Biyani's Think Tank

Concept based notes

PRINCIPLES OF BUSINESS MANAGEMENT

(B.Com. Sem-1 (P+H))

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Preface

I am glad to present this book, especially designed to serve the needs of the students. The book has been written keeping in mind the general weakness in understanding the fundamental concepts of the topics. The book is self-explanatory and adopts the "Teach Yourself" style. It is based on question-answer pattern. The language of book is quite easy and understandable based onscientific approach.

Any further improvement in the contents of the book by making corrections, omission and inclusion is keen to be achieved based on suggestions from the readers for which the author shall be obliged.

I acknowledge special thanks to Mr. Rajeev Biyani, *Chairman* & Dr. Sanjay Biyani, *Director* (*Acad.*) Biyani Group of Colleges, who are the backbones and main concept provider and also have been constant source of motivation throughout this Endeavour. They played an active role in coordinating the various stages of this Endeavour and spearheaded the publishing work.

I look forward to receiving valuable suggestions from professors of various educational institutions, other faculty members and students for improvement ofthe quality of the book. The reader may feel free to send in their comments and suggestions to the under mentioned address.

Author

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B.COM SEM 1

Principles of Business Management

UNIT 1: Introduction: Concept, Nature, Process and Significance of Management; Managerial Roles (Mintzberg)An Overview of Functional Areas of Management, Development of Management Thoughts – Classical, Neo-Classical and Contingency Approaches. Planning: Concept, Process, Types, Levels, Advantages, Disadvantages and Principles of Planning.

UNIT 2: Decision- Making: Concept and Process; Management by Objective (MBO)Organisation: Concept, Nature, Process and Significance, Authority and Responsibility Relationships. Centralization and Decentralization; Span of Management. Coordination: Meaning, Importance, Principles and Techniques.

UNIT 3: Direction: Meaning & Principles. Motivation and Leading People at Work: Motivation- Concept, Importance, Theories of Maslow, Herzberg, McGregor and Ouchi. Leadership- Concept and Leadership Styles; Likert's System of Management.

UNIT 4: Managerial Control: Concept and Process; Effective Control System; Techniques of Control. Management of Change: Concept, Nature, Types of Changes and Process of Planned Change. Resistance to Change and Methods of Reducing Resistance to Change.

Contents

UNIT 1

Multiple Choice Questions:

1) ______ is a multipurpose organ that manages a business, manages manager and manages workers and work.

a) Recruitment
b) Selection
c) **Management**
d) None of these

2) Management is a_______.

a) **Continuous process**
b) Short-term process
c) Static process
d) All of the above

3) A manager should possess___________.

a) Motivational Skills
b) Social Skills
c) Communication Skills
d) **All of the above**

4) The term 'management' stands for

a) Planning
b) Directing
c) Organising
d) **All of the above**

5) Levels of management can be divided into classes.

a) **3**
b) 4
c) 2
d) 1

6) The concept of scientific management announced by was

a) Elton Mayo

b) Peter F. Ducker

c) **Frederick Winslow Taylor**

d) None of these

7) ___________ is known as the "Father of Human Relations Movement"

a) **Elton Mayo**

b) Peter F. Ducker

c) Frederick Winslow Taylor

d) None of these

8) Contingency approach can also be termed as:

a) Social approach

b) **Situational approach**

c) Behavioural approach

d) None of these

9) The author of the famous book "The functions of the Executive" is

a) **Chester Barnard**

b) Frederick Winslow Taylor

c) Elton Mayo

d) Peter F. Ducker

10) The concentration of decision-making authority in the hands of top management leads to

a) Decentralisation
b) Remuneration
c) **Centralisation**
d) None of these

11) Elton mayo is associated with

a) 3d model

b) Managerial grid

c) **Hawthorne studies**

d) None of the above

12) Which one of the following is not the main concern of 'Scientific Management"?

a) Production

b) Efficiency

c) **Mechanistic methods**

d) Rationality

13) Which of these is one of Fayol's fourteen principles of management?

a) **Unity of command**

b) Scientific determination

c) Cooperation of managers

d) None of the above

14) The theory of bureaucracy by was proposed

a) **Max Weber**

b) Peter F. Ducker

c) Henry Fayol

d) Paul Hersey

15) Esprit de Corps means

a) **Unity is strength**

b) Order

c) Gang plank

d) Scalar chain

16) According to Max Weber's theory of bureaucracy which of the following authority is considered as the most important type of authority?

a) **Rational-legal authority**

b) Traditional authority

c) Charismatic authority

d) None of the above

Short Answers Questions:

Q.1. Define Management and explain its concept.

Management can be defined as the process of achieving organizational goals through planning, organizing, leading, and controlling the human, physical, financial, and information resources of the organization in an effective and efficient manner.

Every business needs planning for the future for a successful business and the person who is in the authority, has to take decisions and he will be responsible for the consequences of his decisions whether favourable and unfavourable.

Definition of Management

Concept of management is defined as the process of getting things done from others to achieve goals effectively and efficiently.

Efficiently: - "To complete a task with minimum cost."

Effectively: - "It is basically to complete the task on time."

The process includes the functions performed by the management within the organization.

1.Planning: - Planning means thinking in advance. Planning relates to setting goals, objectives and targets and also describe a mechanism to achieve them at various levels throughout the organization.

2.Organizing: - It means the arrangement of resources to do different tasks in the organization.

3.Staffing: - It means the appointment of the right person at the right place or job.

4.Directing: - It includes the instructions, guidance and motivation given by the manager to their employees and manager adopt their leadership tasks.

5.Controlling: - Control is concerned with measuring and minimizing the difference between planned performance and actual performance, and monitoring performance as well as taking corrective actions wherever necessary. Thus, management is a complex, integrated and ongoing dynamic process.

Q.2 Explain the nature of management.

Nature of Management:

1. Goal-Oriented: Management is about achieving specific objectives and goals. Every organization sets goals, and management is the process that helps in defining these goals clearly and guides the organization towards achieving them. Goals provide a sense of direction and purpose for the organization.

2. Management is a Group Activity: Management involves coordinating and overseeing the efforts of a group of people to achieve organizational goals. It's not an individual task but a collaborative effort where managers work with teams to accomplish objectives efficiently.

3. Management is an Intangible Force: Management is not something physical you can touch or see; it's an abstract concept. It involves the use of skills, knowledge, and expertise to manage resources and people effectively. It's about making intangible resources like human potential and ideas work towards tangible outcomes.

4. Management is All-Pervasive: Management is needed in all types and sizes of organizations, whether it's a small business, a non-profit organization, or a large multinational corporation. It's essential in various sectors like healthcare, education, government, and industry.

5. Management is Multi-Dimensional: Management has several dimensions, including:

    A. Management of Work: Involves organizing tasks, processes, and activities efficiently.

    B. Management of People: Involves leading, guiding, and motivating individuals or teams.

    C. Management of Operations: Focuses on optimizing production and service delivery processes.

6. Management is a Continuous Process: Management is not a one-time activity. It's an ongoing process of planning, organizing, leading, and controlling resources to achieve organizational objectives. Managers constantly monitor progress, make adjustments, and adapt strategies to meet changing circumstances.

7. Management is a Dynamic Function: Management practices evolve with changes in technology, market demands, social and economic factors. Managers must adapt their strategies and techniques to stay effective in dynamic environments.

8. Management is Universal: The principles of management are applicable in all types of organizations, regardless of their size, nature, or location. The fundamental concepts of planning, organizing, leading, and controlling are universal and can be tailored to suit different contexts.

9. Management is Interdisciplinary: Management draws knowledge from various fields such as economics, psychology, sociology, and engineering. Managers need a diverse set of skills and knowledge to handle complex organizational challenges.

10. Management is Hierarchical: Organizations have a hierarchical structure where managers at different levels (top, middle, and lower) have different roles and responsibilities. Top managers set strategic goals, middle managers implement plans, and lower-level managers supervise day-to-day operations.

11. Management is Decision-Making: Managers make numerous decisions, ranging from routine operational issues to strategic choices. Decision-making is a crucial aspect of management, involving analyzing situations, evaluating options, and selecting the best course of action to achieve goals effectively and efficiently.

12. Management is Efficiency and Effectiveness: Management aims to balance efficiency (doing things right) and effectiveness (doing the right things). It ensures that resources are used optimally to achieve goals without wastage.

13. Management is People-Centric: Effective management involves understanding, motivating, and leading people. Managers need interpersonal skills to work with diverse individuals and teams, fostering a positive and productive work environment.

14. Management is Leadership: Leadership is a critical aspect of management. Good managers inspire, guide, and influence their teams to achieve common objectives. Leadership qualities like vision, communication, and empathy are essential for effective management.

15. Management is Communication and Coordination: Managers must communicate clearly and effectively to convey goals, expectations, and feedback. Coordination ensures that different parts of the organization work together harmoniously to achieve common goals.

Q.3 Write a short note on Mintzberg's managerial roles.

Mintzberg's managerial roles

These roles are divided into three categories: interpersonal, informational, and decisional.

Interpersonal Roles:

1. Figurehead: Managers perform symbolic duties, signifying their authority within the organization, like attending ceremonies or signing documents.

2. Leader: Managers provide direction, guidance, and motivation to their teams, fostering a positive work environment and resolving conflicts.

3. Liaison: Managers serve as a link between different groups or departments, facilitating communication and coordination.

Informational Roles

4. Monitor: Managers constantly gather information from both internal and external sources to stay informed about developments that may affect the organization.

5.Disseminator: In this role, managers share important information and knowledge within the organization, ensuring employees have access to the data they need.

6.Spokesperson: Managers represent the organization to external stakeholders, conveying its policies, activities, and plans.

Decisional Roles:

7. Entrepreneur: Managers seek out opportunities for innovation and improvement, initiate projects, and encourage change within the organization.

8. Disturbance Handler: When conflicts, crises, or disruptions arise, managers manage and resolve them to restore stability.

9. Resource Allocator: Managers distribute resources (financial, human, and material) to various projects, departments, or tasks based on organizational priorities.

10. Negotiator: Managers frequently engage in negotiations, both within the organization and with external parties, to reach agreements and make decisions that benefit the organization and its stakeholders.

Q.4 Write a short note on Functional Areas of Management.

Functional Areas of Management

1. Marketing Management:

   i. Involves identifying customer needs and creating strategies to promote and sell products or services.
   ii. Focuses on market research, product development, pricing, advertising, and distribution.

2. Financial Management:

   i. Concerned with managing financial resources and making decisions to achieve financial objectives.
   ii. Involves budgeting, financial planning, investment decisions, and risk management.

3. Human Resource Management (HRM):

   i. Focuses on managing the workforce, including recruitment, training, performance evaluation, and employee relations.
   ii. Ensures the organization has the right people with the right skills.

4.Operations Management:

   i. Manages the processes and activities that produce goods and services.
   ii. Involves optimizing production, quality control, supply chain management, and efficiency.

5. Strategic Management:

   a. Concerned with setting the long-term direction and goals of the organization.

b. Involves strategic planning, formulation, and execution of strategies to achieve a competitive advantage.

6. Information Technology (IT) Management:
   i. Focuses on managing technology resources and systems to support organizational processes.
   ii. Includes network management, software development, and data security.

7. Supply Chain Management:
   i. Involves managing the flow of goods and services from suppliers to consumers.
   ii. Focuses on logistics, procurement, inventory management, and supplier relationships.

8. Risk Management:
   i. Focuses on identifying and mitigating potential risks that could impact the organization's operations.
   ii. Involves risk assessment, insurance, and contingency planning.

9. Quality Management:
   i. Aims to ensure products and services meet or exceed customer expectations.
   ii. Involves quality control, continuous improvement, and customer feedback.

10. Project Management:
   i. Focuses on planning, executing, and monitoring specific projects to achieve defined objectives.
   ii. Includes project planning, scheduling, budgeting, and team coordination.

11. Environmental Management:
   i. Concerned with addressing environmental sustainability and minimizing an organization's impact on the environment.
   ii. Involves compliance with environmental regulations, eco-friendly practices, and green initiatives.

12. Legal and Regulatory Compliance:
   i. Ensures the organization adheres to laws, regulations, and industry standards.
   ii. Involves compliance monitoring, legal counsel, and risk assessment.

Q.5. Write a short note on Max Weber's Theory of Bureaucracy.

1. Six Principles of Bureaucracy:

Specialization:

a. Breaks tasks into smaller, manageable units.
b. Each unit focuses on specific tasks.
c. Prevents confusion and errors.
d. Workers use their existing skills and knowledge.
e. Staying within one's role maintains transparency and efficiency.

Formalized Rules:

a. Sets clear behaviour guidelines.
b. Provides a framework for actions.
c. Rules prevent mistakes and misuse of resources.
d. Written down and made public for everyone's awareness.
e. Applied consistently and impartially for fairness.

Hierarchical Structure:

a. Follows a clear chain of authority from top to bottom.
b. Ensures accountability to higher authority.
c. Efficient decision-making by experts.
d. Leadership positions based on merit.
e. Staffed with professional workers with the right skills.

Well-Trained Employees:

a. Employees need the right skills and knowledge.
b. Training promotes teamwork.
c. Prevents inefficiency due to lack of common knowledge.
d. Ongoing training keeps employees updated and adaptable.

Managerial Dedication:

a. Managers must be fully dedicated to their roles and the organization.
b. They work long hours and make sacrifices.
c. Understand the organization's procedures and rules.
d. Given autonomy for quick and efficient decision-making.

Impartiality of Management:

a. Impersonal decision-making based on objective criteria.
b. Ensures fair treatment for everyone.
c. Management follows rules and separates personal interests.
d. Prevents corruption and nepotism.
e. Sets a good example for others to follow and maintains order.

The Ideal Bureaucracy theory:

These principles create an efficient and structured organization.

<u>Ideal Types of Political Leadership</u>

<u>1. Traditional Authority:</u>

- Based on History: Rooted in historical customs and traditions.
- Respect for Tradition: People follow leaders due to respect for tradition and authority figures.
- Characteristics: Leaders chosen by age, inheritance, or power.

- Characteristics of an Organization:

a. Positions filled based on favouritism, not expertise.
b. Rules come from the past.
c. Hierarchy may not make sense.
d. Recruitment, selection, and promotion based on favouritism.
e. Lack of technical training.
f. Fixed salaries.

