong to the process school of management.

In 1916, Fayol published his book "General and Industrial management" in French, of which later and English edition was brought out. Fayol identified management as a separate set of skills or functions performed by a supervisor in an organization. He clearly distinguished the difference between technical and managerial skills an emphasized that supervisor should be efficient in both. He stated that technical ability is more dominant at the lower level of management, whereas managerial ability is more important at the higher level of management.

Fayol, in his famous book, stated fourteen management principles that can capture the entire flavor of the process management theory.

The fourteen principles of management are:

Subordination of individual interests to material interests, authority and responsibility, discipline, division of work, remuneration of personnel, centralization, scalar chain, equity, initiative, stability of tenure of personnel, unity of command, unity of direction and espirit de corps.

Fayol also stated that all operations in business organizations can be classified under six heads, viz., (a) technical production and manufacturing, (b) commercial (purchases and sales), (c) financial (financing and controlling of capital for its optimum use), (d) security (protection of property and persons), (e) accounting (stock-taking, balance sheet, costing and statistics), and (f) managerial (planning, organizing, communicating, co-coordinating and controlling).

c) **Human Relations Movement**

Elton Mayo, who is considered to be the founder of human relations movement, and his associates, conducted the Hawthorne Studies in the Hawthorne plant of Western Electric Company, USA during1927-1932. They stated that the employees' morale had a great influence on productivity and the manager should treat them as social beings instead of economic beings or simply as cogs of a wheel. For solving any management problem, the manager should understand group attitudes and psychology, as employees are members of a group.

His approach and theory emphasized the importance of human and social factors and also individual as well as group relationships, while the classical theory of Taylor and Fayol gave importance to job content and management of physical resources.

This theory served to focus attention on the social side of the work and man, as opposed to the economical and technical aspects. This theory is also criticized on the ground that there is no direct connection between morale and productivity, hence the research in Hawthorne plant had a management bias, and that the samples were too small. In spite of these criticisms, the contribution of human relations remains and are being applied even today by managers.

3.   Modern Management Approaches

a)   Behavioral Science Movement

The behavioral science approach through its research studies of individual behavior and motivation indicated that the relation between morale and productivity was oversimplified and there was no direct or deep connection between morale and productivity. Behavioral science experts made a further refinement of human relations movement and also covered a much wider scope in interpersonal roles and relationships.

The behavioral science movement which started after 1940 emphasized the importance of individuals and their interpersonal relationship, psychology of the individuals as related to personal needs and motivation and motivational potential in people. The important contributors to the behavioral science movement are A.Maslow, F.Hertzberg, V.Vroom and D.McGregor. While Maslow developed a need hierarchy to explain human behavior within an organization, Hertzberg and Vroom developed motivational models, which explained the causes of human behavior and motivation in business. Behavioral science movement has drawn heavily on the work of Maslow to explain human behavior and the dynamics of motivation process. McGregor developed his two theories, viz., Theory X and Y and also explained certain

basic assumptions about the human element. The classical theory reflected almost all the aspects of Theory X while the behavioral approach theory of management reflected almost all the aspects of Theory Y.

b)   Elements of Neo-classical Theories

This theory may be stated as follows.

It may be noted here that the theories started by Taylor and Fayol are called by some writers as Classical theories while the theories sated by the human relations movement and the behavioral science movement are called neo-Classical theories.

Henri Fayol, the father of principles of management, has classified managerial functions as follows:

a)   Planning, including forecasting,

b)   Organizing

c)   Commanding

d)   Coordinating, and

e)   Controlling.

1.3 MANAGEMENT THEORIES

Q8. Explain briefly about various management theories.

Ans :

The approach to management idealogy continued developing with the presentation of new thoughts. The process of development of management thought can be divided into three main heads:

1.   Classical Approaches

2.   Neo-Classical Approaches

3.   Modern Approaches

Every approach can be further sub-divided into some branches. The story of the development of management thought has been shown in the following diagram :
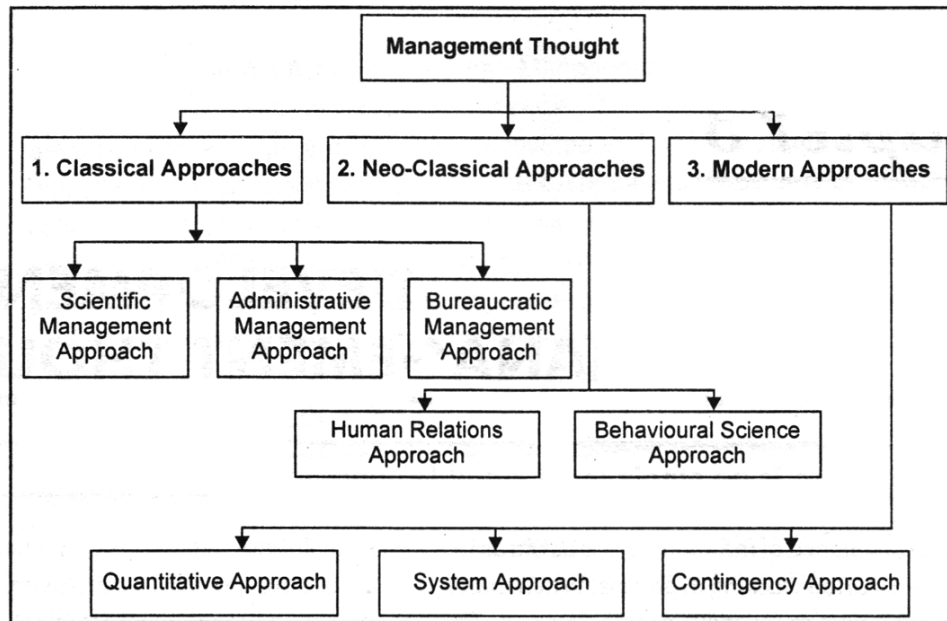
A) Classical Approaches

The classical approach to management started around the year 1900. The principles developed under this approach are accepted even today. Under this approach it is felt that man is an inactive source of production and it is important to control him (or this source). It also believes that the employee is motivated by the economic incentives. This approach has three branches:

(i)   Scientific Management

(ii) Administrative Management

(iii) Bureaucratic Management.

They are also called the pillars of the classical approach.

B) Neo-Classical Approaches

The neo-classical approach to management developed around the year 1930. The basis of this approach is the classical approach. Under this approach, the classical approach has been presented with some modifications. The main difference between the classical and neo-classical approach is regarding the treatment of the human resources. Under the classical approach, the human resource is ignored and much importance is given to work and physical resources. On the other hand, neo-classical approach understands the importance of human resource. Under the neo-classical approach individual and group relationships have been given due importance. This approach has two basic pillers :

(i)   Human Relations Approach

(ii) Behavioural Science Approach.

C) Modern Approaches

The modern approach to management was developed around the year 1950. This approach is an improvement upon both the classical and neo-classical approach to management. This approach has three basic pillers :

(i)   Quantitative Approach

(ii) System Approach

(iii) Contingency Approach

1.3.1 Classical Theory of Management

Q9. Explain the evolution of scientific management.

Ans :

The forerunners of Scientific Management theory are Robert Owen, Charles Babbage and Fredic Winslow Taylor.

i) Robert Owen

Robert Owen, who was the manager of different cotton textile mills between 1800 and 1828, was the first person to pay attention to labour welfare. He suggested a change in the attitude of industrialists towards workers. He worked upto his maximum possible extent for the amelioration of working conditions of workers and thereby tried to win over their confidence. He stated that men should not be treated as secondary and inferior to machines.

ii) Charles Babbage

Besides Robert Owen, there were some scientists who thought of making improvements in the management by observing the scientific techniques. Prominent among them was Charles Babbage, a leading British mathematician at Cambridge University from 1828-1839. He studied the working conditions of factories in England and France and observed that most of the factory class used to work on the basis of estimates and imagination. They were tradition-oriented rather than scientific-minded. Two pioneering works of Babbage are The Differential Engine and On the Economy of Machinery and Manufacturers. He stated that the methods of science and mathematics could be applied to the solution of the factory's problems.

Contribution of Babbage

➢ Babbage stressed that good machines and efficient workers do not inevitably ensure success in business. Good management that directs and controls machines and workers is the most crucial element in successful business.

➢ He advocated, like Adam Smith, the principle of division of labour. He also suggested the use of time study techniques.

➢ Babbage conceived an analytical machine as far back as 1833 which was a forerunner of today's digital computer. So he was a visionary much ahead of time.

➢ He considered all aspects of contemporary management thinking-mutuality of interest between employees and employer, production control, incentive pay, quality control, wage and salary administration, profit sharing, operations research, preventive maintenance and research and development.

iii) Frederic Winslow Taylor

Frederick Winslow Taylor, known popularly as the father of scientific management and a classicist in management theory was the first person who insisted on the introduction of scientific methods in management. He made for the first time a systematic study of management and evolved an orderly set of principles to replace the trial and error methods then in vogue.

F.W. Taylor made a humble beginning by joining as an apprentice in a small machine-making shop in Philadelphia in the 1870s. Later he became a machinist in 1878 at the Midvale Steel Works in Philadelphia (USA). Afterwards he rose to the position of a machinist foreman.

FW. Taylor observed that a number of movements of the workers at the work place were unnecessary and consequently they were taking more time to do the job than necessary. Hence, he proposed time and motion study.

Q10. Explain the salient features of F.W. Taylor's scientific management.

Ans :

1. Separation of Planning and Doing

Taylor emphasized the separation of planning aspect from actual doing of the work. He said that planning should be left to the supervisor and the worker should emphasize only on operational work.

2. Functional Foremanship

Taylor evolved the concept of functional foremanship based on specialization of functions, which could take planning work

adequately besides keeping supervision on workers. In this system eight persons are involved to direct the activities of workers. Out of these, four persons are concerned with planning,

(i) Route clerk

(ii) Instruction card clerk

(iii) Time and cost clerk

(iv) Disciplinarian.

The remaining four persons are concerned with doing aspect of the work,

(i) Speed boss

(ii) Inspector

(iii) Maintenance foreman

(iv) Gang boss.

All of them give directions to workers on different aspects of work.

3. Job Analysis

Job analysis is undertaken to find out the one best way of doing the things. The best way of doing a job is one which requires the least movements, consequently less time and cost.

4. Standardization

Standardization should be maintained with respect of instruments and tools, period of work, amount of work, working conditions, cost of production etc.

5. Scientific Selection and training of Workers

Taylor has suggested that workers should be selected on scientific basis taking into account their education, work experience, aptitude physical strength etc., apart from selection, proper emphasis should be given on the training of workers which makes them more efficient and effective.

6. Financial Incentives

According to Taylor, wages should be based on individual performance and not on the position which a person holds.

7. Economy

Taylor suggested adequate consideration to be given to economy and profit.

8. Mental Revolution

Mutual cooperation between management and workers can be achieved through mental change from conflict to cooperation in both parties.

Q11. Explain the Principles of Scientific Management.

Ans :

The Scientific Management Approach propounded by F.W. Taylor is based upon the following five principles :

1. Principle of Use of Science for the Rule of Thumb

According to this principle, all the activities being performed in an organisation should be analysed in detail with the aim of developing a technique of accomplishing the maximum possible work in an efficient manner and at the minimum possible cost. This principle says that we should not get stuck in a set and continue with the old techniques of doing work, rather we should be constantly experimenting to develop new techniques which make the work much simpler.

2. Principle of Scientific Selection and Training of Workers

According to this principle, the selection and training of workers should be done in a scientific manner. Of the various activities being performed in an organisation, selection of workers is the most important because even one wrong appointment can spoil the whole atmosphere in the organisation. Scientific appointment means appointing only those people to do a particular work who posses the necessary capabilities to do it. However, only scientific selection of workers is not adequate in itself, the workers should also be imparted the necessary training from time to time. Proper training of the workers increases their efficiency and hence benefits both the workers as well as the organisation.

3. Principle of Cooperation between Labour and Management

As per this principle, such an atmosphere should be created in the organisation that labour (the major factor of production) and management consider each other indispensable. Labour should understand that it cannot proceed in its work without the existence of Management, and Management should understand that it has no identity without the existence of Labour. If such an atmosphere prevails in an organisation, then both the parties would aim for the achievement of the same goal (i.e., the maximum and good quality production) and hence both of them will be successful in achieving the goals. Taylor has referred to such a situation as a 'Mental Revolution'. Taylor firmly believed that the occurrence of a mental revolution would end all the conflicts between the two parties and would be beneficial to both of them.

4. Principle of Maximum Output

As per this principle, both the labour as well as management should make full efforts to produce the maximum output. They should spare no efforts for the maximum utilisation of the factors of production available in the organisation. This will have a direct impact on the profits of the organisation, and the organisation will earn the maximum possible profits. Higher profits will result in higher wages for the workers and thus make them more dedicated towards the organisation.

5. Principle of Division of Responsibility

According to this principle, the work of the organisation and the related responsibilities should be clearly divided among the two main groups in the organisation (Management and Labour). Each group should be assigned work which it can accomplish more efficiently. For example, Management should be the one to decide the time required to do a particular work, while the responsibility for actually doing the work should be with the Labour.

In this way, if the time required for doing the work is not properly determined, the manager would be accountable, and if the work has not been performed properly the labourer would be responsible. Hence, on proper implementation of this principle, the credit for doing work efficiently would be divided among both the groups and in case of any defaults, the responsibility would also be shared by both the groups.

Q12. What are the various techniques of Scientific Management?

Ans :

The principles of Scientific Management only bring out the basic philosophy behind the theory. The question which now arises is how to implement these principles practically? Taylor has devised the following techniques for actually implementing the principles of scientific management :

1. Scientific Study of Work

Scientific management requires deep analysis of all the activities being performed in the organisation with the aim of producing the maximum possible output with the minimum possible efforts. In simple words, it may be said that Taylor was strictly opposed to incompetence and wanted to remove incompetence with whatever possible means.

In his efforts to do so, he conducted a numbers of experiments and proved that (i) if the various parts of the process of production are reduced to the minimum, (ii) while working, unnecessary movements of the body are eliminated, (iii) the time required for doing every work is determined and (iv) recognising that human beings are not inanimate objects and hence are likely to feel fatigued, proper arrangements for their resting are made, then incompetence will be totally eliminated from the organisation. On this basis, he has divided work study into the following four parts :

i)   Method Study,

ii)   Motion Study,

iii) Time Study, and

iv)   Fatigue Study.

2.   Scientific Task Planning

Scientific task planning implies analysing all the different aspects of the work before actually commencing upon it, such as what is to be done? how is it to be done? where is it to be done? and when is it to be done? Taylor has advised the managers of industrial organisations to establish a separate Planning Department for this purpose.

3.   Scientific Selection and Training of Workers

First, it is determined that for a particular work, persons possessing what qualities and capabilities are required. Next, through conducting various examinations, capable persons are selected. Scientific selection is selecting the right person for the right position without any bias. According to the traditional techniques of management, this was usually done by the Foreman, however Taylor has advised the establishment of a Personnel Department for this purpose.

After selecting suitable persons, they should be imparted proper training before deploying them on the job. Scientific management requires that training should be imparted only through modern techniques as it increases the efficiency of the workers.

4.   Standardisation

Standardisation means setting standards for different factors, after due deliberation. For example, the amount of work to be done by a worker in a day may be standardised. In other words, the worker is expected to do the standard amount of work everyday. In the same manner standards may also be set for raw materials, machines and tools, techniques, conditions of work, etc.

5.   Differential Wage System

Taylor has advised the adoption of differential wage systems in order to motivate the employees. According to this system wages are paid on the basis of work done and not on the basis of time spent in doing the work. In this system two different wage rates are used: one is the high wage rate and the other

the low wage rate. Those workers who are able to produce the standard number of units within a fixed duration are paid as per the high wage rate, and those workers who are not able to produce the standard number of units within the same time are paid as per the lower wage rate.

6.   Specialisation or Functional Foremanship

F.W. Taylor has propounded the functional organisation. This form of organisation is totally based on the principle of specialisation and makes full utilisation of the expertise of various experts. In a functional organisation, work is divided into many small parts and each part is assigned to an expert. In this manner all the benefits of specialisation are availed of.

7.   Mental Revolution

Mental revolution calls for a change in the mind-set of both the managers and the workers. According to Taylor, a revolution in mind-set of both the managers and the workers is required as it will promote feelings of cooperation, and will be beneficial for both the parties.

Normally, it is seen that a conflict between the managers and the workers results in division of profits, with both the parties demanding a larger share of profits. This is the main reason that a mental revolution is required. According to Taylor, instead of fighting over division of profits, both the parties should make efforts for increasing the profits. Such a situation will result in an increase in production, and such a high increase in profits will make any talk of division of profits meaningless.

Q13. Explain the criticism of F.W. Taylor's contributions.

Ans :

F.W. Taylor's contribution was criticised on the following grounds:

(i)   The consideration of the word 'Scientific' before 'Management' was criticised since what

actually is meant by scientific management is nothing but an approach to management.

(ii) His principles were mostly confined to production management. He ignored other functional areas of management like finance, marketing, personnel and accounting.

(iii) His functional foremanship violates the principle of unity of command.

(iv) Trade unionists criticised Taylor's principles as the means to exploit workers due to the reason that wages of the workers were not increased in direct proportion to the increase in productivity.

Q14. Explain the benefits of Scientific Management.

Ans :   (Aug.-21)

Scientific management is equally important to employers, workers and the society as a whole. This technique of management believes in balanced development of all sections of society. On this basis the various benefits of scientific management can be grouped under the following three headings:

(a) Benefits to Employers

Scientific Management results in the following benefits to employers or owners of the business:

i) **Maximum Production :** The quantity of output is directly related to the efficiency of workers and scientific management concentrates its efforts on increasing the efficiency of workers. A few examples of such efforts are— maintaining the working conditions at the work place, giving appropriate wages, providing proper facilities to workers to rest in case of fatigue, rotating the work among different workers in order to retain their interest, using the simplest possible techniques of work, providing proper training to workers from time to time, etc. In such a manner, production is increased by increasing the efficiency of workers which results in higher profits for the owners of the business.

ii) **Industrial Peace :** One of the main aims of scientific management is bringing about a mental revolution in the mind-sets of the management and the workers. There should be full cooperation among the two, and this removes any conflict that may exist between the two. Such a situation automatically results in establishment of industrial harmony.

iii) **Benefits of Specialisation :** Scientific management involves breaking up the complete work into many small parts, with each part being assigned to a person who is an expert in performing it. This results in more and better work being accomplished in much lesser time, which is one of the main benefits of specialisation.

(b) Benefits to Workers

The adoption of a system of scientific management has the following benefits for workers:

i) **Better Working Condition :** Scientific management involves the maintenance of proper cleanliness and ventilation at the work place and also making adequate arrangements for the safety of workers. All this has a favorable affect on the health of the workers.

ii) **More Remuneration :** Scientific management involves, on one hand, the provision of proper working conditions and, on the otherhand, implementation of differential wage system. Both these factors motivate the workers to work harder and in doing so they earn more wages.

iii) **Improvement in Standard of Living:** The two main requisites of a good standard of living are money and peace. Scientific management provides workers with both these things. The motivation to work harder provides them with more money, and good relations with the management provides them with mental peace.

iv) Increase in Efficiency

Good working conditions, better wages, improvement in standards of living, training, etc. are such conducive factors which increase the efficiency of workers to the maximum. The rewards earned by the workers by working with more efficiency motivates the workers to work even harder, and in this manner the cycle continues. The application of scientific management produced very favourable results in a very famous American industrial organisation called Symonds Rolling Machine Co. It was found that only 35 girls were sufficient to do the same work which was previously being done by 120 girls. This was mainly due to the increase in efficiency by the application of scientific management.

Demerits or Criticisms of Scientific Management

Even though the advent of scientific management resulted in a revolution in the industrial world which resulted in an unprecedented increase in the efficiency of employees, the system cannot be said to be completely faultless. Many industrialists and the worker class have bitterly criticised this system. The main faults or criticisms of scientific management are:

(a) Criticisms by Owners

The owners of the businesses have criticised scientific management on the following grounds:

i) Difficult to Introduce

Implementing a system of scientific management in place of the old tried and tested system is not an easy task. It requires a complete change in the structure of the organisation and also results in frequent interruptions in the production process. Thus, it can be said that implementing a system of scientific management is a very long and tedious process.

ii) Only Suitable for Large Scale Business

Since this is a very complex and expensive system to implement, it can be implemented only in large scale organisations. In other words, it is not economically feasible to implement the system of scientific management in a small scale organisation.

iii) Dependency on Experts

This system requires the appointment of experts in order to take benefit of their experience and expertise. All the work in the organisation is done according to the instructions of experts only. Over a period of time, the owners of the business and the workers become so dependent upon the experts that they are unable to work by themselves. So much dependence upon experts is also dangerous for the organisation.

(b) Criticisms by Workers

Workers are critical of scientific management due to the following reasons:

i) Fear of Retrenchment

One of the main aims of scientific management is increase in productivity. The implementation of a scientific management system increases efficiency which is very beneficial for the organisation. However, increase in efficiency has adverse affect on the requirement for workers. There is a fall in the demand for workers and they are in constant fear of losing their jobs. It is mainly due to this reason that workers are opposed to scientific management.

ii) Lack of Initiative

In such a system all the major work is allotted to experts, and workers have no choice but to work as per their instructions. In other words, workers are only concerned with doing what they are told and are not supposed to apply their own minds. The lack of thinking

has an adverse affect on their motivation level which further reduces their efficiency.

iii) Opposition by Labour Unions

In a system of scientific management, each worker is paid wages according to his capabilities. Hence each person is more concerned about increasing his own efficiency and is not concerned about anybody else. As a result, the power of labour unions decreases as the number of their members falls. This is the main reason why labour unions oppose scientific management.

iv) Exploitation of Labourers

As is clear, such a system increases the efficiency of labourers, as a result of which they are able to earn higher wages. However, the owners increase the wages to a much lower extent as compared to the increase in efficiency. Hence this results in exploitation of labourers as a major chunk of the higher profits due to the increased efficiency are retained by the owners.

v) Inhuman Behaviour

Under this system, the owners are only concerned about the increase in production and totally ignore the adverse affect the additional work burden has on the health of the employees. Hence, this system results inhuman behaviours on the part of the owners towards their employees.

F.E. Cardullo, while supporting the above criticisms, has expressed his opinion as, "While presenting the system of scientific management one major mistake made by Taylor was that he has equated man to a part of a machine".

Q15. Explain the contributions made on the administrative management.

Ans :

Henry Fayol was a major contributor to administrative management approach.

Henry Fayol started his career as a mining engineer in 1860 in a colliery company in France. In 1866, he was appointed as the manager of the collieries and remained in this position for 22 years. In 1888, when the company's financial position was critical, he was appointed as the General Manager. He held this position with his expertise for 30 years and retired in 1918, at a time when the company had become one of the biggest coal companies in France. His observations on the principles of general management first appeared in 1916 in French under the title Administration Industriella et Generate, and this was translated into English in 1949 under the title General and Industrial Administration.

This book contains two parts: the first part is concerned with the theory of administration and the second part with the discussion on training for administration.

Fayol felt that the activities of business could be divided into six groups:

(i)   Technical

(ii) Commercial

(iii) Financial

(iv) Security

(v)   Accounting

(vi) Managerial

Fayol felt that the first five were well known and as a result, devoted most of his book to an analysis of the sixth. He classified the managerial group into six sub-groups, viz., forecasting, planning, organizing, co-ordinating, commanding and controlling. Fayol stated the qualities required by managers to be physical, mental, moral, educational and technical. As a matter of fact, he emphasised that as one goes higher up in the levels of management, the administrative knowledge and skills become relatively more and more important, and technical knowledge and skill less important.

Q16. Explain the Importance of Administrative Management.

Ans :

Fayol has contributed richly to the field of management. Some of his major thoughts which have greatly benefited the world of management are the following:

(i) Universality of management.

(ii) Managers are not born, but created.

(iii) Only authorities can be delegated, not the responsibilities.

(iv) The span of control for a manager should not exceed six.

(v) One person should do only one work.

(vi) There should be a clear demarcation of authority right from the top to the bottom.

(vii) Every employee should be informed about his authority and responsibility in writing.

Q17. Explain the concept of Weber's theory of bureaucratic administration. State its features advantages and disadvantages.

Ans :

Concept of Bureaucratic Weber's Administration Theory

Max Weber, the father of bureaucracy was a German sociologist who studied various business and government organizations and identified 3 basic forms of business administration such as leader oriented, tradition-oriented and bureaucratic administration. Leader-oriented administration does not involve the delegation of management functions whereas, in traditional-oriented administration managerial positions are passed on from one generation to another.

The most important and ideal form of administration is bureaucratic administration wherein the delegation of management responsibilities is permissible only to those persons who are capable and have the ability to hold the position.

Key Features of Bureaucratic Administration

1. Greater Emphasis on the Compliance of Standard Rules

Weber suggested that the authority in an organization must be managed by the following standard rules. The institutional goals must be given prior importance over the personality goals which enables the manager to equally treat all the subordinates. It also helps them to take up decisions by predicting the future of courses of action.

2. Systematic Division of Work

Bureaucratic administration is characterized by the systematic division of work which helps in improving the quality process by increasing the efficiency and by reducing time while changing from one job to another.

3. Follows the Principle of Hierarchy

In this administration, principle of hierarchy is followed wherein, each office at lower level is supervised and controlled by the higher authorities.

4. Knowledge and Training in the Application of Rules

It is essential to provide knowledge and training to the individuals relating to the application of rules as it forms the basis for providing the legitimacy to his authority.

5. Maintaining Record of Administrative Acts, Decisions and Rules

The maintenance of record makes the organization to be self dependent rather than to depend on others. It also provide clear and accurate understanding of all the concepts of management to its people.

6. Rational Personnel Administration

Depending on the credentials and merit, people are selected and their remuneration is fixed on the basis of their position in the hierarchy. Promotions are done systematically where focus is on gaining loyalty and commitment of people.

Advantages of Bureaucratic

The following are the advantages of Weber's theory of bureaucratic administration which are as follows,

1. Specialization

Bureaucracy forms the basis for dividing work of the organization into various functional

departments. This helps the people to specialize in their respective fields thereby discharging to effective performance.

2. Rationality

Bureaucracy develops rationality in an organization wherein judgements are made based an objectives and agreed criteria. In order to offer form or substance to an organization, bureaucracy formulates the duties, responsibilities and reporting relationships in a command hierarchy. This logical designing of activities helps in the implementation of assigned tasks in an organized manner.

3. Predictability

The predictability and stability of an organization are mainly dependent on the rules, regulations, training, specialization, structure and other components of bureaucracy. For instance, bureaucracy develops high confidence among the new students, for predicting the existence of his university even in future.

4. Democracy

In bureaucratic organizations, the decisions are usually made based on predetermined criteria. It is through the rules regulations consistent behaviour could be developed within the organization. As per the time schedule, priority is given to the activities where people are appointed on a merit basis. Bureaucracy does not consider patronage, favouritism and other arbitrary bases because every citizen has a right to be trained, applied and be selected for a specific job based on their respective qualifications.

Contributions and Limitations of Bureaucracy Contribution

In an organization if a single person is unable to meet all the functions of management then bureaucracy becomes the logical extension of management. The bureaucratic type of management plays a vital role in the development of a modern and large scale organizations demanding the functionally specialized staff for the purpose of training and. for controlling the people belonging

to heterogeneous backgrounds. It also helps in delegating specific responsibilities and functions to them.

Limitations or Disadvantages

It has been observed that from the past few years bureaucracy have been criticised on various grounds. Research conducted by Merton, Selznick and Gouldner have disclosed many improper consequences of bureaucracy.

Key Limitations of Bureaucracy are as follows,

1. Overconformity to Rules

In a bureaucratic organization, employees follow "stick to the rule" policy as they assume that a penalty will be charged for violating such rules. So, they only comply with the word of law rather than understanding the true meaning behind such words.

2. Buck-Passing

In a bureaucratic organization, initiative of people is restrained because in the absence of rules, employees, either postpone their decisions or shift them to others. It leads to a delay in office work functioning of these groups. But the informal groups which performs most of the organizational work are often neglected by the bureaucratic organizations.

3. Categorisation of Queries

In a bureaucratic organization, the possible queries which may come from outside have been categorized in advance. Managers need to be prepared with the answers for such queries, if any variation exists between the queries within a category then they must be neglected. When a query is received, the job of the employee is to identify its category by marking it against the category to which it is applied.

4. Displacement of Goals

In a bureaucratic organization, displacement of goals is a common phenomenon which usually occurs when legitimate goals are substituted with other goals, for which previously there were no allocation of resources.

5.   No Real Right of Appeal

In bureaucratic organizations, clients are usually dissatisfied as they don't posses real rights of appeal. Often the views of subordinates are usually neglected by their superiors.

6.   Neglect Informal Groups

Being a social creature, man often forms informal group which plays a key role in the organization. Many organizations are forming a new discipline known as 'group dynamics' which facilitates in the formation and functioning of these groups. But, the informal groups which performs most of the organizational work are often neglected by the bureaucratic organizations.

7.   Rigid Structure

Bureaucratic structures become rigid due to precise description of rules and overcon-formity to rules. Such type of structure may be suitable in case of stable environments but may not remain functional in the changing environment. In present scenario, organizations must have flexible structures so that they can easily interact with their environment while collecting, processing and monitoring the information. It also helps in modifying the job descriptions as per the requirements of a specific department.

8.   Incapable to Fulfill the Requirements of Mature Individuals

Chris Argyris developed maturity-immaturity theory which explains the inability of bureaucratic organizations to fulfill the needs of mature individuals who are working in such organizations. This theory believed that a mature individual demands independence, initiative, self control, opportunity to make use of all his skills and information in planning his future. But the hierarchial and controlling features of a bureaucratic organization operate against these needs.

1.3.2   Behavioural Theory of Management

Q18. Explain Behavioural Science Approaches to Management.

Ans :

It has been observed in the human relation approach that there is a direct relationship between satisfaction and production. In other words, the more satisfied the workers are the more production will be possible. The behavioural science approach is nothing but an improved version of the human relations approach to management. Under this approach, the study of human behaviour is given more importance than the human relations.

The exponents of this approach include scholars like Douglas, McGregor, Chester I Barnard, Rensis Likert, Chris Argyris, Fredrick Herzberg, Warren G. Bennis, Mary Parker Follet, Abraham Maslow, Robert Tannenbaum, etc. The major contribution of the behavioural scientists has been in the field of leadership, communication, motivation, organizational change, organizational conflicts, etc. The behavioural science approach came into vague after 1940.

The details about the contributions made by some of the propounders of behavioural science approach are like this :

1.   Abraham Maslow

Maslow presented the Need Hierarchy principle. According to this principle, the needs of a human being are varied and their order can be determined. The moment his first need is satisfied, he starts thinking about his second need and this chain continues. In conclusion, it can be said that human needs act as a motivation for him.

2.   Frederick Herzberg

According to Herzberg, along with the motivators the maintenance factors are also helpful in boosting the enthusiasm of the workers.

3.   Douglas McGregor

McGregor has presented the traditional approach of motivation as 'X' approach and the modern approach as the 'Y' approach.

4.   Rensis Likert

Likert had contacts with numerous managers during the course of his research and, in conclusion, presented four models of management. They are called Management System of Likert.

5.   Robert Tannenbaum

Tannenbaum, presented the approach of continuum of leadership behaviour. According to Tannenbaum, it is not possible that any single system of leadership can be applied to all the situations. That is why he has described not one or two, but seven systems of leadership.

Conclusion

The propounders of the behavioural science approach have offered the following suggestions after their study :

(i)   The employees should have a share in the matter of policy determination.

(ii)   The employees should be treated in a human way.

(iii) It is the duty of the manager to bring out the latent talent of the employees.

(iv) It is the duty of the manager to provide a healthy environment.

(v)   The system of self-discipline instead of the imposed discipline should be adopted.

1.3.3 System Theory of Management

Q19. Explain in detail system approach to management.

Ans :

A system is a set of interrelated but separate parts working towards a common purpose. The arrangement of elements must be orderly and there must be proper communication facilitating interaction between the elements and finally this interaction should lead to achieve a common goal.

Key Concepts of Systems Approach

(i)   Subsystem : Subsystems are those parts which make up the whole system. Each system in turn may be a subsystem of a still larger system. Thus, a department is a subsystem of a factory, which is a subsystem of a firm, which is a subsystem of an industry, which is a subsystem of a national economy, which is a subsystem of the world economic system.

(ii)   Synergy : Synergy is the situation in which the whole is greater than the sum of its parts. In organizational terms, synergy means that departments that interact co-operatively are more productive than they would be, if they operated in isolation.

(iii) Open System : It is a system that interacts with its environment. All organisations interact with their environment, but the extent to which they do so varies.

(iv) Closed system: It is a system that does not interact with its environment.

(v) **System Boundary:** It is the boundary that separates each system from its environment. It is rigid in a closed system while flexible in an open system.

(vi) **Flows:** A system has flows of information, materials and energy. These enter the system from the environment as inputs (like raw materials), undergo transformation process within the system (like production process) and exist in the system as outputs (like products/services).
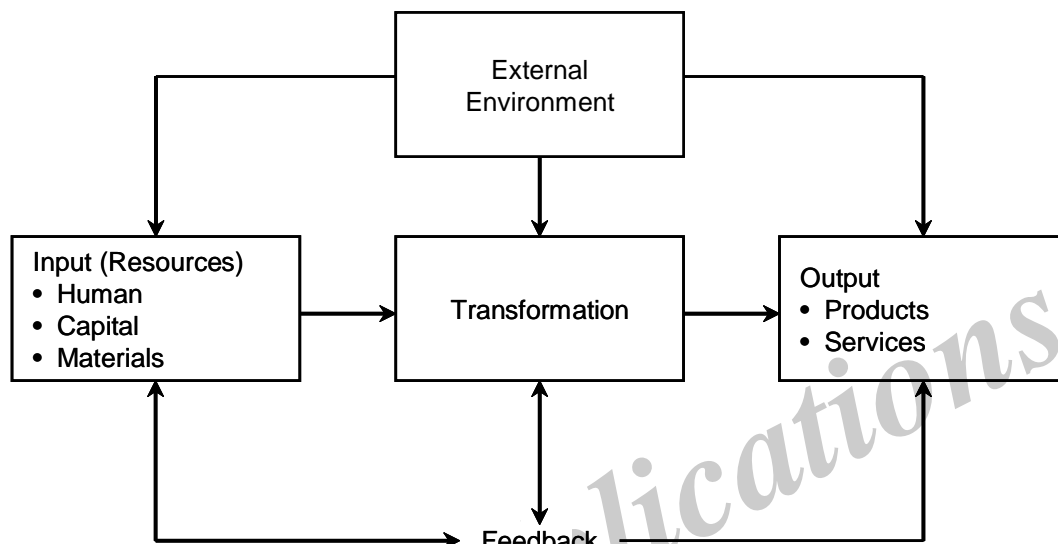
Fig. : The Flows and Feedback in the Open System

Q20. Explain the features of systems approach to management.

Ans :

According to Herbert B.Hicks and C.Ray Gullett, the characteristics of systems approach to management are:

(i) **Dynamic :** The process between subsystems within an organization is dynamic.

(ii) **Multilevel and multidimensional :** An organization can interact with other organisations and the economy at various levels and in multifarious ways.

(iii) **Multimotivated :** Since the organization is dynamic and has multiple goals, an act in the organization may be motivated by several motives.

(iv) **Probabilistic :** Management would be mostly probabilistic as it is operated under a highly turbulent and dynamic environment.

(v) **Multidisciplinary :** Systems theory of management is contributed by various disciplines.

(vi) **Descriptive:** Instead of providing certain prescriptions, this theory describes the features of organization and management.

(vii) **Adaptive:** All the subsystems should be adaptable and accommodate to the changes in other subsystems.

1.3.4 Contingency Theory of Management

Q21. Write a short note on contingency theory of management.

Ans :

Contingency or situational approach was developed by J.W. Lorsch and P.R. Lawrence in 1970 who were critical of other approaches presupposing 'one best way to manage'. Management problems are different under different situations and need to be tackled as per the demand of the situation. One best way of doing may be useful for repetitive things but not for managerial problems.

The contingency or situational approach emphasises the fact that what managers do in practice depends upon a given set of circumstances (a contingency & situation). This approach not only takes into account given situations but also the influence of given solution on behaviour patterns of an enterprise. As per this approach, managers should develop variable methods, tools or action plans as per the specific situation or contingencies as they develop. The type of motivation, communication system, type of leadership in an organisation will depend upon the circumstances prevailing in different enterprises at different times. Changes in organisation have to be made to face the contingencies that crop up from time to time. A manager should study to find out the method that fits into the situation and helps in precise realisation of goals of the enterprise.

Features of Contingency Theory

This approach has the following features :

(i)   Management is entirely situational. The conditions of the situation will determine which; techniques and control systems should be designed to fit a particular situation.

(ii)   Management policies and procedures should respond to environmental conditions. Various techniques and control systems should be designed to fit a particular situation.

(iii)   Managers should understand that there is no one best way of managing. They should not treat management principles and techniques as universal. It will be the situation which will determine the techniques and methods of management.

Practical Utility of Contingency Approach

Contingency approach is useful in the following ways :

(i)   This approach does not accept the universality of management theory. In other words, it stresses that there is no single best way of managing in all situations. There are significant differences in different situations. Management should deal with different situations differently. The conditions and complexities of the situation will determine which approach should be adopted to deal with it.

(ii)   Managerial policies, strategies should be adjusted as per the changes in the environment. The external factors influence the working of the organisation.

(iii)   There is a need to anticipate and identify the contingency by improving the diagnostic skills and acumen of the manager. If may be difficult to anticipate external environmental forces with definite accuracy but still creative and imaginative capabilities of the managers will help them in future planning. There should be alternative and contingent plans to deal with the emerging situations.

(iv)   Though change is a part of everyday life but efforts should be made to stabilise changes.

(v)   This approach is action oriented and is directed towards the application of systems concepts and the knowledge gained from other approaches. The choice of an approach will depend upon the specific situation being faced.

Q22. Distinguish between Systems Approach Vs Contingency Approach

Ans :   (June-18)

Point of different	Systems Approach	Contingency Approach
1. **Emphasis**	The emphasis is on interdependence and interaction among sub-systems.	It emphasises the impact of environment on organisational design and managerial style.
2. **Focus**	The focus is on the internal environment and sub-systems of the organisation.	The focus is on external environment of the organisation.
3. **Situation**	It treats all organisations alike and the background of the organisation is not taken into account.	Each organisation is taken as unique entity. Different organisations have different nature and face different situations.
4. **Environment**	The organisation interacts with the environment and adjusts as per the changes.	The impact of the environment on organisation structure and managerial style is the major concern of contingency approach.
5. **Model**	It provides a theoretical model of understanding the organisation and its sub-systems.	It suggests practical solutions to organisational problems.
6. **Classical**	It is silent on the validity of classical principles principles of management.	It rejects the blind application of classical principles of management.

This approach lacks theoretical base. A manager is expected to know all the alternative courses of action before taking action in a situation. it is not always possible.

1.3.5 Contemporary Perspectives of on Management

Q23. Discuss various Contemporary issues involved in Management.

Ans :

a)   Workforce diversity

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

b)   Knowledge Management and Learning Organizations

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

c)   Outsourcing

In business, outsourcing involves the contracting out of a business process to another party (compare business process outsourcing). The concept "outsourcing" came from American Glossary 'outside resourcing' and it dates back to at least 1981. Outsourcing sometimes involves transferring employees and assets from one firm to another, but not always.Outsourcing is also the practice of handing over control of public services to for-profit corporations.

d)   Time management

It is the act or process of planning and exercising conscious control over the amount of time spent on specific activities, especially to increase effectiveness,efficiency or productivity.It is a meta-activity with the goal to maximize the overall benefit of a set of other activities within the boundary condition of a limited amount of time.Time management may be aided by a range of skills, tools, and techniques used to manage time when accomplishing specific tasks, projects, and goals complying with a due date. Initially, time management referred to just business or work activities, but eventually the term broadened to include personal activities as well. A time management system is a designed combination of processes, tools, techniques, and methods. Time management is usually a necessity in any project development as it determines the project completion time and scope.

e)   Stress Management

It refers to the wide spectrum of techniques and psychotherapies aimed at controlling a person's levels of stress, especially chronic stress, usually for the purpose of improving everyday functioning.In this context, the term 'stress' refers only to a stress with significant negative consequences, or distress in the terminology advocated by Hans Selye, rather than what he callseustress, a stress whose consequences are helpful or otherwise positive.Stress produces numerous physical and mental symptoms which vary according to each individual's situational factors. These can include physical health decline as well asdepression. The process of stress management is named as one of the keys to a happy and successful life in modern society.Although life provides numerous demands that can prove difficult to handle, stress management provides a number of ways to manage anxiety and maintain overall well-being.

f)   Conflict management

It is the process of limiting the negative aspects of conflict while increasing the positive aspects of conflict. The aim of conflict management is to enhance learning and group outcomes, including effectiveness or performance in organizational setting.

g)   Green Management

It is a comprehensive term which focuses on environmental conservation for suatainable development of business activities. Many disasters such as global warming, deforestation, ozone layer depletion, increasing pressure from ethical consumers, population growth ,etc brought a new perception among individuals, groups and organizations to save natural environment.

h)   Participative management

It is the process of involving subordinates in decision m asking process with their immediate superiors. It empowers the subordinates who know the actual problems and can contribute in making better decisions.

1.4 MANAGEMENT ART OR SCIENCE

Q24. Elucidate the statement management is an art (or) science.

Ans :   **(Dec.-16)**

There is a controversy about the nature of management - whether it is an art or a science. Some management experts treat it as an art while some others classify it as a science. This is an old and misleading controversy. Before understanding the nature of management it is important to know the meaning of art and science. The meaning and characteristics of art and science and their presence in management is reflected in the following description:

A) Management as an Art

To perform a job in the best possible way is art. It decides the method of doing a thing and tells us how to achieve our objectives. Art is an individual process because every artist has his own way of doing things. In reality, art is a creative process and its success can be measured by the results achieved by the artist. The manufacture of furniture by a carpenter and ornaments by a goldsmith are examples of art. Art can be improved with the help of continuous practice. Some scholars have given the following definitions of art:

According to G.R. Terry, *"Art is bringing about of a desired result through application of skill."*

In the words of T.L. Massie, *"In any activity that is classed as an art the emphasis is on applying skills and knowledge and accomplishing an end through deliberate effort."* On the basis of above mentioned definitions it can be asserted that art consists in doing a job efficiently and achieving an objective effectively by using practical know-how and personal skill. From this point of view art has five characteristics.

    a) Personal Skill;

    b) Practical Knowledge;

    c) Concrete Result-oriented Approach;

    d) Development through Practice; and

    e) Creative Power.

Whether management is an art or not will be known by the application of these characteristics, description of which is as under :

1. **Personal Skill**

In this context management is an art because in order to achieve the objectives of an organisation, the manager makes use of his personal skill to overcome all the obstacles hindering the way of successful attainment of the objectives of the organisation. Thinking and taking decision are important in the work of management and these qualities are found in varying degree among different managers.

Consequently, their style of getting work out of other people is also different. It is not necessary that a style or system of work which is successful for one manager will certainly be successful in case of another manager. Therefore, the quality of personal skill being a characteristic of art is present in case of management.

2. **Practical Knowledge**

Art points towards practical knowledge and is related with its actual application. Management is also practical knowledge. In business the importance of a manager is known from the fact of his applying the principles of management efficiently and effectively. The amount and extent of knowledge of the principles of management that a manager possesses is not of much value. Performance of managerial functions requires a manager to have the power of making decision, efficient conduct and quality of leadership. These qualities reflect his practical knowledge. Thus, practical knowledge is inherent in management and, therefore, it can be called art.

3. **Concrete Result-oriented Approach**

The basis of art is the attainment of meaningful results. In this context management also consists of the same concept because management is also concerned with the achievement of realising objectives. For management meaningful results are — getting maximum profits with the minimum of investment and labour; achieving the

objective of production and sales; ensuring appropriate profit on capital; etc. The success of a manager is determined by the fact that how efficiently and economically he gets the pre-determined objectives of the organisation. Thus, it will not be inappropriate to call management an art on the basis of its result-oriented approach.

4. Development Through Practice

Just as art can be embellished with the help of practice, in the same way managerial skill also improves with practice. Every manager has a desire to become a complete expert in his field. He can fulfil their desire by continuous practice. A fully developed manager not only moulds the organisation according to the changing circumstances but also has the capacity to change the outer circumstances according to his will. Thus, management possesses this characteristic of art too.

5. Creative Power

Art possesses the inherent power of creativity. Similarly management has the quality of creative art. In management the work is completed by motivating other people and establishing coordination between their activities. In other words, management is not an unproductive process but its objective is to create an atmosphere in which all people can perform their functions efficiently.

The above analysis clearly establishes that management possesses all the characteristics of art and on this very basis it has been accepted as an art.

B) Management As a Science

After having accepted the nature of management as an art, it remains to be seen whether it a science or not. Before accepting or rejecting the claim of management to be considered as a science it is important to understand the meaning of science.

Science is that systematic body of knowledge which man has acquired on the basis of observation and experiments and verification of this knowledge is possible. The chief difference between art and science is that under art we come to acquire the knowledge of 'how' to accomplish something. In other words what is the system of realising the pre-determined objective? Science on the other hand, tells us 'why' something is being done? In other words, what is the secret of laying down of principles. Some chief definitions of science are given below :

According to Keynes, "Science is a systematised body of knowledge which establishes relationship between cause and effect."

In the words of **G.R. Terry,** "Science is a body of systematised knowledge accumulated and accepted with reference to the understanding of general truths, concerning a particular phenomenon, subject or object of study."

On the basis of the above definitions Science seems to have the following five characteristics :

a)   Systematised Body of Knowledge.

b)   Based on Collection of Facts, Analysis and Experiments.

c)   Universal Application.

d)   Cause and Effect Relationship.

e)   Verification of Validity and Prediction of results Possible.

It is important to apply these characteristics of science to management in order to find out whether management is a science or not.

1. Systematised Body of Knowledge

It is necessary for science to be a systematised body of knowledge. Management is also a systematised body of knowledge because it came to be recognised after years of research and experimentation by management experts.

2. Based on Collection of Facts, Analysis and Experiments

After applying this characteristic of science to management we find that development of management took years for the collection of facts, their analysis and experiments. In other words, management came into existence because of the continuous and encouraging labour of the theorists and various people concerned.

3.   Universal Application

Scientific principles are based on truth and they can be applied at every time and in every situation. Thus, its universal application is possible. In the field of management too, managerial knowledge and principles of management are considered to be based on truth and they, too, can be applied any where and in every situation.

For example, the principle of unity of command which means that subordinate employees should get orders from only a single officer is universally applicable in the field of management. In case there happen to be more than one high officer the subordinate employee will not be able to understand as to what command is to be given priority. It will ultimately affect his efficiency. In this way, many other principles of management are applied universally.

4.   Cause and Effect Relationship

Scientific principles always explain the relationship between cause and effect. When it is applied to management we come to know that the principles of management also establish this relationship between cause and effect. For example, poor planning and plant layout affect production. Here poor planning is the cause and less production the effect. Similarly, the principle of distribution of work explains the correct or proper distribution as the cause and increase in efficiency as the result. In this way, we find these characteristics of science in management.

5.   Verification of Validity and Prediction of Results Possible

Mere collection of knowledge and facts is not science. For science validity and prediction of results is important. The validity of the principles of management can also be verified and results can be predicted on application of any special principle. Thus, the principles of management, like the principles of science, can prove their validity on the touchstone of practicality.

For example, the principle of unity of command when put to practice tells us that a subordinate who has one officer to give him command will be more efficient than the other subordinate who gets commands from more than one officer. On the other hand, because of the relationship between cause and effect, the possible results of the application of any principle can be predicted. For example, the application of the principle of the unity of command gives us the knowledge of possible results.

On the strength of the above mentioned facts it can be said that management has both the characteristics of art and science, but it cannot be classified as a science of the nature of physics and chemistry. The science of management is related to human beings and their conduct is subject to constant changes.

In other words, the subject matter of management is 'man' who is an intelligent and sensitive being and whose behaviour or conduct changes according to the changing situations. Therefore, no permanent principles like the principles of physics and chemistry can be enunciated in relation to his conduct or behaviour. That is why, the science of management, like all other social sciences is based on available situations and its results can never be permanent like the results of physics and chemistry. Clearly the science of management cannot be called a true science but it should be described as an applied science whose principles are subject to change according to time, situation and the nature of man.

1.4.1 Management as a Profession

Q25. How do you explain management as a profession.

Ans :   (Dec.-17)

Management is regarded as profession due to the development of business in size and nature. Besides, there is a difference between the ownership and management. Hence, there is a social recognition to the management as a profession.

Meaning of Profession

Profession means an occupation by which apply the intelligence and efforts for the purpose of providing skilled service or advice to others for an agreed amount.

Definition of Profession

According to L.M.Prasad "profession is an occupation for which specialised knowledge, skills and training are required and use of these skills is not meant for self-satisfaction but these are used for larger interests of the society and the success of these skills is measured not in terms of money alone."

According to Webster dictionary, "Profession is that occupation in which one professes to have acquired specialised knowledge, which is used either in instructing, guiding or advising others'.

According to Hodge and Johnson, " Profession is a vocation requiring some significant body of knowledge that is applied with high degree of consistency in service of some relevant segment of society".

Feature of Professions

Profession is an occupation carried on by professional people like doctors, lawyers, architects, etc. it involves application of expert knowledge to solve specific problems or to handle specific tasks. There is a debate whether management is a profession or not. To find out whether management is a profession, one needs to know features of professions.

Following are some of the important features of professions:

1. **Formal Education:** A true professional needs to have minimum formal education from a recognised institution. For instance, a lawyer needs to have a degree in law from a recognised university.

2. **Fees:** The professional normally charges fees for their services rendered to the clients. The fees may be varying from professional to professional. Normally, they do not work exclusively for only one client. They have number of clients.

3. **Expert Knowledge:** Professional require expert knowledge in a particular discipline. For instance, a doctor needs to have expert knowledge in the field of medicine.

4. **Requirement of Licence:** Professionals require a license or a permission to practice.

For instance, a doctor requires a licence to practice as a medical practitioner.

5. **Independent Office:** Normally, the professionals practice from their own independent office.

6. **Social Responsibility**: The professionals are socially responsible to their clients and to the society, while handling their tasks and responsibilities. Their actions should be guided not only by monetary consideration, but also by social responsibility.

7. **Specialisation**: The professionals may specialise in a particular field. For instance, there may be doctors only for a particular disease or for a particular class of patients. For instance, their are heart specialist, child specialist, etc.

8. **Code of Conduct**: The actions of the professional are guided by a code of conduct. It is the association, either at national level or at state level that lays down certain standards to be followed by the professionals.

1.5 PROCESS OF MANAGEMENT

Q26. Outline the process of management.

Ans :   (Dec.-19)

Process management is the ensemble of activities of planning and monitoring the performance of a business process. The term usually refers to the management of business processes and manufacturing processes. Business process management (BPM) and business process reengineering are interrelated, but not identical.

Definition of Management Process

According to D. E. McFarland, "Management is the distinct process by which the managers create, direct, maintain and operate purposive organisation through systematic, co-coordinated and cooperative human efforts".

According to Gemp R. Terry, "Management is a distinct process consisting of planning, organisisng, actuating and controlling, performed to determine and accomplish objectives by the use of people and other resources".

Elements of Management Process

1. **Planning**

    Planning is the primary function of management. It involves determination of a course of action to achieve desired results/ objectives. Planning is the starting point of management process and all other functions of management are related to and dependent on planning function. Planning is the key to success, stability and prosperity in business. It acts as a tool for solving the problems of a business unit. Planning plays a pivotal role in business management It helps to visualize the future problems and keeps management ready with possible solutions.

2. **Organising**

    Organising is next to planning. It means to bring the resources (men, materials, machines, etc.) together and use them properly for achieving the objectives. Organisation is a process as well as it is a structure. Organising means arranging ways and means for the execution of a business plan. It provides suitable administrative structure and facilitates execution of proposed plan. Organising involves different aspects such as departmentation, span of control delegation of authority, establishment of superior-subordinate relationship and provision of mechanism for co-ordination of various business activities.

3. **Staffing**

    Staffing refers to manpower required for the execution of a business plan. Staffing, as managerial function, involves recruitment, selection, appraisal, remuneration and development of managerial personnel. The need of staffing arises in the initial period and also from time to time for replacement and also along with the expansion and diversification of business activities. Every business unit needs efficient, stable and cooperative staff for the management of business activities. Manpower is the most important asset of a business unit. In many organisations, manpower planning and development activities are entrusted to personnel manager or HRD manager. 'Right man for the right job' is the basic principle in staffing.

4. **Directing (Leading)**

    Directing as a managerial function, deals with guiding and instructing people to do the work in the right manner. Directing/leading is the responsibility of managers at all levels. They have to work as leaders of their subordinates. Clear plans and sound organisation set the stage but it requires a manager to direct and lead his men for achieving the objectives. Directing function is quite comprehensive. It involves Directing as well as raising the morale of subordinates. It also involves communicating, leading and motivating. Leadership is essential on the part of managers for achieving organisational objectives.

5. **Co-ordinating**

    Effective co-ordination and also integration of activities of different departments are essential for orderly working of an Organisation. This suggests the importance of coordinating as management function. A manager must co-ordinate the work for which he is accountable. Co-ordination is rightly treated as the essence of management. It may be treated as an independent function or as a part of organisms function. Coordination is essential at all levels of management. It gives one clear-cut direction to the activities of individuals and departments. It also avoids misdirection and wastages and brings unity of action in the Organisation. Co-ordination will not come automatically or on its own Special efforts are necessary on the part of managers for achieving such coordination.

6. **Controlling**

    Controlling is an important function of management. It is necessary in the case of individuals and departments so as to avoid wrong actions and activities. Controlling involves three broad aspects: (a) establishing standards of performance, (b) measuring work in progress and interpreting results achieved, and (c) taking corrective actions, if required. Business plans do not give positive,

results automatically. Managers have to exercise effective control in order to bring success to a business plan. Control is closely linked with other managerial functions. It is rightly treated as the soul of management process. It is true that without planning there will be nothing to control It is equally true that without control planning will be only an academic exercise Controlling is a continuous activity of a supervisory nature.

7. Motivating

Motivating is one managerial function in which a manager motivates his men to give their best to the Organisation. It means to encourage people to take more interest and initiative in the work assigned. Organisations prosper when the employees are motivated through special efforts including provision of facilities and incentives. Motivation is actually inspiring and encouraging people to work more and contribute more to achieve organisational objectives. It is a psychological process of great significance.

8. Communicating

Communication (written or oral) is necessary for the exchange of facts, opinions, ideas and information between individual's and departments. In an organisation, communication is useful for giving information, guidance and instructions. Managers should be good communicators. They have to use major portion of their time on communication in order to direct, motivate and co-ordinate activities of their subordinates. People think and act collectively through communication. According to Louis Allen, "Communication involves a systematic and continuing process of telling, listening and understanding".

1.6 LEVELS OF MANAGEMENT

Q27. Explain different levels of managers.

Ans : **(Aug.-21, Dec.-19, June-19, June-18)**

In most business organisations, three broad levels of management can be identified.

Management pyramid

1. The top level management

It constitutes the chief executive and the directors. At this level, the mission, goals, and corporate strategies are formulated. Long term plans are made. Major policy decisions are taken. Basic organization structure (this explains number of departments in the organization, number of people at each level, authority relationships, and so on) is outlined. The employees are adequately motivated to strive for meeting organizational objectives. The performance of the middle level managers is evaluated and controlled by the top management.

The time horizon for this level of management is often 5-10 years. In business organisations, the top management is solely responsible to the shareholders for the conduct of the business and also for the welfare of all employees.

2. Middle level management

It is responsible for carrying out the decisions and policies made by the top management. It includes departmental managers, functional managers such as marketing manager, production manager, and others. Here, the managers plan, organize, direct, and control for the activities within their respective departments only. The time horizon for this level of management is commonly one year. They are responsible to their superiors for the operations of their department or unit only.

3. Lower level management

It is also called operational level, which includes foremen, supervisors, and the like. Managers at the operational level supervise their workers in their day-to-day tasks. As a part of this, they plan (make targets and schedules), organize (allocate task and time to meet daily targets), direct (instruct and motivate the employees to do the job better), and control (ensure that the work is completed satisfactorily according to the schedules). The time horizon for this group may vary accordingly: between a week and a month. They are responsible for the work of all the employees under them.

1.7 INTRODUCTIONS TO FUNCTIONS (POSDCORB) OF MANAGEMENT

Q28. Explain various major functions of management.

Ans : (Aug.-21, Dec.-18, June-18, Dec.-17)

It is not difficult to see why social workers need to know the role and functions of managers in formal organisations. Social work profession seeks to improve the well-being of the clients by providing a variety of services. In most cases these services are provided through governmental or non-governmental organisations. A social worker, therefore, is often part a large organisation and has to perform his or her functions within such organisations.

Also, as the social workers grow professionally they attain higher positions in the organisation. Their role in the direct provision of services diminish and their role as a manager gain significance. However, since the ultimate goal is the provision of welfare services, social work administrator cannot be a bureaucrat or a manager with concern only for efficiency. Social work values will form the base for the administrative decisions taken in the context of service delivery.

POSDCoRB

POSDCoRB is an acronym which social welfare administration has borrowed from management theory. The classical management thinker, Luther Gullick gave this acronym to describe the functions of a manager in an organisation.

POSDCoRB stands

P – Planning

O – Organising

S – Staffing

D – Directing

Co – Coordinating

R – Reporting

B – Budgeting

1. Planning

According to Terry and Franklin 'Planning is selecting information and making assumptions regarding the future to formulate activities necessary to achieve organisational objectives'.

Every organisation does some form of planning, as they have to prepare for the future. In large organisations, planning is done by a separate division or department which generally reports to the Chief executive. Planning, here, is a highly specialized area, as a number of factors have to be taken into consideration. The department includes experts from diverse fields such as economics, statistics, management, etc. When any organisation operates in more than one region or country, the complexity of the planning process increases. In smaller organisations, the task is entrusted to staff members, who handle other work but have the competence and knowledge to do the planning function; do planning. Either way planning is an important activity of the administrator.

2. Organising

Organising means establishing effective behavioural relationship among persons so that they may work together efficiently and gain personal satisfaction in doing selected tasks under given environmental condition for the purpose of achieving some goal or objective.

The need for an organisation emerges when one individual cannot perform all the necessary tasks. As number of individuals increase, they are further divided into groups each of which are given a specific set of tasks to perform. How and on what basis these tasks are divided among individuals and group is the role of 'organising' in management.

3. Staffing

Staffing is the management function that deals with the recruitment, placement, training and development of organisation members. Any organisation is as good as it's employees' performance shows. Staff of the organisation should be selected, retained and promoted based on the needs of the organisation and their performance.

4. Directing

Directing is the managerial function of guiding, supervising and leading people. According to Chandan 'it is concerned with directing the human efforts towards organisational goal achievement'. Sometimes directing and leading are seen as one function. Often it is the success or failure of this function that will determine whether the organisation will achieve its objectives. Leading also determines the levels of satisfaction the employees of the organisation experience.

Some of the requirements for successful leadership in an organisation are: clear-cut objectives which should be known to all the managers and employees, meaningful supervision by the superiors of the subordinates, participatory managerial style, unity of direction, and purposive and effective follow-up.

5. Coordinating

Coordination is the process of integrating the objectives and activities of two or more units (departments or functional areas) of an organisation in order to achieve organisational goals efficiently. In the organising function, we have seen the need for division of work among the various units of the organisation. Efficiency increases with specialization of activity and grouping of related work. But the division of work brings about its own problems. Departments become so involved in their work that they forget the organisational objectives. Departmental interests are placed above organisational interests.

6. Reporting

Reporting involves regularly updating the superior about the progress or the work related activities. The information dissemination can be through records or inspection.

