

## **PRINCIPLES OF MANAGEMENT**

### **UNIT-1**

#### **OVERVIEW OF MANAGEMENT**

##### **1. What is Management?**

Management is the process of giving direction and controlling the various activities of the people to achieve the objectives of an organization

##### **2. Define: Management. [May 2011, Nov 2012]**

According to Knootz and Weihrich “Management is the process of designing and maintaining of an environment in which individuals working together in groups efficiently accomplish selected aims”.

##### **3. Write some characteristics of Management?**

Management is a continuous process. Manager use the resources of organization both physical as well as human achieve the goal. Management aims act achieving the organization goals by ensuring effective use of resources.

##### **4. What is time study motion study?**

**Time study:** The movement which takes minimum time is the best one.

**Motion study:** Taylor suggested the eliminating wasteful movements and performing only necessary movement

##### **5. What is authority?**

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

##### **6. Write the functions or role of management? [May 2011, Nov 2012]**

- Planning
- Controlling
- Staffing
- Organizing
- Coordinate

##### **7. Write some important functions of top level management?**

- To formulate goals and policies of the company.
- To formulate budgets.

- To appoint top executives.

## 8. What are management levels? [May 2012]

- *Top level management.*
- Middle level management.
- Lower level management.

## 9. What is Esprit-de-corps?

This means union is strength. In organization employees should be harmony and unity.

## 10. What is responsibility and centralization?

**Responsibility:** It is the amount of work from a man by his superior.

**Centralization:** The organization is centralized when the power is concentrated with one person.

## 11. Define sole trade?

The sole proprietorship is that form of business organization which owned and controlled by a single individual.

## 12. What is partnership?

A partnership is an association of two or more persons to carry on business and to share its profit and losses.

## 13. What is Joint Stock Company?

The mission of any organization is to concentrate on the economic development of the organization. Later they came to understand that the contribution of society to the business was very high and hence they have to take up additional measures in order to satisfy the society. These measure are referred as the social responsibility of the organization.

## Part B

### 14. Explain the 14 Principle of Henry Fayol management?

- **Division of Work** - According to this principle the whole work is divided into small tasks. The specialization of the workforce according to the skills of a person, creating specific personal and professional development within the labor force and therefore increasing productivity; leads to specialization which increases the efficiency of labor.
- **Authority and Responsibility** - This is the issue of commands followed by responsibility for their consequences. Authority means the right of a superior to give enhance order to his subordinates; responsibility means obligation for performance.
- **Discipline** - It is obedience, proper conduct in relation to others, respect of authority, etc. It is essential for the smooth functioning of all organizations.
- **Unity of Command** - This principle states that each subordinate should receive orders and be accountable to one and only one superior. If an employee receives orders from more than one superior, it is likely to create confusion and conflict.
- **Unity of Direction** - All related activities should be put under one group, there should be one plan of action for them, and they should be under the control of one manager.
- **Subordination of Individual Interest to Mutual Interest** - The management must put aside personal considerations and put company objectives firstly. Therefore the interests of goals of the organization must prevail over the personal interests of individuals.
- **Remuneration** - Workers must be paid sufficiently as this is a chief motivation of employees and therefore greatly influences productivity. The quantum and methods of remuneration payable should be fair, reasonable and rewarding of effort.
- **The Degree of Centralization** - The amount of power wielded with the central management depends on company size. Centralization implies the concentration of decision making authority at the top management.
- **Line of Authority/Scalar Chain** - This refers to the chain of superiors ranging from top management to the lowest rank. The principle suggests that there should be a clear line of authority from top to bottom linking all managers at all levels.
- **Order** - Social order ensures the fluid operation of a company through authoritative procedure. Material order ensures safety and efficiency in the workplace. Order should be acceptable and under the rules of the company.
- **Equity** - Employees must be treated kindly, and justice must be enacted to ensure a just

workplace. Managers should be fair and impartial when dealing with employees, giving equal attention towards all employees.

- **Stability of Tenure of Personnel** - Stability of tenure of personnel is a principle stating that in order for an organization to run smoothly, personnel (especially managerial personnel) must not frequently enter and exit the organization.
- **Initiative** - Using the initiative of employees can add strength and new ideas to an organization. Initiative on the part of employees is a source of strength for organization because it provides new and better ideas. Employees are likely to take greater interest in the functioning of the organization.
- **Esprit de Corps/Team Spirit** - This refers to the need of managers to ensure and develop morale in the workplace; individually and communally. Team spirit helps develop an atmosphere of mutual trust and understanding. Team spirit helps to finish the task on time

## **15. WHAT IS FUNCTIONS OF MANAGEMENT ?**

The basic aim of managing is to achieve certain objectives or goals. The manager must be sure of the objectives he desires to attain or of the end result to be ensured. The precise and the complete statement in this regard would make the objectives clear and understood by all concerned who have to divert their activities towards its attainment. The desired result, objective or goal is attained by performing certain fundamental management functions which can be grouped under basic heads, namely