2. Charismatic Authority:

- Personal Qualities: Leadership based on a leader's exceptional qualities.
- Belief in Leader: Followers believe in a leader's unique capabilities.

- Characteristics of an Organization Dominated by Charismatic Authority:

a. Positions filled based on personal qualities, not necessarily expertise.
b. Rules created by the leader, avoiding routine.
c. Minimal hierarchy.
d. Recruitment based on leader's perception.
e. Little technical training.
f. Minimal compensation from donations.

- Charismatic authority is revolutionary and can replace traditional authority.

3. Rational-Legal Authority:

- Based on Rules: Authority comes from established rules and laws.
- Belief in Rules: People follow leaders who apply rules fairly.

- Characteristics of an Organization Dominated by Rational-Legal Authority:

a. Positions appointed based on contracts and expertise.
b. Clear, documented, and agreed-upon rules.
c. A well-defined hierarchy.
d. Recruitment based on qualifications.
e. Extensive technical training.
f. Fixed salaries.

Examples of Bureaucratic Organizations

1. Governments:

a. Hierarchical Structure: Government units are accountable to higher authorities.
b. Well-Trained Employees: Trained employees process various matters, from permits to court decisions and currency.

2. Corporate Culture:

a. Complex Structure: Large businesses have many departments and layers.

b. Hierarchical Structure: Employees have defined tasks and are overseen by managers.

3. The Military:

- Quick Response: The military needs fast decision-making.
- Hierarchical Structure: The hierarchy helps execute tasks with precision.

Q.6 Explain the principles of planning.

PRINCIPLES OF PLANNING

1. Principle of Contribution to Objectives:
Plans should be designed in a way that every action and initiative contribute directly or indirectly to the achievement of organizational objectives. For example, if the organizational goal is to increase market share, marketing plans, and sales strategies should align with this objective.

2. Principle of Objective:
Objectives must be specific, measurable, attainable, relevant, and time-bound (SMART). For instance, a manufacturing company might set a specific objective of reducing production defects by 20% within the next six months, providing a clear target for improvement.

3. Principle of Primacy of Planning:
Planning precedes other management functions. Before organizing resources, directing activities, or controlling processes, effective planning is essential. For example, a company planning to expand its operations into a new market must first develop a comprehensive market entry strategy.

4. Principle of Efficiency of Plans:
Plans should be cost-effective, ensuring that the benefits outweigh the costs. If a marketing plan involves a costly advertising campaign, the expected increase in sales and brand awareness should justify the expenses incurred.

5. Principle of Planning Premises:
Plans are based on assumptions about the future, such as market trends, economic conditions, and technological advancements. For instance, a technology company developing a new product might assume a certain rate of adoption for that technology in the market.

6. Principle of Strategy and Policy Framework:
Plans should align with the overarching strategies and policies of the organization. If a company's strategy is to focus on innovation, individual departmental plans should incorporate initiatives that support and drive innovation within their respective areas.

7. Principle of Limiting Factor:

Planners must identify and address limiting factors. For example, if a manufacturing company wants to increase production, it must consider potential bottlenecks in the supply chain, ensuring that resources are available to meet increased demand.

8. Principle of Commitment:
Planning should cover a timeframe necessary to fulfill commitments. If a company commits to delivering a new software product within a certain timeframe, the planning must encompass the entire development lifecycle, including testing and quality assurance.

9. Principle of Flexibility:
Plans should be adaptable to changes. A retailer's marketing plan, for example, should have the flexibility to respond to shifts in consumer behavior or unexpected market trends without compromising the overall marketing strategy.

10. Principle of Navigational Change:
Managers must monitor and adjust plans based on changing conditions. If a technology company's product launch is impacted by unexpected regulatory changes, the plan may need to be revised to accommodate new compliance requirements.

11. Principle of Pervasiveness:
Planning involves all levels of the organization. For example, if an organization aims to improve customer service, frontline staff might develop plans for improved communication with customers, while higher-level managers focus on overarching strategies.

12. Planning Coordination:
Coordination ensures that all plans work together harmoniously. In a retail company, sales promotions should be coordinated with inventory management to ensure that the right products are available to meet increased demand generated by promotions.

13. Principle of Timing:
Major and derivative plans should be synchronized in terms of their timing. In the hospitality industry, a hotel's marketing plan for peak holiday season should align with the operational plan that ensures sufficient staff and resources are available to meet increased demand.

14. Principle of Participation/Acceptance:
Plans should be acceptable to all concerned. If a manufacturing company introduces a new production process, involving production line workers in the planning process can ensure that their expertise is considered, increasing the likelihood of successful implementation.

15. Principle of Competitive Strategies:
Planners should be aware of and consider the strategies of competitors. For example, if a retail company is planning a pricing strategy, it must take into account the pricing strategies of other competitors in the market to remain competitive and attract customers.

LONG ANSWERS QUESTIONS

Q.1 Write the concept and significance and process of management?

Concept of Management: - Management can be defined as the process of achieving organizational goals through planning, organizing, leading, and controlling the human, physical, financial, and information resources of the organization in an effective and efficient manner.

Every business needs planning for the future for a successful business and the person who is in the authority, has to take decisions and he will be responsible for the consequences of his decisions whether favourable and unfavourable.

Definition of Management

Concept of management is defined as the process of getting things done from others to achieve goals effectively and efficiently.

Efficiently: - "To complete a task with minimum cost.”

Effectively: - "It is basically to complete the task on time.”

Significance/Importance of concept of management

1. Goal Achievement: Management is essential for setting and achieving organizational goals, ensuring that the company stays on track and works towards its objectives.

2. Optimum Utilization of Resources: Management helps in efficiently using resources like time, money, and personnel, which is crucial for cost-effectiveness and profitability.

3. Effective Planning: Through management, organizations can create well-thought-out plans and strategies to navigate challenges and capitalize on opportunities.

4. Right Decision Making: Managers make informed decisions that affect the organization's direction, and effective management ensures that decisions are based on accurate information and analysis.

5. Effective Controlling: Management enables organizations to monitor progress and make necessary adjustments, ensuring that activities align with the established goals.

6. Helps to Maintain Sound Organization: Management establishes and maintains an organizational structure that helps in resource allocation and task assignment.

7. Builds Team Spirit: Effective management fosters a positive working environment and encourages teamwork, collaboration, and employee engagement.

8. Increased Productivity: Efficient management practices lead to improved productivity, which is vital for an organization's success and competitiveness.

9. Brings Coordination: Management coordinates the efforts of various departments and individuals to avoid duplication of efforts and conflicts.

10. Environmental Adaptability: Management helps organizations adapt to changes in their external environment, such as shifts in market conditions, technology, and regulations, to remain competitive.

Management Process

Planning:

1. Setting organizational goals and objectives.
2. Identifying the tasks and activities needed to achieve those goals.
3. Determining the resources (such as human, financial, and physical) required.
4. Developing strategies and action plans to reach the objectives.
5. Establishing timelines and deadlines for each task.
6. Anticipating potential challenges and risks and planning how to address them.

Organizing:

1. Structuring the organization to optimize resource utilization.
2. Defining roles and responsibilities for each employee or team.
3. Creating a clear organizational hierarchy and reporting structure.
4. Establishing departments, work units, or teams to facilitate tasks and responsibilities.
5. Allocating resources, such as budgets, facilities, and equipment, to support the work.

Staffing:

1. Attracting, recruiting, and selecting qualified employees.
2. Training and developing employees to acquire the necessary skills.
3. Placing employees in suitable positions based on their qualifications.
4. Providing compensation and benefits packages to motivate and retain talent.
5. Evaluating and managing employee performance and career development.

Directing:

1. Guiding and motivating employees to achieve the organization's goals.
2. Communicating clear expectations and goals to employees.
3. Providing leadership and support to employees as needed.
4. Addressing conflicts and challenges in the workplace.
5. Fostering a positive working environment and encouraging teamwork.

Controlling:

1. Monitoring and measuring progress towards achieving organizational objectives.
2. Comparing actual performance with the planned performance.
3. Identifying variances or deviations from the plan.
4. Taking corrective actions when necessary to bring performance back in line with the plan.
5. Continuously assessing and improving processes and operations.

Q.2 Explain the Scientific Management Theories in detail.

Three classifications differentiate management according to their focus and the era they came from:

"Classical management theory: emerged from the Industrial Revolution and revolves around maximizing efficiency and production.

"Behavioural management theory: started in the early 20th century and addresses the organization's human and social elements.?

"Modern management theory: followed on the heels of World War II and combines mathematical principles with sociology to develop holistic approaches to management.

1. Scientific Management Theory

F.W. Taylor or Fredrick Winslow Taylor, also known as the 'Father of scientific management' proved with his practical theories that a scientific method can be implemented to management.

He opposed the rule of thumb.

PRINCIPLES OF SCIENTIFIC MANAGEMENT:

(1) **Science not rule of thumb:**

a. This principle says that we should not get stuck in a set routine with the old techniques of doing work, rather we should be constantly experimenting to develop new techniques which make the work much simpler, easier and quicker.
b. Taylor believed that there was one best method to maximise efficiency and that even a small production activity like loading pigs of iron into boxcars can be scientifically planned and managed.

(2) **Harmony, not discord**:

a) There should be complete harmony between the managers and the workers.
b) Taylor has referred to such a situation as a 'Mental Revolution' and firmly believed that the occurrence of a mental revolution would end all conflicts between the two parties and would be beneficial to both of them.

Example:
In Japanese companies' paternalistic style of management is in practice. There is a complete openness between management and workers. If at all the workers go for a strike they wear a black badge but work more than normal working hours to gain the sympathy of management.

(3) **Cooperation, not individualism**:

a) According to this principle, all the activities done by different people must be carried on with a spirit of mutual cooperation.
b) Competition should be replaced by Cooperation.
c) Taylor has suggested that the manager and the workers should jointly determine standards.

This can be achieved by :
a) Rewarding the employees for their suggestions.
b) Workers not going on unnecessary strikes and making unreasonable demands.
c) Open communication between management and all staff .
d) Equal division of work and responsibility between workers and management .

(4) **Development of each and every person to his or her greatest efficiency and prosperity**:
a) A proper arrangement of everybody's training should be made.
b) It should also be taken care that each individual should be allotted work according to his ability and interest. Such a caring attitude would create a sense of enthusiasm among the employees and a feeling of belongingness too.

TECHNIQUES OF SCIENTIFIC MANAGEMENT:
1. **Functional foremanship**-

Functional Foremanship is an extension of the principal of Division of Work or specialisation to the shop floor.
Taylor advocated separation of planning and execution functions.
Under planning the following activities took place by the 4 personnel
1. The personnel would draft instructions for workers- Instruction card clerk
2. Specify the route of production- Route clerk.
3. Prepare time and cost sheet - Time and cost clerk.
4. Ensure discipline- Disciplinarian.

Production function would ensure:
1. Timely and accurate completion of job- Speed boss.
2. Keeping machines and tools ready for operation by worker- Gang boss.
3. Ensure proper working conditions of machines and tools- Repair boss.
4. Check quality of work -Inspectors.

Foremen should have intelligence, education, tact, grit, judgement, special knowledge, manual dexterity and energy, honesty, good health.

Since all these qualities cannot be found in a single person so Taylor proposed eight specialists.

2. **Standardisation and simplification of work**-

The objectives of Standardisation are:
1. To reduce the given line or product to fixed and predetermined type, form, design, size, weight, quality etc.
2. To ensure the manufacture of identical parts and components.
3. To ensure that the quality & standards of excellence have been maintained.
4. Standard of performance are established for all workers and machines at all levels.

Simplification is method of eliminating unnecessary diversity of products. It results in saving of cost of labour, machines, tools etc.

Simplification aims at eliminating extra varieties, sizes and dimensions, sizes while standardisation implies devising new varieties instead of existing one.

3. **<u>Method study</u>**-
This technique determines the best way of doing the job.

There are various methods of doing the job.
To determine the best way there are several parameters.
The objective of method study is to minimise the cost of production and maximise the quality and satisfaction of the customer.

4. **<u>Motion study</u>**-

It refers to the study of movement of an operator on machine involved in a particular task.
The purpose of motion study is to eliminate useless motions and determine the best way of doing the job.
By undertaking motion study an attempt is made to know whether some elements of a job can be eliminated combined or their sequence can be changed to achieve necessary rhythm.
Motion study increases the efficiency and productivity of workers by cutting down all wasteful motions.

EXAMPLE:
It is possible to find out:
Motions that are productive.
Motions which are incidental (going to stores).
Motions which are unproductive.

Taylor used stopwatches and various symbols and colours to identify different motions.

5. **<u>Time study</u>**-
It is a technique which enables the manager to ascertain standard time taken for performing a specified job.

Average worker is selected and assigned the job and then with the help of a stop watch, time is ascertained for performing that particular job.
Standard Time × Working Hours = Fair Day's Work

6. <u>FATIGUE STUDY-</u>

This technique is regarding requirement of rest or break during the work. If a worker works continuously physical and mental fatigue sets. This reduces his/her efficiency. Thus, the worker requires rest or break. Fatigue study identifies the intervals required while completing a task. It suggests that standard break timings should be decided for improving the working performance of workers.

7. <u>DIFFERENTIAL PIECE WAGE SYSTEM -</u>

a. Pay for Efficiency: This system pays workers based on how efficient they are. If you work faster and better, you'll earn more.

b. Penalty for Inefficiency: If you're slow or don't meet the standard amount of work, you'll get paid less than the usual rate. It's like a penalty for not working efficiently.

c. Incentive to Improve: This system encourages workers to do better because the more efficient you are, the more money you can earn. It's like a reward for hard work.

d. Encourages Everyone: Even if you're not efficient at first, this system motivates you to become better and reach the standard. It's like a push to improve your performance.

e. Benefits for the Company: This system can lead to making lots of products quickly and at a lower cost, which means more profits for the company.

Q.3. **Write a short note on Administrative Management Theory**

Just as scientific management theory is sometimes called Taylorism, administrative management theory is sometimes called Fayolism.

Henri Fayol was a mining engineer who sought to codify the responsibilities of management and the principles of effective administration. He outlined these in "General and Industrial Management" in 1916.

14 principles of management:

1. Division of Work:
This principle suggests that work can be done more efficiently if it is divided into smaller tasks. Think about a group project at school. Each member has a specific role, like researching, writing, or creating presentations. By dividing the work, the project gets completed faster and better.