Essentials of a Good Reporting System

A good reporting system is a better guide and effective tool for efficient managerial decision-making. Hence, the essentials of a good reporting system are as follows:

i) **Proper Form :** In order to facilitate decision-making the information supplied should be in proper form. The style and layout of a report depend upon the needs of the individual who will use the same. The report may be submitted in the form of narration written statement of facts, statisti-cal tabulations, graphs, charts etc.

ii) **Proper Time :** Promptness is very important because information delayed is information denied. Reports are meant for action and when adverse tendencies or events are noticed, actions should follow forthwith. The sooner the report is made, the quicker the corrective action be taken.

iii) **Proper Flow of Information :** The information should flow from the right level of authority to the level of authority where the decisions are to be made. Further complete and consistent infor-mation should flow in a systematic manner.

iv) **Flexibility :** The system should be capable of being adjusted according to the requirements of the user. For example, production manager should be provided with information relating to his division or area of control only.

v) Facilitation of Evaluation : The system should distinctively report deviations from standards or estimates. Controllable factors should be distinguished from non-controllable factors and re-ported separately. A good reporting system should give information required for the evaluation of each manager's area of responsibility in relation to the goals of the organization.

vi) Economy : There is a cost for rendering information and such cost should be compared with benefits derived from the report or loss sustained by not having the report. Economy is an informa-tion aspect to be considered while developing reporting system.

7. Budgeting

Budgeting involves all the activities that under Auditing, Accounting, Fiscal Planning and Control.

Importance of Budgeting

a) Facts : Budgets usually represent a detailed analysis of how a company expects to spend money in future time periods. Many companies create budgets on an annual basis so they can carefully outline the expected needs of each department in the business. Using an annual budget process also limits the amount of time companies spend creating and managing capital resources. Although larger companies may have employed accountants or other professionals to create the business budget, small business owners are usually responsible to complete this function themselves.

b) Limit Expenditures : A major benefit to using a business budget is the ability to limit how much money is spent on certain operations. Budgets usually count expense accounts to ensure that capital is not wasted on unessential items or the company does not overpay for economic resources used in the business. Limiting the amount of capital spent by

the business may require owners and managers to find new vendors or suppliers for acquiring business inputs, saving money and meeting budget limits.

c) Creates Financial Roadmap : Budgets often allow companies to have a financial roadmap for business operations. Many companies review previous year's budgets to determine how well they followed the guidelines.and why budget variances occurred. Not all budget variances may indicate a negative business situation. If budget variances occurred due to unexpected growth in sales revenue, companies may need to increase the budget amounts for future sales increases.

d) Plan for Future Growth : Companies often use budgets to plan for future business growth and expansion. Capital saved on regular business expenditures may be placed into a special reserve account designated for selecting new business opportunities. Budgeting for future growth opportunities ensures that companies have capital on hand when needing to make a quick decisions for expanding business operations. This capital may also be used during slow economic times as a safety net for paying regular business expenses.

e) Considerations : Using a business or accounting software package may help companies automate their budget process and keep track of expenses electronically. These software packages may also gather or collect information from the company's accounting department to create a simpler process for creating and managing budgets. These software packages are usually an invaluable tool for managingfinancial information and reviewing information in a real-time format.

Short Question & Answers

1.   Management.

Ans :

One of the most important activities in business is the management of the 4M's men, machines, material and money. The term 'management' can be interpreted differently is difficult contexts. Hence, it is difficult to define. In one context, it may comprise the activities of executives and administrative personnel in an organisation, while in another, it may refer to a system of getting things done.

In a broad perspective, management can be considered as the proper utilization of people and other resources in an organisation to accomplish desired objectives. With increasing global competition, changes in the world of technology, changing business practices and increasing social responsibility of organisations, the role of managers has become all the more significant.

Meaning of Management

It refers to the process of conducting a set of functions (planning, organizing, staffing, directing and controlling) to get the work done in an efficient and effective manner. Simply, management is an art of getting things done through others.

Definition of Management

Different experts have defined management on the basis of its features. Some experts, have defined management as an 'art of getting things done', while others give more importance to its 'function oriented form'. In the same manner, same experts think management is related to 'decision making', while others are of the opinion that 'productivity and efficiency' are its basis. Following are the main definitions of management.

1.   According to Harold Koontz

"Management is the art of getting things done through others and with formally organized groups."

2.   According to George R. Terry

"Management is a distinct process consisting of planning, organising, actuating and controlling; utilising in each both science and art, and followed in order to accomplish predetermined objectives."

3.   According to F.W. Taylor

"Management is the art of knowing what you want to do and then seeing that they do it in the best and the cheapest way."

4.   According to Peterson and Plowman

"Management may be defined as the process by means of which the purpose and objectives of a particular human group are determined, clarified and effectuated."

2.   Objectives of Management.

Ans :

1.   Proper utilisation of resources

The main objective of management is to use various resources of the enterprise in a most economic way. The proper use of men, materials, machines and money will help a business to earn sufficient profits to satisfy various interests. The proprietors will want more returns on their investments while employees, customers and public will expect a fair deal from the management. All these interests will be satisfied only when physical resources of the business are properly utilised.

2.   Improving performance

Management should aim at improving the performance of each and every factor of production. The environment should be so congenial that workers are able to give their maximum to the enterprise. The fixing of objectives of various factors of production will help them in improving their performance.

3.   Mobilizing best talent

The management should try to employ persons in various fields so that better results

are possible. The employment of specialists in various fields will be increasing the efficiency of various factors of production. There should be a proper environment which should encourage good persons to join the enterprise. The better pay scales, proper amenities, future growth potentialities will attract more people in joining a concern.

3.   Unity of Command.

Ans :

According to this principle, every individual in organization must get orders and instructions only from their own departmental head not from others, because if any individual will get orders and instructions from other superiors then conflicts may arise among the departments as a result of this works cannot be carried out properly by them. Hence, this principle takes an important place in organization.

4.   Unity of Direction.

Ans :

According to this principle, every group of activities in organization should have the same objective. It means all activities must be directed by one superior and with one plan, so that organization cannot face any difficulties in course of achieving its per-determined goals.

5.   Espirit-de-corps.

Ans :

According to this principle, everyone in organization should do their tasks under the guidance of team spirit. In fact, any organization cannot attain its predetermined goals efficiently, in the absence of team efforts. Thus it is clear that team spirits is too important in organization among the groups to achieve organizational goals in efficient way.

6.   Scientific Management.

Ans :

F.W Taylor, Gilberth, Lillian Gilberth, Gantt and others have made tremendous contributions to the concept of scientific management. Of all these persons, Taylor's contribution is the most significant

and because of this, he is considered as the father of scientific management. We shall give here the contributions of Taylor and some others.

Fredrick Winslow Taylor (1865-1915) worked as a chief engineer in the Midvale Steel Works where he joined as a worker. Afterwards, he worked in the Bethlehem Steel Works and after retirement from his concern, he worked as a consultant.

Taylor, the founder of scientific management movement, states that the object of management should be to secure the maximum prosperity for each employer, coupled with the maximum prosperity of each employee. According to Taylor, scientific management, in its essence, consists of a certain philosophy which results in the combination of four great principles of management, viz., the development of true science, the scientific selection of workers, their scientific selection and development, intimate and friendly co-operation between the management and their workmen. When management of a business unit is based on a systematic study and analysis of various aspects of work involved with a view to find out the best way of doing things, we call it scientific management of business. Broadly speaking, scientific management is the art of knowing exactly what is to be done and the best way of doing it.

Taylor observed that inefficiency prevails in the organization because of three causes, viz., (a) workers feel that any increase in output would lead to unemployment, (b) defective systems of management and because of these, each worker restricts his output in order to safeguard his interests, and (c) inefficient rule of thumb efforts and wasting methods of work.

The elements of scientific management are: (a) determination of the task, (b) planning of industrial operations, (c) proper selection and training of workers, (d) improvement in methods of work, (e) modification of organization, and (f) mental revolution.

7.   Human Relations Movement.

Ans :

Elton Mayo, who is considered to be the founder of human relations movement, and his associates, conducted the Hawthorne Studies in the

Hawthorne plant of Western Electric Company, USA during 1927-1932. They stated that the employees' morale had a great influence on productivity and the manager should treat them as social beings instead of economic beings or simply as cogs of a wheel. For solving any management problem, the manager should understand group attitudes and psychology, as employees are members of a group.

His approach and theory emphasized the importance of human and social factors and also individual as well as group relationships, while the classical theory of Taylor and Fayol gave importance to job content and management of physical resources.

This theory served to focus attention on the social side of the work and man, as opposed to the economical and technical aspects. This theory is also criticized on the ground that there is no direct connection between morale and productivity, hence the research in Hawthorne plant had a management bias, and that the samples were too small. In spite of these criticisms, the contribution of human relations remains and are being applied even today by managers.

8. Criticism of F.W. Taylor's contributions.

Ans :

F.W. Taylor's contribution was criticised on the following grounds:

(i) The consideration of the word 'Scientific' before 'Management' was criticised since what actually is meant by scientific management is nothing but an approach to management.

(ii) His principles were mostly confined to production management. He ignored other functional areas of management like finance, marketing, personnel and accounting.

(iii) His functional foremanship violates the principle of unity of command.

(iv) Trade unionists criticised Taylor's principles as the means to exploit workers due to the reason that wages of the workers were not increased in direct proportion to the increase in productivity.

9. Features of systems approach to management.

Ans :

According to Herbert B.Hicks and C.Ray Gullett, the characteristics of systems approach to management are:

(i) Dynamic

The process between subsystems within an organization is dynamic.

(ii) Multilevel and multidimensional

An organization can interact with other organisations and the economy at various levels and in multifarious ways.

(iii) Multimotivated

Since the organization is dynamic and has multiple goals, an act in the organization may be motivated by several motives.

(iv) Probabilistic

Management would be mostly probabilistic as it is operated under a highly turbulent and dynamic environment.

(v) Multidisciplinary

Systems theory of management is contributed by various disciplines.

(vi) Descriptive

Instead of providing certain prescriptions, this theory describes the features of organization and management.

10. Contingency theory of management.

Ans :

Contingency or situational approach was developed by J.W. Lorsch and P.R. Lawrence in 1970 who were critical of other approaches presupposing 'one best way to manage'. Management problems are different under different situations and need to be tackled as per the demand of the situation. One best way of doing may be useful for repetitive things but not for managerial problems.

The contingency or situational approach emphasises the fact that what managers do in practice depends upon a given set of circumstances

(a contingency & situation). This approach not only takes into account given situations but also the influence of given solution on behaviour patterns of an enterprise. As per this approach, managers should develop variable methods, tools or action plans as per the specific situation or contingencies as they develop. The type of motivation, communication system, type of leadership in an organisation will depend upon the circumstances prevailing in different enterprises at different times. Changes in organisation have to be made to face the contingencies that crop up from time to time. A manager should study to find out the method that fits into the situation and helps in precise realisation of goals of the enterprise.

11. Explain different levels of managers.

Ans :

In most business organisations, three broad levels of management can be identified.

1. The top level management.

It constitutes the chief executive and the directors. At this level, the mission, goals, and corporate strategies are formulated. Long term plans are made. Major policy decisions are taken. Basic organization structure (this explains number of departments in the organization, number of people at each level, authority relationships, and so on) is outlined. The employees are adequately motivated to strive for meeting organizational objectives. The performance of the middle level managers is evaluated and controlled by the top management.

The time horizon for this level of management is often 5-10 years. In business organisations, the top management is solely responsible to the shareholders for the conduct of the business and also for the welfare of all employees.

2. Middle level management.

It is responsible for carrying out the decisions and policies made by the top management. It includes departmental managers, functional managers such as marketing manager, production manager, and others. Here, the managers plan, organize, direct, and control for the activities within their respective departments only. The time horizon for this level of management is commonly one year. They are responsible to their superiors for the operations of their department or unit only.

3. Lower level management.

It is also called operational level, which includes foremen, supervisors, and the like. Managers at the operational level supervise their workers in their day-to-day tasks. As a part of this, they plan (make targets and schedules), organize (allocate task and time to meet daily targets), direct (instruct and motivate the employees to do the job better), and control (ensure that the work is completed satisfactorily according to the schedules). The time horizon for this group may vary accordingly: between a week and a month. They are responsible for the work of all the employees under them.

12. Planning.

Ans :

According to Terry and Franklin 'Planning is selecting information and making assumptions regarding the future to formulate activities necessary to achieve organisational objectives'.

Every organisation does some form of planning, as they have to prepare for the future. In large organisations, planning is done by a separate division or department which generally reports to the Chief executive. Planning, here, is a highly specialized area, as a number of factors have to be taken into consideration. The department includes experts from diverse fields such as economics, statistics, management, etc. When any organisation operates in more than one region or country, the complexity of the planning process increases. In smallerorganisations, the task is entrusted to staff members, who handle other work but have the competence and knowledge to do the planning function; do planning. Either way planning is an important activity of the administrator.

13. Directing.

Ans :

Directing is the managerial function of guiding, supervising and leading people. According to Chandan 'it is concerned with directing the human efforts towards organisational goal achievement'. Sometimes directing and leading are seen as one function. Often it is the success or failure of this function that will determine whether the organisation will achieve its objectives. Leading also determines the levels of satisfaction the employees of the organisation experience.

Some of the requirements for successful leadership in an organisation are: clear-cut objectives which should be known to all the managers and employees, meaningful supervision by the superiors of the subordinates, participatory managerial style, unity of direction, and purposive and effective follow-up.

14. Coordination.

Ans :

Coordination is the process of integrating the objectives and activities of two or more units (departments or functional areas) of an organisation in order to achieve organisational goals efficiently. In the organising function, we have seen the need for division of work among the various units of the organisation. Efficiency increases with specialization of activity and grouping of related work. But the division of work brings about its own problems. Departments become so involved in their work that they forget the organisational objectives. Departmental interests are placed above organisational interests.

Choose the Correct Answers

1. Which of the following are functions of management.   [d]

    (a) Planning   (b) Organising

    (c) Staffing   (d) All the above.

2. Human objectives of management involves   [c]

    (a) Welfare of employees   (b) Customer satisfaction

    (c) Both (a) and (b)   (d) Profit earning.

3. Some of the following principles of management was suggested by Henry Fayol,   [d]

    (a) Unity of command   (b) Unity of direction

    (c) Scalar chain   (d) All the above.

4. The function which helps in recruiting the suitable personnel is   [c]

    (a) Organizing   (b) Planning

    (c) Staffing   (d) Decision-making.

5. Which principle of management implies that members in an organisation must receive instruction from only one person.   [d]

    (a) Division of labour   (b) Authority

    (c) Centralization   (d) Unity of command

6. Some of the managerial roles played by managers are   [d]

    (a) Interpersonal roles   (b) Information roles

    (c) Decisional roles   (d) All the above

7. Management is defined as;   [d]

    (a) getting things done so that demand is fulfilled

    (b) getting things done through other people

    (c) to know what actually has been produced and which should have been

    (d) to work for others.

8. In comparison to top level managers, a first -line supervisor will spend more time in :   [d]

    (a) direction of subordinates   (b) policy making

    (c) public relations   (d) long range planning

9. The founder of scientific management movement was: [b]

    (a) Henri Fayol   (b) F.W.Taylor

    (c) Elton Mayo   (d) M.P.Follett

10. The difference between administration and management is that :   [a]

    (a) administration is largely while management is essentially executive

    (b) management is largely determinative while administration is essentially executive

    (c) management is performed at higher level of management while administration is performed at lower levels

    (d) none of these.

11. Management is :   [c]

    (a) an art   (b) a science

    (c) both an art and a science   (d) neither an art nor a science

12. The first person to suggest the of functions of management was: [a]

    (a) Henri Fayol   (b) F. W. Taylor

    (c) Elton Mayo   (d) P. F. Drucker.

13. To the extent that an executive is carrying out the functions of planning, organizing,   [a]

    staffing, directing and controlling, he is involved in :

    (a) managerial activities   (b) technical activities

    (c) financial activities   (c) non-managerial activities

14. According to "Scalar Principle of Organization"   [b]

    (a) a manager can directly supervise a limited number of people

    (b) the line of authority must be clearly defined

    (c) exceptionally complex problems are referred to higher levels of management

    (d) each subordinate should have one superior

15. Management is a _____ process.   [b]

    (a) Structural   (b) Organisational

    (c) Operational   (d) Motivation

16. Management is a _____ process.   [a]

    (a) Social   (b) Economic

    (c) Environmental   (d) Psychic

Fill in the Blanks

1. _____ is the process in which a cooperative group directs action towards a common goal.

2. _____ is one of the management function in which all the necessary resources required for achieving objectives are arranged.

3. A person who has high orientation towards organisational rules and regulations and who does not take initiatives is a _____.

4. Managers whose responsibility is to "support" line managers are _____.

5. Management is the art of _____ through formally organised groups.

6. Management is both _____ and _____

7. The functions of management, as given by Henri Fayol include to forecast and plan, to organise, _____ to coordinate and to control.

8. One reason why management is important could be that _____

9. Organisation involves a structure of _____ among people working for the desired results.

10. It needs organisations to provide maximum _____ to enable them to be creative.

ANSWERS

1. Management

2. Organising

3. Bureaucrat

4. Staff managers

5. Getting things done

6. Art and science

7. To command

8. Enables organisations to achieve their goals

9. Relationships

10. Freedom

UNIT II

Planning – Importance, objectives, process, policies and procedures, types of planning, Decision making - Process of decision making, Types of decision, Problems involved in decision making.

2.1 PLANNING

Q1. Define Planning ? Explain the Nature of Planning.

Ans : **(Dec.-19, Dec.-18, Dec.-17, Dec.-16)**

Planning is a primary function of corporate management. It is a bridge between the present and the future. It gives managers some purpose, objectives, programme and direction towards the goals. Further it helps in the process of motivation and provides a framework for decision-making. It also provides standards for control of performance of overall corporations.

Planning bridges the gap from where we are to where we want to go. It makes it possible for things to occur, which would not otherwise happen. It is true that the future cannot be exactly predicted.

Meaning of Planning

Planning is an intellectual process of thinking resorted to decide a course of action which helps to achieve the predetermined objectives of the organisation in future.

Definitions of Planning

"Planning means the determination of what is to be done, how and where it is to be done, who is to it and how results are to be evaluated."

- James Lundy

"Planning is deciding in advance what to do, how to do it, when to do it, and who is to do it.

Planning bridges the gap from where we are to where we want to go. It makes it possible for things to occur which would not otherwise happen."

- Koontz & O'Donnel

"Planning is deciding the best alternatives among others to perform different managerial operations in order to achieve the predetermined goals."

- Henry Fayol

"Planning is the selection and relating of facts and the making and using of assumptions regarding the future in the visualization and formulation of proposed activities believed necessary to achieve desired results".

- George R. Terry

Nature of Planning

Planning decides the objectives, goals and course of action in advance and the method of implementing and achieving the plans. Planning aims at achieving the goals more economically and accurately. It is the basic management function.

The nature of planning includes :

1. **Primary Planning**

   Planning is the primary and basic function among the management functions *viz.*, planning, organizing, staffing, directing and controlling. Infect, all other functions follow the function of planning. Managers first perform the planning function and then perform all other functions.

2. Contributes to Objective

Organizational objectives specify the purpose for which the organizations are established. These objectives are converted into goals. Managers perform the planning function in order to achieve the goals and objectives. Thus planning contributes to the achievement of objectives.

3. Intellectual Activity

Planning includes foreseeing the future environmental opportunities and threats. Further, it includes organizational strengths and eliminating weaknesses in order to match these strengths and environmental opportunities. It also includes strengthening the organizing to face the environmental challenges and threats. Managers develop alternative courses, evaluate these alternatives and select the best course. Management should have intellectual ability and multiple skills to perform planning effectively. Thus, planning is an intellectual activity.

4. Higher Efficiency

Efficiency is the ratio between input and output. Achieving more output with the same input and/or reducing the input to achieve the same output is referred to as efficiency. Planning minimizes the input and maximizes output. Thus, planning maximizes organizational efficiency.

5. Flexibility

Planning should porrect and react to the environmental changes. Liberalization, privatization and globalization make the external environment more dynamic. This inturn results in high competitiveness and customer-centered production and marketing.

6. Consistency

Managers at different levels formulate plans based on the internal and external environmental factors. Therefore, planning should be in consistence with the strengths of the firm and opportunities provided by the external environment. Similarly, planning at the department level should be in consistence with the corporate level plans.

Q2. Explain briefly about the six P's of Planning.

Ans :

The six P's state the fundamental requirement of planning. These P's are as follows :

1. Purpose

The first need of planning is the purpose. An effective planning requires a clear understanding of the purpose of planning. The reasons for the existence of the organisation must be stated. The purpose of an organisation may be to increase profits or increase market share or introduce more products etc. The purpose should be clear and elaborate.

2. Philosophy

It states the beliefs as to how the organisations's purpose is to be achieved. The philosophy of an organisation may be based on profitability through quality or increasing turnover through consumer satisfaction etc. For a long term survival and growth the philosophy must adopt ethical conduct.

3. Promise

It is an assessment of the strengths and weaknesses of the organisation based on the knowledge and assumptions of the environment. With the help of business forecasting and other methods some

conclusions are made for the future environment trends. By knowing the strengths and weakness of the organisation management can deal with changing environment in a more effective way.

4.   Policies

Policies are the general statements for the guidance of the personnel. They are the guidelines and constraints which aid in management thinking and action. An organisation may have production policies, financial policies, marketing policies, accounting polices, personnel policies, etc. These policies form a basis for managerial actions.

5.   Plans

These are the objectives and action statements. Objectives are the goals of an organisation and action statements are the means of achieving them. Plans guide us for reaching the goals and helping in knowing the progress at different stages.

6.   Priorities

An organisation must fix goal priorities. The resources of finance, materials, personnel, etc. are limited and these are to be allocated as per the priorities set. The high priority goal will have preference for allocation of resources. The priorities of goals must be based on the philosophy and premises of the organisation as well as on economic, political and social environment.

Q3.   Why planning is important element for organization ?

Ans :   (Dec.-17)

Planning is the first step in management. The increasing complexities of business, technological changes, increasing marketing competition, changing consumer preferences have necessitated proper planning.

Following reasons emphasis the need for planning :

1.   Essential for Modern Business

The growing complexities of modern business, rapid technological changes, opening of economies to international competition, changes in consumer tastes necessitate planning not only in the current context but also in the future environment. Planning has a future outlook and it takes into account all possible future developments.

2.   Related to Performance

Planning helps in setting goals for each function and for each employee. The concerns having formal planning have performed better as compared to those where planning is not taken up as a regular activity. The variables for assessing performance may be return on investment, sales target, earning per share etc. Studies have proved that planning has been an instrument in improved performance.

3.   Focus on Objectives

The thrust of formal planning is on setting objectives and providing guidelines for reaching them. Objectives provide a direction and all planning decisions are directed towards achieving them. It ensures maximum utilisation of managerial time and efforts.

4.   Proper Allocation of Resources

The needs of the organisation are anticipated with the help of planning. The acquisition and allocation of resources can be properly planned thus minimizing wastages and ensuring optimal utility of these resources.

5.   Facilitates Control

Planning can be used to devise a mechanism of control. There can be quantitative targets and their comparison with actual performance can bring to notice any deviations. A periodical review can also help

in pointing out low performance. The deviations in production, sales, profits etc. May come to light during periodic investigations and remedial action can be taken.

6.   Helpful in Decision Making

Planning is helpful in the process of decision-making. Since planning helps in specifying the actions to be taken for achieving organisational objectives, it serves as a basis for decision-making for the future. The objectives, plans, policies, schedules, rules etc. Serve as guidelines for routine decision making.

7.   Avoiding Business Failures

Business failures may be due to wrong and unscientific planning. A bad planning may result into wastage of human and physical resources. The enterprise may not be able to face competition from well planned units. Good planning will help in utilising available resources in a best possible way thus reducing the chances of failures.

2.1.1 Importance of Planning

Q4. Explain briefly about Importance of Planning

Ans :

Planning is an important and basic function of management. Orderly procedure is possible through planning. Planning states the way through which the objectives are achieved and anticipates the activities well in advance i.e., planning should take place before doing.

According to George R. Terry, "Planning is basic to the other fundamental management functions, that is organizing, actuating and controlling. Without the activities determined by planning, there would be nothing to organize, no one to actuate, and no need to control. This viewpoint stresses the importance of planning in the management process."

Planning helps the businessman get early success. Success without planning is almost impossible in business. So, the planning function is very important due to the following reasons:

1.   To manage by objectives

All the activities of an organisation are designed to achieve the framed objectives. However, planning makes the organisation focus on the objectives for early achievement.

2.   Convert uncertainty into certainty

Future is full of uncertainties. These uncertainties may be predicted through forecasting. Then, the planning provides necessary provision to face the uncertainties. Besides, planning evaluates the alternative course of action for the continuous growth and prosperity of the organisation.

3.   Economy in operation

Planning selects any one of the available alternatives which will help produce the best results at minimum costs.

4.   Help in Co-ordination

The co-ordination is obtained by the management through planning, well-published policies, programmes and procedures. So, planning also helps the management get co-ordination. According to Koontz and O'Donnell, "Plans are selected courses along which the management desires to co-ordinate group action."

5.   Tackling Increasing Complexities of Business

At present, there is need for many people with different qualifications to run a business. This makes it necessary for the management to plan the business activities clearly as to who is to do, what is to be done, where is to be done, when it is to be and how it is to be done.

6.   Effective Control

Control is necessary only when there is a deviation in the actual performance from the planned performance. In the absence of a plan, there are no standards to compare. In simple words, planning without control are useless and control without planning is impossible. H.G. Hicks has said that, "Planning is clearly a prerequisite for effective controlling. It is utterly foolish to think that controlling could be accomplished without planning; without planning there is no predetermined understanding of the desired performance."

7.   Effective Utilisation of Resources

Planning involves deciding in advance of the business activities. Then, the business activities are completed without any delay. It leads to effective utilisation of resources at the cheapest and in the best manner.

8.   Avoiding Business Failures

Planning includes the selection of best objectivities, conversion of uncertainty into certainty, economy in operation, coordination, facing the complexities, effective control and effective utilisation of resources and avoiding business failures.

2.1.2 Objectives of Planning

Q5.   What are the objectives of planning ?

Ans :

Planning in any organisation serves to realise the following objectives :

1.   Reduces Uncertainty

Future is an uncertainty. Planning may convert the uncertainty into certainty. This is possible to some extent by, planning which is necessary to reduce uncertainty.

2.   Brings Cooperation and Coordination

Planning can bring cooperation and coordination among various sections of the organisation. The rivalries and conflicts among departments could be avoided through planning. Besides, planning avoids duplication of work.

3.   Economy in Operation

As already pointed out, planning selects best alternatives among various available alternatives. This will lead to the best utilisation of resources. The objectives of the organisation are achieved easily.

4.   Anticipates Unpredictable Contingencies

Some events could not be predicted. These events are termed as contingencies. These events may affect the smooth functioning of an enterprise. The planning provides a provision to meet such contingencies and tackle them successfully.

5.   Achieving the Pre Determined Goals

Planning activities are aimed at achieving the objectives of the enterprise. The timely achievement of objectives are possible only through effective planning.

6.   Reduce Competition

The existence of competition enables the enterprise to get a chance for growth. At the same time, stiff competition should be avoided. It is possible, to reduce competition through planning.

2.1.3 Planning Process

Q6.   Outline the process of planning. (Or) Explain the various steps involved in planning ?

Ans :   (Dec.-18)

Planning is an endless process. The process is constantly modified to suit changes in environmental condition and changes in objectives and opportunities for the firm. As organisations differ in terms of their size and complexity, no single planning procedure is applicable to all organisations.
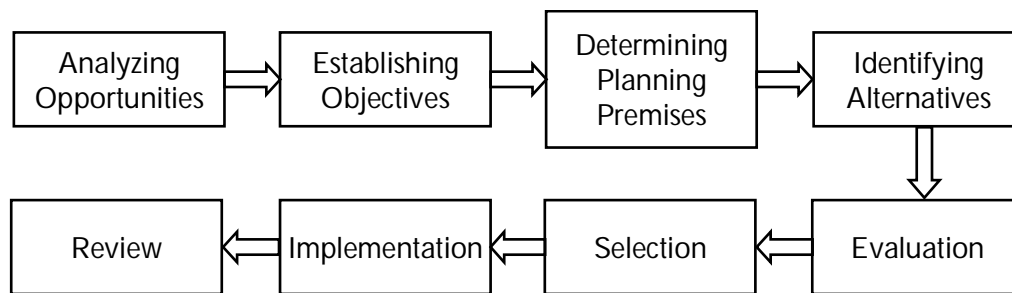
Fig.: The Basic Steps in the Planning Process

1. **Analyzing Opportunities**

    Managers should be aware of the opportunities in the external environment, as well as those within the organisation. They should understand the firm's strengths and weaknesses and the ways in which they can utilize the firm's strengths to make the most of an opportunity. A thorough understanding of the opportunities available outside the business enterprise enables managers to set realistic objectives.

2. **Establishing Objectives**

    Objectives specify the results expected from a particular course of action and define the areas that should receive special attention. In addition, objectives specify what should be achieved by the network of strategies, policies, procedures, rules, budgets and programs. Organisational objectives provide direction to the major plans. These plans help the various departments of an organisation prepare their objectives in line with the organisational objectives. Thus, there exists a hierarchy of objectives in an organisation.

    Objectives must be stated clearly and must be established for all key areas where performance affects the well-being of the organisation. They should be specified in measurable terms like costs, targets or quality specifications.

3. **Determining Planning Premises**

    After establishing organisational objectives, the next step is determining planning premises. Planning premises are assumptions about the environment in which the plan is to be carried out. They lay down the boundary or limitations within which plans are to be implemented.

    Planning premises include both external and internal premises.

    i) External premises include social, economic, political and technological factors:

    ii) Internal premises include an organisation's policies, resources, ability to withstand environmental pressure, etc. Plans are formulated taking into account both external and internal premises.

        According to the principle of planning premises, "The more thoroughly individuals charged with planning understand and agree to utilize consistent planning premises, the more coordinated enterprise planning will be."

4. **Identifying Alternatives**

    Various alternative courses of action can be identified after establishing organizational objectives and planning premises. A particular objectives can be achieved through various actions. For instance,

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if expansion is an organization's objective, it can be achieved by expansion in the same field, or diversification, or amalgamation, or by introducing a new product variant in the market and so on. Thus, there are many ways of achieving the same goal.

5.   Evaluating Available Alternative

After identifying alternative courses of action and examining their advantages and disadvantages, the next step is to evaluate the alternatives keeping in mind the goals of the organisation and the available resources. Each alternative may have some positive and negative aspects.

For instance, one alternative may be highly profitable but may require heavy investment and may have a long gestation period; another one may be less profitable but may also involve less risk. The use of planning and decision-making techniques, such as operations research, helps in the evaluation of alternatives.

6.   Selecting the Most Appropriate Alternative

After carefully evaluating the alternative courses of action, the most appropriates one is selected. At this point, a decision is made about the course of action to be taken. Sometimes, after evaluating a few alternative courses of action, a planner may choose more than a single alternative, as two or more alternatives may seem advisable.

7.   Implementing the Plan

A manager can implement the plans of a firm through the use of authority, persuasion or policy. Authority is a legitimate form of power that comes with the position and is not associated with a person. It is often sufficient to implement relatively simple plans that do not cause a significant change in the status quo. But a complex and comprehensive plan cannot be implemented through authority alone.

Persuasion is another tool used by manages for implemented their plans. Persuasion is "the process of selling a plan to those who must implement it, by communicating relevant information so that the individuals understand all the implications." Thus, persuasion requires convincing others, so that the plan is accepted on the basis of its merits rather than on the authority of the manager.

8.   Reviewing the Plan

Once a plan has been implemented, it has to be reviewed. A review helps managers to evaluate the plan and also identify deviations from the established course of action. It thus helps managers take the necessary corrective measures. At every stage of the review, the outcomes must be compared with the expected with the expected results. A periodic review of plans enables an organisation to update them in the light of changes in the business environment.

2.1.4 Types of Planning

Q7. Explain different types of plans.

Ans :   (Aug.-21)

There is a difference between planning and plans. Planning is a process which passes through different stages before it is finalized. Thus, it is a group of many sub-activities. On the other hand, plan is formulated to achieve certain objectives and is a commitment to perform activities connected with the attainment of objectives. In other words, planning is that process through the medium of which plans are formulated. Various types of plans are indicated in the following diagram:

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                        ┌─────────────────────────────┐
                        │        Types of Plans        │
                        └─────────────────────────────┘
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   │ On the   │   │ On the Basis │ │ On the Basis │ │ On the   │
   │ Basis of │   │ of Managerial│ │ of Broadness │ │ Basis of │
   │ Time     │   │ Levels       │ │              │ │ Use      │
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On the Basis of Time	On the Basis of Managerial Levels	On the Basis of Broadness	On the Basis of Use	
1. Long Term 2. Medium Term 3. Short Term	1. Top Level 2. Middle Level 3. Lower Level	1. Corporate Level Plans 2. Departmental Level Plans	Standing or Repeatedly Used Plans	Special or Single Use or Adhoc Plans

1. Mission and Objectives 2. Policies 3. Procedures 4. Rules 5. Strategy	1. Programme 2. Budget 3. Projects 4. Schedules

I)   On the Basis of Time

Plans on the basis of time are of three type which are as under:

1.   Long Term Plans

These plans are for more than three years and are formulated by the top level managers. While formulating these plans the long term interests of the organisation are kept in mind.

2.   Medium Term Plans

The period of these plans ranges between one year and three years and they are formulated by the middle level managers in the context of long term plans.

3.   Short-Term Plans

These plans are for a period of less than a year, like half yearly, quarterly, monthly, weekly or daily plans. These plans are formulated keeping in view the problems of the present and the near future. They are mostly laid down by the lower level managers. Short term plans help in achieving the objectives determined under the long-term plans and middle term plans. In other words, they are formulated in the context of long term and middle term plans.

II)   On the Basis of Managerial Levels

There are three types of plans on the basis of managerial levels:

1.   Top Level Plans

Plans which are formulated by the Directors and General Manager are known as top level plans. Under these plans the objectives, policies, budget, etc., for the whole organisation are laid down. These plans are mostly long term plans.

2.   Middle Level Plans

Managerial hierarchy at the middle level includes departmental managers. An organisation has many departments like the purchase department, sales department, production department, personnel department, finance department, etc. The responsibility for preparing the plans in

respect of these departments lies on the departmental managers. The plans formulated by the departmental managers are known as middle level plans. They are prepared in the context of the main plan of the organisation keeping in view the problems of the various departments. Generally, these plans are medium term plans.

3.   Lower Level Plans

These plans are prepared by the Foreman or the Supervisor. They take cognisance of the actual work place and the problems connected with it. They are formulated for a short period of time and are called short term plans.

III)   On the Basis of Broadness

There are two types of plans on the basis of broadness:

1.   Corporate Level Plans or Corporate Planning

These plans are prepared for the development of the whole organisation keeping in view the long term strategy, and are called corporate level plans or Corporate Planning.

2.   Departmental Level Plan

All those plans which are prepared by various departments keeping in view their immediate and near future and the likely problems are called departmental level plans.

(IV)   On the Basis of Use

Plans can be divided into two parts on the basis of their use:

(A)   Standing or Repeatedly Used Plans

As their name indicates that these plans are formulated once and they are repeatedly used. These plans continuously guide the managers. That is why it is said that a standing plan is a standing guide to recurring problems. These plans include

(i)   Mission and objectives,

(ii)   Policy,

(iii) Procedure,

(iv)   Rules, and

(v)   Strategy.

(B)   Special or Single Use or Adhoc Plans

These plans are connected with some special problem. These plans end the moment the problems are solved. After having been used once there is no importance of these plans and, in future, whenever they are needed they are recreated. These plans include (i) Programme, (ii) Budget, (iii) Projects, and (iv) Schedules.

Q8.   What are the difference between Standing and Single use Plans

Ans :

Basis of Difference	Standing Plans	Single use Plans
1. **Period**	These plans are formulated for a long period.	These plans are for a short period and are repeatedly formulated in cast; of need.

2.	**Object**	These plans are formulated to bring about informity decisions.	These plans are designed to run successfully some in the particular activities.
3.	**Types**	They are of five types: (i) Objectives, (ii) Policies, (iii) Procedures, (iv) Rules, and (v) Strategy.	They are of four types: (i) Programme, (ii) Budget, (iii) Projects, and (iv) Schedules.
4.	**Scope**	They guide the managers in particular matters like price policy, sales policy.	These plans guide in matters of daily routine.
5.	**Basis**	They are based on the main objectives of the organisation.	They are based on the standing plans of the organisation.

2.2 POLICIES

Q9. Define Policy. Explain the characteristics of policy.

Ans : (Dec.-17)

Policies are those plans which define the limits within which decisions regarding the achievement of the objectives of the organisation can be taken. Policies are needed when the dimensions of business increase and the Board of Directors and the General Manager wish the work to be carried out according their concept and principles. For doing so they define their wishes and expectations in some directions. These directions are called policies.

According to Harold Koontz, "Policies are general statements or understanding that guide thinking in decision making." For example, if the managing director of an enterprise decides as a matter of policy that all the vacant posts in the organisation will be filled up through promotion, the departmental managers will not have to seek his permission while filling up the vacant posts through promotion. Similarly, policies regarding sales price, etc., are also formulated.

Characteristics of Policies

A policy with the following characteristic will be considered a sound policy:

1. Relationship with Organisational Objectives

Policies have an important role to play in the achievement of objectives. Therefore, the policies should be based on the objectives.

2. Simple and Clear

Policy should be simple enough to be understood by every individual in the organisation. If the policy is explained in simple words there will be no difficulty in implementing it and the objectives of the organisation can be achieved easily.

3. Written

Policy can be both written and oral but it is more profitable if it is written. Everybody will be able to understand the written version uniformly.

4.   Balanced

A good policy always seeks to establish a balance between stability and flexibility. A policy should have the virtue of stability because it is formulated to guide the managers for a long time. At the same time it should be flexible enough to change according to the changed circumstances. In other words, policies should be so framed as can be changed according to necessity.

5.   Wide Communication

Policies will be considered meaningful only when they are communicated to the persons for whom they are framed.

6.   Uniformity in Operations

Policies should be so designed as to achieve uniformity in all the operations of an organisation. There are various departments in an organisation and they have their different functions to be performed with the help of different policies. The policies of different departments should have uniformity without which the interdependent departments will not be successful in their work performance.

7.   Realistic

Policies should be realistic otherwise they will adversely affect the efficiency of the managers which, in turn, will make the achievement of the objectives of the organisation difficult.

8.   Employees' participation

As far as possible the policies should be formulated after consultation with all those persons who are to make use of them. By doing so they will enthusiastically support them in the attainment of the objectives.

9.   Periodical Review

There are always changes taking place in the external and internal environment of all the organisations. For example, sometimes the policies of the government are changed and sometimes the tastes of the consumers undergo a change. Similarly, sometimes the

employees are not satisfied with the policies laid down for their promotion, etc. Therefore, for adjustment in the policies on the basis of these changes periodic review should be made.

Q10. What are the different types of policies ?

Ans :

Following can be the types of Policies:

1.   On the Basis of Broadness

On the basis of broadness there are two types of policies:

(i)   Organisational Policies : Organisational policies are those policies which apply to the entire organisation and which are formulated by the top level managers. For example, if the top level managers decide, as a matter of policy, that promotion in the organisation will be on the basis of age, then in all the departments promotion will be allowed on the basis of age alone.

(ii)   Functional or Departmental Policies : These policies are formulated for the special functions of business or departments. Its relation is only with a particular department instead of the entire organisation. For example, the Production Policy, the Marketing Policy, Financial Policy, Research Policy, Personnel Policy, etc.

2.   On the Basis of Origin

There are three types of policies on the basis of origin.

(i)   Basic Policies : These policies are laid down by the top level managers for guiding the functions of their subordinates. They are mostly in written form and are added to the Policy Manual.

(ii)   Appealed Policies : These policies are framed on the appeals made by the

subordinates. When a thing is vague in the main policies, the superior managers lay down a separate policy in way of clarification, and such policies are known as appealed policies.

(iii) Imposed Policies : These policies are formulated under pressure from external forces like the government, business associations, etc. Under the pressure of these forces either the old policies are changed or new policies are laid down.

3.   On the basis of Freedom

There are two types of policies on the basis of freedom:

(i)   General Policies : Under general policies the subordinates have comparatively more freedom to take decisions. For example, under the sales policy of the organisation the goods can be sold on credit and this is a general policy. Under this policy the sales officer has the freedom to supply goods on credit to any customer.

(ii)   Specific Policies : If under the policy of supplying goods on credit it is laid down that the debit balance of any particular customer should not be more than Rs. 50,000, then it will be a specific policy. This will limit the freedom of the sales manager to sold goods on credit.

4.   On the Basis of Clarity

There are three types of policies on the basis of clarity:

(i)   Written Policies : Those policies which are clarified in writing are called written policies. The great advantage of these policies is the clarification of ideas but their main drawback is their inflexibility.

(ii)   Oral Policies : Policies which are conveyed or explained through the medium of spoken words are called oral

policies. These policies are flexible and can be changed according to the need.

(iii) Implied Policies : Those policies which are neither written nor oral but still are present in an organisation are called implied policies. For example, there is no maximum age limit prescribed for recruitment in the organisation but the superior managers on periodically examining the age of the persons employed can form an idea that no person above the age of thirty five be employed.

Q11. What are the advantages and disadvantages of policies ?

Ans :

Merits of Policies

1.   Saving of Time and Labour

Policies are pre-determined and, therefore, whenever there is a problem in future the pre-determined policies or the basis of guidance make quick decisions help saving time and labour.

2.   Guidance to Subordinates

Policy formation helps the subordinates in taking correct decisions and they do not have to approach the superiors time and again in connection with their problems.

3.   Determination of Decision Limits

Policies determine the limits of taking decision in respect of each officer and make them conscious of the fact that they should not take any decision contrary to the policies laid down.

4.   Convenience in Coordination

All managers take a similar decision in similar situations on the basis of policies. Therefore, all the people affected by the decision remain satisfied. On the other hand, similar decisions bring similarity in the working of all the

departments and finally coordination is established.

5. **Increase in Confidence in Subordinates:**
After the policies are formulated, the superior managers transfer their authority with full confidence to their subordinates. The superior managers know it well that their subordinates will take decisions only within the limits of the policies and that no decision will be wrong.

Demerits of Policies

1. **Policies are No solution of all the problems**

Policies are formulated in the very beginning but they are implemented in future. It is quite possible that the assumptions on the basis of which the policies are framed may undergo a change or there may be a change in the circumstances leading to problems for the solution of which the pre-determined policies have nothing to say. In such a situation policies are rendered meaningless.

2. **Policies are only Guidance not final Decision**

Policies help the subordinates in taking decisions and do not give any definite solution. The final decision rests with the person concerned.

3. **Lack of Freedom**

Policies restrict the officers to a particular limit but sometimes a decision taken after overstepping the limit may prove to be useful. In the presence of policies such useful opportunities cannot be exploited.

After studying the merits and demerits of policies we can conclude that policies are very important for the guidance of the subordinates. So far as the demerits are concerned, they can be remedied if the policies are formulated carefully. We shall now try to find out a policy which may be faultless and can be called an ideal policy.

2.3 PROCEDURE

Q12. Define Procedure. What are the characteristics of a good procedure ?

Ans :   (June-18)

Procedures are plans in that they establish a sequence for handling future activities.

For example, the procedure for the recruitment of employees in an organisation can be:

(i)   Advertising

(ii) Receiving applications

(iii) Holding written test

(iv) Interviewing and

(v)   Selecting.

Procedures are more clear than the policies because they describe in detail that to complete a particular work.

(a) what activities will be performed,

(b) in what sequence these activities will be accomplished, and

(c) what different persons will perform these activities.

For example, it is a matter of policy that instead of filling the vacant posts in the organisation on the basis of seniority applications for these posts will be invited. On the other hand, all the five activities detailed above regarding appointments have to be performed and the sequence as shown above from (i) to (v) has to be followed and who will be the person to perform these activities shall also be decided.

Definition of Procedure

According to George. R. Terry, "A procedure is a series of related tasks that make up the chronological sequence and the established way of performing the work to be established".

Determinants of Procedure

Procedures are determined on the basis of research and analysis of the various components of the work to be done. Related to action, they mostly originate at the lower level. Though the procedures are a type of organizational plan, they have a significant role in operational functioning of an organization. In day-to-day function, they contribute in the following manner:

i)   Once a procedure is established for doing a particular activity, every manager follows it and ultimately, it ensures uniformity in performance and action.

ii)   Procedures help in standardizing and streamlining day-to-day activities to maintain smoothness in the functioning of the organization.

iii)   A set of procedures laid down for doing various activities facilitates implementation of decisions and policies of the organization.

iv)   They help in expediting and accelerating the performance of administrative action, contributing to the smooth-functioning of the organization.

v)   Procedures are prescribed for various activities to facilitate coordination.

vi)   Procedures encourage delegation of authority to lower level managers because procedure-based activities can easily be delegated to the administration staff to ensure they will perform the activities.

Characteristics of a Good Procedures

An ideal procedure possesses the following characteristics:

1.   Based on Facts

A procedure is based on facts rather than assumptions. While laying down a procedure the objectives of the organisation, competence of the employees, the kind of activity, etc., are kept in view.

2.   Stability and Flexibility

Procedure should be designed in such a way as can remain implemented for a long time without opposition. Frequent changes will affect the flow of work. It should, however, not be so rigid that it cannot face the changing situations. In other words, it is necessary for a procedure to be flexible in an emergency.

3.   Periodic Review and Renewal

In the world of business new discoveries are daily made. There can be some such discovery which can result in some improved procedure. It is important to have a periodic review of the procedures in force in order to take benefit of such a new discovery. We should not hesitate to adopt a new procedure, if needed, in place of an old one.

4.   Gives Steps in a Logical Sequence

In order to accomplish an activity and decide the sequence of the various steps to be taken, a serious thinking is needed. As far as possible the steps should be few in number because the greater number of steps will increase the expenses of the organisation.

5.   To Fix Accountability

A procedure should be determined in a manner to fix accountability for failure in respect of different persons working at different steps prescribed for a particular work performance.

Q13. Distinguish between Policies and Procedures.

Ans :   (June-18)

Basis of Difference	Policies	Procedures
1. Level of Determination	Policies are formulated by top level managers.	They are determined by the lower level managers.
2. Stages	Policies do not have various steps. Through their medium superior manager gets his wishes implemented.	Procedures have various steps and these steps are followed in a definite sequence.
3. Object	Under policies it is explained as to what work is to be done in order to achieve the objectives of the organisation.	Procedures ensure the method of work performance in respect of activities determined under the policies.
4. Freedom in Decisions	Policies determine the limits of taking decisions in special circumstances and the subordinates have the complete freedom to take decisions within these limits.	Procedure is a sequence of different activities and for doing a particular activity the laid down sequence has to be observed.
5. Guide	Policies are a guide to thinking and decision making.	Procedures are a guide to action.

Q14. What are the advantages and disadvantages of procedures ?

Ans :

Advantages of Procedures

The following facts clearly bring out the advantages of procedures:

1. **Basis of Control**

   Procedures give a detailed description of doing an activity. When the activity is being performed it can be observed whether it is being done in a pre-determined fashion or not. In case of unfavourable results the persons concerned can be held responsible. In this way activities are controlled with the help of procedures.

2. **Uniformity in Results**

   When an activity is performed repeatedly in the same manner, the results are good and uniform.

3. **Increases Efficiency**

   When some employees perform an activity repeatedly in the same manner they become experts and as a result of this their efficiency is increased.

4. **Coordination**

   Laying down procedures help in the establishment of coordination between all the departments of an organisation. For example, in order to fulfil a sales order Production Department, Finance Department, and Stock Control Department shall have to work in coordination. Procedures decide as to what department is to perform what activity and when to perform it. In this way all the departments work for the supply of an order for the sales department in perfect coordination.

Disadvantages of Procedures

1.   Rigidity

In all the business organisations procedures are often followed rigidly. Only one particular procedure is followed repeatedly which ends the power of reasoning and initiative of the employees.

2.   Unnecessary Delay

Sometimes an unduly long procedure is adopted for the completion of an activity which delays its completion.

2.4 DECISION MAKING

Q15. Define decision making. What are the characteristics of decision making ?

Ans : **(June-18, Dec.-18, Dec.-17, Dec.-16)**

Decision-making is an important function of every manager. Under planning important things like, 'what is to be done, 'how it is to be done', when it is to be done and who is to do it are considered. In an answer to all these questions a manager has various alternatives. When a manager chooses the best alternative out of many available ones, it is called decision and the process that has been adopted in order to reach the final decision is known as the decision-making.

A decision is essential in all the managerial functions like planning, organising, staffing, directing, and controlling. All the managerial functions are performed through the medium of a decision. The managers are doubly benefitted when they face problems and try to find out their solutions. Firstly, by finding out an effective solution they serve the organisation, and secondly, they are personally satisfied. Thus, it is clear that the success of an organisation depends on the manager, and a manager succeeds only when he possesses the quality of taking effective decision.

Meaning of Decision-Making

Decision-making means analysing different alternatives and arriving at decision in the face of a particular situation about what to do and what not to do. In this way decision-making means reaching a conclusion or final decision which can be implemented as a solution of a problem. Since the managers are invariably faced with some problem or the other for which they have to find a solution, it is said that decision-making is perpetually needed and **Simon** has very pertinently observed that **"To make decision is Management".**

Definitions of Decision-Making

Different management experts have defined decision-making differently. Some prominent definitions are given below:

According to Koontz and O'Donnel. "Decision-making is the actual selection from among alternatives of a course of action."

According to George R. Terry. "Decision-making is the selection based on some criteria from two or more possible alternatives."

According to Louis A. Alien. "Decision-making is the work which a manager performs to arrive at conclusion and judgement."

On the basis of the above mentioned definitions it can be said that decision-making involves the selection of the best available alternative as a solution of some problem. It is thus clear that a decision is needed when there are many alternatives to do a work. In other words, if there is only one method of doing a work there is no need to take a decision and in that case that method in itself is a decision.

Characteristics of Decision Making

From definitions and elements we can draw the following important features of managerial decisions:

1.   Rational Thinking

It is invariably based on rational thinking. Since the human brain with its ability to learn, remember and relate many complex factors, makes the rationality possible.

2.   Process

It is the process followed by deliberations and reasoning.

3.   Selective

It is selective, i.e. it is the choice of the best course among alternatives. In other words, decision involves selection of the best course from among the available alternative courses that are identified by the decision-maker.

4.   Purposive

It is usually purposive i.e. it relates to the end. The solution to a problem provides an effective means to the desired goal or end.

5.   Positive

Although every decision is usually positive sometimes certain decisions may be negative and may just be a decision not to decide. For instance, the manufacturers of VOX Wagan car once decided not to change the model (body style) and size of the car although the other rival enterprise (i.e. the Ford Corporation) was planning to introduce a new model every year, in the USA.

That a negative decision and is equally important was stressed by Chester I. Bernard- one of the pioneers in Management Thought- who observed, "The fine art of executive decision consists in not deciding questions that are not now pertinent, in not deciding prematurely, in not making decisions that cannot be made effective, and in not making decisions that other should make.

6.   Commitment

Every decision is based on the concept of commitment. In other words, the Management is committed to every decision it takes for two reasons- viz.,

(i)   it promotes the stability of the concern and

(ii)   every decision taken becomes a part of the expectations of the people involved in the organisation.

Decisions are usually so much inter-related to the organisational life of an enterprise that any change in one area of activity may change the other areas too. As such, the Manager is committed to decisions not only from the time that they are taken but upto their successfully implementation.

7.   Evaluation

Decision-making involves evaluation in two ways, viz.,

(i)   the executive must evaluate the alternatives, and

(ii)   he should evaluate the results of the decisions taken by him.

2.4.1 Process of Decision Making

Q16. Outline the process of decision making.

Ans :   **(Aug.-21, Dec.-19, Dec.-18, Dec.-17)**

Decision-making has been defined as a selection of the best alternative out of many. Hence, decision-making is a choice-making activity. In order to select a proper alternative, one has to pass a long distance right from gathering the information about the problem to the final decision-making and implication. This long distance or the various steps taken constitutes the process of decision-making.

The process of decision-making is divided into two parts- Traditional Process and Scientific Process. Under the traditional process the managers take decisions on the basis of their limited knowledge, experience and assumptions, and no definite process is followed. On the other hand, under scientific process managers follow an established process from the beginning to the final result. In other words, the destination can be reached after crossing various steps. Scientific process adopted for successful decision-making is described ahead.
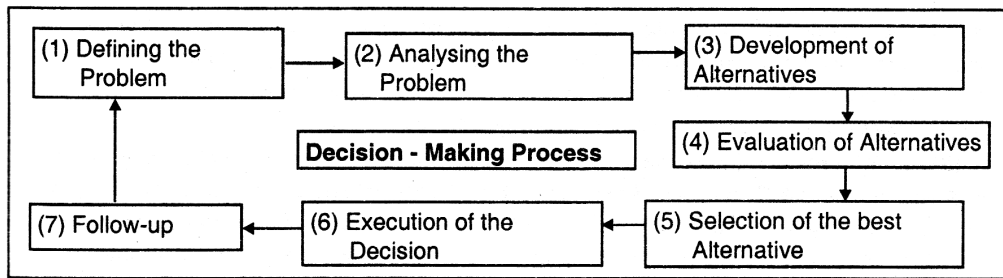
1. Defining the Problem

The first step in the process of decision-making involves obtaining information about the problem for which a solution is to be sought. First of all the origin of the problem shall have to be studied. Generally a problem is created because of the difference in the predetermined objectives of the organisation and the actual progress of work. Now the cause of difference in results shall have to be studied. If the true cause of this problem can be located the solution of the problem can be easier.

2. Analysing the Problem

After having defined the problem, the manager analyses it. Under analysis it is decided what information will be required in connection with the problem and where from this information can be gathered.

3. Development of Alternatives

The third step in the process of decision-making is the development of different alternatives. When the problem has been defined and its causes have been deeply studied, its possible solutions remain to be seen. There can be many alternatives for the solution of a problem. If there is only one method of the solution of a problem, there is no need to take any decision, because that method is in itself a decision.

A manager makes use of many sources while exploring the possibility of alternatives. This can be his own past experience, practices followed by others and some entirely new idea.

4. Evaluation of Alternatives

After finding out the different alternatives, the next step is their evaluation so that the best alternative can be selected. Under their analysis their merits and demerits are studied. On the basis of analysis the manager comes to know about the inherent risk of different alternatives.

Evaluation of alternatives should be made with reference to time and capital and only that alternative should be selected which is most economical. The function of evaluation becomes easy if a particular alternative is better than the other alternatives. On the other hand, different alternatives of the same level complicate the problem. In such a situation they should be studied more deeply. This is also possible that none of the alternatives may be acceptable. Not accepting an alternative is in itself an important decision. In such a situation the manager should search out some suitable alternative.

5. Selection of the Best Alternative

After analysing various alternatives it becomes clear that to what extent every alternative presented can be helpful in solving a problem. Under the fifth step in the process of decision-making the selection of the best alternative is made after comparing their possible results. While selecting the best alternative a manager takes the help of his experience and experiments.

A manager can take the help of his experience in case he had to confront a similar problem earlier. Some time the alternatives are examined by putting them into practice and they are reconsidered on getting favourable results. In the given example, suppose the alternative of getting the machines repaired to improve the quality of the product is selected. Thus, making a final selection is called decision. Hence, the decision has been taken but the decision-making process is not completed. It is important to implement the decision and find out its results.

6.   Execution of the Decision

Once the best alternative has been selected, the next step is its effective implementation. To make the decision effective, action by other people is essential (Manager takes decisions without any action). Therefore, following things have to be specially taken care of:

(i)   Effective Communication

Effective communication of decision is essential. It should be clearly communicated to all those persons who will translate it into reality,

(ii)   Securing Employees' Acceptance

It is important to secure the acceptance of the employees concerned for the effective implementation of the decision. In order to get the acceptance and cooperation of the employees, it is necessary that they should be consulted while developing different alternatives,

(iii) Correct Timing of Decision Execution

Every decision does bring some change and it is the nature of employees to oppose a change. Therefore, the decision should be implemented in a congenial atmosphere, and there should not be any fear of opposition.

7.   Follow-up

Follow-up action is the last step in the process of decision-making. As the decision is implemented, results start pouring in. These

results should essentially be in line with the expected outcome. The difference between the actual results and the expected results clearly points out whether the decision has been properly implemented or not. If the results are not good, it means another problem has come up and the decision-making process shall have to be initiated afresh.

Therefore, the previously taken decision shall have to be amended, its results to be re-examined and if the results are favourable the decision shall continue to prevail. But unfavourable results shall require another amendment. Therefore, follow-up action is also an important part of decision- making process.

After having studied the steps taken in the process of decision-making it becomes clear as to how an ideal decision needs to pass through all these steps. It is, however, worth-mentioning here that it is not necessary that all these steps should be taken. The number of steps involved in decision-making process can be reduced according to the nature of the problem.

Q17. What are the techniques of Decision-Making ?

Ans :

In every enterprise managers at all levels have to take some decision all the time. These decisions include some decisions of daily routine and no difficulty is involved in taking these decisions. On the other hand, there are more important decisions which are taken after much thoughtful deliberation. Whatever may be the nature of the decision some procedure is adopted in taking it according to its importance. For example, decisions are sometimes taken on the basis of experience and sometimes on the basis of statistics. Following are the major techniques of decision-making:

1.   Judgement Technique

This is the most ancient and simple technique of decision-making. According to this technique, the decisions are taken on the basis of past and present experience. This

technique is most useful for day to day small decisions but the use of this technique for taking important decisions is not free from risks.

2.   Statistical Techniques

These days statistical technique is used as an important tool in taking important decisions. The various statistical techniques used in taking decisions are the following:

(i)   Theory of Probability,

(ii)   Sampling Analysis,

(iii)   Correlation/Regression,

(iv)   Time Series Analysis,

(v)   Ratio Analysis,

(vi)   Variance Analysis,

(vii) Statistical Quality Control, etc.

3.   Operations Research Techniques

Apart from statistical techniques there are other modern techniques which are called Operations Research Techniques. They are used in very important decisions. Following are the Chief Operations Research Techniques:

(i)   Linear Programming,

(ii)   Game Theory,

(iii)   Network Analysis,

(iv)   Break-even Analysis,

(v)   Waiting Line or Queuing Theory,

(vi)   Cost-Benefit Analysis, etc.

4.   Model Building Technique

This technique is employed in manufacturing concerns. Under this technique a model of an intended product is prepared and then it is estimated whether the product is according to the taste of the customers or not. Many models of a particular product are prepared and then the decision to produce a particular model which has the approval of the taste of the customers is taken.

5.   Behavioural Technique

The science of behaviour has also developed many techniques of decision-making. With the help of these techniques factors affecting a particular decision are evaluated. Group decisions are an important contribution of this science.

6.   Principles of Management Technique

This technique lays down that while taking decision the principles of management should be kept in mind. In reality it can be observed that the principles of management are not a technique of decision-making, but prepare only an atmosphere for decision-making process.

7.   Intuition Technique

Taking decision under this technique employs one's intuitive feelings and knowledge. The decision maker thinks about a problem and his mind suggests the solution. Decisions by this technique are quick. The correctness of the decision depends on the experience, education, training, etc., of the decision-maker.

2.4.2 Types of Decisions

Q18. Explain the different types of Decisions.

Ans :

Some of the decisions are discussed below:

1.   Programmed Decisions

They are otherwise called routine decisions or structured decisions. The reason is that these types of decisions are taken frequently and they are repetitive in nature. This decision is taken within the purview of the policy of the organisation. Only lower level management takes programmed decision and has short-term impact. Granting over time work, placing purchase order (for materials) etc., are some of the examples of programmed decisions]) There is a clear cut procedure to take programmed decisions. The decision-maker need nm ask anything

from the Personnel Manager or Board of Directors while taking programmed decisions.

