

ARUNAI ENGINEERING COLLEGE

2021 – 22 -ODD SEMESTER

PRINCIPLES OF MANAGEMENT (1 to 5 units)

STUDY MATERIAL (2 & 13 MARKS SOLVED)

SUBJECT CODE: MG8591

SUBJECT NAME: Principles of Management

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ANNA UNIVERSITY, CHENNAI
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REGULATION 2017

MG8591

PRINCIPLES OF MANagements

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OBJECTIVES:

To enable the students to study the evolution of Management, to study the functions and principles of management and to learn the application of the principles in an organization .

UNIT I INTRODUCTION TO MANAGEMENT AND ORGANIZATIONS

(9)

Definition of Management – Science or Art – Manager Vs Entrepreneur – types of managers - managerial roles and skills – Evolution of Management – Scientific, human relations , system

and contingency approaches – Types of Business organization – Sole proprietorship, partnership, company-public and private sector enterprises – Organization culture and Environment – Current trends and issues in Management.

UNIT II PLANNING

(9)

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

UNIT III ORGANISING

(9)

Nature and purpose – Formal and informal organization – organization chart – organization structure – types – Line and staff authority – departmentalization – delegation of authority – centralization and decentralization – Job Design – Human Resource Management – HR

Planning, Recruitment, selection, Training and Development, Performance Management , Career planning and management.

UNIT IV DIRECTING

(9)

Foundations of individual and group behaviour – motivation – motivation theories – motivational techniques – job satisfaction – job enrichment – leadership – types and theories of leadership – communication – process of communication – barrier in communication – effective communication –communication and IT.

UNIT V CONTROLLING

(9)

System and process of controlling – budgetary and non-budgetary control techniques – use of computers and IT in Management control – Productivity problems and management – control and performance – direct and preventive control – reporting.

TOTAL: 45 PERIODS

OUTCOMES:

Upon completion of the course, students will be able to have clear understanding of managerial functions like planning, organizing, staffing, leading & controlling and have same basic knowledge on international aspect of management

TEXTBOOKS:

1. Stephen P. Robbins & Mary Coulter, "Management", Prentice Hall (India) Pvt. Ltd., 10th Edition, 2009.
2. JAF Stoner, Freeman R.E and Daniel R Gilbert "Management", 6th Edition, Pearson Education, 2004.

REFERENCES:

1. Stephen A. Robbins & David A. Decenzo & Mary Coulter, "Fundamentals of Management" 7th Edition, Pearson Education, 2011.
2. Robert Kreitner & Mamata Mohapatra, " Management", Biztantra, 2008.
3. Harold Koontz & Heinz Weihrich, "Essentials of Management", Tata McGraw Hill, 1998.
4. Tripathy PC & Reddy PN, "Principles of Management", Tata McGraw Hill, 1999

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UNIT 1 - INTRODUCTION TO MANAGEMENT AND ORGANISATION

PART A

1. Define: Management.[May/June2016,Nov/Dec2014,Apr/May2011,Nov/Dec2012]

According to Knootz and Wehrich "Management is the process of designing and maintaining of an organization in which individuals working together in groups efficiently accomplish selected aims".

2. What is Scientific Management?[Apr/May2015,Nov/Dec2015]

Fredrick Winslow Taylor is called "Father of scientific management". Taylor attempted a more scientific approach to management as well as the problems and the approach was based upon four basic principles.

- Observation and measurement should be used in the organizations.
- The employees should be scientifically selected and trained.
- Due to scientific selection and training, an employee has the opportunity of earning a high rate of pay.
- A mental revolution in the form of constant cooperation between the employer and employees should be given the benefits of scientific management.

3. What are management levels?[May/June2016,Nov/Dec2011]

- Top level management
- Middle level management
- Lower level management

4. Write some important functions of top level management?[Apr/May2007]

- To formulate goals and policies of the company
- To formulate budgets
- To appoint top executives

5. What are the essential skills needed for the managers?[May/June2012]

- Technical Skill
- Human Skill
- Conceptual Skill

6. List the functions of Management.[Nov/Dec2012,Apr/May2009]

- Planning
- Organizing
- Staffing
- Coordinating
- Controlling

7. What are the role of manager?[May/June2014,Apr/May2015,Apr/May 2011]

- Interpersonal role
- Informational
- Decisional

8. What is Multinational Corporation (MNC)?[Apr/May2010]

"An enterprise which own or control production or service facilities outside the country in which they are based".

9. Distinguish between Management and Administration.
[Nov/Dec2014,May/June2014,Apr/May2008,Nov/Dec2009]

S.No	Administration	Management
1.	It is higher level functions	It is lower level functions
2.	It refers to the owners of the organization	It refers to the employees.
3.	Administration is concerned with decision making	Management is concerned with execution of decision
4.	It acts through the management	It acts through the organization
5.	Administration lays down broad policies and	Management executes these policies in to practice.

10. List the different forms of Organizations.[Nov/Dec2009]

- Sole Proprietorship
- Partnership
- Joint-Stock Company
- Co-operative Enterprise
- Public Enterprise

11. Name the types of managers.

- Top Manager
- Middle Manager
- Lower Manager

12. Define 'sole proprietorship'

Sole proprietorship is one in which Only one person invests the entire capital need to run the business hence one person owns this business organization, The businessman invests the capital, employees labor and machines. Sole proprietors own all the assets of the business and the profits generated by it. They also assume "complete personal" responsibility for all of its liabilities or debts

13. What is partnership?

Two or more people share ownership of a single business. The Partners should have a legal agreement that how decisions will be made, profits will be shared, disputes will be resolved, how future partners will be admitted, or what steps will be taken to dissolve the partnership when

needed.

14. What is organizational culture?

It is a system of shared meaning and beliefs held by organizational members that determines how they act towards each other's and outsiders.

15. How is a manager different from an entrepreneur.

Manager – “A manager is a person responsible for planning and directing the work of a group of individuals , monitoring their work, and taking corrective actions when necessary”.

Entrepreneur - “He is a person who establishes business unit and utilizes the other factors of production like land , labour and capital”.

PART-B

1. Outline the various forms of business

organization. Types of Business Organizations:

When organizing a new business, one of the most important decisions to be made is choosing the structure of a business.

a) Sole Proprietorships:

The vast majority of small business starts out as sole proprietorships. These firms are owned by one person, usually the individual who has day-to-day responsibility for running the business. Sole proprietors own all the assets of the business and the profits generated by it. They also assume "complete personal" responsibility for all of its liabilities or debts. In the eyes of the law, you are one in the same with the business.

Merits:

- Easiest and least expensive form of ownership to organize.
- Sole proprietors are in complete control, within the law, to make all decisions.
- Sole proprietors receive all income generated by the business to keep or reinvest.
- Profits from the business flow-through directly to the owner's personal tax return.
- The business is easy to dissolve, if desired.

Demerits:

- Unlimited liability and are legally responsible for all debts against the business.
- Their business and personal assets are 100% at risk.
- Has almost been ability to raise investment funds.
- Are limited to using funds from personal savings or consumer loans.

- Employee benefits such as owner's medical insurance premiums are not directly deductible from business income (partially deductible as an adjustment to income).

b) Partnerships:

In a Partnership, two or more people share ownership of a single business. Like proprietorships, the law does not distinguish between the business and its owners. The Partners should have a legal agreement that sets forth how decisions will be made, profits will be shared, disputes will be resolved, how future partners will be admitted to the partnership, how partners can be bought out, or what steps will be taken to dissolve the partnership when needed. Yes, it's hard to think about a "break-up" when the business is just getting started, but many partnerships split up at crisis times and unless there is a defined process, there will be even greater problems. They also must decide up front how much time and capital each will contribute, etc.

Merits:

- Partnerships are relatively easy to establish; however time should be invested in developing the partnership agreement.
- With more than one owner, the ability to raise funds may be increased.
- The profits from the business flow directly through to the partners' personal taxes.
- Prospective employees may be attracted to the business if given the incentive to become a partner.

Demerits:

- Partners are jointly and individually liable for the actions of the other partners.
- Profits must be shared with others.
- Since decisions are shared, disagreements can occur.
- Some employee benefits are not deductible from business income on tax returns.
- The partnerships have a limited life; it may end upon a partner withdrawal or death.

c) Corporations:

A corporation, chartered by the state in which it is headquartered, is considered by law to be a unique "entity", separate and apart from those who own it. A corporation can be taxed; it can be sued; it can enter into contractual agreements. The owners of a corporation are its shareholders.

The shareholders elect a board of directors to oversee the major policies and decisions. The corporation has a life of its own and does not dissolve when ownership changes.

Merits:

- Shareholders have limited liability for the corporation's debts or judgments against the corporations.

- Corporations can raise additional funds through the sale of stock.
- A corporation may deduct the cost of benefits it provides to officers and employees.
- Can select corporation status if certain requirements are met. This election enables company to be taxed similar to a partnership.

Demerits:

- The process of incorporation requires more time and money than other forms of organization.
- Corporations are monitored by federal, state and some local agencies, and as a result may have more paperwork to comply with regulations.
- Incorporating may result in higher overall taxes. Dividends paid to shareholders are not deductible from business income, thus this income can be taxed twice.

d) Joint Stock Company:

Limited financial resources & heavy burden of risk involved in both of the previous forms of organization has led to the formation of joint stock companies these have limited dilutives. The capital is raised by selling shares of different values. Persons who purchase the shares are called shareholder. The managing body known as; Board of Directors; is responsible for policy making important financial & technical decisions.

There are two main types of joint stock Companies.

- (i) Private limited company.
- (ii) Public limited company

(i) Private limited company:

This type company can be formed by two or more persons. The maximum number of member ship is limited to 50. In this transfer of shares is limited to members only. The government also does not interfere in the working of the company.

(ii) Public Limited Company:

It is one whose membership is open to general public. The minimum number required to form such company is seven, but there is no upper limit. Such company's can advertise to offer its share to genera public through a prospectus. These public limited companies are subjected to greater control & supervision of control.

Merits:

- The liability being limited, the shareholder bear no risk & therefore more persons are encouraged to invest capital.
- Because of large numbers of investors, the risk of loss is divided.
- Joint stock companies are not affected by the death or the retirement of the shareholders.

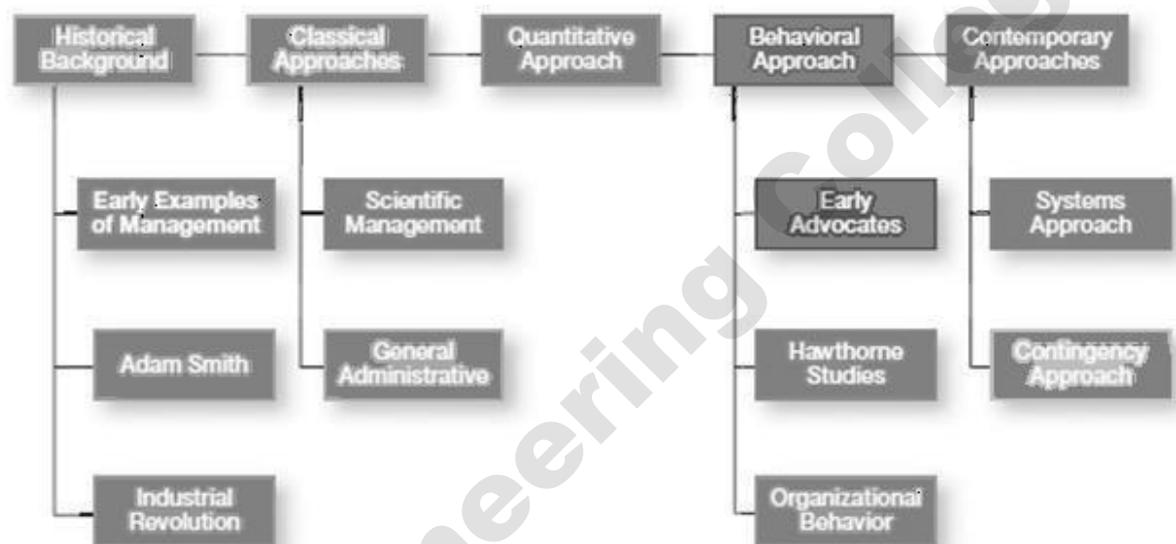
Disadvantages:

- It is difficult to preserve secrecy in these companies.

- Lack of personal interest

2. Explain about the evolution of management. [Apr/May 2014, Apr/May 2011]

The practice of management is as old as human civilization. The ancient civilizations of Egypt (the great pyramids), Greece (leadership and war tactics of Alexander the great) and Rome displayed the marvelous results of good management practices. The origin of management as a discipline was developed in the late 19th century. Over time, management thinkers have sought ways to organize and classify the voluminous information about management that has been collected and disseminated. These attempts at classification have resulted in the identification of management approaches. The approaches of management are theoretical frameworks for the study of management. Each of the approaches of management is based on somewhat



different assumptions about human beings and the organizations for which they work.

The different approaches of management are:

- Classical approach
- Behavioral approach
- Quantitative approach
- Systems approach
- Contingency approach

The formal study of management is largely a twentieth-century phenomenon, and to some degree the relatively large number of management approaches reflects a lack of consensus among management scholars about basic questions of theory and practice.

a) THE CLASSICAL APPROACH:

The classical approach is the oldest formal approach of management thought. Its roots pre-date the twentieth century. The classical approach of thought generally concerns ways to manage work and organizations more efficiently. Three areas of study that can be grouped under the classical approach are scientific management, administrative management, and bureaucratic management.

(i) Scientific Management

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

(ii) Administrative Management:

Administrative management focuses on the management process and principles of management. In contrast to scientific management, which deals largely with jobs and work at the individual level of analysis, administrative management provides a more general theory of management. Henri Fayol is the major contributor to this approach of management thought.

(iii) Bureaucratic Management:

Bureaucratic management focuses on the ideal form of organization. Max Weber was the major contributor to bureaucratic management. Based on observation, Weber concluded that many early organizations were inefficiently managed, with decisions based on personal relationships and loyalty. He proposed that a form of organization, called a bureaucracy, characterized by division of labor, hierarchy, formalized rules, impersonality, and the selection and promotion of employees based on ability, would lead to more efficient management. Weber also contended that managers' authority in an organization should be based not on tradition or charisma but on the position held by managers in the organizational hierarchy.

b) THE BEHAVIORAL APPROACH:

The behavioral approach of management thought developed, in part, because of perceived weaknesses in the assumptions of the classical approach. The classical approach emphasized efficiency, process, and principles. Some felt that this emphasis disregarded important aspects of organizational life, particularly as it related to human behavior. Thus, the behavioral approach focused on trying to understand the factors that affect human behavior at work.

(i) Human Relations:

The Hawthorne Experiments began in 1924 and continued through the early 1930s. A variety of researchers participated in the studies, including Elton Mayo. One of the major conclusions of the Hawthorne studies was that workers' attitudes are associated with productivity. Another was that the workplace is a social system and informal group influence could exert a powerful effect on individual behavior. A third was that the style of supervision is an important factor in increasing workers' job satisfaction.

(ii) Behavioural Science:

Behavioral science and the study of organizational behavior emerged in the 1950s and 1960s. The behavioral science approach was a natural progression of the human relations movement. It focused on applying conceptual and analytical tools to the problem of understanding and predicting behavior in the workplace. The behavioral science approach has contributed to the study of management through its focus on personality, attitudes, values, motivation, group behavior, leadership,

communication.

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c) THE QUANTITATIVE APPROACH

The quantitative approach focuses on improving decision making via the application of quantitative techniques. Its roots can be traced back to scientific management.

(i) Management Science (Operations Research):

Management science (also called operations research) uses mathematical and statistical approaches to solve management problems. It developed during World War II as strategists tried to apply scientific knowledge and methods to the complex problems of war. Industry began to apply management science after the war. The advent of the computer made many management science tools and concepts more practical for industry

(ii) Production And Operations Management:

This approach focuses on the operation and control of the production process that transforms resources into finished goods and services. It has its roots in scientific management but became an identifiable area of management study after World War II. It uses many of the tools of management science.

Operations management emphasizes productivity and quality of both manufacturing and service organizations. W. Edwards Deming exerted a tremendous influence in shaping modern ideas about improving productivity and quality. Major areas of study within operations management include capacity planning, facilities location, facilities layout, materials requirement planning, scheduling, purchasing and inventory control, quality control, computer integrated manufacturing, just-in-time inventory systems, and flexible manufacturing systems.

d) SYSTEMS APPROACH:

The simplified block diagram of the systems approach is given below.

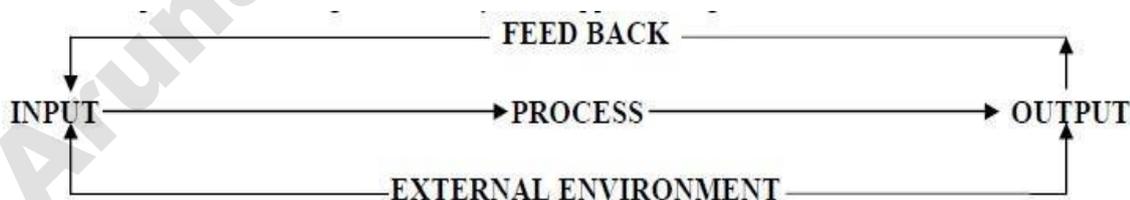


Figure 1.3: Block Diagram of Systems Approach

The systems approach focuses on understanding the organization as an open system that transforms inputs into outputs. The systems approach began to have a strong impact on management thought in the 1960s as a way of thinking about managing techniques that would allow managers to relate different specialties and parts of the company to one another, as well as to external environmental factors. The systems approach focuses on the organization as a whole, its interaction with the environment, and its need to achieve equilibrium

e) **CONTINGENCY APPROACH:**

The contingency approach focuses on applying management principles and processes

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various situational factors, such as the external environment, technology, organizational characteristics, characteristics of the manager, and characteristics of the subordinates. Contingency theorists often implicitly or explicitly criticize the classical approach for its emphasis on the universality of management principles; however, most classical writers recognized the need to consider aspects of the situation when applying management principles.

MANAGEMENT APPROACHS	Beginning Dates	Emphasis
CLASSICAL APPROACH		
Scientific Management	1880s	Traditional rules of thumb are replaced by precise procedures developed after careful study of an individual at work.
Administrative Management	1940s	Gives idea about the primary functions of management and the 14 Principles of Administration
Bureaucratic Management	1920s	Replaces traditional leadership and charismatic leadership with legal leadership
BEHAVIORAL APPROACH		
Human Relations	1930s	Workers' attitudes are associated with productivity
Behavioral Science	1950s	Gives idea to understand human behavior in the organization.
QUANTITATIVE APPROACH		
Management Science (Operation research)	1940s	Uses mathematical and statistical approaches to solve management problems.
Production and Operations Management	1940s	This approach focuses on the operation and control of the production process that transforms resources into finished goods and services
RECENT DEVELOPMENTS		
SYSTEMS APPROACH	1950s	Considers the organization as a system that transforms inputs into outputs while in constant interaction with its' environment.
CONTINGENCY APPROACH	1960s	Applies management principles and processes as dictated by the unique characteristics of each situation.

3. Explain in detail about Henry Fayol's contribution towards classical approach towards management

[Apr/May 2015]

Or

Discuss the contributions made by Henry Fayol and F.W.Taylor to the field of management.

[Nov/Dec 2013]

Or

Discuss Henry Fayol's principles of management

[May/June

2013] CONTRIBUTION OF FAYOL AND TAYLOR

F.W. Taylor and Henry Fayol are generally regarded as the founders of scientific management and administrative management and both provided the bases for science and art of management.