Ex: In a pizza restaurant, chefs specialize in making different types of pizzas. One might handle vegetarian pizzas, while another focuses on meat lovers' choices. This division of work ensures that each pizza is prepared expertly, contributing to customer satisfaction.

2. **Authority**:
Managers need the authority to give orders and make decisions. This helps in maintaining order and direction within the organization. Just like a teacher in a classroom, they have the authority to guide the students and ensure that learning progresses smoothly.

Ex: In a retail store, the manager has the authority to instruct employees on tasks such as restocking shelves or assisting customers. Their authority keeps the store running efficiently.

3. **Discipline**:
Discipline ensures that everyone in the organization follows the rules and guidelines. It's like following classroom rules to maintain a peaceful and conducive learning environment.

Ex: In a gym, members need to follow gym rules such as wiping equipment after use or not hogging machines. Discipline creates a positive atmosphere for everyone.

4. **Unity of Command**:

Employees should receive orders from only one superior. It's similar to how students follow instructions from one teacher in a class to avoid confusion.

Ex: In a software development team, programmers follow the instructions of their team leader. This clear line of command prevents misunderstandings and ensures coordinated efforts.

5. Unity of Direction:
Everyone in the organization should be working towards a common goal. It’s like all students in a school aiming to excel in their exams.

Ex: In a charity organization, volunteers work together to achieve a common objective, such as raising funds for a cause. Their unified efforts lead to the success of fundraising events.

6. Subordination of Individual Interest to the General Interest:
The interests of the organization should come before individual interests. This is akin to teamwork, where individual players sacrifice personal glory for the team’s victory.

Ex: In a theater production, actors and crew members work together selflessly to deliver a fantastic show. Each person contributes their skills for the overall success of the play.

7. Remuneration:
Employees should be fairly compensated for their work. It’s like students receiving grades for their efforts in academics, reflecting their performance.

Ex: In a corporate office, employees receive salaries based on their roles and responsibilities. Fair remuneration ensures employee satisfaction and motivation.

8. Centralization:
Decisions should be made at the appropriate level within the organization. It’s akin to school decisions made by the principal, teachers, or administrative staff, depending on the issue’s importance.

Ex: In a fast-food chain, the menu might be decided centrally by the corporate office, while store-level decisions, like daily operations, are managed by the branch manager.

9. Scalar Chain:
There should be a clear and direct line of communication within the organization. It’s like passing a message from one student to another in a sequence, ensuring information reaches everyone accurately.

Ex: In a hospital, patient information is communicated from nurses to doctors to specialists in a clear sequence. This organized flow of information is vital for patient care.

10. **Order**:
There should be a place for everything, and everything should be in its place. This principle is similar to organizing your study materials neatly on your desk to find them easily when needed.

Ex: In a library, books are categorized and placed on shelves systematically, making it effortless for readers to find specific books.

11. **Equity**:
Managers should treat employees fairly and impartially. It's akin to teachers treating all students equally, providing equal opportunities for learning and participation.

Ex: In a workplace, all employees, regardless of their backgrounds, should have equal chances for promotions and career growth. Fair treatment fosters a positive work environment.

12. Stability of Tenure of Personnel:
Employees work better when they have job security. It's similar to students feeling more confident in their studies when they know they have a stable learning environment.

Ex: In a company, offering job stability and career growth opportunities encourages employees to stay committed. This stability boosts morale and productivity.

13. **Initiative**:
Employees should be encouraged to come up with new ideas and solutions. It's akin to students participating actively in class discussions, sharing their unique perspectives.

Ex: In a tech company, employees are encouraged to suggest innovative features for products. Their creative ideas contribute to the company's growth and competitiveness.

14. Esprit de Corps:
There should be a sense of unity and teamwork among employees. It's like the camaraderie and team spirit among students during sports events, cheering for their school together.

Ex: In a community organization, volunteers working together with a shared passion create a positive team spirit. Their enthusiasm leads to successful community projects.

In conclusion, understanding Fayol's principles of management is like mastering the art of effective teamwork and leadership. Whether in school, work, or community activities, these principles guide us in creating harmonious and efficient environments. By applying these principles, just like a skilled manager, we can navigate various challenges and achieve success in our endeavours.

Q.4 Elaborate the Neo-Classical Theories of Management.

Neo-Classical Theory of Management

The Neo-Classical approach was evolved over many years because it was found that classical approach did not achieve complete production efficiency and workplace harmony.

The Human Relations Theory Psychologist Elton Mayo tried a variety of techniques to test how the environment contributed to job satisfaction, such as lighting, temperature and break time. He discovered that all three variables had a significant impact on the mood and outlook of employees. However, the factor that made the most difference to worker satisfaction was the attention researchers gave to workers.

The human relations theory suggests that no matter the working conditions, professionals are more likely to feel satisfied and perform better if their supervisors value their effort. It states that people respond more to social factors, such as personal attention or being part of a group, than environmental factors, such as compensation.

Key aspects and concepts of the Human Relations Theory include:

i. People-Centered Approach: This theory places people at the center of organizational activities. It suggests that understanding and improving the well-being of employees can lead to increased job satisfaction, motivation, and productivity.
ii. Social Interactions: It recognizes the significance of social interactions within the workplace. Building positive relationships among employees and between employees and managers is seen as essential for a healthy work environment.
iii. Motivation: Human Relations Theory suggests that motivated and satisfied employees tend to be more productive. Motivation is not solely based on financial incentives but also on factors like recognition, belonging, and personal growth opportunities.
iv. Informal Groups: The theory acknowledges the existence and influence of informal groups within organizations. These groups often play a significant role in an individual's work behavior, attitudes, and job performance.
v. Participative Management: It advocates for involving employees in decision-making processes. By giving employees a voice in decisions that affect them, organizations can improve morale and job satisfaction.
vi. Effective Communication: Open and effective communication is vital for building and maintaining healthy relationships in the workplace. Good communication can reduce misunderstandings, conflicts, and resistance to change.
vii. Leadership and Supervision: Leadership styles are considered important in shaping the work environment. A more supportive and participative leadership approach is favored over a directive one.
viii. Organizational Culture: Creating a positive organizational culture, where trust and cooperation are encouraged, is believed to lead to more productive and satisfied employees.
ix. Teamwork: The theory promotes the idea that people working together effectively in groups or teams can achieve more than individuals working in isolation.

Hawthorne Experiment

These experiments were done to understand how different things affect how people work: \

1. **Illumination or test room study**: The illumination study investigated how light intensity relates to worker productivity. Three experiments changed lighting conditions. Surprisingly, a specific group of workers became more productive even with dim lighting. Researchers found that lighting had a minor effect on productivity, but the exact cause was unclear.

2. **The relay assembly test room study**: It involved six people working in a room, with an observer recording everything. Researchers changed work conditions like rest, work hours, and allowed more talking among the workers. Productivity increased with each change, even when conditions went back to normal. Researchers believed the social dynamics of the work group, created by the observer, were the main reason for higher productivity.

3**. Mass interviewing study**: The mass interviewing program involved interviewing over 21,000 employees at the Hawthorne plant. Initially, direct questions about supervision, company policies, and work environment were asked, but employees gave guarded answers. Researchers switched to indirect questions, allowing employees to share what they felt was important. This approach revealed a lot of valuable information. Researchers concluded that an individual's performance at work is influenced not just by the person but also by their group members.

4. **Bank wiring observation room study**: This study was conducted in a room of the bank wiring department. In this room. 14 employees performing three interrelated jobs of the department were placed. An observer was also deputed in the room for watching and recording the activities and behaviour of the group, without interacting with the group. The observation and recording continued for six months.

On the basis of recorded information, the following conclusions were drawn:

(1) The group was restricting output by enforcing the 'norms' or standards set by the group. The standards were lower than the officially set norms. This was done due to the fear of increase in standards and to protect the slower workers.

These groups served two purposes for the workers:

(a) protecting from the interference of management, and
(b) protecting from workers working more than the standard fixed by them informally.

Conclusions/Contributions of Hawthorne Studies:

The main conclusions or contributions of Hawthorne studies are as follows:-

1. Work is a group activity: Mayo concluded that work is a group activity. Workers work better in groups.

2. Informal groups: Workers form internal informal social cliques/ groups. Such groups may not be based on their occupation.

3. Influence of social groups: The informal social groups within the workplace greatly affect the behaviour and productivity of individual worker.

4. Norms by social groups: The social group determines informal 'norms' or standards of work which are lower than the official norms. The members of the group usually follow the same. Thus informal groups exert strong control over the workers at work

5. Group cooperation is planned: Group cooperation or collaboration does not occur accidentally. It must be planned and developed.

6. Worker is not only rational economic being: A worker is not only a rational economic being. He is not motivated solely by monetary means. His social needs have a powerful influence on his behaviour and productivity,

Therefore, satisfaction of social needs plays a crucial role in motivating workers.

7. Role of supervisor's behaviour: The behaviour of supervisors does

affect the behaviour of workers. When supervisors provide a more relaxed work environment, by paying special attention to the workers social situation changes. That change increases productivity. This situation was labelled as "Hawthorne effect"

8. Communication: Free flow of communication affects the attitude of workers towards work. It ultimately results in greater cooperation and participation workers in decision-making.

9. Complaints may not be statements of facts: Complaints are not always objective statements of facts. They are often symptoms of deep-seated discontent and dissatisfaction.

10. Birth of human relations movement: The most important contribution of the Hawthorne studies is that it gave rise to the "Human Relations Movement".

Criticism of Hawthorne Studies:

Hawthorne studies are criticised on the following grounds:

1. Pro-management bias: These studies are criticised on the ground that these had a pro-management bias. It is alleged that researchers assumed that management is always logical whereas workers are mostly driven by emotions.

2. Not fully scientific: According to them, there was no scientific basis in the selection of the work, the employees and the environment. Even the investigations were not carried out in a scientific manner. These studies were undertaken on a small sample of workers.

3. Clinical bias: Some expert say that the research was directed to preconceived ideas and conclusions.

4. Discounted Importance of theory: It is also argued that studies discounted the importance of theory and overemphasised the importance of observation and collection of facts.

5. Based on limited factors: The studies have been based only on psychological and social factors. The studies house ignored the economic, religious, political factors of the work situation.

6. Ignores the conflict in groups: The studies emphasise the positive effects of social groups but almost ignores the effects of conflicts between group.

7. Doubtful conclusions: There are some who say that the conclusions have been drawn on the basis of observation of behaviour and activities of small sample of workers at work.

8. True but irrelevant: These are irrelevant for business firms. The business firms are for making profits and not for the solutions to the social problems of workers.

9. True but nothing new: Some experts argued that these conclusions were well known long ago.

Behavioural science approach

Behavioural approach to management is a refined form of human relations approach.

This approach has been developed by the experts from the field of behavioural or social sciences such as sociology psychology anthropology.

This approach focusses on examination of issues relating to individual behaviour, group behaviour, group dynamics, job design, motivation, leadership. communication, participative management.

The individuals who contributed to the development of this approach include Herzberg, Fred Fiedler, Mclelland, Rensis Likert, Cris Argyris, Theodore Leavitt, Blakke and Mouton, Victor Vroom, Stogdill and Tannenbaum.

Herzberg's Two-Factor Theory of Motivation

Herzberg theory of motivation is also called Two Factor Theory or Motivator-Hygiene Theory. Herzberg classified the various factors that can influence motivation at the workplace into two groups

1. Hygiene Factors - The presence of these factors does not necessarily motivate people to work hard, but the absence of these will demotivate people at the workplace.

2. Motivational Factors or Motivating Agents or Motivators - The presence of these factors will motivate people to work hard.

Hygiene Factors

The Herzberg Hygiene factors are mandatory factors without which you cannot motivate people. These are those factors that are essential for motivation to exist in the workplace.

The existence of Hygiene factors does not necessarily lead to any positive satisfaction, but the absence of these factors will definitely result in negative satisfaction or dissatisfaction.

It can be said that Hygiene factors are Physiological and Safety needs that individuals expect to be fulfilled. Examples of Herzberg Hygiene Factors:-

a) Personal Safety & Good Working conditions
b) Company Policies
c) Job security
d) Good relationships at work
e) Work-life balance

Motivating Factors

These factors motivate the employees for better performance as they are perceived as additional benefits. Motivational factors, if present would lead to positive satisfaction, however, the Absence of these factors does not necessarily lead to negative satisfaction or dissatisfaction.

Motivating Factors are also called Motivators or Motivating agents.

Examples of Herzberg Motivating factors:

a) Rewards and Recognition
b) Achievement
c) Nature of Work
d) Stewardship
e) Assigning more/higher responsibilities
f) Career Growth

MCCLELLAND'S NEEDS THEORY

It focuses on three basic needs:

i. Need for Power: This is about wanting to have control or influence over others. People with a high need for power like to be in charge and make decisions. They tend to be assertive, practical, and like to lead.
ii. Need for Affiliation: This is about wanting to be liked and accepted by others. People with a high need for affiliation enjoy social interactions and being part of a group. They like helping and supporting others.
iii. Need for Achievement: This is about having a strong desire to accomplish things. High achievers: Take calculated risks (not too risky, not too safe). Want feedback to track their progress. Put a lot of effort into their work and don't stop until they've done their best. Find satisfaction in completing tasks, even if they don't always seek material rewards like money.

MASLOW'S HIERARCHY OF NEEDS

Maslow's hierarchy of needs is a theory of psychology explaining human motivation based on the pursuit of different levels of needs. The theory states that humans are motivated to fulfill their needs in a hierarchical order. This order begins with the most basic needs before moving on to more advanced needs. These five needs are as follows-

1. Physiological Needs:

- These needs are the most fundamental for human survival and well-being. They include air, water, food, clothing, and shelter.

e.g. If an individual lacks access to clean air or water, they will be primarily focused on satisfying these basic needs. Homelessness or hunger can also be powerful motivators at this level.

2. Safety Needs:

- Safety needs encompass physical safety, emotional well-being, financial security, and protection from harm or danger.

e.g. Job security and a stable income are crucial for fulfilling safety needs. Individuals may seek a safe and secure living environment, free from threats or violence. Insurance, both health and financial, is another expression of the need for safety.

3. Social Needs:

- Social needs involve the desire for interpersonal relationships, love, affection, belongingness, and a sense of community.

e.g. Friendships, family connections, and romantic relationships fulfill social needs. Participation in social groups, clubs, or communities also addresses the need for belonging. A person might prioritize spending time with loved ones or engaging in social activities.