2.   Non-programmed Decision

They are otherwise called strategic decisions or basic decisions or policy decisions or unstructured decisions. This decision is taken by top management people whenever the need arises. A careful analysis is made by the management before taking a policy decision. The management may publish its policy in small book which is known as policy manual. Policy decision involves heavy expenditure to management. Starting a new business, whether to export or not, acquisition of a business etc. are some of the examples of non-programmed decisions. This decision has a long-term impact on business. A slight mistake in the policy decision is bound to injure the entire organisation.

3.   Major Decision

Major decision relates to the purchase of fixed assets with more value. The purchase of land and building is an example of major decision. This decision is taken by the top management.

4.   Minor Decision

Minor decision relates to the purchase of current assets with less value. Purchase of pencil, pen, ink, etc., are some of the examples of minor decision. This decision is taken by lower level management people.

5.   Operative Decision

A decision which relates to day-to-day operation of an organisation is known as operative decision. This type of decision is taken by middle level management people normally. The reason is that they are working at supervisory level _and have a good knowledge of the operations. The time of payment of overtime wages is fixed by middle level management people. It is an example of operative decision.

6.   Organizational Decision

The decision-maker takes a decision and implements it for effective functioning of organisation and it is called organisational decision. He takes this decision on his authority and capacity.

7.   Personal Decision

The decision-maker takes a decision for his personal life which is known as personal decision. He implements this decision in his home and sets right his personal life. This decision does not reflect the functioning of an organisation. The decision-maker is not a member of an organisation while taking a personal decision.

8.   Individual Decision

Confusion exists regarding the difference between individual decision and personal decision. They are not one and the same. The decision-maker is a member of an organisation while taking an individual decision. He can implement it in the organisation. He is delegated with authority to take individual decision. He considers the policy and situation prevailing in an organisation while taking individual decision.

9.   Group Decision

A committee is formed by the top management for specific purposes. Here, the top management feels that no individual can take effective decision to solve a problem. The top management fixes the time within which the committee is expected to submit its report with concrete decisions.

10. Departmental Decision

Here, the decision-maker is department head or department manager. He takes a decision to run the department. Department decision has no impact on other departments. This decision is implemented within the concerned department itself.

11. Non-economic Decision

Non-economic decision refers to a decision which does not incur any expenses. These types of decisions are taken at all levels of management. A decision which relates to setting right the morale behaviour of workers is termed as non - economic decision.

12. Crisis Decision

A decision is taken to meet unexpected situations. There is no possibility and time for the decision-maker for getting through investigation while taking a crisis decision. It may be otherwise called spot decision. The reason is that whenever a need arises, the decision maker has to take a decision without wasting a second.

13. Research Decision

A decision is taken after analysing the pros and cons of a particular matter. There is no pressure on the decision-maker to take such a decision. Research decision requires a lot of information. The quality of research decision is fully depending upon the availability of reliable information.

14. Problem Decision

A decision is taken to solve a problem. The problem may be an expected one or unexpected one. Besides, the arrived decision does not create any more problem to the organisation.

15. Opportunity Decision

This pertains to a decision taken to make use of the advantages available to the company or organisation. The advantages may be increasing the turnover, introducing a new product, building of another similar unit to avoid competition etc.

16. Certainty Decision

Here, the term certainty refers to accurate knowledge of the outcome from each choice. For example, ascertaining how much profits will be maximised by introducing a new product or increasing the selling price and the like. There is only one outcome for each choice. The decision-maker himself knows the outcome and consequences of choice.

17. Uncertainty Decision

The outcome is not accurate or several outcomes are possible whenever a decision is taken. The reason is that the decision-maker has incomplete knowledge and he does not know the consequences. For example, while marketing a new product, the decision (amount of profits) depends upon the prosperity period of that product. If the prosperity period is long, the amount of profit is high and vice versa.

Management people take a number of decisions everyday. These decisions are aimed at solving the existing problems. No decision creates any new problem to the management. There should be justice in taking a decision.

2.4.3 Problems involved in Decision-making

Q19. Discuss the various problems involved in Decision making.

Ans :   **(June-18)**

Several problems involved in decision - making are:

1. Accuracy

The decision-maker should analyse the situation. The reason is that if the decision is taken by analysing the situation, the problem can be easily solved. The correctness of information for analysis will help taking accurate decision.

2. Environment for decision

Organisational and physical environments are responsible for effective decision. Mutual co-

operation and proper understanding among employees are necessary for creating a satisfactory environment. Such a congenial good environment will lead to taking effective decisions.

3. Timely decision

Time plays an important role in decision-making. If any decision is taken without considering time, that will not be considered a business decision. Besides, the decision will be a waste if the decision-maker fails to take timely decision.

4. Communication of decision

The decision-maker should communicate the decisions to needy persons. The language selected by the decision-maker should be known to the persons to whom the decisions are communicated. Simple and unambiguous words are used while communicating the decisions.

5. Participative decision-making

The extent of participation of workers in decision-making depends upon the willingness of the top management.

The top management people think that they have monopoly in decision-making and the dignity of top management is affected if the workers participate in decision-making. Even suggestions are not invited from the workers while taking a decision. But it is necessary to allow workers to play their role while taking a decision.

6. Implementation

The decision-maker has responsibility to implement a decision. If not, there is no use of taking a decision. The decision-maker should get the co-operation

This subordinates to implement a decision. The decision-maker explains the importance of implementation of a decision. He should convince the subordinates. He may lose many of -lis so-called friends while implementing a decision. But, he should be firm in the implementation. He should consider only the welfare of his organisation.

Short Question and Answers

1.   Define Planning

Ans :

Planning is a primary function of corporate management. It is a bridge between the present and the future. It gives managers some purpose, objectives, programme and direction towards the goals. Further it helps in the process of motivation and provides a framework for decision-making. It also provides standards for control of performance of overall corporations.

Planning bridges the gap from where we are to where we want to go. It makes it possible for things to occur, which would not otherwise happen. It is true that the future cannot be exactly predicted.

Meaning of Planning

Planning is an intellectual process of thinking resorted to decide a course of action which helps to achieve the predetermined objectives of the organisation in future.

Definitions of Planning

"Planning means the determination of what is to be done, how and where it is to be done, who is to it and how results are to be evaluated."

- James Lundy

"Planning is deciding in advance what to do, how to do it, when to do it, and who is to do it. Planning bridges the gap from where we are to where we want to go. It makes it possible for things to occur which would not otherwise happen."

- Koontz & O'Donnel

"Planning is deciding the best alternatives among others to perform different managerial operations in order to achieve the predetermined goals."

- Henry Fayol

"Planning is the selection and relating of facts and the making and using of assumptions regarding the future in the visualization and formulation of proposed activities believed necessary to achieve desired results".

- George R. Terry

2.   Objectives of planning

Ans :

Planning in any organisation serves to realise the following objectives :

1.   Reduces Uncertainty

Future is an uncertainty. Planning may convert the uncertainty into certainty. This is possible to some extent by, planning which is necessary to reduce uncertainty.

2.   Brings Cooperation and Coordination

Planning can bring cooperation and coordination among various sections of the organisation. The rivalries and conflicts among departments could be avoided through planning. Besides, planning avoids duplication of work.

3.   Economy in Operation

As already pointed out, planning selects best alternatives among various available alternatives. This will lead to the best utilisation of resources. The objectives of the organisation are achieved easily.

4.   Anticipates Unpredictable Contingencies

Some events could not be predicted. These events are termed as contingencies. These events may affect the smooth functioning of an enterprise. The planning provides a provision to meet such contingencies and tackle them successfully.

5.   Achieving the Pre Determined Goals

Planning activities are aimed at achieving the objectives of the enterprise. The timely achievement of objectives are possible only through effective planning.

6.   Reduce Competition

The existence of competition enables the enterprise to get a chance for growth. At the same time, stiff competition should be avoided. It is possible, to reduce competition through planning.

3.   Define Policy

Ans :

Policies are those plans which define the limits within which decisions regarding the achievement of the objectives of the organisation can be taken. Policies are needed when the dimensions of business increase and the Board of Directors and the General Manager wish the work to be carried out according their concept and principles. For doing so they define their wishes and expectations in some directions. These directions are called policies.

According to Harold Koontz, "Policies are general statements or understanding that guide thinking in decision making." For example, if the managing director of an enterprise decides as a matter of policy that all the vacant posts in the organisation will be filled up through promotion, the departmental managers will not have to seek his permission while filling up the vacant posts through promotion. Similarly, policies regarding sales price, etc., are also formulated.

4.   Merits of Policies

Ans :

1.   Saving of Time and Labour

Policies are pre-determined and, therefore, whenever there is a problem in future the pre-determined policies or the basis of guidance make quick decisions help saving time and labour.

2.   Guidance to Subordinates

Policy formation helps the subordinates in taking correct decisions and they do not have to approach the superiors time and again in connection with their problems.

3.   Determination of Decision Limits

Policies determine the limits of taking decision in respect of each officer and make them conscious of the fact that they should not take any decision contrary to the policies laid down.

4.   Convenience in Coordination

All managers take a similar decision in similar situations on the basis of policies. Therefore, all the people affected by the decision remain satisfied. On the other hand, similar decisions bring similarity in the working of all the departments and finally coordination is established.

5.   Increase in Confidence in Subordinates:
After the policies are formulated, the superior managers transfer their authority with full confidence to their subordinates. The superior managers know it well that their subordinates will take decisions only within the limits of the policies and that no decision will be wrong.

5.   Define Procedure. What are the characteristics of a good procedure ?

Ans :

Procedures are plans in that they establish a sequence for handling future activities.

For example, the procedure for the recruitment of employees in an organisation can be :

i)   Advertising

ii)   Receiving applications

iii) Holding written test

iv)   Interviewing and

v)   Selecting.

Procedures are more clear than the policies because they describe in detail that to complete a particular work.

(a)   what activities will be performed,

(b)   in what sequence these activities will be accomplished, and

(c)   what different persons will perform these activities.

For example, it is a matter of policy that instead of filling the vacant posts in the organisation on the basis of seniority applications for these posts will be invited. On the other hand, all the five activities detailed above regarding appointments have to be performed and the sequence as shown above from (i) to (v) has to be followed and who will be the person to perform these activities shall also be decided.

6.   Distinguish between Policies and Procedures.

Ans :

Basis of Difference	Policies	Procedures
1. Level of Determination	Policies are formulated by top level managers.	They are determined by the lower level managers.
2. Stages	Policies do not have various steps. Through their medium superior manager gets his wishes implemented.	Procedures have various steps and these steps are followed in a definite sequence.
3. Object	Under policies it is explained as to what work is to be done in order to achieve the objectives of the organisation.	Procedures ensure the method of work performance in respect of activities determined under the policies.
4. Freedom in Decisions	Policies determine the limits of taking decisions in special circumstances and the subordinates have the complete freedom to take decisions within these limits.	Procedure is a sequence of different activities and for doing a particular activity the laid down sequence has to be observed.
5. Guide	Policies are a guide to thinking and decision making.	Procedures are a guide to action.

7.   Define decision making.

Ans :

Decision-making is an important function of every manager. Under planning important things like, 'what is to be done, 'how it is to be done', when it is to be done and who is to do it are considered. In an answer to all these questions a manager has various alternatives. When a manager chooses the best alternative out of many available ones, it is called decision and the process that has been adopted in order to reach the final decision is known as the decision-making.

A decision is essential in all the managerial functions like planning, organising, staffing, directing, and controlling. All the managerial functions are performed through the medium of a decision. The managers are doubly benefitted when they face problems and try to find out their solutions. Firstly, by finding out an effective solution they serve the organisation, and secondly, they are personally satisfied. Thus, it is clear that the success of an organisation depends on the manager, and a manager succeeds only when he possesses the quality of taking effective decision.

Meaning of Decision-Making

Decision-making means analysing different alternatives and arriving at decision in the face of a particular situation about what to do and what not to do. In this way decision-making means reaching a conclusion or final decision which can be implemented as a solution of a problem. Since the managers are invariably faced with some problem or the other for which they have to find a solution, it is said that decision-making is perpetually needed and **Simon** has very pertinently observed that **"To make decision is Management"**.

Definitions of Decision-Making

Different management experts have defined decision-making differently. Some prominent definitions are given below:

According to Koontz and O'Donnel. "Decision-making is the actual selection from among alternatives of a course of action."

According to George R. Terry. "Decision-making is the selection based on some criteria from two or more possible alternatives."

According to Louis A. Alien. "Decision-making is the work which a manager performs to arrive at conclusion and judgement."

8.   Characteristics of Decision Making

Ans :

From definitions and elements we can draw the following important features of managerial decisions:

1.   Rational Thinking

It is invariably based on rational thinking. Since the human brain with its ability to learn, remember and relate many complex factors, makes the rationality possible.

2.   Process

It is the process followed by deliberations and reasoning.

3.   Selective

It is selective, i.e. it is the choice of the best course among alternatives. In other words,

decision involves selection of the best course from among the available alternative courses that are identified by the decision-maker.

4.   Purposive

It is usually purposive i.e. it relates to the end. The solution to a problem provides an effective means to the desired goal or end.

9.   Programmed Decisions

Ans :

They are otherwise called routine decisions or structured decisions. The reason is that these types of decisions are taken frequently and they are repetitive in nature. This decision is taken within the purview of the policy of the organisation. Only lower level management takes programmed decision and has short-term impact. Granting over time work, placing purchase order (for materials) etc., are some of the examples of programmed decisions]) There is a clear cut procedure to take programmed decisions. The decision-maker need nm ask anything from the Personnel Manager or Board of Directors while taking programmed decisions.

10.   Non-programmed Decision

Ans :

They are otherwise called strategic decisions or basic decisions or policy decisions or unstructured decisions. This decision is taken by top management people whenever the need arises. A careful analysis is made by the management before taking a policy decision. The management may publish its policy in small book which is known as policy manual. Policy decision involves heavy expenditure to management. Starting a new business, whether to export or not, acquisition of a business etc. are some of the examples of non-programmed decisions. This decision has a long-term impact on business. A slight mistake in the policy decision is bound to injure the entire organisation.

Choose the Correct Answers

1.   Feature of decision making _____.   [a]

     (a)   Rational thinking   (b)   Rational approach

     (c)   Personal approach   (d)   Planning

2.   Type of plan _____.   [a]

     (a)   Single use plan   (b)   Informal planning

     (c)   Strategic planning   (d)   Formal planning

3.   What can be done or what cannot be done is called: [c]

     (a)   Objectives   (b)   Strategies

     (c)   Policies   (d)   Procedures

4.   Which of the following outline in detail the method of carrying out a given task?   [d]

     (a)   Objectives   (b)   Strategies

     (c)   Policies   (d)   Procedures

5.   Decisions made on problems with reference to set of precedents and rules are: [d]

     (a)   Situational decisions   (b)   Problematic decisions

     (c)   Non-programmed decisions   (d)   Programmed decisions

6.   Structured Programming is the base for: [a]

     (a) Programmed decisions   (b)   Non-programmed decisions

     (c)   Situational decisions   (d)   Tactical decisions

7.   Strategic Decisions are made at   [c]

     (a)   Low level management   (b)   Middle level management

     (c)   Top level management   (d)   Experts from outside

8.   Bottom level management makes: [b]

     (a)   Tactical decisions   (b)   Operational decisions

     (c)   Strategic decisions   (d)   Programmed decisions

9.   Planning function of management is performed by: [d]

     (a)   top management   (b)   middle management

     (c)   lower management   (d)   all of these levels.

10. The final step in long -range planning is :   [b]

     (a)   develop and planning premises   (b)   control to the plans

     (c)   establish strategies   (d)   execute the plan.

Fill in the blanks

1. _____ is a primary function of corporate management.

2. _____ objectives specify the purpose for which the organizations are established.

3. _____ is an endless process.

4. _____ are those plans which define the limits within which decisions regarding the achievement of the objectives of the organisation can be taken.

5. _____ are plans in that they establish a sequence for handling future activities.

6. _____ is an important function of every manager.

7. _____ action is the last step in the process of decision-making.

8. Programmed decisions all also called _____

9. Non-programmed decisions are also called _____

10. A decision which relates to day-to-day operation of an organisation is known as _____

Answers :

1. Planning

2. Organizational

3. Planning

4. Policies

5. Procedures

6. Decision-making

7. Follow-up

8. Routine decision

9. Structured decison

10. Operative decision

Organizing – Meaning, importance, principles of organizing, span of management, Patterns of organization – formal and informal organizations, Common organizational structures; departmentalization, Authority- delegation, centralization and decentralization, Responsibility – line and staff relationship;

3.1 ORGANIZING

3.1.1 Meaning

Q1. Define organizing.

Ans : (Dec.-19, June-18)

Meaning

Once the plans have been laid down and objectives specified therein, the next step is to organise resources in a manner which leads to the accomplishment of objectives. A critical issue in accomplishing the goals specified in the planning process is structuring the work of an organization to adapt to the dynamic business environment. The activities of an enterprise must be organised in such a manner that plans can be successfully implemented.

Definitions of Organizing

Different scholars have given different views about the meaning of organization:

(i) According to Haney, "Organization is harmonious adjustment of specialised parts for the accomplishment of some common purpose or purposes."

(ii) According to Haimann, "Organization is the process of defining and grouping the activities of the enterprise and establishing the authority relationship among them."

(iii) According to McFariand, "An identifiable group of people contributing their efforts towards the attainment of goals is called organisation."

(iv) According to R.C. Davis, "Any group of people, large or small, which has been implemented adequately and is co-operating willingly under the direction of competent executive leadership in an effective, economical accomplishment of certain common objective."

(v) According to G.R. Terry, "Organizing is the establishing of effective behavioural relationships among persons so that they may work together effectively and gain personal satisfaction in doing selected tasks under given environmental conditions for the purpose of achieving some goal or objective."

(vi) According to Koontz O'Donnel, "Organizing involves the establishment of an international structure of roles through determination and enumeration of the activities required to achieve the goals of an enterprise and each part of it; the grouping of these activities, the assignment of such groups of activities to the manager, the delegation of authority to carry them out and provision for co-ordination of authority and informational relationship, horizontally and vertically, in the organisation structure.

Q2. Explain the features of organizations.

Ans :

1. Common Purpose

Every organization exists to accomplish some common goals. The structure must reflect these objectives as enterprise activities are derived from them.

2.   Division of Labour

The total work of an organization is divided into functions and sub-functions. This is necessary to avoid the waste of time, energy and resources which arises when people have to constantly change from one work to another.

3.   Authority Structure

There is an arrangement of positions into a graded series. The authority of every position is defined. It is subordinate to the position above it and superior to the one below it.

4.   People

An organ is basically a group of persons. Activity groupings and authority provisions must take into account the limitations and customers of people. People constitute the dynamic human element of an organisation.

5.   Communication

Every organization has its own channels of communication. Such channels are necessary for mutual understanding and cooperation among the members of an organization.

6.   Coordination

There is a mechanism for coordinating different activities and parts of an organisation so that it function as an integrated whole. Cooperative effort is a basic feature of organization.

7.   Environment

An organ functions in an environment comprising economic, social, political and legal factors. The structure must be designed to work efficiently in a changing environment. It can be static or mechanistic.

8.   Rules and Regulations

Every organization has some rules and regulations for orderly functioning of people. These rules and regulations may be in writing or implied from customary behaviour.

3.1.2 Importance of Organizing

Q3.   Explain the importance of organizing.

Ans :

Performance of the organizing function can pave the way for a smooth transition of the enterprise in accordance with the dynamic business environment. The significance of the organizing function mainly arises from the fact that it helps in the survival and growth of an enterprise and equips it to meet various challenges. In order for any business enterprise to perform tasks and successfully meet goals, the organizing function must be properly performed. The following points highlight the crucial role that organizing plays in any business enterprise:

(i)   Benefits of specialisation

Organizing leads to a systematic allocation of jobs amongst the work force. This reduces the workload as well as enhances productivity because of the specific workers performing a specific job on a regular basis. Repetitive performance of a particular task allows a worker to gain experience in that area and leads to specialisation.

(ii)   Clarity in working relationships

The establishment of working relationships clarifies lines of communication and specifies who is to report to whom. This removes ambiguity in transfer of information and instructions. It helps in creating a hierarchical order thereby enabling the fixation of responsibility and specification of the extent of authority to be exercised by an individual.

(iii)   Optimum utilization of resources

Organizing leads to the proper usage of all material, financial and human resources. The proper assignment of jobs avoids overlapping of work and also makes possible the best use of resources. Avoidance of duplication of work helps in preventing confusion and minimising the wastage of resources and efforts.

(iv)   Adaptation to change

The process of organizing allows a business enterprise to accommodate changes in the business environment. It allows the organisation structure to be suitably modified and the revision of inter-relationships amongst managerial levels to pave the way for a smooth transition. It also provides much needed stability to the enterprise as it can then continue to survive and grow inspite of changes.

(v)   Effective administration

Organizing provides a clear description of jobs and related duties. This helps to avoid confusion and duplication. Clarity in working relationships enables proper execution of work. Management of an enterprise thereby becomes easy and this brings effectiveness in administration.

(vi)   Development of personnel

Organizing stimulates creativity amongst the managers. Effective delegation allows the managers to reduce their workload by assigning routine jobs to their subordinates. The reduction in workload by delegation is not just necessary because of limited capacity of an individual but also allows the manager to develop new methods and ways of performing tasks. It gives them the time to explore areas for growth and the opportunity to innovate thereby strengthening the company's competitive position. Delegation also develops in the subordinate the ability to deal effectively with challenges and helps them to realise their full potential.

(vii)   Expansion and growth

Organizing helps in the growth and diversification of an enterprise by enabling it to deviate from existing norms and taking up new challenges.

It allows a business enterprise to add more job positions, departments and even diversify their product lines. New geographical territories can be added to current areas of operation and this will help to increase customer base, sales and profit. Thus, organizing is a process by which the manager brings order out of chaos, removes conflict among people over work or responsibility sharing and creates an environment suitable for teamwork.

3.1.3 Principles of Organizing

Q4.   What are the principles of organizing?

Ans :   (June-19, June-18, Imp.)

In every enterprise the success of management depends on an efficient organisation and in order to make an organisation efficient and effective certain basic and universally accepted principles have to be observed. Taylor, Fayol and Urwick have discovered many principles with the help of their experience. Some of the main principles are the following:

1.   Principle of Unity of Objectives

The success of an organisation is measured by the success of its objectives. So the objectives of the organisation should be clearly defined so that every part of the organisation starts moving towards its attainment. The principle of unity of objective means that even if the various offices of the organisation have different aims, they are somehow or the other linked with the main objective of the organisation.

2.   Principle of Specialisation

According to this principle, the organisation should be established in such a manner as to divide work among individuals according to their knowledge, experience and tastes. Such a division of work makes every person a specialist in his field. This results is an increase in the production of the organization and a decrease in cost.

3.   Principle of Coordination

It is an important principle of organisation to establish coordination among different activities. All the departments established under the organisation are interdependent. If there is some hindrance in the functioning

of one department, the whole organisation is rendered useless. For example, carelessness on the part of the purchase department in purchasing the raw material will stop the working of the department of production. As a result of it the sales department will not be able to supply material to the purchasers. Therefore, in order to make an organisation a success there should be coordination among all its parts or constituents.

4. Principle of Parity of Authority and Responsibility

According to this principle, whatever responsibility is given to an individual, he should be given an equal amount of authority to discharge his responsibility. In no condition authority should be more than the responsibility or vice- versa.

5. Principle of Absoluteness of Responsibility

A superior can delegate authority to his subordinates for work performance but by doing so he cannot evade his responsibility. The final responsibility will lie on him, yet the subordinate always remains answerable to his superior.

6. Principle of Exception

According to this principle, the superiors should have the authority to take decision regarding important activities alone, and the remaining authority regarding daily activities and problems and the power to take decisions should be delegated to the subordinates. By doing so the superiors will save much of their time from being wasted and the time saved can be usefully employed in creative activities.

7. Principle of Span of Control

Span of control means the number of subordinates over which a superior can exercise successful control. The number of subordinates under a superior depends on the nature of work. Generally speaking a superior can have successful control over five or six subordinates. Therefore, there should not be a superior in the organisation having more subordinates or even less than that. In both the circumstances the work performance will be affected.

8. Principle of Flexibility

There are continuous changes taking place in the internal and external environment of business. Internal changes include chiefly changes regarding policies and technology, while the external changes pertain to competition, the tastes of consumers, policies of the government, etc. They all affect the organisation deeply. Therefore, the organisational structure should be such as to allow changes in a simple manner.

9. Principle of Full Clarity

Every employee in the organisation should have the complete information about the objectives of the organisation, his activities, authority and responsibility so that every individual's work performance remains within the authorized limits.

10. Principle of Balance

This principle means that there should be a balance in the work load of all the persons. It should not happen that a person with more capacity to work is allotted more work and the others are assigned less work. The over-worked employees as well as under-worked employees create situations which are harmful. Hence, all the persons should be assigned work according to their capacity.

11. Principle of Unity of Command

According to this principle, an employee should get orders only from one superior at a time. If there are more than one superior to give orders to a subordinate he will not be able to understand as to whose orders should get priority and consequently, his efficiency will be reduced.

12. Scalar Principle

According to this principle, all the persons working in an organisation should be bound together from top to bottom in a chain. This will amply clarify as to who is the superior and who is the subordinate. Scalar chain makes relationship clear and the communication becomes effective.

13. Principle of Simplicity

The organisational structure should be simple so that every individual can understand his position or place in it. As far as possible the number of posts should be less which will make communication effective and the coordination will be easy.

14. Principle of Continuity

There should not be any hindrance in the smooth running of work in an organisation. In other words, it should be so organised that even if somebody leaves the organisation, some one else should immediately take over his work.

15. Principle of Regular Checks

According to this principle, arrangement should exist in an organisation so that one man's work is checked by another person.

16. Principle of Efficiency

The organisational structure should be so organised as to ensure the achievement of its objectives at the minimum cost. An organisation will be called successful if from the point of view of the workers it can afford them the maximum job satisfaction. From the social point of view the efficiency of an organisation can be seen through its efforts to make available good quality products at low prices to the consumers. Hence, it is important that an organisation should be efficient.

17. Principle of Participation

This principle seeks to involve all those people working in the organisation in the process of decision-making. By doing this the decision

can be easily implemented without any difficulty and sweet relationships among the superiors and the subordinates are established.

An organisation will be an ideal and sound organisation if it comes into existence after considering all the above mentioned principles.

Q5. What are the steps in process of organizing?

Ans :

Organizing involves a series of steps that need to be taken in order to achieve the desired goal. Let us try and understand how organizing is carried out with the help of an example.

Suppose twelve students work for the school library in the summer vacations. One afternoon they are told to unload a shipment of new releases, stock the bookshelves, and then dispose of all waste (packaging, paper etc). If all the students decide to do it in their own way, it will result in mass confusion.

However, if one student supervises the work by grouping students, dividing the work, assigning each group their quota and developing reporting relationships among them, the job will be done faster and in a better manner.

From the above description, the following steps emerge in the process of organizing:

(i) Identification and division of work

The first step in the process of organizing involves identifying and dividing the work that has to be done in accordance with previously determined plans. The work is divided into manageable activities so that duplication can be avoided and the burden of work can be shared among the employees.

(ii) Departmentalisation

Once work has been divided into small and manageable activities then those activities which are similar in nature are grouped together. Such sets facilitate specialisation. This grouping process is called departmentali-sation. Departments can be created using

several criteria as a basis. Examples of some of the most popularly used basis are territory (north, south, west etc.) and products (appliances, clothes, cosmetics etc).

(iii) Assignment of duties

It is necessary to define the work of different job positions and accordingly allocate work to various employees. Once departments have been formed, each of them is placed under the charge of an individual. Jobs are then allocated to the members of each department in accordance to their skills and competencies. It is essential for effective performance that a proper match is made between the nature of a job and the ability of an individual. The work must be assigned to those who are best fitted to perform it well.

(iv) Establishing reporting relationships

Merely allocating work is not enough. Each individual should also know who he has to take orders from and to whom he is accountable. The establishment of such clear relationships helps to create a hierarchal structure and helps in coordination amongst various departments.

3.2 SPAN OF MANAGEMENT

Q6. Define span of management ? Explain the need for span of management.

Ans :   (Dec.-18, Dec.-16, Imp.)

In management 'span of management' means the number of the subordinates who can be effectively controlled. It means that it is not possible for a manager to supervise a large number of subordinates. The distance between the two supporting pillars with reference to the construction of a building is equally applicable in management also. Here the ideal span means the number of the subordinates which should cost less and provide more strength to the management.

The span of management Is also called the span of control and span of supervision.

Definition of Span of Management

According to Mc Farland, "A Span of control is the number of subordinates that an executive supervises."

This definition shows that the span of control or the span of management is the number of the subordinates which an executive can supervise effectively.

"The span of management or span of control is the number of subordinates who report directly to a specific manager."

– **Kathryn M. Bartol and David C. Martin**

Need for Span of Management

1.   Better Supervision and Control

If there is an appropriate span of control, then the superior will have a limited number of subordinates under him. This will result in better supervision and control.

2.   Increases Efficiency

An appropriate span of control results in better supervision and control. This increases the efficiency, productivity and profitability of the organisation.

3.   Increases Goodwill

An appropriate span of control increases the efficiency of the organisation. Therefore, they distribute good quality goods and services at fair prices to the customers. They also give high rate of dividend to the shareholders. All this increases the goodwill of the organisation.

4.   Good Professional Relations

If there is an appropriate span of control, then the superiors and subordinates will get time to develop close and good professional relations between themselves.

5.   Team Spirit and Morale

An appropriate span of control creates good relations between superiors and subordinates. This improves the team spirit and morale of the employees.

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6.   Good Communication and Coordination

If there is an appropriate span of control, then superiors will get time to communicate with every single subordinate. This will improve the communication in the organisation. Good communication results in good coordination. Therefore, an appropriate span of control results in good communication and coordination.

7.   Facilitates Quick Action

An appropriate span of control results in good professional relations, better communication and coordination. This facilitates quick action in the organisation.

8.   Less Labour Absenteeism and Turnover

An appropriate span of control helps to decrease the labour absenteeism and turnover in the organisation.

9.   Develops Discipline and Mutual Trust

An appropriate span of control helps to develop discipline and mutual trust.

10.   Superiors can Concentrate on Important Work

If there is an appropriate span of control, then the superior will get time to concentrate on important work. However, if the span of control is very wide, then the superior will have to spend most of his time on supervising and controlling his subordinates.

Q7.   What are the factors determining the span of management?

Ans :   **(Dec.-18)**

1.   Capacity of manager

Each manager has different capacity and ability in terms of decision making, leadership, communication, judgment, guidance and control etc. mangers having more abilities in respect to these factors may have more number of subordinates.

2.   Capacity of subordinates

Capacity of subordinates also affects the span of a manager. Efficient and trained subordinates may work without much help of their manager. They may just need broad guidelines and they will perform accordingly. They would require lesser time from their superior due to which manager can have large number of subordinates under him.

3.   Nature of work

If subordinates are performing similar and repetitive routine work they can do their work without having much time of the manager. Frequent changes in work would require more detailed instructions from manager whenever there is change in work. Type of technology used also affects the span of control.

4.   Degree of Decentralization

degree of centralization or decentralization affects the span by affecting the involvement in decision making process. If manager clearly delegates his authority and defines it fully this would require less time to devote to manage his subordinates as subordinates will take most of the actions by their own. Hence manager can have wider span.

5.   Degree of Planning

If the planning is effectively done particularly if standing plans procedures rules methods are clear then subordinates can make their decisions on their own. If they have to make their own plans they would require more guidelines by superiors and manager can handle narrow span in the case of improper planning.

6.   Communication System

If communication system is modern i.e. tools like electronic devices will save time of face to face interaction, which require more time, span of manager can be increased

7.   Level of Management

Level of management also affects the span. Higher the level of management lesser the number of subordinates as higher level management does not have much time to supervise. They spend their most of time in planning and other functions. Lower level managers can have wider span than the higher level managers.

8.   Physical location

If all the persons to be supervised are located at same place within the direct supervision of manager, he can supervise more number of people. If subordinates are at different locations then manager can supervise less number of spans.

Q8.   What are the different types of span of management ?

Ans :   **(Dec.-18)**

The span of management can either be wide or narrow. There is a very intimate relationship between the organisational structure and the span of management. On the basis of the span of management organisational structure can be of two types.

Types of Span of Management	Types of Organisational Structure
I. Wide Span of Management ⟶	Flat or Horizontal Structure
II. Narrow Span of Management ⟶	Tall or Vertical Structure

1.   Wide Span of Management

If a manager supervises many subordinates at a time, it is called wide span of control. In such a situation the organisational structure will be flat or horizontal because of the restricted managerial level. For example, there are 12 salesmen working under a sales manager and he is supervising them efficiently. It means the organisational structure is horizontal and there is the need of only one superior. This has been shown in the following diagram:
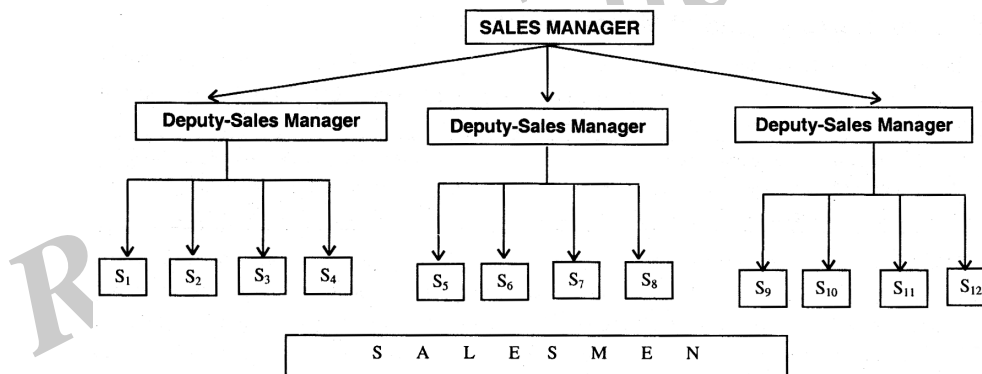
Following are the advantages and disadvantage of wide span of management:

Advantages

1.   Since there are a few supervisory officers, it results in less managerial costs.

2.   Because of the direct contact between the superiors and the subordinates there is more cooperation.

3.   Communication system is effective.

Disadvantages

1.   Because of the supervision of many subordinates, the control gets weakened.

2.   Because of more work-load decisions are delayed.

3.   Creative works are not possible because of the involvement in the problems of daily routine.

II) Narrow Span of Management

If a manager supervises a small number of subordinates, it is called narrow span of management. In such a situation the organisational structure will be tall or vertical because of more managerial levels. For example, if a sales manager finds it difficult to control 12 salesmen, he can appoint three Deputy Sales Managers and give four salesmen to each deputy sales manager. In this way instead of one superior, four will be required including the sales manager. It has been clarified in the following diagram:

Following are the advantages and disadvantages of narrow span of management:

Advantages

1. Control is more effective because of the small number of subordinates.

2. Decisions are prompt and good because the workload is less.

3. Attention can be paid to creative work because of the small number of daily problems.

Disadvantages

1. Managerial costs increase because of the need to appoint more supervisory persons.

2. The problem of coordination arises because of the lack of direct contact between the superiors and the employees.

3. Communication is not effective because of more managerial levels.

3.3 PATTERNS OF ORGANIZATION

3.3.1 Formal Organization

Q9. Define formal organization ? What are the characteristics of formal organization?

Ans :   **(Aug.-21, Dec.-17)**

A formal organisation means an organisation in which the responsibilities, authority, and mutual relationships among all the employees working in an enterprise are clearly defined. This structure of the organisation is created after a lot of deliberation and is based on the division of activities, so that the objectives of the organisation can be easily achieved by a human group. Under this each individual has inter-relationship with others and consequently they know as to who happens to be their superior or the subordinate. This organisation is bound by rules and procedures. It means that every thing is done according to the pre-determined rules and procedure.

According to Chester Bernard, "An organisation is formal when the activities of two or more persons are consciously coordinated towards a common objective".

Characteristics of Formal Organisation

1. It is deliberately created

This organisation is deliberately created for the successful attainment of the objectives of the concern.

2. It is based on Rules and Procedures

In a formal organisation it is necessary to observe the pre-determined rules and procedures.

3. It is Impersonal

Under this personal feelings are ignored and strict discipline is observed. It is, thus, completely impersonal.

4. Authority

Authority is connected with the office or post and moves from above to downwards.

5. It is based on Division of Work

The main foundation of formal organisation is division of work.

6. Defined Inter-relationship

A formal organisation is a system that clearly explains the inter-relationship and, thus, everybody knows his authority and responsibility.

7. It is more stable

Under this organisation changes cannot be introduced according to the desires and needs of individuals. Therefore, it is more stable.

Q10. What are the advantages and dis-advantages of formal organization.

Ans :

Advantages

1. Specialisation Possible

In a formal organisation the work is divided into many parts and each part is accomplished by an individual who performs it repeatedly. After some time he becomes an expert in his work and the organisation gets the benefit of specialisation.

2. More Coordination

In a formal organisation the activities and authority of everybody are pre-determined, and as a result of which coordination is established in their activities.

3. Good Human Relationship

All the persons work within their authority as a result of which good human relations are established.

4. Easy to find out Inefficient Employees

Inefficient employees can easily be found out because the authority and responsibility of all the employees are pre-determined. Thus, inefficient employees will be easily detected.

5. No overlapping of Work

In a formal organisation every thing moves according to a definite plan and, therefore, there is no possibility of any work being left out or repeated unnecessarily.

6. Less Chances of Partiality

As the whole system is bound by rules there is no possibility of bias or partiality.

7. Easy to get Objectives

In a formal organisation the objectives can be easily obtained because of coordination and optimum use of human and material resources.

8. Easy Control

By comparing the actual work performance of the employees with the desired work, deficiency can easily be worked out which helps in having an easy control.

Disadvantages

1. Lack of Initiatives

In this organisation the employees have to do what they are told to do and they have no opportunity of thinking. Thus, their initiative gets slackened.

2. Pressure of Officers' Autocracy on Employees

Employees are always under pressure because of the autocratic attitude of the officers and a rigorous implementation of rules as a result of which efficiency in reduced.

3. Delay in Work

Since the work is bound by rules, it causes unnecessary delay.

4. Mechanisation of Relations

By defining inter-relationship among different people, they are bound or restricted to take advantage of the knowledge and experience of other persons, even if they desire so.

3.2.2 Informal Organizations

Q11. What do you understand by informal organization ? What are the characteristics of informal organization.

Ans :   **(Dec.-17)**

An informal organisation is that organisation which is not established deliberately but comes into existence because of common interests, tastes, and religious and communal relations. The chief quality of this organisation lies in friendly relationship and cooperative nature. In this organisation an individual does not help another individual in his activities simply because he is responsible for it but because it is his personal liking.

For example, in a formal organisation a supervisor in a purchase department consults only

the manager of his department regarding all his problems connected with his activities, but in an informal organisation any manager of any department or supervisor can be consulted. Not only this, a supervisor can talk directly to the general manager. Thus, it is clear that in an informal organisation no stringent rules or procedures are to be followed but it is completely based on mutual goodwill. In other words, in an informal organisation, the office and level of individuals are ignored in preference to their tastes, habits and thinking which get more importance. On this basis the whole organisation automatically gets divided into small groups. The people belonging to different departments and different levels sit together in their group and find out solutions to their problems during the course of their conversation.

According to Chester Bernard, "That organisation is informal where the mutual relations are established unconsciously for common objectives."

Characteristics of Informal Organisation

1.   It is not deliberately Created

An informal organisation is not deliberately created but comes into existence on the bases of relationship and interests.

2.   No Written Rules and Procedures

In this organisation there are no written rules and procedures to govern inter-relationship. But there are group norms which have to be observed For example, employees working in an organisation and belonging to a particular community form a separate group in an informal way. Gradually some norms do emerge - like helping the member of their group to find solution to the problems related to his work or his own self. Similarly, they protect the members of their community from the managerial exploitation. In this way all the persons joining this informal group will be bound to observe the norms of the group.

3.   It is Personal

It is being personal means that under this the feelings of individuals are kept in mind and nothing is imposed upon them.

4.   Authority

In this organisation the authority can move from top to bottom or it can move horizontally.

5.   No Defined Inter-relationship

In this organisation inter-relationship cannot be defined because an employee at the lowest level can have relationship with the person at the top-level.

6.   Lack of Stability

There is generally a lack of stability in such an organisation. For example, an individual mixes with one group of people today but can cross over to another group tomorrow. Not only this, an individual can be a member of more than one group at a time.

7.   No place on Organisation Chart

An informal organisation has no place on the organisation chart prepared in a systematic way. (Organisation chart is a diagram which clarifies the relationship among various posts established in the organisation).

Q12. What are the advantages and disadvantages of informal organization?

Ans :

Advantages

1.   Increase in initiative

Because of a free environment provided by an informal organisation the initiative gets developed among the employees. They come forward with new ideas.

2.   Decrease in Pressure of Officers

In an informal organisation there is no pressure from the officers as a result of which the efficiency of the employees increases.

3.   Effective Communication

It is an effective way to communication. Through its medium messages can be quickly communicated from one place to another.

4.   It makes the Formal Organisation Strong

In an informal organisation there is an atmosphere of goodwill which directly affects the formal organisation. Consequently, work is performed more efficiently.

5.   Quick Solution of the Problems

In an informal organisation the subordinates can speak out their mind before the officers which helps the officers to understand the problems of their subordinates, and all the problems can be solved immediately.

Disadvantages

1.   Specialisation not Possible

In an informal organisation there is no question of division of work because on the basis of mutual relationship anybody can talk to any person in any department with regard to the problem of any department. For example, it is not necessary that the production manager should be consulted only on matters pertaining to production but he can be consulted on any subject. Hence, specialisation is not possible because of the non-division of work.

2.   It resists Change

This organisation resists change and lays stress on adopting the old techniques.

3.   It Creates Rumours

All the persons in an informal organisation talk carelessly and sometimes a wrong thing is conveyed to the other person which may bring in horrible results.

4.   Sometimes it Creates Hurdle in Management

Sometimes employees gathered in an informal group become oblivious of their objective and unanimously decide to oppose their officers. In such a situation productivity is adversely affected.

This is clear from the above description that both the types of organizations have their merits and demerits. On the one hand, formal organisation is helpful in attaining the objectives of the organisation very easily, but on the other hand, the informal organisation is not less important if used properly.

In short, informal relations among the employees are complementary to formal relationship. In this context it is said, both formal and informal organizations are necessary for any group action just as two blades are essential to make a pair of scissors workable. In this context, it will be appropriate to say that, the attitude of the management towards informal organisation should be positive.

Q13. What are the differences between formal and informal organization?

Ans :   (June-19)

Basis	Formal organisation	Informal organisation
Meaning	Structure of authority relationships created by the management	Network of social relationships arising out of interaction among employees
Origin	Arises as a result of company rules and policies	Arises as a result of social interaction

Authority	Arises by virtue of position in management	Arises out of personal qualities
Behavior	It is directed by rules	There is no set behaviour pattern
Flow of Communication	Communication takes place through the scalar chain	Flow of communication is not through a planned route. It can take place in any direction
Nature	Rigid	Flexible
Leadership	Managers are leaders.	Leaders may or may not be managers. They are chosen by the group.

3.4 COMMON ORGANIZATIONAL STRUCTURES

Q14. Explain different types of organizational structure.

Ans :   **(Dec.-19, Imp.)**

Every organization, to be effective, must have an organizational structure. But what is an organizational structure. It is the form of structure that determines the hierarchy and the reporting structure in the organization. It is also called organizational chart.

There are different types of organization structures that companies follow depending upon a variety of things; it can be based on geographical regions, products or hierarchy. To put it simply an organizational structure is a plan that shows the organization of work and the systematic arrangement of work.
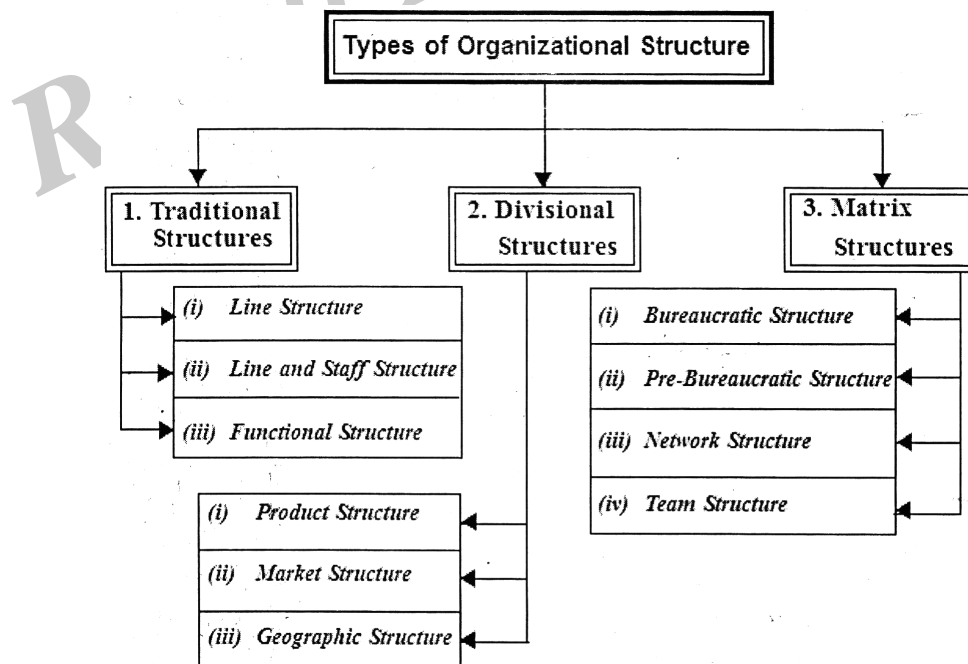
Fig. : Types of Organizational Structure

1.   Traditional Structures

These are the structures that are based on functional division and departments. These are the kind of structures that follow the organization's rules and procedures. They are characterized by having precise authority lines for all levels in the management.

The Various types of structures under traditional structures are:

(i)   Line Structure

This is the kind of structure that has a very specific line of command. The approvals and orders in this kind of structure come from top to bottom in a line, hence the name is line structure/ This kind of structure is suitable for smaller organizations like small accounting firms and law offices. This is the sort of structure that allows for easy decision-making and is also very informal in nature. They have fewer departments, which makes the entire organization a much decentralized one.

(ii)   Line and Staff Structure

Though line structure is suitable for most organizations, especially small ones, it is not effective for larger companies. This is where the line and staff organizational structure comes into play. Line and structure combines the line structure where information and approvals come from top to bottom, with staff departments for support and specialization. Line and staff organizational structures are more centralized. Managers of line and staff have authority over their subordinates, but staff managers have no authority over line managers and their subordinates. The decision-making process becomes slower in this type of organizational structure because of the layers and guidelines that are typical to it. Also, let's not forget the formality involved.

(iii) Functional Structure

This kind of organizational structure classifies people according to the function they perform in their professional life or according to the functions performed by them in the organization. The organization chart for a functional organization consists of Vice President, Sales department, Customer Service Department, Engineering or production department, accounting department and Administrative department.

2.   Divisional Structures

These are the kinds of structures that are based upon the different divisions in the organization. These structures can be further divided into:

(i)   Product Structure

A product structure is based on organizing employees and work on the basis of the different types of products. If the company produces three different types of products, they will have three different divisions for these products.

(ii)   Market Structure

Market structure is used to group employees on the basis of specific market the company sells in. A company could have 3 different markets they use and according to this structure, each would be a separate division in the structure.

(iii) Geographic Structure

Large organizations have offices at different place, for example there could be a north zone, south zone, west and east zone. The organizational structure would then follow a zonal structure.

3.   Matrix Structures

This is a structure which is a combination of function and product structures. This combines the best of both worlds to make an efficient organizational structure. This structure is the most complex organizational structure.

Some other kinds of organizational structures:

(i) Bureaucratic Structure

This kind of structure can be seen in tall organizations where tasks, processes and procedures are all standardized and this type of structure is suitable for huge enterprises that involve complex operations and require smooth administration of the same.

(ii) Pre-Bureaucratic Structure

This structural form is best exemplified in flat organizations where administration and control are centralized and there is very little, if any, standardization of tasks.

(iii) Network Structure

In this kind of structure, the organization managers are required to maintain and coordinate business/professional relations with third parties such as clients, vendors and associates in order to achieve a collective goal of profitability and growth. Most of the time, these relations are maintained and tasks are coordinated via telecommunications and electronic media and, hence, this type of structure is also known as Virtual Structure.

(iv) Team Structure

Organizations with team structures can have both vertical as well as horizontal process flows. The most distinct feature of such an organizational structure is that different tasks and processes are allotted to specialized teams of personnel in such a way as a harmonious coordination is struck among the various task-teams.

Q15. What are the Dimension of Organi-zational Structure.

Ans :

Organizational structure depends on the company and/or the project. The structure helps define the roles and responsibilities of the members of the department, work group or organization. It is generally a system of tasks and reporting policies in place to give members of the group a direction when completing projects. A good organizational structure will allow people and groups to work effectively together while developing hard work ethics and attitudes. The four general types of organizational structure are functional, divisional, matrix and project-based.
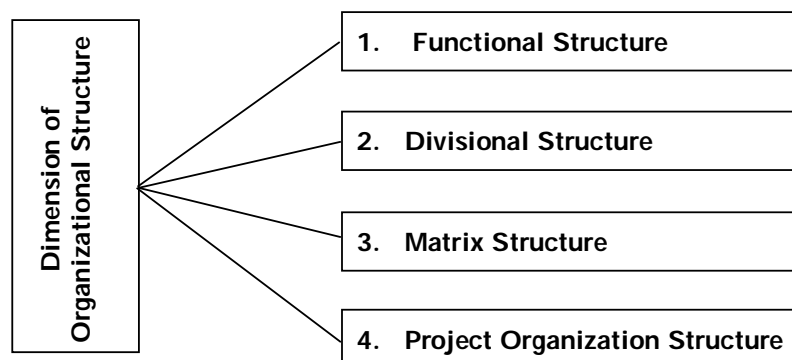
1. Functional Structure

People, who do similar tasks, have similar skills and/or jobs in an organization are grouped into a functional structure. The advantages of this kind of structure include quick decision making because

the group members are able to communicate easily with each other. People in functional structures can learn from each other easier because they already possess similar skill sets and interests.

2.   Divisional Structure

In a divisional structure, the company will coordinate intergroup relationships to create a work team that can readily meet the needs of a certain customer or group of customers. The division of labour in this kind of structure will ensure greater output of varieties of similar products. An example of a divisional structure is geographical, where divisions are set up in regions to work with each other to produce similar products that meet the needs of the individual regions.

3.   Matrix Structure

Matrix structures are more complex in that they group people in two different ways: by the function they perform and by the product team they are working with. In a matrix structure the team members are given more autonomy and expected to take more responsibility for their work. This increases the productivity of the team, fosters greater innovation and creativity, and allows managers to cooperatively solve decision-making problems through group interaction.

4.   Project Organization Structure

In a project-organizational structure, the teams are put together based on the number of members needed to produce the product or complete the project. The number of significantly different kinds of tasks is taken into account when structuring a project in this manner, assuring that the right members are chosen to participate in the project.

3.5 DEPARTMENTALIZATION

Q16. Define departmentalization ? Explain the objectives of departmentalization.

Ans :   (Dec.-17)

The segregation of the office administration or the production facilities or finance and marketing into individual channels so that efficient supervision takes place in a channelized manner is called departmentalization. Each group so channeled is called a department answerable to its head, who in turn, is answerable to the next higher-up in the hierarchy.

Objectives of Departmentalization

Following are the objective of departmentalization,

1.   The aim of departmentation is to assemble the activities, and arrange the personnel in appropriate units.

2.   To specialize the performance of different activities.

3.   To assign responsibilities to the departmental heads so as to attain organisational objectives.

Q17. Explain the classification of departmentalization.

Ans :   (Dec.-17, Imp.)

The following are some of the important methods of departmentation,

1.   Functional Departmentation :

In this method, departmentation is done on the basis of the variety' of functions performed by a business enterprise.

Since, the basic functions of an enterprise include production, selling, financing and so on these activities are divided into departments called production, sales, finance, marketing and HR.

Advantages

The following are some of the advantages of functional departmentation.

(i)   It is logical and is based on principles.

(ii)   It is the best way of making certain that the power and prestige of the basic activities of the organization are under the control of top managers.

(iii) Training of personnel according to the requirements is simplified.

Disadvantages

Some of the disadvantages are,

(i)   Top level holds the responsibility only for profits.

(ii)   Co-ordination between functions reduces.

(iii) The views of the key personnel are narrowed.

(iv)   Overall organizational objectives are deemphasized.

2.   Geographical Departmentation :

Geographical departmentation is quite common among the firms which operate over wide geographical areas. In this method departmentation is done on the basis of the location of the firm and its geographical features.

Advantages

(i)   Responsibility is vested in the lower level.

(ii)   Local markets and problems are given importance.

(iii) Coordination and communication is improved.

(iv)   Good training is provided.

Disadvantages

(i)   Problems of top management control are increased.

(ii)   It requires more people depending on the abilities of general manager.

3.   Product Departmentation :

In this method, departmentation is done on the basis of variety of products which are produced by the organization. In product departmentation, either a single product or group of related products are independently combined in the organizations framework which results in achieving the specialization of products.

Advantages

(i)   It facilitates in providing better customer services.

(ii)   Organization can achieve multiple growth and diversify their products and services.

(iii) It provides greater focus on the product lines.

(iv)   Responsibility of profits is categorized into various categories.

Disadvantages

(i)   It is not an easy task to control all the product lines.

(ii)   It is highly expensive method.

(iii) Customer may find it difficult to copeup with various salesmen.

(iv)   It involves duplicating activities.

4.   Method Departmentation/Process Departmentation :

In this method, departmentation is done on the basis of various machines and processes which are used in the manufacturing process as each process requires special skills for operating it.

Advantages

(i)   Each process makes use of expert technology.

(ii)   It facilitates in achieving economic advantage.

(iii) Special skills are needed to operate the machines.

Disadvantages

(i)   Responsibility of profit basically, lies in the hands of top management.

(ii) It is difficult to bring in coordination among various departments.

5.   Customer Departmentation :

In this method, departmentation is done on the basis of various categories of customers, where the interest of individual buyer is grouped as per their primary interest. Basically the interest of individual buyers, Wholesalers, Government, Industrial buyer, Public undertakings and so on are managed by individual/separate departments.

Advantages

(i)   It offers specialized services to the customers.

(ii) It facilitates in managing various marketing channels for different customers.

(iii) It brings in expertise in the customer field.

Disadvantages

(i)   Experts are needed to solve customer problems.

(ii) Lack of co-ordination would lead to difficulties of managing.

(iii) It results in unequal development of customer groups.

3.6 AUTHORITY

Q18. Define Authority ? What are the sources of Authority?

Ans :

Authority is the degree of discretion conferred on people to make it possible for them to use their judgement. When an enterprise is small then decision-taking power is centralised in few hands. As the enterprise grows there is a need to delegate authority to more and more people to cope with the work. The main purpose of delegation is to make organisation possible. "Just as no one person in enterprise do all the tasks necessary for accomplishment of group purpose, so it is impossible, as an enterprise grows, for one person to exercise all the authority for making decisions."

Meaning of Authority

Authority can be defined as the power and right of a person to use and allocate the resources efficiently, to take decisions and to give orders so as to achieve the organizational objectives. It is the right to give commands, orders and get the things done. The top level management has greatest authority.

Definitions

(i)   According to Henri Fayol, "Authority is the right to give orders and the power to exact obedience."

(ii) According to Kootnz and O'Donnell, "Authority is the power to command others to act or not to act in a manner deemed by the possessor of the authority to further enterprises or departmental purposes."

(iii) According to Terry, "Authority is the power to exact others to take actions considered appropriate for the achievement of a predetermined objective."

(iv) According to Daris defines "Authority as the "right of decision and command."

(v)   According to Louis Allen, "The sum of the powers and rights entrusted to make possible the performance of the work delegated."

(vi) According to Dr. Paterson defines, "The right to command and expect and enforce obedience."

(vii) According to Strong says, "Authority is the right to command."

(viii) According to Massie defines, "The formal right to exercise control."

Sources of Authority

A number of theories exist about the sources of authority. Some persons are of the view that it flows from upward to downward subordinates, others feel that it goes from bottom to upward because of its acceptance by those on whom it is to be used, the theories of authority are discussed as follows:

1. Legal/Formal Authority

According to this theory authority is based upon the rank or position of the person and this authority may be given by law or by social rules and regulations protected by law. A law may grant authority to a policeman to arrest a person committing a crime. The president of a company may take an action against an employee for not complying with rules because company rules has bestowed this authority in him. This authority is called formal authority. This type of authority is embedded in the bureaucracy where authority is bestowed upon contractually hired and appointed officials. In a company form of organisation shareholders appoint Board of Directors to exercise all authority. The Board to Directors delegates its powers to the Chief Executive who delegates it to the managers and so on.

While bureaucracy is the purest form of legal authority, other forms may comprise of elected office bearers or office bearers appointed by the members. These persons follow authority since their roles are defined by the rules and regulations framed by such bodies.

2. Traditional Authority

Traditional authority has evolved from a social order and communal relationship in the form of ruling lord and obedient subjects. The obedience results in traditional authority of the lord. The traditional chief rules as per his own pleasure and makes his own decisions. Generally, these decisions are based on considerations like ethnic equity and justice. The authority passes from the father to the son.

In a family system, father exercises traditional authority over members of the family. The traditional authority is generally followed in Indian family system. It is the father who guides the activities of the family and others obey out of respect and traditions.

In traditional form of authority there is no formal law or structured discipline and relationships are governed by personal loyalty and faithfulness rather than compulsions of rules and regulations or duties of the office.

3. Acceptance Theory

The authority of the superior has no meaning unless it is accepted by the subordinates. Chester Bernard was of the view that it is the acceptance of authority which is more important. If the subordinates do not accept the orders of a superior there will be no use of exercising authority.

Bernard maintains that a subordinate will accept an order if :

(i) he understands it well.

(ii) he believes it to be consistent with the organisational goals.

(iii) he believes it to be compatible with his personal interests as a whole.

(iv) he is able mentally and physically to comply with it

The subordinates may accept an order if they gain out of its acceptance or may lose out of its non acceptance. According to Robert Tennebaum, "An individual will accept an exercise of authority if the advantages accruing to him from accepting plus disadvantages accruing to him from not accepting exceed the advantages accruing to him from not accepting plus the disadvantages accruing to him from accepting and vice versa." It can be said that acceptance of an order is the function of advantages from it.

The acceptance theory, though supporting the behavioural approach to management, presents many problems in an oganization. It undermines the role of a manager in the organisation. He may not be sure whether his orders will be accepted or not. He will know it only when his orders are actually executed. It means that orders flow from bottom to up.

4. Competence Theory

There is also a feeling that authority is generated by personal competence of a person. A person may get his orders accepted not due to formal authority but because of his personal qualities. These qualities may be personal or technical. The advice of some persons may be accepted even if they donot have a formal authority. They enjoy this authority by virtue of their intelligence, knowledge, skill and experience. When a doctor advises rest to a patient he accepts this advice because of Doctor's knowledge and not because of his formal authority or legal right.

The patient will get relief only if he obeys the doctor. Similarly, we accept the diagnosis of a car mechanic without questioning it because of his competency for this work. So the knowledge or competency of a person gives him a status where his authority is accepted by others.

5. Charismatic Authority

The charismatic authority rests on the personal charisma of a leader who commands respect of his followers. The personal traits such as good looks, intelligence, integrity influence others and people follow the dictates of their leaders because of such traits. The followers become attached to the leader because they feel that he will help them in achieving their goals.