Taylor's Scientific Management

Frederick Winslow Taylor well-known as the founder of scientific management was the first to recognize and emphasize the need for adopting a scientific approach to the task of managing an enterprise. He tried to diagnose the causes of low efficiency in industry and came to the conclusion that much of waste and inefficiency is due to the lack of order and system in the methods of management. He found that the management was usually ignorant of the amount of work that could be done by a worker in a day as also the best method of doing the job. As a result, it remained largely at the mercy of the workers who deliberately shirked work. He therefore, suggested that those responsible for management should adopt a scientific approach in their work, and make use of "scientific method" for achieving higher efficiency. The scientific method consists essentially of

- a. Observation
- b. Measurement
- c. Experimentation and
- d. Inference.

He advocated a thorough planning of the job by the management and emphasized the necessity of perfect understanding and co-operation between the management and the workers both for the enlargement of profits and the use of scientific investigation and knowledge in industrial work. He summed up his approach in these words:

- Science, not rule of thumb
- Harmony, not discord
- Co-operation, not individualism
- Maximum output, in place of restricted output

The development of each man to his greatest efficiency and prosperity.

Elements of Scientific Management: The techniques which Taylor regarded as its essential elements or features may be classified as under:

- Scientific Task and Rate-setting, work improvement, etc.
- Planning the Task.
- Vocational Selection and Training
- Standardization (of working conditions, material equipment etc.)
- Specialization
- Mental Revolution.

a) Scientific Task and Rate-Setting (work study):

Work study may be defined as the systematic, objective and critical examination of all the factors governing the operational efficiency of any specified activity in order to effect improvement.

Work study includes.

i) Methods Study: The management should try to ensure that the plant is laid out in the best manner and is equipped with the best tools and machinery. The possibilities of eliminating or combining certain operations may be studied.

ii) Motion Study: It is a study of the movement, of an operator (or even of a machine) in performing an operation with the purpose of eliminating useless motions.

iii) Time Study (work measurement): The basic purpose of time study is to determine the proper time for performing the operation. Such study may be conducted after the motion study. Both time study and motion study help in determining the best method of doing a job and the standard time allowed for it.

iv) Fatigue Study: If, a standard task is set without providing for measures to eliminate fatigue, it may either be beyond the workers or the workers may over strain themselves to attain it. It is necessary, therefore, to regulate the working hours and provide for rest pauses at scientifically determined intervals.

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

b) Planning the Task:

Having set the task which an average worker must strive to perform to get wages at the higher piece-rate, necessary steps have to be taken to plan the production

thoroughly

c) Selection and Training:

Scientific Management requires a radical change in the methods and procedures of selecting workers. It is therefore necessary to entrust the task of selection to a central personnel department. The procedure of selection will also have to be systematised. Proper attention has also to be devoted to the training of the workers in the correct methods of work.

d) Standardization: Standardization may be introduced in respect of the following.

i) Tools and equipment: By standardization is meant the process of bringing about uniformity. The management must select and store standard tools and implements which will be nearly the best or the best of their kind.

ii) Speed: There is usually an optimum speed for every machine. If it is exceeded, it is likely to result in damage to machinery.

iii) Conditions of Work: To attain standard performance, the maintenance of standard conditions of ventilation, heating, cooling, humidity, floor space, safety etc., is very essential.

iv) Materials: The efficiency of a worker depends on the quality of materials and the method of handling materials.

e) Specialization:

Scientific management will not be complete without the introduction of specialization. Under this plan, the two functions of 'planning' and 'doing' are separated in the organization of the plant. The 'functional foremen' are specialists who join their heads to give thought to the planning of the performance of operations in the workshop. Taylor suggested eight functional foremen under his scheme of functional foremanship.

i) The Route Clerk: To lay down the sequence of operations and instruct the workers concerned about it.

ii) The Instruction Card Clerk: To prepare detailed instructions regarding different aspects of work.

iii) The Time and Cost Clerk: To send all information relating to their pay to the workers and to secure proper returns of work from them.

iv) The Shop Disciplinarian: To deal with cases of breach of discipline and absenteeism.

v) The Gang Boss: To assemble and set up tools and machines and to teach the workers to make all their personal motions in the quickest and best way.

vi) **The Speed Boss:** best speeds and proper tools are used by the workers.

vii) **The Repair Boss:** To ensure that each worker keeps his machine in good order and maintains cleanliness around him and his machines.

viii) **The Inspector:** To show to the worker how to do the work.

f) Mental Revolution:

At present, industry is divided into two groups – management and labour. The major problem between these two groups is the division of surplus. The management wants the maximum possible share of the surplus as profit; the workers want, as large share in the form of wages. Taylor has in mind the enormous gain that arises from higher productivity. Such gains can be shared both by the management and workers in the form of increased profits and increased wages.

Henry Fayol's 14 Principles of Management:

The principles of management are given below:

1. **Division of work:** Division of work or specialization alone can give maximum productivity and efficiency. Both technical and managerial activities can be performed in the best manner only through division of labour and specialization.
2. **Authority and Responsibility:** The right to give order is called authority. The obligation to accomplish is called responsibility. Authority and Responsibility are the two sides of the management coin. They exist together. They are complementary and mutually interdependent.
3. **Discipline:** The objectives, rules and regulations, the policies and procedures must be honoured by each member of an organization. There must be clear and fair agreement on the rules and objectives, on the policies and procedures. There must be penalties (punishment) for non-obedience or indiscipline. No organization can work smoothly without discipline - preferably voluntary discipline.
4. **Unity of Command:** In order to avoid any possible confusion and conflict, each member of an organization must received orders and instructions only from one superior (boss).
5. **Unity of Direction:** All members of an organization must work together to accomplish common objectives.
6. **Emphasis on Subordination of Personal Interest to General or Common Interest:** This is also called principle of co-operation. Each shall work for all and all for each. General or common interest must be supreme in any joint enterprise.
7. **Remuneration:** Fair pay with non-financial rewards can act as the best incentive or motivator for good performance. Exploitation of employees in any manner must be eliminated. Sound scheme of remuneration includes

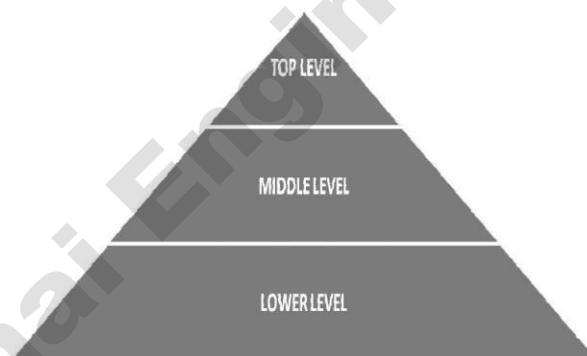
- Adequate financial and non financial investments.
8. **Centralization:** There must be a good balance between centralization and decentralization of authority and power. Extreme centralization and decentralization must be avoided.
 9. **Scalar Chain:** The unity of command brings about a chain or hierarchy of command linking all members of the organization from the top to the bottom. Scalar denotes steps.
 10. **Order:** Fayol suggested that there is a place for everything. Order or system alone can create a sound organization and efficient management.
 11. **Equity:** An organization consists of a group of people involved in joint effort. Hence, equity (i.e., justice) must be there. Without equity, we cannot have sustained and adequate joint collaboration.
 12. **Stability of Tenure:** A person needs time to adjust himself with the new work and demonstrate efficiency in due course. Hence, employees and managers must have job security. Security of income and employment is a pre-requisite of sound organization and management.
 13. **Esprit of Co-operation:** Esprit de corps is the foundation of a sound organization. Union is strength. But unity demands co-operation. Pride, loyalty and sense of belonging are responsible for good performance.
 14. **Initiative:** Creative thinking and capacity to take initiative can give us sound managerial planning and execution of predetermined plans.

4. Explain the Levels of Management and functions of management.[

Nov/Dec 2011, Apr/May 2015, May/Jun 2012]

LEVELS OF MANAGEMENT

The three levels of management are as follows:



i) The Top Management

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

- The role of the top management can be summarized as follows –
- Top management lays down the objectives and broad policies of the enterprise.
- It issues necessary instructions for preparation of department budgets, procedures, schedules etc.
- It prepares strategic plans & policies for the enterprise.

- It controls & coordinates the activities of all the departments.
- It is also responsible for maintaining a contact with the outside world.
- It provides guidance and direction.
- The top management is also responsible towards the shareholders for the performance of the enterprise.

ii) Middle Level Management

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

- They execute the plans of the organization in accordance with the policies and directives of the top management.
- They make plans for the sub-units of the organization.
- They participate in employment & training of lower level management.
- They interpret and explain policies from top level management to lower level.
- They are responsible for coordinating the activities within the division or department.
- It also sends important reports and other important data to top level management.
- They evaluate performance of junior managers.
- They are also responsible for inspiring lower level managers towards better performance.

iii) Lower Level Management

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

- Assigning of jobs and tasks to various workers.
- They guide and instruct workers for day to day activities.
- They are responsible for the quality as well as quantity of production.
- They are also entrusted with the responsibility of maintaining good relation in the organization.
- They communicate workers problems, suggestions, and recommendatory appeals etc to the higher level and higher level goals and objectives to the workers.
- They help to solve the grievances of the workers.
- They supervise & guide the sub-ordinates.
- They are responsible for providing training to the workers.

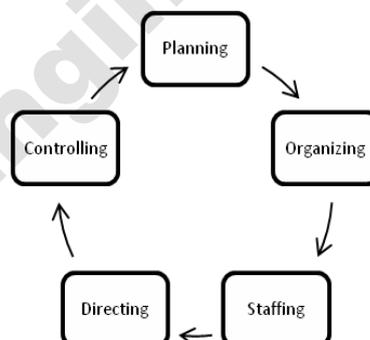
- They prepare periodical reports about the performance of the workers.
- They motivate workers.
- They are the image builders of the enterprise because they are in direct contact with the workers.

FUNCTIONS OF MANAGEMENT

Management has been described as a social process involving responsibility for economical and effective planning & regulation of operation of an enterprise in the fulfillment of given purposes. It is a dynamic process consisting of various elements and activities. These activities are different from operative functions like marketing, finance, purchase etc. Rather these activities are common to each and every manager irrespective of his level or status.

Different experts have classified functions of management. According to George & Jerry, "There are four fundamental functions of management i.e. planning, organizing, actuating and controlling". According to Henry Fayol, "To manage is to forecast and plan, to organize, to command, & to control". **Whereas Luther Gullick has given a keyword 'POSDCORB' where P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for reporting & B for Budgeting.** But the most widely accepted are functions of management given by KOONTZ and O'DONNELL i.e. **Planning, Organizing, Staffing, Directing and Controlling.**

For theoretical purposes, it may be convenient to separate the function of management but practically these functions are overlapping in nature i.e. they are highly inseparable. Each function blends into the other & each affects the performance of others.



1. Planning

It is the basic function of management. It deals with chalking out a future course of action & deciding in advance the most appropriate course of actions for achievement of pre-determined goals. According to KOONTZ, "Planning is deciding in advance – what to do, when to do & how to do. It bridges the gap from where we are & where we want to be". A plan is a future course of actions. It is an exercise in problem solving & decision making. Planning is determination of courses of action to

achieve desired goals. Planning is necessary to ensure proper utilization of human & non-human resources. It is all pervasive, it is an intellectual activity and it also helps in avoiding confusion, uncertainties, risks, wastages etc.

2. Organizing

It is the process of bringing together physical, financial and human resources and developing productive relationship amongst them for achievement of organizational goals. According to Henry Fayol, "To organize a business is to provide it with everything useful or its functioning i.e. raw material, tools, capital and personnel's". To organize a business involves determining & providing human and non-human resources to the organizational structure. Organizing as a process involves:

- Identification of activities.
- Classification of grouping of activities.
- Assignment of duties.
- Delegation of authority and creation of responsibility.
- Coordinating authority and responsibility relationships.

3. Staffing

It is the function of manning the organization structure and keeping it manned. Staffing has assumed greater importance in the recent years due to advancement of technology, increase in size of business, complexity of human behavior etc. The main purpose of staffing is to put right man on right job i.e. square pegs in square holes and round pegs in round holes. According to Kootz & O'Donell, "Managerial function of staffing involves manning the organization structure through proper and effective selection, appraisal & development of personnel to fill the roles designed in the structure". Staffing involves:

- Manpower Planning (estimating man power in terms of searching, choose the person and giving the right place).
- Recruitment, selection & placement.
- Training & development.
- Remuneration.
- Performance appraisal.
- Promotions & transfer.

4. Directing

It is that part of managerial function which actuates the organizational methods to work efficiently for achievement of organizational purposes. It is considered life-spark of the enterprise which sets it in motion the action of people because planning, organizing and staffing are the mere preparations for doing the work. Direction is that inert-personnel aspect of management which deals directly with influencing, guiding, supervising, motivating sub-ordinate for the achievement of organizational goals. Direction has following elements:

- Supervision
- Motivation

- Leadership
 - Communication
- (i) **Supervision-** implies overseeing the work of subordinates by their superiors. It is the act of watching & directing work & workers.
- (ii) **Motivation-** means inspiring, stimulating or encouraging the sub-ordinates with zeal to work. Positive, negative, monetary, non-monetary incentives may be used for this purpose.
- (iii) **Leadership-** may be defined as a process by which manager guides and influences the work of subordinates in desired direction.
- (iv) **Communications-** is the process of passing information, experience, opinion etc from one person to another. It is a bridge of understanding.

5. Controlling

It implies measurement of accomplishment against the standards and correction of deviation if any to ensure achievement of organizational goals. The purpose of controlling is to ensure that everything occurs in conformities with the standards. An efficient system of control helps to predict deviations before they actually occur. According to Theo Haimann, "Controlling is the process of checking whether or not proper progress is being made towards the objectives and goals and acting if necessary, to correct any deviation". According to Koontz & O'Donell "Controlling is the measurement & correction of performance activities of subordinates in order to make sure that the enterprise objectives and plans desired to obtain them has being accomplished". Therefore controlling has following steps:

- Establishment of standard performance.
- Measurement of actual performance.
- Comparison of actual performance with the standards and finding out deviation if any.
- Corrective action.

5.(i) Explain managerial skills and roles. [Nov/Dec2014]

Or

Explain the roles and social responsibility of a manager. [Nov/Dec2015]

Henry Mintzberg, a well-known management researcher, studied actual managers at work.

Managerial roles refer to specific actions or behaviors expected of and exhibited by a manager. (As we play different roles such as student, employee, student organization member, volunteer, sibling, and so on and the different things we are expected to do in that roles)

The **interpersonal roles** are ones that involve people (subordinates and persons outside the organization) and other duties that are ceremonial and symbolic in nature. The three interpersonal roles include figurehead, leader, and liaison.

The **informational roles** involve collecting, receiving, and disseminating information. The three informational roles include

monitor, disseminator and spokesperson

The **decisional roles** include making decisions or choices. The four decisional roles include entrepreneur, disturbance handler, resource allocator, and negotiator.

As managers perform these roles, Mintzberg proposed that their activities included both reflection (thinking) and action (doing). For instance, reflection would occur when Lisa listens to employees' or customers' problems, while action would occur when she resolves those problems.

Interpersonal Roles

- Figurehead
- Leader
- Liaison

Informational Roles

- Monitor
- Disseminator
- Spokesperson

Decisional Roles

- Entrepreneur
- Disturbance handler
- Resource allocator
- Negotiator

Mintzberg explains that a manager does this in three ways:

- (1) by managing actions directly that is negotiating contracts, managing projects, etc.,
- (2) by managing people who take action (for example, motivating them, building teams, enhance the organization's culture, etc.)
- (3) by managing information to take action (using budgets, goals, task delegation, etc.). The manager at the center of the model has two roles—framing, which defines how a manager approaches his or her job; and scheduling, which “brings the frame to life” through the distinct tasks the manager does. A manager enacts these roles while managing action in the three “planes:” with information, through people, and sometimes by taking action directly.

Management Skills



Dell Inc. is a company that understands the importance of management skills. It started an intensive five-day offsite skills training program for first-line managers as a way to improve its operations. One of Dell's directors of learning and development thought this was the best way to develop “leaders who can build that strong relationship with their front-line employees.” What have the supervisors learned from the skills training? Some things they mentioned were how to

to conclusions when discussing a problem with a worker. Robert L. Katz proposed that managers need three critical skills in managing: technical, human, and conceptual.

Technical skills are the job specific knowledge and techniques needed to proficiently perform work tasks. These skills tend to be more important for first-line managers because they typically are managing employees who use tools and techniques to produce the organization's products or service the organization's customers. Often, employees with excellent technical skills get promoted to first-line manager.

Managers with good human skills get the best out of their people. They know how to communicate, motivate, lead, and inspire enthusiasm and trust. Finally, **conceptual skills** are the skills managers use to think and to conceptualize about abstract and complex situations. Using these skills, managers see the organization as a whole, understand the relationships among various subunits, and visualize how the organization fits into its broader environment. These skills are most important to top managers.

Other important managerial skills are

- Managing human capital
- Inspiring commitment
- Managing change done
- Structuring work and getting things done
- Facilitating the psychological and social contexts of work
- Using purposeful networking
- Managing decision-making processes
- Managing strategy and innovation
- Managing logistics and technology

In today's demanding and dynamic workplace, employees who want to be valuable assets must constantly upgrade their skills, and developing management skills effective manager.

ii) Discuss Management as an Art or Science.

Management is Science because of several reasons like - it has universally accepted principles, it has cause and effect relationship etc, and at the same time it is art because it requires perfection through practice, practical knowledge, creativity, personal skills etc.

Management as a science

Management as a science, it has systematized body of knowledge, concept and principles. Management deals different problems and issues by using quantitative models and decision making techniques and issues by using quantitative models and decision making techniques to arrive at right decisions. As a science management contains concepts, hypothesis, theories, experimentation all verified and tested accordingly to clarify about cause and effect relationship between many facts or events occurred.

- Management is systematic body of knowledge with theories, concepts, principles, experiments and functions which are systematically and logically analyzed
- The theories related to management are applicable and used in all types of organization irrespective of size, type, capital and so on.

- All the managerial knowledge and practices are developed through various observations and experiments which are researched and experiment based
- Tests of management theories are applied in situational and judgmental cases which help in prediction of future events.
- Management is not a pure science but a social science
- Management relates itself to cause and effect relationship. Results of modern management are acceptable to all employees. Good and efficient management system enhances the purity in organization.

Management as an art

Management includes the activities of planning, organizing, direction, decision making, regulating and integration of all resources which requires special skill and art. According to Mary Parker, "management is an art of getting things done through others. Management enables a manager to get things done through employees."

- Management performs non programmed and non routine work using creativity and innovations
- Management accomplishes any job within time and budget to achieve organizational goals with ease.
- Managers apply their interest, ability and skills for solving contemporary issues through decisions which ignite their creativity. They can use their skills in field of job performance, solving exceptional issues, forming objectives etc.
- Managers must possess practical knowledge not only theoretical acquired from experiences which helps in working according to situation
- Managerial activities are practices by using knowledge, ability and skill to solve the problems.
- Management is both an art and a science. Management combines features of both science as well as art. It is considered as a science because it has an organized body of knowledge which contains certain universal truth. It is called an art because managing requires certain skills which are personal possessions of managers. Science provides the knowledge & art deals with the application of knowledge and skills.