4. Esteem Needs:

- Esteem needs are categorized into internal and external components. Internal esteem needs include self-respect, confidence, competence, achievement, and freedom. External esteem needs involve recognition, power, status, attention, and admiration from others.

e.g. Internal esteem needs drive individuals to set and achieve personal goals, build self-confidence, and gain a sense of mastery. External esteem needs might manifest as a desire for recognition at work, seeking promotions, or striving for social status and influence.

5. Self-Actualization Needs:

- Self-actualization represents the realization of one's full potential and the pursuit of personal growth, creativity, knowledge, and aesthetic experiences.

e.g. Individuals seeking self-actualization might engage in activities that foster personal growth, such as pursuing education, developing creative talents, or contributing to meaningful causes. Continuous learning, travel, and exploration of one's passions are expressions of the need for self-actualization.

EXPECTANCY THEORY OF MOTIVATION

This theory is given by Victor Vroom. He believed that people's motivation is influenced by the type of reward they expect to receive for performing their tasks well. People in the organization determine how much effort they should put to get the required rewards. Humans are rational beings so, they always attempt to increase the perceived worth of such rewards. People get highly motivated if they believe that behaving in a particular way will lead them to their preferable rewards.

Motivation = Valence * Expectancy * Instrumentality

1. Valence: Valence refers to the 'value of the rewards' which results from performance. Every person has a different perception towards valence. As, what is valuable for one person might not be for others.

For example, employees interested in promotion and recognition will not have any valence for cash rewards. Valence is the attraction or repulsion of an outcome. Valence is not the actual value of the reward rather it is the perceived value of the reward which they expect to receive after attaining the goals.

2. Expectancy: the Expectation is that increasing the quantity of effort will improve performance (if I work harder, I will perform better).

It is affected by:

- Having the proper resources available (e.g., raw materials, time)
- Having the appropriate skills to try to the work
- Having the necessary support to urge the work done (e.g., supervisor support or correct information on the job).

3. Instrumentality The term "instrumentality" refers to a person's expectation and belief that his performance will result in a specific desired reward.

For example, if someone desires a promotion and believes that superior performance is crucial to getting the promotion. Then, superior performance will be considered the first-level outcome and promotion as the second-level outcome.

Q.5. Elaborate the Modern Approach of Management.

Modern Approach to Management

This approach has three basic pillars:

I. Quantitative Approach,

II. System Approach, and

III. Contingency Approach

I. **The QUANTITATIVE APPROACH** to management makes some suggestions to solve different problems facing the managers. It tells the managers to solve their problems with the help of the mathematical and statistical formulas. Some special formulas have been prepared to solve managerial problems.

For Example: (i) Theory of Probability, (ii) Sampling Analysis, (iii) Correlation / Regression Analysis, (iv) Time Series Analysis, (v) Ratio Analysis, (vi) Variance Analysis, (vii) Statistical Quality Control, (viii) Linear Programming, (ix) Game Theory, (x) Network Analysis, (xi) Break-Even Analysis, (xii) Waiting Line or Queuing Theory, (xiii) Cash-Benefit Analysis, etc.

The main objective of the quantitative approach is to find out a solution for the complex problems facing the big companies. The help of a computer is usually taken in order to make use of the above-mentioned techniques.

II. **SYSTEM APPROACH**:

The system approach means a group of small inter-related units. A group of different units which means a complete unit is called a system, while the small units are themselves independent, but somehow or the other is connected with the sub-systems of the related system. All these sub-systems are inter-related with one another and if one of them fails the whole system stops working. Therefore, the success of the system depends on the cooperation and efficiency of the sub-systems.
According to the system approach, the whole organization is a system and its various departments are its sub-systems. All the sub-systems work in unison. Then and only then the objective of the organization can be achieved.

Key Concepts of System Approach:
The following are the chief characteristics of the System Approach:

(1) **Sub-Systems:**
All the sub-systems are inter-related. It means that whenever we take some decision regarding a particular sub-system, we should always keep in mind the possible effect of the decision might have on the other sub-systems. In the context of a company, all its departments (e.g., purchase, sale, finance, production, personnel, research and development) happen to be its sub-systems.

(2) **Holism:**
A major characteristic of the System Approach is that it is looked upon as a whole. It clearly means that a decision taken with regard to a particular sub-system does influence or affect the other sub-systems. Therefore, every decision is taken keeping in view the entire organisation, meaning thereby, that all the sub-systems are kept in mind while taking a decision. No decision is possible in respect of any particular sub-system alone. That is why the system approach is called holistic.

(3) **Synergy:**
It means that the whole is greater than the sum of its parts. If job is performed collectively rather than individual, it is certainly well-performed with better results. When all the parts of a system work keeping in mind the interests of others, the performance turns out to be decidedly better results.

(4) **Closed and Open System:**
(i) Closed System:
This is a system that remains unaffected by the environmental factors. e.g., a watch is not influenced by the outside factors and it works continuously without getting interrupted.
(ii) Open System:
An open system means a system which remains constantly in touch with its environment and is influenced by it. Modern management experts consider an organisation as an open system. Environment is a combination of many factors.

The chief factors of the environment of an organisation happen to be raw material, power, finance, machine, man-power, technique, market, new products, government policies, etc.
(5) System Boundary:

This means a certain dividing line which separates a system from its environment. The dividing line in a closed system is rigid while in respect of open system, it is flexible.

Contingency Theories
The core idea of contingency theory is that there is no single best way to lead an organization or make decisions.

It emphasizes that the most effective way to manage or structure an organization depends on various external and internal factors, or contingencies. These contingencies can include the organization's environment, its size, the nature of its tasks, and the people involved.

Fiedler's Contingency Theory This puts the theory at odds with more modern contingency theories such as situational leadership. There are two important factors in Fiedler's Contingency Theory: leadership style and situational favourableness.

1. Leadership Style
The first step in using the model is to determine your natural leadership style. To do this, Fiedler developed a scale called the Least Preferred Coworker (LPC). To score yourself on this scale you have to describe the coworker with whom you least prefer to work. High LPC = Relationship-oriented leader.
Low LPC = Task-oriented leader.

2. Situational Favourableness Determining situational favourableness is done by examining the following three factors:
a. Leader-Member Relations This factor measures how much your team trusts you. Greater trust increases the favourableness of the situation and less trust reduces it.
b. Task Structure The degree of organization of a task or process and whether it's understood by the team.
c. Position Power This is determined by your authority, meaning the power you have to reward or punish your subordinates. As you might expect, having more power increases the situational favourableness.

Situational leadership model
Maturity often refers to aspects such as team members' experience, autonomy, willingness to take responsibility, confidence, and capability. This model outlines four leadership styles:
1. Delegating style - Ideal for experienced and capable team members; this style involves assigning tasks or leading projects
2. Participating style - Used when building confidence in team members; this style often involves one-on-one mentoring sessions where ideas are shared and collaboration occurs
3. Selling style - Designed for team members who lack motivation or initiative; this style aims at persuading team members to complete their tasks
4. Telling style - Beneficial for inexperienced team members; this approach involves giving directions and closely supervising them until they mature.

Path-goal model

The Path-Goal model centers around employees and their individual goals.
The aim of the Path-Goal model is to enhance employee motivation and productivity by fostering job satisfaction.
This approach requires leaders to be highly adaptable since they need to tailor their leadership style according to each individual's needs.
There are four different leadership styles within the Path-Goal model:

a) Directive clarifying leader - This type of leader provides explicit instructions on specific tasks they want their team members to accomplish. Teams with ambiguous or unstructured roles may benefit most from this type of leadership.
   Imagine you have a project to build a treehouse, but nobody is sure what to do. This leader is like the one who steps in and says, "Okay, you, get the wood; you, find the nails," and so on. They give clear, step-by-step instructions to make sure everyone knows exactly what to do. This works well when tasks are a bit confusing or unclear.
b) Achievement-oriented leader - Leaders who manage confident high-achievers may set high expectations and goals while encouraging autonomy at work.
   This leader is for a team of superstars. They know everyone on the team is really good at their jobs. So, instead of telling them exactly what to do, this leader says, "I know you're great at this. Let's aim really high and achieve something amazing. You have the freedom to do it your way." It's like setting the bar really high for a team of experts.
c) Participative leader - These leaders solicit feedback from employees before making decisions - typically effective in small teams or when employees have vested interest in outcomes.
   Imagine you and your friends are deciding what game to play. Instead of just picking a game yourself, you ask your friends what they want to play, and then you all decide together. A participative leader is a bit like that. They ask their team for their opinions and ideas before making decisions. This is good for small teams or when team members care a lot about the outcome.
d) Supportive leader - Alongside productivity concerns, supportive leaders care about employees' well-being and mental health - taking into account individual employee preferences.

This leader cares not only about getting the work done but also about how everyone is feeling. They're like the friend who not only plays the game with you but also asks, "Are you having fun? Is everything okay?" They pay attention to their team members' well-being, personal preferences, and even their feelings to make sure everyone is doing well.

Decision-Making Model

The Decision-Making model is also known as the Vroom-Yetton contingency model or the Normative Decision Theory. It's centred around the idea that decision-making is a crucial component of effective leadership and determines the relationship between the leader and their employees.
Leaders who practise the Decision-Making model demonstrate one of these five leadership styles:
Autocratic (A1): Leaders believe they have all the information needed to make good decisions. They don't need any input from their team.
Autocratic (A2): Leaders consult with their team as a group and then make the final decision alone.
Consultative (C1): Leaders consult with their team members individually, consider everyone's view, and then make the final decision alone.

Consultative (C2): Leaders consult at a broader level with team-wide meetings and then make the final decision alone.
Collaborative (G2): Leaders care about reaching a consensus. They organise meetings to discuss the situation and ask every team member for their opinion. Then, everyone makes the final decision together by voting.

Q. 6 Explain the concept and nature of planning.

Planning has always been a part of management process ever since the systematic study of management began.

MEANING AND DEFINITIONS OF PLANNING

Planning is the process of determination of organisation's objectives and selecting the courses of action i.e., plans for attaining them.

In the words of Weihrich and Koontz, "Planning involves selecting missions and objectives and actions to achieve them. It requires decision- making, that is, choosing from among alterative future courses of action."

CHARACTERISTICS/NATURE OF PLANNING

1. Primary or Basic Function:
Planning is considered the primary or fundamental function of management. It lays the foundation for all other functions like organizing, leading, and controlling. Without proper planning, it's challenging to execute any managerial activity effectively.

2. Pervasive Function:
Planning is a pervasive function, meaning it is essential at all levels of an organization. Whether you are a top-level executive, middle manager, or a frontline supervisor, everyone engages in some form of planning to achieve their goals and objectives.

3. Purposeful:
Planning is purposeful; it serves a specific purpose or objective. Managers engage in planning to achieve specific goals and outcomes. It involves setting clear objectives and devising strategies to attain them.

4. Inter-Dependent Activity:
Planning is interdependent on other managerial functions. While planning, managers consider aspects like organizing resources, leading teams, and controlling processes. These functions are interlinked and influence each other, ensuring a cohesive approach towards organizational goals.

5. A Process:
Planning is not a one-time event; it is an ongoing process. It involves a systematic approach of defining objectives, evaluating various options, making decisions, and implementing them. Continuous planning ensures adaptability to changing circumstances.

6. Planning is a Path-Finding Process:
Planning is akin to navigating a route. Managers assess the current situation (where we are now), set a destination (where we want to go), and figure out the best way to reach there. Planning bridges the gap between the current state and the desired future state.

7. A Continuous Process:
Planning is not static; it is continuous. As situations change, plans need adjustments. Managers constantly review and revise plans to align them with the evolving needs of the organization, ensuring relevance and effectiveness.

8. Dynamic Process:
Planning is dynamic because it involves constant adjustments based on current and anticipated future situations. Managers need to be flexible and ready to modify plans as per the changing environment, ensuring the organization remains responsive and agile.

9. Intellectual Process:
Planning requires intellectual engagement. Managers analyze data, assess options, and make rational decisions based on facts and information. It demands thoughtful consideration and strategic thinking to create effective plans.

10. Futuristic:
Planning is future-oriented. It involves forecasting future events, opportunities, challenges, and threats. Managers anticipate what might happen and prepare plans to address potential scenarios, ensuring the organization is prepared for what lies ahead.

11. Commitment of Management:
Planning involves the commitment of management to specific courses of action and the allocation of necessary resources. Management must be dedicated to implementing the plans they have formulated, providing the support needed for successful execution.

12. Time-Bound:
Plans have specific timeframes. They can be short-term (less than a year), medium-term (2 to 3 years), or long-term (5 or more years). Time-bound planning helps in setting deadlines, tracking progress, and ensuring goals are achieved within the stipulated time.

13. Planning Hierarchy:
Planning follows a hierarchy, with different levels of management engaging in different types of planning. Top-level managers focus on long-term strategic planning, middle managers concentrate on tactical planning, and frontline managers engage in operational planning related to day-to-day activities.

14. Planning Involves Decision-Making:
Planning is not just about creating a roadmap; it involves decision-making. Managers evaluate various alternatives, assess risks, and choose the best course of action that aligns with the organization's objectives. Effective decision-making is at the core of successful planning.

15. Planning and Action are Twins:

Planning is meaningless without execution. Plans provide a framework for action. Managers need to ensure that plans are translated into actions. Action without planning can lead to chaos, and planning without action is mere theory.

16. Planning and Controlling are Inseparable:
Planning and controlling go hand in hand. Once plans are executed, managers need to compare the actual results with the planned objectives. If there are discrepancies, corrective actions are taken. Effective planning helps in setting benchmarks for effective control.

17. Forecasting is the Basis of Planning:
Forecasting involves predicting future trends based on historical data and current analysis. It forms the basis of planning as managers rely on accurate forecasts to make informed decisions about the future direction of the organization. Sound forecasting ensures the reliability of plans.

Q.7 Elaborate the process of planning. Also Explain the types of Planning.

PROCESS/TECHNIQUE OF OR STEPS IN PLANNING

1. Environment Scanning:
Internal and External Assessment: Evaluate both internal strengths and weaknesses as well as external opportunities and threats.
Initiating Planning: Use the assessment to kick-start the planning process, identifying areas that need attention and improvement.