1. Planning
2. Organizing
3. Staffing
4. Directing
5. Controlling

### **1.PLANNING :**

It means “Preparing a sketch or an outline of any proposed plan of actions”. It implies considering and arranging in advance a projected course of action. It can also be defined as determining what is to be done, making the decisions to do it, and devising a procedure, method and time table to do it. Planning is a general activity. It is a necessary part of all operations of an enterprise, and for the operations of each of the departments and sections. It stimulates people to action and also determines their mode of action. For eg. Sales manager plans his sales

campaign The purchasing Manager plans his purchasing and transporting operations The production Manager plans his production programs. Planning is an exercise in forecasting and decision making. It involves forecast of future conditions and an estimate of how the proposed plans would be affected by them. Thus planning involves two aspects. First it involves mental formulations of an idea of what is desired to be achieved. Upto this, it remains at the thinking level and is based on forecasts and estimates. Secondly it determines the mode of action to be pursued to achieve what has been thought up. At this stage, the idea takes a definite shape with a due regard to the ordinary and immediate circumstances facing the enterprise.

## **2. ORGANISATION:**

To organize means to put into working order and arrange in a system. In this sense, an organization is an organized body or persons. Organising may be defined as arranging a number of complex tasks into manageable units and defining the formal relationship among the people who are assigned the various units of tasks. This definition is in the context of attainment of the goals and objectives of an undertaking. Generally, identifiable units of tasks are put under the charge of a department, section or division. The head of that department, section or unit being given with the authority to perform those tasks. For eg. Business activities in an industrial concern may be grouped under :

1. Production
2. Sales
3. Finance and
4. Personnel

## **3. STAFFING:**

It has been defined as manning and keeping manned the positions provided by the organization structure. Thus staffing involves four things: Assessment of personnel needs of the enterprise and selection and training of employees. Determination of employees remuneration. Evaluation of employees performance. Establishment of effective communication skills. Staffing is a difficult managerial function, because it is concerned with selection of properly qualified and mentally well-adjusted persons and their retention in the enterprise as a contented and motivated work force

## **4. DIRECTING:**

To direct means to guide and supervise any action or conduct. It implies guidance or instructions about what to do and how to do it. We have seen that in organisatin executives assign responsibilities and duties to their subordinates and delegate to them with requisite authority to perform the assigned responsibilities of duties. This in fact is of very essence of

management the art and process of getting things done by others. No doubt, executives have the authority to force their subordinates to comply with their directives. In case any subordinates fails or refuses to comply, he may be thrown out or punished in some other manner. But this a wrong view of the enterprise entire process of management. On any case, with strong trade unions and a number of labour laws to protect the worker, it would not be wise to demand compliance from one's subordinates. For securing whole-hearted compliance from subordinates, the function of direction assumes considerable significance. Direction function involves

1. Issuing orders and instructions to subordinates.
2. Guiding, training, energizing and leading the subordinates to perform the work methodically.
3. Exercising supervision over the work done by subordinates to ensure that it is in conformity with aims and objectives of the enterprise

#### **5. CONTROLLING:**

Controlling can be defined as "comparing results with plans and taking corrective action when results deviate from plans." In an organizational set up, it is every Manager's responsibility to control the performance of work and workers places under his charge.

Pre-requisites of control:

1. Control is possible only where there is a plan according to which actual performance is intended to proceed.
2. The second requirement of control is measurement of the results of actual operations.
3. The third requirement of control is taking corrective action as soon as deviation from the plan is discovered

#### **16. WHAT IS ROLE OF MANAGER?**

Henry Mintzberg identified ten different roles, separated into three categories. The categories he defined are as follows

##### **a) Interpersonal Roles**

The ones that, like the name suggests, involve people and other ceremonial duties. It can be further classified as follows

- Leader – Responsible for staffing, training, and associated duties.
- Figurehead – The symbolic head of the organization.
- Liaison – Maintains the communication between all contacts and informers that compose the organizational network.

### **b) Informational Roles**

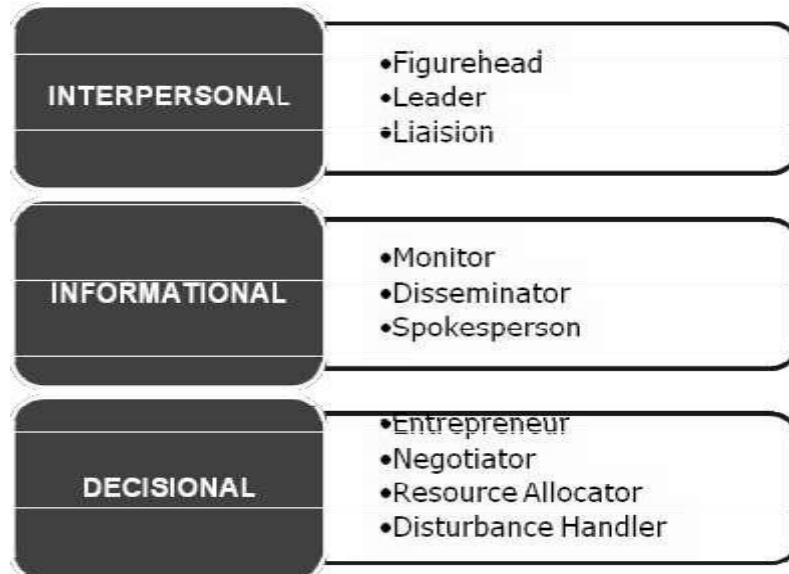
Related to collecting, receiving, and disseminating information.