The charismatic leaders are generally good orators and have hypnotic effect on their followers. The religious and political leaders come under this category. Ayatolla Khomani of Iran was an example of a religious leader on whose command people were ready to lay down their lives even John F. Keneddy of America was a political leader who could command respect of the people because of his charismatic personality. The charismatic phenomena also extends to film actors, actresses and war heroes. Film actors and actresses have been successful in raising huge funds for calamities etc. because of their charismatic personalities. Even political parties associate actors and actresses in their companies to collect crowds for their rallies. People follow some persons because of their charismatic personalities and not because of any other factor.

3.7 DELEGATION

Q19. Define delegation. What are the principles of delegation ?

Ans :   (Dec.-18, Dec.-16, Imp.)

Delegation of authority is an important part of the organizing process. Its need is felt when due to excessive workload on a manager, he is unable to perform all jobs independently. In this situation, he divides his work among the subordinates. But, just mere division of work does not guarantee success. For the successful work performance, authority should be given to the subordinates to take work related decisions. Thus, division of work and assigning authority for the successful work performance is called delegation of authority.

Delegation of Authority

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

Meaning of Delegation

Delegation is a process which enables a person to assign a work to others and delegate them with adequate authority to do it.

Definitions of Delegation

The major definitions of delegation are the following:

(i)   According to F.G. Moore, "Delegation of authority means assigning work to others and giving them authority to do it."

(ii) **According to Theo Haimann,** "Delegation of authority merely means the granting of authority to subordinates to operate within prescribed limits."

Principles of Delegation

Managers have to follow the principles in order to make the delegation effective:

i) Delegation of Results Expected

Managers have to clearly know the activities to be performed by the subordinates and the results to be achieved by the subordinates. Managers have to delegate the necessary authority and responsibility to produce the results.

ii) Coequal Authority and Responsibility

Managers should delegate equal authority and responsibility. It means that the amount of authority that is to be delegated should be enough to discharge the responsibility. The authority may be misused, if it is more than the responsibility. If the authority is less than the responsibility, the subordinate cannot discharge the authority.

iii) Absoluteness of Responsibility

The superior holds responsibility though he delegates it to his subordinates. Therefore, the responsibility of subordinates to their superiors is absolute.

iv) Creation of Accountability

The subordinates who receive both authority and responsibility should be accountable for their responsibility of completing the activities as specified and for their authority of using various resources. Thus, the delegation of authority and responsibility should create accountability on the part of the subordinates.

v) Unity of Command

Unity of command indicates that the subordinate should receive orders, instructions and commands from one superior only. Therefore, the authority and responsibility should be delegated to a subordinate by only. Therefore, the authority and responsibility should be delegated to a subordinate by only one superior.

vi) Limits of Authority

Superiors cannot delegate all the authority they have to their subordinates as they are finally responsible for the success or failure of their departmental functioning. Therefore, they delegate part of the authority to their subordinates. Subordinates should know the limits of the authority delegated to them while exercising the authority and also discharging their responsibilities.

Q20. What are the elements of delegation?

Ans :

According to Louis Allen, delegation is the entrustment of responsibility and authority to another and the creation of accountability for performance.

A detailed analysis of Louis Allen's definition brings to light the following essential elements of delegation:

(i) Authority

Authority refers to the right of an individual to command his subordinates and to take action within the scope of his position. The concept of authority arises from the established scalar chain which links the various job positions and levels of an organisation. Authority also refers to the right to take decisions inherent in a managerial position to tell people what to do and expect them to do it.

In the formal organisation authority originates by virtue of an individual's position and the extent of authority is highest at the top management levels and reduces successively as we go down the corporate ladder. Thus, authority flows from top to bottom, i.e., the superior has authority over the subordinate.

Authority relationships helps to maintain order in the organisation by giving the managers the right to exact obedience and give directions to the workforce under them.

Authority determines the superior subordinate relationship wherein the superior communicates his decision to the subordinate, expecting compliance from him and the subordinate executes the decision as per the guidelines of the superior. The extent to which a superior can exact compliance also depends on the personality of the superior.

It must be noted that authority is restricted by laws and the rules and regulation of the organisation, which limit its scope. However, as we go higher up in the management hierarchy, the scope of authority increases.

(ii) Responsibility

Responsibility is the obligation of a subordinate to properly perform the assigned duty. It arises from a superior–subordinate relationship because the subordinate is bound to perform the duty assigned to him by his superior. Thus, responsibility flows upwards i.e., a subordinate will always be responsible to his superior.

An important consideration to be kept in view with respect to both authority and responsibility is that when an employee is given responsibility for a job he must also be given the degree of authority necessary to carry it out. Thus, for effective delegation the authority granted must be commensurate with the assigned responsibility. If authority granted is more than responsibility, it may lead to misuse of authority, and if responsibility assigned is more than authority it may make a person ineffective.

(iii) Accountability

Delegation of authority, undoubtedly empowers an employee to act for his superior but the superior would still be accountable for the outcome:

Accountability implies being answerable for the final outcome. Once authority has been delegated and responsibility accepted, one cannot deny accountability. It cannot be delegated and flows upwards i.e., a subordinate will be accountable to a superior for satisfactory performance of work. It indicates that the manager has to ensure the proper discharge of duties by his subordinates. It is generally enforced through regular feedback on the extent of work accomplished. The subordinate will be expected to explain the consequences of his actions or omissions.

Overview of the elements of delegation

Basis	Authority	Responsibility	Accountability
Meaning	Right to command.	Obligation to perform an assigned task.	Answerability for outcome of the assigned task.
Delegation	Can be delegated.	Cannot be entirely delegated.	Cannot be delegated at all.
Origin	Arises from formal position.	Arises from delegated authority.	Arises from responsibility.
Flow	Flows downward from superior to subordinate.	Flows upward from subordinate to superior.	Flows upward from subordinate to superior

Q21. Discuss various types of delegation?

Ans : **(Dec.-18)**

A brief explanation of the different types of delegation is given below:

1. General delegation

General delegation means granting authority to the subordinate to perform various managerial functions and exercise control over his subordinates. At the same time, the same persons are regulated and supervised by the top management.

2. Specific delegation

Under specific delegation, the orders, instructions or directions are delegated to a particular person specifically. For example, the Personnel manager may be delegated authority for selection of personnel, training of personnel, placement of personnel and the like.

3. Written delegation

This type of delegation is made by written orders, instructions etc. The proper usage of words is essential to this type of delegation.

4. Unwritten delegation

Unwritten delegation means the authority is delegated on the basis of custom, conversion or usage. Here, there is no evidence available for future reference.

5. Formal delegation

The duties and authority are shown in the organisational structure of the enterprise. For example, the production manager is assigned the responsibility and accompanying authority to maintain and increase production.

6. Informal delegation

In certain cases, a person has to use the authority without getting it from the top management. The reason is that he can perform his assigned duties effectively in time.

7. Downward delegation

Downward delegation states when a superior could delegate duties and authority to his immediate subordinate. This type of delegation is followed in most of the organizations.

8. Accrued delegation

Under this type of delegation, a subordinate can delegate his authority to his immediate superiors. It occurs seldom in an organisation.

9. Sideward delegation

A person delegates authority to another person who is also in the same rank as he is in the organisation.

Q22. Explain various steps involved in successful delegation.

Ans :

The following steps will aid more successful delegations of authority:

1. Establishment of definite goals

The purpose of delegation is to enable efficient accomplishment of organisational objectives. But delegations will be meaningless if the objectives are not properly defined. Subordinates may hesitate to accept the authority, if they do not know exactly what is expected of them.

2. Developing personal discipline for supervision

Superior should have faith in the ability of his subordinates and tolerate the mistakes committed by them. Then, every subordinate will be ready to accept the authority for efficient performance.

3. Establishment of definite responsibility

The authority and responsibility of each subordinate should be in clear terms. This will avoid the duplication of delegation.

4.   Motivation

Subordinates are ready to accept the responsibility if proper motivation is available to them. Motivation may be by means of increased wages and the like.

5.   Determining what to delegate

This will necessitate the appraisal of the capacity of the people and needs of the jobs. Only authority appropriate to be delegated will be considered.

6.   Training

Subordinates should be properly trained in handling delegated work. Technical and non-technical training should be given to the subordinates. The non-technical training includes the development of the morale self-confidence and leadership qualities of the subordinates.

7.   Report

After delegation of any authority, the subordinate is expected to submit a report on them. Only in this way, the superior will be freed from authority jobs to concentrate on other important functions.

8.   Control

The superior is held responsible to the top management even after the delegation of authority. So, it is necessary to establish a suitable control system to keep a careful watch over the performance of subordinates. If the superior finds a deviation from the predetermined procedures, he should take corrective action in time.

Q23. Explain the importance of delegation.

Ans :

Delegation ensures that the subordinates perform tasks on behalf of the manager thereby reducing his workload and providing him with more time to concentrate on important matters. Effective delegation leads to the following benefits:

(i)   Effective management

By empowering the employees, the managers are able to function more efficiently as they get more time to concentrate on important matters. Freedom from doing routine work provides them with opportunities to excel in new areas.

(ii)   Employee development

As a result of delegation, employees get more opportunities to utilise their talent and this may give rise to latent abilities in them. It allows them to develop those skills which will enable them to perform complex tasks and assume those responsibilities which will improve their career prospects. It makes them better leaders and decision makers. Thus, delegation helps by preparing better future managers. Delegation empowers the employees by providing them with the chance to use their skills, gain experience and develop themselves for higher positions.

(iii) Motivation of employees

Delegation helps in developing the talents of the employees. It also has psychological benefits. When a superior entrusts a subordinate with a task, it is not merely the sharing of work but involves trust on the superior's part and commitment on the part of the subordinate. Responsibility for work builds the self-esteem of an employee and improves his confidence. He feels encouraged and tries to improve his performance further.

(iv)   Facilitation of growth

Delegation helps in the expansion of an organisation by providing a ready workforce to take up leading positions in new ventures. Trained and experienced employees are able to play significant roles in the launch of new projects by replicating the work ethos they have absorbed from existing units, in the newly set up branches.

(v) Basis of management hierarchy

Delegation of authority establishes superior-subordinate relationships, which are the basis of hierarchy of management. It is the degree and flow of authority which determines who has to report to whom. The extent of delegated authority also decides the power that each job position enjoys in the organisation.

(vi) Better coordination

The elements of delegation, namely authority, responsibility and accountability help to define the powers, duties and answerability related to the various positions in an organisation. This helps to avoid overlapping of duties and duplication of effort as it gives a clear picture of the work being done at various levels. Such clarity in reporting relationships help in developing and maintaining effective coordination amongst the departments, levels and functions of management.

Q24. What are the advantages of delegation?

Ans :

The delegation of authority gives several advantages to the organisation. The important advantages of delegation of authority are given below:

1. Basis of effective functioning

Delegation lays the basis for effective functioning of an organisation. It creates the relationship with others and achieves various objectives of the organisation. It creates the relationship with others and achieves various objectives of the organisation.

2. Saving of time

Delegation of authority enables the superior to allot more time to important matters like planning, organizing, staffing, directing, co-ordinating, controlling and decision-making.

3. Reduction of work

Delegation relieves the superior from attending to the routine matters. Normally, the routine matters are allocated to subordinates. It helps the superior to carry out more responsible work alone.

4. Opportunity for development

Delegation of authority gives a very good opportunity to the subordinate to grow. It helps in identifying the best person among the various subordinates for development.

5. Benefit of specialised service

Delegation helps the superior to get the benefit of specialised knowledge of various persons at lower levels. For example, production is delegated to the production manager, sales to the sales manager, legal matters to the lawyer and the like.

6. Delegation of authority enables effective managerial supervision

7. Efficient running of branches

If the business has any branch, the branch affairs or activities are looked after by a separate person. He is supposed to be incharge of this branch. When he can get adequate authority with responsibility he could work for the smooth and effective functioning of the particular branch.

8. Interest and initiative

Whenever the delegation of authority takes place, the sub-ordinate may do the work with interest. In certain cases, the subordinate by himself takes initiative do the work properly.

9. Satisfaction to subordinates

Delegation of authority will satisfy the self-actualization needs of the individuals.

10. Expansion and diversification of business activity

The subordinates are fully trained in decision making in various fields of the business by using the delegation of authority. This type of talents of subordinates can be used by the top management in the expansion and diversification of the business activities.

3.8 CENTRALIZATION

Q25. Define centralization. What are the factors determining centralization?

Ans :   (June-19, June-18)

Centralization is a common occurrence in small enterprises. The success of a small enterprise depends upon the dynamic manager who single-handedly commands the running of the concern.

Meaning of Centralization

Centralization refers to extent to which authority is concentrated with the top level management and little delegation of authority to lower levels of management.

Definitions

(i) **According to Allen,** "Centralization is the systematic and consistent reservation of authority at central points within the organization".

(ii) **According to Henry Fayol,** "Everything that goes to increase importance of subordinates' role is decentralization; everything which goes to reduce it is centralization".

Factors Determining Centralization

The management of an undertaking may centralise decision-making for the following reasons:

1. **Achieving Uniformity of Action**

Uniformity of action is possible when decision-making authority is centralised. The decisions taken at the top will be implemented at every level. There may be more than one unit under the same management and it may be desired to have same types of policies and procedures. If the units take their independent decisions then uniformity of action will not be achieved. Under such situations centralised decision-making will enable unity of action.

2. **Facilitating Integration**

There may be a need to integrate all operations of the enterprise for achieving common objectives. Centralised management will facilitate integration of activities by devising common policies and programmes.

3. **Promoting Personal Leadership**

The small enterprises grow on the strength and capability of their manager. Even big concerns too depend upon the qualities of their managers during initial periods. The whole authority will be in the hands of the chief executive. This will result in quick decisions and imaginative actions. The manager will acquire more and more skill and experience which will promote their personal leadership.

4. **Handling Emergencies**

Under uncertain business conditions there, is a need to take emergency decisions. Sometimes the existence of small- scale units is endangered if timely actions are not taken. Centralised authority will enable quick and timely decisions from short-term as well long-term perspective.

Q26. What are the Advantages and Dis-advantages of Centralization?

Ans :   (June-19)

Advantages of Centralization

Following are the advantages of centralization

1. **Standardisation of Procedures and Systems**

Centralization enables standardisation of procedures and systems. It facilitates smooth working in the organisation. There is also a consistency in day-to-day working. The consumer service will also improve if standard policies are used.

2. **Facilitates Evaluation**

When same policies are used for all segments of the enterprise their performance can easily be evaluated. It also helps in comparing the results of different departments. This will bring a sense of competition among various segments. Ultimately the overall performance will improve.

3. **Econcomies**

Centralization of management will bring in economies of large scale. There will be a

centralised buying and selling. This will enable bulk buying resulting in discounts and savings in transportation expenses. When sales are done in large quantities then customers are offered better terms and low prices. There will be an economy in managerial expenses also.

4. Co-ordination of Activities

Co-ordination of activities of various segments is also facilitated by centralised management. In the absence of centralization, different segments may pursue their independent policies. This may result in disunity and disintegration. Different segments may emphasis their own goals only without bothering about organisational objectives. Centralised management will help in co-ordinating the work of different segments in such a way that organisational goals are achieved.

Disadvantages of Centralization

Centralization may be useful only upto a certain level and also under certain conditions. Beyond a certain point it creates difficulties in day-to-day working and also restricts the growth of an enterprise.

Following are some of the disadvantages of contralisation :

1. Destroys Individual Initiative

Centralization revolves around one person only. One man takes all the decisions and decides the modes of implementing them. Nobody is given the authority to use his own judgement even if there are glaring lacunae in the decisions. It destroys initiative of subordinates. They do not make any suggestions and just carry on with whatever has been conveyed to them,

2. Over burden of Few

This system gives all responsibilities to few persons in the organisation. They remain over-burdened with routine work while subordindates do not have sufficient work.

The centralization of all powers do not allow the chief executive to devote sufficient time for important tasks of planning, co-ordinating and motivating. In a decentralised set-up routine matters are left to the subordinates and manager concentrates on important administrative work only.

3. Slows Down the Operations

The operations of the enterprise are slowed down under centralised set-up. All decisions are taken only by one person and his unavailability keeps the matters pending. Even clarifications about decisions are referred to the top which destroys invaluable time in formalities. If the subordinates have powers to interpret decisions then operations can be toned up. Things move very slowly in a centralised set up because everything has to pass through the manager.

4. Distance from Customers

The customers do not come into contact with policy-makers. They meet only those officials who do not have the powers to take decisions. Moreover one person cannot meet and know the reactions of customers regarding products and service. This also comes in the way of intimate understanding of market situations by the chief executive.

5. No Scope for Specialisation

Centralization does not offer any scope for specialisation. All decisions are taken by one person and he may not be a specialist in all the areas. In the present competitive world there is a need for employing the services of specialists. The specialists will be able to introduce new things in their fields and they may improve the performance of the enterprise. Even if specialists may be employed under centralised set-up they will not be given a free hand in their areas. They will keep on convincing the chief executive who is the ultimate decision-maker. The specialists do not have any role in an organisation with centralised authority.

3.9 DECENTRALIZATION

Q27. Define decentralization. How is it essential for management of a business enterprise ?

Ans :   (June-19, June-18)

Decentralisation implies the dispersal of decision-making power at lower levels of management. When the power to take decisions and formulate policies does not lie with one person at the top but is passed on to different persons at various levels, it will be a case of decentralisation. The decisions taken at lower level should not only be more in number but they should be important also. If insignificant decisions are allowed to be taken at lower levels then it will not be a case of decentralisation.

Definitions of Decentralization

According to McFarland. "Decentralisation is a situation in which ultimate authority to command and ultimate responsibility for results is localized as far down in the organisation as efficient management of the organisation permits." The delegation of authority and responsibility is allowed downward upto a level it is necessary. In McFarland's views the degree and extent of delegation should be determined as per the needs of the situation.

According to Allen. "Decentralisation refers to the systematic effort to delegate to the lowest levels all authority except that which can only be exercised at the central points."

Allen says that authority should be delegated to the lower levels of management and top management should retain only those powers which cannot be exercised at lower level. In his view decentralisation will involve systematic delegation of authority.

According to Strong, "Decentralisation means the division of a group of functions and activities into relatively autonomous units with overall authority and responsibility for their operation delegated to a head of each unit"

According to Earl P, Strong relates decentralisation to the working of different units of an enterprise. He says that decentralisation will require the delegation of authority to the persons incharge of different units. They should have sufficient authority to run the units independently.

Importance

Decentralisation is much more than a mere transfer of authority to the lower levels of management hierarchy. It is a philosophy that implies selective dispersal of authority because it propagates the belief that people are competent, capable and resourceful. They can assume the responsibility for the effective implementation of their decisions .Thus this philosophy recognises the decision maker's need for autonomy. The management, however, needs to carefully select those decisions which will be pushed down to lower levels and those that will be retained for higher levels.

Decentralisation is a fundamental step and its importance can be understood from the following points:

(i) Develops initiative among subordinates

Decentralisation helps to promote self-reliance and confidence amongst the subordinates. This is because when lower managerial levels are given freedom to take their own decisions they learn to depend on their own judgment. It also keeps them in a state wherein they are constantly challenged and have to develop solutions for the various problems they encounter. A decentralisation policy helps to identify those executives who have the necessary potential to become dynamic leaders.

(ii) Develops managerial talent for the future

Formal training plays an important part in equipping subordinates with skills that help them rise in the organisation but equally important is the experience gained by handling assignments independently. Decentralisation gives them a chance to prove

their abilities and creates a reservoir of qualified manpower who can be considered to fill up more challenging positions through promotions. It also helps to identify those who may not be successful in assuming greater responsibility. Thus, it is a means of management education as well as an opportunity for trained manpower to use its talent in real life situations.

(iii) Quick decision making

The management hierarchy can be looked upon as a chain of communication. In centralised organisation because every decision is taken by the top management the flow of information is slow as it has to traverse many levels. Response also takes time. This reduces the speed of decision making and makes it difficult for an enterprise to adapt to dynamic operating conditions. In a decentralised organisation, however ,since decisions are taken at levels which are nearest to the points of action and there is no requirement for approval from many levels, the process is much faster. There are also less chances of information getting distorted because it doesn't have to go through long channels.

(iv) Relief to top management

Decentralisation diminishes the amount of direct supervision exercised by a superior over the activities of a subordinate because they are given the freedom to act and decide albeit within the limits set by the superior. Also, personal supervision is generally replaced by other forms of control such as return on investment etc. Decentralisation also leaves the top management with more time which they can devote to important policy decisions rather than occupying their time with both policy as well as operational decisions. In fact decentralisation is greatest when checking required on decisions taken by lower levels of management is least.

(v) Facilitates growth

Decentralisation awards greater autonomy to the lower levels of management as well as divisional or departmental heads. This allows them to function in a manner best suited to their department and fosters a sense of competition amongst the departments. Consequently, with each department doing its best in a bid to outdo the other, the productivity levels increase and the organisation is able to generate more returns which can be used for expansion purposes.

(vi) Better control

Decentralisation makes it possible to evaluate performance at each level and the departments can be individually held accountable for their results. The extent of achievement of organisational objectives as well as the contribution of each department in meeting the overall objectives can be ascertained. Feedback from all levels helps to analyse variances and improve operations. In decentralisation, one of the challenges is the accountability of performance. In response to this challenge, better control systems are being evolved such as the balance score card and management information system. Decentralisation compels the management to innovative performance measurement systems.

Q28. What are the advantages and di-sadvantages of decentralization?

Ans :   **(June-19)**

Advantages of Decentralization

1. Reduces Burden of Top Executives

They are left with no time for planning, etc. In decentralisation decision-making power is delegated to the lower levels relieving top executives of some of their burden. Under this system top executives will retain only that work which requires their personal attention otherwise everything is assigned to persons at appropriate levels. This will reduce the burden of top executives and they will be able to devote more time for planning, etc.

2.   Quick Decisions

Under decentralised system decision-making powers are delegated to the level of actual execution. Whenever there is a need for taking a decision, the concerned executive will decide the things immediately. There is no need to make reference to the top level for most of the work. It quickens the process of decision-making.

3.   Facilitates Diversification

With the expansion and diversification of activities there will be a need to delegate authority at departmental level. Decentralisation gives enough authority to persons at various levels for carrying out the required task. The centralised system of authority will not allow diversification beyond a certain level because decision- making is reserved by one man only. The organisation will become more and more complex with the addition of new products and setting up of more units. Decentralised system will be more suitable for expanding enterprises.

4.   Motivation of Subordinates

Under decentralisation subordinates get opportunity for taking decisions independently. This fulfils the human need for power, independence and status. Subordinates will realise their importance in the organisation. They will try to put their maximum efforts so that their performance improves. They get a chance to take initiative and to try new ideas. The subordinates feel motivated under decentralised set-up.

5.   Sense of Competition

Under decentralised system different departments or units arc made separate profit centres. The employees of different departments will compete with each other to show better results. The sense of competition will improve the performance of all departments or segments.

6.   Provides Product or Market Emphasis

Since decision-taking is scattered and goes to lower levels of management there will be more product or market emphasis. The changing tastes and fashions require prompt decisions. The decentralised system will respond immediately to the changing situations. The persons concerned with marketing will take quick decisions as are necessary under the situation.

7.   Division of Risk

The enterprise is divided into a number of departments under decentralisation. Management can experiment new ideas at one department without disturbing others. This will reduce the risk if things go adverse. Once the experiment is successful it can be used in other segments also. So risk element can be limited under decentralised system.

8.   Effective Control and Supervision

With the delegation of authority, span of control will be effective. Since executives at lower levels will have the full authority to take important decisions, they will recommend awards or punishments as per their performance. This will improve supervision and control.

Disadvantages of Decentralisation

Decentralisation suffers from a number of drawbacks and some of these are discussed as follows :

1.   Lack of Co-ordination

Under decentralisation each department, unit or section enjoys substantial powers. They have the powers to formulate their own policies and programmes. It becomes difficult to co-ordinate the activities of various segments. Moreover, every segment emphasises its own work only without bothering about others. This creates more difficulties in co-ordinating activities.

2. **Difficulty in Control**

Since different units work independently it becomes difficult to control their activities. Top management will not be able to exercise effective control because it does not remain in touch with day-to-day activities of various segments.

3. **Costly**

Decentralised system involves heavy overhead expenses. Every decentralised division has to be self-sufficient for its activities like production, marketing, accounting, personnel, etc. A number of persons will be employed to man various activities. These persons are paid higher salaries involving huge costs. Decentralised system is suitable for large scale enterprises only. Small-scale business units cannot afford to spend higher overhead expenses.

4. **Lack of Able Managers**

Decentralised system will succeed only if competent persons are employed to manage various jobs in different segments. Competent persons are not sometimes available as per the requirements. The system will fail if competent personnel are not available.

Q29. Compare and contrast between Delegation and Decentralization.

Ans :

The words decentralisation and delegation appear to be inter- changeable but it is not so. Even though both involve dispersal of authority but decentralisation is an extension of delegation.

Following are the points of distinction between the two :

Points of Difference	Delegation	Decentralisation
1. **Nature**	Delegation is individualistic. It involves two persons, superiors and subordinates.	Decentralisation is totalistic in nature. It involves delegation from top management to the department or divisional level.
2. **Control**	Control rests with the delegator or superior.	In this system top management exercises minimum control. All powers are given to concerned departments or divisions.
3. **Need**	Delegation is essential to get things done by others. Unless otherwise authority is delegated it will be difficult to assign responsibility.	Decentralisation is optional because it is the philosophy of management. Top management may or may not disperse authority.
4. **Responsibility**	In delegation, responsibility remains with the the delegator. He can delegate authority and not responsibility.	In decentralisation, head of the department is responsible for ail activities under him. He is required to show better performance of the whole department.

3.10 RESPONSIBILITY

Q30. Define responsibility ? What are the different types of responsibilities ?

Ans :

Responsibility is the obligation to do something. It is the duty that, one has to perform in organisational tasks, functions or assignments. Authority and responsibility go side by side. When authority is delegated then some responsibility for getting the assigned task is also fixed. One can delegate authority but not responsibility.

Responsibility is the duty of the person to complete the task assigned to him. A person who is given the responsibility should ensure that he accomplishes the tasks assigned to him. Responsibility without adequate authority leads to discontent and dissatisfaction among the person.

Responsibility indicates the duty assigned to a position. The person holding the position has to perform the duty assigned. It is his responsibility. The term responsibility is often referred to as an obligation to perform a particular task assigned to a subordinate. In an organisation, responsibility is the duty as per the guidelines issued.

Definitions of Responsibility

(i) According to Davis, "Responsibility is an obligation of individual to perform assigned duties to the best of his ability under the direction of his executive leader."

(ii) According to Theo Haimann, "Responsibility is the obligation of a subordinate to perform the duty as required by his superior".

(iii) According to McFarland, "Responsibility as the duties and activities assigned to a position or an executive".

(iv) According to Koontz and O'Donnel, "Responsibilities may be defined as the obligation of a subordinate to whom a duty has been assigned to perform the duty".

(v) According to George Terry defines it as, "Responsibility is the obligation to carry out assigned activities to the best of his abilities."

Features of Responsibility

(i) Responsibility arises from superior-subordinate relationship.

(ii) It always flows upward from juniors to seniors.

(iii) It arises from the duty assigned.

(iv) It cannot be delegated.

(v) It is the obligation to complete the job as per instructions.

Types of Responsibilities

1. Personal Responsibility

Personal responsibility begins from the inside and moves outward. This must begin by taking responsibility for the thoughts, choices, and reactions. Then it can be responsible for the circumstances to create in our world.

Features of personal responsibility are:

(i) Make and keep agreements.

(ii) Set goals and create ways to achieve them.

(iii) Accept consequences of personal choices.

(iv) Acknowledge personal accomplishments.

2. Social Responsibility

The idea that companies should embrace its social responsibilities and not be solely focused on maximizing profits. Social responsibility entails developing businesses with a positive relationship to the society which they operate in. According to the International Organization for Standardization (ISO), this relationship to the society and environment in which they operate is "a critical factor in their ability to continue to operate effectively. It is also increasingly being used as a measure of their overall performance."

Features of social responsibilities are:

i)   Communicate with others in a way that empowers them, not demeans them;

ii)   Honour others' rights, dignity and worth.

iii)   Work together toward common goals.

iv)   Negotiate problems and conflicts successfully.

v)   Create opportunities for others.

3.   Environmental Responsibility

Environmental responsibility means ensuring that our actions and lifestyles do not have such a negative impact on the environment that the planet's resources are being used at un-sustainable rates.

Features of environmental responsibility are:

i)   Become conscious of the various contexts in which we function.

ii)   Respect property and take care of equipment, the classroom, the school and the community.

iii)   Recognize the importance of the individual taking care of the environment as well as influencing others to take care of the environment.

Q31. What are the differences between Authority and Responsibility ?

Ans :

Authority and responsibility should match each other. There should be appropriate authority for getting the things done. For example, when a foreman is assigned the responsibility of producing a particular quantity, he should have the authority to hire required personnel and take disciplinary actions if they donot perform as required. However, any imbalance between authority and responsibility will be dangerous. More authority than the responsibility may be misused and inadequate authority will not help in getting the assigned task performed.

Difference between Authority and Responsibility

Points of Difference	Authority	Responsibility
1. **Meaning**	It is the right of a superior to command the subordinates	It is the obligation of a subordinate to perform an assigned task.
2. **Basis**	It normally arises either from legal provisions & formal contract	it arises from superior subordinate relationship
3. **Delegation**	Can be delegated from a superior to a subordinate	it cannot be delegated
4. **Duration**	It may continue for a long period	it is over when the assigned task is completed

3.11 LINE AND STAFF RELATIONSHIP

Q32. What do you understand by Line and Staff Relationship ?

Ans :   (Dec.-16)

Line and staff managers are in an international and interdependent relationship with one another. Interactions are involved in their day-to-day relationships of staff advice, guidance and services to the line. The line managers are dependent on staff specialists for achieving their goals. A production manager cannot function effectively, if, for example, the materials manager does not provide him supplies, tools, spare parts, raw materials etc., the maintenance manager does not provide him repairing and maintenance services, quality control managers does not cooperate with him by providing guidance about quality specifications, and so forth. Similarly, staff managers will find themselves superfluous if line people do not need or reject their advice and services.

Another aspect of line-staff relationship is based on their authority relations. The line managers have command authority over their departments. Similarly, staff managers have command authority over their own departments but they don't have authority over other managers, line or staff, outside their own departments. Their function is to give advice and render service to the line departments as well as to other staff departments. This point in line-staff relationship is often missed, and can be clarified with an example. A personnel manager extends expert advice not only to line departments, i.e., production, sales and finance but to other staff departments also such as materials, quality control, maintenance etc. Thus, we find that a staff manager is in a line relationship with other employees in his own particular department, and in staff relationship with managers and employees in all the other departments.

It is discretionary on the part of a line manager to accept or reject the advice of a staff expert. Acceptance of advice is always voluntary; it can never be forced on others. For example: a doctor can advice a patient to take a particular medicine to cure his ailment but he can't force it down his throat.

Q33. What do you understand by line and staff organization ?

Ans :   (June-18, Dec.-16)

The first form of line organisation, 'Pure line organisation' is rarely seen in practice, while its second form 'departmental line organisation' is usually found among small business enterprises. The chief defect of this form is that under this organisational structure the functions of thinking and execution have to be performed by one individual as a result of which his work load increases. That is why this structure is not adopted in a large size business. In order to remove its defects an amended form of this structure was born which is known as line and staff organisation.

Meaning of Line and Staff Organization

Under the line and staff organisation, the function of line is similar to its function under the line organisation but some staff or experts are also appointed as advisors to the line officers. The function of the line officers is to take decisions, while the function of the staff officers is to advise them. Staff officers are experts in their respective fields and they offer their useful advice after analysing the problems presented by the line officers. In this way the work of thinking and execution is done by different persons and this removes the chief defect of the line organisation. It can be adopted in case of large business enterprises.

It is, however, important to make it clear that the line officers are not bound to accept the advice offered by the staff officers because the line officers alone are responsible for the final outcome.

Definitions of Line and Staff Organisation

(i) **According to Louis A. Allen,** "Staff refers to those elements of the organisation which provide advice and service to the line".

(ii) **According to Newman,** "Staff work is that part of managerial work that an executive assigns to someone outside the chain of command".

(iii) **According to Earnest Dale,** "Line executives are those incharge of function that contribute directly to the main objective of business, staff executives are those who contribute counse and special services to the line".

Q34. What are the characteristics of line and staff organization ?

Ans :

1.   The work of 'thinking' and 'execution' is divided into two parts. The staff executives dc 'thinking' while the line executives translate this thinking into reality.

2.   The line of the line organisation remains intact and the benefit of the advice of the experts becomes available.

3.   The experts have only the right to tender advice, its rejection or acceptance depends on the line executives.

4.   The subordinates of the line executives remain their subordinates alone and they cannot be treated as the subordinates of the staff executives.

5.   The principle of the unity of command remains implemented because the orders are received only through a single officer.

6.   The movement of authority is from top to bottom.

7.   The movement of suggestions and complaints is from bottom to top.

     The Line and Staff Organisation has been shown clearly in the following diagram:
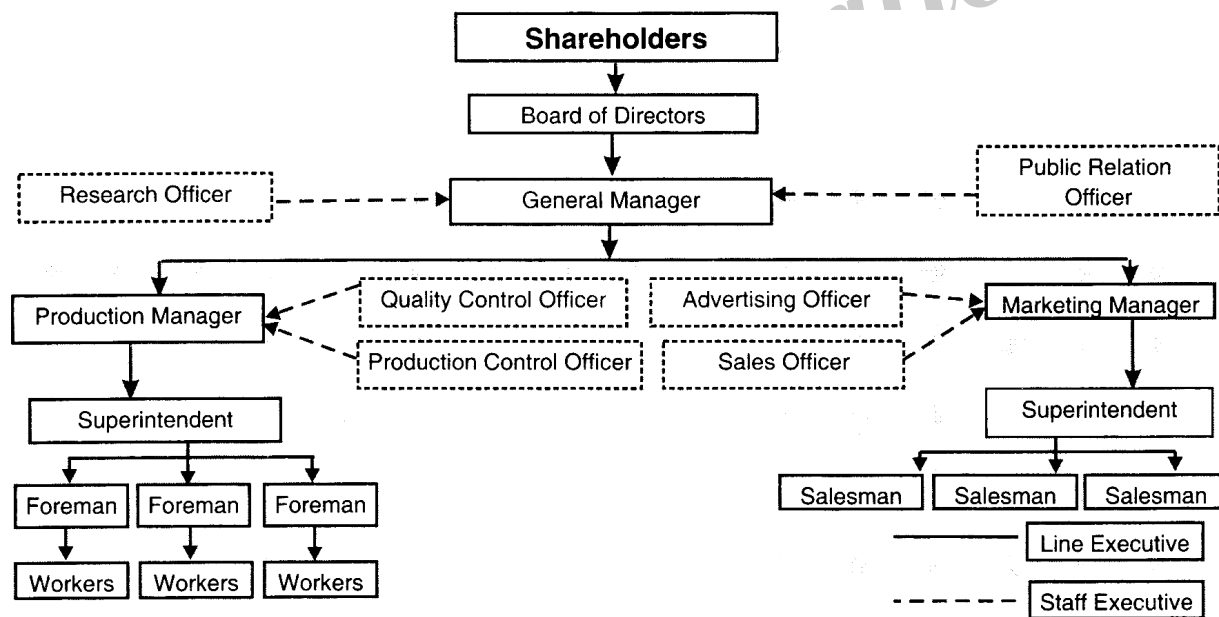
Q35. What are the merits and demerits of line and staff organization ?

Ans :

Merits of Line and Staff Organisation

     This form of organisation has the following chief merits :

1.   Sound Decision

     In this organisation the decisions taken by the line executives are good because the basis of all the decisions is the advice of the experts.

2. Increase in Efficiency

The division of the work of the line executives increases efficiency as a result of which they start taking quick and good decisions.

3. Specialisation Possible

The work of thinking and execution are divided and, therefore, the staff executives and the line executives attain specialisation in their respective fields.

4. Advantage of Line Organisation

This organisation system is an improved version of the line organisation and, therefore, it has all the advantages of line organisation.

5. Research Facilities

The staff executives do not have to remain busy in daily routine and the line executives ask for their suggestions only in special circumstances. Therefore, the staff executives have enough time at their disposal for research work. During this time they discover new procedures which benefit the enterprise.

6. More Facility of Expansion

Legal and other complexities are increasing in modern business. In these circumstances the expansion of business becomes difficult. However, when an organisation has the services of the experts available to it, there cannot be any possibility of any difficulty.

7. Decrease in Production Costs

Experts find out new methods of production which make it easier to increase production of good quality products with the minimum cost.

8. Discipline

In this organisation because of the unity of command there is no problem on account of discipline.

Demerits of Line and Staff Organisation

The main demerits of the line and staff organisation are as under :

1. More Administrative Costs

In this form of organisational structure generally more than one experts are appointed with one line executive and sometimes their advice turns out to be impracticable and hence useless. Thus, it is very costly to have them as part of the organisational structure.

2. Lack of Responsibility of Experts

Experts have no hand in the success or failure of the decisions. Sometimes they do not give sound advice simply because of this.

3. Conflict between Line and Staff Authority

On the one hand the line executives claim that they play a major role in the attainment of the objectives of the enterprise and in case of adverse results they are answerable. Therefore, they are an important part of the enterprise. Under this impression the line executives start treating the staff executives as inferior employees and do not pay any attention to their advice. On the other hand, the staff executives start losing initiatives on account of their advice being ignored regularly. As a result of this they do not give any special attention to the problems of the line executives. Thus both become antagonistic towards each other. Such an atmosphere pushes the organisation towards destruction.

4.   Only Theoretical Advice

The knowledge and experience of the staff executives happens to be more theoretical than practical. Thus, they offer advice only on the strength of their bookish knowledge and do not pay attention to the actual problems of the organisation.

5.   Lengthy Decision-making Process

In this form of organisation the decision-making process gets unduely lengthy. First, a problem appears before the line executives, then they place the problem before the staff executives, who after deliberations give their advice. The whole process consumes much time and sometimes some good opportunities of profit slip away.

6.   Ambiguity Regarding Authorities

There is an ambiguity among the relations of the line executives and the staff executives. Usually the line executives consider themselves senior while the staff executives oppose this.

7.   Dependence on Experts

Sometimes it so happens that the line executives get habituated to do every work with the advice of the staff executives. The result is that in the absence of experts the line executives feel handicapped and their efficiency is reduced.

Short Question and Answers

1. Define organizing.

Ans :

Once the plans have been laid down and objectives specified therein, the next step is to organise resources in a manner which leads to the accomplishment of objectives. A critical issue in accomplishing the goals specified in the planning process is structuring the work of an organisation to adapt to the dynamic business environment. The activities of an enterprise must be organised in such a manner that plans can be successfully implemented.

Definitions of Organizing

Different scholars have given different views about the meaning of organisation:

According to Haney, "Organisation is harmonious adjustment of specialised parts for the accomplishment of some common purpose or purposes."

According to Haimann, "Organisation is the process of defining and grouping the activities of the enterprise and establishing the authority relationship among them."

According to McFariand, "An identifiable group of people contributing their efforts towards the attainment of goals is called organisation."

According to R.C. Davis, "Any group of people, large or small, which has been implemented adequately and is co-operating willingly under the direction of competent executive leadership in an effective, economical accomplishment of certain common objective."

According to G.R. Terry, "Organising is the establishing of effective behavioural relationships among persons so that they may work together effectively and gain personal satisfaction in doing selected tasks under given environmental conditions for the purpose of achieving some goal or objective."

According to Koontz O'Donnel, "Organising involves the establishment of an international structure of roles through determination and enumeration of the activities required to achieve the goals of an enterprise and each part of it; the grouping of these activities, the assignment of such groups of activities to the manager, the delegation of authority to carry them out and provision for co-ordination of authority and informational relationship, horizontally and vertically, in the organisation structure.

2. Define span of management.

Ans :

In management 'span of management' means the number of the subordinates who can be effectively controlled. It means that it is not possible for a manager to supervise a large number of subordinates. The distance between the two supporting pillars with reference to the construction of a building is equally applicable in management also. Here the ideal span means the number of the subordinates which should cost less and provide more strength to the management.

The span of management Is also called the span of control and span of supervision.

Definition of Span of Management

According to Mc Farland, "A Span of control is the number of subordinates that an executive supervises."

This definition shows that the span of control or the span of management is the number of the subordinates which an executive can supervise effectively.

"The span of management or span of control is the number of subordinates who report directly to a specific manager."

– Kathryn M. Bartol and David C. Martin

3. Define formal organization.

Ans :

A formal organisation means an organisation in which the responsibilities, authority, and mutual relationships among all the employees working in an enterprise are clearly defined. This structure of the organisation is created after a lot of deliberation and is based on the division of activities, so that the objectives of the organisation can be easily achieved by a human group. Under this each individual has inter-relationship with others and consequently they know as to who happens to be their superior or the subordinate. This organisation is bound by rules and procedures. It means that every thing is done according to the pre-determined rules and procedure.

According to Chester Bernard, "An organisation is formal when the activities of two or more persons are consciously coordinated towards a common objective".

4. Informal organization.

Ans :

An informal organisation is that organisation which is not established deliberately but comes into existence because of common interests, tastes, and religious and communal relations. The chief quality of this organisation lies in friendly relationship and cooperative nature. In this organisation an individual does not help another individual in his activities simply because he is responsible for it but because it is his personal liking.

For example, in a formal organisation a supervisor in a purchase department consults only the manager of his department regarding all his problems connected with his activities, but in an informal organisation any manager of any department or supervisor can be consulted. Not only this, a supervisor can talk directly to the general manager. Thus, it is clear that in an informal organisation no stringent rules or procedures are to be followed but it is completely based on mutual goodwill. In other words, in an informal organisation, the office and level of individuals are ignored in preference to their tastes, habits and thinking which get more importance. On this basis the whole organisation automatically gets divided into small groups. The people belonging to different departments and different levels sit together in their group and find out solutions to their problems during the course of their conversation.

According to Chester Bernard, "That organisation is informal where the mutual relations are established unconsciously for common objectives."

5. Define departmentalization.

Ans :

The segregation of the office administration or the production facilities or finance and marketing into individual channels so that efficient supervision takes place in a channelized manner is called departmentalization. Each group so channeled is called a department answerable to its head, who in turn, is answerable to the next higher-up in the hierarchy.

Objectives of Departmentalization

Following are the objective of departme-ntalization,

(i)   The aim of departmentation is to assemble the activities, and arrange the personnel in appropriate units.

(ii) To specialize the performance of different activities.

(iii) To assign responsibilities to the departmental heads so as to attain organisational objectives.

6. Define Authority.

Ans :

Authority is the degree of discretion conferred on people to make it possible for them to use their judgement. When an enterprise is small then decision-taking power is centralised in few hands. As the enterprise grows there is a need to delegate authority to more and more people to cope with the work. The main purpose of delegation is to make organisation possible. "Just as no one person in enterprise do all the tasks necessary for accomplishment of group purpose, so it is impossible, as an enterprise grows, for one person to exercise all the authority for making decisions."

Meaning of Authority

Authority can be defined as the power and right of a person to use and allocate the resources efficiently, to take decisions and to give orders so as to achieve the organizational objectives. It is the right to give commands, orders and get the things done. The top level management has greatest authority.

Definition of Authority

According to Henri Fayol, "Authority is the right to give orders and the power to exact obedience."

According to Kootnz and O'Donnell, "Authority is the power to command others to act or not to act in a manner deemed by the possessor of the authority to further enterprises or departmental purposes."

According to Terry, "Authority is the power to exact others to take actions considered appropriate for the achievement of a predetermined objective."

According to Daris defines "Authority as the "right of decision and command."

According to Louis Allen, "The sum of the powers and rights entrusted to make possible the performance of the work delegated."

According to Dr. Paterson defines, "The right to command and expect and enforce obedience."

7. Define delegation.

Ans :

Delegation of authority is an important part of the organising process. Its need is felt when due to excessive workload on a manager, he is unable to perform all jobs independently. In this situation, he divides his work among the subordinates. But, just mere division of work does not guarantee success. For the successful work performance, authority should be given to the subordinates to take work related decisions. Thus, division of work and assigning authority for the successful work performance is called delegation of authority.

Delegation of Authority

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

Meaning of Delegation

Delegation is a process which enables a person to assign a work to others and delegate them with adequate authority to do it.

Definitions of Delegation

The major definitions of delegation are the following:

According to F.G. Moore, "Delegation of authority means assigning work to others and giving them authority to do it."

According to Theo Haimann, "Delegation of authority merely means the granting of authority to subordinates to operate within prescribed limits."

8. Define centralization.

Ans :

Centralisation is a common occurrence in small enterprises. The success of a small enterprise depends upon the dynamic manager who single-handedly commands the running of the concern.

Meaning of Centralization

Centralization refers to extent to which authority is concentrated with the top level management and little delegation of authority to lower levels of management.

Definitions

According to Allen, "Centralization is the systematic and consistent reservation of authority at central points within the organization".

According to Henry Fayol, "Everything that goes to increase importance of subordinates' role is decentralization; everything which goes to reduce it is centralization".

9.   Define decentralization.

Ans :

Decentralisation implies the dispersal of decision-making power at lower levels of management. When the power to take decisions and formulate policies does not lie with one person at the top but is passed on to different persons at various levels, it will be a case of decentralisation. The decisions taken at lower level should not only be more in number but they should be important also. If insignificant decisions are allowed to be taken at lower levels then it will not be a case of decentralisation.

Definitions of Decentralization

According to McFarland. "Decentralisation is a situation in which ultimate authority to command and ultimate responsibility for results is localized as far down in the organisation as efficient management of the organisation permits." The delegation of authority and responsibility is allowed downward upto a level it is necessary. In McFarland's views the degree and extent of delegation should be determined as per the needs of the situation.

According to Allen. "Decentralisation refers to the systematic effort to delegate to the lowest levels all authority except that which can only be exercised at the central points."

10.   Define responsibility.

Ans :

Responsibility is the obligation to do something. It is the duty that, one has to perform in organisational tasks, functions or assignments. Authority and responsibility go side by side. When authority is delegated then some responsibility for getting the assigned task is also fixed. One can delegate authority but not responsibility.

Responsibility is the duty of the person to complete the task assigned to him. A person who is given the responsibility should ensure that he accomplishes the tasks assigned to him. Responsibility without adequate authority leads to discontent and dissatisfaction among the person.

Responsibility indicates the duty assigned to a position. The person holding the position has to perform the duty assigned. It is his responsibility. The term responsibility is often referred to as an obligation to perform a particular task assigned to a subordinate. In an organisation, responsibility is the duty as per the guidelines issued.

Definitions of Responsibility

According to Davis, "Responsibility is an obligation of individual to perform assigned duties to the best of his ability under the direction of his executive leader."

According to Theo Haimann, "Responsibility is the obligation of a subordinate to perform the duty as required by his superior".

According to McFarland, "Responsibility as the duties and activities assigned to a position or an executive".

According to Koontz and O'Donnel, "Responsibilities may be defined as the obligation of a subordinate to whom a duty has been assigned to perform the duty".

Choose the Correct Answers

1.   The organization chart will not show: [a]

     (a)   the informal organization

     (b)   how the work is divided

     (c)   the nature of the work performed by the components

     (d)   chain of command

2.   Which of the following is not a kind of departmentalization?   [c]

     (a)   time   (b)   customer

     (c)   ad hoc   (d)   equipment

3.   Decentralization :   [a]

     (a)   increases the importance of superiors
     (b)   decreases the importance of superiors

     (c)   increases the importance of subordinates

     (d)   decreases the importance of subordinates

4.   The organization chart will not show: [a]

     (a)   the informal organization

     (b)   how the work is divided

     (c)   the nature of the work performed by the components

     (d)   chain of command

5.   Decentralisation is an example for: [a]

     (a)   Structural change

     (b)   Planned change

     (c)   Radical change

     (d)   Incremental change

6.   Resistance to change comes from those who fail to: [c]

     (a)   Centralise   (b)   Decentralise

     (c)   Desire   (d)   Communicate

7.   What refers to a collection of tasks assigned to a position in an organisation structure?   [a]

     (a)   Job   (b)   Job analysis

     (c)   Job description   (d)   Job specification

8. Theory of authority _____.   [a]

    (a) Legal authority   (b) Accountability

    (c) Unity of command   (d) None

9. _____ interact with their environment.   [a]

    (a) Open systems   (b) Closed systems

    (c) Changing systems   (d) Dynamic systems

10. Advantage of centralisation _____.   [a]

    (a) Coordination of activities   (b) Quick decisions

    (c) Costly   (d) Time saving

Fill in the blanks

1.   A _____ is an collection of things connected or interrelated so as to form a complex unity.

2.   Model of decision making _____.

3.   Strategy of delegation of authority _____.

4.   Disadvantage of decentralisation _____.

5.   _____ is the process of defining and grouping the activities of the enterprise and establishing the authority relationship among them.

6.   _____ means the number of the subordinates who can be effectively controlled.

7.   An _____ organisation which is not established deliberately but comes into existence because of common interests, tastes, and religious and communal relations.

8.   Every organization, to be effective, must have an _____.

9.   _____ is the degree of discretion conferred on people to make it possible for them to use their judgement.

10. _____ of authority is an important part of the organizing process.

ANSWERS

1.   System

2.   Open / Closed

3.   Training of subordinates

4.   Lack of coordination

5.   Organization

6.   Span of management

7.   informal

8.   organizational structure.

9.   Authority

10. Delegation

Staffing - Sources of recruitment, Selection process, Training, Directing, Controlling - Meaning and importance, Function, span of control, Process and types of Control, Motivation, Co-ordination - Need and types and techniques of co-ordination - Distinction between coordination and co-operation - Requisites for excellent co-ordination - Systems Approaches and co-ordination.

4.1 STAFFING

Q1. Define staffing. What are the objectives of staffing ?

Ans : (Aug.-21)

Staffing is that part of the process of management which is concerned with acquiring, developing, employing, appraising, remunerating and retaining people so that right type of people are available at right positions and at right time in the organization. In the simplest terms, staffing in management is 'putting people to jobs'.

Meaning of Staffing

Staffing means appointing competent persons according to the importance of the post in the organization. It means that more capable persons are appointed on more important posts, and comparatively less competent persons can be appointed on less important posts. In other words, all the functions undertaken to establish coordination between the post and the individual come under staffing. The chief among these are

    (i)   Recruitment,

    (ii)   Selection,

    (iii) Training,

    (iv) Promotion,

    (v)   Transfer, etc.

Definitions of Staffing

(i) **According to Koontz and O'Donnell,** "The managerial function of staffing involves managing the organization structure through proper and effective selection, appraisal and development of personnel to fill the roles designed into the structure."

(ii) **According to A. K. Singh,** "Staffing is the process of providing jobs to deserving people, through the function of recruitment, selection and training with-a-view to getting benefits from them, for the achievement of preset goals of organization

(iii) **According to Theo Haimann,** "The staffing function pertains to the recruitment, selection, development, training and compensation of subordinate managers".

(iv) **According to Wehrich and Koontz,** "The managerial function of staffing involves the filling and keeping filled, positions in the organisational structure".

The above definitions show that the appointment of employees (staffing) is the chief function of management and under it appointments are made for various posts in the organizations. A part from appointments, it is still more important to keep these post filled for a long time by persistent efforts.

Objectives of Staffing Function in an Organization

Staffing is such function which is performed almost by every organization for the purpose of appointing the right person, at the right job and at the right time. Because we know that man powers are the real assets for every organization. Hence, they should appoint at the right job in order to do a variety of tasks in a well manner.

Some important purposes or objectives of staffing can be described as under :

1. To Determine the source of Recruitment of the Employees

An important purpose of staffing function is to determine the sources of recruitment of the prospective employees to fill up the vacant positions in an organization.

2. To Appoint the Deserved Employees

It is also an essential objective of staffing to appoint the deserved candidates at the right job.

3. To Train the Employees

Training of the employees (if they need) is also an important purpose of staffing to do specific jobs in a well manner.

4. To Proper Allocation of Jobs

The purpose of staffing is to allocate the jobs among the employees according to their ability, talent, aptitude and specializations.

5. To Appraisal the Performance of the Employees

It is one of most important purpose of staffing, because to improve the over all performance of the organization, the appraisal of the employees performance is vital.

Q2. Outline the process of Staffing ?

Ans :

1. Analyzing Manpower requirements

It is making an analysis of work and estimating the manpower requirement to accomplish the same.

2. Recruitment

It is identifying and attracting capable applicants for employment. it ends with the submission of applications by the aspirants.

3. Selection

It is choosing the fit candidates from the applications received in the process of recruitment.

4. Placement

This may be on probation and on successfully completion of the same the candidate may be offered permanent employment.

5. Training and Development

It is concerned with imparting and developing specific skills for a particular purpose.

6. Performance Appraisal

Systematic evaluation of personnel by superiors or others familiar with their performance so as to rank employees to ascertain their eligibility for promotions.

Q3. Explain the Need and Importance of Staffing.

Ans :

The employing of right type of persons is very important. The quality of product and rate of production will depend upon the experience and skill of executives. So, staffing function is very important for recruiting right type of people. This function is important for the following reasons :

1. Employing Suitable Persons

The employment of suitable persons is essential for every enterprise. The procedure of recruitment, tests for selection and methods of training are decided by the staffing team. A properly laid down scheme will ensure the employment of right persons.

2. Keep Pace with New Developments

New developments are taking place everyday. A business will have to keep pace with new changes. This will be possible only if competent persons are employed who can adjust as per the new situation.

3. Manpower Development

Manpower planning will have to be done in advance. The future requirements of personnel will be estimated quite in advance. The new staff will be recruited, people will be prepared for taking up higher responsibility jobs, all this will be possible only with a well planned staffing function.

4. Optimum Utilisation of Manpower

The cost of recruiting, selecting and training the staff is very high. The remuneration is also paid at high rates. The manpower should be utilised to the maximum capacity. It will help in controlling cost also.

5. Ensuring Job Satisfaction

The staffing function will ensure job satisfaction to employees. The executives should be involved in decision-making process. They should also be suitably rewarded for their contribution to the organization. A good staffing function will devise methods which will ensure job satisfaction to everyone.

Q4. What are the Factors Affecting Staffing?

Ans :

A) Internal Factors

The internal factors affecting staffing:

1. Promotion policy

Staffing is affected by the promotion policy of the organization. If the organization has a good promotion policy with prospects to career growth and development, only then efficient people will be attracted to the organization. Internal promotions are better for lower and middle-level jobs. This is because it increases the morale and motivation of the staff. However, for top level jobs, the 'RIGHT' person must be selected. The right person may be from within the organization, or he / she may be selected from outside.

2. Future growth plans

Staffing is also affected by the future growth plans of the organization. If the organization wants to grow and expand then it will need many talented people. In order to grow and expand, the organization must select experts and give them continuous training and development.

3. Technology used

Staffing is also affected by the technology used by the organization. If the organization uses modern technologies then it must have a continuous training programs to update the technical knowledge of their staff.

4. Support from top management

Staffing is also affected by the support from Top Management. If the top management gives full support to it then the organization can have scientific selection procedures, scientific promotion and transfer policies, continuous training programs, career development programs, etc.

5. Image of organization

Staffing is also affected by the image of the organization in the job market. If it has a good image then staffing will attract the best employees and managers. An organization earns a good image only if it maintains good staffing policies and practices. This includes job security, training and development, promotion, good working environment, work culture, etc.

B) External Factors

The external factors affecting staffing:

1. Labor laws

Labor Laws of the government also affect the staffing policy of the organization. For e.g. The organization has to support '*Social equality and upliftment*' policies of the government by giving job reservations to candidates coming from depressed classes like scheduled castes (SC), scheduled tribes (ST), other backward classes (OBC), etc., and even to those who are physically handicapped (PH). It is mandatory for an organization not to recruit children in their workforce and stop child labor. The provisions of '*Minimum Wages Act*' guide an organization to fix minimum salaries of employees and stop their economic exploitation.

2.   Pressure from socio-political groups

Staffing is also affected by activities of socio-political groups and parties. These groups and parties put pressure on the organization to grant jobs only to local people. The concept of '*Sons of Soil*' is becoming popular in India.

3.   Competition

In India, there is a huge demand for highly qualified and experienced staff. This has resulted in competition between different organizations to attract and hire efficient staff. Organizations often change their staffing policies, offer attractive salaries and other job benefits in order to add the best minds in their workforce.

4.   Educational standards

Staffing is also affected by the educational standards of an area. If the educational standard of a place is very high then the organization will only select qualified and experienced staff for all job positions. For e.g. Some I.T. companies in India, only prefer skilled candidates with computer or I.T. Engineering degree for the post of Software Developer.

5.   Other external factors

Staffing is also affected by other external factors such as trade unions, social attitude towards work, etc.

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4.2 RECRUITMENT

</div>

Q5. Define Recruitment?

Ans :   **(Dec.-19, Dec.-17)**

Recruitment is the process of finding the apt candidates and inducing them to apply for the job in an organization. The recruitment should be a sound one. If it is not so, the morale of the staff will be very low and the image of the company will be tarnished.

The success of any recruitment depends upon the procedure followed by the company while recruiting the members. Jobs with low salary, uninteresting jobs or difficult jobs cannot be filled up by the company very easily. Every company has to recruit its staff members but the quantum of recruitment may vary from one company to another company. The variation may be due to the size of the company, recruitment policy of the company, nature of the job and the like.

Meaning of Recruitment

Recruitment means the discovery of the staff members for the present and future jobs in an organization.

Definition of Recruitment

(i)   According to Dalton E. McFarland, "The term recruitment applies to the process of attracting potential employees of the company".

(ii)   According to Edwin B. Flippo, "Recruitment is the process of searching for prospective employees and stimulating them to apply for the jobs in the organization".

4.2.1 Sources of Recruitment

Q6. Explain the sources of recruitment.

Ans :   **(Dec.-17)**

The finding out where suitable candidates are available and informing them about the openings in the organization is the most important aspect of recruitment process. The candidates may be available inside the organization as well outside it.

Recruitment sources can be described as: internal and external sources.

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                          │   Recruitment    │
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        ┌──────────────────┐              ┌──────────────────┐
        │ Internal Sources │              │ External Sources │
        └──────────────────┘              └──────────────────┘
           ─ Transfers                       ─ Advertisement
           ─ Promotions                      ─ Employment Exchanges
           ─ Present Employees               ─ Educational Institutions
                                             ─ Unsolicited Applicants
                                             ─ Casual Callers
                                             ─ Labour Contractors
                                             ─ Gate Recruitment
                                             ─ Walk-in Interviews
                                             ─ Competitors
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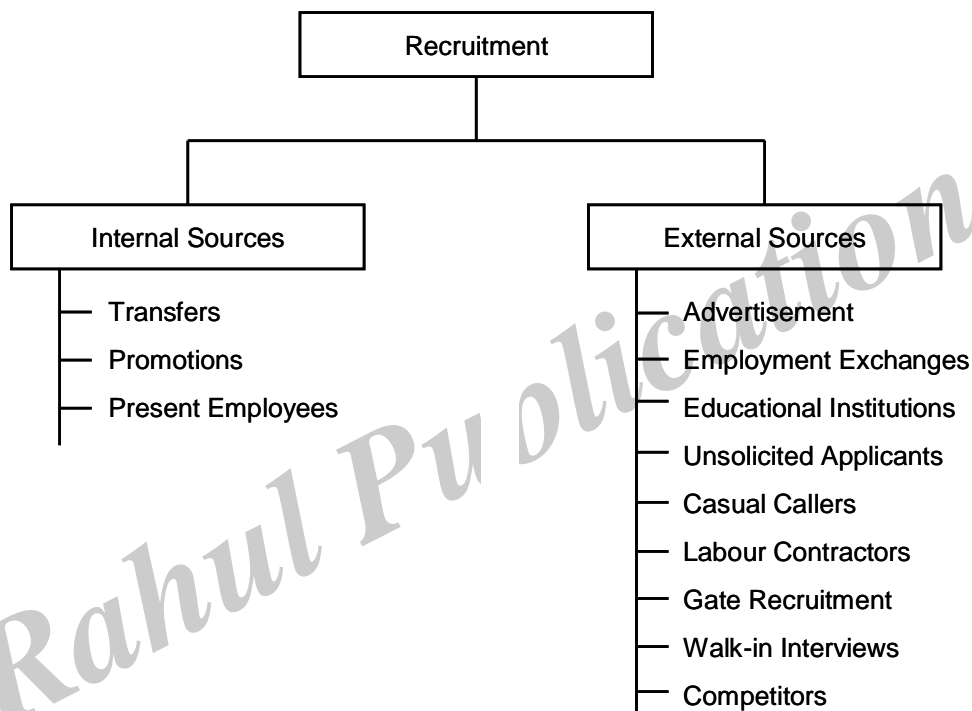
Fig. : Sources of Recruitment

A)   Internal Sources

Internal source is one of the important sources of recruitment. The employees already working in the organization may be more suitable for higher jobs than those recruited from outside. The present employees may help in the recruitment of new persons also.