2. Setting Objectives:
Defining Goals: Establish clear and specific objectives for the entire organization and individual departments.
Clarity and Specificity: Make objectives specific, quantifiable, and action-oriented to provide a clear direction for the organization.
Short-term and Long-term Focus: Include both short-term goals for immediate progress and long-term objectives for future strategic planning

3. Establishing Planning Premises:
Defining Assumptions: Clearly state assumptions about the future internal and external environment.
Considering Factors: Include internal factors like existing plans, policies, and resources, along with external factors such as economic, political, and competitive conditions.
Agreement among Managers: Ensure unanimous agreement among managers regarding the planning premises.

4. Searching Alternatives:
Identifying Options: Explore various alternative courses of action available to achieve the defined objectives.
Thorough Exploration: Look beyond obvious choices and delve into less apparent alternatives.
Preliminary Examination: Conduct a preliminary examination of alternatives to identify the most promising options for further evaluation.

5. Evaluating the Alternatives:
Assessment Criteria: Evaluate alternatives based on factors like investment required, associated risks, resource availability, and pay-back period.

Alignment with Objectives: Consider how well each alternative aligns with the organizational objectives and planning premises.
Scientific Evaluation: Utilize scientific tools and techniques to ensure a thorough and unbiased evaluation process.

6. Selecting the Most Appropriate Alternative:
Decision-making: Choose the most suitable plan based on the evaluations conducted.
Multiple Plans: Select multiple plans if necessary, ensuring each one aligns with the defined objectives and planning premises.
Alignment with Goals: Verify that the chosen alternatives are in alignment with the overall objectives and strategic direction of the organization.

7. Formulating Derivative Plans:
Supporting Plans: Develop derivative plans that support the implementation of the main plan.
Detailing Procedures: Formulate detailed procedures, methods, rules, and programs that coordinate with the primary plan.
Initiating New Planning Cycles: Begin new planning cycles for each derivative plan to ensure comprehensive coverage and coordination.

8. Budgeting (Committing Resources):
Translating Plans: Translate the selected plans into budgets, often expressed in monetary terms.
Financial Statements: Prepare income and expense statements for all plans, outlining the financial requirements.
Resource Commitment: Commit necessary resources required for the implementation of the plans, establishing a framework for efficient resource allocation

9. Implementing the Plans:
Organizing Tasks: Arrange and organize tasks according to the plans, outlining specific responsibilities for each individual or department.
Communication: Clearly communicate the plans and objectives to those responsible for implementation, ensuring everyone understands their roles and tasks.
Leadership and Monitoring: Provide direction, motivation, and leadership to ensure effective plan execution. Regularly monitor performance and exercise control to ensure plans are on track.

10. Follow-Up Action:
Continuous Monitoring: Regularly monitor the progress of plans during implementation to track achievements and identify areas that need improvement.
Identifying Weaknesses: Identify weaknesses and limitations in the execution process, addressing them promptly to maintain plan effectiveness.
Plan Review and Revision: Consider the need for plan review and revision based on evolving situations, making necessary changes to adapt to new challenges and opportunities.

TYPES/DIMENSIONS OF PLANNING:

1. Corporate Planning/Plan:
Corporate planning involves long-term strategizing for the entire organization. For instance, a global technology company might engage in corporate planning to set objectives, formulate strategies, and allocate resources across various divisions and locations. This planning helps in

shaping the company's overall direction, including decisions about expanding into new markets or developing new products.

2. Long-Range Planning/Plan:
Long-range planning focuses on objectives that extend beyond five years. Consider an environmental conservation organization aiming to protect endangered species. Long-range planning involves setting goals for wildlife conservation programs, habitat preservation, and community education initiatives. These plans provide a roadmap for the organization's future, guiding efforts for a sustainable impact over the long term.

3. Short-Range Planning/Plan:
Short-range planning aims to achieve objectives within a one-year timeframe. An example is a retail company planning its annual sales and marketing strategies. Short-range plans include specific campaigns, promotions, and inventory management for the upcoming year, ensuring the company meets its sales targets and maintains customer satisfaction.

4. Medium-Range Planning/Plan:
Medium-range planning covers objectives and plans spanning two to five years. Consider a healthcare facility implementing a medium-range plan to improve patient care. This plan might involve upgrading medical equipment, expanding specialized services, and training staff members. These initiatives are designed to enhance the quality of healthcare services over the next few years, ensuring better patient outcomes and satisfaction.

5. Strategic Planning/Plan:
Strategic planning focuses on the overall organizational environment. For example, an e-commerce giant like Amazon engages in strategic planning to analyze market trends, assess competitors, and leverage its technological capabilities. By formulating strategies to enhance customer experience, optimize supply chain operations, and innovate in digital services, Amazon maintains its competitive advantage in the online retail industry over the next 3 to 5 years.

6. Tactical Planning/Plan:
Tactical planning outlines specific steps to implement strategic plans. Imagine a fast-food chain developing tactical plans for expanding its market reach. Middle-level managers design plans for opening new branches, launching localized menu items, and optimizing delivery services. These tactical plans provide detailed actions for the next year, ensuring the strategic goal of market expansion is effectively executed.

7. Operational Planning/Plan:
Operational planning focuses on day-to-day operations. Consider a hotel chain implementing operational plans to enhance guest satisfaction. Front-line managers create plans for efficient check-in processes, staff training programs, and housekeeping routines. These plans emphasize short-term objectives, ensuring smooth daily operations and a positive experience for guests. Standing plans, such as standard operating procedures, ensure consistency in services, while single-use plans address specific events or situations, such as hosting a large conference.

Q. 8 Elaborate the advantages and disadvantages of planning in detail.

Advantages of planning

1. Defining Objectives:
Setting clear objectives is the foundational step in planning. For instance, Apple defines specific objectives for each product launch, ensuring everyone involved understands their roles and targets, leading to the successful release of innovative products like the iPhone 13.

2. Achieving Objectives:
Planning provides a structured approach to achieving objectives. Google, through strategic planning, aligns its product development teams to create cohesive and effective tools like Google Workspace, ensuring seamless collaboration and innovation to meet organizational goals.

3. Reducing Uncertainty:
Systematic forecasting in planning helps businesses anticipate market trends. Amazon utilizes data analytics to forecast customer demand accurately. This helps them stock products efficiently in their warehouses, reducing the uncertainty associated with inventory management.

4. Preparing for Change:
Companies like Microsoft plan for technological advancements. Their strategic planning includes research and development efforts for artificial intelligence, ensuring they stay ahead in the tech industry by adapting to new technologies effectively.

5. Capitalizing on Opportunities:
Organizations like Airbnb leverage planning to identify and capitalize on opportunities. By analysing travel trends and customer preferences, they enhance their platform, offering unique accommodation experiences, and thus staying ahead in the competitive hospitality market.

6. Optimal Resource Utilization:
Toyota plans its manufacturing processes meticulously, optimizing resources and reducing waste through lean production techniques. This efficient planning ensures optimal utilization of raw materials and human resources, enhancing productivity and profitability.

7. Economy in Operations:
Companies like Walmart employ strategic planning to optimize supply chain operations. By coordinating suppliers and distributors efficiently, Walmart reduces operational costs, ensuring cost-efficiency and competitive pricing for customers.

8. Competitive Strength:
Starbucks plans its menu offerings and store layouts based on customer preferences. This customer-centric approach strengthens their competitive position in the coffee industry, ensuring they remain responsive to market dynamics and customer needs.

9. Cooperation and Coordination:
NASA plans its space missions meticulously, fostering cooperation and coordination among astronauts, engineers, and scientists. Clear objectives and roles ensure everyone works cohesively, leading to successful missions like the Mars rover exploration.

10. Decentralization and Delegation:

Google allows teams to plan and execute projects autonomously within the framework of the company's objectives. This decentralized planning approach empowers employees, leading to innovative products like Google Maps and Google Assistant, enhancing user experiences.

11. Criteria for Decision-Making:
In the healthcare sector, Mayo Clinic plans patient care services collaboratively. Planning elements such as treatment protocols and patient care guidelines serve as criteria for making consistent and informed medical decisions, ensuring high-quality healthcare services.

12. Preventing Hasty Decisions:
During the COVID-19 pandemic, pharmaceutical companies like Pfizer engaged in crisis planning. By considering potential contingencies in advance, they avoided hasty decisions, allowing them to develop and distribute vaccines like the Pfizer-BioNTech COVID-19 vaccine efficiently.

13. Basis for Control:
Facebook plans its content moderation strategies to maintain a safe online environment. Planning establishes standards and performance benchmarks for moderating user-generated content, serving as the foundation for effective control and ensuring a positive user experience.

14. Motivating Employees:
Retailers like Target set sales targets and reward employees based on performance. By aligning individual goals with organizational objectives, planning motivates employees to achieve sales goals, enhancing overall business performance.

15. Encouraging Innovation:
Tech companies such as Apple plan research and development efforts for new products. Sound planning allows them to foster innovation and creativity, leading to groundbreaking products like the Apple Watch Series 7, which incorporates advanced health monitoring features.

16. Integral to Managerial Success:
Planning is integral to managerial functions in organizations like Tesla. By planning production schedules, product launches, and market expansions, Tesla's managers provide the structure and direction necessary for the company's growth and success in the electric vehicle industry.

In summary, planning plays a pivotal role in organizational success, offering a systematic approach to goal achievement, resource optimization, and adaptive decision-making. By implementing effective planning strategies, businesses can navigate challenges, capitalize on opportunities, and foster innovation, ensuring sustained growth and competitiveness in the ever-changing business landscape.

Disadvantages of planning

1. Ambiguous Objectives and Plans: When objectives lack clarity, implementation becomes challenging. For instance, a vague goal like "improve customer service" without specific measures can lead to confusion among employees, hindering effective service enhancements.

2. Lack of Reliable Information: Reliable data is essential for planning. Inaccurate sales forecasts, for example, can lead to overstocking or stockouts in retail businesses, impacting customer satisfaction and revenue.

3. Inaccurate Premises: Assumptions underpin plans. If a restaurant plans for dine-in services based on assumptions about pandemic-related restrictions that later change unexpectedly, it can disrupt the business operations and financial forecasts.

4. Stifles Initiative: Excessive planning can stifle employee creativity and initiative. In rigid work environments, employees might feel discouraged from proposing innovative ideas, hindering the organization's adaptability and growth.

5. Rigidity and Lack of Pragmatism: Managers resisting change can lead to impractical plans. For instance, a traditional brick-and-mortar retailer might resist transitioning to e-commerce, despite changing consumer preferences, leading to missed opportunities and declining sales.

6. Resistance to Change: Employees and managers resisting planned changes can hinder implementation. In the context of remote work, resistance from managers reluctant to embrace virtual collaboration tools can impede a smooth transition to remote work environments.

7. Inflexible Objectives and Plans: When objectives and plans lack flexibility, adapting to market shifts becomes problematic. A media company rigidly adhering to a set programming schedule might struggle to accommodate sudden breaking news events, affecting its audience's trust and viewership.

8. Lack of Planning Skills: Inadequate planning skills among managers can result in poorly constructed plans. For instance, a startup lacking experienced managers might struggle to develop a comprehensive marketing plan, limiting its ability to reach potential customers effectively.

9. Biased Decision-Making: Personal biases can influence planning decisions. In industries such as advertising, biased planning decisions, driven by personal preferences rather than market analysis, can lead to ineffective ad campaigns that fail to resonate with the target audience.

10. Failure to Integrate: When planning isn't integrated with other functions, such as organizing and controlling, it can lead to disjointed efforts. In manufacturing, a failure to align production planning with inventory management can result in surplus stock or stockouts, affecting operational efficiency.

11. Attitudes and Conflicts: Managerial conflicts can hinder planning efforts. Disagreements between marketing and sales managers about target customer segments can lead to inconsistent marketing strategies, confusing customers and impacting brand identity.

12. Psychological Barriers: Psychological factors, like resistance to long-term planning, can impede progress. In the technology sector, companies reluctant to invest in research and development due to short-term profit focus may miss out on future innovations, hampering their competitiveness.

13. Expense: Resource-intensive planning can strain budgets. For nonprofit organizations, extensive planning processes consuming funds might limit the budget available for their actual social initiatives, affecting their ability to create social impact.

14. Inadequate Resources: Insufficient resources can hinder planning execution. A small-scale agriculture cooperative lacking funds for modern farming equipment might struggle to implement a detailed agricultural production plan, affecting crop yields and revenue.

15. Investment Patterns: Existing investments can limit planning scope. In the renewable energy sector, a company heavily invested in solar power might face challenges in diversifying into other renewable sources, hindering strategic planning for broader market reach.

16. Delay in Actions: Elaborate planning processes can lead to delays in taking actions. In disaster relief organizations, excessive bureaucracy in planning emergency responses can delay critical aid delivery to affected areas, impacting lives during urgent situations.

17. Difficulties in Implementation: Poorly formulated action plans can lead to implementation challenges. In healthcare, unclear communication of new medical procedures among staff can lead to errors in patient care, impacting patient safety and trust in the institution.

18. Rapid and Random Changes: In fast-fashion retail, unpredictable shifts in consumer preferences can make long-term planning for inventory challenging. A sudden trend change might render planned inventory obsolete, leading to losses.

19. Emergencies: During natural disasters, immediate responses take precedence over detailed planning. Emergency services need to act swiftly and decisively, focusing on rescue and relief efforts rather than following predefined plans to effectively address the situation.

20. External Forces: Legal changes, like new regulations in the pharmaceutical industry, can significantly impact planning. Stricter regulations might require pharmaceutical companies to revise their production and marketing plans, affecting revenue and market presence.

21. False Sense of Security: Overconfidence due to extensive planning can lead to complacency. An established software company, feeling secure in its market dominance, might overlook emerging competitors, risking losing market share due to neglecting ongoing strategic planning efforts.