- Monitor – Personally seek and receive information, to be able to understand the organization.
- Disseminator – Transmits all import information received from outsiders to the members of the organization.
- Spokesperson – On the contrary to the above role, here the manager transmits the organization's plans, policies and actions to outsiders.

### **c) Decisional Roles**

Roles that revolve around making choices.

- Entrepreneur – Seeks opportunities. Basically they search for change, respond to it, and exploit it.
- Negotiator – Represents the organization at major negotiations.
- Resource Allocator – Makes or approves all significant decisions related to the allocation of resources.
- Disturbance Handler – Responsible for corrective action when the organization faces disturbances.



## **17. Explain the types of business organization.**

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 . . . very dangerous. 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.
- Have a hard time attracting high-caliber employees, or those that are motivated by the opportunity to own a part of the business.
- 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 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.
- Generally, shareholders can only be held accountable for their investment in stock of the company. (Note however, that officers can be held personally liable for their actions, such as the failure to withhold and pay employment taxes.)
- 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 elect S 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 membership 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: Its 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 as make 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.
- It requires a large number of legal formalities to be observed.

- Lack of personal interest.

**e) Public Corporations:**

A public corporation is wholly owned by the Government centre to state. It is established usually by a Special Act of the parliament. Special statute also prescribes its management pattern power duties & jurisdictions. Though the total capital is provided by the Government, they have separate entity & enjoy independence in matters related to appointments, promotions etc.

**Merits:**

- These are expected to provide better working conditions to the employees & supported to be better managed.
- Quick decisions can be possible, because of absence of bureaucratic control.
- More Flexibility as compared to departmental organization.
- Since the management is in the hands of experienced & capable directors & managers, these are managed more efficiently than that of government departments.

**Demerits:**

- Any alteration in the power & Constitution of Corporation requires an amendment in the particular Act, which is difficult & time consuming.
- Public Corporations possess monopoly & in the absence of competition, these are not interested in adopting new techniques & in making improvement in their working.

**f) Government Companies:**

A state enterprise can also be organized in the form of a Joint stock company; A government company is any company in which the share capital is held by the central government or partly by central government & partly by one or more state governments. It is managed by the elected board of directors which may include private individuals. These are accountable for its working to the concerned ministry or department & its annual report is required to be placed every year on the table of the parliament or state legislatures along with the comments of the government to concerned department.

**Merits:**

- It is easy to form.
- The directors of a government company are free to take decisions & are not bound by certain rigid rules & regulations.

**Demerits:**

- Misuse of excessive freedom cannot be ruled out.
- The directors are appointed by the government so they spend more time in pleasing their political masters & top government officials, which results in inefficient management.

## **18.TRENDS AND CHALLENGES OF MANAGEMENT IN GLOBAL SCENARIO?**

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 factors that will affect their operations. At the corporate level, executives need a great deal of information to function effectively. 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 a 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**

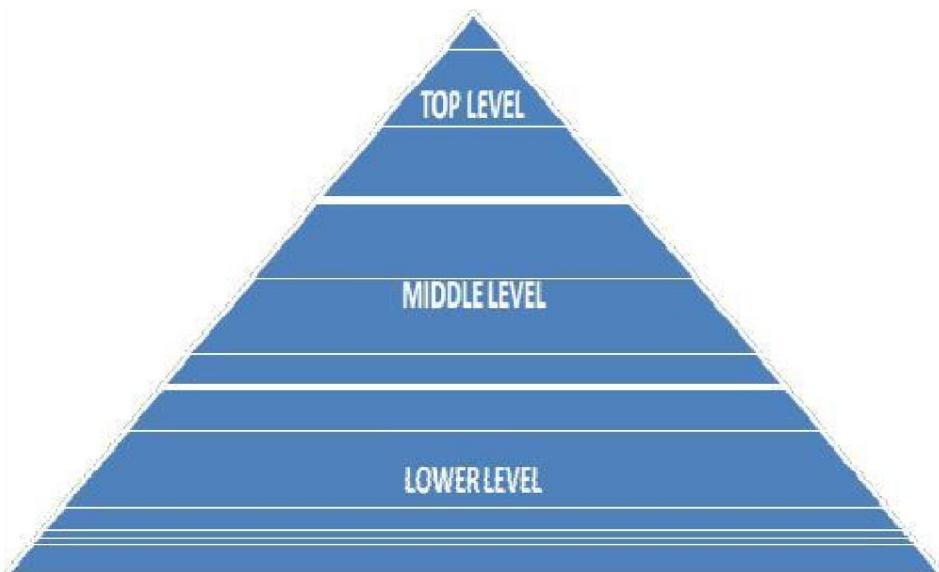
We noted earlier some of the cultural factors that affect international organizations. Individual managers must be prepared to deal with these and other factors as they interact with people from different cultural backgrounds. Supervising a group of five managers, each of whom is from a different state 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 systems.

## **19. EXPLAIN TYPES OF LEVEL MANAGEMENT?**

The three levels of management are as follows



### **1. 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 appoints the executive for middle level i.e. departmental managers.
- 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.