6. Discuss the trends and challenges of management in globalized era. [Apr/May 2014,& 2011]

The management functions are planning and decision making, organizing, leading, and controlling are just as relevant to international managers as to domestic managers. International managers need to have a clear view of where they want their firm to be in the future; they have to organize to implement their plans: they have to motivate those who work for them; and they have to develop appropriate control mechanisms.

a) Planning and Decision Making in a Global Scenario: To effectively plan and make decisions in a global economy, managers must have a broad based understanding of both environmental issues and competitive issues. They need to understand local market conditions and technological factor that will affect their

operations. Which markets are growing? Which markets are shrinking? Which are our domestic and foreign competitors doing in each market? They must also make a variety of strategic decisions about their organizations. For example, if a firm wishes to enter market in France, should it buy a local firm there, build a plant, or seek a strategic alliance? Critical issues include understanding environmental circumstances, the role of goals and planning in a global organization, and how decision making affects the global organization.

b) Organizing in a Global Scenario: Managers in international businesses must also attend to a variety of organizing issues. *For example*, General Electric has operations scattered around the globe. The firm has made the decision to give local managers a great deal of responsibility for how they run their business. In contrast, many Japanese firms give managers of their foreign operations relatively little responsibility. As a result, those managers must frequently travel back to Japan to present problems or get decisions approved. Managers in an international business must address the basic issues of organization structure and design, managing change, and dealing with human resources.

c) Leading in a Global Scenario: Individual managers must be prepared to deal with cultural and other factors as they interact people from different cultural backgrounds

.Supervising a group of five managers, each of whom is from a different state in the United States, is likely to be much simpler than supervising a group of five managers, each of whom is from a different culture. Managers must understand how cultural factors affect individuals. How motivational processes vary across cultures, how the role of leadership changes in different cultures, how communication varies across cultures, and how interpersonal and group processes depend on cultural background.

d) Controlling in a Global Scenario: Finally, managers in international organizations must also be concerned with control. Distances, time zone differences, and cultural factors also play a role in control. For example, in some cultures, close supervision is seen as being appropriate, whereas in other cultures, it is not likewise, executives in the United States and Japan may find it difficult to communicate vital information to one another because of the time zone differences. Basic control issues for the international manager revolve around operations management productivity, quality, technology and information syst

UNIT-2 -PLANNING

1. Define planning. [Nov/Dec2008 & 2009]

Planning is the process of selecting the objectives and determining the course of action required to achieve these objective.

2. What are the objectives of planning?

[May/June2015,May/June2013,Nov/Dec2013]

- It helps in achieving objectives
- It is done to cope with uncertainly and change
- It helps in facilitating control and coordination
- Planning increase organizational effectiveness and guides in decision-making

3. What is meant by strategy? [Nov/Dec2012,Apr/May2009]

A strategy may also be defined as a special type of plan prepared for meeting the challenge posted by the activities of competitors and other environmental factors

4. Define “policies”. [Nov/Dec2014,May/June2014]

Policies are general statement or understandings which provide guidance in decision- making to various managers.

5. Define MBO. [Apr/May2011, May/June2012,Apr/May2009]

MBO is a process whereby superior and subordinate managers of an enterprise jointly identify its common goals, define each individual’s major areas of responsibility in terms of results expected of him, and use these measures as guides for operating the unit and the contribution of each of its members is assessed.

6. Distinguish between strategic planning and tactical planning?[May/June2014]

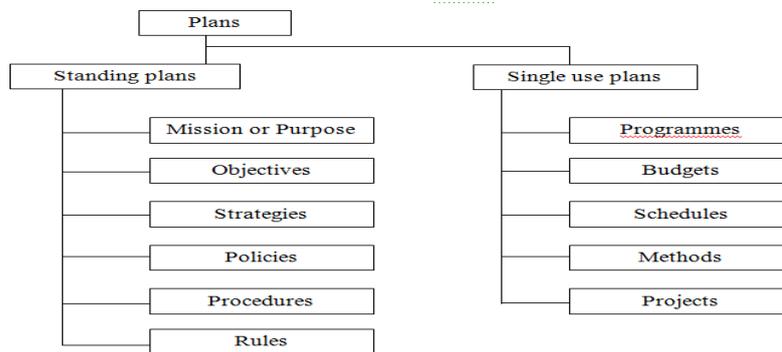
Strategic planning	Tactical planning
1. It is made by top management which includes chief executive officer, president, vice president	1. It is contemplated by middle management who involves functional managers and product line managers.
2.Long range plan	2.Medium range plan
3.It covers a time period of upto 10 years	3. It covers a time period of 1 year to 2 years.
4.Stratgic planning is not detailed	4.Stratgic planning is somewhat detailed.

7. Mention the characteristics of ‘Programmed’ and ‘Non-Programmed’ decisions. [Nov/Dec13]

Programmed decisions 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. Such decisions are generally taken by the middle or lower level managers, and have a short tem impact.

. This decision is taken by the top management people whenever the need arises. These decisions deal with unique or unusual or non-routine problems. Such problems cannot be tackled in a predetermined manner.

8. What are the different types of plans? Or classify various plans. Nov/Dec2012]



9. List the steps in decision making process. [Nov/Dec13]

- Recognize the need for a decision
- Definition of the problem
- Search and develop alternatives
- Evaluate alternatives
- Selecting an alternative course of action among alternatives Implement chosen alternative

10. Name any four Quantitative forecasting techniques. [Apr/May2013]

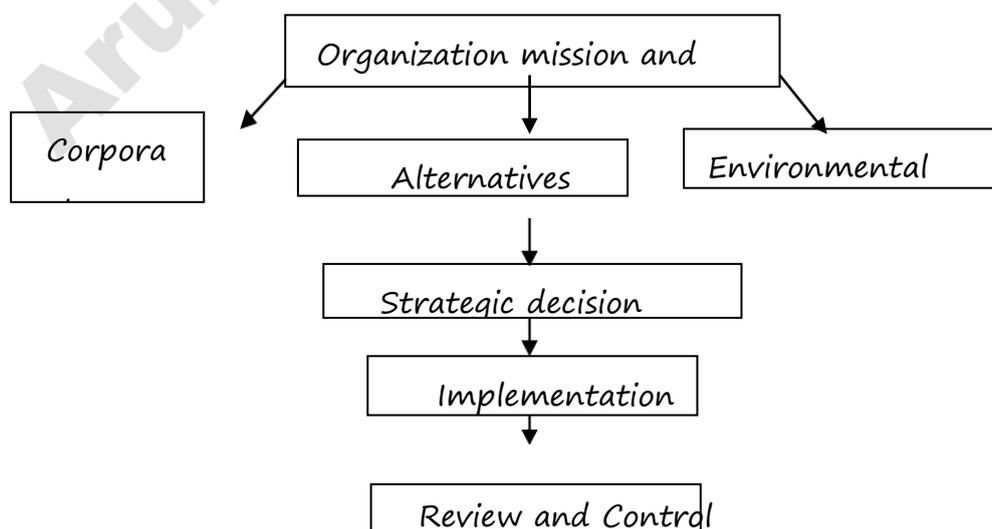
Forecasting techniques fall into two categories: (i) quantitative and (ii) qualitative.

- Time series analysis
- Regression models
- Econometric models
- Economic indicators
- Substitution effect

11. Specify the Strategic Management Process.

The strategic management process is a six-step process that encompasses strategy planning, implementation, and evaluation.

Steps in Strategic Planning



PART - B

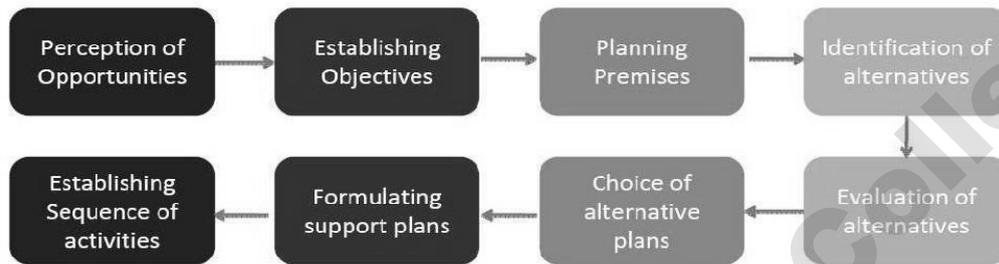
1. What is planning? Describe the steps involved in planning.

(May/June2016,Nov/Dec2014,May/June2014,Nov/Dec2013,April/May2013,Nov/Dec2012)

Planning involves defining the organization's goals, establishing strategies for achieving those goals, and developing plans to integrate and coordinate work activities. It's concerned with both ends (what) and means (how).

PLANNING PROCESS:

The various steps involved in planning are given below



a) **Perception of Opportunities:** Although preceding actual planning and therefore not strictly a part of the planning process, awareness of an opportunity is the real starting point for planning. It includes a preliminary look at possible future opportunities and the ability to see them clearly and completely, knowledge of where we stand in the light of our strengths and weaknesses, an understanding of why we wish to solve uncertainties, and a vision of what we expect to gain. Setting realistic objectives depends on this awareness. Planning requires realistic diagnosis of the opportunity situation.

b) **Establishing Objectives:** The first step in planning itself is to establish objectives for the entire enterprise and then for each subordinate unit. Objectives specifying the results expected indicate the end points of what is to be done, where the primary emphasis is to be placed, and what is to be accomplished by the network of strategies, policies, procedures, rules, budgets and programs. Enterprise objectives should give direction to the nature of all major plans which, by reflecting these objectives, define the objectives of major departments.

Major department objectives, in turn, control the objectives of subordinate departments, and so on down the line. The objectives of lesser departments will be better framed, however, if subdivision managers understand the overall enterprise objectives and the implied derivative goals and if they are given an opportunity to contribute their ideas to them and to the setting of their own goals.

c) **Considering the Planning Premises:** Another logical step in planning is to establish, obtain agreement to utilize and disseminate critical planning premises. These are forecast data of a factual nature, applicable basic policies, and existing company plans. Premises, then, are planning assumptions – in other words, the expected environment of plans in operation. This step leads to one of the major principles of planning. The more individuals charged with planning understand and agree to utilize consistent planning premises, the more coordinated enterprise planning will be.

Because the future environment of plans is so complex, it would not be profitable or realistic to make assumptions about every detail of the future environment of a plan.

Since agreement to utilize a given set of premises is important to coordinate planning, it becomes a major responsibility of managers, starting with those at the top, to make sure that subordinate managers understand the premises upon which they are expected to plan. It is not unusual for chief executives in well-managed companies to force top managers with differing views, through group deliberation, to arrive at a set of major premises that all can accept.

d) Identification of alternatives: Once the organizational objectives have been clearly stated and the planning premises have been developed, the manager should list as many available alternatives as possible for reaching those objectives. The focus of this step is to search for and examine alternative courses of action, especially those not immediately apparent. There is seldom a plan for which reasonable alternatives do not exist, and quite often an alternative that is not obvious proves to be the best. The more common problem is not finding alternatives, but reducing the number of alternatives so that the most promising may be analyzed. Even with mathematical techniques and the computer, there is a limit to the number of alternatives that may be examined. It is therefore usually necessary for the planner to reduce by preliminary examination the number of alternatives to those promising the most fruitful possibilities or by mathematically eliminating, through the process of approximation, the least promising ones.

e) Evaluation of alternatives: Having sought out alternative courses and examined their strong and weak points, the following step is to evaluate them by weighing the various factors in the light of premises and goals. One course may appear to be the most profitable but require a large cash outlay and a slow payback; another may be less profitable but involve less risk; still another may better suit the company in long-range objectives.

If the only objective were to examine profits in a certain business immediately, if the future were not uncertain, if cash position and capital availability were not worrisome, and if most factors could be reduced to definite data, this evaluation should be relatively easy. But typical planning is replete with uncertainties, problems of capital shortages, and intangible factors, and so evaluation is usually very difficult, even with relatively simple problems. A company may wish to enter a new product line primarily for purposes of prestige; the forecast of expected results may show a clear financial loss, but the question is still open as to whether the loss is worth the gain.

f) Choice of alternative plans: An evaluation of alternatives must include an evaluation of the premises on which the alternatives are based. A manager usually finds that some premises are unreasonable and can therefore be excluded from further consideration. This elimination process helps the manager determine which alternative would best accomplish organizational objectives.

g) Formulating of Supporting Plans: After decisions are made and plans are set, the final step to give them meaning is to numberize them by converting them to budgets. The overall budgets of an enterprise represent the sum total of income and expenses with resultant profit or surplus and budgets of major balance-sheet items such as cash and capital expenditures.

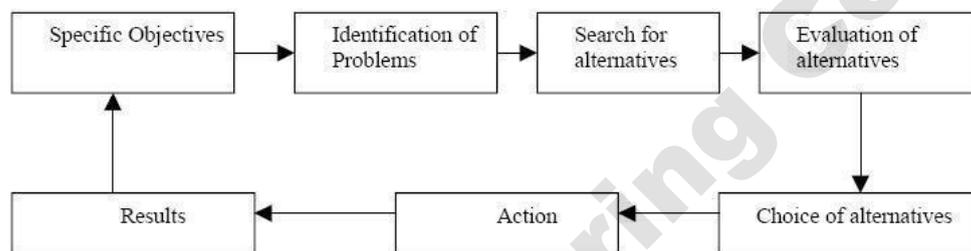
Each department or program of a business or other enterprise can have its own budgets, usually of expenses and capital expenditures, which tie into the overall budget. If this process is done well, budgets become a means of adding together the various plans and also important standards against which planning progress can be measured.

h) Establishing sequence of activities: Once plans that furnish the organization with both long-range and short-range direction have been developed, they must be implemented. Obviously, the organization can not directly benefit from planning process until this step is performed.

2. Explain the steps involved in decision making process. How decision making under different conditions are made. (May/June2014, May/June2015)

DECISION MAKING PROCESS

The decision making process is presented in the figure below:



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

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

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

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

- Who would make decision?
 - What information would be needed?
 - From where the information is available?
- Analysis helps managers to gain an insight into the problem.

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

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

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

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

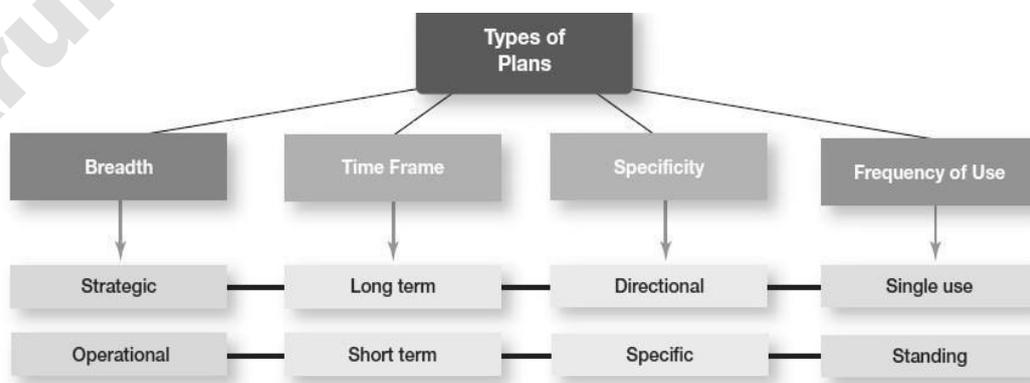
6. Action: Once the alternative is selected, it is put into action. The actual process of decision making ends with the choice of an alternative through which the objectives can be achieved.

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

Characteristics of Effective Decisions. An effective decision is one which should contain three aspects. These aspects are given below:

- **Action Orientation:** Decisions are action-oriented and are directed towards relevant and controllable aspects of the environment. Decisions should ultimately find their utility in implementation.
- **Goal Direction:** Decision making should be goal-directed to enable the organization to meet its objectives.
- **Effective in Implementation:** Decision making should take into account all the possible factors not only in terms of external context but also in internal context so that a decision can be implemented properly.

3. Elaborate the different types of organizational plans and tools for developing organizational strategies (April/May2015)



Types of Plans. The organizational plans are breadth (strategic versus operational), time frame (short term versus long term), specificity (directional versus specific), and frequency of use .

Strategic plans are plans that apply to the entire organization and establish the organization's overall goals. Plans that encompass a particular operational area of the organization are called **operational plans**. These two types of plans differ because strategic plans are broad while operational plans are narrow. Long-term used to mean anything over seven years.

Long-term plans are those with a time frame beyond three years. **Short-term plans** cover one year or less. Any time period in between would be an intermediate plan. Although these time classifications are fairly common, an organization can use any planning time frame it wants. The specific plans would be preferable to directional, or loosely guided, plans. **Specific plans** are clearly defined and leave no room for interpretation. A specific plan states its objectives in a way that eliminates ambiguity and problems with misunderstanding.

Directional plans are flexible plans that set out general guidelines. They provide focus but don't lock managers into specific goals or courses of action some plans that managers develop are ongoing while others are used only once.

A **single-use plan** is a one-time plan specifically designed to meet the needs of a unique situation. In contrast, **standing plans** are ongoing plans that provide guidance for activities performed repeatedly. Standing plans include policies, rules, and procedures

Developing Plans: The process of developing plans is influenced by three contingency factors and by the planning approach followed.



CONTINGENCY FACTORS IN PLANNING.

Three contingency factors affect the choice of plans: (a) organizational level (b) degree of environmental uncertainty, (c) length of future commitments.

The lower-level managers do operational planning while upper-level managers do strategic planning. The second contingency factor is environmental uncertainty. When uncertainty is high, plans should be specific, but flexible. Managers must be prepared to change or amend plans as they're implemented. At times, they may even have to abandon the plans. The last contingency factor also is related to the time frame of plans. The **commitment concept** says that plans should extend far enough to meet those commitments made when the plans were developed. Planning for too long or too short a time period is inefficient and ineffective.

4. Explain in detail about M.B.O. [May/June 2016,Nov/Dec 2014,Apr/May 2015]

MBO (Management by Objectives) was first popularized by Peter Drucker in 1954 in his book 'The practice of Management'. It is a process of agreeing within an organization so that management and employees buy into the objectives.

The employees and manager agree to what the employee will attempt to achieve in a period ahead and the employee will accept and buy into the objectives.

Definition

“MBO is a process whereby the superior and the managers of an organization jointly identify its common goals, define each individual’s major area of responsibility in terms of results expected of him, and use these measures as guides for operating the unit and assessing the contribution of each of its members.”

Features of MBO

1. MBO is concerned with goal setting and planning for individual managers and their units.
2. The essence of MBO is a process of joint goal setting between a supervisor and a subordinate.
3. Managers work with their subordinates to establish the performance goals that are consistent with their higher organizational objectives.
4. MBO focuses attention on appropriate goals and plans.
5. MBO facilitates control through the periodic development and subsequent evaluation of individual goals and plans.