Unit-2

MULTIPLE CHOICE QUESTIONS

1) Which one of the following is not true for Authority?

a) It is the legitimate right of a superior to command and compel his subordinates to perform a certain act.

b) It is mostly well-defined, conspicuous and finite.

c) It can be delegated.

d) **It serves as a basis of both formal and informal organisations.**

2) Co-ordination between the activities of various departments and individuals working within the organization is known as

a) Vertical coordination

b) External coordination

c) **Internal coordination**

d) Horizontal coordination

3) Coordination is

a) **The essence of management**

b) An objective of management

c) A social objective

d) A management functions

4) Which of the following is NOT one of the steps involved in decision making process?

a) Make decision or choose an alternative

b) **Change the desired outcome**

c) Research and identify options

d) Evaluate results

5) Which of the following is NOT a factor contributing to MBO program failure?

i) **Altering goals to meet changes in circumstances**

ii) Easy goals

iii) Lack of management support

iv) Setting of unrealistically difficult goals

6) What is centralization in organizational structure?

a) Delegating decision-making authority to lower levels

b) **Concentrating decision-making authority at the top level**

c) Distributing authority equally among all employees

d) None of the above

7) Decentralization is often associated with:

a) Narrow spans of control

b) **Wide spans of control**

c) Hierarchical decision-making

d) Centralized authority

8) Which of the following is a key principle of Management by Objectives?

a) Top-down goal setting

b) **Employee participation in goal setting**

c) Lack of performance measurement

d) One-size-fits-all approach

9) In Management by Objectives, what is an "objective"?

a) A subjective opinion of an employee's performance

b) A general statement of organizational vision

c) A random target set by management

d) **A specific, measurable, achievable, relevant, and time-bound goal**

10) Which of the following is an advantage of Management by Objectives?

a) Limited employee involvement in goal setting

b) Lack of clarity in performance expectations

c) **Improved communication and alignment of goals**

d) Decreased accountability'

SHORT ANSWER QUESTIONS

Q.1 What is Decision Making? Write its Characteristics.

Everyone, including managers, has to make decisions every day. For managers, making decisions is a big part of their job. It's something they do when they plan, organize, lead, and control things in their work. Making choices is a key aspect of being a manager.

Herbert A. Simon goes to say to the extent that "decision-making is synonymous with managing."

DECISION-MAKING: MEANING AND DEFINITION

According to Weihrich and Koontz, "Decision-making is defined as the selection of a course of action from among alternatives."

According to Glueck, "Decision-making is the process of thought and deliberation that leads to a decision."

Decision-making means choosing what to do from different options to reach a specific goal. It's about looking at different choices and figuring out the best one to solve a problem or make the most of an opportunity. This process involves finding and comparing different options to pick the best one that helps achieve the desired outcome.

CHARACTERISTICS/NATURE OF DECISION-MAKING

1. Process: Decision-making is a step-by-step process. It involves looking at different options and choosing the best one.

2. Intellectual and logical: It requires thinking, imagination, and understanding people's behaviour logically.

3. In the human mind: People or groups think and decide. It can happen in one person's mind or in a group.

4. Human and social: It's influenced by people's feelings and values. People can't always make purely rational decisions.

5. Intuitive: Often, decisions come from intuition, but they can also be carefully planned.

6. Alternatives: There must be different options to choose from. Without choices, there's no decision to make.

7. Choice: It's about making a decision, not necessarily knowing what will happen after the decision is made.

8. Purposeful: Decisions are made to achieve specific goals in a given situation.

9. Solving problems or seizing opportunities: Decisions are made to solve problems or make the most of opportunities. However, decisions can create new problems too.

10. Deciding to act or not: Even choosing to delay a decision is a decision in itself.

11. Commitment: Decisions mean committing to specific actions and resources.

12. Influenced by the environment: The decision-making process is affected by the situation and surroundings.

13. Everywhere: Everyone in a management position makes decisions, regardless of their level in the organization.

14. Decision is a step: Making a decision is just one part of the entire decision-making process.

15. Essence of management: Decision-making is not just a task in management; it's at the core of what management is all about.

Q. 2 <u>How can decisions be classified?</u>

<u>CLASSIFICATION OF DECISIONS</u>

1. **Organisational and Personal Decisions:**

Organisational Decisions: These are decisions made by managers in their official roles, within their authority, for the organization. These decisions can be delegated and bind the organization.
Personal Decisions: These are decisions made by managers in their personal capacity and are outside their official authority. Such decisions do not bind the organization and cannot be delegated.

2. **Routine and Non-routine Decisions:**

Routine Decisions: These decisions deal with everyday operations and follow established plans and rules. Managers at middle and lower levels usually make these decisions based on habits and organizational policies.
Non-routine Decisions: These decisions address unusual or exceptional situations. They require careful analysis and judgment. While managers at all levels can make such decisions, they are often handled by middle and top-level managers.

3. **Strategic or Policy and Tactical or Operational Decisions:**

Strategic Decisions: These decisions relate to fundamental objectives and policies of the organization. Examples include market expansion or launching new products. Top-level executives usually make these crucial decisions.
Tactical Decisions: These decisions implement strategic plans, translating policies into specific actions. Middle and lower-level managers typically handle these decisions.

4. **Programmed and Non-programmed Decisions:**

Programmed Decisions: These decisions deal with routine problems and follow predetermined rules and policies. Managers have little discretion, and authority can be delegated to lower-level managers.
Non-programmed Decisions: These decisions address unique problems where existing rules don't apply. Managers need to analyze the situation and use independent judgment. Top-level executives often make these decisions.

5. **Individual and Group Decisions:**

Individual Decisions: Made by a single manager within their authority. The organization is responsible for the consequences of these decisions. In small or autocratic organizations, individual decisions are common.
Group Decisions: Made by a group of people, often in medium to large companies. These decisions are considered balanced and of higher quality because they involve diverse experiences and expertise. However, they can take longer due to discussions and sometimes compromise the decision's quality.

Q.3 <u>What is MBO? State its objectives.</u>

<u>Objectives Of MBO</u>

The main objectives of MBO approach are as follows:

1. To set organisational unit and individual goals by active participation of the all concerned.
2. To set verifiable and measurable goals.
3. To measure and judge performance.
4. To relate individual performance to organizational goals.
5. To clarify both the job to be done and the expectations of accomplishment.
6. To foster the increasing competence and growth of the subordinates.
7. To enhance communications between superior and subordinates.
8. To serve as a basis for judgements about salary and promotion.
9. To stimulate the subordinate’s motivation.
10. To serve as a device for organizational control and integration.

Q.4 <u>Write the Characteristics of MBO.</u>

<u>Characteristics of MBO:</u>

Following are the main characteristics of MBO:

1. **Philosophy of Management:** MBO is seen as a philosophy of management, focusing on understanding the needs and challenges faced by management. It centers around human

actions, behaviour, and motivation. It applies to managers at all levels in various types of businesses.

2. **Goal-Oriented Approach:** MBO emphasizes setting goals throughout the organization. Goals are set starting from top management and cascading down through different levels.
3. **Common Objectives and Individual Goals:** MBO involves defining both organizational objectives and individual goals. It encourages collaboration between superiors and subordinates to identify common goals and individual responsibilities.
4. **Participation and Involvement:** MBO requires active participation from everyone involved. It promotes a collaborative approach, where both managers and subordinates actively engage in setting goals.
5. **Interactive Approach:** MBO involves active communication and collaboration between managers and subordinates during goal setting. It emphasizes a dynamic exchange of ideas and feedback.
6. **Comprehensive Approach:** MBO considers both economic and human aspects within an organization. It integrates individual and organizational factors, viewing the organization as a complete system.
7. **Systems Approach:** MBO takes into account internal and external environmental factors, integrating individual and organizational elements. It is a holistic approach to management.
8. **Applicable to Total Management System:** MBO is applicable to entire organizations, departments, or smaller units. It can be implemented at various levels and scales.
9. **Aims at Optimum Results:** MBO aims for optimal results by maximizing the use of organizational resources. It includes interim reviews and performance evaluations to achieve this goal.
10. **Simple Universal Approach:** MBO is a straightforward and universal method that can be applied by managers at all levels in different types of organizations. It is logical, intuitive, and widely accepted.
11. **Multiple Uses:** MBO is not limited to planning; it is also used for performance appraisal, motivation, and control. It serves as a versatile managerial tool.

Q.5 What is organization? Explain the term in different senses.

Organisation

We are connected to various organizations from the moment we are born. Hospitals bring us into the world, schools and colleges educate us, we work in organizations for our livelihood, and we are part of religious and social organizations. Organizations, in various forms, play a significant role in shaping our daily experiences and interactions, consuming a considerable portion of our time and activities.

In the words of Amitai Etzioni, "We are born in organisations, educated in organisations and most of us spend much of lives working for organisations. We spend much of our leisure time paying, playing. and praying in organisations. Most of us will die in an organisation and when the time comes for burial, the largest organisation of all the state must grant permission." Thus, organisations are an integral part of our lives.

Organisation Meaning and Definitions

The term organisation is used at least in three senses:

1. As a group of persons i.e., institution.
2. As a structure of relationships.
3. As a function or process i.e., organising.

I. ***As a Group of Persons***: The term organisation is used to refer a group of persons. In this sense, an organisation is a systematic group of two or more persons to accomplish some specific purpose.

According to McFarland. "An identified group of people contributing their efforts towards the attainment of goals is called organisation."

Thus, organisation is a group of persons i.e., institution refers to a group of person contributing their efforts under the direction of a leader in order to accomplish specific goals.

II. ***As a Structure of Relationships***: The term organisation is also used to refer a structure or skeleton of relationships among a group of persons. It is a network of horizontal and vertical formal relationships among the individuals forming the group.

According to Weihrich and Koontz, "Organisation is a structure of relationship by which an enterprise is bound together and the framework in which individual effort is coordinated." In the words of Hodge and Johnson, "An organisation is a complex of relationships among human and physical resources and work cemented together into a network of system."

Thus, organisation is a structure of formal authority relationships among individual members of a group formed for accomplishment of some specific purpose. This structure shows the authority and accountability relationships among the individuals. It is a complete network of horizontal and vertical relationships among the members of a group.

III. ***Organisation as a Function or Process I.e., Organising***: The term 'organisation' is also used to refer one of the important functions of management i.e., organising. In this sense it refers to the process of identifying and grouping of activities, assigning duties, delegating authority, establishing relationships among the members and allocating resources for the purpose of accomplishing specific objectives.

According to Glueck, "Organising is the management process by which the work is divided up among units and employed (division of labour) and then these units and jobs are linked together to form a unified system (coordination)."

According to Weihrich and Koontz, "Organising is (1) the identification and classification of required activities, (2) the grouping of activities necessary to attain objectives, (3) the assigning of each grouping to a manager with the authority (delegation) necessary to supervise it, and (4) the provision for coordination horizontally and vertically in the organisation structure."

From the above classification it becomes clear that the term organisation is used to refer

(i) a formal group of persons or an institution,
(ii) a formal internal structure or network of authority and relationships among its members. and
(iii) a function or process of creating and maintaining organisation structure.

Q. 6 What is authority? Write its characteristics.

Authority refers to the proper right of a person in charge to give instructions and expect them to be followed. It means having the power to direct others to achieve specific goals. For example, a manager has the authority to ask employees to do tasks that contribute to the overall objectives of the organization.

Max Weber saw 'authority' as the legitimate right of a person to exercise influence.

Henry Fayol defines authority as "the right to give orders and the power to exact obedience.

Characteristics: -

1. ***A Special Right:*** Authority is like having a special right. It's a power that allows someone to give orders and make decisions.

2. ***Connected to a Job:*** Authority is linked to a specific job, not a person. When someone has a job, they can use their authority. When they leave the job, the authority goes to the new person.

3. ***Official and Proper***: In organizations, authority is official and proper. It's the correct way for bosses to tell employees what to do. Just like a teacher in a classroom has the authority to guide students.

4. ***How Authority Moves:*** Authority moves down from top managers to lower levels in a company, like instructions passing from a company CEO to regional managers and then to local managers.

5. ***Relationships:*** Formal authority creates a relationship between bosses and workers. The boss can use their authority to manage their team, similar to how a manager in an Indian call center guides their team to handle customer calls.

6. ***Different Ways to Use Authority***: Using authority means making choices, giving orders, doing tasks, and managing resources. For instance, a store manager in an Indian market uses their authority to decide what products to sell and how to display them.

7. ***Making Sure Orders Are Followed***: Authority lets people make sure others do what they're told.

8. ***Guiding and Influencing Behaviour***: People with authority can guide and influence how others behave. Like a team leader in an Indian software company influences their team to work together on a project.

9. ***Holding Things Together***: Authority is like the glue that keeps an organization working together. It's important for making sure everyone in the organization acts in a coordinated way.

10. ***Achieving Goals:*** Authority is given and used to reach the goals of an organization.

11. ***Not Unlimited***: Authority isn't all-powerful. It always follows certain rules, laws, and responsibilities. Just like a traffic police officer in India has the authority to manage traffic but must follow traffic rules themselves.

12. ***With Limits***: Authority always has limits set by tasks, rules, laws, and budgets. It's similar to how a financial manager in an Indian company has the authority to spend money but within the budget limits.

13. ***Essential for Managers***: Authority is fundamental for every manager. Without authority, managers can't get work done through others, much like how a project manager in an Indian IT firm uses their authority to assign tasks and meet project deadlines.

14. ***Balancing Authority and Responsibility***: Authority should always match the level of responsibility. Giving authority without giving the right tasks can cause issues. Also, people shouldn't be blamed for things they don't have the power to control, similar to how a team leader in an Indian tech startup must have the authority to make tech decisions that align with their responsibilities.

15. ***Potential for Misuse***: Authority can be used wrongly, not enough, or in a harmful way. It's like how a manager in an Indian company should use their authority to empower their team, not to exploit or harm them.

Q. 7 What is responsibility? Explain its features.

According to Halmann, "**Responsibility is the obligation of a subordinate to perform the duty as required by his superior.**"
In the words of Mondy et al, "**Responsibility is an obligation to perform tale and to account for their satisfactory compliance.**"

Thus, responsibility is an obligation of a person to perform tasks, functions and activities assigned to him.

Features of Responsibility

1. ***Assigned Tasks***: Responsibility means having a job to do.

2. ***Boss-Worker Relationships***: Responsibility comes from the relationship between bosses and employees. When a boss gives a job to someone, that person is responsible for getting it done.

3. ***Personal Duty***: Responsibility is something personal; it belongs to a specific person and can't be taken away. It's like when an employee in an Indian company is responsible for ensuring timely deliveries to clients.

4. ***Connected to Authority***: Responsibility always goes hand-in-hand with authority. If you have the power to make decisions (authority), you also have the responsibility to handle the outcomes. For instance, a store manager in an Indian supermarket not only has the

authority to manage inventory but also the responsibility to ensure products are stocked correctly.