## 2. 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.

## 3. 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 arrange necessary materials, machines, tools etc for getting the things done.
- They prepare periodical reports about the performance of the workers.
- They ensure discipline in the enterprise.
- They motivate workers.
- They are the image builders of the enterprise because they are in direct contact with the workers.

## **UNIT-2**

### **PLANNING**

#### **1. Define planning.**

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

#### **2. What is the main objective of planning? [May 2013]**

Planning is a primary function of organization. It helps in achieving objectives. It is done to cope with uncertainty and change. It helps in facilitating control. It helps in coordination Planning increases organization effectiveness. Planning guides in decision making.

#### **3. Define “mission”?**

Mission may be defined as “a statement which defines the role that an organization plays in the society”

#### **4. Define Objective?**

The term “objective” or “goals” are often used interchangeably. Objective are the end results towards which the activities of attain its objectives.

#### **5. What is meant by strategy?**

Strategy of an organization is the programmers of action and deployment of resources to attains its objectives.

#### **6. Define “policies”**

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

#### **7. What is procedure?**

Procedure is a chronological order of action required to implement a policy and to achieve an objectives.

#### **8. What is programme ?**

Programme is a broad term which includes goals ,polices, procedure, rules, task assignment, step to be taken, resources to be employed to carry out a given course of action

## **9. What is MBO? [May 2012, 2011]**

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

## **10. What is planning premises?**

The assumptions about future derived from forecasting and used in planning are known as planning premises.

## **11. Explain the term decision and decision making?**

A decision may be a direction to others to do or not to do. Decision making is defined as the process of choosing a course of action from among alternatives to achieve a desired goal. It is one of the functions of management and also a core process of planning. The management executive takes a number of decisions every day. Thus, decisions may be rational or irrational. The best one is selected out of the available alternatives.

## **12. How would you evaluate the importance of a decision? (Or) Mention any 2 Features of decision making.**

[May 2011]

1. Decision making is a selection process. The best alternative is selected out of many available alternatives.
2. Decision-making is a goal-oriented process. Decisions are made to achieve some goal or objective.
3. Decision making is the end process. It is preceded by detailed discussion and selection of alternatives.

### **13. List the different types of planning. [May 2012, Nov 2012] Plans:**

#### **Standing plans:**

- Mission or purpose
- Objectives
- Strategies
- Policies
- Procedures
- Rules

#### **Single use plans:**

- Programmers
- Budgets
- Schedules
- Methods
- Projects.

### **14. What are the practices made in making effective premises?**

- Selection of premises.
- Collection of formation.
- Development of alternative premises for contingency planning.
- Verification of the consistency of premises.
- Communication of planning premises BlogSpot.

### **15. Define budgets?**

A budget is a statement of expected result in numerical terms and therefore, it may be referred as a numerical programmer.

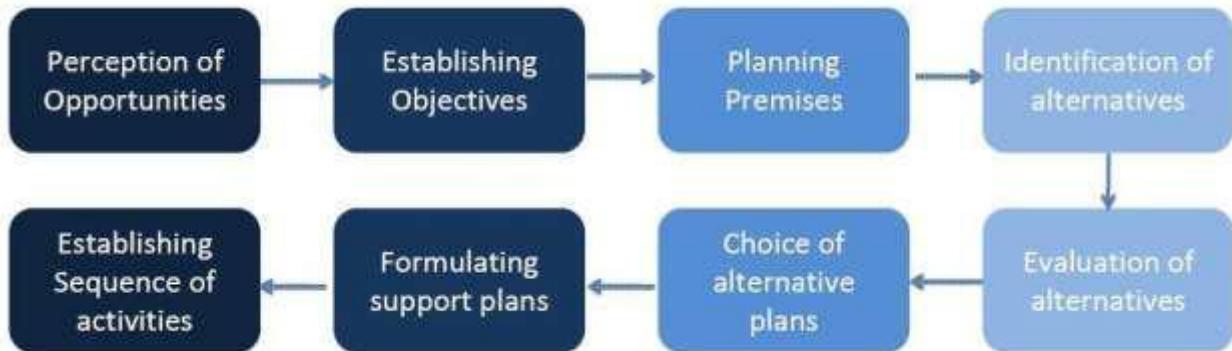
### **16. Mention the three approaches generally adapted by managers in selecting an alternative?**

- Quantitative and Qualitative analysis.
- Marginal analysis.
- Cost effectiveness analysis.

## PART-B

### 17. Define 8 steps planning process?

It involves following steps



## Planning Process

### 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.

Planning premises include far more than the usual basic forecasts of population, prices, costs, production, markets, and similar matters. 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.

### **18. Define objective and features with advantage?**

Objectives may be defined as the goals which an organization tries to achieve. Objectives are described as the end-points of planning. According to Koontz and O'Donnell, "an objective is a term commonly used to indicate the end point of a management programme." Objectives constitute the purpose of the enterprise and without them no intelligent planning can take place.

Objectives are, therefore, the ends towards which the activities of the enterprise are aimed. They are present not only the end-point of planning but also the end towards which organizing, directing and controlling are aimed. Objectives provide direction to various

activities. They also serve as the benchmark of measuring the efficiency and effectiveness of the enterprise. Objectives make every human activity purposeful. Planning has no meaning if it is not related to certain objectives.