Steps in MBO

The typical MBO process consists of:

1. Establishing a clear and precisely defined statement of objectives for the employee
2. Developing an action plan indicating how these objectives are to be achieved
3. Reviewing the performance of the employees
4. Appraising performance based on objective achievement

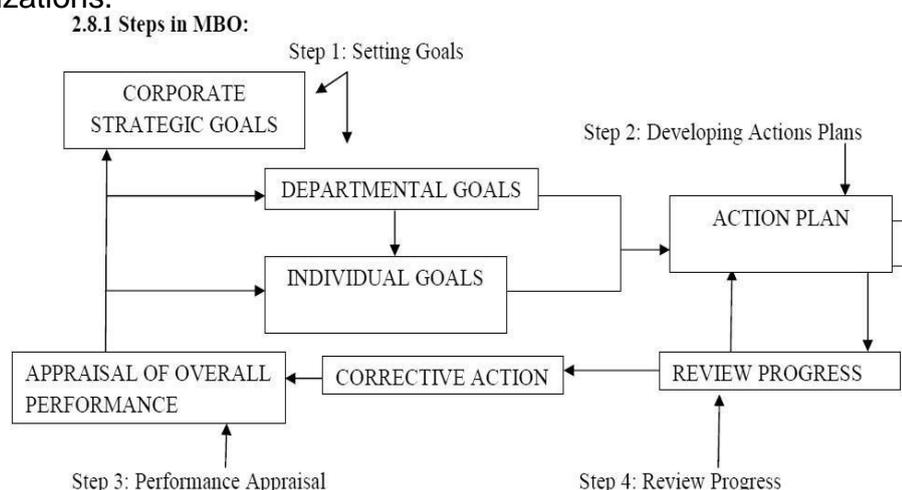
1) Setting objectives:

For Management by Objectives (MBO) to be effective, individual managers must understand the specific objectives of their job and how those objectives fit in with the overall company objectives set by the board of directors.

The managers of the various units or sub-units, or sections of an organization should know not only the objectives of their unit but should also actively participate in setting these objectives and make responsibility for them.

Management by Objective (MBO) systems, objectives are written down for each level of the organization, and individuals are given specific aims and targets.

Managers need to identify and set objectives both for themselves, their units, and their organizations.



2) Developing action Plans

Actions plans specify the actions needed to address each of the top organizational issues and to reach each of the associated goals, who will complete each action and according to what timeline. An overall, top-level action plan that depicts how each strategic goal will be reached is developed by the top level management. The format of the action plan depends on the objective of the organization.

3) Reviewing Progress:

Performance is measured in terms of results. Job performance is the net effect of an employee's effort as modified by abilities, role perceptions and results produced. Effort refers to the amount of energy an employee uses in performing a job. Abilities are personal characteristics used in performing a job and usually do not fluctuate widely over short periods of time. Role perception refers to the direction, in which employees believe they should channel their efforts on their jobs, and they are defined by the activities and behaviors they believe are necessary.

4) Performance appraisal:

Performance appraisals communicate to employees how they are performing their jobs, and they establish a plan for improvement. Performance appraisals are extremely important to both employee and employer, as they are often used to provide predictive information related to possible promotion. Appraisals can also provide input for determining both individual and organizational training and development needs. Performance appraisals encourage performance improvement. Feedback on behaviour, attitude, skill or knowledge clarifies for employees the job expectations their managers hold for them. In order to be effective, performance appraisals must be supported by documentation and management commitment.

Advantages

- Motivation – Involving employees in the whole process of goal setting and increasing employee empowerment. This increases employee job satisfaction and commitment.
- Better communication and Coordination – Frequent reviews and interactions between superiors and subordinates help to maintain harmonious relationships within the organization and also to solve many problems.
- Clarity of goals
- Subordinates have a higher commitment to objectives they set themselves than those imposed on them by another person.
- Managers can ensure that objectives of the subordinates are linked to the organization's objectives.

Limitations

There are several limitations to the assumptive base underlying the impact of managing by Objectives, including:

- It over-emphasizes the setting of goals over the working of a plan as a driver of outcomes.
- It underemphasizes the importance of the environment or context in which the goals are set. That context includes everything from the availability and quality of resources, to relative buy-in by leadership and stake-holders.
- Companies evaluated their employees by comparing them with the "ideal"

employee.

- Appraisal only looks at what employees should be, not at what they should do. When this approach is not properly set, agreed and managed by organizations, self-centered employees might be prone to distort results, falsely representing achievement of targets that were set in a short-term, narrow fashion. In this case, managing by objectives would be counterproductive.

5. Define strategic planning. What are the steps involved in strategic planning? [May/june 2013]

Strategic planning:

According to Koontz and O' Donnell, "Strategies must often denote a general programmer of action and deployment of emphasis and resources to attain comprehensive objectives". Strategies are plans made in the light of the plans of the competitors because a modern business institution operates in a competitive environment. They are a useful framework for guiding enterprise thinking and action.

Characteristics of Strategy

- It is the right combination of different factors.
- It relates the business organization to the environment.
- It is an action to meet a particular challenge, to solve particular problems or to attain desired objectives. Strategy is a means to an end and not an end in itself.
- It is formulated at the top management level.
- It involves assumption of certain calculated risks.

Strategic Planning Process / Strategic Formulation Process

1. **Input to the Organization:** Various Inputs (People, Capital, Management and Technical skills, others) including goals input of claimants (Employees, Consumers, Suppliers, Stockholders, Government, Community and others) need to be elaborated.
2. **Industry Analysis:** Formulation of strategy requires the evaluation of the attractiveness of an industry by analyzing the external environment. The focus should be on the kind of compaction within an industry, the possibility of new firms entering the market, the availability of substitute products or services, the bargaining positions of the suppliers, and buyers or customers.
3. **Enterprise Profile:** Enterprise profile is usually the starting point for determining where the company is and where it should go. Top managers determine the basic purpose of the enterprise and clarify the firm's geographic orientation.
4. **Orientation, Values, and Vision of Executives:** The enterprise profile is shaped by people, especially executives, and their orientation and values are important for formulation the strategy. They set the organizational climate, and they determine the direction of the firm though their vision. Consequently, their values, their preferences, and their attitudes toward risk have to be carefully examined because they have an impact on the strategy.
5. **Mission (Purpose), Major Objectives, and Strategic Intent:** Mission or Purpose is the answer to the question: What is our business? The major Objectives are the end points towards which the activates of the enterprise are directed. Strategic intent is the commitment (obsession) to win in the competitive environment, not only at the top-level but also throughout the organization.

6. **Present and future external environment** must be assessed in terms of threats and opportunities.
7. **Internal Environment:** Internal Environment should be audited and evaluated with respect to its resources and its weaknesses, and strengths in research and development, production, operation, procurement, marketing and products and services. Other internal factors include human resources and financial resources as well as the company image, the organization structure and climate, the planning and control system, and relations with customers.
8. **Development of Alternative Strategies:** Strategic alternatives are developed on the basis of an analysis of the external and internal environment. Strategies may be specialize or concentrate. Alternatively, a firm may diversify, extending the operation into new and profitable markets. Other examples of possible strategies are joint ventures, and strategic alliances which may be an appropriate strategy for some firms.
9. **Evaluation and Choice of Strategies:** Strategic choices must be considered in the light of the risk involved in a particular decision. Some profitable opportunities may not be pursued because a failure in a risky venture could result in bankruptcy of the firm. Another critical element in choosing a strategy is timing. Even the best product may fail if it is introduced to the market at an inappropriate time.
10. **Medium/Short Range Planning, Implementation through Reengineering the Organization Structure, Leadership and Control:** Implementation of the Strategy often requires reengineering the organization, staffing the organization structure and providing leadership. Controls must also be installed monitoring performance against plans.
11. **Consistency Testing and Contingency Planning:** The last key aspect of the strategic planning process is the testing for consistency and preparing for contingency plans.

UNIT-III – ORGANISING

PART A

1. Define Organizing. [Apr/May2011,May/June2013]

Organizing is the process of identifying and grouping of activities required to attain the objectives, delegating authority, creating the responsibility and establishing relationships for the people to work effectively.

2. State the kinds of organizational charts.[Nov/Dec2005]

- Vertical Chart
- Horizontal chart or Left to right Chart
- Circular chart or concentric chart

3. What is meant by Delegation of Authority?[Apr/May2012]

Delegation of authority is a process which enables a person to assign works to others and delegate them with adequate authority to do it.

4. Define staffing.[Nov/Dec2014]

Staffing is the part of the management process which is concerned with the procurement utilization, maintenance and development of a large satisfied work force on the organization.

5. What are the limitations of Matrix Organization Structure?[Nov/Dec2013]

- Since use of the matrix means the use of multiple commands, managers often end up with conflicts.
- The organizational relationship becomes very complex and there is a great confusion among personnel.

6. What are the objectives of performance appraisal?[Apr/May2012]

- To find out individual potential identification.
- To improve the management development.
- To improve the employees performance.

7. Differentiate decentralization and centralization.[May/Jun2013,Nov/Dec 2013]

Decentralization is the tendency to disperse decision-making authority in an organized structure. It is a fundamental aspect of delegation. Centralization and decentralization are opposite terms.

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

7. List down the different types of training. [May/Jun2014]

On the job training:

- Job rotation
- Apprenticeship and coaching
- Committee assignments
- Experience
- Temporary promotions
- Off the job training
- Lecture

- Seminars

8. What are the sources of recruitment? [Nov/Dec2012]

Recruitment is the process of finding and attempting to attract job candidates who are capable of effectively filling job vacancies.

- **Internal sources** – through present employees, retired employees, dependents of deceased or dead employees.
- **External Sources** – education and training institution, private employment agencies, public employment agencies, casual applicants, trade unions etc.

9. What are the advantages and disadvantages of matrix organization structure? [Nov/Dec 2013]

Advantages

- Efficiently manage large, complex tasks
- Effectively carry out large, complex tasks

Disadvantages

- Requires high levels of coordination
- Conflict between bosses
- Requires high levels of management skills

10. What are the functions of HRM?

- Formulating HRM strategy
- Restructuring of organization
- Training and development
- Human resource planning
- Compensation and reward

12. What is job design?

It is the division of the work to be performed into manageable and efficient units, positions, departments and divisions and to provide for their proper integration.

PART - B

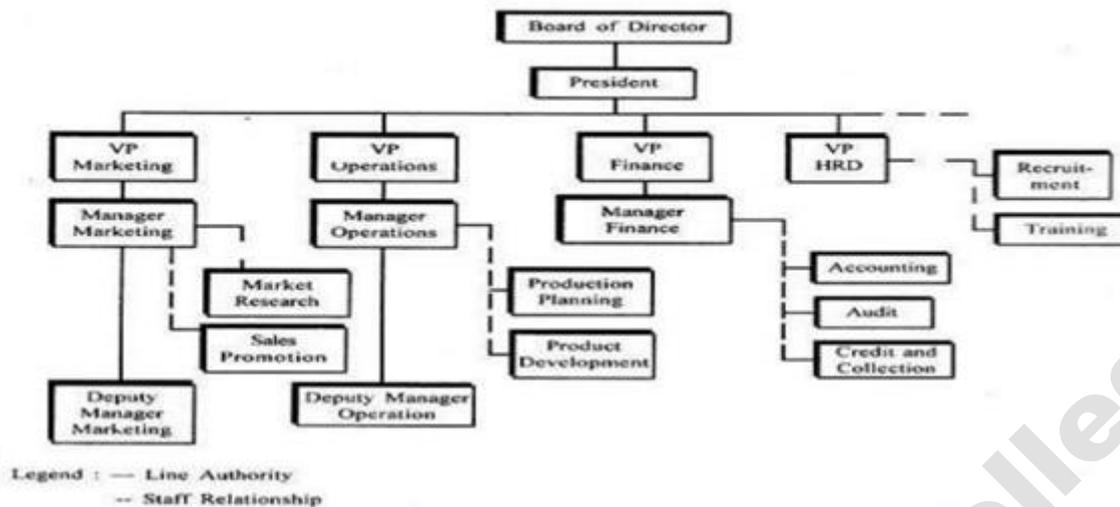
1. Explain the difference between line and staff organization with an examples.

Discuss its merits and demerits. [MAY 2014, NOV 2014, NOV-DEC 2013]

LINE AND STAFF AUTHORITY

In an organization, the line authority flows from top to bottom and the staff authority is exercised by the specialists over the line managers who advise them on important matters. These specialists stand ready with their specialty to serve line managers as and when their services are called for, to collect information and to give help which will enable the line officials to carry out their activities better. The staff officers do not have any power of command in the organization as they are employed to provide expert advice to the line

officers. The line gets out the production, the staffs carries on the research, planning, scheduling, establishing of standards and recording of performance. The authority by which the staff performs these functions is delegated by the line and the performance must be acceptable to the line before action is taken.



Types of Staff

The staff position established as a measure of support for the line managers may take the following forms:

Personal Staff: Here the staff official is attached as a personal assistant or adviser to the line manager. For example: Assistant to managing director.

Specialized Staff: Such staff acts as the fountainhead of expertise in specialized areas like R & D, personnel, accounting etc.

General Staff: This category of staff consists of a set of experts in different areas who are meant to advise and assist the top management on matters called for expertise. For example, financial advisor, technical advisor etc.

Features of line and staff organization

Under this system, there are line officers who have authority and command over the subordinates and are accountable for the tasks entrusted to them. The staff officers are specialists who offer expert advice to the line officers to perform their tasks efficiently.

Under this system, the staff officers prepare the plans and give advice to the line officers and the line officers execute the plan with the help of workers. The line and staff organization is based on the principle of specialization.

Advantages

- It brings expert knowledge to bear upon management and operating problems. Thus, the line managers get the benefit of specialized knowledge of staff specialists at various levels.
- The expert advice and guidance given by the staff officers to the line officers benefit the entire organization.
- As the staff officers look after the detailed analysis of each important managerial activity, it relieves the line managers of the botheration of concentrating on specialized functions.

- It makes possible the principle of undivided responsibility and authority, and at the same time permits staff specialization. Thus, the organization takes advantage of functional organization while maintaining the unity of command.
- It is based upon planned specialization.
- Line and staff organization has greater flexibility, in the sense that new specialized activities can be added to the line activities without disturbing the line procedure.

Disadvantages

- Unless the duties and responsibilities of the staff members are clearly indicated by charts and manuals, there may be considerable confusion throughout the organization as to the functions and positions of staff members with relation to the line supervisors.
- There is generally a conflict between the line and staff executives. The line managers feel that staff specialists do not always give right type of advice, and staff officials generally complain that their advice is not properly attended.
- Line managers sometimes may resent the activities of staff members, feeling that prestige and influence of line managers suffer from the presence of the specialists.
- The staff experts may be ineffective because they do not get the authority to implement their recommendations.
- This type of organization requires the appointment of large number of staff officers or experts in addition to the line officers. As a result, this system becomes quite expensive.
- Although expert information and advice are available, they reach the workers through the officers and thus run the risk of misunderstanding and misinterpretation.
- Since staff managers are not accountable for the results, they may not be performing their duties well.
- Line managers deal with problems in a more practical manner. But staff officials who are specialists in their fields tend to be more theoretical. This may hamper coordination in the organization.

2. Explain the process involved in selecting and recruiting a graduate trainee in organization. [NOV 2014, MAY 2014, MAY 2011]

RECRUITMENT PROCESS

Recruitment is the process of finding and attempting to attract job candidates who are capable of effectively filling job vacancies. The recruitment process consists of the following steps

- Identification of vacancy
- Preparation of job description and job specification
- Selection of sources
- Advertising the vacancy
- Managing the response

a) Identification of vacancy:

The recruitment process begins with the human resource department receiving requisitions for recruitment from any department of the company. These contain:

- Posts to be filled
- Number of persons
- Duties to be performed
- Qualifications required

b) Preparation of job description and job specification:

A job description is a list of the general tasks, or functions, and responsibilities of a position. It may often include to whom the position reports, specifications such as the qualifications or skills needed by the person in the job, or a salary range. A job specification describes the knowledge, skills, education, experience, and abilities you believe are essential to performing a particular job.

c) Selection of sources:

Every organization has the option of choosing the candidates for its recruitment processes from two kinds of sources: internal and external sources. The sources within the organization itself (like transfer of employees from one department to other, promotions) to fill a position are known as the internal sources of recruitment. Recruitment candidates from all the other sources (like outsourcing agencies etc.) are known as the external sources of the recruitment.

d) Advertising the vacancy:

After choosing the appropriate sources, the vacancy is communicated to the candidates by means of a suitable media such as television, radio, newspaper, internet, direct mail etc.

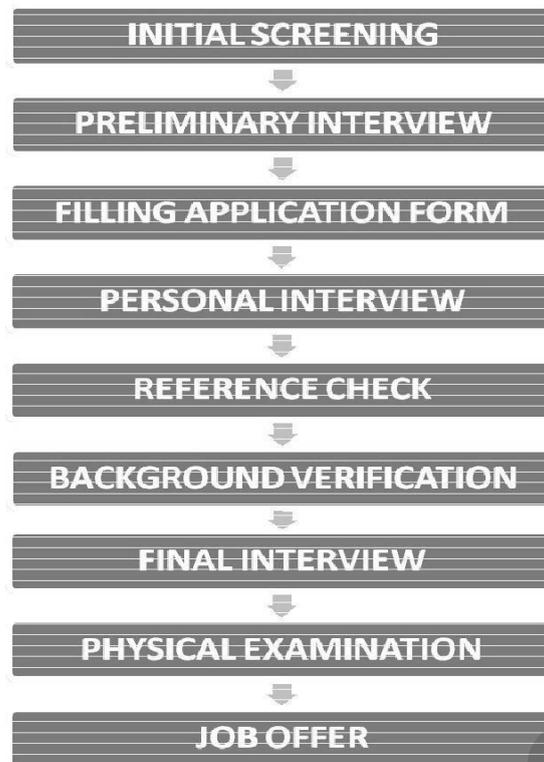
e) Managing the response:

After receiving an adequate number of responses from job seekers, the sieving process of the resumes begins. This is a very essential step of the recruitment selection process, because selecting the correct resumes that match the job profile, is very important. Naturally, it has to be done rather competently by a person who understands all the responsibilities associated with the designation in its entirety. Candidates with the given skill set are then chosen and further called for interview. Also, the applications of candidates that do not match the present nature of the position but may be considered for future requirements are filed separately and preserved.

The recruitment process is immediately followed by the selection process.

SELECTION PROCESS

Selecting a suitable candidate can be the biggest challenge for any organisation. The success of an organization largely depends on its staff. Selection of the right candidate builds the foundation of any organization's success and helps in reducing turnovers. Though there is no fool proof selection procedure that will ensure low turnover and high profits, the following steps generally make up the selection process-



a) Initial Screening

This is generally the starting point of any employee selection process. Initial Screening eliminates unqualified applicants and helps save time. Applications received from various sources are scrutinized and irrelevant ones are discarded.

b) Preliminary Interview

It is used to eliminate those candidates who do not meet the minimum eligibility criteria laid down by the organization. The skills, academic and family background, competencies and interests of the candidate are examined during preliminary interview. Preliminary interviews are less formalized and planned than the final interviews. The candidates are given a brief up about the company and the job profile; and it is also examined how much the candidate knows about the company. Preliminary interviews are also called screening interviews.

c) Filling Application Form

An candidate who passes the preliminary interview and is found to be eligible for the job is asked to fill in a formal application form. Such a form is designed in a way that it records the personal as well professional details of the candidates such as age, qualifications, reason for leaving previous job, experience, etc.

d) Personal Interview

Most employers believe that the personal interview is very important. It helps them in obtaining more information about the prospective employee. It also helps them in interacting with the candidate and judging his communication abilities, his ease of handling pressure etc. In some Companies, the selection process comprises only of the Interview.

e) References check

Most application forms include a section that requires prospective candidates to put down names of a few references. References can be classified into - former employer, former customers, business references, reputable persons.

f) Background Verification

A background check is a review of a person's commercial, criminal and (occasionally) financial records. Employers often perform background checks on employers or candidates for employment to confirm information given in a job application, verify a person's identity, or ensure that the individual does not have a history of criminal activity, etc., that could be an issue upon employment.

g) Final Interview

Final interview is a process in which a potential employee is evaluated by an employer for prospective employment in their organization. During this process, the employer hopes to determine whether or not the applicant is suitable for the job. Different types of tests are conducted to evaluate the capabilities of an applicant, his behaviour, special qualities etc. Separate tests are conducted for various types of jobs.

h) Physical Examination

If all goes well, then at this stage, a physical examination is conducted to make sure that the candidate has sound health and does not suffer from any serious ailment

i) Job Offer

A candidate who clears all the steps is finally considered right for a particular job and is presented with the job offer. An applicant can be dropped at any given stage if considered unfit for the job.