Internal sources are discussed as follows :

1.   Transfers

Transfer involves shifting of persons from present jobs to other similar places. These do not involve any change in rank, responsibility and prestige. The number of persons do not increase with transfers, but vacant posts may be attended to.

2.   Promotions

Promotions refer to shifting of persons to positions carrying better prestige, higher responsibilities anymore salaries. The higher positions falling vacant may be filled up from within the organization. A promotion does not increase the number of persons in the organization. A person going to get a higher position will vacate his present position. Promotion avenues motivate employees to improve their performance so that they get promotions to higher positions.

3.   Present Employees

The present employees of an enterprise may be informed about likely vacant positions. The employees recommend their relations or persons intimately known to them. Management is relieved of botheration for looking out prospective candidates. The persons recommended by the employees will be suitable for the jobs because they know the needs and requirements of various positions. The existing employees take full responsibility for those recommended by them and try to ensure their proper behaviour and performance.

This method of recruiting employees is suitable for lower positions only. It may create nepotism and favouritism. The workers may be employed on the basis of their recommendations and not suitability.

Merits of Internal Sources

1.   Improves Morale

The internal sources of recruitment will boost morale of employees. They are assured of higher positions whenever vacancies arise. Existing employees are given preference in promotions. Outsiders are employed only when suitable candidates are not available from within.

2.   Proper Evaluation

The management is in a better position to evaluate the performance of existing employees before considering them for higher positions. An outsider employed just on the basis of an interview may not prove suitable later on. The service records of existing employees will be a guide to study their suitability for ensuring vacancies.

3.   Economical

The method of internal recruitment is economical also. The cost incurred in selecting a person is saved. Moreover, internal candidates do not require any training since they are well acquainted with various jobs in the organization.

4.   Promotes Loyalty

Internal sources of recruitment promote loyalty among employees. They are preferred to consider at the time of filling up higher positions. They will feel a part and parcel of the organization and will always try to promote its interests.

Demerits of Internal Sources

1.   Limited Options

The recruitment of only internal candidates restricts the choice of management. The present employees may not be suitable to take up positions of higher responsibility but there will be no option. A person will be selected only out of the available candidates. The outside candidates, even though they may be suitable, will not get a chance to show their talent.

Internal sources may dry up in the meantime and filling up of higher positions will become a problem.

2.   Lack of Originality

The present employees may not be able to bring new ideas. They will be accustomed to carry on things in the same old ways. New persons will bring fresh thinking and new methods may be tried.

B)   External Sources

Every enterprise has to use external sources for recruitment to higher positions when existing employees are not suitable. More persons are needed when expansions are undertaken.

External methods are discussed as follows :

1. **Advertisement**

Advertisement is the best method of recruiting persons for higher and experienced jobs. The advertisements are given in local or national press, trade or professional journals. The requirements of jobs are given in the advertisements. The prospective candidates evaluate themselves against the requirements of jobs before sending their applications. Management gets a wider range of candidates for selection. The flood of applications may create difficulties in the process.

2. **Employment Exchanges**

Employment exchanges run by the government are also a good source of recruitment. Unemployed persons get themselves registered with these exchanges. The vacancies may be notified with the exchanges, whenever there is a need. The exchange supplies a list of candidates fulfilling required qualifications. Exchanges are a suitable source of recruitment for filling unskilled, semi-skilled, skilled and operative posts. The job-seekers and job-givers are brought into contact by the employment exchanges.

Private agencies also help in recruiting qualified and experienced persons. These agencies remain in contact with employees and persons seeking change in jobs for higher posts.

3. **Educational Institutions**

The jobs in trade and industry are becoming technical and complex. These jobs require certain amount of educational and technical qualifications. The employers maintain a close liaison with universities and technical institutions. The students are spotted during the course of their studies. Junior level executives or managerial trainees may be recruited in this way.

4. **Unsolicited Applicants**

Persons in search of employment may contact employers through telephone, by post or in person. Generally, employers with good reputation get unsolicited applications. If an opening is there or is likely to be there then these persons are considered for such jobs. Personnel department may maintain a record of unsolicited applications. When jobs suitable for these persons are available these are considered for employment.

5. **Casual Callers**

Management may appoint persons who casually call on them for meeting short-term demands. This will avoid following a regular procedure of selection. These persons are appointed for short periods only. They need not be paid retrenchment or lay off allowance. This method of recruitment is economical because management does not incur a liability in pensions, insurance and fringe benefits.

6. **Labour Contractors**

It is quite common to engage contractors for the supply of labour. When workers are required for short periods and are hired without going through the full procedure of selection etc., contractors or jobbers are the best source of getting them. The contractors maintain regular contracts with workers at their places and also bring them to the cities at their own expense. The persons hired under this system are generally unskilled workers.

7. **Gate Recruitment**

Gate recruitment may be used for employing unskilled and casual workers. Wherever some workers are on leave then some persons may be employed for some days. Whenever there are vacancies, these may be written on the notice board at the factory gate. Those who are interested to get work may approach the concerned persons. The persons are told about the wages etc. and if they are willing to work these then they are employed. In case some of these persons show good performance then they may be employed on regular basis against permanent vacancies. This is an economical method of recruitment and is mainly suitable for unskilled workers.

8.   Walk-in Interviews

This is the commonly used method of. Recruitment for all types of jobs. An advertisement is inserted in newspapers giving the nature of vacancies and the type of persons required. The candidates are asked to call at a particular place alongwith their bio-data and certificates. The interviewers conduct interview whenever some candidate appears for this purpose. This method is free from the hasles of calling applications and then sending interview letters etc. The main problem in this method is the uncertainity about the number of applicants coming for the interview. This method saves lot of time of the company officials and of the applicants and is widely used these days.

9.   Competitors

The competing firms are also taken as a source for recruiting middle or higher level managers. If some suitable person is available in another concern then he may be approached by offering higher salary and other perks. This method is called poaching or raiding approach. It does involve legal or ethical issues but managers these days bother in their personnel interests and do not bother about other things.

This type of recruitment creates uncertainty and unreliability in both employers as well as employees.

Merits of External Sources

1.   Availability of Suitable Persons

Internal sources, sometimes, may not be able to supply suitable persons from within. External sources will give a wide choice for selection to the management. A large number of applicants may be willing to join the organization. They will also be suitable as per the requirements of skill, training and education.

2.   Brings New Ideas

The selection of persons from outside sources will have the benefit of new ideas. The persons having experience in other concerns will be able to suggest new things and methods. This will keep the organization in a competitive position. The present employees may not be able to infuse new thinking because their ways of thinking will remain the same.

3.   Economical

This method of recruitment may prove economical because new employees may not require much training for their jobs.

Demerits of External Sources

1.   Demoralisation

When new persons from outside join the organization then present employees feel demoralised because these positions should have gone to them. There will be a heart burning among old employees. Some employees may even leave the enterprise to find out better avenues in other concerns.

2.   Lack of Co-operation

The old staff may not co-operate with the new employees because they feel that their right has been snatched away by them. This problem will be acute especially when persons for higher positions are recruited from outside.

3.   Expensive

The process of recruiting from outside is very expensive. It starts with giving costly advertisements in the media and then arranging written tests and conducting interviews. In spite of all this if suitable persons are not available among the applicants then the whole process will have to be repeated.

4.   Problem of Maladjustment

There may be a possibility that the new entrants have not been able to adjust in the new environment. They may not temperamentally adjust with the new persons. In such cases either the persons may leave themselves or management may have to replace them. These things have adverse effect on the working of the organization.

Q7.   What are the difference between internal and external sources of recruitment ?

Ans :

	Bases of Difference	Internal Sources	External Sources
1.	Meaning	Recruitment is from within the organization.	It is the recruitment from outside employees.
2.	Bases	It is generally based on seniority cum merit.	It is strictly based on merit and qualifications.
3.	Time involved	It is less time consuming.	It is a time consuming exercise.
4.	Cost	It is a cheap source of recruitment.	It is an expensive source of recruitment. It involves time, expense and resources.
5.	Reference	No reference of the employees is needed since all his records are available with the concern.	Since enterprise does not know about the person, references about previous work, conduct and character are needed.
6.	Choice	There is a limited choice from among the present employees.	There is a wide choice from a large number of applicants.

Q8.   Explain the Objectives of Recruitment.

Ans :

The objectives of recruitment are :

1.   Attract People : To attract people with multi-dimensional skills and experiences that suits the present and future organizational strategies.

2.   Induct Outsiders : To induct outsiders with a new perspective to lead the company. To infuse fresh blood at all levels of the organization.

3.   Development of Organizational Culture : To develop an organizational culture that attracts competent people to the company.

4.   Search People : To search or head bunt/head pouch people whose skills fit the company's values.

5.   Devise Methodologies : To devise methodologies for assessing psychological traits.

6.   Search Talent Globally : To search for talent globally and not just within the company.

7.   Design Entry Pay : To design entity pay that competes on quality but not on quantum.

8.   Anticipate People : To anticipate and find people for positions that does not exist yet.

Q9.   Explain the Purpose of Recruitment.

Ans :

1.   Determines the Present and Future Requirements

Recruitment is important for every organization as it determines the present and future requirements of the organization in conjunction with the personnel planning and job analysis activities. It also concerned with identifying and preparing potential job applicants who will be appropriate candidates.

2.   Creates and Increase the Applicants Pool

Recruitment creates a talent pool of candidates to enable the selection of best candidates for the organization. It attracts and encourages more and more candidates to apply in the organization thus, increasing the pool of job candidates with minimum cost.

3.   It Establishes Link

Recruitment is an important process for every organization as it links the employers with the employees.

4.   Increases the Success Rate of Selection

Recruitment increases the success rate of the selection process by reducing the number of under qualified or over qualified job applicants.

5.   Reduce the Probability

Recruitment reduces the probability that job applicants, once recruited and selected, will leave the organization only after a short period of time.

6.   Meet the Organization's Obligations: Recruitment meets the organization's legal and social obligations regarding the composition of its workforce.

7.   Increases and Evaluates Effectiveness

Recruitment increases organizational and individual effectiveness in the short as well as long term. It evaluates the effectiveness of various recruiting techniques and sources for all types of job applicants.

Q10.   Explain the process of recruitment.

Ans :

Process of Recruitment

The process of recruitment consists of five steps. Let us discuss about each step in detail.

1.   Recruitment Planning

The first step of the recruitment process is, Planning. The H.R department must collect the data about the number and type of vacancies available. Planning involves the setting of specific targets for a specific job, depending upon the number and types of applications to be collected and recruited. For example, a company may call 100 candidates, to fill two vacant posts by fixing the yield ratio as 50% which states that out of 50 candidates only a single competent and potential employee can be selected.

They must also decide the type of candidate to whom jobs need to be allotted. For example, fresher would be called for entry level jobs whereas, experienced workers would be called for managerial posts.
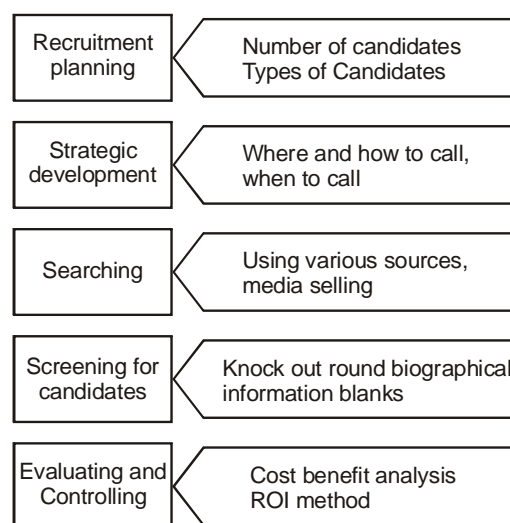
Fig. : Five Step Process of Recruitment

2.   Strategic Development

The second step of the recruitment process is, Strategic development. This step provides answer to the following questions,

➢   Where to look for (campus job fairs etc.)

➢   How to look for (Internal and external sources)

➢   When to look for (perfect timing).

The company studies, whether to "make or buy" (i.e.,) is it better to hire and train (make) fresh graduates at a lower pay grade jobs or to select the experienced and trained candidates. Technical advancement have provided many alternatives for the selection of potential candidates.

For example, many companies in the U.S and Europe recruit Indian labours as they are good at English, highly' skilled, motivated and are willing to perform their jobs at less salary than the nationals of the country who seek high salary for performing the same job. Lastly, an efficient recruitment strategy suggests the best time for recruitment.

3.   Searching

This is the third step of recruitment process. The search for a candidate begins only after the line manager communicates that there is a vacancy or there would be a vacancy in the future. '

Searching involves selecting and screening of potential candidates. It is also important to select the right medium of advertisement as it reflects the company's image. Example, a company advertising in a reputed business magazine may be able to build a strong image in the minds of the customers than those advertising in local magazines.

4.   Screening for Potential Candidates

Screening is the fourth step in the recruitment process. Some researches considered screening as the first step of selection.

Whereas, others argue that the selection process begins only after the candidates are short listed through recruitment.

For screening, recruiters mostly use "multiple hurdle process". For this they use tools like "Biographical information blank" and "Knockout round". In knockout round applicants have to fill on application form consisting of 2-3 key questions if they are found to be capable of performing a task.

5.   Evaluating and Controlling

This is the last step in the recruitment process. It involves cutting and controlling costs of recruitment and evaluating the effectiveness of the company's recruitment policy. Recruitment mostly involves, costs like,

(a)   Cost of advertising in newspapers, magazines, on-line agencies. Example: naukri.com, monster.com etc.

(b)   Salaries paid to the recruiters.

(c)   Cost of outsourcing the job till the post is filled.

(d)   Administrative and overhead expenses.

Evaluating is done to modify and make recruitment more effective. Mostly companies use the cost benefit and ROI method of evaluation. Another method is to evaluate time taken to perform a job. If it takes more time, it implies that the method adopted for recruitment was not effective which ultimately leads to loss of productivity.

4.3 SELECTION

Q11. Define selection. Explain the features of selection.

Ans :

Employee selection is important as it is the process of recruiting and hiring employees who have the necessary qualifications to perform the jobs in an organization. Selecting the right employee is hampered in many situations by the available applicant pool (applicants available with the

necessary skills) or a geographical location (the company is located in a remote area). Therefore, some companies take these things into consideration when recruiting efforts are initiated and selecting the best in class applicant may be the company's biggest challenge.

Meaning of Selection

Selection is the process of picking up individuals (out of the pool of job applicants) with requisite qualifications and competence to fill jobs in the organization. A formal definition of Selection is as under

Definition of Selection

"Selection is the process of differentiating between applicants in order to identify and hire those with a greater likelihood of success in a job."

Features of a Good Selection Process

A good selection process should possess the following features :

1. Selection process is an employment of workers through which a contractual relationship between employees and employer is established.

2. Selection process involves rejecting a large number of under-qualified candidates, hence, it is regarded as a negative process.

3. Selection process eliminates unsuitable and misfit candidates and ensures that the most competent and qualified candidates will enter into the organization.

4. Selection process is a complex process as all have to pass numbers of selection hurdles.

4.3.1 Selection Process

Q12. Outline the process of selection.

Ans :   (Aug.-21, Dec.-19)

Steps in Selection Process :

1. Application form

2. Written examination

3. Interview

4. Tests

5. Physical / Mental examination

6. Reference check

7. Final selection is approved by the manager and communicating the decision to the candidate.

1. Application Form

Is the traditional and widely accepted technique for securing information from the prospective candidate.

The following items are generally found in the application form are

(a) **Personal background information:** Includes name, address, sex, date of birth, height, weight, etc.

(b) **Educational attainments:** Schools, colleges institutions attended, period of study, major subject, percentages of marks etc.

(c) **Work experience:** Previous jobs, nature of work, duties and responsibilities, period of experience.

(d) **Salary:** Salary drawn in the present job and expected salary.

(e) **Personal Details:** Personal likes and dislikes, hobbies etc.

(f) **References:** Name and addresses of persons who can be contacted for reference purpose.

The application form helps the management in learning about the applicants back ground and life history.

2. Written Examination

To measure the candidates ability in arithmetical calculations, aptitude, reasoning, knowledge in various disciplines, general knowledge and English knowledge.

3. Interview

To explore the facts and get at the attitudes of the applicant's and his family to the job.

4. **Tests :** Test is an instrument designed to measure the nature an degree of one's psychological potentialities, based on psychological factors, essential to perform a given job efficiently.

The purpose of these tests I to help in judging the ability of candidate in a given job situation.

5. **Medical examination :** Certain jobs require certain physical qualities like clear vision, Perfect hearing, unusual stamina, tolerance of hard working conditions, clear tone etc. Medical examination reveals whether or not a candidate possesses these qualities.

6. **Reference check** : Reference check will fetch useful reliable information about previous employer, candidate's regularity, character, behavior provided by the references given in the application form.

7. **Final selection :** The manager's decision to select a candidate after soliciting the required information through different technique.

Q13. What are the differences between recruitment and selection ?

Ans :

There is great difference between recruitment and selection which can be described as under :

Basis of Difference	Recruitment	Selection
Meaning	Recruitment is the process to seek the employees and encourages them to apply applications for vacant positions in organization.	Where as, Selection is the process of selecting the deserved candidates from the various applications received through recruitment.
Objective	The objective of recruitment is to attract more and more employees to apply for vacant positions.	Where as, the objective of selection is to select the deserved candidates for the jobs.
Sequence	At first, recruitment is done by the organization for attracting employees to apply applications.	On the other hand, selection is done after the recruitment of the employees by organization to select the deserved candidates.
Number of Employees	There is no limitation regarding the numbers of employee in recruitment. Hence, anyone can apply for recruitment.	But, in selection only the deserved candidates will qualify for the next levels. Hence, there is restriction in number of employees in selection.
Nature	Recruitment is a positive process because in this process everyone can apply for existing jobs in organization.	On the other hand, selection is a negative process because in this process candidates are rejected and only the deserved candidates can qualify for existing jobs.
Economy	Recruitment is an economical process for organization as compare to selection.	On the other hand, selection is an expensive process for organization as compare to recruitment.

4.4 TRAINING

Q14. Define Training.

Ans :   (Dec.-17, Dec.-16)

Meaning of Training

The term training refers to the acquisition of knowledge, skills, and competencies as a result of the teaching of vocational or practical skills and knowledge that relate to specific useful competencies.

Training differs from exercise in that people may dabble in exercise as an occasional activity for fun. Training has specific goals of improving one's capability, capacity, and performance.

Definition of Training

"Training is an organized procedure by which people learn knowledge and skill for a definite purpose".

– Dale S Beach

"Training is any attempt to improve employee performance on a currently held job or one related to it".

– John Bernardin

"Training is a process which enables the trainees to achieve the goals and objectives of their organization".

– Chowdhary D.P

'Training is a set of activities that provides the opportunity to acquire and improve job-related skills".

– Schermerhorn, Hunt and Obsorn

"Training is the process of acquiring the skills necessary to do the job".

– Robert N. Lussier

'Training is the continuous, systematic development among all levels of employees of that knowledge and their skills and attitude which contribute to their welfare and that of the company".

– Planting, Cord and Efferson

Q15. Discuss about Purpose of Training.

Ans :

1. **To improve Productivity :** Training leads to increased operational productivity and increased company profit.

2. **To improve Quality :** Better trained workers are less likely to make operational mistakes.

3. **To improve Organizational Climate :** Training leads to improved production and product quality which enhances financial incentives. This in turn increases the overall morale of the organization.

4. **To increase Health and Safety :** Proper training prevents industrial accidents.

5. **Personal Growth :** Training gives employees a wider awareness, an enlarged skill base and that leads to enhanced personal growth.

Q16. What are the objectives of Training ?

Ans :

The purpose of training and development can be explained as follows :

1. **Improving quality of workforce**

   Training and development programs can help in improving the quality of work produced by the workforce of organization. Mostly, training is given in a specific area like finance, marketing or HR, which helps in improving the quality of work in that particular area.

2. **Enhance employee growth**

   By attending these training and development programs, employees are able master the work of their jobs and that's how they develop and grow themselves in a professional way.

3. **Prevents obsolescence**

   These programs help employees to keep themselves up to date with the new trends in latest technology, which reduces the chances of termination of the job.

4.   Assisting new comer

These programs help new employees to adjust themselves in a new working environment, culture and technology. They feel themselves as regular employees of that organization.

5.   Bridging the gap between planning and implementation

It helps organizations to easily achieve their targets and goals what they actually planned for. Employees know their job better and they deliver the quality performance according to needs of top management. That's why organizations can easily implement their plans.

6.   Health and safety measures

Training and development program clearly identifies and teaches employees about the different risk involved in their job, the different problems that can arise and how to prevent such problems. This helps to improve the health and safety measures in the company.

Q17. What is the importance of training ?

Ans :

The importance of Training Discussed below.

1.   Increased Productivity

Training improves the performance of employees. A trained works handles machines and materials more economically which results in increased productivity

2.   Higher Employee Morale

A trained worker derives happiness and job satisfaction. Hence morale of the employees will increase.

3.   Less Supervision

The degree of supervision required for a trained worker will be learning. He carries out his job independently will least supervision. Trained worker is also a disciplined worker and as a result managerial problems come down.

4.   Less Wastage

The wastage of material, down time of machines will come when they are operated by a trained worker. When the wastage is less, productivity is increased. Also the accident rate will drastically come down because of trained operators.

5.   Easy Adaptability

A trained worker can be more adaptable to change in technological advances compared to untrained workers.

6.   Reduced Turnover and Absenteeism

As job satisfaction is high due to training the labour turnover and Absenteeism is less.

7.   Employee Development

Training helps in the development or an employee. Training locates the talent and later develops in an employee.

Q18. Explain the various types of training.

Ans :

1.   Induction or Orientation Training

Introducing a new employee to the organization's environment comprising of a day to day functioning, products, services, rules and regulations are termed as Induction or orientation training. The purpose of such training is to reduce the nervousness of a new joinee, by making him accustom to the working environment. It is also called as an orientation training, which means giving a fair idea to the new employee about, what he is supposed to do in the organization.

2.   Job Training

This training is job specific and is given to the employee who has to perform that job. Under this training, the information about the machine, the process of production, methods to be used, the safety measures to be undertaken, etc. are explained. Through this training, the employee develops the confidence and the necessary skills, that enables him to perform his job effectively and efficiently.

3.   Safety Training

The safety training is given to the employees so as to minimize the number of accidents caused due to the handling of machines or other equipment. Under this training, the employees are given the safety instructions on the usage of machinery and the other dangerous devices.

4.   Apprenticeship Training

Under this training, the worker earns while learning. This training is generally given to the technical staff, craftsmen, plumber, etc. who are required to work under the superior for a relatively longer period, until he gains the expertise in that particular field.

5.   Internship Training

Under this type, the educational or vocational institutes have an arrangement with the industrial institutes to provide practical knowledge to its students. Sometimes, the companies also offer the pre-placement offers to the trainees on the basis of their performance during their internship program.

6.   Refresher Training or Retraining

As the name implies, the retraining or refresher training is given to the old employees with the purpose of improving their efficiencies. They are introduced to the new methods and technologies that would result in the increased productivity and reduces the monotony in their daily work.

7.   Promotional Training

This training is given to the potential employees, who can be promoted to the senior position in the organization. The promotional training is given in advance so that employee gets accustomed to the new roles and responsibilities and do not get nervous at the time of promotion.

8.   Remedial Training

This training is given in order to overcome the shortcomings in the behavior and performance of old employees. Due to the invention of technology, the employees may resist to accept the change and cause a disturbance in the organization. Therefore, such training is given to make them understand the importance of change and its necessity in the operations of business. This training is generally given by the psychological expert.

Thus, different kinds of training are imparted to the employees depending on their job position and the skills required to perform a particular kind of a task.

Q19. Outline the process of training ?

Ans :

The Training Process comprises of a series of steps that needs to be followed systematically to have an efficient training programme. The Training is a systematic activity performed to modify the skills, attitudes and the behavior of an employee to perform a particular job.
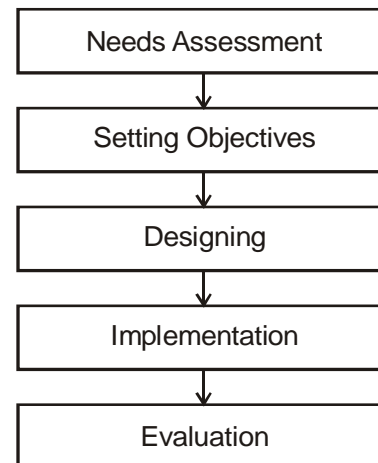
Fig. : Training Process

1.   Needs assessment

The first step in the training process is to assess the need for training the employees. The need for training could be identified through a diagnosis of present and future challenges and through a gap between the employee's actual performance and the standard performance.

The needs assessment can be studied from two perspectives: Individual and group. The individual training is designed to enhance the individual's efficiency when not performing adequately. And whereas the group training is intended to inculcate the new changes in the employees due to a change in the organization's strategy.

2. **Deriving Instructional Objectives:** Once the needs are identified, the objectives for which the training is to be conducted are established. The objectives could be based on the gaps seen in the training programmes conducted earlier and the skill sets developed by the employees.

3. **Designing Training Programme:** The next step is to design the training programme in line with the set objectives. Every training programme encompasses certain issues such as: Who are the trainees? Who are the trainers? What methods are to be used for the training? What will be the level of training? etc., Also, the comprehensive action plan is designed that includes the training content, material, learning theories, instructional design, and the other training requisites.

4. **Implementation of the Training Programme:** Once the designing of the training programme is completed, the next step is to put it into the action. The foremost decision that needs to be made is where the training will be conducted either in-house or outside the organization.

    Once it is decided, the time for the training is set along with the trainer who will be conducting the training session. Also, the trainees are monitored continuously throughout the training programme to see if it's effective and is able to retain the employee's interest.

5. **Evaluation of the Training Programme**: After the training is done, the employees are asked to give their feedback on the training session and whether they felt useful or not. Through feedback, an organization can determine the weak spots if any, and can rectify it in the next session. The evaluation of the training programme is a must because companies invest huge amounts in these sessions and must know it's effectiveness in terms of money.

    Thus, every firm follows the series of steps to design an effective training programme that serves the purpose for which it was intended.

Q20. Explain the various methods of training.

Ans :   **(Dec.-18, Dec.-16, Imp.)**

There are two methods of training the employees.

1. On-the-Job Training (OJT) and

2. Off-the-Job Training/Classroom training.

Training Methods

On-the-Job Training (OJT)
- Job Rotation
- Committee Assignments
- Job Instruction Training (JIT)
- Internship Training
- Coaching and Mentoring
- Under Study
- Apprenticeship Training

Off-the-Job Training
- Vestibule Training
- Programmed Instructions
- Role playing
- Lecture methods
- Conference/Discussion
- Incident Training
- Inbasket Method
- Grid Training
- Case Study

1.   On-the-Job Training

This is the most commonly used method of training the employees. In this method, the employee is placed on his regular job and taught the skills necessary to do that job under the guidance of a supervisor. On-the-Job training is advantageous by providing first hand knowledge under the actual working conditions. During the training period, while the employee learn to perform the job, he is also a regular worker rendering the services for which he is paid.

The different on-the-job training methods are:

(a)   Job Rotation

Job rotation is the movement of an employee from one job to the other of same nature. This method provides an opportunity to enhance the knowledge and skills of an employee and make him competent in several jobs rather than one. Though this method is advantageous, frequent movement of employees may disturb the regular job.

(b)   Committee Assignments

In committee assignments method, a group of employees are given an actual organisational task/problem and are asked to solve it. The group members collaborate and cooperate with each other to solve the problem. This method of training develops the team work and intergroup collaborations.

(c)   Job Instruction Training (JIT)

In this method, the trainer explains the trainee the job knowledge and skills, method of performing the job and allows him to do the job. At the same time, the trainer analyzes the employee performance and provides him the feedback. The War Manpower Commission's bulletin "Training Within an Industry" (TWI) in 1945 gave the following steps of 'Job Instruction Training'.

(i)   Preparation (of the learner)

(ii)   Presentation (of the operations and knowledge)

(iii) Performance Tryout

(iv) Follow-up.

(d)   Internship Training

In this, the educational institutes and business firms cooperated with each other and select a group of candidates. The selected candidates carry on regular studies for a period of time and at the same time work in a office or factory to acquire the practical knowledge. This method is advantageous as it provides a balance between theory and practice. But this method is a slow process and is time consuming.

(e)   Coaching and Mentoring

In this method, the trainee is placed under the guidance of a supervisor. The supervisor assess the employee performance, provides him the feedback and offers some suggestions of improvement. In this method the trainee also shares the responsibilities of the supervisor. The main drawback of this method is that the trainee does not have any freedom to express his ideas.

(f)   Under Study

Under Study, is a method in which an employee is trained to take in future the full responsibility of the position of his superior. This method helps an organization to acquire an employee of equal competence as his superior and prevents the recruitment of a new unknown personnel. In this method, an employee is taught about the method of doing the job, decision-making, leadership skills etc.

(g)   Apprenticeship Training

This method of training is used in those trades, crafts and technical fields in which proficiency is Required after a long

period of time in direct association with work under direct supervision of experts. In India, Section 4 of the Apprenticeship Act, 1961, provides that no person can be engaged as an apprentice to undergo apprenticeship training in a designated trade unless such person or, if he is a minor, his guardian has entered into a contract of apprenticeship with the employer, and the contract of apprenticeship has been registered under the Apprenticeship Act.

2. Off-the-Job Training

In this method of training, the trainee is separated from his actual job and trained for his future job performance. Contrary to on-the-job training where the trainee is disturbed by his actual job requirements, off-the-job training facilitates him to cater his entire interest on the training only. This method provides an opportunity to the trainees to have a freedom of expression.

The different off-the-job training methods are:

(a) Vestibule Training

In this method, training is provided by the simulation or creation of actual working conditions in a classroom. The classroom exactly represents the actual working conditions with same kind of machines, files, equipments etc. Vestibule Training in general, is used to train clerical and semi-skilled jobs. The duration of this training ranges from days to a week.. This method provides an opportunity to relate theory with practice.

(b) Programmed Instructions

This method of training became popular during the recent years. The theory on the subject-matter to be learned is presented in a series of carefully planned sequential units ranging from simple to more complex levels of instruction. The subject matter is presented in the form of multiple choice and fill in the blanks

arid then trainee passes through each unit by answering these questions. The main drawback of this method is it is time consuming and expensive.

(c) Role Playing

Role playing is a realistic behaviour in an imaginary situation. The participant/trainee plays the role of certain characters like production manager, mechanical engineer etc. This method includes doing action and practice and is generally used to improve inter-personal skills.

(d) Lecture Method

Lecture method is a traditional and direct method of training. In this method, the trainer/instructor prepares a material and delivers it to a group of trainees in the form of a lecture. The lecture prepared by the trainer should motivate the trainees and create interest in them. The lecture method is advantageous because it is direct and can be delivered to a large group of trainees at the same time. One of the major limitation of lecture method is it cannot transfer the training effectively.

(e) Conference/Discussion

In conference method group of people meet and pose ideas, share the facts, test the assumptions and draw conclusions to improve the job performance. This method is mainly used to train the clerical, supervisor and professional personnel. Unlike the lecture method, which involves only one way communication, discussion involves dyadic communication and it also provides feedback. This method is advantageous that the trainee has the opportunity to speak.

(f) Incident Training

Incident method was developed by Paul Pigors. The main aim of this method is

to develop the trainee in areas of practical judgement, intellectual ability and social awareness. This method involves development of an employee in a group, i.e., a group of employees who require training are selected and are trained. For training the employees, incidents are prepared basing on the actual situations that happened in other organizations. Each trainee in the group is given the incident and asked to make short-term decisions. Later, the group discusses on the incident and takes decisions through group interactions.

(g) Inbasket Training

Under this method, the trainee is given a basket or pile of papers and files related to his functional area. The trainee is then asked to study and analyze the situation and make necessary recommendations. The recommen-dations provided by all the trainees are compared and conclusions are made.

The advantages of inbasket method are,

➢   It is simple and economical.

➢   It helps the trainees to learn problem-solving skills.

➢   It reduces interdepartmental conflicts. The disadvantages of inbasket method are,

➢   The solutions arrived at by the participants may tend to be abstract.

➢   Trainee may find difficulty to adapt themselves to rigid situations and lack originality.

(h) Case Study

Case study method of training was developed at Harvard Business School. In this method, a real business problem is presented to the trainees in the form of writing. The trainees are asked to analyze the problem and suggest the alternative courses of action.

The benefits of case study method are,

➢   Improves analytical skills and problem solving skills.

➢   It integrates interdisciplinary knowledge.

➢   Makes the trainee aware of managerial concepts and processes.

The case study method suffers from following limitations.

➢   It is time consuming and expensive to prepare good cases.

➢   A real time case may not be applicable in different cultural situations.

Q21. What are the advantages of on-the-job training (OJT) ?

Ans :

On-the-job training (OJT) has following advantages :

1.   Simplicity

OJT is useful and simple to learn the jobs that can be learned by watching and doing. Under it, the trainer need not explain and analyze the job detail, as employees can learn it by observing and doing it in the actual work station.

2.   Economy

OJT is economical in the sense that it does not require extra cost burden for arranging training needs. Moreover, it does not require separate training space to provide training.

3.   Actual Work Station

OJT is conducted at the actual work station; hence, employees can get first hand experience from the job as they learn it through actual equipments and materials.

4.   Immediate Productivity

Since trainees are involved in actual work process, quick learning and immediate productivity will be obtained from the work performed by the trainees.

5. Quick Learning

OJT provides a favorable environment for quick learning. This is because trainees are involved in actual work process.

6. Multi-skill

As it is a practical approach, it develops multi-skill in trainees. The employees can get quick feedback about correctness of their performance.

Q22. What are the drawbacks or dis-advantages of On-the-job Training (OJT) ?

Ans :

The following are disadvantages of on-the-job training (OJT)

1. Low Productivity

The trainees are taken at the actual work station for training; hence, they are in the process of learning skills. AS a result, the organizational productivity will be lower.

2. Errors On Production

Since the trainees are not involved with production activities, the will be the possibility of errors on production activities. The goods produced by trainees will be qualitative.

3. Costly

OJT method is costly in the sense that the workers are disturbed by training activities; the goods produced by the trainees will have less quality and there will be chances of damage of goods. These all result in higher cost of production.

4. Disturbance

Disturbance may arise during the work process as trainees are in learning phase. The existing workers may feel disturbed due to the trainees and the supervisors.

5. Possibility Of Accidents

Under OJT, the learners are directly involved in production process who do not have adequate knowledge and skill of working with the given equipments and materials. Hence, the possibility of accidents exists in the work station.

Q23. What are the advantages of off-the-job training ?

Ans :

Off-the-job training goes through following advantages :

1. High Productivity

The trained employees are placed in the actual work station; hence, high productivity is maintained.

2. No Production Error

In off-the-job training, the employees are trained outside the work environment. Therefore, they are not involved in production process as in OJT. As a result, error in production can be minimized.

3. Economy

Off-the-job training will be economical in the sense that a large groups of trainees are trained simultaneously at a time.

4. Free On Production

When the trainees are not involved in production process, the production activities can be carried out without any interruption. Hence, it runs freely,. Moreover, costly errors and injuries can be avoided.

5. Large People

In off-the-job training, a large number of people can be trained at a time.

6. Less Time Of Training

Under off-the-job training, a large amount of information can be recovered within a short span of time. During training phase, no production will take place; hence, training requires less time.

Q24. What are the disadvantages or drawbacks of off-the-job training ?

Ans :

Off-the-job training goes through the following drawbacks :

1.   Outside The Work Station

Off-the-job training program takes place outside the work station, so that it may not yield the desired result to employees as they are unknown with actual machines and equipments.

2.   Not Effective

Off-the-job training will not be effective as the employees are trained in an artificial classroom. They are unfamiliar with actual work environment. As a result of which, it requires long time for them to learn.

3.   No Production

During training period, no production takes place because employees are kept away fro the actual work place. The organization bears only training cost without any physical output.

4.   Expensive

Off-the-job training is expensive in the sense that the organization has to prepare extra place for training outside the actual work environment.

5.   Lack Of Feedback

The employees are trained away from the organizational work environment; hence, it lacks feedback to employees.

4.5 DIRECTING

Q25. Define directing? Explain the principles of directing.

Ans :   (June-18)

Direction is a managerial function performed by the top level officers of management. Whenever any decision is taken, it should be properly implemented. If not so, there is no use of taking

such a decision. Direction is necessary in order to achieve proper implementation of direction. Every manager gives direction to his subordinates and vice versa every subordinate gets direction from his respective manager.

Definition of Directing

According to Haimann, "Directing consists of the process and techniques utilised in issuing instructions and making certain that operations are carried on as originally planned."

Koontz and O'Donnel, "Direction is the interpersonal aspect of managing by which subordinates are led to understand and contribute effectively to the attainment of enterprise objective."

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

J.L. Massie, "Directing concerns the total manner in which a manager influences the actions of his subordinates. It is the final action of a manager in getting others to act after all preparations have been completed."

Earnent Dole, "Direction is telling people what to do and seeing that they do it to the best of their ability. It includes making assignments, corresponding procedures, seeing that mistakes are corrected, provided on-the-job instruction and of course, issuing orders."

Principles

Generally, the manager should understand the needs, motives and attitudes of his subordinates. He should change his strategies according to the people and situations. However, the following principles of direction may be useful to the manager:

1.   Harmony of objectives

Individuals have their own objectives. Organization has its own objectives. The management should co-ordinate the individual objectives with organisational objectives. Direction should be in such a way that the individuals can integrate their objectives with organisational objectives.

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2. Maximum individual contribution

Every member's contribution is necessary for the organization's development. Hence, the management should adopt a technique of direction which enables maximum contribution by members.

3. Unit of direction or command

An employee should receive orders and instructions only from one superior. If not so, there may be indiscipline and confusion among subordinates and disorder will ensue.

4. Efficiency

Subordinates are requested to participate in the decision-making process. Then, they would have a sense of commitment. This will ensure implementation of decisions It will increase the efficiency of subordinates.

5. Direct supervision

Managers should have direct relationship with their sub-ordinates. Face to face communication and personal touch with sub-ordinates will ensure successful direction.

6. Feedback information

Direction does not end with issuing orders and instructions to the subordinates. Sometimes, suggestions given by the sub-ordinates are necessary for the development of the management. So, the development of the feedback system furnishes reliable ideas to the management.

7. Effective communication

The superior must ensure that plans, policies and responsibilities are fully understood by the sub-ordinates in the right direction.

8. Appropriateness of direction technique

There are three direction techniques available to the management. They are authoritarian, consultative and free-rein. But the direction techniques should be selected according to the situation.

9. Efficient control

The management should monitor the behaviour and performance of subordinates to exercise efficient control over the subordinates. Effective control ensures effective direction.

10. Comprehension

The extent of understanding by subordinates is more important than what and how orders are communicated to them. This is very useful in the proper direction of subordinates.

11. Follow through

Direction is a continuous process. Mere issuing orders or instructions is not an end itself. Direction is necessary, so, the management should watch whether the subordinates follow the orders and whether they face difficulties in carrying out the orders or instructions.

Q26. Explain the Elements of Directing.

Ans :

Directing is a very important function of management. It is rightly called the heart of management process as it is concerned with initiating action. It consists of all those activities which are concerned with influencing, guiding or supervising the subordinates in their job. The main aspects or elements of direction are as follows.

ELEMENTS OF DIRECTION
—The Management in Action
↓

| Issuing Orders and Instructions | Leadership | Communi-cation | Motivation | Supervision | Co-ordination |
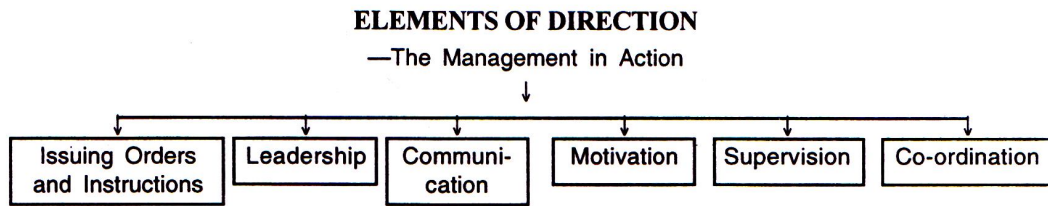
1.   Issuing Orders and Instructions

A manager is required to issue a number of orders to his subordinates to initiate, modify or halt any action. He is also required to guide and instruct workers in performance of their task towards the achievement of desired goals. Instructions are important in directing subordinates. Orders and instructions reflect the decisions of managers. A good order or instruction should have the following characteristics :

(a)   It should be simple, unambiguous and clear.

(b)   It should be brief but complete.

(c)   It should be reasonable and enforceable.

(d)   It should be convincing and acceptable.

(e)   It should invoke co-operation.

(f)   It should be compatible with the objectives of the organization.

(g)   It should be in written form as far as possible.

(h)   It should be backed up by follow-up action.

2.   Leadership

Leadership is "the process by which an executive or manager imaginatively directs/guides and influences the work of others in choosing and attaining specified goals by mediating between the individual and organization in such a manner that both will get maximum satisfaction." It is the ability to build up confidence and zeal among people and to create an urge in them to be led. To be a successful leader a manager must process the qualities of foresight, drive, initiative, self-confidence and personal integrity. Different situations may demand different types of leadership viz., autocratic leadership, democratic leadership and free-rein leadership.

3.   Communication

Communication constitutes a very important element of directing. It is said to be the number one problem of management today. Communication is the means by which the behaviour of the subordinates is modified and change is effected in their action.

The word communication has been derived from the Latin word 'Communis' which means 'common'. Thus, communication means sharing of ideas in common. The essence of communication is getting the receiver.

Q27. Explain the Importance of Directing.

Ans :   **(June-18)**

Directing various employees in an organization is an important managerial task. It is indispensable for achieving enterprise objectives. Effective direction provides the following advantages:

1. Initiates Action

Direction is required to initiate action. The functions of planning, organising, staffing etc., will be taken up only when direction is given to initiate them. Direction starts the actual work for achieving enterprise objectives.

2. Improves Efficiency

A manager tries to get maximum work from his subordinates. This will be possible only through motivation and leadership and these techniques are a part of direction.

3. Ensures co-ordination

Direction helps in ensuring mutual understanding and team work. The individual efforts are directed in such a way that personal performances help in achieving enterprise objectives. The integration of various activities is possible through direction.

4. Helpful in Implementing Changes

A business operates in a changing environment. New situations develop every now and then. A proper system of motivation will help employees in taking up new challenges.

5. Provides Stability

Effective leadership, supervision and motivation will help in the smooth growth of an enterprise. A growing concern will provide stability to its activities.

6. Motivation

Motivation is an important element of direction. Motivation is a factor which encourages persons to give their best performance and help in achieving enterprise goals. A strong positive motivation will enable the increased output of employees. A key element in direction is motivation. It helps in getting willing co-operation of employees. Every organization makes efforts that its employees contribute maximum for achieving enterprise goals.

7. Supervision

Direction involves giving instructions to employees for undertaking some work. In order to see whether employees are doing the things as per targets or not there is a need for supervision. In supervision all the activities of the employees are controlled and efforts are made to ensure proper achievement of targets. In case the performance is less than the targets then remedial steps are taken for improving the performance. So supervision is an integral part of direction.

8. Co-ordination

Direction will be effective only when there is a proper co-ordination. In direction, different persons are asked to perform specific tasks. In order to see that efforts of every employee are in the direction of achieving organisational goals there is a need to co-ordinate various activities. In the absence of co-ordination every person will go in his own direction without bothering for the enterprise target. When various activities are co-originated then overall enterprise objectives will be easily achieved.

4.6 CONTROLLING – MEANING

Q28. Define controlling. Explain the characteristics of controlling.

Ans :

Controlling is the last but the most important function of management. Under the first function of management in the form of Planning the future activities are determined before hand. After having decided the activities the second function of management, i.e., Organising takes care of the implementation of the activities determined under planning by preparing the structure of roles, meaning thereby that different posts are established in the enterprise. The various posts established under organisational structure are sought to be filled under Staffing. The work of providing guidance to all the people working in the organization comes under the function of Directing.

Meaning of Controlling

In management control means that in order to achieve the desired objectives efficiently, economically and successfully the real progress of the work should be assessed from time to time so that the actual progress of the work is in accordance with the expected progress. Under controlling deviations are sought to be noticed in the actual work progress and the standards already determined, the causes of deviations are found out and corrective action is taken so that in future the mistakes are not repeated. In short, the chief function of controlling is to ensure actual progress with relevance to the objectives.

Definitions of Controlling

Different scholars have defined controlling differently. The following are some of the definitions given by some scholars :

(i) **According to Philip Kotler,** "Control is the process of taking steps to bring actual results and desired results closer together."

(ii) **According to Dale Henning,** "Control is the process of bringing about conformity of performance with planned action."

Characteristics of Controlling

Following are the characteristics of controlling function of management:

1. **Controlling is an end function**

A function which comes once the performances are made in conformities with plans.

2. **Controlling is a pervasive function**

Which means it is performed by managers at all levels and in all type of concerns.

3. **Controlling is forward looking**

Because effective control is not possible without past being controlled. Controlling always look to future so that follow-up can be made whenever required.

4. **Controlling is a dynamic process**

Since controlling requires taking reviewal methods, changes have to be made wherever possible.

5. **Controlling is related with planning**

Planning and Controlling are two inseparable functions of management. Without planning, controlling is a meaningless exercise and without controlling, planning is useless. Planning presupposes controlling and controlling succeeds planning.

Q29. What are the Objectives of Controlling?

Ans :

The controlling function of management is the key to the success of business. The chief aim of control is to ensure the actual progress in conformity with the predetermined standards Apart from this the following are the objectives of control:

1. **To Evaluate the Work Progress**

The aim of control is to evaluate the actual work progress so that deviations can be known by comparing it with the predetermined standards.

2. **Apply to Corrective Measures**

The second chief objective of control is to find out deviations in the actual results and the desired results and to apply corrective measures. It is important to do so because it is only by corrective action that the mistakes committed earlier are prevented from recurring.

3. **To Gain Maximum Cooperation of Human Resource**

Human resource in the major resource among all the available resources in the enterprise because all the works are completed with the help of this resource. Therefore, its help is of utmost necessity in the accomplishment of the objectives of the business and the cooperation of human resource can be obtained through the medium of control.

4. **To Maximize the Utilisation of Material and Machines**

It is also a major objective of control to make possible the maximum use of material and machines along with the human resource. The misuse of these resources can be prevented through the medium of control.

5. To Fix Responsibility

The objective of control is to determine the authority to be given to different people in the enterprise connected with their work and to fix their responsibility regarding the success or failure of work performance.

6. To Motive employees

Through the medium of control an effort is made to motivate the employees. The information regarding the implementation of a control system makes the employees work with complete dedication. They know that their work will be assessed and in case the progress report happens to be favourable they will get recognition in the enterprise.

7. To Make Decentralization Possible

Decentralisation in required for the successful work performance of all the works. Any action that increases the importance of the subordinate is called decentralisation. This arrangement is successful only when some watch is kept on the subordinates and this is possible only through control. Hence, control can be considered the basis of the success of decentralisation.

8. To Establish Coordination among Objectives, Resources and Efforts

It is an important function of control to establish a balance in the predetermined objectives of the enterprise, necessary resource to achieve those objectives and the efforts of human group. If coordination among these three is not established with the help of control the failure of the enterprise is certain.

9. To Face the Changing Environment

Business situations continue changing and plans have to be changed accordingly. These changes can be known with the help of control and necessary changes are made in the plans.

10. To Check the Various Undesirable Activities

In order to complete some work various undesirable activities are eliminated so that the dream of the maximum production at the minimum cost can be realised by the most efficient use of resources.

4.6.1 Importance

Q30. Explain the Importance of Controlling.

Ans :   **(June-18)**

1. Helps in Guiding the Actual Performance

Control helps the mangers in measuring the actual performance and in guiding it towards the achievement of pre-determined performance.

2. Contributes to Overall Improvement in the Organizational Efficiency

By covering all managerial activities, control contributes to the overall improvement in the organizational efficiency.

3. Smoothens the Working

Proper control smoothens the working of the organization.

4. Helps to Maintain Order and Discipline

An efficient control system creates an atmosphere of order and discipline in the organization, as there is a regular check on the activities of the subordinates.

5. Increase the Morale of the Employees

By strengthening the functioning of the organization, control increases the morale of the employees.

6. Ensure the Success of Plans

Control ensures the success of plans, as the essence of control is the adherence to plans.

7. Facilities Decisions-making

Control is basic to decision making. The process of control is complete only when

corrective actions are taken and taking of corrective actions involves making the right decision as to what type of follow-up action to be taken.

8. **Provides the Basis for Future Corrective Action**

Control provides the basis for future corrective action as it is future oriented. It helps to reduce future mistakes.

9. **Facilitates Effective Supervision**

Control simplifies supervision and makes it effective by pointing out the significant deviations or variations.

10. **Facilitates Decentralization**

Control facilitates decentralization of authority, without adequate controls, decentralization of authority cannot succeed.

11. **Facilitates Co-ordination**

Control facilitates co-ordination as every manger has to co-ordinate the activities of his subordinates towards the achievement of the organizational goals in the process of exercising his function of controlling. In fact, controlling and co-ordinating are interrelated and inter-independent becomes easy when activities are well co-ordinated.

4.6.2 Functions

Q31. What are the functions of controlling?

Ans :

1. **Accomplishing Organizational Goals**

The controlling function is an accomplishment of measures which further makes progress towards the organizational goals & brings to light the deviations, & indicates corrective action. Therefore it helps in guiding the organizational goals which can be achieved by performing controlling function.

2. **Judging Accuracy of Standards**

A good control system enables management to verify whether the standards set are accurate & objective. The efficient control

system also helps in keeping careful and progress check on the changes which helps in taking the major place in the organization & in the environment and also helps to review & revise the standards in light of such changes.

3. **Making Efficient use of Resources**

Another important function of controlling is that in this, each activity is performed in such manner so an in accordance with predetermined standards & norms so as to ensure that the resources are used in the most effective & efficient manner for the further availability of resources.

4. **Improving Employee Motivation**

Another important function is that controlling help in accommodating a good control system which ensures that each employee knows well in advance what they expect & what are the standards of performance on the basis of which they will be appraised. Therefore it helps in motivating and increasing their potential so to make them & helps them to give better performance.

5. **Ensuring Order & Discipline**

Controlling creates an atmosphere of order & discipline in the organization which helps to minimize dishonest behavior on the part of the employees. It keeps a close check on the activities of employees and the company can be able to track and find out the dishonest employees by using computer monitoring as a part of their control system.

6. **Facilitating Coordination in Action**

The last important function of controlling is that each department & employee is governed by such pre-determined standards and goals which are well versed and coordinated with one another. This ensures that overall organizational objectives are accomplished in an overall manner.

4.6.3 Span of Control

Q32. What do you understand by span of control?

Ans :   (Aug.-21, Dec.-16)

A span of control refers to the number of people who report to one manager in a hierarchy. The more people under the control of one manager the wider is the span of - control. Less means a narrower span of control.

Types of span of control

1. Narrow span of control

2. Wide span of control

1.   Narrow span of control

The advantages of a narrow span of control are:

i)   A narrow span of control allows a manager to communicate quickly with the employees under them and control them more easily.

ii) Feedback of ideas from the workers will be more effective.

iii) It inquires a higher level of management skill to control a greater number of employees, so there is less management skill required.

2.   Wide span of control

The advantages of wide span of control are:

i)   There are less layers of management to pass a message through, so the message reaches more employees faster.

ii) It costs less money to run a wider span of control because a business does not need to employ as many managers.

The width of the span of control depends on:

i)   The type of product being made - products which are easy to make or deliver will need less supervision and so can have a wider span of control.

ii) Skills of managers and workers - a more skilful workforce can operate with a wider span of control because they will need less supervision. A more skilful manager can control a greater number of staff

iii) A tall organization has a larger number of managers with a narrow span of control whilst a flat organization has few managers with a wide span of control.

iv) A tall organization can suffer from having too many managers (a huge expense) and decisions can take a long time to reach the bottom of the hierarchy.

4.6.4 Controlling Process

Q33. Outline the process of controlling.

Ans :

Managerial control is that process under which the standards of work are determined before the commencement of the work. After this the actual work progress is evaluated, a comparison is made between the actual progress and the standard progress and if there is a difference the causes of this difference are sought to be known and corrective action is taken. In this way there are five chief basis of: controlling process which are as under:

Main steps in control process in management are:

Control as a management function involves the following steps:

1.   Establishing Standards

Standards are criteria against which results are measured. They are norms to achieve the goals. Standards are usually measured in terms of output. They can also be measured in non-monetary terms like loyalty, customer attraction, goodwill etc. Some of the standards are as.

(a) Time standards

The goal will be set on the basis of time lapse in performing a task.

(b) Cost standards

These indicate the financial expenditures involved per unit, e.g. material cost per unit, cost per person, etc.

(c) Income standards

These relate to financial rewards received due to a particular activity like sales volume per month, year etc.

(d) Market share

This relates to the share of the company's product in the market.

(e) Productivity

Productivity can be measured on the basis of units produced per man hour etc.

(f) Profitability

These goals will be set with the consideration of cost per unit, market share, etc.

2. Measuring Performance

Measurement involves comparison between what is accomplished and what was intended to be accomplished. The measurement of actual performance must be in the units similar to those of predetermined criterion. The unit or the yardstick thus chosen be clear, well-defined and easily identified, and should be uniform and homogenous throughout the measurement process.

The performance can be measured by the following steps:

(a) Strategic control points

It is not possible to check everything that is being done. So it is necessary to pick strategic control points for measurement. Some of these points are:

(i) Income

It is a significant control point and must be as much per unit of time as was expected. If the income is significantly off form the expectation then the reasons should be investigated and a corrective action taken.

(ii) Expenses

Total and operational cost per unit must be computed and must be adhered to. Key expense data must be reviewed periodically.

(iii) Inventory

Some minimum inventory of both the finished product as well as raw materials must be kept in stock as a buffer. Any change in inventory level would determine whether the production is to be increased or decreased.

(iv) Quality of the product

Standards of established quality must be maintained especially in food processing, drug manufacturing, automobiles, etc. The process should be continuously observed for any deviations.

(v) Absenteeism

Excessive absenteeism of personnel is a serious reflection on the environment and working conditions. Absenteeism in excess of chance expectations must be seriously investigated.

(b) Meclzanised measuring devices

This involves a wide variant of technical instruments used for measurement of machine operations, product "quality for size and ingredients and production processes. These instruments may be mechanical, electronic or chemical in nature.

(c) Ratio analysis

Ratio analysis is one of the most important management tools. It describes the relationship of one business variable to another.

(d) Comparative statistical analysis

The operations of one company can be usefully compared with similar operations of another company or with industry averages. It is a very useful performance measuring device.

(e) Personal observation

Personal observation both formal and informal can be used in certain situation as a measuring device for performances, specially, the performance of the personnel. The informal observation is generally a day-to-day routine type. A manager may walk through a store to have a general idea about how people are working.

3. Comparing the Actual Performance with Expected Performance

This is the active principle of the process. The previous two, setting the goals and the measurement format are the preparatory parts of the process. It is the responsibility of the management to compare the actual performance against the standards established.

This comparison is less complicate if the measurement units for the standards set and the performance measured are the same and quantified. The comparison becomes more difficult when these require subjective evaluations

Ralph C. Davis identifies four phases in the comparison.

1. Receiving the raw data.

2. Accumulation, classification and recording of this information.

3. Periodic evaluation of completed action to date.

4. Reporting the status of accomplishment to higher line authority.

At the third phase, deviations if any are noted between standards and performance. If clear cut deviations are there, then management must study the:-

(i) Causes for deviation

(ii) Effect of deviation

(iii) Size of deviation

(iv) Positive or negative deviation.

4. Correcting Deviations

The final element in the process is the taking corrective action. Measuring and comparing performance, detecting shortcomings, failures or deviations, from plans will be of no avail if it does point to the needed corrective action.

Thus controlling to be effective, should involve not only the detection of lapses but also probe into the failure spots, fixation of responsibility for the failures at the right quarters, recommendation of the best possible steps to correct them. These corrective actions must be applied when the work is in progress. The primary objective should be avoidance of such failures in future.

The required corrective action can be determined from the qualified data as per the standards laid out and the performance evaluation already done. This step should be taken promptly, otherwise losses may be cumulative and remedial action will be all the more difficult to take.

Corrective action must be well balanced, avoiding over controlling and at the same time letting not things to drift.

4.6.5 Types of Control System

Q34. What are the different types of control?

Ans :   (Dec.-19)

Control systems can be classified into two broad categories as mentioned below:
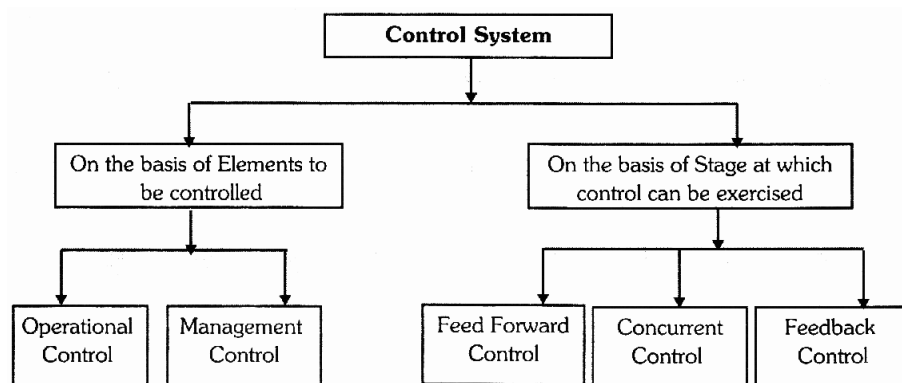
A) On the basis of Elements to be Controlled

Based on elements to be controlled, control can be divided into two categories. These are the following :

1. Operational Control

It refers to the process of ensuring that particular activities / jobs are carried out efficiently and effectively. It focuses on individual jobs rather than on total management system. The following are the examples of operational control system:

i) Quality Control

Meeting quality standards during the production process.

ii) Production Control

Manufacturing according to set programmes.

iii) Stock Control

Ensuring enough supply of raw materials to maintain flow of output.

iv) Supply of Control

Meeting deadlines of delivery of goods to satisfy customers.

v) Cost Control

Maintaining various expenses as per pre-determined standards.

vi) Budgetary Control

Maintaining performance as per budgetary targets.

Features of Operational Control

The main features of operational control system are as follows :

i)   It is based on procedures and rules.

ii) It is programmed in advance, hence very little managerial judgement is required.

iii) Its focus is on maintaining internal stability.

iv) Rewards and punishments are used to ensure compliance with the system.

v) The external environment is considered as fixed or given.

2. Management Control

It refers to the process of ensuring that resources are obtained and used efficiently and effectively. Its main objective is to maintain equilibrium with the ever-changing and uncertain external environment. It focuses on total management functions rather than on individual jobs. For example, procuring some particular items of raw materials for inventory is comes under operational control whereas inventory management as a whole comes under management control.