## **Features of Objectives**

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

## **Advantages of Objectives**

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

## **Process of Setting Objectives**

Objectives are the keystone of management planning. It is the most important task of management. Objectives are required to be set in every area which directly and vitally effects the survival and prosperity of the business. In the setting of objectives, the following points should be borne in mind.

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

- For the successful accomplishment of the objectives, there should be effective communication.

## 19. Define and Explain MBO ?

MBO 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 and understand what they are. It has a precise and written description objectives ahead, timelines for their motoring and achievement.

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 mangers 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:

- **Setting objectives**
- **Developing action plans**
- **Reviewing Progress**
- **Performance appraisal**

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.

### **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 behavior, 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 helps 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.
- 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.

## **20. Describe the different objectives of planning?**

1. Focuses attention on objectives & result

2. Reduces uncertainty and risk

3. Provides sense of direction

4. Encourages innovation & creativity

5. Helps in coordination

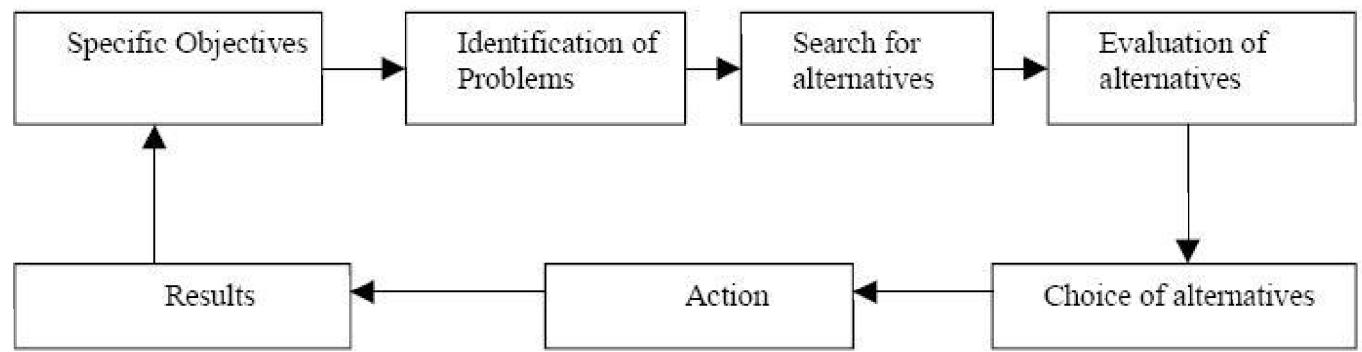
6. Guides decision making

7. Provides a basis for decentralization

8. Provides efficiency in operation

9. Facilitates control

## **21. Explain decision making process?**



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

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

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

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

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

Analysis helps managers to gain an insight into the problem.

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

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

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

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

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

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

### **Characteristics of Effective Decisions**

An effective decision is one which should contain three aspects. 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

## **22. State & explain the eight recommendations that should be considered by managers for successful implementation of strategies.**

1. Communication of strategies
2. Developing & communicating planning premises
3. Developing appropriate operational plans.
4. Periodic review of strategy
5. Developing contingency strategies & programmers
6. Developing appropriate organization structure.
7. Continuing to emphasize planning & implementation strategy.
8. Setting proper organizational climate.

## **23. Describe the steps involved in strategic planning process.**

### **Steps in the Traditional Strategic Planning Process**

#### **1. Get ready –**

Strategic planning takes a lot of time and energy, any way you cut it. The top 2 or more executives must be actively involved, and there are always many demands on their time. Inevitably some costs will be involved - they need to be assessed up front. Decide who needs to be involved and how.

#### **2. Develop a vision and mission –**

Vision and mission often get switched around, but we believe the best approach is to consider the vision as "what we want to be like in the future" and the mission as "what we must do to accomplish the vision."

#### **3. Environmental scan –**

Analyze the strengths and weaknesses of the internal organization environment, and the opportunities and threats of the external marketplace environment. Gather relevant economic, demographic, political, technological, geographic, legal and trend data. Analyze the data and present it to the group.

#### **4. Gap analysis –**

Identify the gaps between the vision-mission statements (what we hope to achieve) and the environmental scan (current realities).

## **5.Strategicplanning–**

Develop strategies to close the gaps. This includes specific goals with measurement, timing, and budget; strategies to reach each goal; and who's going to be responsible for each goal and strategy. Sometimes strategies and goals are further subdivided into objectives (specific accomplishments planned for the next 12 months) and tactics (specific plans to accomplish the objectives).

## **6. Implementation –**

The strategic plan is implemented as planned, as closely as possible. Objective forms of measurement track progress and help people stay on course. Progress is periodically reviewed.

## **7.Updating**

Typically strategic plans are created through a major effort every five years, and updated with review process every 12 months or so.

# **UNIT-3**

## **ORGANIZING**

### **1. Define Organizing. [May 2011, 2013]**

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

### **2) What do you understand by effective organizing?**

Effective organizing focuses on finding in present organizing avoids organizational inflexibility and makes the staff work effective by avoiding conflicts by clarification.