5. ***Linked to People, Not Things***: Responsibility applies to people, not objects. Machines or buildings can't be responsible, only individuals can. This means if a team fails to meet a project deadline, the responsibility lies with the team members, not the computers or tools they used.

6. ***Different Types of Duties***: Responsibility can be an ongoing duty or a specific task. For instance, a salesperson in an Indian clothing store has an ongoing responsibility to assist customers, but they might also have a specific obligation to organize a sales event.

Q. 8 What is centralisation and Decentralisation? Explain its characteristics.

Centralisation Of Authority

Centralization of authority means that the big decisions in a company are made by the top bosses. These top managers have the power to decide important things that affect the whole company.
According to Allen, "**Centralisation is the systematic and consistent reservation of authority at central point in an organisation**."

In the words of Henry Fayol, "**Everything which goes to reduce the role of a subordinate is centralisation.**"

Thus, Centralization means that the top managers in a company keep the power to make decisions. In this situation, lower-level employees have less say in what happens. Centralization reduces the involvement of subordinates, meaning they have less influence on important decisions.

Characteristics:

1. Centralisation is the extent to which authority retained by higher- level managers.
2. It reserves the right to make decisions in the hands of top managers.
3. In centralised organisations, the actions and operations are regulated by the top managers.
4. In such organisations, operating authority vests with the middle managers.
5. It reduces the role of subordinates.
6. Centralisation belongs to the natural order. It is always present to greater or lesser extent. In practice, no organisation is either purely centralised or purely decentralised.
7. It undertakes close supervision and control over every aspect of the organisational working.
8. Centralisation of management authority should be distinguished from centralisation of performance and departmental centralisation. Centralisation of performance means geographic concentration in which a firm operates in a single location.

Departmental centralisation refers concentration of specialised activities, generally in one department (Weihrich and Koontz).

Decentralization is the opposite of centralization. It means that the power to make decisions is given to the people who are directly involved in the day-to-day work or operations. In decentralized organizations, decision-making authority is distributed to various levels, allowing employees at different levels to make choices related to their tasks and responsibilities.

According to Henri Fayol, "*Everything that goes to increase the importance of the subordinate's role is decentralisation*."
In the words of Allen, "*Decentralisation implies consistent and systematic effort to delegate to the lowest levels of all authority except that which can only be exercised at central points.*"

Thus, decentralisation of authority refers to the extent to which decision-making authority is widely dispersed within the organisation. In a decentralised organisation, top mangement retains authority to make certain important decisions such as setting overall objectives, strategic planning, policy formulation etc. and delegates the authority to make operating decisions at the point as near as possible where actions take place.

Q.9 What is coordination? State its characteristics.

If tasks need to be divided among people, it's crucial to coordinate their efforts. This idea still holds true today and will likely remain important forever. Managers divide tasks among individuals and departments in organizations. It's essential to coordinate these efforts to achieve the organization's goals. Managers not only need to coordinate within the organization but also integrate activities with the outside world. This means ensuring cooperation between different parts of the organization and aligning their work with external factors. In simple terms, managers must make sure everyone works together efficiently both inside and outside the organization to reach their goals.

Meaning And Definitions Of Coordination

In the words of Henri Fayol, "To coordinate is to harmonize all the activities of a concern in order to facilitate its working and its success."

Weihrich and Koontz have opined that "Coordination is the essence of managership, for achieving harmony among individual efforts toward the accomplishment of group goals."

Thus, Coordination is like the conductor of an orchestra, ensuring that all the musicians play together harmoniously. In an organization, it's the process of making sure everyone works together smoothly to achieve the organization's goals efficiently and effectively.

Think of it as creating a beautiful melody where every instrument plays its part at the right time and in the right way. In the context of an organization, coordination is the art of achieving this harmony and order among the efforts of individuals and departments. It involves a manager reconciling differences in how people work, when they work, the effort they put in, and what they're interested in. The goal is to align everyone's individual objectives with the organization's objectives, just like harmonizing different musical notes to create a wonderful symphony.

NATURE/FEATURES/CHARACTERISTICS OF COORDINATION

The main features/characteristics of coordination are as follows:

1. **Integral Aspect of Management:** Coordination is no longer viewed as a separate function but an essential element of management. It's intertwined with planning, organizing, directing, and controlling, making it the essence of managerial roles.
2. **Managerial Responsibility:** Every manager holds the responsibility for coordination, especially those involved in organizing. Evading this responsibility hampers coordinated efforts, emphasizing its crucial role in management.
3. **Result of Conscious Efforts:** Coordination doesn't happen automatically; it requires deliberate and conscious efforts from managers. It's achieved through persistent and organized managerial actions, not left to chance.
4. **Continuous Process:** Coordination is not a fixed state; it's a dynamic, ongoing process. Managers must consistently work towards achieving and maintaining coordination within the organization.
5. **Applies to Group Effort:** Coordination pertains to group efforts. When individuals work together, aligning their efforts in an orderly manner becomes vital for organizational success.
6. **Unity of Effort:** Coordination seeks unity of effort among individuals. It ensures that individual contributions are synchronized to form a cohesive and productive workflow. All members must understand and contribute to this unified effort.
7. **Common Purpose:** The ultimate goal of coordination is to achieve a shared objective or the organization's goal effectively.
8. **Systems Concept Basis:** Coordination is rooted in the systems concept of organization. It views the organization as a cooperative social system, acknowledging the diversity and interdependence of its internal subsystems and external environment. Integration of these elements is key to coordination.
9. **Universal Application:** Coordination is universally essential across all types of organizations - business, non-business, social, political, and philanthropic. Managers at all levels, in various countries and organizational settings, must coordinate activities for organizational success.
10. **Different from Cooperation:** While it involves cooperation, coordination goes beyond it. While cooperation is essential, coordination encompasses a more complex process of aligning activities to achieve a common goal.
11. **Self-Coordination:** While managers are responsible for coordination, individuals within the organization must also promote coordination. Self-coordination occurs when individuals observe and adjust their activities to align with others'. However, self-coordination can't replace the need for managerial coordination efforts.

Q.10 State the principles of Coordination.
Or
What are the essentials of effective coordination?

<u>Essentials Of Effective Coordination</u>

Mary Parker Follett's Principles:

1. **Principle of Direct Contact:** Managers must engage in direct, face-to-face communication with relevant individuals. This foster understanding, clears doubts, and resolves

misunderstandings, promoting problem-solving and cooperation. Managers need to maintain direct contact both horizontally and vertically within the organization.

2. **Principle of Early-Stage Coordination:** Coordination efforts should commence during the planning and policy-making stages. Involving all stakeholders early enhances integration and adjustment, making it easier to secure cooperation. Delayed coordination during execution can lead to difficulties in alignment.
3. **Principle of Reciprocal Relations:** All factors within a situation are interrelated. To ensure coordination, these factors must be pulled together and pushed together. Interactions, such as A influencing B and vice versa, illustrate reciprocal relations within an organization.
4. **Principle of Continuity:** Coordination should be a continuous, ongoing process. It forms the foundation of all organizational activities and must persist throughout the management process.

Additional Principles/Essentials:

5. **Principle of Democracy:** Coordination should not be imposed through autocratic directives. Leaders promoting participative management facilitate organic coordination, fostering a collaborative environment.
6. **Principle of Timing:** Timely coordination is crucial. Activities and procedures should be completed within specified timeframes. Untimely actions disrupt the coordination flow, leading to challenges.
7. **Principle of Balance:** Coordination should extend uniformly across all parts of the organization, horizontally and vertically. A balanced approach ensures comprehensive coordination.
8. **Principle of Dynamism:** Coordination processes must be dynamic and adaptable to changing circumstances in the environment. Flexibility is key to effective coordination.
9. **Well-Defined Objectives:** Clear organizational and departmental objectives, aligned with individual goals, foster effective coordination. Transparent objectives promote a shared understanding, facilitating coordination efforts.
10. **Sound Organizational Structure:** A well-designed, simple organizational structure based on specialization and coordination principles enhances coordination. Proper delegation of authority at each level streamlines the process.
11. **Clear Lines of Authority:** Clearly defined superior-subordinate relationships establish direct communication lines. Clarity in authority ensures smooth job performance, promoting better coordination.
12. **Cooperative Behavior:** Trust, confidence, and cooperation among team members enhance coordination efforts. A positive atmosphere encourages effective communication and mutual support.
13. **Effective Communication System:** Implementing a robust communication system, both vertical and horizontal, is essential for coordination. Utilizing diverse communication mediums, including modern techniques, facilitates effective information exchange.
14. **Communication Skills:** Developing communication skills among managers and employees enables the resolution of differences, conflicts, and problems. Enhanced communication leads to improved coordination.
15. **Effective Leadership:** Competent leadership plays a pivotal role in ensuring proper coordination. Effective leaders inspire and guide team members, promoting a collaborative environment.
16. **Real Community of Interest:** Coordination flourishes when organizational activities align with the collective interests of all stakeholders. When everyone understands the purpose and its significance to their welfare, coordination becomes seamless.

Q.11 <u>Why is coordination known as the essence of management?</u>

Coordination As The Essence Of Management

In the realm of classical management theories, pioneers like Fayol, Luther Gulick, and James Mooney considered coordination a distinct managerial function. However, contemporary perspectives have evolved. Coordination is no longer seen as a standalone function but is deeply ingrained in the essence of managership and management, as emphasized by Welhrich and Koontz.

It's now recognized as an integral part of every managerial function, including planning, organizing, directing, and controlling. Each of these functions contributes significantly to the coordination process, making it pervasive throughout the entire management process.

In essence, coordination acts as the backbone, permeating the entire management framework. It's not just a function; it's the intricate thread that weaves through every managerial activity, ensuring harmony and synchronization among various functions. In today's dynamic organizational landscape, effective coordination remains central to achieving organizational goals and maintaining operational efficiency.

The Crucial Role of Coordination Across Managerial Functions

In the intricate tapestry of managerial functions, coordination stands as the linchpin that binds them together, ensuring seamless operations and organizational harmony. Let's delve into how coordination threads through each managerial function:

1. **Coordination through Planning:** Coordination finds its roots in the planning phase. Setting objectives becomes the cornerstone for coordination efforts. Managers formulate plans, policies, and procedures, laying the groundwork for harmonizing activities. Coordination extends to aligning long-term and short-term plans, as well as bridging the gap between present conditions and future organizational goals.
2. **Coordinating through Organizing:** Organizing, the bedrock of an organization's structure, is inherently intertwined with coordination. Divisions, departments, and hierarchies established during organizing serve as the scaffolding for coordination. The organizational structure facilitates horizontal and vertical coordination, ensuring synergy among various activities.
3. **Coordination through Staffing:** Staffing involves ensuring the right human resources for the organization. Coordination is integral to functions like recruitment, training, and motivation. Managers align staffing efforts with the diverse needs of different departments, ensuring a synchronized workforce tailored to organizational requirements.
4. **Coordination through Directing:** Directing encompasses motivation, leadership, communication, and supervision. Managers coordinate between employees' needs, balancing intrinsic and extrinsic motivations. Leadership styles are harmonized with employees' behaviours. Face-to-face supervision fosters coordination, while effective communication channels enhance the process.
5. **Coordination through Controlling:** Controlling, a vital phase in management, plays a significant role in coordination. Managers identify deviations between actual performance and standards, taking corrective actions. In this process, they ensure alignment with organizational objectives, plans, and external environmental factors.

In essence, coordination is not just a function; it is the lifeblood that courses through every managerial activity. It integrates the diverse facets of planning, organizing, staffing, directing, and controlling, ensuring that the organizational orchestra plays in harmony. Recognizing coordination as the essence of management resonates with the intricate dance of managerial functions, choreographing organizational success.

LONG ANSWER QUESTIONS

Q.1 Explain the meaning of decision making. Explain its importance.

Everyone, including managers, has to make decisions every day. For managers, making decisions is a big part of their job. It's something they do when they plan, organize, lead, and control things in their work. Making choices is a key aspect of being a manager.

Herbert A. Simon goes to say to the extent that "decision-making is synonymous with managing."

DECISION-MAKING: MEANING AND DEFINITION

According to Weihrich and Koontz, "Decision-making is defined as the selection of a course of action from among alternatives."

According to Glueck, "Decision-making is the process of thought and deliberation that leads to a decision."

Decision-making means choosing what to do from different options to reach a specific goal. It's about looking at different choices and figuring out the best one to solve a problem or make the most of an opportunity. This process involves finding and comparing different options to pick the best one that helps achieve the desired outcome.

IMPORTANCE/SIGNIFICANCE OF DECISION-MAKING

1. Decision-making and Management Functions:

Decision-making is inherent in all aspects of management, including planning, organizing, directing, and controlling. In planning, decisions shape objectives, policies, procedures, and rules. Organizing involves decisions about resource allocation, task assignment, and establishing relationships. In directing, decisions guide communication, motivation, supervision, and leadership styles. Even in controlling, decisions are vital to comparing performance against standards and taking corrective measures.

2. Ensuring Management Success:

Decisions made in one area influence the success of other functions. For instance, planning decisions impact organizing, directing, and controlling. Sound decisions across functions ensure the overall success of management processes.

3. Impact on the Enterprise:

Decisions play a crucial role in the survival and success of an organization. Quality decisions contribute to growth, prosperity, and property of the enterprise. The speed of growth depends on the timing and quality of decisions made.

4. Managerial Distinction:

Decision-making is the hallmark of managers. It distinguishes managers from non-managers. Managers are responsible for making decisions, while non-managers execute them.

5. Evaluation and Reward:

Managers are evaluated and rewarded based on the significance and outcomes of their decisions. The quality of decisions serves as a measure of a manager's effectiveness and value to the organization.

6. Problem Solving:

Decision-making is crucial for solving complex problems. It involves choosing the best possible solution among alternatives, addressing challenges faced by the organization.

7. Risk Management:

A systematic decision-making process leads to logical and informed choices, reducing the risks associated with various actions taken by the organization.

8. Optimal Resource Utilization:

Effective decisions ensure the best use of human, physical, financial, and informational resources. They aid in proper resource allocation, minimizing wastage and leakage.

9. Achieving Objectives:

The ultimate purpose of decisions is to help the organization achieve its objectives efficiently and effectively. Sound decisions allow managers to capitalize on available opportunities.

10. Facing Challenges:

Decision-making is essential to navigate challenges arising from technological advancements, competition, and changing consumer behavior. Managers need to make effective decisions to overcome these challenges and ensure the organization's success in the face of environmental forces.