Features of Management Control

The main features of management control system are as follows :

i) It is based on objectives and policies.

ii) As the standards are not very much clear, considerable management judgement is required.

iii) It involves control on non-routine and variable activities.

iv) It gives due weightage to the principles of' Control by Exception' and 'Critical Point Control'.

v) It is more decisional control than action control.

B) On the basis of Stage at which Control can be exercised

Based on the stages at which control can be exercised, control can be divided into three categories. These are the following :

1. Feed Forward Control

It refers to that control system which anticipates problems before they actually occur. It is also known as predictive control system. For example, a Cash Budget for the coming year can predict inflow and outflow of cash. If shortage of cash is anticipated, say, in August, a bank loan can be arranged well in advance, probably on more favourable terms and conditions.

2. Concurrent Control

It refers to that control system which is exercised during the process. It enable us to take timely action before larger damage takes place. For example, quality control charts used in manufacturing process enable us to take immediate corrective action before any major damage is done.

3. Feedback Control

It refers to that control system which measures results after the completion of the process. It is also known as Historical Control System. It tells management to what extent objectives are actually achieved. Budgetary control is an important example of feedback control.

Q35. What are the differences between operational control and management control ?

Ans :

Basis of Difference	Operational Control	Management Control
1. Meaning	It refers to the process of ensuring that particular activities are carried out effectively and efficiently.	It refers to the process of ensuring that resources are obtained and used efficiently and effectively.
2. Focus	Individual activities.	Total Management Functions.
3. Basis	Procedures and Rules.	Objectives and Policies.
4. Nature	Action Control.	Decisions control.
5. Examples	Quality control, Production Control, Stock Control, Budgetary Control, etc.	Facing the changes in the external environment is an example of it.

Q36. What are the Principles / Prerequisites of Effective Control System ?

Ans :

Heinz Weihrich and Harold Koontz in their book Management: Global Perspective have given 13 principles of control which are as follows :

1.   Principle of Standards

The most important principle of control is determining the standards. In order to make control process effective, simple, clear and achievable standards should be laid down.

2.   Principle of Efficiency of Control

According to this principle, the control process should be efficient. An efficient control system is that which can find out the difference between the actual progress and the standards in time and quickly take corrective action at the minimum cost.

3.   Principle of Direct Control

According to this principle, the managers should not use any medium or mediator to exercise control over the subordinates but should themselves take part in the control process. It is the conviction of this principle that direct control is more effective but more competent managers can be successful even with indirect control.

4.   Principle of Flexibility

The control system should be flexible enough to absorb changing situations easily.

5.   Principle of Assurance of Objectives

According to this principle, control should be able to ensure the attainment of objectives. The control process can have this quality only when the deviations are known in time and corrective action is initiated quickly.

6.   Principle of Reflection of Plans

Control is the reflection of plans. It means that the control will be in conformity with the plans. If the plans are simple and clear, appropriate method of control can be employed to realise them. It will result in effective control.

7.   Principle of Responsibility of Control

This principle stresses the fact about the responsibility of control. The responsibility of control should lie on those managers who are responsible for implementing some particular plan. For example, the head of the sales department formulates a plan for his department, it is then his responsibility to get the work done according to that plan. When the responsibility to accomplish the plan lies on him, the responsibility of control over all the activities of that department should also be his.

8.   Principle of Organisational Suitability

According to this principle, the organisational structure should be clear. It means what are the different posts in the enterprise and what relations exist among them. This information should be absolutely clear. Control system should be so prepared as to make the responsibility of every post clear.

9.   Principle of Critical Point Control

According to this principle, those points or activities should be determined in the very outset which have an important role to play in ensuring the actual work progress in accordance with the plans. It means that the managers should not be involved in small insignificant activities but should pay more attention to those activities where unfavourable results can cause heavy loss to the enterprise.

10. Principle of Exception

According to this principle, control will be effective in proportion to the efforts of the manager to focus his attention on more important exceptions. Here important exceptions mean the especially good or especially bad deviations. It means that the managers should take corrective action, from the point of view of control, in respect of those deviations, only after an in-depth study, which are either too good or too bad. It has been laid down in this principle that action should not only be taken in respect of bad or negative deviations but also in case of good or positive deviations after ascertaining their causes so that efforts can be made to bring in more improvement. For example, if the sales exceed our expectation, it will be called positive deviation and in case its cause can be good advertisement, sales can be promoted by paying more attention to advertisement.

11. Principle of Future Control

It is the conviction of this principle, that on the basis of deviations in actual work and the standard work such a corrective action should be taken as to prevent the recurrence of adverse deviation in future.

12. Principle of Individuality of Control

According to this principle, the methods of control and information should be clear so that the manager can understand them individually and then implement them. In this principle more stress has been laid on individually understanding the methods. The more the understanding, the better will be the implementation.

13. Principle of Action

According to this principle, action has been considered the essence of control which means that if essential corrective action is not taken after knowing the deviation, control will be rendered meaningless. Hence, action is very necessary after having known the deviations.

4.7 MOTIVATION

Q37. Define motivation ? Explain the importance of motivation.

Ans :

Motivation is the word derived from the word 'motive' which means needs, desires, wants or drives within the individuals. It is the process of stimulating people to actions to accomplish the goals. In the work goal context the psychological factors stimulating the people's behaviour can be:-

➤ Desire for money

➤ Success

➤ Recognition

➤ Job-satisfaction

➤ Team work, etc

One of the most important functions of management is to create willingness amongst the employees to perform in the best of their abilities. Therefore the role of a leaders is to arouse interest in performance of employees in their jobs.

Definitions of Motivation

(i) **According to Koontz and 'O' Donnell,** "Motivation is a general term applied to the entire class of drives, needs, wishes and similar forces".

(ii) **According to Stephen. P. Robbins,** "Motivation is a process that starts with physiological or psychological deficiency or need that activates behaviour or a drive that is aimed at a goal or incentive".

(iii) **According to Encyclopedia management,** "Motivation refers to degree of readiness of an organism to pursue some designates goal and implies the determination of the nature and locus of the forces, including the degree of readiness".

(iv) **According to Dale Breachus,** "Motivation is the willingness to expand energy to achieve goals and rewards."

(vi) **According to Dubin,** "Motivation is the complex of forces staring and keeping a person at work in an organization".

Importance of Motivation

Motivation is an important factor in determining the efficiency of an organization. With its help a desire is born in the minds of the employees to achieve successfully the objectives of the enterprise. An enterprise may have the best of material, machines and other means of production but all these resources are meaningless so long as they are not utilized by properly motivated people. There was a time when the human resource of production was treated like other non-human resources and was not given any special importance.

But this old concept has lost all importance in this competitive age. The importance or need of motivation becomes clear from the following facts:

1. **High Level of Performance**

   The efficiency of the motivated employees is better than the unmotivated people. It is important to achieve high level of efficiency for the organization and this can be achieved only through motivation. Many researchers have proved the high degree of positive correlation between motivation and efficiency.

2. **Low Employees Turnover and Absenteeism**

   The goodwill of an enterprise is adversely affected by the high level of employees turnover and absenteeism. This creates many problems for the managers. The problems of appointing the employees time and again, arranging for their education and training, etc., lead to wastage of time as well as money. It is impossible to face this wastage in today's competitive economy. Only motivation can save this wastage for the organization. Motivated people work for a longer time in the enterprise and the rate of absenteeism also gets lowered.

3. **Easy Acceptance of Organisational Changes**

   Changes continue taking place in the organization - like technical changes, methods of work performance, etc. Generally, the employees do not accept changes in the method of their work performance they are accustomed to. But changes become necessary keeping in view the demands of time. These changes can be made acceptable only through motivation. Motivated people accept them enthusiastically and perform their work.

4. **Sweet Relations between Owner and Employees**

   A high level of motivation establishes sweet relations among the appointors and the

employees. Motivation fills the employees with enthusiasm and they start accepting orders and information willingly. Thus, motivation makes a great contribution in establishing good human relations.

5. **Good Image of Organization**

    Where the employees are motivated through a proper method by satisfying their needs one after the other, a good image of the enterprise is created in the mind of the public. Qualified employees give preference to getting appointment in such an enterprise making the function of appointing the employees easier.

6. **Increase in Morale**

    High level of motivation increases the morale of the employees and they face challenges and, in case of need, are not afraid of taking bold decisions.

7. **Proper use of Human Resources Possible**

    Human resource has an important place among the resources of production. The success or failure of an enterprise depends on the proper use of this resource. Its proper use can be made with the help of various types of motivation. Motivated employees work at their full capability and their aim is the achievement of the objectives of the enterprise.

8. **Helpful in Achieving Goals**

    The employees have to be shown the right way in order to achieve the pre-determined objectives of any enterprise through their medium. This aim can only be achieved through the weapon of motivation. Without motivation the achievement of goals is only a dream. Motivation is essential to realise this dream.

9. **Builds Good Relations Among Employees**

    Since most of the needs of the motivated people are satisfied their behaviour assumes calmness. All the employees working in such a human group develop a sense of cooperation with one another. There is thus no conflict among them and there is no hindrance in their work performance.

    A study of the above facts makes it clear that motivation is an important tool in the hands of management for the attainment of objectives of the individual and the organization economically and effectively. Through the medium of motivation the subordinates can be guided in the desired direction and the wastage of human and other resources of production can be minimised.

Q38. Outline the process of motivation.

Ans :

The objective of motivation process is to know as to where from does it start and where does it end. This is a work that cannot be finished at one go. It is a combination of various steps. Robbins and Coulter have presented the following 'Need-Satisfying Process'.
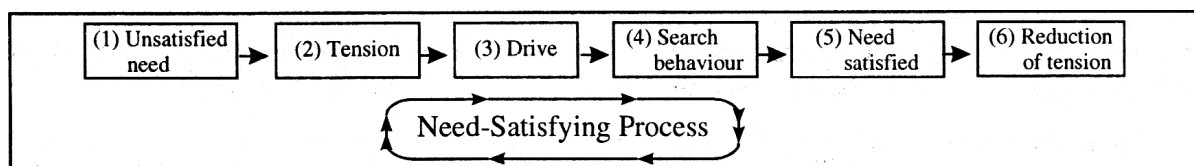
1. **Unsatisfied Need**

   At the first step of motivation a person feels the need of something or there is a feeling that he lacks something.

2. **Tension**

   The person concerned gets tensed at the very idea of his need not being satisfied.

3. **Drives**

   Drive signifies some sort of tumult in the mind of the person concerned. At this step the person concerned endeavours to fulfil his need. The fulfillment of need depends on the direction and intensity of the drive.

4. **Search Behaviour**

   At this step, a person tries to discover different options to fulfil his need. He puts the best option into operation.

5. **Need Satisfied**

   If the option really happens to be a correct one, satisfaction is obtained.

6. **Reduction of Tension**

   The person concerned gets his tension relieved when his need is satisfied.

Q39. What are the various theories of motivation ?

Ans :

In the absence of motivation management becomes meaningless. It means that without motivation it becomes impossible to achieve the objectives of the organization. Keeping in view the importance of motivation, the management experts have paid special attention to its deep study. Different scholars have given different views about it from time to time.

The oldest concept is known as 'Carrot and Stick' policy. It means that those employees who work enthusiastically and efficiently are rewarded for their efficiency and those whose work performance is careless are punished. Frederick Taylor, the father of scientific management has advocated a 'incentive remuneration system' of motivation. It means more work should bring more remuneration and little work should bring less remuneration for the employees.

However, modern thinkers have amended these old concepts and presented new ideas in this context. These modern theories include Maslow's Need Hierarchy Theory, Herzberg's Motivation- Hygiene Theory, Mc Gregor's X and Y theory, etc. From the point of view of convenience in study the theories about motivation have been divided into two parts:

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                    ┌─────────────────────────┐
                    │  Theories of Motivation  │
                    └─────────────────────────┘
              ┌──────────────┴───────────────┐
   ┌──────────────────────┐        ┌──────────────────────┐
   │  Traditional Theories │        │     Modern Theories   │
   └──────────────────────┘        └──────────────────────┘
   ┌──────────────────────────┐  ┌─────────────────────────────────┐
   │ 1. Fear and Punishment   │  │ 1. Maslow's Need Hierarchy Theory│
   │    Theory                │  │ 2. Herzberg's Motivation-Hygiene │
   │ 2. Reward Theory         │  │    Theory                        │
   │ 3. Carrot and Stick      │  │ 3. McGregor's X and Y Theory     │
   │    Theory                │  │ 4. Ouchi's Z Theory              │
   └──────────────────────────┘  └─────────────────────────────────┘
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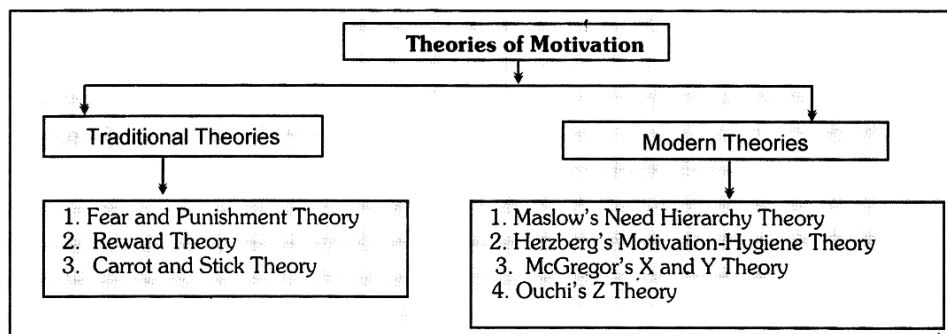
Q40. Explain the Maslow's Need Hierarchy Theory.

Ans :   **(Dec.-19, Dec.-18, Dec.-16, Imp.)**

The advocate of this theory is **Abraham Maslow** who first of all presented the Need Hierarchy Theory of Motivation in 1943. Maslow developed the theory of motivation on the basis of a chain or sequence of needs. According to him, a man has countless needs and they can be categorized on the basis of priority. For example, the needs which are more sharply felt should be satisfied first and the less sharply felt needs should be satisfied afterwards. Similarly, the least felt needs should be thought of last of all. Maslow has divided different human needs on the basis of priority into five parts which are shown in the following diagram:
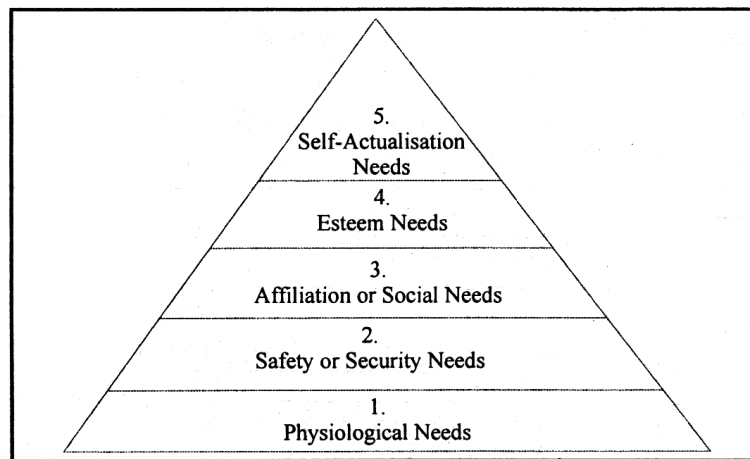
Fig.: Pyramid Representing Maslow's Hierarchy of Need

(i) Physiological Needs

In this category, those needs are included which need to be satisfied to keep a man alive. These needs include food, shelter, clothing and sleep, etc.

(ii) Safety Needs

After physiological needs are satisfied, a man thinks about his safety. Safety needs include physical, economic and psychological needs. Physical Safety refer to defence against accidents, attacks, diseases and other unexpected problems. Economic Safety means safety of livelihood and arrangement for old age. Psychological Safety means maintaining one's prestige.

(iii) Affiliation or Social Needs

Man is a social animal and wants to live in society honourably. It is, therefore, necessary that he should have friends and relatives with whom he can share his joys and sorrows. Maslow has placed social needs at number three in order of priority.

(iv) Esteem and Status Needs

These needs are called ego needs of man. This means every human being wants to attain a higher status so that his power increases and he gets authority.

(v) Self Actualization Needs

Last of all, a man tries to satisfy himself by attaining self-realisation. This means that a man should be whatever he can be, meaning thereby, that he should actually be an achiever in respect of his

capability. For example, a musician wants to be proficient in music, an artist wants to excel in the field of creating works of art. Similarly, a poet wants to be a specialist in his field.

Assumptions of Maslow's Theory

Following are the assumptions of Maslow's theory:

(i)   People's behaviour, being affected by their needs.

(ii)   There are many needs of people and their order or priority can be made.

(iii) Motivation ends with the satisfaction of needs. After that the next higher need serves as a motivator.

(iv)   People move to next higher need only when the lower level needs are satisfied.

The above analysis shows that an individual has many needs and that their order can be determined. The moment an individual's one need is satisfied, he gets worried about his next need. After the satisfaction of the second need comes the third and this order continues till all his needs are satisfied. It is, therefore, clear that needs can be motivators. In order to satisfy needs an individual himself wants to work with vigour and full capacity.

Criticisms

If the special study is not undertaken, Maslow's theory of hierarchy of needs will appear to be right. However, many researchers have opposed this theory and given their own criticisms which are as under:

(i)   Maslow's hierarchy of needs is not permanent. This changes according to the situation.

(ii)   It is not necessary that the needs of only one category be strong at a time and the remaining remain unimportant.

Q41. Explain the Herzberg two Factors Theory.

Ans :

This theory has been advocated by Prof. Herzberg on the basis of his research done in collaboration with his colleagues. After interviewing some employees he concluded that motivating factors can be divided into two parts:

(A)   Maintenance or Hygiene or Dissatisfiers

Maintenance factors mean those factors whose presence does not motivate the employees to work with greater enthusiasm but their absence does discourage them. These factors are related to the job conditions and they contain the following factors:

(i)   Company's Policy and Administration

(ii)   Technical Inspection

(iii) Mutual Personal Relation with Inspector

(iv)   Mutual Relation with other Team Members

(v)   Salary

(vi)   Working Conditions

(vii) Personal Life

(viii) Security of Employment

(ix)   Status

(x)   Environment.

(B)   Motivators or Satisfiers

Motivating factors mean those factors which directly inspire the employees to work. These factors are directly related to work and they are also known as job factors. They are as follows:

(i)   Achievement

(ii)   Recognition

(iii) Advancement

(iv)   Job itself

(v)   Opportunities for Growth

(vi)   Responsibility.

According to Herzberg the employees remain satisfied with the available maintenance factors and do not get motivated by any increase in them. They, however, get dissatisfied by their decrease. For example, if an employee is taken out of a working group that he likes and is placed in another working group, his enthusiasm will decline, while an additional person of the same type in the same group will not boost his enthusiasm. On the other

hand, motivating factors directly affect the enthusiasm of the employees. It means that any addition in them increases their enthusiasm and any decrease lessens it. For example, an employee of some department who is declared the best worker on the basis of his efficiency will make him work with greater efficiency.

Criticism: Like other theories this theory is also not free from criticism. Scholars have criticised this theory on the basis of the following facts:

(i) The maintenance factors pointed out by Herzberg are not appropriate in all the situations. For example, an increase in pay does not mean an increase in the enthusiasm of the employees. However, this is applicable only in those countries where a guarantee for average living standard is held out. In other words, where the government assures a general living standard as an essential guarantee, an increase in salary becomes meaningless. On the other hand, it has been established on the basis of various researches that in the undeveloped countries rise in salary does create enthusiasm among the employees.

(ii) The categorisation of dissatisfiers and satisfiers is not practical.

(iii) This theory has made the relationship between motivation and satisfaction very simple when it is not so.

In short, it can be said that alongwith the satisfiers the dissatisfiers also increase the enthusiasm of the employees.

4.8 CO-ORDINATION

Q42. What do you understand by co-ordination?

Ans :

Coordination has become necessary. There must be coordination among the individuals or group of individuals either working in the same department or in various departments of the firm to whom separate segmented jobs were assigned.

Coordination is an important function of management. It is very important that without which other managerial functions cannot be performed effectively. It is the continuous and never ending process in management because it is achieved through the performance of functions. And, the functions are dynamic and change over the period of the period of time and thus, coordination is also dynamic, according to change in functions, the coordination also changes. Coordination is always related to group efforts and not to individual effort. It is the orderly arrangement of group efforts for achieving common goals. Similarly, it is a process of making relation and cooperation through which some common goals could be achieved.

Definition of Cordination

J. Lundy, "Co-ordination involves the development of unity of purpose and the harmonious implementation of plans for the achievement of desired ends."

Henry Fayol, "To co-ordinate is to harmonise all the activities of a concern so as to facilitate its working and its success. In a well co-ordinated enterprise, each department or division, works in harmony with others and is fully informed of its role in the organization. The working schedules of various departments are constantly tuned to circumstances."

Koontz and O'Donnel, "It seems more accurate to regard co-ordination as the essence of managership for the achievement of harmony of individual efforts towards the accomplishment of group goals as the purpose of management. Each of the managerial functions is an exercise in co-ordination."

4.8.1 Need of Co-ordination

Q43. Explain the need of co-ordination.

Ans :

The effective performance of managerial functions require co-ordination.

1. Unity in Diversity

Effective co-ordination is the essence of good management. There are large number of

employees and each has different ideas, views or opinions, activities and background in a large organization. Thus, there is a diversified activity in a large organization where these diversified activities will be inefficient in the absence of co-ordination. So, co-ordination is the main element of unity in diversity.

2. **Term work or unity of direction**

    The efforts, energies and skills of various persons should be integrated as group efforts to achieve the objectives of organization. In the absence of co-ordination, the group efforts may be diversified and fail to achieve the objectives. Besides, co-ordination eliminates the duplication of work which leads to economic and efficient management.

3. **Functional differentiation**

    The organization functions are divided department- wise or section-wise or division-wise. Each department performs different jobs. They are necessary to achieve the general objectives. Co-ordination ensures definite achievement of objectives. Each department tries to perform its function in isolation from others. It may create a problem. Therefore, co-ordination is necessary to integrate the functions of the related departments.

4. **Specialisation**

    There is a high degree of specialisation in the modern industrial world. Specialists know thoroughly about their respective fields. They are able to judge the scope, nature and kind of work they perform. But they fail to know the job of others ad c the importance of others' performances. This tends to cause dispute among the specialists Disputes may be solved with the help of co-ordination.

5. **Reconciliation of goals**

    Each department or division has its own goals to achieve within the stipulated time. There are general goals in relation to an organization. The employees who are working in the organization also have their

own goals. Individuals or employees give more importance to their own goals than to the department and organisational goals. The department members give more importance to their own departmental goals than to the organization goals. Therefore, co-ordination reconciles the employee's goals with both departmental and organization goals.

6. **Large number of employees**

    Large number of employees are working in large organizations. They have different habits, behaviour and approaches in a particular situation. Sometimes, they do not act rationally. Their behaviour is neither always well understood nor completely predictable. So, there is every possibility of problems arising in a complex organization. All this makes co-ordination more essential.

7. **Congruity of flows or congruent flows**

    Congruity of flows refers to the continuous flow of similar information from one direction to other directions. Information regarding the utilisation of resources, activities, using of authority and output is made to flow in an organization. Co-ordination ensures the smooth and continuous flow of information.

8. **Empire building**

    Empire building refers to top portion of line organization. The line officers always expect co-operation from staff officers. But the line officers are not ready to extend their co-operation to staff officers. It creates conflicts between line officers and staff officers. Therefore, co-ordination is necessary to avoid conflicts between line officers and staff officers.

9. **Differentiation and integration**

    The whole activity of every organization is classified into two units. They are specialised and homogeneous units. Authority is delegated to the various levels of organization. This is necessary to achieve group efforts. Co-ordination facilitates this process.

4.8.2 Types of Co-ordination

Q44. What are the different types of co-ordination?

Ans :

Normally, the co-ordination is divided into two types. They are explained below:

1.   Internal co-ordination

It is the establishment of relationship with a view to co-ordinate the activities of all the managers, executives, divisions, sub-divisions, branches and other workers. Internal co-ordination is also sub-divided into the following two types:

(i)   Vertical co-ordination

Vertical co-ordination refers to that co-ordination in which a superior authority co-ordinates his work with that of his sub-ordinates and vice versa. Sales manager co-ordinates his work with the activities of the sales supervisor. Similarly, the sales supervisor is required to have co-ordination and cordial relationship with his superiors.

(ii)   Horizontal co-ordination

Horizontal co-ordination refers to the establishment of a relationship between the persons of the same status. For example, co-ordination between the departmental heads, supervisors, co-workers, etc.

2.   External co-ordination

External co-ordination is the establishment of a relationship between the employees of the organization and outsiders of the organization. This relationship is established for the benefit of the organization as a whole.

4.8.3 Techniques of Co-ordination

Q45. What are the techniques of co-ordination?

Ans :

Supervisors can use a number of techniques to enlist co-ordination. Some of the techniques of co-ordination are discussed below:

1.   Clearly Defined Objectives

Each and every organization has its own objectives. These objectives would be clearly defined. Then, the employees of the organization should understand the objectives of organization well. Unity of purpose is a must for achieving proper co-ordination.

2.   Effective chain of command

In each organization, the line of authority decides who is responsible and to whom. If the line of authority and responsibility are clearly defined, the superior has proper control over his sub-ordinates. Then, the superior or manager can co-ordinate the efforts of his subordinates by means of his authority. If the line of authority is clearly defined, the superior could decrease the conflicts and get co-ordination.

3.   Co-ordination through group meetings

The common group of problems of an organization are discussed by the officials in group meetings. Such group meetings help in achieving co-ordination. The group meetings are easily convened. The reason is that there is an obligation on the part of group members to extend their co-ordination.

4.   Harmonious policies and procedures

Rules and regulations, procedures and programmes are used as guidelines for taking a decision in a consistent manner. It ensures uniformity in action at every level of management.

5.   Effective communication

Effective communication promotes mutual understanding and co-operation among the various officials in an organization. The communication should be direct as far as possible. The direct communication alone avoids any misunderstandings and misinterpretation. Quick communication can facilitate the performance of activities in time. Then there is a possibility of performance of other activities which are to be co-ordinated.

6. Sound organisational structure

Sound organisational structure integrates the activities of different units and sub-units in an organization. Besides, horizontal co-ordination is achieved with the help of sound organisational structure.

7. Co-ordination through a liaison officer

A person who acts as a link between two persons is called a liaison officer. The external co-ordination is obtained through him. Many large organizations depend on this officer to maintain cordial relations with government and outsiders.

8. Co-operation

Co-operation is the result of better relations among the employees : f the organization. The sound policies and procedures provide a basis for better relations. Informal contacts are also encouraged to ensure co-ordination through co-operation.

9. Self co-ordination

There are different functions in an organization which are interlinked. So, the arrangement of different departments' functions are in such way that each department benefits by the functioning of others. Self-co-ordination may be achieved through process.

10. Coordinations by leadership

A manager uses his leadership skills to induce the subordinates to coordinate willingly. A leader can motivate the subordinates and identify :he interests of individuals. These are used to get coordination. Many conflicts and -unpleasant situations may be avoided with the help of good leadership.

11. Incentives

The term 'incentives' includes only monetary incentives. They are increments in the scale of pay, bonus, profit sharing and the like. These schemes of incentives remote better team spirit which subsequently ensures better co-ordination.

Q46. What are the Problems of Co-Ordiantion?

Ans :

Co-ordination is necessary for the smooth and successful functioning of the management. But in practice co-ordination faces certain problems listed below.

1. Natural hindrances

Co-ordination is not an effective one due to some natural hindrances. The term 'natural hindrances' includes flood, earthquakes, fire, etc. These affect the behaviour of individuals and the group as a whole. It results in ineffective co-ordination.

2. Lack of administrative talent

Lack of administrative talent arises due to the selection of inefficient candidates. They do not understand the administrative procedure properly. This results in ineffective co-ordination.

3. Lack of techniques of co-ordination

Management is not interested to find out new techniques for effective co-ordination. The reason is that it is good enough for the development of an organization. If the management uses a number of techniques of co-ordination, the problems of co-ordination can be easily tackled.

4. Ideas and objectives

Each management has its own objectives and finds ways (ideas) to achieve those objectives. But, the managers confuse these objectives with ideas. It poses the problem of co-ordination.

5. Misunderstanding

There are a number of personnel employed in an organization. They should have mutual understanding with each other. But, the problem of co-ordination creeps in due to misunderstanding among employees very often.

Q47. What are the steps for effective co-ordination?

Ans :

In order to overcome the above mentioned problems of co-ordination and get effective co-ordination, the management should follow the following steps:

1. There should be a proper delegation of authority and responsibility at all levels of management.

2. The whole or entire activities of the organization should be divided department-wise or section-wise according to the size of the organization.

3. Preparing and adherence to rigid rules and regulations, procedures, policies, etc.

4. Establishment of an effective communication system.

5. Establishment of employees' grievances cell.

6. There should be a proper system for reporting.

7. Skilled workers are to be rewarded adequately.

8. The management should induce the employees to take active part in meetings, committees, conferences, seminars and the like.

9. The management should encourage the employees to have friendly relationship with others.

10. Managers should have opportunities to get training in the area of leadership, co-ordination, planning, staffing and the like.

4.8.4 Difference between Co-ordination and Co-operation

Q48. What are the differences between co-ordination and co-operation ?

Ans :   **(Aug.-21, Dec.-17)**

Co-ordination and Co-operation are the two terms widely used in the business organization. They are different from each other. They are discussed below:

Co-ordination	Co-operation
1. It is one of the functions of management.	It is not a function of management.
2. Co-ordination is an orderly arrangement of group efforts.	Co-operation is willingness to work with others or help others.
3. The early success of an organization depends upon the degree of co-ordination.	Co-operation is the basis for co-ordination.
4. Co-ordination is obtained officially.	Co-operation is a voluntary service.
5. There is a direct link between the achievement of objectives and co-ordination.	There is no such direct connection between co-operation and the achievement of objectives.

4.8.5 Requisites for Excellent Co-ordination

Q49. Explain the Principles Required for Excellent Co-Ordination

Ans :   **(Dec.-17)**

In order to ensures effective co-ordination, the co-ordination should be based on certain principles. They are briefly explained below:

1. Early start

The co-ordination should be started even from the planning function of management. The management should prepare the plan after consulting the concerned officials. By this, the preparation of a plan and its implementation will be very easy for the management. Then, there will be no resistance from the concerned officials.

2. Personnel contract

Oral communication brings two persons very close. It means, there is a possibility of personal contact. An agreement may be arrived on methods, actions and achievement of objectives through personal contact. Ideas, views, opinions, recommendations, feelings, etc. are conveyed to the receivers effectively through personal contact. Personal contact avoids controversy and misunderstanding. Thus, co-ordination is achieved through co-operation and mutual understanding and not by force, order or coercion.

3. Continuity

Co-ordination is a must so long as the organization continues to function. Co-ordination is the key stone of the organisational structure. So, co-ordination starts with planning and ends with controlling.

4. Reciprocal relationship

This principle states that all factors in a situation are reciprocally related. Each factor influences other factors and are influenced by the other factors. Thus, the action of one employee influences the action of other employees and vice versa. So, there is a need for integration of all efforts, actions and interests.

5. Dynamism

The external environment of business influences the internal activities of the business. Besides, the internal activities and decisions are changed according to the circumstances prevailing. So, co-ordination is modified according to the external environment and internal actions and decisions. Co-ordination should be a dynamic one.

6. Simplified organization

Simplified organization also facilitates effective co-ordination. The management can arrange the departments in such a way, to get better co-ordination among the departmental heads. If two sections or two department's functions are most similar in nature, these two departments are put under one executive incharge. This facilitates to get better co-ordination. Somebody recommended that if there are dissimilar functions between two sections or departments, these two departments should be handed over to only one executive. This will also ensure better co-ordination between the two departments. According to Keith and Gabelin, "even though certain activities are dissimilar, management may put them under a single executive because they need close co-ordination".

7. Self co-ordination

According to this principle, the function of one department affects other departments and in turn, is affected by the functions of other departments. The same department modifies its functions in such a manner that it may affect other departments favourably. In this way, co-ordination is achieved. There is a need for effective communication to get self-co-ordination. Effective communication facilitates a department to appraise the functions of another department.

8. Clear-cut objectives

The departmental heads should know clearly the objectives of the organization. So, the management must take necessary steps to explain the objectives to the departmental heads. This is very useful in achieving the common objectives of the organization collectively. Clear-cut objectives and clear explanation of objectives are bound to produce uniformity in action.

9. Clear definition of authority and responsibility

The management should clearly define the authority and responsibility of each individual

and of each department. This will facilitate effective co-ordination in an organization. Besides, it will reduce conflicts among the individuals. The department manager has enough authority to exercise over the subordinates who have violated the limits and other irregularities.

10. Effective communication

Effective communication is necessary for proper co-ordination. The individual and departmental problems can be solved with the help of co-ordination. In addition, the efforts of a staff are effectively utilised to achieve the objectives of the organization.

11. Effective supervision

Effective leadership also helps in proper co-ordination. Leadership creates confidence in the minds of subordinates and increases the morale of the subordinates.

12. Effective supervision

Top executives should supervise the work of subordinates to ensure successful performance as planned. Top executives may entrust this type of work to the supervisors. When, the top executives find any deviation, they may take immediate steps to correct them with the help of supervisors. So, there is a need for co-ordination between the supervisors and the top executives. Thus, supervisors play an important role in co-ordination.

4.8.6 Systems Approaches

Q50. Explain briefly about Systems Approach.

Ans :

The systems approach is an old concept. The approach stands on the assumption that breaking down of a complex concept into simple easy to understand units helps in better understanding of the complexity. Ludwig von Bertalanffy first proposed the systems approach under the name of 'General System Theory'.

The approach concentrates on the holistic entity of the system without neglecting the components. It attempts to understand the role each component plays in the system while simultaneously understanding the activity of the whole system. Major concepts of the systems approach are:

1. **Holism:** A change in any part/component of a system affects the whole system directly or indirectly

2. **Specialization:** A whole system can be divided into granular (smaller easy to understand), components so that the specialized role of each component is appreciated.

3. **Non-summational:** Every component (subsystem/partial system) is of importance to the whole. It is therefore essential to understand the actions of each component to get the holistic perspective

4. **Grouping:** The process of specialization can create its own complexity by proliferating components with increasing specialization. To avoid this it becomes essential to group related disciplines or sub-disciplines.

5. **Coordination:** The grouped components and sub components need coordination. Without coordination the components will not be able to work in a concerted manner and will lead to chaos. Coordination and control is a very important concept in the study of systems as without this we will not be a unified holistic concept.

6. **Emergent properties:** This is an important concept of systems approach. It means that the group of interrelated entities (components) has properties as a group that is not present in any individual component. This is the holistic view of a system. For example, multicellular organisms exhibit characteristics as a whole which are not present in individual constituent parts like cells.

Short Question and Answers

1.   Define staffing.

Ans :

Staffing is that part of the process of management which is concerned with acquiring, developing, employing, appraising, remunerating and retaining people so that right type of people are available at right positions and at right time in the organisation. In the simplest terms, staffing in management is 'putting people to jobs'.

Meaning of Staffing

Staffing means appointing competent persons according to the importance of the post in the organisation. It means that more capable persons are appointed on more important posts, and comparatively less competent persons can be appointed on less important posts. In other words, all the functions undertaken to establish coordination between the post and the individual come under staffing. The chief among these are

(i)   Recruitment,

(ii)   Selection,

(iii)   Training,

(iv)   Promotion,

(v)   Transfer, etc.

Definitions of Staffing

According to Koontz and O'Donnell, "The managerial function of staffing involves managing the organisation structure through proper and effective selection, appraisal and development of personnel to fill the roles designed into the structure."

According to A. K. Singh, "Staffing is the process of providing jobs to deserving people, through the function of recruitment, selection and training with-a-view to getting benefits from them, for the achievement of preset goals of organization

According to Theo Haimann, "The staffing function pertains to the recruitment, selection, development, training and compensation of subordinate managers".

2.   Define Recruitment.

Ans :

Recruitment is the process of finding the apt candidates and inducing them to apply for the job in an organisation. The recruitment should be a sound one. If it is not so, the morale of the staff will be very low and the image of the company will be tarnished.

The success of any recruitment depends upon the procedure followed by the company while recruiting the members. Jobs with low salary, uninteresting jobs or difficult jobs cannot be filled up by the company very easily. Every company has to recruit its staff members but the quantum of recruitment may vary from one company to another company. The variation may be due to the size of the company, recruitment policy of the company, nature of the job and the like.

Meaning of Recruitment

Recruitment means the discovery of the staff members for the present and future jobs in an organisation.

Definition of Recruitment

According to Dalton E. McFarland, "The term recruitment applies to the process of attracting potential employees of the company".

Edwin B. Flippo, "Recruitment is the process of searching for prospective employees and stimulating them to apply for the jobs in the organisation".

3.   Objectives of Recruitment.

Ans :

The objectives of recruitment are :

(i)   Attract People : To attract people with multi-dimensional skills and experiences that suits the present and future organizational strategies.

(ii) Induct Outsiders : To induct outsiders with a new perspective to lead the company. To infuse fresh blood at all levels of the organization.

(iii) Development of Organizational Culture : To develop an organizational culture that attracts competent people to the company.

(iv) Search People : To search or head bunt/head pouch people whose skills fit the company's values.

(v) Devise Methodologies : To devise methodologies for assessing psychological traits.

(vi) Search Talent Globally : To search for talent globally and not just within the company.

(vii) Design Entry Pay : To design entity pay that competes on quality but not on quantum.

(viii) Anticipate People : To anticipate and find people for positions that does not exist yet.

4.   Define selection.

Ans :

Employee selection is important as it is the process of recruiting and hiring employees who have the necessary qualifications to perform the jobs in an organization. Selecting the right employee is hampered in many situations by the available applicant pool (applicants available with the necessary skills) or a geographical location (the company is located in a remote area). Therefore, some companies take these things into consideration when recruiting efforts are initiated and selecting the best in class applicant may be the company's biggest challenge.

Meaning of Selection

Selection is the process of picking up individuals (out of the pool of job applicants) with requisite qualifications and competence to fill jobs in the organization. A formal definition of Selection is as under

Definition of Selection

"Selection is the process of differentiating between applicants in order to identify and hire those with a greater likelihood of success in a job."

5.   Define Training.

Ans :

Meaning of Training

The term training refers to the acquisition of knowledge, skills, and competencies as a result of the teaching of vocational or practical skills and knowledge that relate to specific useful competencies.

Training differs from exercise in that people may dabble in exercise as an occasional activity for fun. Training has specific goals of improving one's capability, capacity, and performance.

Definition of Training

"Training is an organized procedure by which people learn knowledge and skill for a definite purpose".

– Dale S Beach

"Training is any attempt to improve employee performance on a currently held job or one related to it".

– John Bernardin

"Training is a process which enables the trainees to achieve the goals and objectives of their organization".

– Chowdhary D.P

'Training is a set of activities that provides the opportunity to acquire and improve job-related skills".

– Schermerhorn, Hunt and Obsorn

6.   Define directing.

Ans :

Direction is a managerial function performed by the top level officers of management. Whenever any decision is taken, it should be properly implemented. If not so, there is no use of taking such a decision. Direction is necessary in order to achieve proper implementation of direction. Every manager gives direction to his subordinates and vice versa every subordinate gets direction from his respective manager.

Definition of Directing

According to Haimann, "Directing consists of the process and techniques utilised in issuing instructions and making certain that operations are carried on as originally planned."

Koontz and O'Donnel, "Direction is the interpersonal aspect of managing by which subordinates are led to understand and contribute effectively to the attainment of enterprise objective."

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

J.L. Massie, "Directing concerns the total manner in which a manager influences the actions of his subordinates. It is the final action of a manager in getting others to act after all preparations have been completed."

Earnent Dole, "Direction is telling people what to do and seeing that they do it to the best of their ability. It includes making assignments, corresponding procedures, seeing that mistakes are corrected, provided on-the-job instruction and of course, issuing orders."

7. Define controlling.

Ans :

Controlling is the last but the most important function of management. Under the first function of management in the form of Planning the future activities are determined before hand. After having decided the activities the second function of management, i.e., Organising takes care of the implementation of the activities determined under planning by preparing the structure of roles, meaning thereby that different posts are established in the enterprise. The various posts established under organisational structure are sought to be filled under Staffing. The work of providing guidance to all the people working in the organisation comes under the function of Directing.

Meaning of Controlling

In management control means that in order to achieve the desired objectives efficiently, economically and successfully the real progress of the work should be assessed from time to time so that the actual progress of the work is in accordance with the expected progress. Under controlling deviations are sought to be noticed in the actual work progress and the standards already determined, the causes of deviations are found out and corrective action is taken so that in future the mistakes are not repeated. In short, the chief function of controlling is to ensure actual progress with relevance to the objectives.

Definitions of Controlling

Different scholars have defined controlling differently. The following are some of the definitions given by some scholars :

According to Philip Kotler, "Control is the process of taking steps to bring actual results and desired results closer together."

According to Dale Henning, "Control is the process of bringing about conformity of performance with planned action."

8. Characteristics of Controlling

Ans :

Following are the characteristics of controlling function of management:

(i) Controlling is an end function

A function which comes once the performances are made in conformities with plans.

(ii) Controlling is a pervasive function

Which means it is performed by managers at all levels and in all type of concerns.

(iii) Controlling is forward looking

Because effective control is not possible without past being controlled. Controlling always look to future so that follow-up can be made whenever required.

(iv) Controlling is a dynamic process

Since controlling requires taking reviewal methods, changes have to be made wherever possible.

9.   Define motivation ?

Ans :

Motivation is the word derived from the word 'motive' which means needs, desires, wants or drives within the individuals. It is the process of stimulating people to actions to accomplish the goals. In the work goal context the psychological factors stimulating the people's behaviour can be:-

➢   Desire for money

➢   Success

➢   Recognition

➢   Job-satisfaction

➢   Team work, etc

One of the most important functions of management is to create willingness amongst the employees to perform in the best of their abilities. Therefore the role of a leaders is to arouse interest in performance of employees in their jobs.

Definitions of Motivation

According to Koontz and 'O' Donnell, "Motivation is a general term applied to the entire class of drives, needs, wishes and similar forces".

According to Stephen. P. Robbins, "Motivation is a process that starts with physiological or psychological deficiency or need that activaties behaviour or a drive that is aimed at a goal or incentive".

According to Encyclopedia management, "Motivation refers to degree of readiness of an organism to pursue some designates goal and implies the determination of the nature and locus of the forces, including the degree of readiness".

According to Dale Breachus, "Motivation is the willingness to expand energy to achieve goals and rewards."

According to Dubin, "Motivation is the complex of forces staring and keeping a person at work in an organization".

10.   Co-ordination?

Ans :

Coordination has become necessary. There must be coordination among the individuals or group of individuals either working in the same department or in various departments of the firm to whom separate segmented jobs were assigned.

Coordination is an important function of management. It is very important that without which other managerial functions cannot be performed effectively. It is the continuous and never ending process in management because it is achieved through the performance of functions. And, the functions are dynamic and change over the period of the period of time and thus, coordination is also dynamic, according to change in functions, the coordination also changes. Coordination is always related to group efforts and not to individual effort. It is the orderly arrangement of group efforts for achieving common goals. Similarly, it is a process of making relation and cooperation through which some common goals could be achieved.

Definition of Cordination

J. Lundy, "Co-ordination involves the development of unity of purpose and the harmonious implementation of plans for the achievement of desired ends."

Henry Fayol, "To co-ordinate is to harmonise all the activities of a concern so as to facilitate its working and its success. In a well co-ordinated enterprise, each department or division, works in harmony with others and is fully informed of its role in the organisation. The working schedules of various departments are constantly tuned to circumstances."

Koontz and O'Donnel, "It seems more accurate to regard co-ordination as the essence of managership for the achievement of harmony of individual efforts towards the accomplishment of group goals as the purpose of management. Each of the managerial functions is an exercise in co-ordination."

11. Differences between co-ordination and co-operation ?

Ans :

Co-ordination and Co-operation are the two terms widely used in the business organisation. They are different from each other. They are discussed below:

Co-ordination	Co-operation
1. It is one of the functions of management.	It is not a function of management.
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3. The early success of an organisation depends upon the degree of co-ordination.	Co-operation is the basis for co-ordination.
4. Co-ordination is obtained officially.	Co-operation is a voluntary service.
5. There is a direct link between the achievement of objectives and co-ordination.	There is no such direct connection between co-operation and the achievement of objectives.

12. Intrinsic motivation

Ans :

Intrinsic motivation in the study of artificial intelligence and robotics is a mechanism for enabling artificial agents to exhibit inherently rewarding behaviours such as exploration and curiosity, grouped under the same term in the study of psychology

Choose the Correct Answer

1. The organization chart will not show: [a]

    (a) the informal organization

    (b) how the work is divided

    (c) the nature of the work performed by the components

    (d) chain of command

2. On the Job Training Methods is based on   [d]

    (a) Demonstration Method   (b) Apprenticeship Training Method

    (c) Informal Training   (d) All of the above

3. HRM is concerned with   [d]

    (a) Worker   (b) Industrial relation

    (c) Field Staff   (d) All employees

4. Objectives of training is   [d]

    (a) Increased morale   (b) Increased productivity

    (c) Favorable reaction to change (d) All of the above

5. Which of the following techniques of performance appraisal is least susceptible to personal bias?
                                                                                            [b]

    (A) 360 degree Appraisal system   (b) Forced-Choice method

    (c) Ranking Method   (d) Check List

6. Off the Job Training Method consists   [d]

    (a) Role Playing Method   (b) Case Study Method

    (c) Programmed Training   (d) All of the above

7. Which one of the following does not include under the functions of human resource management?
                                                                                            [b]

    (a) Planning   (b) Profitability

    (c) Organizing   (d) Recruitment

8. Recruitment and selection involves the following except   [c]

    (a) Building a pool of candidates

    (b) Completing application form by applicants

    (c) Reduction of the work force

    (d) Employment planning and forecasting

9.   Evaluating performance, ascertaining deviations and taking corrective measures is   [c]

   (a) Planning   (b) Organising

   (c) Controlling   (d) Deciding

10. Willingness of individuals to help each other   [d]

   (a) Co-ordination   (b) Planning

   (c) Directing   (d) Co-operating

Fill in the blanks

1. The scope of _____covers all the activities starting from manpower planning till the employee leaving the organization.

2. _____is the method of collecting and analyzing the facts, related to a job in order to identify job content, job duties and other job related aspects.

3. _____is defined as, the process of-deciding on the content of a job with regard to its, duties and responsibilities.

4. In_____ training method, actual work conditions, are stimulated in a classroom.

5. _____ is the discovering of potential applicants for actual organizational vacancies.

6. The decision-makers, to search for the_____use manpower plans.

7. One of the goals of manpower plans is to_____.

8. Manpower planning ends with_____.

9. Synchronising activities of various person in the organisation to achieve goals is called _____

10. _____ arises out of informal relations.

ANSWERS

1. HRM (Human Resource Management)

2. Job analysis

3. Job design

4. Vestibule

5. Recruitment

6. Optimum strategy

7. Make best use of its manpower resources.

8. Feedback and control

9. Co-ordination

10. Co-operation

5.1 EMERGING ISSUES IN MANAGEMENT

Q1. Explain various Emerging Challenges of Management.

Ans :

Some of the major emerging issues or challenges that all managers face today are as follows:

1. Globalization

Globalization means making the world not limited in a boundary i.e creation of boundaryless world. It is the free movement or free flow of factors of production all over the world and there must be no any hinderence and restriction. Management is no longer controlled by national borders. It means free trade in products and services offering a wide choice of goods to customer around the world.

The growth of regional free trade agreement and world trade organization (WTO) present new challenges and opportunities for managers. It creates extreme competition for markets and also for natural resources. Employment of people coming from across and national boundaries further complicates the management process Values symbols and beliefs of employees differ considerably and these affect the nature of supervisory relationships decision making styles ,and overall management systems. The managers of every management should think globally and act locally.

2. Workforce diversity

Workforce diversity means that organization are becoming more heterogeneous in terms of gender, ethnicity, race and other back-grounds. Therefore, management needs to deal with diversified workforce consisting of knowledge workers, bimodal workforce, work teams, virtual teams and contingent employees.

Dealing with diversity requires visionary leadership in managers. The managers will need to shift their approaches and philosophy to workforce management. They should recognize the difference among employees and respond to them in ways that they will ensure employees commitment. If diversity is managed positively then it increases creativity and innovations in organizations.

3. Ethics and social responsibility

Ethics is the set of moral principles and rules guiding an individual's behavior. It is the basis of determining right or wrong in a given situation .It is an individual perception and belief while taking a decision. Managing ethically is not easy. Conflicts will often arise There is increasing concern about the role and state of ethics in business because of the belief that business ethics have declined in recent years. Managers are concerned because of the complexity of ethics in decision making.

Social responsibility includes being aware of society and toward its values and regulations . Modern organizations need to be involved in social concern. In recent years public attention has been focused on the issues of social responsibility of business. Society generally expects contribution to the quality of life and the society. Environment issues have become matters of universal concern.

4. Empowerment

The role of differences between the manager and the workers have narrowed down considerably. Decision making is being pushed down to the operating level. Workers are now being given the freedom to make choices about schedules, procedures, and solving work-related problems. Earlier, managers are considerably further by allowing employees full control of their work. Self-managed work teams, where workers operate largely without bosses, have become the management technique today.

Thus, the managers are engaged in empowering employees. They are putting employees in-charge of problems and prospects of their organization. This is the process of empowerment. Various methods of empowerment ranging from simple participation to self-managed work teams have now been practiced in organizations.

5. Technology

Technological environment consists of innovation, techniques, and the organized knowledge or the ways of doing things. Technology includes any equipment, tools or operating methods that are designed to make work more efficient. The managers must grasp a proper understanding of these aspects of technological context. Technology management has now emerged as an important and crucial management activity in modern business firms to match the competitive market Managers have to cope with all these changes taking place in technology and their management.

6. Innovation and Change

Organizations must pay attention to innovation and change, otherwise, they will go out of business. Product life span has been shortening everyday. Products need continuous improvement, upgradation, and modification. Success will go to those organizations that continually improve their product quality. They have to beat their competitors in the marketplace with a constant flow of innovative products and

services .An organization's employees are the vital forces for innovation and change. If they block innovation and change ,the organization will become a candidate for extinction. The challenge for managers is to stimulate employee creativity for innovation and change.

7. Quality and Productivity

Management needs to cope with continuous improvement in product quality. The importance of quality. and standards for acceptable quality has increased dramatically in recent years. There is interrelationship between quality and productivity. Quality is the excellence of the product, including its attractiveness, lack of defects, reliability, and long-term dependability. Productivity has also become a major issue for organization during recent years. Increase in productivity requires developing and applying techniques and strategies. Low productivity is a threat to competitiveness.

8. Knowledge Management

Knowledge management is the process of capturing, developing, sharing and effectively using organizational knowledge. It refers to a multi-disciplined approach to achieving organizational objectives by making b.

5.2 TOTAL QUALITY MANAGEMENT

Q2. What do you understand by total quality management? What are the principles of TQM?

Ans : (Dec.-18, Dec.-16, Imp.)

Total quality management is an approach to improving the effectiveness and flexibility of business. TQM is a method involving everyone in the process of improvement. Improving effectiveness of work so that results are achieved in less time.

Total Quality Management (TQM) is an approach that seeks to improve quality and performance which will meet or exceed customer expectations. This can be achieved by integrating all quality-related functions and processes

throughout the company. TQM looks at the overall quality measures used by a company including managing quality design and development, quality control and maintenance, quality improvement, and quality assurance. TQM takes into account all quality measures taken at all levels and involving all company employees.

Features of TQM

1. Find out what the customer want.

2. Design a product or service that will meet or exceed what customers want.

3. Design a production process that facilitates doing the job right the first time.

4. Keep track of the result and use those to guide improvement in the system.

5. Extend these concepts to suppliers and to distribution.

Principles of TQM

1. Be Customer focused

Whatever you do for quality improvement, remember that ONLY customers determine the level of quality. Whatever you do to foster quality improvement, training employees, integrating quality into processes management, ONLY customers determine whether your efforts were worthwhile.

2. Insure Total Employee Involvement

You must remove fear from work place, then empower employee... you provide the proper environment.

3. Process Centered

Fundamental part of TQM is to focus on process thinking.

4. Integrated System

All employee must know the business mission and vision. An integrated business system may be modeled by MBNQA or ISO 9000.

5. Strategic and Systematic Approach

Strategic plan must integrate quality as core component.

6. Continual Improvement

Using analytical, quality tools, and creative thinking to become more efficient and effective.

7. Fact Based Decision Making

Decision making must be ONLY on data, not personal or situational thinking.

8. Communication

Communication strategy, method and timeliness must be well defined.

Q3. What are the elements of total quality management?

Ans :

1. Customer Focus

It is important to focus on the customer, both internal and external i.e., the employees and the users of the end product the students. In TQM parlance, the customer is the next process and not just a person who pays for the product or service. This concept helps to strengthen the co-operation within the organization, eliminate internal competition and drives away fear.

2. Employee involvement

People at all levels make up an organization and their full involvement enables their abilities to be used for an institution's benefit.

3. Continuous Improvement

There is a beginning to the process of TQM, but there is no end. Checking, rechecking, valuation, revaluation, engineering and re-engineering are essential to ensure continuous improvement.

4. Universal Responsibility

A TQM leader has to learn that inspection is not a means to achieve quality. One eliminates the need for inspection by building quality into the product in the first place. TQM helps us to recognize the fact that it is we ourselves who are responsible for quality work, not someone else who will check it after it is done.

5.   A Sustained Management Commitment to Quality

An organization's performance and culture will ultimately reflect its senior management's values. If an organization is serious about implementing TQM, the commitment to do so has to start at the top, and the organization's senior management has to be unwavering in its commitment to quality.

6.   Addressing Deficiencies

TQM is a management philosophy that seeks to prevent poor quality in products and services, rather than simply to detect and sort out defects. "An ounce of prevention is worth a pound of cure".

"If you do not know where you are going, you will probably end up somewhere" is a saying particularly relevant to TQM. The quality measurement aspect of TQM asks the question: where are we and where are we going? A basic TQM concept is that quality is a measurable commodity, and in order to improve, we need to know where we are (or stated differently, what the current quality levels are), and we need to have some idea of where we are going (or what quality levels we aspire to reach).

8.   Benchmarking

Benchmarking consists of identifying other organizations that perform well and incorporating their wisdom into one's organization. This TQM philosophy consists of defining the competitors' best features from both internal and customer perspectives, and then adapting the best practices of these organizations to one's functioning.

9.   Value Improvement

The essence of value improvement is the ability to meet or exceed customer expectations while eliminating unnecessary expenditure. Removing unnecessary costs while simultaneously satisfying customer expectations and requirements can only serve to increase customer satisfaction (after all, the customer is receiving the same level of quality

for a lower cost). Simply cutting costs, however, will not improve value if the focus does not remain on satisfying customer requirements and expectations.

10.   Training

Training is basic to the TQM process. Several concepts and technologies are inherent to TQM. In order to use these concepts and technologies effectively, people have to be trained. Yet another saying comes to mind: "If you think training is expensive try ignorance."

Q4.   Explain the Implemention of TQM.

Ans :

Jablonski offers a five-phase guideline for implementing total quality management: preparation, planning, assessment, implementation, and diversification. Each phase is designed to be executed as part of a long-term goal of continually increasing quality and productivity. Jablonski's approach is one of many that has been applied to achieve TQM, but contains the key elements commonly associated with other popular total quality systems.

➤   **Preparation**

During preparation, management decides whether or not to pursue a TQM program. They undergo initial training, identify needs for outside consultants, develop a specific vision and goals, draft a corporate policy, commit the necessary resources, and communicate the goals throughout the organization.

➤   **Planning**

In the planning stage, a detailed plan of implementation is drafted (including budget and schedule), the infrastructure that will support the program is established, and the resources necessary to begin the plan are earmarked and secured.

➤   **Assessment**

This stage emphasizes a thorough self-assessment-with input from customers/clients-of the qualities and characteristics of

individuals in the company, as well as the company as a whole.

➢ **Implementation**

At this point, the organization can already begin to determine its return on its investment in TQM. It is during this phase that support personnel are chosen and trained, and managers and the work force are trained. Training entails raising workers' awareness of exactly what TQM involves and how it can help them and the company. It also explains each worker's role in the program and explains what is expected of all the workers.

➢ **Diversification**

In this stage, managers utilize their TQM experiences and successes to bring groups outside the organization (suppliers, distributors, and other companies have impact the business's overall health) into the quality process. Diversification activities include training, rewarding, supporting, and partnering with groups that are embraced by the organization's TQM initiatives.

Q5. Discuss briefly about Edward Deming 14 Principles of total quality management.

Ans :

Deming is the best known quality expert in the world. His 14 points provide a theory for Management to improve quality, productivity and competitive position. He has authored a number of books including out of the crises and quality, productivity and competitive position as well as 161 scholarly studies.

Dr W. Edward Deming's 14 Principles

1. **Constancy of Purpose**

Create constancy of purpose for continual improvement of products and service to society, allocating resources to provide for long range needs rather than only short term profitability, with a plan to become competitive, to stay in business, and to provide jobs.

2. **The New Philosophy**

Adopt the new philosophy. We are in a new economic age, created in Japan. We can no longer live with commonly accepted levels of delays, mistakes, defective materials and defective workmanship. Transformation of Western management style is necessary to halt the continued decline of business and industry.

3. **Cease Dependence on Mass Inspection**

Eliminate the need for mass inspection as the way of life to achieve quality by building quality into the product in the first place. Require statistical evidence of built in quality in both manufacturing and purchasing functions.

4. **End Lowest Tender Contracts**

End the practice of awarding business solely on the basis of price tag. Instead require meaningful measures of quality along with price. Reduce the number of suppliers for the same item by eliminating those that do not qualify with statistical and other evidence of quality. The aim is to minimize total cost, not merely initial cost, by minimizing variation. This may be achieved by moving toward a single supplier for any one item, on a long term relationship of loyalty and trust. Purchasing managers have a new job, and must learn it.

5. **Improve Every Process**

Improve constantly and forever every process for planning, production, and service. Search continually for problems in order to improve every activity in the company, to improve quality and productivity, and thus to constantly decrease costs. Institute innovation and constant improvement of product, service, and process. It is management's job to work continually on the system (design, incoming materials, maintenance, improvement of machines, supervision, training, retraining).

6.   **Institute Training on the Job**

Institute modern methods of training on the job for all, including management, to make better use of every employee. New skills are required to keep up with changes in materials, methods, product and service design, machinery, techniques, and service.

7.   **Institute Leadership**

Adopt and institute leadership aimed at helping people do a better job. The responsibility of managers and supervisors must be changed from sheer numbers to quality. Improvement of quality will automatically improve productivity. Management must ensure that immediate action is taken on reports of inherited defects, maintenance requirements, poor tools, fuzzy operational definitions, and all conditions detrimental to quality.

8.   **Drive out Fear**

Encourage effective two way communication and other means to drive out fear throughout the organization so that everybody may work effectively and more productively for the company.

9.   **Break Down Barriers**

Break down barriers between departments and staff areas. People in different areas, such as Leasing, Maintenance, Administration, must work in teams to tackle problems that may be encountered with products or service.

10.   **Eliminate Exhortations**

Eliminate the use of slogans, posters and exhortations for the work force, demanding Zero Defects and new levels of productivity, without providing methods. Such exhortations only create adversarial relationships; the bulk of the causes of low quality and low productivity belong to the system, and thus lie beyond the power of the work force.

11.   **Eliminate Arbitrary Numerical Targets**

Eliminate work standards that prescribe quotas for the work force and numerical goals for people in management. Substitute aids and helpful leadership in order to achieve continual improvement of quality and productivity.

12.   **Permit Pride of Workmanship**

Remove the barriers that rob hourly workers, and people in management, of their right to pride of workmanship. This implies, among other things, abolition of the annual merit rating (appraisal of performance) and of Management by Objective. Again, the responsibility of managers, supervisors, foremen must be changed from sheer numbers to quality.