### **3) How informal organization characteristics differ from formal organization?**

It arises without any external cause. It is created on the basis of some similarity among the member. The bases of similarity may be age, sex, place of birth, caste, religion, liking/ disliking etc...Informal organization has no place in the organization chart. It is one of the parts of total organization.

### **4) What is span control?**

Span of control means the number of people managed effectively by a single superior in an organization. The term “Span of control” is also known as “Span of management”, “span of authority”, and “Span of responsibility”. But span of management is a better term because control and supervision are elements of management.

### **5) What is matrix structure?**

Matrix structure is a hybrid organizational form, containing characteristics of both project and functional structures.

### **6) What is line authority?**

Line authority is the direct authority which a superior exercises over a number of subordinates to carry out orders and instruction. In organization process, authority is delegated to the individuals to perform the activities.

## **7) What is staff authority?**

The relationship between a staffs manager with whom he works depends in part on the staff duties.

## **8) Define staffing.**

Staffing is the part of the management blogspot process which is concerned with the procurement utilization, maintenance and development of large satisfied workforce in the organization.

## **9) Define Human resource planning.**

“Human resource planning is the process by which an organization ensures that it has the right number and all kind of people at the right place at the right time, capable of effectively and efficiently completions, those tasks that will help the organization achieve its overall objectives”.

## **10) What is job analysis?**

Job analysis is a detailed study of a j to identify the skills, experience and aptitude required for the job.

## **11) What is job design?**

The job design is usually broad enough to accommodate people's needs and desires.

## **12) Define: Recruitment**

B. Flippo defines recruitment as “The process of searching for prospective employees and stimulating to apply for jobs in the organization”.

## **13) What is selection?**

Selection the process of finding out the most suitable candidate to the job out of the candidates attracted.

## **14) What is grading method?**

It is one of the trait-based appraisal methods. The actual performance of the employees is measured against these grades. This method is generally useful for promotion based on performance.

**15) What is mean by resources allocation?**

Manager is responsible for allocation of money, material and human resource in the organization. His utilizes minimum resource to give maximum profit to the organization.

**16) Define Organizational conflict.**

According to step “conflict is a process in which an effort is purposefully made by one person or unit to block another that result in frustrating the attainment of others goals of the furthering of his or her interests.

**17) What is managerial grid?**

Managerial grid is behavioral theory of leadership. It lays an important role in managerial behavior in organizational development.

**18) What is meant by the term directing?**

Directing may be defined as the process of instructing, guiding and inspiring human factors in the organization objectives. It is not only issuing orders and instructions by a superior to his subordinates but also including process of guiding and inspiring them to work effectively.

**19) List down the human factors in managing?**

Multiplicity of roles, Individuality, Personal dignity.

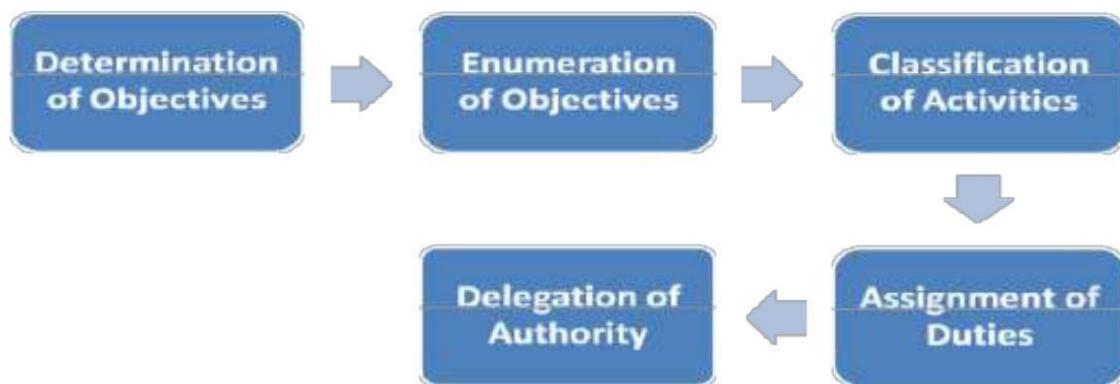
**20) Mention any two merits of performance appraisal. [May 2011]**

1. Improve the management development.
2. Improve the employee's performance.
3. Find out individual potential identification.

## PART-B

### 21) DESCRIBE THE STRUCTURE AND PROCESS OF ORGANIZING?

Organization is the process of establishing relationship among the members of the enterprise. The relationships are created in terms of authority and responsibility. To organize is to harmonize, coordinate or arrange in a logical and orderly manner. Each member in the organization is assigned a specific responsibility or duty to perform and is granted the corresponding authority to perform his duty. The managerial function of organizing consists in making a rational division of work into groups of activities and tying together the positions representing grouping of activities so as to achieve a rational, well coordinated and orderly structure for the accomplishment of work. According to Louis A Allen, "Organizing involves identification and grouping the activities to be performed and dividing them among the individuals and creating authority and responsibility relationships among them for the accomplishment of organizational objectives." The various steps involved in this process are:



#### a) Determination of Objectives:

It is the first step in building up an organization. Organization is always related to certain objectives. Therefore, it is essential for the management to identify the objectives before starting any activity. Organization structure is built on the basis of the objectives of the enterprise. That means, the structure of the organization can be determined by the management only after knowing the objectives to be accomplished through the organization. This step helps the management not only in framing the organization structure but also in achieving the enterprise objectives with minimum cost and efforts. Determination of objectives will consist in deciding as to why the proposed organization is to be set up and, therefore, what will be the nature of the work to be accomplished through the organization.