3. What is meant by Departmentation? Explain about Departmentation.[May/June 2013]

DEPARTMENTATION

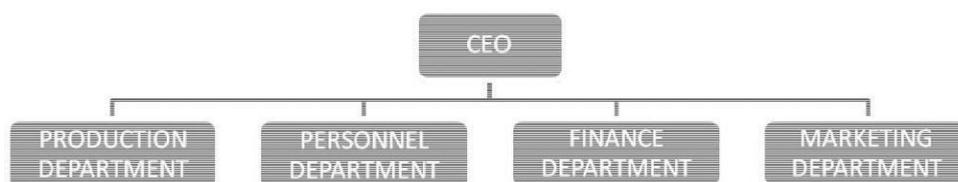
DEPARTMENTATION refers to the process of grouping activities into departments. Departmentation is the process of grouping of work activities into departments, divisions, and other homogenous units.

Key Factors in Departmentation

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

Departmentation takes place in various patterns like departmentation by functions, products, customers, geographic location, process, and its combinations.

a) FUNCTIONAL DEPARTMENTATION



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

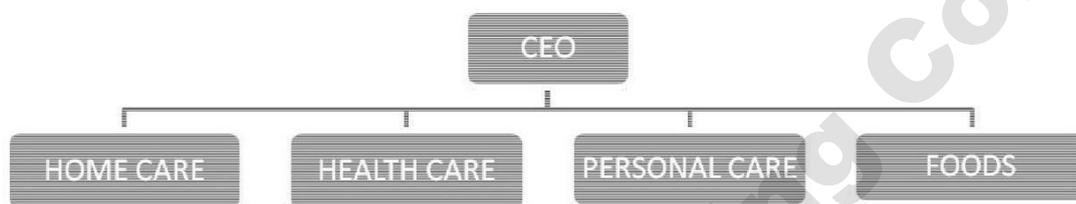
Advantages:

- Advantage of specialization
- Easy control over functions
- Pinpointing training needs of manager
- It is very simple process of grouping activities.

Disadvantages:

- Lack of responsibility for the end result
- Overspecialization or lack of general management
- It leads to increase conflicts and coordination problems among departments.

b) PRODUCT DEPARTMENTATION



Product departmentation is the process of grouping activities by product line. Tasks can also be grouped according to a specific product or service, thus placing all activities related to the product or the service under one manager. Each major product area in the corporation is under the authority of a senior manager who is specialist in, and is responsible for, everything related to the product line. Dabur India Limited is the India's largest Ayurvedic medicine manufacturer is an example of company that uses product departmentation. Its structure is based on its varied product lines which include Home care, Health care, Personal care and Foods.

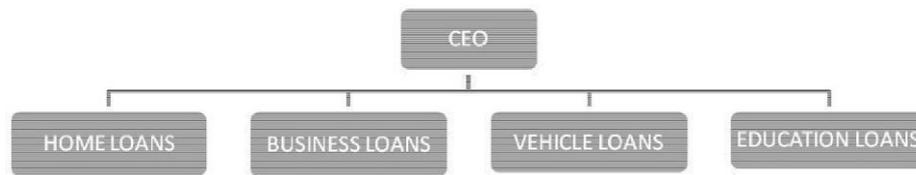
Advantages

- It ensures better customer service
- Unprofitable products may be easily determined
- It assists in development of all around managerial talent
- Makes control effective
- It is flexible and new product line can be added easily.

Disadvantages

- It is expensive as duplication of service functions occurs in various product divisions
- Customers and dealers have to deal with different persons for complaint and information of different products.

c) CUSTOMER DEPARTMENTATION



Customer departmentation is the process of grouping activities on the basis of common customers or types of customers. Jobs may be grouped according to the type of customer served by the organization. The assumption is that customers in each department have a common set of problems and needs that can best be met by specialists. UCO is the one of the largest commercial banks of India is an example of company that uses customer departmentation. Its structure is based on various services which includes Home loans, Business loans, Vehicle loans and Educational loans.

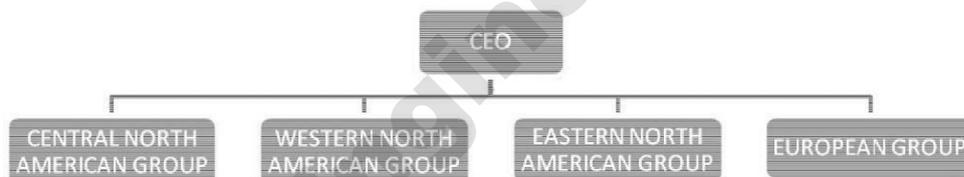
Advantages

- It focused on customers who are ultimate suppliers of money
- Better service to customer having different needs and tastes
- Development in general managerial skills

Disadvantages

- Sales being the exclusive field of its application, co-ordination may appear difficult between sales function and other enterprise functions.
- Specialized sales staff may become idle with the downward movement of sales to any specified group of customers.
-

d) GEOGRAPHIC DEPARTMENTATION



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

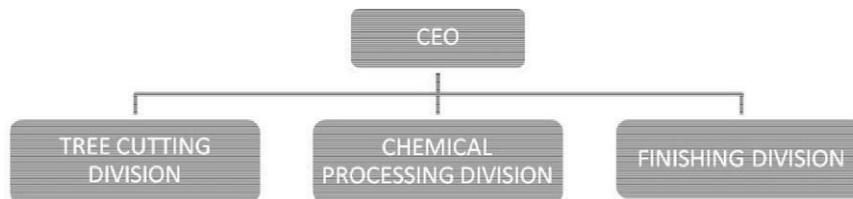
Advantages

- Help to cater to the needs of local people more satisfactorily.
- It facilitates effective control
- Assists in development of all-round managerial skills

Disadvantages

- Communication problem between head office and regional office due to lack of means of communication at some location
- Coordination between various divisions may become difficult.
- Distance between policy framers and executors
- It leads to duplication of activities which may cost higher.

e) PROCESS DEPARTMENTATION



Process departmentation is the process of grouping activities on the basis of product or service or customer flow. Because each process requires different skills, process departmentation allows homogenous activities to be categorized. For example, Bowater Thunder Bay, a Canadian company that harvests trees and processes wood into newsprint and pulp. Bowater has three divisions namely tree cutting, chemical processing, and finishing (which makes newsprint).

Advantages

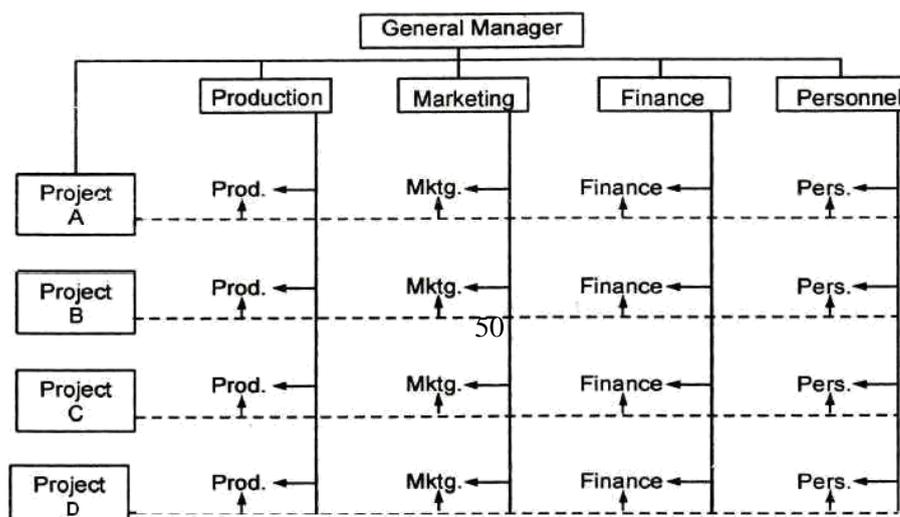
- Oriented towards end result.
- Professional identification is maintained.
- Pinpoints product-profit responsibility.

Disadvantage

- Conflict in organization authority exists.
- Possibility of disunity of command.
- Requires managers effective in human relation

f) MARTIX DEPARTMENTATION

In actual practice, no single pattern of grouping activities is applied in the organization structure with all its levels. Different bases are used in different segments of the enterprise. Composite or hybrid method forms the common basis for classifying activities rather than one particular method,. One of the mixed forms of organization is referred to as matrix or grid organization's According to the situations, the patterns of Organizing varies from case to case. The form of structure must reflect the tasks, goals and technology if the originations the type of people employed and the environmental conditions that it faces. It is not unusual to see firms that utilize the function and project organization combination. The same is true for process and project as well as other combinations.



For instance, a large hospital could have an accounting department, surgery department, marketing department, and a satellite center project team that make up its organizational structure.

Advantages

- Efficiently manage large, complex tasks
- Effectively carry out large, complex tasks

Disadvantages

- Requires high levels of coordination
- Conflict between bosses
- Requires high levels of management skills

4.(i)What is delegation of authority ?Explain the process of delegation of authority.(8) [Nov/Dec 13,Apr/May2015]

DELEGATION OF AUTHORITY: A manager alone cannot perform all the tasks assigned to him. In order to meet the targets, the manager should delegate authority. Delegation of Authority means division of authority and powers downwards to the subordinate. Delegation 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.

Elements of Delegation

1. **Authority** - in context of a business organization, authority can be defined as the power and right of a person to use and allocate the resources efficiently, to take decisions and to give orders so as to achieve the organizational objectives. Authority must be well- defined. All people who have the authority should know what is the scope of their authority is and they shouldn't misutilize it. Authority is the right to give commands, orders and get the things done. The top level management has greatest authority. Authority always flows from top to bottom. It explains how a superior gets work done from his subordinate by clearly explaining what is expected of him and how he should go about it. Authority should be accompanied with an equal amount of responsibility. Delegating the authority to someone else doesn't imply escaping from accountability. Accountability still rest with the person having the utmost authority.

2. **Responsibility** - is the duty of the person to complete the task assigned to him. A person who is given the responsibility should ensure that he accomplishes the tasks assigned to him. If the tasks for which he was held responsible are not completed, then he should not give explanations or excuses. Responsibility without adequate authority leads to discontent and dissatisfaction among the person. Responsibility flows from bottom to top. The middle level and lower level management holds more responsibility. The person held responsible for a job is answerable for it. If he performs the tasks assigned as expected, he is bound for praises. While if he doesn't accomplish tasks assigned as expected, then also he is answerable for that.

3. **Accountability** - means giving explanations for any variance in the actual performance from the expectations set. Accountability cannot be delegated. For example, if 'A' is given a task with sufficient authority, and 'A' delegates this task to B

and asks him to ensure all responsibility rest with 'B', but accountability still rest with 'A'. The top level management is most accountable. Being accountable means being innovative as the person will think beyond his scope of job. Accountability, in short, means being answerable for the end result.

Accountability can't be escaped. It arises from responsibility.

DELEGATION PROCESS

The steps involved in delegation are given below



1. **Allocation of duties** – The delegator first tries to define the task and duties to the subordinate. He also has to define the result expected from the subordinates. Clarity of duty as well as result expected has to be the first step in delegation.
2. **Granting of authority** – Subdivision of authority takes place when a superior divides and shares his authority with the subordinate. It is for this reason; every subordinate should be given enough independence to carry the task given to him by his superiors. The managers at all levels delegate authority and power which is attached to their job positions. The subdivision of powers is very important to get effective results.
3. **Assigning of Responsibility and Accountability** – The delegation process does not end once powers are granted to the subordinates. They at the same time have to be obligatory towards the duties assigned to them. Responsibility is said to be the factor or obligation of an individual to carry out his duties in best of his ability as per the directions of superior. Therefore, it is that which gives effectiveness to authority. At the same time, responsibility is absolute and cannot be shifted.
4. **Creation of accountability** – Accountability, on the others hand, is the obligation of the individual to carry out his duties as per the standards of performance. Therefore, it is said that authority is delegated, responsibility is created and accountability is imposed. Accountability arises out of responsibility and responsibility arises out of authority. Therefore, it becomes important that with every authority position an equal and opposite responsibility should be attached. Therefore every manager, i.e., the delegator has to follow a system to finish up the delegation process. Equally important is the delegate's role which means his responsibility and accountability is attached with the authority over to here.

4.(ii) Explain centralization and decentralization

CENTRALIZATION: It is the process of transferring and assigning decision-making

authority to higher levels of organization hierarchy, the span of control of top managers is relatively broad, and there are relatively many tiers in the organization.

Characteristics

- Philosophy / emphasis on: top-down control, leadership, vision, strategy.
- Decision-making: strong, authoritarian, visionary, charismatic.
- Organizational change: shaped by top, vision of leader.
- Execution: decisive, fast, coordinated. Able to respond quickly to major issues and changes.
- Uniformity. Low risk of dissent or conflicts between parts of the organization.

Advantages of Centralization

- Provide Power and prestige for manager
- Promote uniformity of policies, practices and decisions
- Minimal extensive controlling procedures and practices
- Minimize duplication of function

Disadvantages of Centralization

- Neglected functions for mid. Level, and less motivated beside personnel.
- Nursing supervisor functions as a link officer between nursing director and first-line management.

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

Characteristics

- Philosophy / emphasis on: bottom-up, political, cultural and learning dynamics.
- Decision-making: democratic, participative, detailed.
- Organizational change: emerging from interactions, organizational dynamics.
- Execution: evolutionary, emergent. Flexible to adapt to minor issues and changes.
- Participation, accountability. Low risk of not-invented-here behavior.

Three Forms of decentralization

- **De-concentration.** The weakest form of decentralization. Decision making authority is redistributed to lower or regional levels of the same central organization.
- **Delegation.** A more extensive form of decentralization. Through delegation the responsibility for decision-making are transferred to semi-autonomous organizations not wholly controlled by the central organization, but ultimately accountable to it.
- **Devolution.** A third type of decentralization is devolution. The authority for decision-making is transferred completely to autonomous organizational units.

Advantages of Decentralization

- Raise morale and promote interpersonal relationships
- Relieve from the daily administration
- Bring decision-making close to action
- Develop Second-line managers
- Promote employee's enthusiasm and coordination
- Facilitate actions by lower-level managers

Disadvantages of Decentralization

1. Top-level administration may feel it would decrease their status
2. Managers may not permit full and maximum utilization of highly qualified personnel
3. Increased costs. It requires more managers and large staff
4. It may lead to overlapping and duplication of effort

Centralization and Decentralization are two opposite ways to transfer decision-making power and to change the organizational structure of organizations accordingly. There must be a good balance between centralization and decentralization of authority and power. Extreme centralization and decentralization must be avoided.

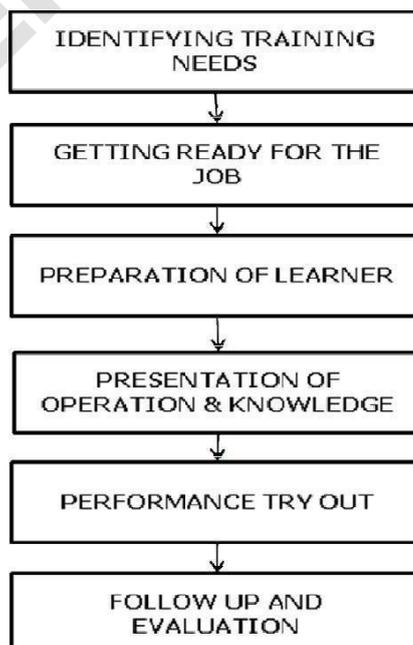
5.(i) Explain the various methods of training. (8) [Apr/May 2015]

Training is a process of learning a sequence of programmed behavior. It improves the employee's performance on the current job and prepares them for an intended job.

Purpose of Training:

1. **To improve Productivity:** Training leads to increased operational productivity and increased company profit.
2. **To improve Quality:** Better trained workers are less likely to make operational mistakes.
3. **To improve Organizational Climate:** Training leads to improved production and product quality which enhances financial incentives. This in turn increases the overall morale of the organization.
4. **To increase Health and Safety:** Proper training prevents industrial accidents.
5. **Personal Growth:** Training gives employees a wider awareness, an enlarged skill base and that leads to enhanced personal growth.

Steps in Training Process:



1) **Identifying training needs:** to assist in providing solutions for specific operational problems or to improve performance of a trainee.

- **Organizational determination and Analysis:** Allocation of resources that relate to organizational goal.
 - **Operational Analysis:** Determination of a specific employee behaviour required for a particular task.
 - **Man Analysis:** Knowledge, attitude and skill one must possess for attainment of organizational objectives
- 2) **Getting ready for the job:** The trainer has to be prepared for the job. And also who needs to be trained - the newcomer or the existing employee or the supervisory staff.

Preparation of the learner:

- Putting the learner at ease
 - Stating the importance and ingredients of the job
 - Creating interest
 - Placing the learner as close to his normal working position
 - Familiarizing him with the equipment, materials and trade terms
- 3) **Presentation of Operation and Knowledge:** The trainer should clearly tell, show, illustrate and question in order to convey the new knowledge and operations. The trainee should be encouraged to ask questions in order to indicate that he really knows and understands the job.
- 4) **Performance Try out:** The trainee is asked to go through the job several times. This gradually builds up his skill, speed and confidence.
- 5) **Follow-up:** This evaluates the effectiveness of the entire training effort

TRAINING METHODS

Training methods can be broadly classified as on-the-job training and off-the-job training

a) On-the-job training

On the job training occurs when workers pick up skills whilst working alongside experienced workers at their place of work. For example this could be the actual assembly line or offices where the employee works. New workers may simply “**shadow**” or observe fellow employees to begin with and are often given instruction manuals or interactive training programmes to work through.

b) Off-the-job training

This occurs when workers are **taken away from their place of work** to be trained. This may take place at training agency or local college, although many larger firms also have their own training centers. Training can take the form of lectures or self-study and can be used to develop more general skills and knowledge that can be used in a variety of situations.

The various types

- **Instructor presentation:** The trainer orally presents new information to the trainees, usually through lecture. Instructor presentation may include classroom lecture, seminar, workshop, and the like.
- **Group discussion:** The trainer leads the group of trainees in discussing a topic.
- **Demonstration:** The trainer shows the correct steps for completing a task, or shows an example of a correctly completed task.
- **Assigned reading:** The trainer gives the trainees reading assignments that provide new information.
- **Exercise:** The trainer assigns problems to be solved either on paper or in real situations related to the topic of the training activity.
- **Case study:** The trainer gives the trainees information about a situation and directs them to come to a decision or solve a problem concerning the situation.
- **Role play:** Trainees act out a real-life situation in an instructional setting.
- **Field visit and study tour:** Trainees are given the opportunity to observe and interact with the problem being solved or skill being learned.

5).ii) Compare formal and informal organization.

MAY 2012

Formal Organization	Informal Organization
1. Formal organization is established with the explicit aim of achieving well-defined goals.	1. Informal organization springs on its own. Its goals are ill defined and intangible.
2. Formal organization is bound together by authority relationships among members. A hierarchical structure is created, constituting top management, middle management and supervisory management.	2. Informal organization is characterized by a generalized sort of power relationships. Power in informal organization has bases other than rational legal right.
3. Formal organization recognizes certain tasks which are to be carried out to achieve its goals.	3. Informal organization does not have any well-defined tasks.
4. The roles and relationships of people in formal organization are impersonally defined	4. In informal organization the relationships among people are interpersonal.