13.   **Encourage Education**

Institute a vigorous program of education, and encourage self improvement for everyone. What an organization needs is not just good people; it needs people that are improving with education. Advances in competitive position will have their roots in knowledge.

14.   **Top Management Commitment and Action**

Clearly define top management's permanent commitment to ever improving quality and productivity, and their obligation to implement all of these principles. Indeed, it is not enough that top management commit themselves for life to quality and productivity. They must know what it is that they are committed to-that is, what they must do. Create a structure in top management that will push every day on the preceding 13 Points, and take action in order to accomplish the transformation. Support is not enough: action is required.

5.3 TECHNOLOGY MANAGEMENT

Q6. What do you understand by technology management.

Ans :

Technology is a Greek word derived from the synthesis of two words 'techne' means art and 'logos' means logic or science. Technology means the art of logic or the art of scientific discipline. Technology encompasses both tangible products, such as the computer, and knowledge about processes and methods, such as the technology of mass production introduced by Henry Ford and others. Technology draws heavily on scientific advances and the understanding gained through research and development. It then leverages this information to improve both the performance and overall usefulness of products, systems, and services.

Definitions of Technology

According to Everett M. Rogers as "a design for instrumental action that reduces the uncertainty in the cause-effect relationships involved in achieving a desired outcome".

According to Paap technology as "the use of science based knowledge to meet a need." According to Bigwood "perfectly describes the concept of technology as a bridge between science and new products."

Technology has a wide range of potential effects on management:

1. Operation Cost Reduced

For example, Dell Computer Corporation used technology to lower manufacturing and administrative costs, enabling the company to sell computers cheaper than most other vendors.

2. New Product and New Market Creation

For example, Sony Corporation pioneered the technology of miniaturization to create a whole new class of portable consumer electronics such as radios, cassette tape recorders and CD players.

3. Adaptation to Changes in Scale and Format

In the early part of the twenty- first century, companies addressed how small devices such as cell phones, personal digital assistants (PDAs), and MP3 players could practically become, as well as how each product could support various features and functions. For example, cell phones began to support email, web browsing, text messaging, and even picture taking as well as phone calls.

4. Improved Customer Service

The sophisticated package-tracking system developed by Federal Express enables that company to locate a shipment while in transit and report its status to the customer. With the development of the World Wide Web, customers can find the location of their shipments without even talking to a Federal Express employee.

Q7. Discuss the role of technology in management of an organization.

Ans :   (Dec.-17)

1. Technology Creation

This phase involves creation and generation of new technologies. This phase involves following activities :

a) Creativity and Invention.

b) Innovation.

c) Senior management commitment to technology creation and generation.

d) Developing requisite & supportive corporate culture for promoting technology creation and generation.

2. Technology Monitoring

This phase calls for monitoring technology trends and changes before implementing new technology. It involves following activities:

a) Installing and developing information systems for monitoring technological trends and changes.

b)   Competitive analysis to understand competitiveness provided by existing and prospective technologies.

c)   Customer and supplier interfaces to understand market and technological changes.

3.   Technology Assessment

This phase involves following activities :

a)   Understanding directions of markets in terms of technology.

b)   Integration of technology and business planning.

c)   Customer interfaces to assess the commercial feasibility of prospective technologies.

d)   Assessing contributions of technology projects to business strategy.

4.   Technology Transfer

This phase leads to transfer of technology from external source to own Research and Development (R & D) and internally from R & D to production. This phase involves following activities :

a)   Entering strategic alliances to develop or acquire potential technologies.

b)   Using product design teams for reaping benefits of planned technological change.

c)   Reducing functional barriers to technology transfer.

d)   Utilizing people links for successful technology transfer i.e. involving people across the organization.

5.   Technology Acceptance

This phase calls for acceptance of technology as a beneficial change and involves following activities :

(i)   Supportive organizational design and structures.

(ii)   Supportive corporate culture.

(iii)   Senior management commitment.

(iv)   Assessment of impacts of technological change on orgnanization, enhancing benefits, reducing adverse effects, smoothening barriers / hurdles in the change.

6.   Technology Utilization

This phase involves following activities:

a)   Effective project management for seeking maximum utilization.

b)   Process technologies to support and facilitate maximum utilization.

c)   Supportive marketing strategies, efforts and utilizing feedback for improvement. This phase leads to technology growth as reflected by increase in sales.

7.   Technology Maturity

This phase involves analyzing maturity of existing technology and its related products / services / processes through study of following indicators:

a)   Efficiency vs. effectiveness contributed by the current technologies in attaining organizational goals.

b)   Market stability in terms of volumes / sales.

c)   Rise of substitutes in the marketplace.

d)   Diminished returns on investment.

e)   Decline of market share.

8.   Technology Decline

This is the last phase. During this phase a technology and its related products / services / process / applications show substantial / sharp decline in usage / applications / sales. Technology and its associated products or services become ordinary commodity. Technology degrades and becomes obsolete. This phase calls for movement to new technological opportunities.

5.4 TALENT AND KNOWLEDGE MANAGEMENT

Q8. Define

i) Talent Management

ii) Knowledge Management

Ans :   (Aug.-21, Imp.)

i) Talent Management

Talent management is the process of implementing a system to explicitly identify and recognize people who are a part of the talents pool. This process implies that there should be a clear differentiation among the people who can be put into the various categories of talent pool like category A for those people who have high talent level and outstanding performers. Category B for those people having moderate performance but have competency to excel, similarly category C and Category D can be formed as per the requirement of the organization.

Talent management and learning leaders need to have a broader perspective of what knowledge management is and what it can do. Need to be able to have meaningful discussions with the team and clients about how knowledge management strategies can augment the organization's learning strategy.

ii) Knowledge Management

Knowledge Management comprises a range of practices used by organizations to identify, create, represent, and distribute knowledge for reuse, awareness and learning. Knowledge Management programs attempt to manage the process of creation (or identification), accumulation and application of knowledge across an organization. Effective knowledge management is an unaviodable tool in the IT driven organizations to keep their workforce update conforming the latest IT trends.

Knowledge management uses a number of technologies and processes to assure that the right information is available when needed. Identifying the right content, organizing it

logically, keeping it relevant and up-to-date (content curation), making it easily available and evaluating its impact are all part of knowledge management.

Q9. Explain the Importance of Talent Management.

Ans :

The nature of talent management deals with the flow of talent throughout an organization to gain competitive edge over the rivals.

(i) Talent management is a strategic process that is engaged in ensuring the supply of talent in form of right people placed in right jobs at right time in order to accomplish the strategic objectives of a firm.

(ii) It is an integrated approach that facilitates a firm to gain competitive advantage through the strategic management of competent and talented workforce.

(iii) Talent management believes that talent can add value to the organization and will results in the success of both individual and organization as well.

(iv) Talent management is a reciprocal approach that contributes the success of both individuals and organization in long run.

(v) It is a change oriented approach that leads to an effective organizational change.

(vi) It provide a framework to integrate the business strategies with the human resource strategy of the firm.

(vii) It is a collaborative approach that involves shared accountability and responsibility among the workforce of the firm.

(viii) It also integrates the HR initiatives of a firm.

Q10. Explain the Scope of Talent Management.

Ans :

Talent management has a very vast and wide scope. It is concerned with activities starting from identification of target jobs and also resolves the issues and reduces the risks associated with it. According the scope of Talent Management (TM) includes.

(a) Target Jobs

Talent management emphasizes more on identification of type of jobs that are to be fulfilled in an organization. Most commonly talent management considers the executive and CEO jobs. In some other organizations the target jobs include senior management jobs, middle level management jobs and key leadership positions. All the above mentioned jobs constitute only a small proportion of total human resources of an organization. Thus, it will be more beneficial to a firm if it is applied for the other jobs.

(b) High-potential Individuals

The efforts of talent management vary from one organization to other. Some use talent management to acquire, develop and retain only high potential individuals than others. Whereas, some others use TM efforts for only a part of workforce that are classified under top 10% and some others focus on the whole workforce.

(c) Competency Models

Competency models represent the Key Skills, knowledge and Abilities (KSA's) required to perform different jobs of an organization. Based on these models an employer can plan their talent management efforts. These models help a recruiter to recognize the gap between the competencies required and that are possessed by the employees and to take proper measures to bridge them. Most of the companies use the competency models libraries for the jobs such as executives, managers, supervisors, sales personnel and others.

(d) Talent Pools

Talent pools consist of a group of talented people which helps an employer to recruit the people from the pools for specified jobs in their organization. This avoids the development of specialized jobs, just-in-time training and coaching is one of the best approach to make talent pools.

(e) Career Tracks

Talent management focus on the career tracks which provide a series of steps that one should follow in order to attain the next highest position in their organization.

Example

A sales manager might have performed the different functions such as customer sales, supervising, other positions before reaching the position of sales manager.

(f) Assessment

Talent management also include evaluation of the personnel to determine their potential/ caliber to perform the job by using a series of tests. The tests include IQ tests, aptitude, personality and other tests.

(g) Development Risk Sharing

Development of talent flow in an organization is associated with risks such as the loss of trained/ skilled employees after imparting training and development. An organization can avoid this risk by using different programs such as volunteer projects with non-profit organization, acquire promising employee volunteers, conduct executive programs on weekends etc. The risk has to be shared with the employees in order to minimize the adverse effects of the risk.

Q11. Outline the Process of Talent Management.

Ans :   *(Aug.-21)*

The process of talent management consists of number of interrelated activities. The business strategy initiates the process of talent management by specifying the talent pool that is necessary for the organization. The main objective of talent management is to develop and maintain an adequate and efficient talent pool or talent management pipeline. The activities in the process of talent management include,

(i) Resourcing

In this process, the firm has to determine the adequate human resource requirements and need to source them from both external and

internal sources. Internal sources include training and development of talented people of the organization. External resources can be used through attraction policies.

(ii) Attraction and Retention Policies

These polices ensure the attraction and retention of the talented employees with the organization. Attraction policies are meant to source HR externally i.e., recruiting and selecting the personnel from the outside environment. Retention policies are meant to keep the talented people within the organization. These policies will result in the creation and management of talent throughout the organization.

(iii) Talent Audit

It is a process of recognition of highly talented and calibered employees and offering them a way to creep up their career through career planning and development by imparting training and learning programs to train them in handling the key leadership position in the organization. It helps a HR manager to identify the risks and the great need for employee retention.

(iv) Role Design

The process of talent management requires the design of roles and responsibilities of the people involved to empower and motivate them. Role design ensures the employees with an assistance to grab the available opportunities and to develop in their positions through learning and training.

(v) Talent Relationship Management

The process of building harmonious relations between the employees that are engaged in their roles and the organization is called talent relationship management. It aimed to create favourable working conditions for the employees to provide fair and equal treatment, provide opportunities to them based on their value and contribution in order to develop them. It is meant to develop a commitment in the employees towards the organization success. According to sears it is beneficial to maintain the existing relations instead of creating new relationships.

(vi) Performance Management

The activities include in performance management process include building harmonious relations between personnel and organization identify the caliber and talent of the employees based on their performance, conducting training and development programs in order to encourage their growth and talent. In this process, line managers need to evaluate the risk associated with it when the employees left the organization. Performance management should be reviewed and redesigned periodically in order to motivate the employees through providing positive feedback, value recognition and rewarding their performance.

(vii) Learning and Development Programmes

These programmes facilitate the employees to develop their skills and competencies required to perform most responsible jobs in future. These policies should be designed by considering employee success profile.

(viii) Management Succession Planning

This process helps an organization to maintain the management sources that are required to meet the business needs in future.

(ix) Career Management

Career management is the process of providing various approaches to the employees to enhance and strengthen their abilities and competencies to make a bright career in the future. It fulfills the talent flow of organization and also their own career objectives.

Q12. What is need of talent and knowledge management in an organization.

Ans :   (June-18)

Talent management can be a discipline as big as the HR function itself or a small bunch of initiatives aimed at people and organization development. Different organizations utilize talent management for their benefits. This is as per the size of the organization and their belief in the practice.

It could just include a simple interview of all employees conducted yearly, discussing their

strengths and developmental needs. This could be utilized for mapping people against the future initiatives of the company and for succession planning. The benefits are:

➢ **Right Person in the right Job :**

Through a proper ascertainment of people skills and strengths, people decisions gain a strategic agenda. The skill or competency mapping allows you to take stock of skill inventories lying with the organization. This is especially important both from the perspective of the organization as well as the employee because the right person is deployed in the right position and employee productivity is increased. Also since there is a better alignment between an individual's interests and his job profile the job satisfaction is increased.

➢ **Retaining the top talent :**

Despite changes in the global economy, attrition remains a major concern of organizations. Retaining top talent is important to leadership and growth in the market place. Organizations that fail to retain their top talent are at the risk of losing out to.

➢ **Competitors** :

The focus is now on charting employee retention programs and strategies to recruit, develop, retain and engage quality people. Employee growth in a career has to be taken care of, while succession planning is being performed those who are on the radar need to be kept in loop so that they know their performance is being rewarded.

➢ **Better Hiring :**

The quality of an organization is the quality of workforce it possesses. The best way to have talent at the top is have talent at the bottom. No wonder then talent management programs and trainings, hiring assessments have become an integral aspect of HR processes nowadays.

➢ **Understanding Employees Better :**

Employee assessments give deep insights to the management about their employees. Their development needs, career aspirations, strengths and weaknesses, abilities, likes and dislikes. It is easier therefore to determine what motivates whom and this helps a lot Job enrichment process.

➢ **Better professional development decisions:**

When an organization gets to know who its high potential is, it becomes easier to invest in their professional development. Since development calls for investment decisions towards learning, training and development of the individual either for growth, succession planning, performance management etc., an organization remains bothered where to make this investment and talent management just make this easier for them.

Apart from this having a strong talent management culture also determines how organization rate their organizations as work places. In addition if employees are positive about the talent management practices of the organization, they are more likely to have confidence in the future of their organization. The resultant is a workforce that is more committed and engaged determined to outperform their competitors and ensure a leadership position in the market for their organization.

5.5 LEADERSHIP

Q13. Define Leadership. What are the characteristics of leadership?

Ans :

Leadership is a Process of Influence on a People or organization towards the accomplishments of target (Goals). In a Simple word the action of leading a group of people or an organization is a Leadership. it is the ability of a leader to induce Subordinates to work with confidence and zeal.

Leadership changes potential into Realty. Leadership one of the means of direction and represents that part of the manager's activities by which he guides and influences the behaviors of a subordinate and the group towards some specified goals.

Definitions of Leadership

(i) **According to Keith Davis.** "Leadership is the human factor which binds a group together and Motivates Towards the Particulars goals."

(ii) **According to Koontz and O' Donnell,** "Leadership may be defined as the ability to exert interpersonal influence by means of communication toward the achievement of a goal."

(iii) **According to George R. Terry,** "Leadership is the ability of influencing people to strive willingly for mutual objectives."

(iv) **According to Franklin G. Moore,** "Leadership is the ability to make men act the way the leader wants."

In conclusion, it can be said that leadership is that ability of an individual on the basis of which, in special circumstances, through the medium of communication, guides the employees by impressing them with his conduct in such a manner that they, without any pressure, automatically start working at their full capacity for the attainment of the objectives of the enterprise.

Characteristics of Leadership

After analyzing the definitions of leadership, the following major characteristics become quite apparent:

1. **Followers**

The first requirement of leadership is the presence of followers without whom leadership cannot be thought of. Without followers, leader himself has no existence. Therefore, it is important that leader should have followers (or the employees) to work with.

2. **Personal Ability**

Leadership depends on the ability of a particular individual. For example, the degree of the success of a manager will be in proportion to his qualities of leadership. Different scholars have different opinions about the ability of an individual with reference to leadership. According to one opinion this ability is inborn, while according to the other view this ability can be acquired. Still the third opinion holds the view that leaders are born as well as made.

3. **Influencing Process**

Leadership is a process of influencing people. It means taking other people under one's influence. Under leadership a leader behaves with his followers in such a manner that they come under his influence effortlessly and they start working in accordance with his wishes.

4. **No Need of Coercion**

It is an important characteristic of leadership that it does not require coercion. A manager so impresses the employees with his behaviour that they willingly start working. Leadership does not mean getting work out of the employees under coercion.

5. **Full Capability Utilization**

It is clear that ordinarily an individual does not work at his full capacity. He needs to be encouraged to do so and this is possible only under leadership .Thus, it is a characteristic of leadership that the followers start working at their full capacity.

6. **Ideal Conduct**

It is important for leadership that a leader should have an ideal conduct. He should not only be delivering lectures to others but should behave in a manner that he expects from others. For example, if a manager tells his employees to be punctual in coming to their work but himself always arrives late at office, he cannot be a successful leader.

7. **Leadership is a Continuing Process**

Leadership is a continuous process. In other words, the job of a leader does not end by explaining the objectives of the organization to his followers but they have to be regularly guided. Therefore, it can be said that leadership is a dynamic process.

8.   Leadership is a Part of Management but not all of it

Generally, management and leadership are thought to be synonyms, but it is a wrong idea. Under management, we include planning, establishing the organizational structure for the implementation of planning, appointing competent persons on different posts in the organizational structure, and exercising control over them. All these functions require a manager but he cannot successfully perform these functions if he does not know how to lead or get work done through other people. The reality is that a leader is not appointed separately but a manager has to take the burden of leadership while performing his managerial functions.

9.   Leadership is ever a new Process

Normally the nature of work, the efficiency of people, enthusiasm for work and level of competition continue changing. In this way new problems daily confront the leader in the changing situations. To face these problems the leader has to find out new techniques of leadership so that he continues motivating his followers as usual so that they can successfully achieve the objectives. It is, therefore, said that leadership is always a new process.

10.   Leadership is something a person does, not something he has

Leadership is associated not with the name of a person or his position but with his works. In other words, leadership is recognized from the way how successfully a person influences his followers. For example, a person holding a high post can lack the qualities of leadership, while another person on a low level post can be a leader because of his really good behaviour. In other words, the presence of the qualities of leadership in an individual does not depend on his bookish knowledge but on his practical knowledge.

11   Leadership transforms Potential into Reality

Leadership is that power which brings to light the latent abilities with the help of one's

conduct. Generally, some employees cannot estimate their capabilities. There is a mental limit of their work which tells them that they cannot do any more than this but in reality it is not so. An efficient leader brings out their hidden capability by motivation. Thus, the objectives which appear to be imaginary are converted into reality.

12.   Leaders exist because of the need of the people to follow some one

If the human nature has a tendency to work, there will be no need to have a leader but the reality is not so. Mostly the employees shirk work so long as they do not get clear orders and directions. Leadership fulfils such needs of the people. Leadership strikes an understanding between the available business environment and the feelings of the employees. They are motivated in such a manner that they start using their utmost capacity most enthusiastically in the available situations.

Q14. What are the Functions of Leadership

Ans :

1.   Setting the Target

At first of the function of leadership is to determine the target. On the basis of the policies of the organization. In fact a leader provides guidance to group of the people by setting goals. In the any business Organization a leader has an accountability to decide about the target. And after that the target which is decided by the leader is implemented by a group of the people. Who are working in the organization. On the whole it is clear that a leader provides guidance to the group of the people by setting the target. It is an essential function of a leader.

2.   To strive towards the goal

The another function of a leadership ostensibly to accomplish the organizational goal. Which is decided by himself. In fact a leader has an responsibility to strive the Whole activities & events towards the goal. As we know that the main objective or goals of a leader is to earn more and more Profit. But

to earn more & more profit it is very essential that all the activities & events must be concerned with the Organizational goal. But its may be possible when a leader is to do the all activities towards the goal. Hence, it is clear that the function of a leader is to strive the whole activities towards the goal.

3. Policy Maker

It is a Very Vital Function of a Leader. The Policy of the any organization is made by a leader. In fact a leader has a responsibility to determine the policies of the Organization. Because all the activities of the organization is done on the basic of the Policies of the Organization. Hence, It is very essential that the Policies of the Organization must be in the favor of organization. On the other side. If the Policies of the organization is not in the favour of the organization then such kind of Organization can't survive a long time. It is the duty of a leader is to make a policy of the organization. Which is in the favour of him. On the whole it is Clear that as a policy maker it is an essential function of a leader.

3 Motivation

One of the most essential function of a leader is Motivation. How to motivate a group of the people who are working in the organization for the Purpose of accomplishing organizational goal. In fact Motivation is an important weapon of a leader by which he can establish unity & coordination amongst the group of people. Who are working in the organization for the purpose of getting things done. So that it is clear that motivation must be required in the organization to do the various activities in the proper direction. On the other hand in the absence of a motivation tool a leader can't do any activity in the proper direction. Hence, it is Clear that motivation is one of the must important function of a leader.

4 To determine different activities

In the context of the functions of a leader the determination of different activities is an important function. As we know that is any business organization there different types of activities is done by the different types of the

peoples. It is the liability of leader to determine the different activities & to divide the activities amongst the employees on the basis of their ability. In the absence of such function an organization can't achieve his own Objective in the proper way. On the whole it is clear that by dint of this function a leader can achieve his goal very smoothly.

5. To bring Economy in Operations

By the process of leadership a leader can bring the economy in various operations. Which is done in the Organization. As we know that under the organization there are different types of operations & activities is done by different types of the employees Hence, it is the duty of a leader to bring economy in all operations of the organization by dint of their own ability. So that it is that to bring economy on operations leadership functions is required.

Q15. Explain different types of leaders ?

Ans :

Generally 6 types of leaders are found in different spheres of life. The main kinds of leaders are as follow:

1. Formal leader

A formal leader is selected by the organization. E.g. In the ordination a manager is a formal leader by virtue of the authority coming from the organization. A manager influences others to help accomplish the goals of the organization. Such a Leadership lasts over a long of time.

2. Informal Leader

An informal leader is chosen by the group. Thus all managers are leaders if their authority is accepted, but not all leaders are managers. Informal Leadership is leadership without position and may shift from one person to another. It may last for a short time. Most people are leaders at one time or the other and they may have influence on others as defined by the concept of leadership itself.

3.   Democratic Leader

Democratic leader is one of who perform according to the wishes of his followers. He performs what his followers or majority wants. Democratic Leader is concerned with the interest of followers and subordinates, majority.

4.   Intellectual Leader

In the organization, intellectual leaders are those who win the confidence of their followers by their superior knowledge. In most of the organizations there are a few experts whose advice is Sought on all matters is which they are experts. Intellectual Leader may be a production expert, a marketing expert or purchase expert.

5.   Autocratic Leader

An autocratic leader is one who dominates and drives his followers through coercion. An autocratic leader Loves power and loves to use it in promoting his own ends.

6.   Creative Leader

A Creative leader controls through united and voluntary activities by the members of his group directed by him towards specific goals which are satisfactory to all. A creative leader draw Out the best in his followers without exerting an undue personal influence on the peoples.

Q16. What are the Essential of Successful Leadership?

Ans :   (Dec.-18, Imp.)

The following are qualities for successful leadership :

1.   Ability to Motivate

Leadership means motivating the followers to follow the leader. It shows that it is important to have the ability to motivate in order to make the meaning of leadership meaningful or purposeful. The leader should know the different methods of motivation so that the employees can be motivated according to their nature.

2.   Ability to Communicate

The chief function of a leader is to have communication with the employees and other individuals regarding various information, orders, thoughts, etc. This job should be performed in a simple language keeping in view the ability of the person receiving communication so that the receiver takes the communication in the same spirit in which it is conveyed. The effect and its quickness will depend on the amount of communication skill of the person concerned.

3.   Quick Decision-making Power

A leader has to face many new difficulties. In order to handle these problems successfully, he should have substantial decision-making power. If the decisions are taken quickly, the leadership gets an extra shine. Quick decision-making power presents no hurdle in any work and makes the right work possible at the right time. In its absence the leader and the entire organization look weak, works get delayed unnecessarily, the consumers get dissatisfied and finally, the reputation of the enterprise suffers.

4.   Integrity

It is important that a leader should be a man of integrity. It means that the style of his functioning should depend on goodwill, truth, morality and be free from deceit. A leader is a link between the owner and the employees. Therefore, he should be faithful to both. For example, the owner should be informed before hand about any possible loss and the employees should not be fed on false promises.

5.   Full of Courage

A leader should be courageous. Courage here means that whatever he feels should be strongly implemented. In other words, the leader should fearlessly stick to the decision once taken. A courageous leader never wavers on the path of truth and never falls a pray to the feelings of his opponents. This quality of a leader affects the people working with him and they also become quick in their work performance.

6. Self-confidence

It is important to have self-confidence in order to win over his followers completely. Self-confidence should depend on the leader's own knowledge. For example, a leader takes a decision about some work and he himself is not satisfied with his own decision. It means that he lacks self-confidence and, therefore, the decision cannot be successfully implemented. Self-confidence generates courage in an individual. Thus, a manager can provide successful leadership only when he possesses self-confidence.

7. Flexibility of Mind

It is important that a leader should not be a follower of a beaten track which means that he should not implement old ideas. He should change his ideas according to new technology and economic changes.

8. Ability to Understand the Feelings of Others

A leader should have the ability to understand the feelings and interests of his followers. So long as he does not understand the expectations of his followers, there is no possibility of his being successful. For example, if some employee gives some suggestion to the leader which the latter ignores, it injures the feelings of the employee which directly affects his work performance.

9. Sense of Responsibility

A good leader should possess the sense of responsibility. According to Bernard, "Responsibility means that emotional situation, when he has failed to discharge some moral obligation, and which gives him a sharp sense of dissatisfaction." Thus, every individual should avoid such dissatisfaction. Hence, the only way to avoid this is to work sincerely for the realization of those objectives for which he has been appointed in the enterprise.

10. Tolerance

Tolerance means acting with patience in the face of difficulties. If patience is not exercised at the time of difficulties, the decisions taken are likely to be wrong and it will result in failure. On the other hand, if the decision is taken after realizing the situation and thinking over it, success is certain to follow. A man of tolerance alone can guide his followers properly. Therefore, along with other qualities a leader should have this virtue also.

11. Alertness

Decisions taken in a hurry adversely affect activities. Therefore, when a decision is being implemented one should be aware of its consequences. Prompt decision may be essential but it can be fatal also. It is thus obvious that a leader who is aware of the future situations and remains in touch with them, will be successful. He should also be conscious of the fact that the employees are not planning against him.

12. Technical Ability

Technical ability means that ability which he utilizes in his work performance in the form of his knowledge, methods and techniques. This ability is acquired through experience, education and training.

13. Psychological Expert

A leader is connected with a human group. All the persons working in a human group belong to different religions, castes and tastes. It is not an easy job for an ordinary person to understand all these persons. It requires a psychological expert who can understand their feelings correctly. If a leader possesses this quality, he can immediately understand the feelings of his followers simply by looking at their faces. Hence, a leader should also be a psychological expert.

14. Human Ability

A leader has a direct contact with the active source of production (human group) with whose help the passive sources like capital, land, machinery, material, etc., are utilized. A leader is himself a human being and he gets work performance from other human beings. Therefore, they should be treated as human beings rather than anything else. If, however, the manager feels that he has

bought these persons by giving them jobs, and, therefore, he can treat them the way he likes, it would be absolutely a wrong approach. In order to get work out of the employees they have to be provided non-economic facilities along with economic facilities. Therefore, human ability is a very important quality of successful leadership.

15. **Physical and Mental Fitness**

   Physical and mental fitness is the last quality that leadership should possess. It is an established fact that a healthy mind exists in a healthy body. On this very basis it can be said that a leader should be physically fit so that he can exercise a positive influence on his followers. Mental health means that he should be a clear headed person, in other words, he should understand the point of view of others quickly and make his point of view understandable to others in a simple manner.

   After studying the above mentioned facts we can conclude that to be able to provide leadership, a leader should possess not a single quality but a host of them.

Q17. Explain different Types of Leadership Styles.

Ans :

   The behavioral pattern that a leader adopts to direct the behaviour of members in an enterprise for achieving the organization goals is known as the style of leadership. Among the different leadership styles, the following are the important leadership styles:

1. **Compromiser Style**

   The compromiser gives a great deal of concern to both the task and the people irrespective of the situations which demands any one. He is a poor decision maker.

2. **Missionary Style**

   Missionary is a person who gives maximum concern to the people and minimum concern to the task, he is do better who values harmony as end in itself. The main weakness is his low concern for task.

3. **Autocratic Style**

   It is also called as Authoritarian leader. This leader is one who centralizes the decision making power in himself and gives orders to his employees and also insist that they should be obeyed. He decides polices for the group determined by him. He does not delegate authority and runs the whole show himself. He expects the employees to obey him blindly and has no regard for them and does not like to seek their suggestions or advice. Such leadership is negative because the followers are uninformed, insecure and afraid of leaders' authority.

4. **Deserter Style**

   Deserter gives no importance either to the people or the task. He is least involved in the affairs of the group and hence passive in his approach. All the above leadership styles can't be called as effective because an effective leader is expected to give maximum concern to his people, task and the situation in which he is placed. One can't be passive approach may benefit in certain situations. A leader should be aware when to be active or passive as the situation demands.

5. **Executive Style**

   A good executive leader has concern for both the task and the people depending on the situation. Such mangers are good motivators who set high standards, recognize individual differences and emphasize team building.

6. **Developer Style**

   Developer has implicit faith in his people and he is highly concerned with developing them obviously he gives priority to the above and in the process task seems to be pushed behind. However it is good to develop people in the objective of completing the task efficiently. This is because no effective leader can afford to neglect the task.

7. **Bureaucratic Style**

   This style of leadership has no concern for people or for the task. They are more worried about the rules and regulations. Of course

they would be able to control with the help of rules and regulations. This type of leadership is widely popular in the government and public sector leadership.

8. Participative or Democratic Style

A participative type of leader has a great concern for his group. He actively participates in all the activities, decisions etc., and get opinion from the group people, shares ideas with them while setting up the objectives for the group.

9. Free Rein Style

Here the leader entrusts the decision making authority to his subordinates. He does not direct and hardly makes any contribution to the overall effort. He avoids using power and leaves it to his subordinates to establish the goals and work out the plan to attain the goals. The manger usually contacts the outside sources and brings information and material, which the members of the group require to perform their job. This style of leadership is adopted only if the subordinates have a sincere desire to discharge their responsibilities and are highly competent and duty conscious and motivated to do the job even without any direction by the manger. Such instances of course, either do not exist or are found to be rate. Hence this style is used very rarely in business concern.

Q18. What are the Theories of Leadership.

Ans :   (Dec.-19, Imp.)

1. "Great Man" Theories (1840's)

Assume that the capacity for leadership is inherent - that great leaders are born, not made. These theories often portray great leaders as heroic, mythic and destined to rise to leadership when needed. The term "Great Man" was used because, at the time, leadership was thought of primarily as a male quality, especially in terms of military leadership.

2. Trait Theory of Leadership (1940's)

The trait model of leadership is based on the characteristics of many leaders - both successful and unsuccessful and is used to predict leadership effectiveness. The resulting lists of traits are then compared to those of potential leaders to assess their likelihood of success or failure. Scholars taking the trait approach attempted to identify physiological (appearance, height and weight), demographic (age, education and socioeconomic background), personality, self-confidence, and aggressiveness), intellective (intelligence, decisiveness, judgment, and knowledge), task-related (achievement drive, initiative and persistence) and social characteristics (sociability and cooperativeness) with leader emergence and leader effectiveness.

Successful leaders definitely have interests, abilities, and personality traits that are different from those of the less effective leaders. Through many researchers conducted in the last three decades of the 20th century, a set of core traits of successful leaders have been identified. These traits are not responsible solely to identify whether a person will be a successful leader or not, but they are essentially seen as preconditions that endow people with leadership potential.

3. Contingency Theories

Contingency theories of leadership focus on particular variables related to the environment that might determine which particular style of leadership is best suited for the situation. According to this theory, no leadership style is best in all situations. Success depends upon a number of variables, including the leadership style, qualities of the followers and aspects of the situation.

4. Situational Theories

Situational theories propose that leaders choose the best course of action based upon situational variables. Different styles of leadership may be more appropriate for certain types of decision-making.

5. Behavioral Theories

Behavioural theories of leadership are based upon the belief that great leaders are made, not born. Rooted in behaviourism, this leadership theory focuses on the actions of

leaders not on mental qualities or internal states. According to this theory, people can learn to become leaders through teaching and observation.

6. **Participative Theories**

Participative leadership theories suggest that the ideal leadership style is one that takes the input of others into account. These leaders encourage participation and contributions from group members and help group members feel more relevant and committed to the decision-making process. In participative theories, however, the leader retains the right to allow the input of others.

7. **Management Theories**

Management theories also known as transactional theories, focus on the role of supervision, organization and group performance. These theories base leadership on a system of rewards and punishments. Managerial theories are often used in business; when employees are successful, they are rewarded; when they fail, they are reprimanded or punished. Learn more about theories of transactional leadership.

8. **Relationship Theories**

Relationship theories, also known as transformational theories, focus upon the connections formed between leaders and followers. Transformational leaders motivate and inspire people by helping group members see the importance and higher good of the task. These leaders are focused on the performance of group members, but also want each person to fulfill his or her potential. Leaders with this style often have high ethical and moral standards.

9. **Transactional leadership Theories (1970's)**

Transactional theories, also known as exchange theories of leadership, are characterized by a transaction made between the leader and the followers. In fact, the theory values a positive and mutually beneficial relationship.

For the transactional theories to be effective and as a result have motivational value, the leader must find a means to align to adequately reward (or punish) his follower, for performing leader-assigned task. In other words, transactional leaders are most efficient when they develop a mutual reinforcing environment, for which the individual and the organizational goals are in sync.

The transactional theorists state that humans in general are seeking to maximize pleasurable experiences and to diminish unpleasurable experiences. Thus, we are more likely to associate ourselves with individuals that add to our strengths.

10. **Transformational Leadership Theories (1970s)**

The Transformational Leadership theory states that this process is by which a person interacts with others and is able to create a solid relationship that results in a high percentage of trust, that will later result in an increase of motivation, both intrinsic and extrinsic, in both leaders and followers.

The essence of transformational theories is that leaders transform their followers through their inspirational nature and charismatic personalities. Rules and regulations are flexible, guided by group norms. These attributes provide a sense of belonging for the followers as they can easily identify with the leader and its purpose.

5.6 Organizational Change and Development

5.6.1 Organizational Change

Q19. What do you understand by organizational change.

Ans :   **(Dec.-17, Imp.)**

The term 'organizational change' implies the creation of imbalances in the existing pattern of situation. When an organization operates and functions for a long time, an adjustment between its technical, human and structural set-up is established. It tends to approximate an equilibrium

in relation to its environment. In other words, organization members evolve a tentative set of relations with the environment. They have an adjustment with their job, working conditions, friends and colleagues etc. change requires individuals to make new adjustments. Hence the fear of adjustment gives rise to the problem of change and resistance to change. Individual comes in to danger. On the other hand, groups resist change where their existence is in danger or a total change in overall work environment is contemplated. Management of change may be defined as a conscious and concerted initiative by those who are in-charge of the destiny of the business undertaking or firm to keep a constant and intelligent watch over the behaviour of uncontrollable forces, to assess their impact and influence of the controllable forces and to evolve appropriate strategies and action programmes to maintain a dynamic equilibrium between the controllable and uncontrollable forces. The controllable forces are those forces about which sufficient information is available. Such forces can be managed easily. Uncontrollable forces are those about which not much is known. These forces exert a powerful influence on the behaviour of controllable forces and limit the scope of managerial action. Marilyn Ferguson has described four types of change in his "Aquarian conspiracy", which are -

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                          ┌─────────────────────────┐
                          │  Organizational Change   │
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        ┌──────────────┬──────────────┬──────────────┐
┌───────────────┐ ┌───────────────┐ ┌───────────────┐ ┌──────────────────┐
│ (a) Exceptional│ │(b) Paradigm Change│ │(c) Pendulum Change│ │(d) Incremental Change│
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│ (i) No Change Position│ │(ii) Constant Change│ │(iii) Productive Change│
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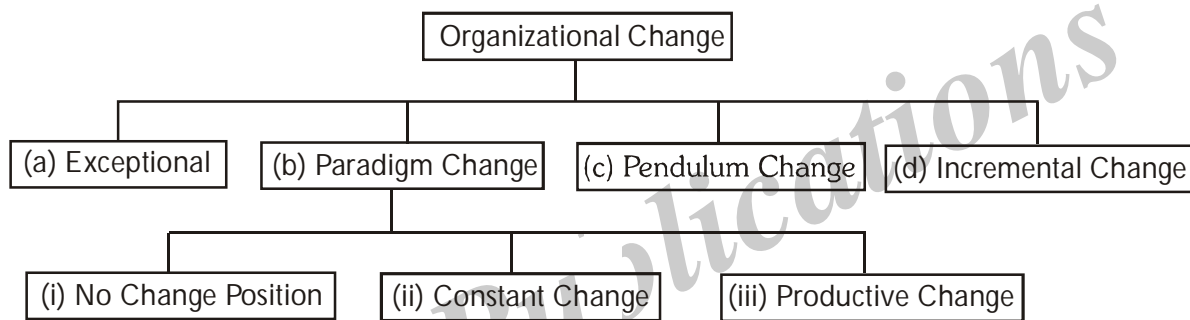
(a)   Exceptional Change

A particular change is accepted as an exception; there is no change in ongoing aspects. The existing beliefs are not changed but specific change is introduced separately, as an exception. In the R&D division of a large organization flexi-time was introduced as an exception - all other divisions were continuing the ongoing system.

(b)   Incremental Change

A gradual change, those who are affected do not experience it initially. Computerization in offices has been introduced as an incremental change in most of the organizations.

(c)   Pendulum Change

Change from one extreme point of view to the opposite - pendulum change. In a Company elaborate procedures of open tender was in practice for engaging Consultants; suddenly they decided to go for single tender on negotiation basis.

(d)   Paradigm Change

The new information about an event, object, behaviour, image is integrated and the 'picture shifts' or enlarges, emergence of a new belief - such a change is called paradigm change. A 'paradigm', in simple words may be understood as a cognitive model of-how things are or a standard for how things should be. For example, the consideration for the success of a PSU today in comparison to those m the seventies. Change also has been explained as a continuum - the two extremes.

(i) No Change Position :

The 'no change' position indicates the '0' condition of 'inertia' sticking to traditional view, valuing the past conservative thinking that 'new' is definitely bad. Any change or deviation from the past is perceived as a threat a threat to beliefs, habits, preferences, norms and prevailing order. An example is evolving a performance management system, constantly sticking to the previous method where boss does it alone. The major benefit from this position is 'stability', less efforts, comfort, less risk but it also brings no growth, boredom, dissatisfaction, conformity and stagnation.

(ii) Constant Change :

The extreme 'right' indicates the state of 'constant change' and presents a dynamic approach having a constant focus on future. It considers the 'new' as always good. Any change is seen as positive and resistance is seen as bad not moving with times and an opposition to the norms and values and progress. A restlessness for knowing what is new and adapting the same without our objective assessment of the strong and positive aspects of what is the past or the present, not even the existing capabilities. In order to convince or implement the changes not much regard to the affected people is given and effort to convince has much jargon and force and excitement. Some times, the focus on what is important and crucial is lost. This state provides energy, excitement and zeal to go ahead of the traditions.

(iii) Productive (pragmatic) Change :

Between the two extremes is another approach 'the Pragmatic approach' of change which is focused on the existing state (what is happening) and change seen as inevitable. The emphasis is on explaining the need for change and making a conscious choice without having a fascination for the past nor a compulsion for rapid change.

5.6.2 Organization Development (OD)

Q20. Define organization development. Explain nature and scope of OD.

Ans :

Organization development is a systematic process for applying behavioural science principles and practices in organizations to increase individual and organizational effectiveness.

OD is an organizational improvement strategy. In the late 1950s and early 1960s, it emerged out of insights from dynamics and from the theory and practice of planned change. Today the field offers an integrated frame work capable of solving most of the important problems confronting the human side of organizations.

Definitions of OD

Some early definitions organization development follows :

Organization development is an effort (1) planned (2) organization wide and (3) managed from the top to (4) increase organizational effectiveness and health through (5) planned interventions in the organization's process using behavioural science knowledge.

- Beckhard 1969

OD aim is (1) enhancing congruence between organizational structure, processes, strategy, people and culture (2) developing new and creative organizational solutions and (3) developing the organizations self renewing capacity.

OD is an organizational process for understanding and improving any and all substantive processes an organization may develop for performing any task and pursuing any objectives.

- Vaill 1989

OD is a systematic application of behavioural science knowledge to the planned development and reinforcement of organizational strategies, structures and processes for improving an organizations effectiveness.

- Cummings and Worley 1993

OD is a planned process of change in an organization's culture through the utilization of behavioural science technologies, research and theory.

- Burke 1994

Nature of OD

1.   Focus on Whole Organization

Organizational development focuses on a while organization or a major unit of it so that the environment in the whole organization tends to reinforce the employees to learn whatever the programme includes. It differs from the traditional training programme that emphasizes on a small group or a certain job.

2.   System Oriented

Organizational development is system oriented. It is concerned with the interactions of the various parts of the organization which affect each other. It stresses on inter group and interpersonal relationship. It is also concerned with the structure, process and the attitudes. Its main concern is how do all these parts work together jointly in the best interest of the organization.

3.   Action Research

Organization development is action research. It works with the actual working conditions existing on the job and has no consideration of artificial one. It is such a key characteristic that organizational development is sometimes defined as the organizational improvements through actional research.

4.   Problem Solving

Organization development is concerned with the problem solving. It seeks to solve the problems through practical experiences gained on the work and not merely through theoretical discussion as in a class room. These problems mainly occur at the time when working on the job hence the problems are real and interesting to them. Thus, it develops an attitude of problem solving among workers on the job.

5.   Group Process

Organizational development uses the group process rather than individual process. It makes sincere efforts to improve the group performance. There are group discussion, inter group conflicts, confrontation and team building. Sensible efforts are made to develop and improve interpersonal relations, open are made to develop and improve interpersonal relations, open communication channels, build trust and encourage responsiveness to others.

6.   Feedback

Organization development supports feedback to participants so that they may be able to collect the solid original data on which decisions are based. For this purpose participants may be divided into several groups according to the function. Each such group takes its own decision on the subjects referred to it and then, the decision is forwarded to the other group for feedback. Each group comes to know the impression of other groups about it and then groups meet together to thrash out any misunderstanding developed among them. In this way, decisions of each group are checked by other groups and the final decision is reached.

7.   Experimental Learning

Organizational development provides experimental learning just to help the participants learn new behaviour patterns through experience. People develop behaviour concepts through experience and no expert guidance is needed for this purpose.

8.   Contingency Oriented

Organizational development is situational and contingency oriented. As because people learn to develop their behavioural concepts through experience, they can suggest various ways to solve a particular problem and to

adapt any of them most suited in the present situation, considering all contingencies. Conversely, the traditional training programme suggests only one best way. So, organizational development is more flexible and programatic as compared to the historical training programme.

9. Uses Change Agent

The final characteristic of the organizational development is that it uses change agent or consultants and not the experts to guide and affect the change. Thus expert consultants and their role is to guide groups towards more effective group processes rather than playing the role of experts and telling them what to do. The simply assist the group in problem solving processes and the groups solve the problems themselves.

Scope of OD

Beyond such general features, substantial agreement exists about the boundary conditions that circumscribe a successful application. Three such boundaries help stake out the territory of OD :

1. The typical set of objective underlying OD programs.

2. Some assumptions implied by these typical objectives and

3. Some broad agreements about the linkages of individual learning with organization change, as well as about the inadequacies of the available research as it relates to these agreements.

Q21. Outline the Process of Organizational Development.

Ans :

The process of Organizational Development comprises of follows steps and they are:

1. Initial Diagnosis

The initial diagnosis refers to finding the inadequacies within the organization that can be corrected by organizational development activities then it is necessary to find out the professionally competent persons within

organization to plan and execute organizational development activities. The outside consultants can be also employed to help in diagnosing the problems and diagnosing organizational development activities. The consultants adopt various methods and that primarily includes interviews, questionnaires, direct observation, analysis of documents and reports for diagnosing the problem.

2. Data Collection

The survey method is employed to collect the data for determining organizational climate. It also helps in identifying the behavioural problems that are rising in the organization.

3. Data Feedback

The collected data are analyzed and reviewed by various work groups that are formed for this purpose. It is done in order to intervene in the areas of disagreement or confrontation of ideas or opinions.

4. Selection of Interventions

The interventions can be described as the planned activities that are introduced into the system to achieve desired changes and improvements. The suitable interventions are to be selected and designed at this stage.

5. Implementation of Interventions

The selected intervention should be implemented progressively as the process is not a one shot, quick cure for organizational problems. Consequently, it achieves real and lasting change in the attitudes and behaviour of employees.

6. Action Planning and Problem Solving

To solve the specific and identified problems by using the collected data, groups prepare recommendations and specific action planning.

7. Team Building

The consultants explain the advantages of the teams in organizational development process and encourage the employees throughout the process to form into groups and teams.

8. Inter-group Development

After the formation of groups/teams, the consultants encourage the inter-group meetings, interaction etc.

9. Evaluation and follow up

The organization should evaluate the organizational development programmes and should find out their utility, and develop the programmes further for correcting the deviations. The consultants make great significance to the organization in this respect. The entire steps in the organizational development processes should be followed by the organization in order to derive full range of organizational development benefits.

5.7 CORPORATE SOCIAL RESPONSIBILITY

Q22. What do you understand by Corporate Social Responsibility ?

Ans :   *(June-18, Imp.)*

Corporate social responsibility is self-imposed restriction by companies on their activities. CSR is a recent term but it has been followed by companies from many years ago. Companies know their responsibilities towards the society where they exist. As CSR concept is based on ethics, companies following CSR policies always strive to develop the society and environment. CSR refers to those activities through which companies control their actions and check whether they are following ethical and legal norms. CSR should be followed voluntarily by each and every company whether it is small or big, or multinational or local.

Definition CSR

According to Cannon, "Corporate social responsibility means devising corporate strategies and building a business with the society's needs in mind".

According to Koontz and O'Donnel, "Social responsibility is the personal obligation of every one as he acts for his own interests to assure that the rights and legitimate interests of all others are not impinged".

According to Lord Holme and Richard Watts, "Corporate social responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large'.

Q23. Explain the Evolution of Corporate Social Responsibility.

Ans :

Corporate Social Responsibility in India has evolved in four phases, which are as follows :

Phase 1: CSR for Charity

Concept of CSR was first evolved during 19th century. During that time industrialists contribute towards society due to feeling of charity or religious purpose. Another purpose for contributing was to serve particular caste or political party.

Phase 2: CSR for Growth of Society

Freedom movement led the beginning of new phase of CSR. To make freedom movement more powerful, leaders focuses on making society economically developed. During that time industrialists were required to give more benefits to society. Due to these pressures from freedom fighters like Mahatma Gandhi, industrialists established several schools, colleges, etc.

Phase 3: CSR for Complying with Laws and Acts

Third phase of evolution of CSR started after gaining independence in India. Most companies were owned by government. Various laws and Acts were introduced to safeguard labour and environment. Thus, to comply with the laws and Acts framed by government, companies mostly PSUs follow activities related to CSR.

Phase 4: CSR for Complying with International Norms and Standards

Fourth phase of evolution of CSR started during 1980s. During that time companies believed that to gain sustainable growth, companies should integrate ethics into their activities. Indian companies believed that to remain profitable in global market, it was essential to follow standards and norms that are contributing to society, employees, and environment.

Q24. Explain the Nature of Corporate Social Responsibility.

Ans : **(June-18)**

Following points highlight the nature of corporate social responsibility :

1. CSR is Multi-Faceted Approach

CSR involves various issues related to society, economy, and environment. Activities involving CSR is affected by the changes in the market. Therefore, to keep up with the changes, companies are required to update their CSR activities.

2. CSR is Affirmative Concept

CSR is not an additional activity for any company. CSR activities cannot be separated from the business activities. It has now become part of the activities and management of each and every company. Thus, CSR can be understood as the affirmative concept that regulates the activities by companies themselves.

3. CSR Secures the Interest of all Stakeholders

CSR takes care of all the stakeholders of the companies. Initially companies serve the interest of shareholders only. Shareholders were directly related with the company's activities. Shareholders have also power to directly influence the companies. But CSR involves taking care of the interest of parties which are not directly related with the interest of companies. Those parties include consumers, environment, and society. These parties are also influenced by the companies or can influence growth of companies. Thus, CSR encourages companies to ensure that the interest and development of parties other than shareholders will also take care of.

4. CSR is Positive Approach

As CSR term includes responsibility, responsibility can both be understood in negative or positive sense. Responsibility in negative sense means inability to fulfil responsibilities borne by any company or an individual. Responsibility in positive sense means obligations or commitment of any company. As CSR is considered as obligation on the part of companies, therefore CSR is a positive concept. Negative sense arises only in case when companies fail to fulfil its obligations.

5. CSR Incorporates Legal Commitment with Moral Commitment

Legal commitment means laws are used to conforming the actions of the companies. This commitment is required to maintain minimum moral standards in the society. Moral commitment means activities which are voluntarily performed by the companies to maintain moral standards. Moral commitment is different from legal commitment. As moral commitment is more important for companies to be performed than legal commitment for the betterment of the society. Therefore, CSR involves a combination of both legal and moral commitment.

6. CSR is Complementary with Principle of Maximizing Shareholder's Profit

Principle of maximizing shareholder's profit means that company's primary goal should be to maximize shareholders profit. But CSR holds that companies should maximize shareholders profit along with maximizing

benefits to society. To maintain balance, companies should focus on one objective at a time. Thus, CSR complements principle of maximizing shareholder's profit.

Q25. Explain the Needs for implementing Corporate Social Responsibility ?

Ans :

After considering the arguments for and against CSR, it becomes evident that it is in the enlightened self-interest of companies to be good corporate citizens and devote some of their resources and energies to employees, the communities in which they operate, and society in general.

There are five important reasons why companies should undertake social responsibilities.

1. Self-Interest of the Organization

Every organization obtains critical inputs from the environment and converts them into goods and services to be used by society at large. In this process they help shareholders to get appropriate returns on their investment. It is expected that organizations acknowledge and act upon the interest and demands of other stakeholders such as citizens and society in general that are beyond its immediate constituencies – owners, customers, suppliers and employees. That is, they must consider the needs of the broader community at large, and act in a socially responsible way.

2. It generates Internal Benefits

CSR generates internal benefits like employee recruitment, workforce retention and training. Companies with good CSR reputation are better able to attract and retain employees compared to companies with tarnished reputations. Some employees just feel better about working for a company committed to improving society. This can contribute to lower turnover and better worker productivity. This also benefits the firm by way of lower costs for staff recruitment

and training. Provision of good working conditions results in greater employee commitment.

3. It Reduces Risks

CSR reduces the risk of damage to reputation and increases buyer patronage. Consumer, environmental and human rights activist groups are quick to criticize businesses that are not socially responsive. Pressure groups can generate adverse publicity, organize boycotts, and influence buyers to avoid an offender's products. Research has shown that adverse publicity is likely to cause a decline in a company's stock price.

4. In the Best Interest of Shareholders

CSR is in the best interest of shareholders. Well-conceived social responsibility strategies work to the advantage of shareholders in several ways. Socially responsible behaviour can help avoid or prevent legal and regulatory actions that could prove costly or burdensome.

A study of leading companies found that environmental compliance and developing eco-friendly products can enhance earnings per share, profitability, and the likelihood of winning contracts.

5. It gives Competitive Advantage

Being known as a socially responsible firm may provide a firm a competitive advantage. For example, firms that are eco-friendly enhance their corporate image. In western countries, many consumers boycott products that are not "green". Companies that take the lead in being environmentally friendly, such as by using recycled materials, producing 'green' products, and helping social welfare programmes, enhance their corporate image.

Q26. Explain the different areas of Corporate Social Responsibility.

Ans :   **(June-18, Imp.)**

The following are some of the important areas of social responsibility.

1. Environment

Environment concern is the pollution of the environment. Since environmental pollution is essentially the result of production process of manufacturing firms, business enterprise must accept the responsibility and take steps to mitigate the harmful effects on the environment.

2. Minority Groups

Business enterprises are expected to offer equal employment opportunities to minority groups. Although governments in most countries have enacted legislations, firms may meet only the minimum requirements and hire just enough minorities to comply with the requirements. It is, therefore, expected that management may actively recruit minority personnel and institute training programmes to those who lack the necessary skills.

3. Consumers

Business practices affect consumers in many ways such as pricing, advertisement and performance of products. Although many laws, regulations, consumerism govern managerial actions in this respect, these have not been effective in satisfying the consumer expectations.

Consumer are often victims of unfair trade practices and unethical conduct of business. Business enterprises are expected to charge reasonable price from the consumers and refrain from unnecessary rise in price. Similarly, managements should not indulge in deceptive advertising. Products should conform to standards, and expectations of the consumers.

4. Employees

Business enterprises have a duty to provide fair compensation and safe working conditions. They should provide suitable training to develop skills and provide arenas for career growth. They should treat their employees in a fair and just manner. Though there is labour legislation protecting the rights of employees, much depends on the attitude of employers towards workers, and it is a matter of ethics and social responsibility.

5. Supplier

The firm is expected to fulfill their responsibilities towards suppliers, who supply raw materials, components, machines, equipment, consumables, etc., It is expected to ensure timely payment of dues and transparency in its dealings with the suppliers.

6. Community and Society

As George Goyder, a well known expert of corporate social responsibility, has repeatedly pleaded that if the corporation has to function effectively, it has to be accountable to the public at large. He has advocated a kind of trusteeship concept, the aim of which is to ensure that private property is used for the common good. The socially responsible role of management should be reflected in their policies with respect to :

a) The employment of socially handicapped and weaker sections of community.

b) Rural development

c) Setting of new industries in backward and less developed regions.

d) Making charitable contributions

e) Providing relief to victims of natural calamities etc.

7. Competitors

Business enterprises are expected to follow ethical practices with their competitors. They should not resort to unfair competitive practices, espionage, bribery etc.

8. Government

The social responsibility of management towards government, generally includes the following :

> The company should conduct its affairs as a law-abiding enterprises;

> Taxes and other dues should be paid fully and honestly;

> The company should not corrupt public servants or the democratic process for selfish ends; and

> The company should not attempt to buy political support by money or patronage.

In developing countries like India, business enterprises are expected to stimulate economic growth as per national priorities and if conformity with the economic and social priorities os the government.

Q27. Explain the Importance of Corporate Social Responsibility.

Ans :

Some of the actions and behaviours that demonstrate corporate social responsibility are :

1. Observing ethical principles in operating the business

2. Making charitable contributions

3. Protecting or enhancing the environment

4. Creating good work environment

5. Employing a diverse workforce

6. Enhancing the quality of life for employees

7. Investing money and time in community services

8. Helping the underprivileged and weaker sections of the society.

Q28. Explain the Strategies for Corporate Social Responsibility.

Ans :   **(Aug.-21)**

Organizations use different strategies to fulfil social responsibilities. These strategies are different as a result of different attitudes with regard to responsibility. For example, there is the obstructionist attitude as against the proactive attitude. The company that has the former attitude is indifferent or careless about its decisions and actions and tries to conceal its wrongdoings. On the other hand, the company with the latter attitude proactively and thoughtfully makes decisions and acts responsibly.

Just as there are variations in individual attitudes, so also there are variations in the attitudes of organizations with regard to their social responsibilities. The figure 5.4, depicts the four attitudes - from the lowest to the highest in terms of responsible behaviour that organizations adopt with regard to fulfillment of their social responsibilities.
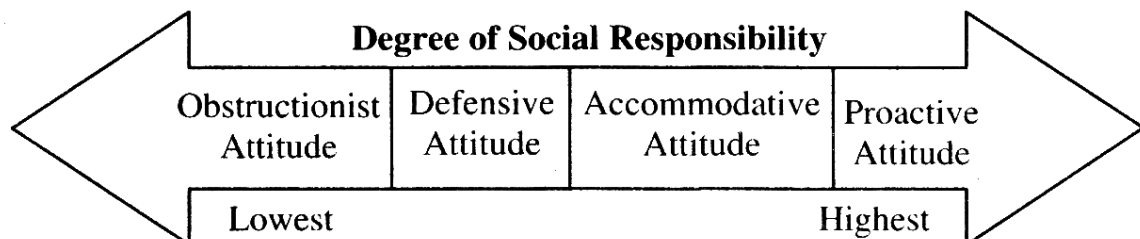
Figure: Strategies of CSR

1. Obstructionist (Opponent) Attitude

Such organizations are obstructionist towards social welfare activities, i.e., their sole interest is earning wealth, but while doing so, they are compelled to fulfil their social responsibilities by law and governmental regulations, which they unwillingly do. As a result, they are likely to transgress legal and ethical boundaries.

2. Defensive Attitude

Organizations with defensive attitude are not obstructionists towards social welfare activities; however, they are not particularly interested in it either. They do just as much social welfare activities as required by law. Otherwise their entire focus is on garnering profits.

3. Accommodative Attitude

Organizations with accommodative attitude are willing to go beyond the requirements of law regarding their social responsibility; however, they need to be thoroughly convinced that the social cause is really noble and has far-reaching benefits. In other words, they are accommodative about involving themselves in even those social welfare activities that are not mandatory for them.

4. Proactive Attitude

Organizations with proactive attitude do not need to be pushed into fulfilling their social responsibilities. On the contrary, they proactively look out for areas of social welfare where they can contribute. For such organizations, social welfare is one of their very important activities.

Q29. What are the various challenges of CSR?

Ans :   **(Aug.-21)**

1. **Lack of Participation By Society:** Firstly, the hurdle in the way of CSR initiatives in India is that community and general public do not take interest in the CSR projects and activities because there is a communication gap between the corporate involved in the CSR initiatives and general public.

2. **Need For Expertise and Trained Organizations:** Lack of expertise organizations is another obstacle in the way of effectiveness of CSR initiatives. There is need to constitute a well trained and expert non - government organizations those can contribute efficiently to CSR interventions. This will enhance the level of CSR initiatives in India.

3. **Non-Transparency in CSR Initiatives:** Some companies are not transparent about the CSR initiatives organized by them, they do not disclose information about their CSR projects like funds utilized, audit reports, list of CSR initiatives and other assessments regarding these activities. Because of this these companies are fails to building up a sense of belongingness and connectivity with the society.

4. **Narrow Awareness towards CSR Initiatives:** Government and Non- government agencies, organizations, local community and society give fewer emphases to CSR initiatives because of their less awareness about these programs. They have narrow outlook towards CSR interventions. Because of that corporate hesitate that they should want to contribute in the CSR projects or not.

5. **No Clear Guidelines about CSR:** There are no clear principals, guidelines and directions about the CSR initiatives to guide the business houses, so that they can take up the right direction in the way of CSR. Because of lack of clear cut statutory guidelines level of CSR depends upon the size of organizations means bigger the organization, bigger the CSR programs. This is a barrier for the small organizations those want to contribute in this field.

Short Question & Answers

1.   Total quality management?

Ans :

Total quality management (TQM) is an approach to improving the effectiveness and flexibility of business. TQM is a method involving everyone in the process of improvement. Improving effectiveness of work so that results are achieved in less time.

Total Quality Management (TQM) is an approach that seeks to improve quality and performance which will meet or exceed customer expectations. This can be achieved by integrating all quality-related functions and processes throughout the company. TQM looks at the overall quality measures used by a company including managing quality design and development, quality control and maintenance, quality improvement, and quality assurance. TQM takes into account all quality measures taken at all levels and involving all company employees.

Features of TQM

1.   Find out what the customer want.

2.   Design a product or service that will meet or exceed what customers want.

3.   Design a production process that facilitates doing the job right the first time.

4.   Keep track of the result and use those to guide improvement in the system.

5.   Extend these concepts to suppliers and to distribution.

2.   Technology Management.

Ans :

Technology is a Greek word derived from the synthesis of two words 'techne' means art and 'logos' means logic or science. Technology means the art of logic or the art of scientific discipline. Technology encompasses both tangible products, such as the computer, and knowledge about

processes and methods, such as the technology of mass production introduced by Henry Ford and others. Technology draws heavily on scientific advances and the understanding gained through research and development. It then leverages this information to improve both the performance and overall usefulness of products, systems, and services.