#### b) Enumeration of Objectives:

If the members of the group are to pool their efforts effectively, there must be proper division of the major activities. The first step in organizing group effort is the division of the total job into essential activities. Each job should be properly classified and grouped. This will enable the people to know what is expected of them as members of the group and will

help in avoiding duplication of efforts. For example, the work of an industrial concern may be divided into the following major functions – production, financing, personnel, sales, purchase, etc.

**c) Classification of Activities:**

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

**d) Assignment of Duties:**

Here, specific job assignments are made to different subordinates for ensuring a certainty of work performance. Each individual should be given a specific job to do according to his ability and made responsible for that. He should also be given the adequate authority to do the job assigned to him. In the words of Kimball and Kimball - "Organization embraces the duties of designating the departments and the personnel that are to carry on the work, defining their functions and specifying the relations that are to exist between department and individuals."

**e) Delegation of Authority:**

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

## **ORGANIZATIONSTRUCTURE**

An organization structure is a framework that allots a particular space for a particular department or an individual and shows its relationship to the other. An organization structure shows the authority and responsibility relationships between the various positions in the organization by showing who reports to whom. It is an established pattern of relationship among the components of the organization. March and Simon have stated that- "Organization structure consists simply of those aspects of pattern of behavior in the organization that are relatively stable and change only slowly." The structure of an organization is generally shown on an organization chart. It shows the authority and responsibility relationships between various positions in the organization while designing the organization structure, due attention should be given to the principles of sound organization.

## **Significance of Organization Structure**

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

## **22) Define span of management? Explain the factors which influence the effective span of management?**

Span of Control means the number of subordinates that can be managed efficiently and effectively by a superior in an organization. It suggests how the relations are designed between a superior and a subordinate in an organization.

### **Factors Affecting Span of control:**

#### **a) Capacity of Superior:**

Different ability and capacity of leadership, communication affect management of subordinates.

#### **b) Capacity of Subordinates:**

Efficient and trained subordinates affects the degree of span of management.

#### **c) Nature of Work:**

Different types of work require different patterns of management.

#### **d) Degree of Centralization or Decentralization:**

Degree of centralization or decentralization affects the span of management by affecting the degree of involvement of the superior in decision making.

#### **e) Degree of Planning:**

Plans which can provide rules, procedures in doing the work higher would be the degree of span of management.

#### **f) Communication Techniques:**

Pattern of communication, its means, and media affect the time requirement in managing subordinates and consequently span of management.

#### **g) Use of Staff Assistance:**

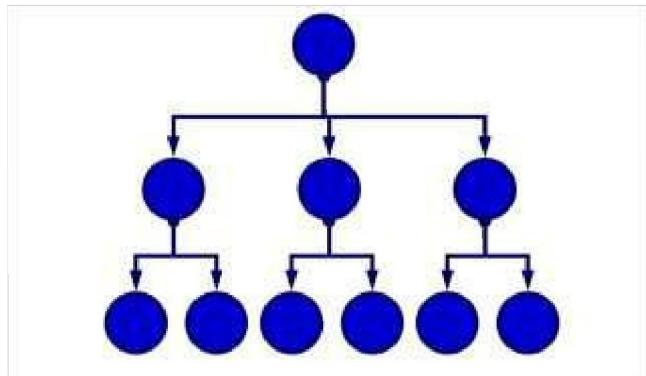
Use of Staff assistance in reducing the work load of managers enables them to manage more number of subordinates.

#### **h) Supervision of others:**

If subordinate receives supervision from several other personnel besides his direct supervisor. In such a case, the work load of direct superior is reduced and he can supervise more number of persons.

### **Span of control is of two types:**

**1. Narrow span of control:** Narrow Span of control means a single manager or supervisor oversees few subordinates. This gives rise to a tall organizational structure.



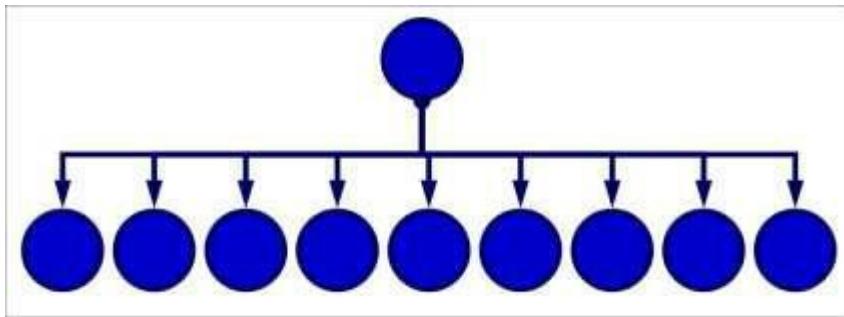
#### **Advantages:**

- Close supervision
- Close control of subordinates
- Fast communication

#### **Disadvantages:**

- Too much control
- Many levels of management
- High costs
- Excessive distance between lowest level and highest level