5. In formal organization is much emphasis is placed on efficiency, discipline, conformity, consistency and control.	5. Informal organization is characterized by relative freedom, spontaneity, by relative freedom, spontaneity, homeliness and warmth.
6. In formal organization, the social and psychological needs and interests of members of the organization get little attention.	6. In informal organization the sociopsychological needs, interests and aspirations of members get priority.
7. The communication system in formal organization follows certain pre-determined patterns and paths.	7. In informal organization, the communication pattern is haphazard, intricate and natural.
8. Formal organization is relatively slow to respond and adapt to changing situations and realities.	8. Informal organization is dynamic and very vigilant. It is sensitive to its surroundings.

6. Explain about performance appraisal. (NOV 2012)

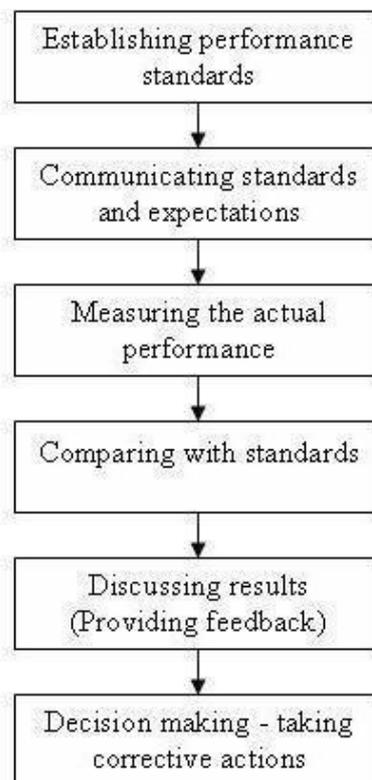
PERFORMANCE APPRAISAL

Performance appraisal is the process of obtaining, analyzing and recording information about the relative worth of an employee. The focus of the performance appraisal is measuring and improving the actual performance of the employee and also the future potential of the employee. Its aim is to measure what an employee does.

Objectives of Performance appraisal:

- To review the performance of the employees over a given period of time.
- To judge the gap between the actual and the desired performance.
- To help the management in exercising organizational control.
- Helps to strengthen the relationship and communication between superior – subordinates and management – employees.
- To diagnose the strengths and weaknesses of the individuals so as to identify the training and development needs of the future.
- To provide feedback to the employees regarding their past performance.
- Provide information to assist in the other personal decisions in the organization.
- Provide clarity of the expectations and responsibilities of the functions to be performed by the employees.
- To judge the effectiveness of the other human resource functions of the organization such as recruitment, selection, training and development.
- To reduce the grievances of the employees.

Process of performance appraisal.



a) **Establishing performance standards:** The first step in the **process of performance appraisal** is the setting up of the standards which will be used to as the base to compare the actual performance of the employees. This step requires setting the criteria to judge the performance of the employees as successful or unsuccessful and the degrees of their contribution to the organizational goals and objectives. The standards set should be clear, easily understandable and in measurable terms. In case the performance of the employee cannot be measured, great care should be taken to describe the standards.

b) **Communicating the standards:** After establishing the standards, it is the responsibility of the management to communicate the standards to all the employees of the organization.

The employees should be informed and the standards should be clearly explained. This will help them to understand their roles and to know what exactly is expected from them. The standards should also be communicated to the appraisers or the evaluators and if required, the standards can also be modified at this stage itself according to the relevant feedback from the employees or the evaluator.

c) **Measuring the actual performance:** The most difficult part of the Performance appraisal process is measuring the actual performance of the employees that is the work done by the employees during the specified period of time. It is a continuous process which involves monitoring the performance throughout the year. This stage requires the careful selection of the appropriate techniques of measurement, taking care that personal bias does not affect the outcome of the process and providing assistance rather than interfering in an employees work.

d) Comparing the actual with the desired performance:

The actual performance is compared with the desired or the standard performance. The comparison tells the deviations in the performance of the employees from the standards set. The result can show the actual performance being more than the desired performance or, the actual performance being less than the desired performance depicting a negative deviation in the organizational performance. It includes recalling, evaluating and analysis of data related to the employees' performance.

e) Discussing results:

The **result of the appraisal** is communicated and discussed with the employees on one-to- one basis. The focus of this discussion is on communication and listening. The results, the problems and the possible solutions are discussed with the aim of problem solving and reaching consensus. The feedback should be given with a positive attitude as this can have an effect on the employees' future performance. The purpose of the meeting should be to solve the problems faced and motivate the employees to perform better.

f) Decision making:

The last step of the process is to take decisions which can be taken either to improve the performance of the employees, take the required corrective actions, or the related HR decisions like rewards, promotions, demotions, transfers etc.

UNIT IV DIRECTING

PART A

1. Define motivation.[May/Jun2014, Apr/May2011, Nov/Dec2012]

According to Koontz and O'Donnell, "Motivation is a general term applying to the entire class of drives, desires, needs wishes and similar forces that induce an individual or a group of people to work". Scott defines, "Motivation means a process of stimulating people in action to accomplish desired goals".

2. What is communication? [Nov/Dec2009]

Communication is the passing of information from one person to another person.

3. What is meant by Brain Storming?[May/Jun2013]

Brainstorming is an excellent way of developing many creative solutions to a problem. It works by focusing on a problem, and then coming up with very many radical solutions to it. The essence of brainstorming is a creative conference, ideally of 8 to 12 people meeting for less than an hour to develop a long list of 50 or more ideas. Suggestions are listed without criticism on a blackboard or newsprint as they are offered; one visible idea leads to others. At the end of this session, participants are asked how the ideas could be combined or improved.

4. What are the differences between formal and informal communication?

[Nov/Dec13] Formal Communication:

- It is set by management in which all the instructions, orders and messages are communicated through organizational hierarchy.
- Communication flow takes place in the downward direction (superior to subordinate) and upward direction (subordinate to superior).

Informal communication:

- It is not set by management and is usually not under the control of management.
- It cannot be destroyed in any organization. The speed of communication flow is faster than formal channels of communication. Grapevine or informal communication is the process of spontaneous exchange of information between two or more person at different status without following any prescribed or official rules, formalities and chain of command in the organizational structure.

5. Write short notes on elements of communication.[Nov/Dec 2014]

Communication is important in building and sustaining human relationships at work. Communication can be thought of as a process or flow. Before communication can take place, a purpose, expressed as a message to be conveyed is needed. It passes between the sender and the receiver. The result is transference of meaning from one person to another. This will be accomplished with the help of the following elements. (1) Source, (2) Encoding (3) Message (4) Channel (5) Decoding (6) Receiver (7) Feedback

6. What is Laissez Faire. [Nov/Dec2014]

The style is largely a "hands off" view that tends to minimize the amount of direction and face time required.

Advantages:

- No work for the leader
- Frustration may force others into leadership roles
- Allows the visionary worker the opportunity to do what they want, free from interference
- Empowers the group

7.What is meant by Effective communication. [May/June'07]

If the message sent by the sender to the receiver is understood by the receiver in the same sense it is called effective communication.

8.Define Job enrichment. [Apr/May2015]

Job enrichment is therefore based on the assumption that in order to motivate personnel, the job itself must provide opportunities for achievement, recognition, responsibility, advancement and growth.

9.What is non-verbal communication?[Nov/Dec2010,Nov/Dec2011]

Nonverbal communication between people is communication through sending and receiving wordless cues Facial expression, eye contact, dress, posture, gesture, handshakes, proxemics, chronometry etc

10.How does a leader differ from management?[Apr/ May2015]

Leader: Influences the people to strive for group goals. Get authority by virtue of skills and ability

Manager: influences by exercising planning,staffing,directing and controlling. Get formal authority delegated by the above.

11. Who is a leader?[Nov/Dec2012]

- Leader is one who influences people so that they will strive willingly and enthusiastically towards achievement of the goal.

12.What are the different types of management strategies involved in leadership? [Apr/May2013]

Leadership Styles

- **Autocratic Leader** –Commands and expects compliance, is dogmatic and positive, and leads by the ability to withhold or give rewards and punishment.
- **Democratic or Participative** – consults with subordinates on proposed actions and decision and encourage participation from there
- **Free-rein leader / laissez-faire Leadership** – uses his or her power very little, giving a high degree of Interdependence in their operations. Leaders depend largely on subordinates to set their own goals and the means of achieving them, and they see their role as one of aiding the operation of followers by furnishing them

- **Paternalistic Leadership** – Serves as the head of the family and treats his followers like his family members. He assumes a paternal or fatherly role to help, guide and protect the followers.

13. List some motivation techniques

Financial Motivators – wages and salary, Bonuses, profit sharing, leave with pay, Medical reimbursement

Non Financial Motivators –Appraisal, Praise, job enrichment, Quality of work life, Job security etc.

PART B

1. Explain the different motivation theories .(16) [May/June2014,May/June2013, Nov/Dec 2013, April/May 2015]

Or

Critically evaluate any three motivational theories. (16)

MOTIVATION THEORIES

Some of the motivation theories are discussed below

a) **McGregor's Theory X and Theory Y:**

McGregor states that people inside the organization can be managed in two ways. The first is basically negative, which falls under the category X and the other is basically positive, which falls under the category Y. After viewing the way in which the manager dealt with employees, McGregor concluded that a manager's view of the nature of human beings is based on a certain grouping of assumptions and that he or she tends to mold his or her behavior towards subordinates according to these assumptions.

Under the assumptions of theory X :

- Employees inherently do not like work and whenever possible, will attempt to avoid it.
- Because employees dislike work, they have to be forced, coerced or threatened with punishment to achieve goals.
- Employees avoid responsibilities and do not work fill formal directions are issued.
- Most workers place a greater importance on security over all other factors and display little ambition.

In contrast under the assumptions of theory Y :

- Physical and mental effort at work is as natural as rest or play.
- People do exercise self-control and self-direction and if they are committed to those goals.
- Average human beings are willing to take responsibility and exercise imagination, ingenuity and creativity in solving the problems of the organization.

- 1) On analysis of the assumptions it can be detected that theory X assumes that lower-order needs dominate individuals and theory Y assumes that higher-order needs dominate individuals. An organization that is run on Theory X lines tends to be authoritarian in nature, the word “authoritarian” suggests such ideas as the “power to enforce obedience” and the “right to command.”
- 2) In contrast Theory Y organizations can be described as “participative”, where the aims of the organization and of the individuals in it are integrated; individuals can achieve their own goals best by directing their efforts towards the success of the organization.

b) Abraham Maslow’s “Need Hierarchy Theory”:

One of the most widely mentioned theories of motivation is the hierarchy of needs theory put forth by psychologist Abraham Maslow. Maslow saw human needs in the form of a hierarchy, ascending from the lowest to the highest, and he concluded that when one set of needs is satisfied, this kind of need ceases to be a motivator.

As per his theory these needs are:

(i) Physiological needs:

These are important needs for sustaining the human life. Food, water, warmth, shelter, sleep, medicine and education are the basic physiological needs which fall in the primary list of need satisfaction. Maslow was of an opinion that until these needs were satisfied to a degree to maintain life, no other motivating factors can work.

(ii) Security or Safety needs:

These are the needs to be free of physical danger and of the fear of losing a job, property, food or shelter. It also includes protection against any emotional harm.

(iii) Social needs

Since people are social beings, they need to belong and be accepted by others. People try to satisfy their need for affection, acceptance and friendship.

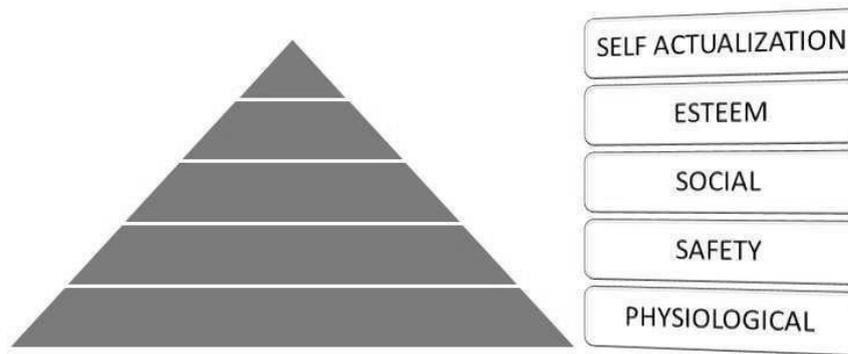
(iv) Esteem needs:

According to Maslow, once people begin to satisfy their need to belong, they tend to want to be held in esteem both by themselves and by others. This kind of need produces such satisfaction as power, prestige status and self-confidence. It includes both internal esteem factors like self-respect, autonomy and achievements and external esteem factors such as states, recognition and attention.

(v) Need for self-actualization:

Maslow regards this as the highest need in his hierarchy.

one's potential and self-fulfillment. It is to maximize one's potential and to accomplish something.



All of the needs are structured into a hierarchy and only once a lower level of need has been fully met, would a worker be motivated by the opportunity of having the next need up in the hierarchy satisfied. For example a person who is dying of hunger will be motivated to achieve a basic wage in order to buy food before worrying about having a secure job contract or the respect of others.

A business should therefore offer different incentives to workers in order to help them fulfill each need in turn and progress up the hierarchy. Managers should also recognize that workers are not all motivated in the same way and do not all move up the hierarchy at the same pace. They may therefore have to offer a slightly different set of incentives from worker to worker.

c) **Frederick Herzberg's motivation-hygiene theory:**

Frederick has tried to modify Maslow's need Hierarchy theory. His theory is also known as two-factor theory or Hygiene theory. He stated that there are certain satisfiers and dissatisfiers for employees at work. Intrinsic factors are related to job satisfaction, while extrinsic factors are associated with dissatisfaction. He devised his theory on the question: "What do people want from their jobs?" He asked people to describe in detail, such situations when they felt exceptionally good or exceptionally bad. From the responses that he received, he concluded that opposite of satisfaction is not dissatisfaction. Removing dissatisfying characteristics from a job does not necessarily make the job satisfying. He states that presence of certain factors in the organization is natural and the presence of the same does not lead to motivation. However, their non-presence leads to de-motivation. In similar manner there are certain factors, the absence of which causes no dissatisfaction, but their presence has motivational impact.

Examples of Hygiene factors are:

Security, status, relationship with subordinates, personal life, salary, work conditions, relationship with supervisor and company policy and administration.

Examples

Growth prospectus job advancement, responsibility, challenges, recognition and achievements.

2. Explain the different barriers of communication. What steps can be taken to overcome such barriers? [Nov-2014, June-2014, Dec-2013, Dec-2012, April-2015].

Communication is the transfer and understanding of meaning. Communication involves the understanding of meaning. For communication to be successful, the meaning must be imparted and understood. Perfect communication, would be when a transmitted thought or idea was received and understood by the receiver exactly as it was envisioned by the sender.

Barriers to Communication:

FILTERING. Filtering is the deliberate manipulation of information to make it appear more favorable to the receiver. For example, when a person tells his or her manager what the manager wants to hear, information is being filtered. Or if information being communicated up through organizational levels is condensed by senders. The more vertical levels in an organization, the more opportunities there are for filtering. As organizations use more collaborative, cooperative work arrangements, information filtering may become less of a problem. In addition, e-mail reduces filtering because communication is more direct. Finally, the organizational culture encourages or discourages filtering by the type of behavior it rewards. The more that organizational reward emphasizes style and appearance, the more managers may be motivated to filter communications in their favor.

EMOTIONS. Extreme emotions are most likely to hinder effective communication. In such instances, we often disregard our rational and objective thinking processes and substitute emotional judgments.

INFORMATION OVERLOAD. When information exceeds our processing capacity. Today's employees frequently complain of information overload. Statistics show that 87 percent of employees use e-mail and that the average business e-mail user devotes 107 minutes a day to e-mail—about 25 percent of the workday. Other statistics show that employees send and receive an average of 150 e-mail messages every day. The result is lost information and ineffective communication.

DEFENSIVENESS. When people feel they're being threatened, they tend to react in ways that hinder effective communication and reduce their ability to achieve mutual understanding. They become defensive—verbally attacking others, making sarcastic remarks, being overly judgmental, or questioning others' motives.

LANGUAGE. Words mean different things to different people. Age,

education, and cultural background of three of obvious variables that influence the language a person uses and the definitions he or she gives to words. In an organization, employees come from diverse backgrounds and have different patterns of speech. Even employees who work for the same organization but in different departments often have different jargon—specialized terminology or technical language that members of a group use to communicate among themselves.

NATIONAL CULTURE. For technological and cultural reasons, the Chinese people dislike voice mail. This general tendency illustrates how communication differences can arise from national culture as well as different languages. In an individualistic country like the United States, communication is more formal and is clearly spelled out. Managers rely heavily on reports, memos, and other formal forms of communication. In a collectivist country like Japan, more interpersonal contact takes place, and face-to-face communication is encouraged. A Japanese manager extensively consults with subordinates over an issue first and draws up a formal document later to outline the agreement that was made.

Overcoming the Barriers:

USE FEEDBACK. Many communication problems are directly attributed to misunderstanding and inaccuracies. These problems are less likely to occur if the manager gets feedback, both verbal and nonverbal. A manager can ask questions about a message to determine whether it was received and understood as intended. Or the manager can ask the receiver to restate the message in his or her own words. If the manager hears what was intended, understanding and accuracy should improve. Feedback can also be more subtle, and general comments can give a manager a sense of the receiver's reaction to a message. Feedback also doesn't have to be verbal. If a sales manager e-mails information about a new monthly sales report that all sales representatives will need to complete and some of them don't turn it in, the sales manager has received feedback. This feedback suggests that the sales manager needs to clarify the initial communication. Similarly, managers can look for nonverbal cues to tell whether someone's getting the message.

SIMPLIFY LANGUAGE. Because language can be a barrier, managers should consider the audience to whom the message is directed and tailor the language to them. Effective communication is achieved when a message is both received and understood. For example, a hospital administrator should always try to communicate in clear, easily understood terms and to use language tailored to different employee. Messages to the surgical staff should be purposefully different from those used with office employees.

LISTEN ACTIVELY. When someone talks, we hear, but too often we don't listen. Listening is an active search for meaning, whereas hearing is passive. In listening, the receiver is also putting effort into the communication. Active listening is enhanced by developing empathy with the sender—that is, by putting yourself in the sender's position. Because senders differ in attitudes, interests, needs, and

expectations. An empathetic listener reserves judgment on the message's content and carefully listens to what is being said. The goal is to improve one's ability to get the full meaning of a communication without distorting it by premature judgments or interpretations.

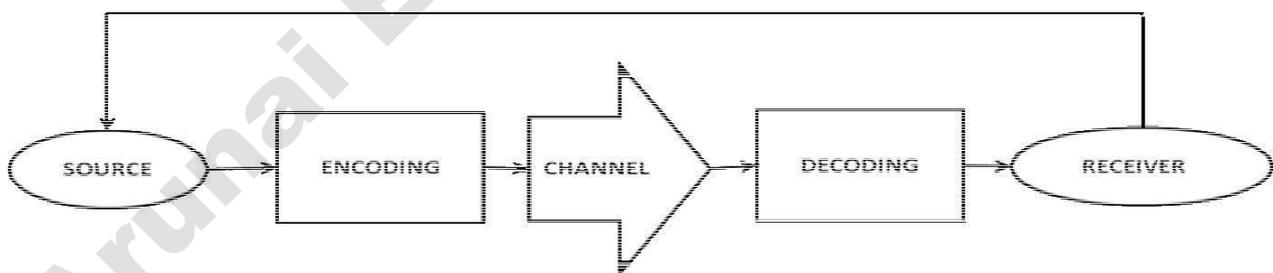
CONSTRAIN EMOTIONS. It would be naïve to assume that managers always communicate in a rational manner. A manager who's upset over an issue is more likely to misconstrue incoming messages and fail to communicate his or her outgoing messages clearly and accurately. The simplest solution is to calm down and get emotions under control before communicating.