Definitions of Technology

According to Everett M. Rogers as "a design for instrumental action that reduces the uncertainty in the cause-effect relationships involved in achieving a desired outcome".

According to Paap technology as "the use of science based knowledge to meet a need." According to Bigwood "perfectly describes the concept of technology as a bridge between science and new products."

3.   Talent Management.

Ans :

Talent management is the process of implementing a system to explicitly identify and recognize people who are a part of the talents pool. This process implies that there should be a clear differentiation among the people who can be put into the various categories of talent pool like category A for those people who have high talent level and outstanding performers. Category B for those people having moderate performance but have competency to excel, similarly category C and Category D can be formed as per the requirement of the organization.

Talent management and learning leaders need to have a broader perspective of what knowledge management is and what it can do. Need to be able to have meaningful discussions with the team and clients about how knowledge management strategies can augment the organization's learning strategy.

4. Knowledge Management.

Ans :

Knowledge Management ('KM') comprises a range of practices used by organizations to identify, create, represent, and distribute knowledge for reuse, awareness and learning. Knowledge Management programs attempt to manage the process of creation (or identification), accumulation and application of knowledge across an organization. Effective knowledge management is an unaviodable tool in the IT driven organizations to keep their workforce update conforming the latest IT trends.

Knowledge management uses a number of technologies and processes to assure that the right information is available when needed. Identifying the right content, organizing it logically, keeping it relevant and up-to-date (content curation), making it easily available and evaluating its impact are all part of knowledge management.

5. Importance of Talent Management.

Ans :

(i) Talent management is a strategic process that is engaged in ensuring the supply of talent in form of right people placed in right jobs at right time in order to accomplish the strategic objectives of a firm.

(ii) It is an integrated approach that facilitates a firm to gain competitive advantage through the strategic management of competent and talented workforce.

(iii) Talent management believes that talent can add value to the organization and will results in the success of both individual and organization as well.

(iv) Talent management is a reciprocal approach that contributes the success of both individuals and organization in long run.

(v) It is a change oriented approach that leads to an effective organizational change.

(vi) It provide a framework to integrate the business strategies with the human resource strategy of the firm.

(vii) It is a collaborative approach that involves shared accountability and responsibility among the workforce of the firm.

(viii) It also integrates the HR initiatives of a firm.

6. Define Leadership.

Ans :

Leadership is a Process of Influence on a People or organization towards the accomplishments of target (Goals). In a Simple word the action of leading a group of people or an organization is a Leadership. it is the ability of a leader to induce Subordinates to work with confidence and zeal. Leadership changes potential into Realty. Leadership one of the means of direction and represents that part of the manager's activities by which he guides and influences the behaviors of a subordinate and the group towards some specified goals.

Definitions of Leadership

According to Keith Davis. "Leadership is the human factor which binds a group together and Motivates Towards the Particulars goals."

According to Koontz and O' Donnell, "Leadership may be defined as the ability to exert interpersonal influence by means of communication toward the achievement of a goal."

According to George R. Terry, "Leadership is the ability of influencing people to strive willingly for mutual objectives."

According to Franklin G. Moore, "Leadership is the ability to make men act the way the leader wants."

7. Autocratic Style.

Ans :

It is also called as Authoritarian leader. This leader is one who centralizes the decision making power in himself and gives orders to his employees and also insist that they should be obeyed. He

decides polices for the group determined by him. He does not delegate authority and runs the whole show himself. He expects the employees to obey him blindly and has no regard for them and does not like to seek their suggestions or advice. Such leadership is negative because the followers are uninformed, insecure and afraid of leaders' authority.

8. Free Rein Style.

Ans :

Here the leader entrusts the decision making authority to his subordinates. He does not direct and hardly makes any contribution to the overall effort. He avoids using power and leaves it to his subordinates to establish the goals and work out the plan to attain the goals. The manger usually contacts the outside sources and brings information and material, which the members of the group require to perform their job. This style of leadership is adopted only if the subordinates have a sincere desire to discharge their responsibilities and are highly competent and duty conscious and motivated to do the job even without any direction by the manger. Such instances of course, either do not exist or are found to be rate. Hence this style is used very rarely in business concern.

9. Organizational Change.

Ans :

The term 'organizational change' implies the creation of imbalances in the existing pattern of situation. When an organization operates and functions for a long time, an adjustment between its technical, human and structural set-up is established. It tends to approximate an equilibrium in relation to its environment. In other words, organization members evolve a tentative set of relations with the environment. They have an adjustment with their job, working conditions, friends and colleagues etc. change requires individuals to make new adjustments. Hence the fear of adjustment gives rise to the problem of change and resistance to change. Individual comes

in to danger. On the other hand, groups resist change where their existence is in danger or a total change in overall work environment is contemplated.

10. Define organization development.

Ans :

Organization development is a systematic process for applying behavioural science principles and practices in organizations to increase individual and organizational effectiveness.

OD is an organizational improvement strategy. In the late 1950s and early 1960s, it emerged out of insights from dynamics and from the theory and practice of planned change. Today the field offers an integrated frame work capable of solving most of the important problems confronting the human side of organizations.

Definitions of OD

Some early definitions organization development follows :

Organization development is an effort (1) planned (2) organization wide and (3) managed from the top to (4) increase organizational effectiveness and health through (5) planned interventions in the organization's process using behavioural science knowledge.

- Beckhard 1969

OD aim is (1) enhancing congruence between organizational structure, processes, strategy, people and culture (2) developing new and creative organizational solutions and (3) developing the organizations self renewing capacity.

OD is an organizational process for understanding and improving any and all substantive processes an organization may develop for performing any task and pursuing any objectives.

- Vaill 1989

OD is a systematic application of behavioural science knowledge to the planned development and reinforcement of organizational strategies, structures and processes for improving an organizations effectiveness.

- Cummings and Worley 1993

OD is a planned process of change in an organization's culture through the utilization of behavioural science technologies, research and theory.

- Burke 1994

11. Corporate Social Responsibility.

Ans :

Corporate social responsibility is self-imposed restriction by companies on their activities. CSR is a recent term but it has been followed by companies from many years ago. Companies know their responsibilities towards the society where they exist. As CSR concept is based on ethics, companies following CSR policies always strive to develop the society and environment. CSR refers to those activities through which companies control their actions and check whether they are following ethical and legal norms. CSR should be followed voluntarily by each and every company whether it is small or big, or multinational or local.

Definition CSR

According to Cannon, "Corporate social responsibility means devising corporate strategies and building a business with the society's needs in mind".

According to Koontz and O'Donnel, "Social responsibility is the personal obligation of every one as he acts for his own interests to assure that the rights and legitimate interests of all others are not impinged".

According to Lord Holme and Richard Watts, "Corporate social responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large'.

12. Importance of Corporate Social Responsibility.

Ans :

Some of the actions and behaviours that demonstrate corporate social responsibility are :

1. Observing ethical principles in operating the business

2. Making charitable contributions

3. Protecting or enhancing the environment

4. Creating good work environment

5. Employing a diverse workforce

6. Enhancing the quality of life for employees

7. Investing money and time in community services

8. Helping the underprivileged and weaker sections of the society.

13. Performance appraisal

Ans :

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

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

(ii) The supervisor analyses the factors behind work performances of employees.

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

Choose the Correct Answers

1. _____ is one of the prerequisities for success of TQM .   [b]

    (a) Commitment at the bottom   (b) Customer orientation

    (c) Profit oriented   (d) Customer supplier relationship

2. The purpose of the _____ reporting system is to provide management with a tool for identifying the improvement areas.   [c]

    (a) TQM   (b) TPM

    (c) Cost of quality   (d) Cost of maintenance

3. Which one of the following is an obstacle of TQM ?   [b]

    (a) Proper planning

    (b) Improper planning

    (c) Adequate use of empowerment and teamwork

    (d) Failure to gain profits

4. _____ skills are essential for developing trust, credibility and confidence with others.   [a]

    (a) Interpersonal   (b) Creativity

    (c) Communication   (d) Action oriented

5. The stages which are involved in the development of talent management are,   [d]

    (a) Personnel management   (b) Human resource management

    (c) Talent management   (d) All the above

6. _____ competencies help the individuals to identify and define the issues for achieving the most appropriate workable solutions.

    (a) customer orientation   (b) Core/Institutional

    (c) Critical judgement   (d) Technical

7. In path-goal theory, a leader can adopt following types of behaviour   [c]

    (a) Supporting   (b) Participative

    (c) Both (a) and (b)   (d) None.

8. Within an organisation, leadership influence will be dependent upon the type of _____ that the leader can exercise over its followers.   [a]

    (a) Power   (b) Delegation

    (c) Knowledge   (d) Friendship

9. The obligation to report on completion of task is called   [c]

    (a) Responsibility   (b) Authority

    (c) Accountability   (d) Power

10. _____ is the human factor which binds a group together and Motivates Towards the Particulars
    goals.   [a]

    (a) Leadership   (b) Knowledge

    (c) Both   (d) None of the above

Fill in the Blanks

1. _____ means making the world not limited in a boundary i.e creation of boundaryless world.

2. _____ means that organization are becoming more heterogeneous in terms of gender, ethnicity, race and other back - grounds.

3. _____ is an approach to improving the effectiveness and flexibility of business.

4. Technology is a Greek word derived from the synthesis of two words 'techne' means art and 'logos' means _____ .

5. _____ is the process of implementing a system to explicitly identify and recognize people who are a part of the talents pool.

6. _____ comprises a range of practices used by organizations to identify, create, represent, and distribute knowledge for reuse, awareness and learning.

7. _____ is a Process of Influence on a People or organization towards the accomplishments of target.

8. A _____ leader is selected by the organization.

9. An _____ leader is one who dominates and drives his followers through coercion.

10. _____ theories of leadership are based upon the belief that great leaders are made, not born.

11. The term _____ implies the creation of imbalances in the existing pattern of situation.

12. _____ is a systematic process for applying behavioural science principles and practices in organizations to increase individual and organizational effectiveness.

13. _____ is self-imposed restriction by companies on their activities.

ANSWERS

1. Globalization
2. Workforce diversity
3. Total quality management
4. Logic or science.
5. Talent management
6. Knowledge Management
7. Leadership
8. Formal
9. Autocratic
10. Behavioural
11. Organizational change
12. Organization development
13. Corporate social responsibility

FACULTY OF MANAGEMENT

B.B.A. I - Semester Examination

August - 2021

PRINCIPLES OF MANAGEMENT

Time : 2 Hours]   [Max. Marks : 80

PART - A (4 × 5 = 20 Marks)

ANSWERS

Note : Answer any four questions.

1.	Classical school.	**(Unit-I, Q.No. 8)**
2.	Contingency plan.	**(Unit-I, SQA-10)**
3.	Span of control	**(Unit-IV, Q.No. 32)**
4.	Intrinsic motivation	**(Unit-IV, SQA-12)**
5.	Transfer of technology	**(Unit-V, Q.No. 7)**
6.	Informal organization.	**(Unit-III, SQA-4)**
7.	Delegation of authority.	**(Unit-III, SQA-7)**
8.	Performance appraisal.	**(Unit-V, SQA-13)**

PART - B (4 × 15 = 60 Marks)

Note : Answer any four questions

9. What are the different levels of management? What are the specific
    functions performed at each of these levels?   **(Unit - I, Q.No. 27, 28)**

10. Discuss the advantages and limitations of scientific management.   **(Unit - I, Q.No. 14)**

11. Explain the various stages of decision making process with suitable examples.   **(Unit - II, Q.No. 16)**

12. What are the different types of planning? Compare and contrast long
    term and short term planning.   **(Unit - II, Q.No. 7)**

Ans :

Short-term planning evaluates your progress in the present and creates an action plan to improve performance daily. However, long-term planning is a comprehensive framework that comprises of goals to be met within a four- to five-year period.

(i)   Scope

Ideally, a short-term goal should tie into a long-term goal. However, daily adjustments are required to ensure that you're working efficiently to meet your goals and that operations are smooth. Thus, the scope of short-term planning may change daily compared to long-term planning, where their goals are finite after they're discussed with key employees.

(ii)   Execution

The execution of short-term planning depends on current operations that can determine if an organization is completing projects. The execution of long-term planning is based on if short-term goals can be met. For example, if your long-term goal is to hire 50 more staff members within the next four to five years, you can set short-term goals for which positions need to get filled quickly.

13.   Discuss the significance of formal organizations and their features with
      illustration.   **(Unit - III, Q.No. 9**)

14.   What is span of control? Discuss the procedure for optimization of span of
      control in an organization.   **(Unit - IV, Q.No. 32**)

15.   What is staffing? Illustrate the selection process involved in staffing.   **(Unit - IV, Q.No. 1, 12**)

16.   Compare and contrast coordination and cooperation with suitable examples. **(Unit - IV, Q.No. 48**)

17.   What is knowledge management? How can an organization implement a
      sustainable talent and knowledge management program?   **(Unit - V, Q.No. 8, 11**)

18.   Describe the different strategies of corporate social responsibility. What are
      the various challenges of CSR?   **(Unit - V, Q.No. 28, 29**)

FACULTY OF MANAGEMENT

B.B.A I - Semester(CBCS) Examination
November / December - 2019
PRINCIPLES OF MANAGEMENT

Time : 3 Hours]   **[Max. Marks : 80**

PART - A - (5 × 4 = 20 Marks)
[Short Answer Type]

ANSWERS

1. Answer any Five of the following questions.

    (a)   Managerial Functions   **(Unit-I, Q.No.28)**

    (b)   Differential Piece Rate System

Ans :

    A differential piece-rate system is a method of wage payment in which after tests have set a standard time for any task assigned the worker gets a high piece rate for completing the job within the allotted time and lower piece rate for completing the job beyond the allotted time. F.W. Taylor gave a method of differential piece-rate system with the name Taylor's differential piece-rate system as a part of the scientific management.

    The simple underlying principle of this method is to reward the efficient worker and while penalize the worker not performing good. In Taylor's method the organization has no space for the inefficient workers. In this the standard time for completion of the task is fixed with the help of time and motion study. If any worker completes his task within the time limit, he gets paid at a higher rate and if he fails to complete it within the time limit he gets paid at a lower rate.

    (c)   Decision Making   **(Unit-II, SQA.7)**

    (d)   Formal & Informal Organization   **(Unit-III, SQA.3,4)**

    (e)   Types of Control   **(Unit-IV, Q.No.34)**

    (f)   Path Goal Theory

Ans :

    The Path-Goal model is a theory based on specifying a leader's style or behaviour that best fits the employee and work environment in order to achieve a goal. The path-goal theory can best be thought of as a process in which leaders select specific behaviours that are best suited to the employees' needs and their working environment so that they may best guide the employees through their path in the obtainment of their daily work activities (goals).

    The Path-Goal model is a theory based on specifying a leader's style or behaviour that best fits the employee and work environment in order to achieve a goal. The goal is to increase an employee's motivation, empowerment, and satisfaction so they become a productive member of the organization. Employee satisfaction is contingent upon the leader's performance as both a facilitator and coach and rewards their employees for effective performance. The original Path-Goal theory identifies achievement-oriented, directive, participative, and supportive leader behaviour's rooted in four (4 styles).

The Four Styles :

1.   The directive path-goal clarifying leader behaviour .

2.   The achievement-oriented leader behaviour

3.   The participative leader behaviour

4.   The supportive leader behaviour

      (g)   Process of Change   **(Unit-V, Q.No.19)**

      (h)   CSR   **(Unit-V, SQA.11)**

<div align="center">

PART - B - (5 × 12 = 60 Marks)

[Essay Answer Type]

</div>

Note: Answer All the questions using the internal choice.

2.   (a)   Define Management. Explain the Managerial Process and Levels.   **(Unit-I, Q.No.26, 27)**

<div align="center">OR</div>

      (b)   Compare and Contrast Scientific Management and 14 Principles of

           Management.

Ans :

S.No.	Basis For Comparison	Henry Fayol	F.w. Taylor
1.	Meaning	Henry Fayol, is a father of modern management who laid down fourteen principles of management, for improving overall administration.	F.W. Taylor, is a father of scientific management who introduced four principles of management, for increasing overall productivity.
2.	Concept	General theory of administration	Scientific Management
3.	Emphasis	Top level management	Low level management
4.	Applicability	Universally applicable	Applies to specialized organizations only.
5.	Basis of formation	Personal Experience	Observation and Experimentation
6.	Orientation	Managerial function	Production and Engineering
7.	System of Wage Payment	Sharing of profit with managers.	Differential Payment System
8.	Approach	Manager's approach	Engineer's approach

3.   (a)   Describe role of Decision making in problem solving in an organization.   **(Unit-II, Q.No.16)**

<div align="center">OR</div>

      (b)   Define Planning. Explain the concept of Planning Premises.   **(Unit-II, Q.No.1)**

4.   (a)   Define Organization. Explain the different types of Control.   **(Unit-III, Q.No. 1, Unit-IV, Q.No.34)**

<div align="center">OR</div>

      (b)   Explain :

           (i)   Centralization and Decentralization.   **(Unit-III, SQA.8,9)**

           (ii)   Matrix and Functional Structure.   **(Unit-III, Q.No.14)**

           (iii) Authority and Responsibility.   **(Unit-III, SQA.6,10)**

5.   (a)   Define Recruitment. Explain the Selection processes.   **(Unit-IV, Q.No.5,12)**

OR

(b)   Define Motivation. Compare Maslow's Theory and ERG Theory.   **(Unit-IV, SQA-9)**

Ans :

Meaning

According to Maslow theory of motivation every individual has five types of needs and each individual satisfies bottom level needs like food, water, shelter etc., and then move higher to satisfy higher level needs until he or she reaches at top of the pyramid to satisfy the self-actualization needs whereas according to ERG theory of motivation an individual has three types of needs right from existence level needs to growth needs in no particular order which every individual strive to satisfy.

Levels of Motivation

In the case of Maslow theory there are five levels of motivation, at the bottom level is the physiological needs like food, clothing, shelter than comes safety needs like job as well as financial security than third level of needs come which is social needs which include things like love and affection from friends and family after which comes esteem needs like recognition at workplace as well as at home and then comes the last need which is self-actualization needs whereas in case of ERG theory there are only three levels of motivation which is existence needs like food, shelter, clothing, safety etc…, relatedness needs like having good relations both at workplace as well as at home and last level is the growth need which includes things like having good reputation in society, and people respecting you at the workplace and so on.

Order of Levels of Motivation

In case of Maslow theory the order of levels of motivation is fixed that is physiological level comes first then comes safety level which is followed by social needs and esteem needs and the last level of needs is self-actualization level and individual moves gradually from one level to other levels of motivation but as far as ERG theory is concerned there is no particular order of motivation and individual can move in any order, hence individual after satisfying existence level needs can move directly to satisfying growth needs hence skipping relatedness needs and vice versa.

Timing of Theory

Maslow theory of motivation came earlier than ERG theory of motivation, while Maslow theory was prosed in the year 1943 by Abraham Maslow whereas ERG theory was proposed by Clayton Alderfer after 2 decades of Maslow theory of motivation.

Flexibility

Maslow theory of motivation is rigid in the sense that according to this theory an individual will have to satisfy the lower level of needs first in order to move to satisfy higher level of needs but when it comes to ERG theory it is much more flexible as according to this theory an individual can satisfy any level of need as there is no particular order of needs in ERG theory.

As one can see from the above that there are many differences between the two theories of motivation and that is the reason why any individual or company thinking of following either Maslow theory of motivation or ERG theory of motivation should carefully see the above differences and then decide which theory of motivation is best suited for a particular individual or company.

6.   (a)   Focus on Total Management. Explain with appropriate example.   **(Unit-V, Q.No.2)**

OR

(b)   Define Leadership. Explain any two theories of Leadership.   **(Unit-V, SQA.6, Q.No.18)**

FACULTY OF MANAGEMENT
B.B.A I - Semester(CBCS) Examination
May / June - 2019
PRINCIPLES OF MANAGEMENT

Time : 3 Hours]   **[Max. Marks : 80**

Note: Answer any Five of the following questions.

PART - A - (5 × 4 = 20 Marks)

[Short Answer Type]

ANSWERS

1.   Difference between Management and Administration.

Ans :

S.No.	Basis For Comparison	Management	Administration
1.	Meaning	An organized way of managing people and things of a business organization is called the Management.	The process of administering an organization by a group of people is known as the Administration.
2.	Authority	Middle and Lower Level	Top level
3.	Role	Executive	Decisive
4.	Concerned with	Policy Implementation	Policy Formulation
5.	Area of operation	It works under administration.	It has full control over the activities of the organization.
6.	Applicable to	Profit making organizations, i.e. business organizations.	Government offices, military, clubs, business enterprises, hospitals, religious and educational organizations.
7.	Decides	Who will do the work? And How will it be done?	What should be done? And When is should be done?
8.	Work	Putting plans and policies into actions.	Formulation of plans, framing policies and setting objectives.
9.	Focus on	Managing work	Making best possible allocation of limited resources.
10.	Key person	Manager	Administrator
11.	Represents	Employees, who work for remuneration	Owners, who get a return on the capital invested by them.
12.	Function	Executive and Governing	Legislative and Determinative

2.   What is Scalar Chain?

Ans :

Scalar chain is the formal line of authority which moves from highest to lowest rank in a straight line. This chain specifies the route through which the information is to be communicated to the desired location/person.

Fayol emphasized that every information in the organization must flow according to this chain to facilitate clear communication of orders of the superiors and feelings of the subordinates. This chain must be strictly followed in the organization. Fayol also stated that there should be no overlapping of steps during the communication process.

Positive impacts of this principle :

➢ Clear communication of information;

➢ Better relation among employees;

➢ Systematic communication in the organization; and

➢ Faster solution to organizational problems.

Consequences of violation of this principle:

➢ Bitterness in the relation of employees because of ignoring the close supervisors.

➢ Improper communication of information;

➢ Difficulty in finding the responsible person.

3. Differentiate between objectives and policies.

Ans :

S.No.	Objectives	S.No.	Polices
1	Organizations is basically goal attainment instruments. Objectives are the purposes for which the organization exists. Without objectives organization would be purposeless and chaotic.	1.	Policies are not basic to the existence of an organization. However, without policies to guide decision executive thinking, organization actions are bound to be less optimal.
2.	Objectives are the end toward which organizations individual efforts are directed.	2.	Policies are the means for the achievement of goals. They help achieve the objectives in a consistent way.
3.	Objectives reflect management philosophy in a broad way. They summarize the pious intentions of management in a general way.	3.	Policies provide meaning and content to objectives. They provide standing answers to recurring questions.

4. What is Break-even point ?   **(Out of Syllabus)**

5. Distinguish between coordination and cooperation.   **(Unit-IV, Q.No. 48)**

6. Discuss the forces of organizational change.   **(Unit-V, Q.No 19)**

7. Explain briefly the characteristics of organizational development.

Ans :

Nature of OD

1. Focus on Whole Organization

Organizational development focuses on a while organization or a major unit of it so that the environment in the whole organization tends to reinforce the employees to learn whatever the programme includes. It differs from the traditional training programme that emphasizes on a small group or a certain job.

2. System Oriented

Organizational development is system oriented. It is concerned with the interactions of the various parts of the organization which affect each other. It stresses on inter group and interpersonal

relationship. It is also concerned with the structure, process and the attitudes. Its main concern is how do all these parts work together jointly in the best interest of the organization.

3.   Action Research

Organization development is action research. It works with the actual working conditions existing on the job and has no consideration of artificial one. It is such a key characteristic that organizational development is sometimes defined as the organizational improvements through actional research.

4.   Problem Solving

Organization development is concerned with the problem solving. It seeks to solve the problems through practical experiences gained on the work and not merely through theoretical discussion as in a class room. These problems mainly occur at the time when working on the job hence the problems are real and interesting to them. Thus, it develops an attitude of problem solving among workers on the job.

5.   Group Process

Organizational development uses the group process rather than individual process. It makes sincere efforts to improve the group performance. There are group discussion, inter group conflicts, confrontation and team building. Sensible efforts are made to develop and improve interpersonal relations, open are made to develop and improve interpersonal relations, open communication channels, build trust and encourage responsiveness to others.

6.   Feedback

Organization development supports feedback to participants so that they may be able to collect the solid original data on which decisions are based. For this purpose participants may be divided into several groups according to the function. Each such group takes its own decision on the subjects referred to it and then, the decision is forwarded to the other group for feedback. Each group comes to know the impression of other groups about it and then groups meet together to thrash out any misunderstanding developed among them. In this way, decisions of each group are checked by other groups and the final decision is reached.

7.   Experimental Learning

Organizational development provides experimental learning just to help the participants learn new behaviour patterns through experience. People develop behaviour concepts through experience and no expert guidance is needed for this purpose.

8.   Contingency Oriented

Organizational development is situational and contingency oriented. As because people learn to develop their behavioural concepts through experience, they can suggest various ways to solve a particular problem and to adapt any of them most suited in the present situation, considering all contingencies. Conversely, the traditional training programme suggests only one best way. So, organizational development is more flexible and programatic as compared to the historical training programme.

9.   Uses Change Agent

The final characteristic of the organizational development is that it uses change agent or consultants and not the experts to guide and affect the change. Thus expert consultants and their role is to guide groups towards more effective group processes rather than playing the role of experts and telling them what to do. The simply assist the group in problem solving processes and the groups solve the problems themselves.

8.   Explain social responsibilities of business.   **(Unit-V, SQA.12)**

PART - B - (5 × 12 = 60 Marks)

[Essay Answer Type]

Note: Answer all the questions.

9.   (a)   Discuss the scope and various levels of management in an organization.   **(Unit-I, Q.No.5,27)**

OR

(b)   Discuss the similarities and dissimilarities between the contributions of

Taylor and Fayol.   **(Refer Nov/Dec.-19, 2(b) Asnwer)**

10.   (a)   What is a strategy ? What are the characteristics of strategies ?

Ans :

Strategy is a common theme of strategic decisions through which an organisation tries to relate itself with the environment which involves major resources commitment to develop certain advantages which help in achieving its vision and mission.

Characteristics of Strategy :

1.   Strategy is a systematic phenomenon

Strategy involves a series of action plans, no way contradictory to each other because a common theme runs across them. It is not merely a good idea; it is making that idea happen too. Strategy is a unified, comprehensive and integrated plan of action.

2.   By its nature, it is multidisciplinary

Strategy involves marketing, finance, human resource and operations to formulate and implement strategy. Strategy takes a holistic view. It is multidisciplinary as a new strategy influences all the functional areas, i.e., marketing, financial, human resource, and operations.

3.   By its influence, it is multidimensional

Strategy not only tells about vision and objectives, but also the way to achieve them. So, it implies that the organisation should possess the resources and competencies appropriate for implementation of strategy as well as strong performance culture, with clear accountability and incentives linked to performance.

4.   By its structure, it is hierarchical:

On the top come corporate strategies, then come business unit strategies, and finally functional strategies. Corporate strategies are decided by the top management, Business Unit level strategies by the top people of individual strategic business units, and the functional strategies are decided by the functional heads.

5.   By relationship, it is dynamic

Strategy is to create a fit between the environment and the organisation's actions. As environment itself is subject to fast change, the strategy too has to be dynamic to move in accordance to the environment.

Success of Microsoft appears to be very simple as far as software for personal computers are concerned, but Microsoft strategy required continuous decisions in a turbulent and dynamic environment to remain leader.

OR

(b) How is decision making significant for improving the working of an

organization ?   **(Unit-II, Q.No.15)**

11.   (a) Discuss the principles of organization and compare the merits and demerits

of formal and informal organizations.   **(Unit-III, Q.No.4,13)**

OR

(b) What do you mean by centralization and decentralization of Authority ?

Discuss their advantages and disadvantages.   **(Unit-III, Q.No.25,26,27,28)**

12.   (a) Discuss McGregor's theory X and theory Y.

Ans :

Introduction

Douglas McGregor was born in the year 1960. He was a great a thinker, leader, management and leadership theorist. Douglas postulated over three decades ago that every leader has core assumptions about human nature and these assumptions influence the style of leadership practiced by the leader. His views on leadership are of great significant value because he was the 1st to apply behavioral science findings to the world of business and leadership.

Theory X and Theory Y

Douglas McGregor work is established in motivation theory. Mr. McGregor postulated 2 theories on human management and leadership which are Theory X and Theory Y.

Theory X advanced the view that human beings have an innate dislike for work. They can only be made to get results at work by the application of coercive methods and by direction. Theory X stresses on the authoritarian style of leadership where results are the focus of leadership and it is more work-centered than people-centered.

Theory Y approach to management is more people-centered. Here the individual is valued and appreciated. Theory Y submits that when workers are given the right kind of environment, they can reach their highest potential and can be of great value to their organizations.

A few numbers of authors consider McGregor's work as a basic theory of motivation, whereas others feel it is a philosophy of human nature and fits more logically into a discussion of leadership than basic motivation theories.

McGregor's Theory X & Y	
Theory X	Theory Y
Work Avoiding	Work is natural
Need to control	Capable of self-direction
Avoid responsibility	Seek responsibility
Workers seek security	Can make a good decision

McGregor's ideas about leadership and managerial behavior had a great effect on management and leadership thinking and practice. Traditional leadership had been hierarchical and highly controlling where employees always looked up to leaders and depended on them.

This could be very disempowering and a waste of human talent and potential. McGregor thought that if leaders did not scrutinize certain core assumptions they have about people; it could restrict their appreciation and view of the strength of the human capacity for growth, collaboration, and development.

<p align="center">OR</p>

(b)   Planning without control is meaningless and control without planning is

useless-Discuss

Ans :

Planning and edntrol are interrelated with each otherr-thgy are inseparable. A plan without control is nothing. According to Koontz and O'Donnell, planning and control are the twins of management.

H.G. Hicks, states that "planning is clearly a prerequisite for controlling. It is foolish to think controlling can be achieved without planning"

Billy E. Gotez states that "management planning seeks consistent, integrated and articulated programmes which management control seeks to compel events to conform plans".

The inter relationship between planning and control can be better understood from the following points,

(i)   Planning is Meaningless Without Control

The success of any plan is dependent on the presence of control. In other words, planning is meaningless if control is not present. If control is not present in the management, the members of the organization will not work as per the plans made. As a result the plans will fail.

(ii)   Controlling is Useless Without Planning

Under control system, the actual work is compared with standards, such standards are determined under planning. Thus, if standards are not determined controlling becomes unreasonable. Therefore* it is said that controlling is blind without planning.

13.   (a)   Explain ISO 9000 series of quality standards.

Ans :

ISO 9000 series

ISO 9000 is defined as a set of international standards on quality management and quality assurance developed to help companies effectively document the quality system elements needed to maintain an efficient quality system. They are not specific to any one industry and can be applied to organizations of any size.

ISO 9000 can help a company satisfy its customers, meet regulatory requirements, and achieve continual improvement. It should be considered to be a first step or the base level of a quality system.

➢   ISO 9000 vs. 9001

➢   30 years of ISO 9000

➢   ISO 9000 resources

ISO 9000 VS. 9001

ISO 9000 is a series, or family, of quality management standards, while ISO 9001 is a standard within the family. The ISO 9000 family of standards also contains an individual standard named ISO 9000. This standard lays out the fundamentals and vocabulary for quality management systems (QMS).

ISO 9000 series of Standards

The ISO 9000 family contains these standards:

➢ ISO 9001:2015: Quality Management Systems - Requirements

➢ ISO 9000:2015: Quality Management Systems - Fundamentals and Vocabulary (definitions)

➢ ISO 9004:2018: Quality Management - Quality of an Organization - Guidance to Achieve Sustained Success (continuous improvement)

➢ ISO 19011:2018: Guidelines for Auditing Management Systems

ASQ is the only place where organizations can obtain the American National Standard Institute (ANSI) versions of these standards in the ISO 9000 family.

ISO 9000:2000

ISO 9000:2000 refers to the ISO 9000 update released in the year 2000.

The ISO 9000:2000 revision had five goals:

1. Meet stakeholder needs

2. Be usable by all sizes of organizations

3. Be usable by all sectors

4. Be simple and clearly understood

5. Connect quality management system to business processes

ISO 9000:2000 was again updated in 2008 and 2015. ISO 9000:2015 is the most current version.

ISO 9000:2015 principles of Quality Management

The ISO 9000:2015 and ISO 9001:2015 standards are based on seven quality management principles that senior management can apply to promote organizational improvement.

30 YEARS OF ISO 9000

The ISO 9000 series of standards celebrated its 30th anniversary in 2017

First published in March 1987, ISO 9001: Quality management systems - Requirements has become the most successful standard in the history of the International Organization for Standardization.

The popularity of the ISO 9000 series paved the way for other management system standards, including :

➢ ISO 14000: Environmental management systems

➢ ISO 26000: Guidance on social responsibility

➢ ISO 31000: Risk Management Principles and Guidelines

ISO 9001 certification

ISO 9001 is the only standard within the ISO 9000 family to which organizations can certify. Learn more about ISO 9000 training and certifications with ASQ's ISO 9000 courses and learning materials.

OR

(b)   Discuss the positive and negative aspects of innovations and new technology.

Ans :

Positive Aspects

1.   Increased food output

We depend on food for our living. With the introduction of methods and techniques of cultivation, human-beings are able to increase food output. The modern irrigation technologies have helped to cultivate lands that were otherwise considered barren. The agriculture equipment such as tractor helps the farmer in his farming.

2.   Increased industrial output

As a result of introduction of technology in the process of producing goods, there has been tremendous increase in the industrial output. The automation of industries processes has resulted in processing tasks effectively and efficiently. Large industries make good use of engineering technology for large scale production of goods.

3.   Business growth

Technology has positively impacted business activities involving manufacturing, selling, marketing, distribution, recording, etc. Technology has touched almost every sphere of business activities. Businesses need to make wide variety of mathematical calculations for various purposes such as counting, estimation cost and profit, etc. Prior to the introduction of calculators, all these mathematical calculations were done manually. With the introduction of computers, large business data are effectively processed and stored in computers. The growth of e-commerce business is an excellent example of how Information Technology can benefit our life.

4.   Comfort

Technology had made human life comfortable. Everything that we see and use in our daily life is the gift of technology.   The clothes we wear, the house we live, the car we travel, the bridge and flyovers, the mobile phone we carry, the fan, etc. are all examples of successful implementation of technology.

5.   Better utilization of resources

Modern tools and equipment has helped us to utilize the natural resources at optimum level. For example, the irrigation technologies have enabled us to make better utilization of water resource in the field of agriculture. Hydel power plants, thermal power plants, nuclear power plants, etc. uses natural resources to generate power.

Negative Aspects

1.   Pollution

Too much use of technology has resulted in an increase in waste products into the environment. This has caused pollution. The discharge of industrial wastes into the environment diminishes the quality of soil, water, air, etc. The vehicle emission is among major causes of air pollution. Excessive use of pesticides in farming has caused soil erosion.

2.   Faster depletion of natural resource reserves

Modern equipment are very powerful. They can quickly extract huge quantity of natural resources. However, the total reserves of natural resources are depleting as a result of quicker extraction of natural resources.

3.   Production of unwanted products

Technology has also opened doors for the production and demand of unwanted products or unnecessary products.

4.   Wastage of time in non-productive activities

Some people waste immense time and energy in doing non-productive activities. For example, internet technology has enabled people to browse the internet for information. However, some people get addicted to internet activities such as browsing, gaming, etc., and waste time and energy.

5.   Excessive dependency

We are dependent on technology for all of our task. People are excessively dependent of modern gifts of technologies such as cars, computers, smartphones, etc. They feel helpless if any of these technological equipment, machinery or tool fail to perform. We have adopted technology in our life to an extent that it is impossible to think of performing our day-to-day tasks without the help of technology.

FACULTY OF MANAGEMENT

B.B.A I - Semester(CBCS) Examination
November / December - 2018
PRINCIPLES OF MANAGEMENT

Time : 3 Hours]   **[Max. Marks : 80**

PART - A - (5 × 4 = 20 Marks)
[Short Answer Type]

ANSWERS

Answer any five of the following questions:

1.   Why communication is the nervous system of an organization ?

Ans :

Just as the nervous system transmits signals between different parts of the human body and co-ordinates its voluntary and involuntary actions, so does communication in an organisation. It is not only responsible for integrating sensory information, but also for ensuring the correct response.

How it Works

The nervous system consists of two main parts – the central nervous system (CNS) and the peripheral nervous system (PNS). The CNS contains the brain and spinal cord. The PNS consists mainly of nerves that connect the CNS to other parts of the body.

In an organisation its meeting network is its central nervous system. As it ensures that messages from all over the body reaches the brain, similarly the meeting network must ensure that information is provided quickly and accurately to the leaders in the organisation.

The Leadership Role

While the brain must interpret the information and select the appropriate response, leaders are expected to do the same. Leaders must interpret the information from their group, department or the whole organisation, decide on the appropriate response and ensure that it is executed as quickly as possible.

The Effect of a Dysfunctional Nervous System

If the connection between the nervous system and the brain is dysfunctional or broken, it will have disastrous effects on the body. The same applies to an organisation if the meeting network is broken, slow or dysfunctional, the consequences will be equally disastrous.

A typical example is if only "good news" reaches leaders. Leadership then respond on what they think the reality is, only to realize that the information they received was inaccurate.

2. Write briefly about types of planning.	**(Unit-II, Q.No.7)**
3. What is Span of Management ?	**(Unit-III, Q.No.6)**
4. Define Motivation.	**(Unit-IV, SQA.9)**
5. What is corporate social responsibility ?	**(Unit-V, SQA.11)**
6. What is organizational structure ?	**(Unit-III, Q.No.15)**

7.   Write about Line and Staff functions.

Ans :

        According to Louis and Allen. A, "line functions are those which have a direct responsibility for the accomplishment of the objectives of an enterprise"; and that "staff refers to those elements of an organization which help the line staff to work most effectively in the accomplishment of the primary objectives of the enterprise.

Functions

        Following functions are assigned to the staff authority,

        (i)   Agency of Control

        (ii)   Agency of Service

        (iii) Agency of Advice

        (iv) Agency of Co-ordination

8.   State the various sources of Recruitment.   **(Unit-IV, Q.No.6)**

PART - B - (5 × 12 = 60 Marks)

[Essay Answer Type]

Note: Answer All the questions.

9.   (a)   Discuss the various Managerial Functions.   **(Unit-I, Q.No.28)**

                                            OR

      (b)   Describe in detail Henry Fayol's principles of management.   **(Unit-I, Q.No.6)**

10.   (a)   What do you mean by decision making? Elaborate the process of decision
            making.   **(Unit-II, Q.No.15,16)**

                                            OR

      (b)   What do you mean by planning and what are its features? Discuss the
            various steps to be followed in planning process.   **(Unit-II, Q.No.1,6)**

11   (a)   What is meant by delegation of Authority? Discuss the types and the
            prerequisites for delegation.   **(Unit-III, Q.No.19,21)**

                                            OR

      (b)   What do you mean by span of control ? What are its types and what
            are the factors that determine the span of control ?   **(Unit-III, Q.No.6, 7, 8)**

12.   (a)   Explain Maslow's need hierarchy theory.   **(Unit-IV, Q.No.40)**

                                            OR

      (b)   Write about the different techniques of training and discuss the relationship
            between the levels of management and the training techniques.   **(Unit-IV, Q.No. 20)**

13.   (a)   Define TQM and discuss its objectives and advantages.   **(Unit-V, Q.No. 2)**

                                            OR

      (b)   Define Leadership. Discuss its features and the essential qualities for
            leadership.   **(Unit-V, Q.No. 13, 16)**

FACULTY OF MANAGEMENT

B.B.A I - Semester(CBCS) Examination
May / June - 2018

PRINCIPLES OF MANAGEMENT

Time : 3 Hours]   [Max. Marks : 80

PART - A - (5 × 4 = 20 Marks)
[Short Answer Type]

ANSWERS

1.   **Answer any five of the following questions,**

     (a)   Scalar Chain   **(Unit-I, SQA.2)**

     (b)   Strategic Decisions

Ans :

Strategic decisions are the decisions that are concerned with whole environment in which the firm operates, the entire resources and the people who form the company and the interface between the two.

Characteristics

(a)   Strategic decisions have major resource propositions for an organization. These decisions may be concerned with possessing new resources, organizing others or reallocating others.

(b)   Strategic decisions deal with harmonizing organizational resource capabilities with the threats and opportunities.

(c)   Strategic decisions deal with the range of organizational activities. It is all about what they want the organization to be like and to be about.

(d)   Strategic decisions involve a change of major kind since an organization operates in ever-changing environment.

(e)   Strategic decisions are complex in nature.

(f)   Strategic decisions are at the top most level, are uncertain as they deal with the future, and involve a lot of risk.

(g)   Strategic decisions are different from administrative and operational decisions. Administrative decisions are routine decisions which help or rather facilitate strategic decisions or operational decisions.

     (c)   Informal Organization   **(Unit-III, SQA.4)**

     (d)   Decentralization   **(Unit-III, SQA.9)**

     (e)   Selection   **(Unit-IV, SQA.4)**

     (f)   Co-ordination   **(Unit-IV, SQA.10)**

     (g)   Operational Control

Ans :

It refers to the process of ensuring that particular activities / jobs are carried out efficiently and effectively. It focuses on individual jobs rather than on total management system. The following are the examples of operational control system:

i) **Quality Control:** Meeting quality standards during the production process.

ii) **Production Control:** Manufacturing according to set programmes.

iii) **Stock Control:** Ensuring enough supply of raw materials to maintain flow of output.

iv) **Supply of Control:** Meeting deadlines of delivery of goods to satisfy customers.

v) **Cost Control:** Maintaining various expenses as per pre-determined standards.

vi) **Budgetary Control:** Maintaining performance as per budgetary targets.

(h) Organizational Development   **(Unit-V, SQA.10)**

PART - B - (5 × 12 = 60 Marks)
[Essay Answer Type]

Note: Answer All the questions.

2. (a) How does systems approach of management differ from contingency
         approach ?   **(Unit-I, Q.No.22)**

OR

    (b) How are the levels of management classified? Describe the functions
         performed by different levels of management.   **(Unit-I, Q.No.27,28)**

3. (a) Describe procedure as a type of plan. How does it differ from policy and
         rule ? What are the characteristics of a good procedure ?   **(Unit-II, Q.No.12,13)**

OR

    (b) What are the major features of strategic decision and tactical decision ?
         What are the problems involved in decision making ?   **(Unit-II, Q.No.19)**

Ans :

Strategic decisions are the decisions that are concerned with whole environment in which the firm operates, the entire resources and the people who form the company and the interface between the two.

Characteristics

a. Strategic decisions have major resource propositions for an organization. These decisions may be concerned with possessing new resources, organizing others or reallocating others.

b. Strategic decisions deal with harmonizing organizational resource capabilities with the threats and opportunities.

c. Strategic decisions deal with the range of organizational activities. It is all about what they want the organization to be like and to be about.

d. Strategic decisions involve a change of major kind since an organization operates in ever-changing environment.

e. Strategic decisions are complex in nature.

f. Strategic decisions are at the top most level, are uncertain as they deal with the future, and involve a lot of risk.

g. Strategic decisions are different from administrative and operational decisions. Administrative decisions are routine decisions which help or rather facilitate strategic decisions or operational decisions

Tactical decisions include maintenance scheduling, demand forecasting, production planning, and emissions forecasting and trading. Strategic decisions require evaluation of future investment, budgeting,

and long-term contract negotiations with suppliers and customers. Monitoring requirements include tracking plan versus target versus actual performance, such as process energy use, cost accounting based on real costs, emissions accounting, and performance monitoring of utilities equipment.

Given that the quality and perception of information has to be improved in order to be used effectively to change an organization's culture,

Five key issues highlighted by this model must be addressed :

1.   Capability to perform
2.   Operations readiness
3.   Organizational hierarchy of needs
4.   Establishing "actionable" information to act as a catalyst of change
5.   Measuring the right things

4.   (a)   What is organizing ? Explain the principles of organizing.   **(Unit-III, Q.No.1,4)**

OR

(b)   Write a note on

1.   Centralization and Decentralization   **(Unit-III, Q.No.25,27)**

2.   Line and staff   **(Unit-III, Q.No.33)**

5.   (a)   What does directing function of management involve ? What is the importance of directing in management process. ?   **(Unit-IV, Q.No.25,27)**

OR

(b)   Explain the importance of control in a business organization. What is the difference between strategic and operational control ?   **(Unit-IV, Q.No.30)**

Ans :

S.No.	Strategic Control	S.No.	Operational Control
1.	Exercised by TOP Level Corporate Executives	1.	Exercised by Functional Level Executives.
2.	Focus on Long Term	2.	Focus on day to day operations.
3.	Observation and monitoring at a long period horizon	3.	Day to day observation and monitoring
4.	Environmental scanning, SWOT matrix, information gathering techniques will be used.	4.	Day to day reporting, comparing standard Vs Actual functional performance
5.	Overall concentration focused like External and internal	5.	Confined with internal mostly.

6.   (a)   What is the need of talent and knowledge management in an organization ?   **(Unit-V, Q.No.12)**

OR

(b)   What is corporate social responsibility ? Explain with example how corporate social responsibility is exercised by business organization.   **(Unit-V, Q.No.22,24,25)**

FACULTY OF MANAGEMENT

B.B.A I - Semester(CBCS) Examination
December - 2017
PRINCIPLES OF MANAGEMENT

Time : 3 Hours]   [Max. Marks : 80

PART - A - (5 × 4 = 20 Marks)

[Short Answer Type]

ANSWERS

1.   **Answer any five of the following questions :**

(a)   Management as a Profession   **(Unit-I, Q.No.25)**

(b)   Unity of Command   **(Unit-I, SQA.3)**

(c)   Decision Making   **(Unit-II, Q.No.15)**

(d)   Formal Organization   **(Unit-III, Q.No.9)**

(e)   Authority   **(Unit-III, SQA.6)**

(f)   Training   **(Unit-IV, Q.No.14)**

(g)   Policies   **(Unit-II, Q.No.9)**

(h)   Organizational Change   **(Unit-V, Q.No.19)**

PART - B - (5 × 12 = 60 Marks)

[Essay Answer Type]

Note : Answer all the questions.

2.   (a)   Define management in comprehensive manner and explain the

major functions of management.   **(Unit-I, Q.No.2,28)**

OR

(b)   Discuss in detail the contributions of Henry Fayol to management thought.   **(Unit-I, Q.No.6)**

3.   (a)   What is planning? What are its advantages any limitations as a managerial

function ?   **(Unit-II, Q.No.1,3)**

OR

(b)   What is decision-making? Explain the decision-making process.   **(Unit-II, Q.No.15,16)**

4.   (a)   What are the basic characteristics of a formal and informal organization ?   **(Unit-III, Q.No.9,11)**

OR

(b)   What is departmentalization? How is it essential for management of a

business enterprise ?   **(Unit-III, Q.No. 16, 17)**

5.   (a)   What is recruitment ? What are the different sources of recruitment ?   **(Unit-IV, Q.No. 5, 6)**

OR

(b) Distinguish between co-ordnation and co-opetation. What are the requtsies

     for excellent coordination ?   **(Unit-IV, Q.No. 48,49)**

6. (a) Discuss the role of technology in management of an organization.   **(Unit-V, Q. No.7)**

                                     OR

(b) What are the features and objectives of organizational development ?

Ans :

Features

1. Focused on the entire Organisation

The organization development program creates an environment that encourages employees to learn and grow. This is not the traditional training that an employee undergoes instead is focused on the entire Organisation

2. Action research

An essential feature of the Organisation development process is that it keeps the focus on research of different work situations to understand the areas that create issues. The method tries to find viable remedies to improve Organisational performances

3. System approach

Organization development is based on a system approach to encourage intergroup and interpersonal coordination and cooperation.

4. Problem-solving

Problem-solving is one of the critical features of the Organisation development system. Action research provides essential data on issues and helps to solve them effectively. This results in self-sufficiency

5. Group process

In the Organisation development process, the emphasis is on the group process instead of individual activities. It develops ways to improve functional conflicts and interpersonal relationships through viable discussions between the groups.

6. Feedback

Feedback is an essential feature of the Organisation development process as it offers vital information that helps to make decisions.

7. Learn through experience

An essential feature of the Organisation process is adopting new behavioral patterns by learning through experience. In this system, people will develop the behavioral concept and make changes on the basis of the situations they are facing and their related experiences. As Organisation development is flexible in terms of contingencies and solutions, it has the viability to choose the right resolution.

Objectives

➢ Have self-control

➢ Strengthen inter-personal trust

➢ Replacing formal authority lines with personal skill and knowledge

➢ Increase interpersonal communication

➢ Enhance employee satisfaction and enthusiasm

➢ Stimulate employees so that they can express without fear

➢ The decision by collective efforts

➢ Increase support and trust amongst employees

➢ Have self-direction

➢ Encourage employee participation in decision-making

➢ Encourage self-motivation

➢ Developing viable solutions to relevant problems

➢ Increase commitment

➢ Making the individual align with the Organisation's vision

➢ Involve members in the process of implementation and analysis

➢ Improve responsibility and ownership amongst employees during planning and execution

FACULTY OF MANAGEMENT

B.B.A I - Semester(CBCS) Examination
December - 2016

PRINCIPLES OF MANAGEMENT

Time : 3 Hours]   **[Max. Marks : 80**

PART - A - (5 × 4 = 20 Marks)

[Short Answer Type]

ANSWERS

Answer any five of the following questions.

1. Management   **(Unit-I, SQA.1)**

2. Skills of Manager

Ans :

The following are essential skills that managers need to have in order to manage employees effectively and efficiently to get the best from them.

1. Good communication

Having good communication skills is probably the most important skill of all for managers to have. Unless you can properly communicate with those you supervise, the rest of the skills really won't matter.

2. Good Organisation

Probably the second most important skill that you can have as a manager is the ability to organise. You need to be able to come up with a plan and then schedule, organise and follow it.

3. Team Building

Good managers know how to keep their teams intact. The well-being of team members does not benefit from having competition within the team.

4. Leadership

It isn't enough to just listen to the problems of co-workers. A good manager needs to solve these problems and prove that he or she is committed to the goals of the team.

3. Tactical Planning.

Ans :

Tactical planning is an important element in business, and it varies somewhat from common strategic and operational planning methods. The tactical planning process happens in real-time, pursuing short-term outcomes. Having a tactical methodology in place enables the business to make nimble manoeuvres to excel within the respective market.

When an employee identifies a short-term opportunity that requires a plan that is not necessarily coherent with normal operations, encouraging a report to management will help move that idea through the system. Managers can then meet to assess the value of that opportunity and determine if a short term, tactical plan is the best course of action.

4.   Procedure   **(Unit-II, SQA.5)**

5.   Span of control   **(Unit-IV, Q.No.32)**

6.   Line and Staff   **(Unit-III, Q.No.33)**

7.   Training   **(Unit-IV, SQA.5)**

8.   Motivation   **(Unit-IV, SQA.9)**

PART - B - (5 × 12 = 60 Marks)

[Essay Answer Type]

Note : Answer all the questions.

9.   (a)   What is Management ? Define its scope.   **(Unit-I, Q.No.1,5)**

OR

(b)   Is Management Science or Art ? Substantiate your views.   **(Unit-I, Q.No.24)**

10. (a)   What is planning? Does environmental uncertainties have effect on

Planning ?   **(Unit-II, Q.No.1)**

Ans :

Planning is always deals with the future of an organziation i.e., what organization should do for a bright future. However, as environmental factors are uncertain, the directly effects organizational planning.

1.   State Uncertainty

State uncertainty refer to unpredictable nature of the environment or part of it. This type of uncertainty assumes that environment is unpredictable.

For example, today rain is going to come or not. This effect the planning of an event like, road construction.

2.   Effect Uncertainty

Effect uncertainty refers to the environmental uncertainly which arise due to environmental changes. For example, if it is raining today, then how much it will be, whether it will be heavy or not etc. This effects the planning of on certain event like cricket match.

3.   Response Uncertainty

Resoonse uncertainty refers to the unpredictable consequence or responses of planner to environmental changes. This of uncertainty results in some responses to the uncertainties.

For example, during a cricket match, if rain comes what will be the responses of the match planners.

OR

(b)   What is Decision-making? Explain about the significance of Decision-making.   **(Unit-II, Q.No.15)**

11. (a)   Write a note on :

(i)   Span of Management   **(Unit-III, Q.No.6)**

(ii)   Delegation.   **(Unit-III, Q.No.19)**

OR

(b)   Explain the relationship between Line and Staff in organization.   **(Unit-III, Q.No.32)**

12.   (a) What is Training ? What are the different techniques of Training ?   **(Unit-IV, Q.No.14,20)**

                                         OR

      (b)   Explain Maslow's Hierarchy of Needs in organizational context.   **(Unit-IV, Q.No.40)**

13.   (a)   What is TQM? What is its importance ?   **(Unit-V, Q.No.2)**

                                         OR

      (b)   How is Organizational change different from Organizational
            Development ?

Ans :

S.No.	Basis	Organizational Change	Organizational Development
1.	Definition	"The term change refers to anyalteration which occurs in the overallwork environment of an organization".	According to Burke, "Organizationaldevelopment as a planned process ofchange in an organization's culturethrough the utilization of behaviouralscience technology, research andtheory".
2.	Objective	Its main objective is to meet customerneeds, provide employee developmentopportunities and obtain competitiveadvantage.	Its main objective is implementation oforganizational change.
3.	Agents	It is caused by agents like managers,internal consultants, special executives	It is caused by external consultants.
4.	Time	It has a short time period.	It has a long time period.
5.	Nature	It is an unplanned and unpredictableactivity.	It is a planned activity.
6.	Basis	It is based on a predicted situation.	It is based on an existing problem.
7.	Focus	It focuses on changing organization'scurrent status to a better future status.	It focuses on implementation of changein a particular area.

FACULTY OF MANAGEMENT

B.B.A (CBCS) I - Semester Examination
Model Paper - I
PRINCIPLES OF MANAGEMENT

Time : 3 Hours]   **[Max. Marks : 80**

Note: Answer any Five of the following questions.

PART - A - (5 × 4 = 20 Marks)
[Short Answer Type]

<u>**ANSWERS**</u>

1.	Objectives of Management.	**(Unit-I, SQA 2)**
2.	Espirit-de-corps.	**(Unit-I, SQA 5)**
3.	Objectives of planning	**(Unit-II, SQA 2)**
4.	Define decision making	**(Unit-II, SQA 7)**
5.	Define centralization.	**(Unit-III, SQA 8)**
6.	Define staffing.	**(Unit-IV, SQA 1)**
7.	Define Training.	**(Unit-IV, SQA 5)**
8.	Talent Management.	**(Unit-V, SQA 3)**

PART - B - (5 × 12 = 60 Marks)
[Essay Answer Type]

Note: Answer all the questions.

9.	(a)	Define management.Explain the Features of Management.	**(Unit-I, Q.No. 1, 3)**
		OR	
	(b)	Elucidate the statement management is an art (or) science.	**(Unit-I, Q.No. 24)**
10.	(a)	Define Planning ? Explain the Nature of Planning.	**(Unit-II, Q.No. 1)**
		OR	
	(b)	What are the techniques of Decision-Making?	**(Unit-II, Q.No. 17)**
11.	(a)	What do you understand by informal organization ? What are the characteristics of informal organization.	**(Unit-III, Q.No. 11)**
		OR	
	(b)	Compare and contrast between Delegation and Decentralization.	**(Unit-III, Q.No. 29)**
12.	(a)	Explain the sources of recruitment.	**(Unit-IV, Q.No. 6)**
		OR	
	(b)	Define directing? Explain the principles of directing.	**(Unit-IV, Q.No. 25)**
13.	(a)	Explain various Emerging Challenges of Management.	**(Unit-V, Q.No. 1)**
		OR	
	(b)	Explain the Needs for implementing Corporate Social Responsibility ?	**(Unit-V, Q.No. 25)**

FACULTY OF MANAGEMENT
B.B.A (CBCS) I - Semester Examination
Model Paper - II
PRINCIPLES OF MANAGEMENT

Time : 3 Hours]   **[Max. Marks : 80**

Note: Answer any Five of the following questions.

PART - A - (5 × 4 = 20 Marks)
[Short Answer Type]

ANSWERS

1.	Criticism of F.W. Taylor's contributions.	**(Unit-I, SQA 8)**
2.	Planning	**(Unit-I, SQA 12)**
3.	Define Policy	**(Unit-II, SQA 3)**
4.	Define decision making	**(Unit-II, SQA 7)**
5.	Define Authority.	**(Unit-III, SQA 6)**
6.	Characteristics of Controlling	**(Unit-IV, SQA 8)**
7.	Differences between co-ordination and co-operation.	**(Unit-IV, SQA 11)**
8.	Define organization development.	**(Unit-V, SQA 10)**

PART - B - (5 × 12 = 60 Marks)
[Essay Answer Type]
Note: Answer all the questions.

9.	(a)	Explain the Henry Fayol's principles of management.	**(Unit-I, Q.No. 6)**
		OR	
	(b)	Discuss various Contemporary issues involved in Management.	**(Unit-I, Q.No. 23)**
10.	(a)	Explain the various steps involved in planning ?	**(Unit-II, Q.No. 6)**
		OR	
	(b)	Define Procedure. What are the characteristics of a good procedure ?	**(Unit-II, Q.No. 12)**
11.	(a)	Define Authority ? What are the sources of Authority?	**(Unit-III, Q.No. 18)**
		OR	
	(b)	Define span of management ? Explain the need for span of management.	**(Unit-III, Q.No. 6)**
12.	(a)	Explain the various methods of training..	**(Unit-IV, Q.No. 20)**
		OR	
	(b)	Explain the Maslow's Need Hierarchy Theory.	**(Unit-IV, Q.No. 40)**
13.	(a)	Discuss the role of technology in management of an organization.	**(Unit-V, Q.No. 7)**
		OR	
	(b)	Define organization development. Explain nature and scope of OD.	**(Unit-V, Q.No. 20)**

FACULTY OF MANAGEMENT

B.B.A (CBCS) I - Semester Examination
Model Paper - III
PRINCIPLES OF MANAGEMENT

Time : 3 Hours]   **[Max. Marks : 80**

Note: Answer any Five of the following questions.

PART - A - (5 × 4 = 20 Marks)
[Short Answer Type]

<u>**ANSWERS**</u>

1.	Explain different levels of managers.	**(Unit-I, SQA 11)**
2.	Unity of Command.	**(Unit-I, SQA 3)**
3.	Distinguish between Policies and Procedures.	**(Unit-II, SQA 6)**
4.	Characteristics of Decision Making	**(Unit-II, SQA 8)**
5.	Define organizing.	**(Unit-III, SQA 1)**
6.	Define selection.	**(Unit-IV, SQA 4)**
7.	Objectives of Recruitment.	**(Unit-IV, SQA 3)**
8.	Corporate Social Responsibility.	**(Unit-V, SQA 11)**

PART - B - (5 × 12 = 60 Marks)
[Essay Answer Type]
Note: Answer all the questions.

9. (a) Explain briefly about various management theories.   **(Unit-I, Q.No. 8)**

OR

   (b) Explain various major functions of management.   **(Unit-I, Q.No. 28)**

10. (a) Define Policy. Explain the characteristics of policy.   **(Unit-II, Q.No. 9)**

OR

   (b) Discuss the various problems involved in Decision making.   **(Unit-II, Q.No. 19)**

11. (a) Define formal organization ? What are the characteristics of formal
       organization?   **(Unit-III, Q.No. 9)**

OR

   (b) Define responsibility ? What are the different types of responsibilities ?   **(Unit-III, Q.No. 30)**

12. (a) Define Staffing. What are the Factors Affecting Staffing?   **(Unit-IV, Q.No. 1, 4)**

OR

   (b) Define controlling. Explain the characteristics of controlling.   **(Unit-IV, Q.No. 28)**

13. (a) What do you understand by total quality management? What are the
       principles of TQM?   **(Unit-V, Q.No. 2)**

OR

   (b) Define Leadership. What are the characteristics of leadership?   **(Unit-V, Q.No. 13)**