**2. Wide span of control:** Wide span of control means a single manager or supervisor oversees a large number of subordinates. This gives rise to a flat organizational structure



#### **Advantages:**

- More Delegation of Authority
- Development of Managers
- Clear policies

### **Disadvantages:**

- Overloaded supervisors
- Danger of superiors loss of control
- Requirement of highly trained managerial personnel
- Block in decision making

Some key factors to review when determining the appropriate span of control within an organization include the following:

**Organizational size:** Large organizations tend have a narrow span of control, whereas smaller organizations often have wider span of control. This difference is

- usually due to the costs involved with more managers and the financial resources available to an organization. Communication may be slower with narrow spans if it must pass through several levels of management

**Workforce skill level.** The complexity or simplicity of the tasks performed by the employees will affect the number of desirable direct reports. Generally, routine tasks involving repetition will require less supervisory control of a manager, allowing a wider span of control, whereas complex tasks or dynamic workplace conditions may be best suited for a narrower span of control, where managers can provide more individualized attention.

**Organizational culture.** Organizations need to determine the desired culture when designing their span of control. Flexible workplaces usually have a wider span of control because employees are given more autonomy and flexibility in the production of their work.

## **23) Explain the concept of Centralization and Decentralization?**

### **CENTRALIZATION:**

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

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

## **Advantages of Centralization**

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

## **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 tears 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**

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

Centralization and Decentralization are two opposite ways to transfer decision-making power and to change the organizational structure of organizations accordingly.

## **24)Explain the steps involved in selection process?**

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



### **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. Such references are contacted to get a feedback on the person in question including his behavior, skills, conduct etc.

### **f) Background Verification**

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

### **g) Final Interview**

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

### **h) Physical Examination**

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

### **i) Job Offer**

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

## **25) Explain the career development process?**

**Career development** not only improves job performance but also brings about the growth of the personality. Individuals not only mature regarding their potential capacities but also become better individuals.

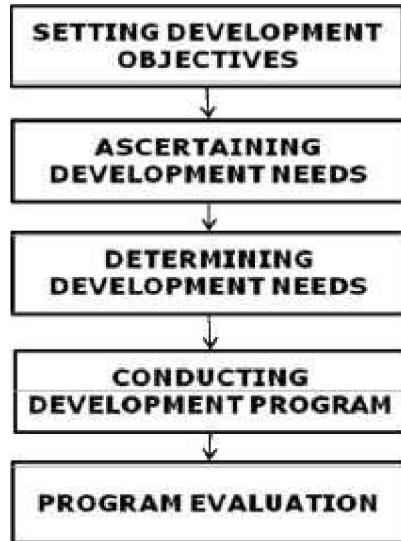
Purpose of development

Management development attempts to improve managerial performance by imparting

- Knowledge
- Changing attitudes
- Increasing skills

The major objective of development is managerial effectiveness through a planned and a deliberate process of learning. This provides for a planned growth of managers to meet the future organizational needs.

**Development Process:**



The development process consists of the following steps

#### **1. Setting Development Objectives:**

It develops a framework from which executive need can be determined.

#### **2. Ascertaining Development Needs:**

It aims at organizational planning & forecast the present and future growth.

#### **3. Determining Development**

**Needs:** This consists of

- Appraisal of present management talent
- Management Manpower Inventory

The above two processes will determine the skill deficiencies that are relative to the future needs of the organization.

#### **4. Conducting Development Programs:**

It is carried out on the basis of needs of different individuals, differences in their attitudes and behavior, also their physical, intellectual and emotional qualities. Thus a comprehensive and well conceived program is prepared depending on the organizational needs and the time & cost involved.

## **5. Program Evaluation:**

It is an attempt to assess the value of training in order to achieve organizational objectives.

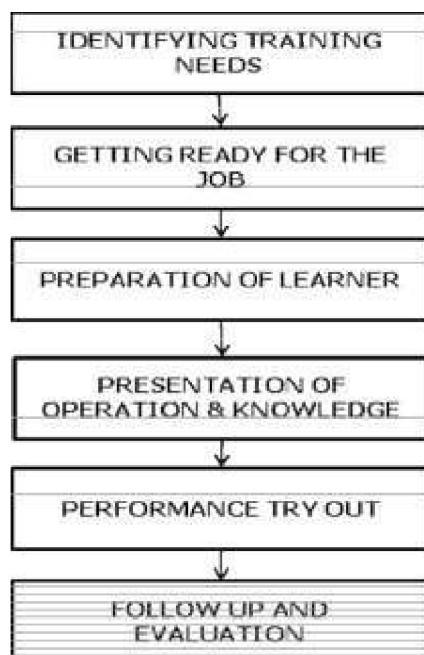
## **26) Explain Training and methods of training?**

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

Purpose of Training:

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

Steps in Training Process:



1) Identifying Training needs: A training program is designed 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 behavior 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 along side 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 programmers 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 of off-the-job training are

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

## **26) Explain the concept of 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 to them. 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 evaluators.

### **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 employee's 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.