WATCH NONVERBAL CUES. If actions speak louder than words, then it's important to make sure your actions align with and reinforce the words that go along with them. An effective communicator watches his or her nonverbal cues to ensure that they convey the desired message.

3. Describe the communication process in detail. [Nov/Dec 2013]

COMMUNICATION

Communication is the exchange of messages between people for the purpose of achieving common meanings. Unless common meanings are shared, managers find it extremely difficult to influence others. Whenever group of people interact, communication takes place. Communication is the exchange of information using a shared set of symbols. It is the process that links group members and enables them to coordinate their activities. Therefore, when managers foster effective communication, they strengthen the connections between employees and build cooperation. Communication also functions to build and reinforce interdependence between various parts of the organization. As a linking mechanism among the different organizational subsystems, communication is a central feature of the structure of groups and organizations. It helps to coordinate tasks and activities within and between organizations.



DEFINITION

According to Koontz and O'Donnell, "Communication, is an intercourse by words, letters symbols or messages, and is a way that the organization members shares meaning and understanding with another".

THE COMMUNICATION PROCESS

Communication is important in building and sustaining human relationships at work. Communication can be thought of as a process or flow. Before communication can take place, a purpose, expressed as a message to be conveyed is needed. It passes between the sender and the receiver. The result is transference of meaning from one person to another.

a) **Source:**

The source initiates a message. This is the origin of the communication and can be an individual, group or inanimate object. The effectiveness of a communication depends to a considerable degree on the characteristics of the source. The person who initiates the communication process is known as sender, source or communicator. In an organization, the sender will be a person who has a need or desire to send a message to others. The sender has some information which he wants to communicate to some other person to achieve some purpose. By initiating the message, the sender attempts to achieve understanding and change in the behaviour of the receiver.

b) **Encoding:**

Once the source has decided what message to communicate, the content of the message must be put in a form the receiver can understand. As the background for encoding information, the sender uses his or her own frame of reference. It includes the individual's view of the organization or situation as a function of personal education, interpersonal relationships, attitudes, knowledge and experience. Three conditions are necessary for successful encoding the message.

- **Skill:** Successful communicating depends on the skill you possess. Without the requisite skills, the message of the communicator will not reach the receiver in the desired form. One's total communicative success includes speaking, reading, listening and reasoning skills.
- **Attitudes:** Our attitudes influence our behaviour. We hold predisposed ideas on a number of topics and our communications are affected by these attitudes.
- **Knowledge:** We cannot communicate what we don't know. The amount of knowledge the source holds about his or her subject will affect the message he or she seeks to transfer.

c) **The Message:**

The message is the actual physical product from the source encoding. The message contains the thoughts and feelings that the communicator intends to evoke in the receiver. The message has two primary components:-

- **The Content:** The thought or conceptual component of the message is contained in the words, ideas, symbols and concepts chosen to relay the

message.

- **The Affect:** The feeling or emotional component of the message is contained in the intensity, force, demeanor (conduct or behaviour), and sometimes the gestures of the communicator.

d) The Channel:

The actual means by which the message is transmitted to the receiver (Visual, auditory, written or some combination of these three) is called the channel. The channel is the medium through which the message travels. The channel is the observable carrier of the message. Communication in which the sender's voice is used as the channel is called oral communication. When the channel involves written language, the sender is using written communication. The sender's choice of a channel conveys additional information beyond that contained in the message itself. For example, documenting an employee's poor performance in writing conveys that the manager has taken the problem seriously.

e) Decoding:

Decoding means interpreting what the message means. The extent to which the decoding by the receiver depends heavily on the individual characteristics of the sender and receiver. The greater the similarity in the background or status factors of the communicators, the greater the probability that a message will be perceived accurately. Most messages can be decoded in more than one way. Receiving and decoding a message are a type of perception. The decoding process is therefore subject to the perception biases.

f) The Receiver:

The receiver is the object to whom the message is directed. Receiving the message means one or more of the receiver's senses register the message - for example, hearing the sound of a supplier's voice over the telephone or seeing the boss give a thumbs-up signal. Like the sender, the receiver is subject to many influences that can affect the understanding of the message. Most important, the receiver will perceive a communication in a manner that is consistent with previous experiences. Communications that are not consistent with expectations is likely to be rejected.

g) Feedback:

The final link in the communication process is a feedback loop. Feedback, in effect, is communication travelling in the opposite direction. If the sender pays attention to the feedback and interprets it accurately, the feedback can help the sender learn whether the original communication was decoded accurately. Without feedback, one-way communication occurs between managers and their employees. Faced with differences in their power, lack of time, and a desire to save face by not passing on negative information, employees may be discouraged from providing the necessary feedback to their managers.

4. Explain about leadership and leadership stories

(16) **LEADERSHIP STYLES**

The leadership style we will discuss here are:

- a) Autocratic style
- b) Democratic Style
- c) Laissez Faire Style

a) **Autocratic style**

Manager retains as much power and decision-making authority as possible. The manager does not consult employees, nor are they allowed to give any input. Employees are expected to obey orders without receiving any explanations. The motivation environment is produced by creating a structured set of rewards and punishments. Autocratic leadership is a classical leadership style with the following characteristics:

- Manager seeks to make as many decisions as possible
- Manager seeks to have the most authority and control in decision making
- Manager seeks to retain responsibility rather than utilize complete delegation
- Consultation with other colleagues in minimal and decision making becomes a solitary process
- Managers are less concerned with investing their own leadership development, and prefer to simply work on the task at hand.

Advantages:

- Reduced stress due to increased control
- A more productive group 'while the leader is watching' Improved logistics of operations
- Faster decision making

Disadvantages:

- Short-termistic approach to management.
- Manager perceived as having poor leadership skills Increased workload for the manager
- People dislike being ordered around
- Teams become dependent upon their leader

b) **Democratic Style**

Democratic Leadership is the leadership style that promotes the sharing of responsibility, the exercise of delegation and continual consultation.

The style has the following characteristics:

- Manager seeks consultation on all major issues and decisions.
- Manager effectively delegate tasks to subordinates and give them full

- Manager welcomes feedback on the results of initiatives and the work environment.
- Manager encourages others to become leaders and be involved in leadership development.

Advantages:

- Positive work environment
- Successful initiatives Creative thinking
- Reduction of friction and office politics
- Reduced employee turnover

Disadvantages:

- Takes long time to take decisions
- Danger of pseudo participation

Like the other styles, the democratic style is not always appropriate. It is most successful when used with highly skilled or experienced employees or when implementing operational changes or resolving individual or group problems.

c) Laissez-Faire Style

This French phrase means “leave it be” and is used to describe a leader who leaves his/her colleagues to get on with their work. The style is largely a "hands off" view that tends to minimize the amount of direction and face time required.

Advantages

- No work for the leader
- Frustration may force others into leadership roles
- Allows the visionary worker the opportunity to do what they want, free from interference
- Empowers the group

Disadvantages

- It makes employees feel insecure at the unavailability of a manager.
- The manager cannot provide regular feedback to let employees know how well they are doing.
- Managers are unable to thank employees for their good work.

The manager doesn't understand his or her responsibilities and is hoping the employees can cover for him or her.

LEADERSHIP THEORIES

The various leadership theories are

a) Great Man

Theory:

Assumptions

- Leaders are born and not made.
- Great leaders will arise when there is a great need.

Description

Early research on leadership was based on the study of people who were already great leaders. These people were often from the aristocracy, as few from lower classes had the opportunity to lead. This contributed to the notion that leadership had something to do with breeding.

The idea of the Great Man also strayed into the mythic domain, with notions that in times of need, a Great Man would arise, almost by magic. This was easy to verify, by pointing to people such as Eisenhower and Churchill, let alone those further back along the timeline, even to Jesus, Moses, Mohammed and the Buddha.

Discussion: Gender issues were not on the table when the 'Great Man' theory was proposed. Most leaders were male and the thought of a Great Woman was generally in areas other than leadership. Most researchers were also male, and concerns about andocentric bias were a long way from being realized.

b) Trait Theory:

Assumptions

- People are born with inherited traits.
- Some traits are particularly suited to leadership.
- People who make good leaders have the right (or sufficient) combination of traits.

Description

Early research on leadership was based on the psychological focus of the day, which was of people having inherited characteristics or traits. Attention was thus put on discovering these traits, often by studying successful leaders, but with the underlying assumption that if other people could also be found with these traits, then they, too, could also become great leaders. McCall and Lombardo (1983) researched both success and failure identified four primary traits by which leaders could succeed or 'derail':

Emotional stability and composure: Calm, confident and predictable, particularly when under stress.

Admitting error: Owning up to mistakes, rather than putting energy into covering up.

Good interpersonal skills: able to communicate and persuade others without resort to negative or coercive tactics.

Intellectual breadth: Able to understand a wide range of areas, rather than having a narrow (and narrow-minded) area of expertise.

c) Behavioral Theory:

Assumptions

- Leaders can be made, rather than are born.
- Successful leadership is based in definable, learnable behavior.

Description

Behavioral theories of leadership do not seek inborn traits or capabilities. Rather, they look at what leaders actually do.

If success can be defined in terms of describable actions, then it should be relatively easy for other people to act in the same way. This is easier to teach and learn than to adopt the more ephemeral 'traits' or 'capabilities'.

d) Participative

Leadership:

Assumptions

- Involvement in decision-making improves the understanding of the issues involved by those who must carry out the decisions.
- People are more committed to actions where they have involved in the relevant decision-making.
- People are less competitive and more collaborative when they are working on joint goals.
- When people make decisions together, the social commitment to one another is greater and thus increases their commitment to the decision.
- Several people deciding together make better decisions than one person alone.

Description

A Participative Leader, rather than taking autocratic decisions, seeks to involve other people in the process, possibly including subordinates, peers, superiors and other stakeholders. Often, however, as it is within the managers' whim to give or deny control to his or her subordinates, most participative activity is within the immediate team. The question of how much influence others are given thus may vary on the manager's preferences and beliefs, and a whole spectrum of participation is possible

e) Situational

Leadership:

Assumptions

- The best action of the leader depends on a range of situational factors.

Description

When a decision is needed, an effective leader does not just fall into a single preferred style. In practice, as they say, things are not that simple.

Factors that affect situational decisions include motivation and capability of

followers. The relationship between followers and the leader may be another factor that affects leader behavior as much as it does follower behavior.

The leaders' perception of the follower and the situation will affect what they do rather than the truth of the situation. The leader's perception of themselves and other factors such as stress and mood will also modify the leaders' behavior.

f) Contingency

Theory:

Assumptions

- The leader's ability to lead is contingent upon various situational factors, including the leader's preferred style, the capabilities and behaviors of followers and also various other situational factors.

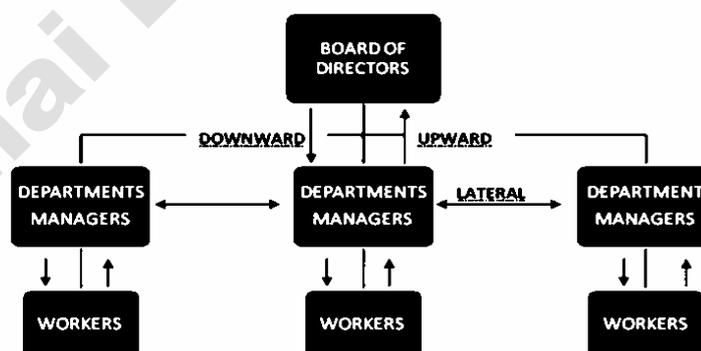
Description

Contingency theories are a class of behavioral theory that contend that there is no one best way of leading and that a leadership style that is effective in some situations may not be successful in others.

An effect of this is that leaders who are very effective at one place and time may become unsuccessful either when transplanted to another situation or when the factors around them change.

Contingency theory is similar to situational theory in that there is an assumption of no simple one right way. The main difference is that situational theory tends to focus more on the behaviors that the leader should adopt, given situational factors (often about follower behavior), whereas contingency theory takes a broader view that includes contingent factors about leader capability and other variables within the situation.

5.i) Explain the types of formal and informal organizational communications.



a) **Formal Communication:** Formal communication follows the route formally laid down in the organization structure. There are three directions in which communications flow: downward, upward and laterally (horizontal).

i) **Downward communication** involves a message travelling to one or more receivers at the lower level in the hierarchy. The message frequently involves directions or performance feedback. The downward flow of communication generally corresponds to the formal organizational communications system, which is usually synonymous with the chain of command or line of authority. This system has received a great deal of attention from both managers and behavioral scientists since it is crucial to organizational functioning.

ii) **Upward Communication** : In upward communication, the message is directed toward a higher level in the hierarchy. It often takes the form of progress reports or information about successes and failures of the individuals or work groups reporting to the receiver of the message. Sometimes employees also send suggestions or complaints upward through the organization's hierarchy.

The upward flow of communication involves two distinct manager-subordinate activities in addition to feedback:

- The participation by employees in formal organizational decisions.
- Employee appeal is a result against formal organization decisions. The employee appeal is a result of the industrial democracy concept that provides for two-way communication in areas of disagreement.

iii) **Horizontal Communication**: When takes place among members of the same work group, among members of work groups at the same level, among managers at the same level or among any horizontally equivalent personnel, we describe it as lateral communications. In lateral communication, the sender and receiver(s) are at the same level in the hierarchy. Formal communications that travel laterally involve employees engaged in carrying out the same or related tasks.

The messages might concern advice, problem solving, or coordination of activities.

b) **Informal Communication or Grapevine**

Informal communication, generally associated with interpersonal communication, was primarily seen as a potential hindrance to effective organizational performance. This is no longer the case. Informal communication has become more important to ensuring the effective conduct of work in modern organizations.

Probably the most common term used for the informal communication in the workplace is "grapevine" and this communication that is sent through the organizational grapevine is often considered gossip or rumor. While grapevine communication can spread information quickly and can easily cross established organizational boundaries, the information it carries can be changed through the deletion or exaggeration crucial details thus causing the information inaccurate – even if it's based on truth.

The use of the organizational grapevine as an informal communication channel often results when employees feel threatened, vulnerable.

5 ii). Explain how job enrichment helps organizations to maintain competitiveness.

- Job enrichment is a non-financial technique of motivation. It has been derived from Herzberg's two factor theory of motivation.
- It is therefore based on the assumptions that in order to motivate personnel, the job itself must provide opportunities for:
 - Achievement
 - Recognition
 - Responsibility
 - advancement and growth.
- The job is designed in such a manner that it becomes more interesting and challenging to the job performer.
- According to Robert N. Ford, job enrichment is concerned with designing jobs that include a variety of work content, require a higher level of knowledge and skill; give the worker more autonomy and responsibility for planning, directing and controlling his own performance and providing the opportunity for personal growth and meaningful work experience.
- The nature of modern technology such as division of labour, assembly line, job simplification has made the jobs dull and monotonous.
- In order to overcome these problems, a new technique called job enlargement has been made. It attempts to make a job more varied by removing the dullness associated with performing repetitive operations.
- As a result, there was a variety and challenge in the job. Workers will get job satisfaction and there is also an improvement in their performance. Job enrichment is an extension of job enlargement technique.
- In job enrichments, a job may be enriched by variety as well as some of the following:
 1. Giving workers more freedom in deciding about such things as work, sequence and pace or the acceptance or rejection of materials.
 2. Encouraging participation of subordinates and interaction between workers.
 3. Giving workers feeling of personal responsibility for their tasks.
 4. Taking steps to make sure that worker can see how their tasks contribute to a finished product and the welfare of an enterprise.
 5. Giving people feedback on their job performance, preferably before their superiors get it.
 6. Involving workers in the analysis and change of physical aspects of the work environment such as layout of plant, temperature, lighting and cleanliness.
- The job enrichment program can only be initiated and implemented successfully, if the conditions for such a program are highly adequate and receptive.
- It cannot work in Vacuum. Its success is dependent upon the existing organizational structure, physical and conceptual environment, technology etc.
- For example, if the jobs are already diverse and challenging, and the workers have reasonable autonomy, further enrichment may not be necessary.

Alderfer has tried to rebuild the hierarchy of needs of Maslow into another model named ERG i.e. Existence – Relatedness – Growth. According to him there are 3 groups of core needs as mentioned above. The existence group is concerned mainly with providing basic material existence. The second group is the individuals need to maintain interpersonal relationship with other members in the group. The final group is the intrinsic desire to grow and develop personally. The major conclusions of this theory are :

- In an individual, more than one need may be operative at the same time.
- If a higher need goes unsatisfied than the desire to satisfy a lower need intensifies.
- It also contains the frustration-regression dimension.

Arunai Engineering College

**UNIT-V CONTROLLOING
PART A**

1. What is budgetary control?[Nov/Dec2014,Nov/Dec2012,Nov/Dec2015]

According to J.Batty, "A system which uses budgets as a means of planning and controlling all aspects of producing and / or selling commodities and services".

2. Define: MIS [May/Jun2013]

"A system of obtaining abstracting, storing and analyzing data to productions information for the use in planning, controlling and decision making by managers at the time. They can most effectively be used it".

3. List any four types of control.[May/Jun2015,May/Jun2013]

- Feedback control
- Concurrent control
- Feed forward control
- Continuous control

4. Define: Budget.[May/Jun2012,Nov/Dec2012]

According to J.FredMeston "A budget is the expression of a firm's plan in financial form for a period of time into the future".

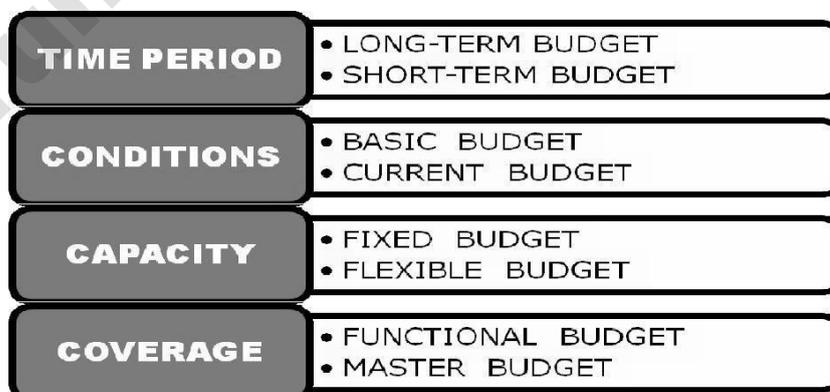
5. Mention the advantages and disadvantages of budgetary control.[Apr/May 2011] Advantages:

- Enables remedial action to be taken as variances emerge.
- Motivates employees by participating in the setting of budgets.
- Improves the allocation of scarce resources.
- Economies management time by using the management by exception principle.

Disadvantages:

- Inaccuracy
- Expenditure
- Distortion of goals

6. What are the different types of budget ? [Apr/May2014]



7. Define productivity.[May/Jun2014]

- Productivity is a measure of how much input is required to produce a given output
i.e. the ratio $\frac{\text{output}}{\text{input}}$ is called productivity.
- Productivity is the measure of how well the resources are brought together in an organization and utilized for accomplishing a set of objectives.

8. What is preventive control?[May/Jun2012]

An efficient manager applies the skills in managerial philosophy to eliminate an undesirable activity which are the reasons for poor management.

9. What is quality control?[Apr/May2011,Nov/Dec2012]

Quality control is the procedure that followed to achieve and maintain the required quality.

10. Define control.

According to Koontz, “controlling to the measurement and correction of performance in order to make sure that enterprise objective and the plans devised to attain them are accomplished”.

11. What are the three potential pitfalls of budgets?

[Non/Dec2010,Nov/Dec2011,Apr/May2015]

- Lack of adjustments
- Over budgeting Rigidity and confusion
- Establishing budgetary control in an organization is very expensive and it requires money, time and efforts.

12. Compare feedback control and Feed Forward Technique.

S.No.	Feed back	Feed forward
1.	It measures only the output of process.	It measures the input of process.
2.	It is submissive approach.	It is aggressive approach.
3.	It gives less benefit.	It gives more benefit.

PART-B

1. Explain different Budgetary and non-budgetary control techniques.[Nov/Dec 2014] **BUDGETARY CONTROL TECHNIQUES** The various types of budgets are as follows

i) Revenue and Expense Budgets:

The most common budgets spell out plans for revenues and operating expenses in rupee terms. The most basic of revenue budget is the sales budget which is a formal and detailed expression of the sales forecast. The revenue from sales of products or services furnishes the principal income to pay operating expenses and yield profits. Expense budgets may deal with individual items of expense, such as travel, data processing, entertainment, advertising, telephone, and insurance.

ii) Time, Space, Material, and Product Budgets:

Many budgets are better expressed in quantities rather than in monetary terms. e.g. direct- labor-hours, machine-hours, units of materials, square feet allocated, and units produced. The Rupee cost would not accurately measure the resources used or the results intended.

iii) Capital Expenditure Budgets:

Capital expenditure budgets outline specifically capital expenditures for plant, machinery, equipment, inventories, and other items. These budgets require care because they give definite form to plans for spending the funds of an enterprise. Since a business takes a long time to recover its investment in plant and equipment, (Payback period or gestation period) capital expenditure budgets should usually be tied in with fairly long-range planning.

iv) Cash Budgets:

The cash budget is simply a forecast of cash receipts and disbursements against which actual cash "experience" is measured. The availability of cash to meet obligations as they fall due is the first requirement of existence, and handsome business profits do little good when tied up in inventory, machinery, or other noncash assets.

v) Variable Budget:

The variable budget is based on an analysis of expense items to determine how individual costs should vary with volume of output.

Some costs do not vary with volume, particularly in so short a period as 1 month, 6 months, or a year. Among these are depreciation, property taxes and insurance, maintenance of plant and equipment, and costs of keeping a minimum staff of supervisory and other key personnel. Costs that vary with volume of output range from those that are completely variable to those that are only slightly variable.

The task of variable budgeting involves selecting some unit of measure that reflects volume; inspecting the various categories of costs (usually by reference to the chart of accounts); and, by statistical studies, methods of engineering analyses, and other means, determining how these costs should vary with volume of output.

vi) Zero Based Budget

The idea behind this technique is to divide enterprise programs into "packages" composed of goals, activities, and needed resources and then to calculate costs for each package from the ground up. By starting the budget of each package from base zero, budgeters calculate costs afresh for each budget period; thus they avoid the common tendency in budgeting of looking only at changes from a previous period.

Advantages

There are a number of advantages of budgetary control:

- Compels management to think about the future, which is probably the most important feature of a budgetary planning and control system. Forces management to look ahead, to set out detailed plans for achieving the targets for each department, operation and (ideally) each manager, to anticipate and give the organization purpose and direction.
- Promotes coordination and communication.
- Clearly defines areas of responsibility. Requires managers of budget centre's to be made responsible for the achievement of budget targets for the operations under their personal control.
- Provides a basis for performance appraisal (variance analysis). A budget is basically a yardstick against which actual performance is measured and assessed. Control is provided by comparisons of actual results against budget plan. Departures from budget can then be investigated and the reasons for the differences can be divided into controllable and non- controllable factors.
- Enables remedial action to be taken as variances emerge.
- Motivates employees by participating in the setting of budgets.
- Improves the allocation of scarce resources.
- Economizes management time by using the management by exception principle.

Problems in budgeting

- Whilst budgets may be an essential part of any marketing activity they do have a number of disadvantages, particularly in perception terms.
- Budgets can be seen as pressure devices imposed by management, thus resulting in:
 - a) bad labor relations
 - b) Inaccurate record-keeping.
- Departmental conflict arises due to:
 - a) disputes over resource allocation
 - b) departments blaming each other if targets are not attained.
- It is difficult to reconcile personal/individual and corporate goals.
- Waste may arise as managers adopt the view, "we had better spend it or we will lose it". This is often coupled with "empire building" in order to enhance the prestige of a department.
- Responsibility versus controlling, i.e. some costs are under the influence of more than one person, e.g. power costs.

NON-BUDGETARY CONTROL TECHNIQUES

There are, of course, many traditional control devices not connected with budgets, although some may be related to, and used with, budgetary controls. Among the most important of these are: statistical data, special reports and analysis, analysis of break- even points, the operational audit, and the personal observation.

i) Statistical data:

Statistical analyses of innumerable aspects of a business operation and the clear presentation of statistical data, whether of a historical or forecast nature are, of course, important to control. Some managers can readily interpret tabular statistical data, but most managers prefer presentation of the data on charts.

ii) Break- even point analysis:

An interesting control device is the break even chart. This chart depicts the relationship of sales and expenses in such a way as to show at what volume revenues exactly cover expenses.

iii) Operational audit:

Another effective tool of managerial control is the internal audit or, as it is now coming to be called, the operational audit. Operational auditing, in its broadest sense, is the regular and independent appraisal, by a staff of internal auditors, of the accounting, financial, and other operations of a business.

iv) Personal observation:

In any preoccupation with the devices of managerial control, one should never overlook the importance of control through personal observation.

v) PERT:

The Program (or Project) Evaluation and Review Technique, commonly abbreviated PERT, is a method to analyze the involved tasks in completing a given project, especially the time needed to complete each task, and identifying the minimum time needed to complete the total project.

vi) GANTT CHART

A Gantt chart is a type of bar chart that illustrates a project schedule. Gantt charts illustrate the start and finish dates of the terminal elements and summary elements of a project. Terminal elements and summary elements comprise the work breakdown structure of the project. Some Gantt charts also show the dependency (i.e., precedence network) relationships between activities.

2. What is control? Discuss the phase of control.

Or Explain the steps involved in the process of controlling.(16)

May/June 2013

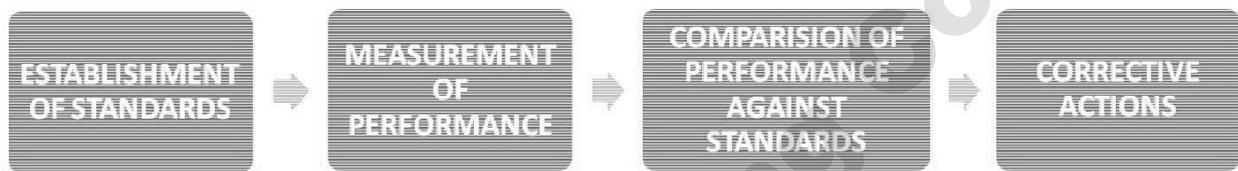
DEFINITION

Control is the process through which managers assure that actual activities conform to planned activities.

In the words of Koontz and O'Donnell - "Managerial control implies measurement of accomplishment against the standard and the correction of deviations to assure attainment of objectives according to plans."

CONTROL PROCESS

The basic control process involves mainly these steps as shown in Figure



a) The Establishment of Standards:

Because plans are the yardsticks against which controls must be revised, it follows logically that the first step in the control process would be to accomplish plans. Plans can be considered as the criterion or the standards against which we compare the actual performance in order to figure out the deviations.

Examples for the standards

- Profitability standards: In general, these standards indicate how much the company would like to make as profit over a given time period- that is, its return on investment.
- Market position standards: These standards indicate the share of total sales in a particular market that the company would like to have relative to its competitors.
- Productivity standards: How much that various segments of the organization should produce is the focus of these standards.
- Product leadership standards: These indicate what must be done to attain such a position.
- Employee attitude standards: These standards indicate what types of attitudes the company managers should strive to indicate in the company's employees.
- Social responsibility standards: Such as making contribution to the society.
- Standards reflecting the relative balance between short and long range goals.

b) Measurement of performance

The measurement of performance against standards should be on a forward looking basis so that deviations may be detected in advance by appropriate actions. The degree of difficulty in measuring various types of organizational performance, of course, is determined primarily by the activity being measured. For example, it is far more difficult to measure the performance of highway maintenance worker than to measure the performance of a student enrolled in a college level management course.

c) Comparing Measured Performance to Stated Standards:

When managers have taken a measure of organizational performance, their next step in controlling is to compare this measure against some standard. A standard is the level of activity established to serve as a model for evaluating organizational performance. The performance evaluated can be for the organization as a whole or for some individuals working within the organization. In essence, standards are the yardsticks that determine whether organizational performance is adequate or inadequate.

d) Taking Corrective Actions:

After actual performance has been measured compared with established performance standards, the next step in the controlling process is to take corrective action, if necessary. Corrective action is managerial activity aimed at bringing organizational performance up to the level of performance standards. In other words, corrective action focuses on correcting organizational mistakes that hinder organizational performance. Before taking any corrective action, however, managers should make sure that the standards they are using were properly established and that their measurements of organizational performance are valid and reliable.

At first glance, it seems a fairly simple proposition that managers should take corrective action to eliminate problems - the factors within an organization that are barriers to organizational goal attainment. In practice, however, it is often difficult to pinpoint the problem causing some undesirable organizational effect.

TYPES OF CONTROL SYSTEMS

The control systems can be classified into three types namely feed forward, concurrent and feedback control systems.



a) **Feed forward controls:** They are preventive controls that try to anticipate

problems and take corrective action example – a team leader checks the quality, completeness and reliability of their tools prior to going to the site. **b)Concurrent controls:** They (sometimes called screening controls) occur while an activity is taking place. Example – the team leader checks the quality or performance of his members while performing.

c)Feedback controls: They measure activities that have already been completed. Thus corrections can take place after performance is over. Example – feedback from facilities engineers regarding the completed job.

3. Define productivity . Explain the factors affecting productivity.

[Apr/May 2011, Apr/May 2012]

Productivity:

Productivity is one of the major concerns of every manager of the organization.

Productivity of a production system is same to the efficiency of a machine.

Definition: Productivity is a measure of how much input is required to produce a given output. i.e. the ratio output/input is called productivity.

Productivity is the measure of how well the resources are brought together in an organization and utilized for accomplishing a set of objectives.

Factors Affecting Productivity (or) Improving productivity:

1. Technology
2. Human resources
3. Government policy
4. Machinery and equipment
5. Skill of the worker
6. Materials
7. Plant equipment
8. Land and Buildings
9. Capital
10. Research and Development.

1. **Technology:** New technology development and R & D development improve the productivity.

2. **Human resources:** Education of the employee's favours improvement of the productivity motivation of the employees improves the efficiency of the productivity.

3. **Government policy:** Government can eliminate unnecessary regulations and make productivity effectively.

4. **Machinery and Equipment:** Modern machineries and equipment also increase the productivity.

5. **Skill of the workers:** Well trained and experienced employee's leads to effective productivity.

6. **Capital:** Increased capital investment results in increased productivity.

7. **Research and Development:** Research and development play a vital role in determining productivity. The research includes reduction of cost and wastage, new techniques etc. All these factors must help the concern to increase productivity.
8. **Trade unions:** Some trade unions create some unnecessary problems in the company and start strike and lock out the company. It decreases the productivity. Efficient top management executive's smoothly handling the trade unions to carry out the positive effect.
9. **Materials:** Productivity of materials can also be increased by using correct process, well trained workers and storage facilities.
10. **Plant, equipment:** Productivity can be increased through modern tools. Proper maintenance of plant and equipment increase the productivity.
11. **Land and Buildings:** Working environment must be suitable for employees. Poor plant layout and construction will affect the productivity.

Productivity Measures:

1. Labour productivity= Total output/Labour input
2. Capital productivity=Total output/Capital input
3. Material productivity=Total output/Material input

Role of productivity (or) Advantages of productivity

For management

- To get high profit
- To improve the resources
- To increase the sales

For workers

- Job satisfaction and job security
- Promotion
- Higher salary
- Better working conditions

For customers

- To get quality products
- Reduced prices
- Easily available

4. Describe the role of information technology in controlling function.[Dec-11,June-14]

Definition: MIS can be defined as “ A system of obtaining, abstracting, storing and analyzing data to produce effective information for use in planning, controlling and decision making process”.

Characteristics of Good Management Information System :

- Information must be clear and conciseness.
- The information should be relevant the business organization. Unnecessary

information's should be avoided.

- MIS must be simple and easy to understand.
- It must help in the process of decision making and corrective actions.
- MIS should help in solving the complicated problems effectively.

Need of MIS:

1. Internal factors:

- **Resources:** This involves the analysis of available resources in the organization like money, material, machines and etc.
- **Planning and control information:** To get required information about budgets, sales forecasts etc.
- **Operational information:** The technique evaluates the overall operations of the business.
- **Production function:** It is required to increase the production, Product quality and to reduce wastages etc.
- **Marketing function:** To obtain required information for plan sales forecast, advertising budget consumer satisfaction, sales value competitors etc.

2. External Information Needs:

- **Political and Government:** This involves information about political fiscal policies, government policies, procedures, rules and regulations.
- **Economic condition:** To get required information such as money value, GNP, inflation rate interest rate etc.
- **Technology:** To get information's about new advanced machinery, new process etc.

MIS resources:

It consists of five major resources.

Computer hardware :

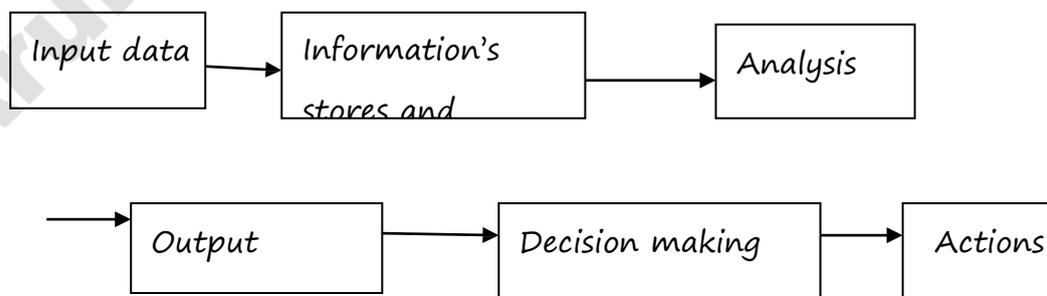
It refers to computer system and other associated equipment including the communication link. Computer, monitors, disk, printers, optical scanners.

Software: Programs: Operating system programs, word processing programs and procedures.

Data: It is in the form of symbols, digits, alphabets, graph, pictures etc.

People: Specialists system analysts programmers and computer operator.

IMPLEMENTATION OF MIS



Input data:

The necessary data can be collected. The object is the development of better

information system formal management.

Information stored and retrieval:

The necessary data can be stored and utilized and when required. The information can be indexed and classified for quick accessibility of the management.

Analysis:

To utilize the data effectively it is necessary to analyse them. To analysis the problem and develop alternatives and select the best one.

Output:

Output in the form of reports, charts, tables, graph etc.

Decision making:

The output information is used to decision –making process.

Action:

After decision is taken it is converted in to action.

Application of MIS :

- To provide long term plans
- To find out new opportunities.
- To allocate resources
- To provide planning and control
- To provide sales forecasting.
- To help management decision about quality, quantity and market price etc.
- To provide government policy and regulation.
- To provide effective managerial activities.

Important Devices for Information System:

i) Speech Recognition devices:

Instead of keyboard input data in to the computer is through speech by normal manner. It can be used several companies for several uses. Clear communication is also possible some disadvantage also in this system. Similar sound words like 'to' 'too' and 'two' are complex problems.

ii) Network

It is one of the most important technology. Computer is connected by internet and other communications network. The network serves as share processing, software and database.

Computer networks enable and uses and work groups to communicate and collaborate electronically and share the use of hardware, software and data resources. The networks have become the primary information technology that supports the business operations of many organizations.

Importance of MIS or Role of MIS :

Sl.no	Major subsystem	Application
1	Marketing	Sales planning, Sales analysis, Sales forecasting

2	Manufacturing	Production planning control analysis
3	Logistics	Planning and control
4	Finance and accounting	Cost analysis, planning, income measurement.
5	Top management	Strategic planning, policy, resource allocation

Management and MIS:

MIS supports management activity. Information system provides information to managers of three levels of responsibilities. MIS helps to guide managers to carry out their planning, organizing, directing, controlling and coordinating the function effectively.

i) Operational control

Operational control provides detailed information and accurate on a daily or weekly basis. A market manager must know of past and present sales record, consumer's behavior, advertising budget. The MIS must provide him timely and detailed information obtained from daily operations.

ii) Middle management:

Middle levels managers such as department's heads are concerned with the current and future performance. For example information about marketing level problems with customer's reduction in sales, quality of product are needed by middle managers. They required information from within and outside organization.

iii) Top level-strategic planning:

Top management the MIS must provide information to top management for strategic planning and control. They need the following external source of information.

- Economic condition
- Technological condition
- Government policy
- Actions of Competitors company

They need the following internal sources of information.

- Sales volume
- Financial analysis
- Human resources
- Product quality, customers satisfaction

MIS should provide information to the managers accurately and correct time. So MIS should be designed in suitable way depending upon the organization. The top managers receive overall financial analysis and summarized of department performance.

Decision Support system

Decision support systems which support the process of making decisions. IT is also operated by people who are not computer specialists who use the DSS to help them plan and make decisions. The process of development of decision support system is depended by the end user. DSS helps the managers to solve non-routine problems in the organization.

5 i) Describe the potential barriers to successful controlling

There are many barriers, among the most important of them:

- Control activities can create an undesirable overemphasis on short-term production as opposed to long- term production.
- Control activities can increase employees' frustration with their jobs and thereby reduce morale. This reaction tends to occur primarily where management exerts too much control.
- Control activities can encourage the falsification of reports.
- Control activities can cause the perspectives of organization members to be too narrow for the good of the organization.
- Control activities can be perceived as the goals of the control process rather than the means by which corrective action is taken.

5 ii) Discuss direct and preventive control

DIRECT CONTROL:

Direct Control are based on feedback by measuring deviations from standards analyzing the cause of deviations and taking the necessary corrective steps to bring performance on right track.

Cause of negative Deviations from standards. Uncertain, Lack of knowledge, experience or judgment

Questionable assumptions underlying direct control

- Assumption that that performance can be measured
- Assumption that personal responsibility exists
- Assumption that time expenditure if warranted
- Assumption that mistake can be discovered in time
- Assumption that the person responsible will take.

PREVENTIVE CONTROL

Preventive control are based on the philosophy of preventing undesirable deviations from occurring by developing and maintaining a highly qualified managerial staff.

Assumption :

- Qualified managers make a minimum of errors.
- Management fundamental can e used to measure performance

Advantages :

- Greater accuracy
- Encourage self control
- Lighten the managerial burden
- Impressive

Thus control is a very important process through which managers ensure that actual activities confirm to planned activities. It is mainly used to measure progress, to uncover deviations and to indicate corrective action.

Arunai Engineering College