Q.2 What is the process of Decision-making?

Decision-making is a process. To make sound, judicious, logical or rational decision, a manager has to follow a process i.e., a sequential set of steps. Usually, a rational decision-making process consists of the following steps or stages:

1. **Identification of problem**: The need for decision-making arises because some problem or opportunity exists. A problem or opportunity is said to exist when a manager perceives either an unsatisfactory situation or a promising opportunity. In other words, a manager is required to make a decision when he perceives a gap between existing and desired state of affairs.

Thus, decision-making process begins with identification of some problem or opportunity. A manager should, therefore, always try to identify problems or opportunities available in the internal and external environment of the organisation. He should constantly monitor internal performance and compare it against the goals, plans or standards to find out problems. At the same time, he should also constantly watch the changes and challenges emerging in the external environment. He should use his skills, knowledge and experience in discovering and identifying problems and opportunities for making decisions

2. **Diagnosing the problem:** After identifying a problem, the next task of the manager is to diagnose the problem. Diagnosis of problem is essential to know the exact nature and cause of the problem. The success of decision-maker depends upon his diagnostic skills.

In the course of diagnosing a problem, a manager should distinguish the problem from its symptoms. Symptoms serve as clues to problems. A manager should try to reach the root cause of the problem with the help of symptoms.

Just as a physician, a manager should correctly diagnose the real problem and then treat it. For instance, a manager identifies a problem of high absenteeism among the work force. Before deciding a remedy or solution to this problem, the manager should try to find out the cause of higher absenteeism. Diagnosis may indicate that real cause of the problem is that jobs are boring and supervision is autocratic. Thus, the manager should concentrate on these causes to remedy the situation.
In order to find out courses of a problem, the manager should collect and analyse information relating to it from within and outside the organisation.

3. **Establishing specific objectives**: In this step, manager should establish the specific objectives to be accomplished by the solution to the problem i.e decision. He should clearly state the objectives of making a particular decision. Objectives may be set in qualitative or quantitative terms or both. But they should be clear-cut, unambiguous, flexible and realistic. They should be such that they may serve as yardsticks for evaluating the results of the decisions made.

4. **Identifying limitations or constraints**: The next step of the manager should be to identify limitations or constraints of a possible solution or decision. Usually limitations relate to inadequate funds, insufficient work-force with requisite skills or experience, extremely competitive situation, company policy, legal provisions, time factor etc. Any decision should be made after giving due consideration to these limiting factors.

5. **Finding alternatives**: The next step is to develop a set of alternative solutions to the problem. If no alternative is available, there is no need to make a decision. The manager should, therefore, develop or identify all possible alternatives. The sources of alternatives include suggestions from workers. managers and outsiders, practices of other organisations, research reports etc.

Finding alternative solutions is a costly and time consuming task. Managers rarely have enough time to identify every possible alternative. Moreover, very large number of alternatives tends to cause confusion. Managers, therefore, usually limit the number of alternative solutions that will be considered seriously. However, managers should consider a reasonably wide range of alternatives in order to find a reasonable solution to the problem. But they should not spend more money and time in identifying alternatives than the worth of the problem.

6. **Evaluating alternatives**: The next step is evaluation of each identified alternative. To evaluate, the manager should compare the advantages and disadvantages of each alternative and weigh the possible consequences of each.

In order to evaluate alternatives, it is necessary to establish some common standards. The standards should be both quantitative and qualitative. The specific objectives set for decision-making (stated in point number 3 above) can be taken as standards against which all alternatives can be compared. All the more. the following four criteria offered by Peter Drucker should be considered in evaluating the alternatives:

(1) Risk: There is no riskless alternative. The manager should, therefore, weigh the risk of each alternative against the expected gains.

(ii) Economy of effort: The manager should see which alternative can give the greatest results with the least effort.

(iii) Timing: The choice of an alternative also depends upon the prevailing situation at a particular point of time. If the situation has great emergency, the preferable alternative is one that signals organisation that something important is happening. But a slow and steady start is preferable when long and consistent effort is needed.
(iv) Limitations of resources: In evaluating alternatives, attention should be given to the limiting or strategic factors. Managers should see whether all means (human, physical and financial means necessary to carry out the decision are available.

7. **Selecting appropriate alternative**: The next step in the decision-making process is to select one appropriate or best alterative I.e. to make a decision. In some cases, choice for decision is obvious from the comparison of alternatives. However, when the problem is complex, no alternative may stand out clearly as the best choice. In such cases, good judgement and experience play most important role in selecting an appropriate alternative. Sometimes, managers also test the different alternatives by putting them into practice for a limited period. Sometimes, managers also conduct research on alternatives in order to predict the results of each alternative. Thus, the managers select an appropriate alternative solution with the help of judgement, experience, tests and researches.

It should be noted that in practice, it is not always possible to select one optimum or the best alternative. It is so because of the time limitations and the limited ability of the managers. Herbert Simon has, therefore, suggested that managers should engage in selecting a satisfying instead of maximising alternative.

8. **Implementing the decision**: The next step in the decision-making process is to implement the decision. It is the responsibility of a manager to implement it. He, therefore, should make the necessary arrangements for its implementation. He should also persuade and motivate employees to implement it successfully. Furthermore, he should delegate authority and allocate resources necessary to implement the decision.

9. **Feedback**: The final step in the decision-making process relates to feedback. This step is essential to ensure that the results are in accordance with those expected at the time of making the decision. Feedback involves continuous monitoring of the decision. The manager measures and evaluates the results of the decision. If the manager finds it appropriate to modify the decision, he does so in the light of the changed circumstances.

Q.3 **What are the principles and techniques of decision-making?**

PRINCIPLES OF DECISION-MAKING

Following are the main principles essentials of sound decision-making:

1. **Principle of problem ascertainment:** The adage that a well- defined problem is half-solved" holds much truth. Therefore, a manager should ascertain and define the right problem in clear terms. While defining the problem, a manager should clearly distinguish between the symptoms and causes of the problem. He should reach to the real cause of the problem through and with the help of symptoms. Peter Drucker has clearly warned that "most common source of mistakes in management-decisions is the emphasis on finding the right answers rather than the right questions."

2. **Principle of reliable information:** This principle states that decisions should be based on proper and reliable information.

3. **Principle of alternatives:** This principle requires that decisions should be made by choosing one alternative from among the available alternatives. A manager should, therefore, develop and identify alternatives for making decision on a problem. He should weigh the cost, benefits and consequences of each alternative and choose one appropriate alternative.

4. **Principle of limiting factor:** This principle states that one alterative should be selected only after considering the limiting or critical factors to the alternatives.

5. **Principle of efficiency and effectiveness:** This principle states that a decision should contribute to the efficiency and effectiveness of managerial functions. For this, a manager should use a systematic and rational process of decision-making. Such a process should include the elements of creativity, intuition, judgement and experience.

6. **Principle of rationality:** A manager should as far as possible, be

rational in making decisions. He should try to make logical and objective decisions considering all the factors affecting the decisions. However, rationality should be combined with reality of situation.

7. **Principle of participation:** This principle states that subordinates who are to implement the decisions should be given proper participation in making them. Participation facilitates coordination and acceptability of decisions. Drucker, therefore, suggests that any decision must become our decision to the people who are to translate them into action."

8. **Principle of flexibility:** The decision should be flexible enough to meet the anticipated and unexpected changes in the environment. Only a flexible decision can produce optimal results.

9. **Principle of timing:** This principle states that decisions should be timely made and implemented. Timeliness is the most crucial factor for soundness of a decision. "Delays are the deadliest enemy of opportunities." However, at the same time, decisions should not be made in haste since haste makes waste.

10. **Principle of integration of interests:** This principle requires that decisions should integrate and serve the organisational as well as the personal interests. However, personal interests should always be subordinate to the organisational interests.

11. **Principle of communication:** This principle requires that decisions made should be properly and timely communicated to all concerned. The mode and medium of communication should also be effective enough to communicate the decision in proper and accurate sense. This will ensure better cooperation of all and lead to better coordinated efforts.

12. **Principle of feedback:** This principle requires that decisions should be backed by proper feedback system. It means that there should be constant measurement and evaluation of the results of a decision. In case of need. manager should be capable of making necessary correction in the decisions made.

13. **Principle of economy**: A decision should have economic justification. Every decision should contribute to the economic well-being of the organisation.

In addition to the above stated principles or essentials, effective decision- making should be guided by the following criteria:

14. Every decision should be made by persons having appropriate authority.
15. Every decision should be encouraged at appropriate organisational levels.
16. Managers should be trained in decision-making.
17. Managers should use rational, scientific and quantitative techniques of decision-making.
18. Every decision made should be practicable. It should be practical in terms of human and other resources necessary for its implementation.

19. Services of expert advisory staff should be made available to provide needed intellectual and technical help and advice in making decisions.

TECHNIQUES OF DECISION-MAKING

1. Experience or Judgment:

- Managers use their past knowledge and expertise to make decisions based on their experience in similar situations.
- **Example** A manager might rely on their years of handling customer complaints to address a new customer service issue.

2. Intuition

- Managers use their inner feelings or instincts to make decisions, especially when factual information is lacking.
- **Example** A manager might have a gut feeling that a certain marketing strategy will work even without concrete data.

3. Habits

- Managers solve routine problems using established habits, reacting without a formal decision-making process.
- **Example** A manager habitually handles minor office conflicts by talking to the parties involved without a structured approach.

4. Standing Plans and Procedures

- Established organizational policies, rules, and methods act as guides for quick decision-making.
- **Example** When faced with a common issue, a manager follows the company's predefined protocol to resolve it.

5. Organizational Structure

- The structure of the organization defines roles, responsibilities, and communication paths, aiding managers in decision-making.
- **Example** A manager refers to the organizational chart to identify the appropriate person to make a particular decision.

6. Principles of Management

- Basic principles of management provide guidance for decision-making, although not specific techniques.
- **Example** A manager adheres to the principle of fairness when resolving conflicts among team members.

7. Economic and Financial Techniques

- Managers use various economic and financial tools to analyze alternatives, such as cost-benefit analysis or ratio analysis.
- **Example** Before investing in a new project, a manager analyzes potential returns using financial ratios to make an informed decision.

8. Linear Programming

- A mathematical technique used to optimize resource allocation among different demands, ensuring efficient decision-making.
- **Example** A manager uses linear programming to determine the best allocation of resources for maximum output, considering constraints like budget and manpower.

9. Game Theory

- Decision-making technique for competitive situations where one party's decision affects others; it involves strategic thinking.
- **Example** In a negotiation, a manager strategizes to counter the competitor's moves, ensuring a favorable outcome for their own team.

10. Waiting-line or Queueing Theory

- Used to address waiting-line issues; managers decide on optimal service rates to balance customer waiting time and service costs.
- **Example** A manager at a call center adjusts the number of operators based on queueing theory to minimize customer wait times.

11. Simulation

- Creating models of real-world events to study various conditions and their impacts, helping managers make decisions based on simulations.
- **Example** Simulating customer traffic patterns in a store to optimize staff schedules and enhance customer service.

12. Network Techniques (PERT and CPM)

- Project management tools for planning and controlling complex projects by defining tasks, dependencies, and critical paths.
- **Example** A manager uses PERT/CPM to sequence project tasks, ensuring timely completion by identifying crucial project stages.

13. Heuristic Technique

- A trial-and-error approach breaking down complex problems into smaller parts, using rules of thumb to find solutions.
- **Example** When faced with a multifaceted problem, a manager divides it into smaller components, addressing each part incrementally until the whole issue is resolved.

14. Participative Technique

- Involves employees in decision-making processes, fostering collaboration and boosting the quality and acceptance of decisions.
- **Example** A manager conducts brainstorming sessions with the team, encouraging everyone to contribute ideas and collectively decide on a new project approach.

Q. 4 What is MBO? Explain its process.

MEANING AND DEFINITIONS OF MBO

Management by Objectives (MBO) is a method where a manager and an employee work together to set clear goals for the employee's performance. They create a plan to achieve these goals. The purpose of MBO is to make sure everyone in the organization shares common objectives. By involving employees in the goal-setting process, it encourages their active involvement and dedication to achieving these goals. MBO aims to improve communication, collaboration, and overall effectiveness within an organization.

The term MBO has been defined by numerous authorities. Some well accepted definitions are as follows:
According to Peter Drucker, "**Management by objective is regarded system for improving performance, both the individual managers and the enterprise as a whole by the setting of objectives at the corporate, departmental and individual manager's level.**"

It's a collaborative process that fosters clear goal-setting and strategic planning between managers and employees. By aligning individual objectives with organizational goals, MBO ensures that everyone comprehends their role in contributing to the company's overall success. This shared understanding enhances teamwork, motivation, and productivity within the organization.

Process Of MBO

The process of MBO consists of the following major stages or steps:

1. **Setting Corporate Objectives:** MBO starts with top managers setting long-term strategic goals for the entire organization. These objectives focus on the organization's survival, growth, and profitability. They cover all crucial areas of business and provide a clear direction for everyone.
2. **Setting Departmental Objectives:** Objectives are set for each department or unit, aligning with the overall corporate goals. Departmental managers work with top management to establish specific, measurable, and supportive objectives related to productivity and profitability.
3. **Setting Individual Goals:** Individual employees' performance objectives are set in consultation with their supervisors. These goals are specific, verifiable, quantitative (if possible), time-bound, and linked to rewards. Managers engage in open discussions with employees to set challenging and achievable goals.
4. **Matching Objectives and Resources:** Adequate resources and authority are essential to achieve objectives. Managers ensure that necessary resources are provided and empower employees appropriately. There must be a balance between objectives and available resources.
5. **Recycling Objectives:** Objectives are refined through an interactive process involving managers at different levels. Initial objectives are set, reviewed, and adjusted in consultation with higher management until they are finalized.
6. **Developing Action Plans:** Action plans detailing required activities, relationships between tasks, timeframes, priorities, responsible individuals, and necessary resources are developed to achieve the set goals.
7. **Implementation:** Individuals responsible for specific goals implement the action plans. Managers provide guidance, motivation, training, and support to ensure successful implementation.
8. **Periodic Reviews:** Regular meetings between superiors and subordinates are held to review progress and identify potential challenges. Subordinates prepare progress reports, which are discussed and modified if necessary.
9. **Performance Appraisal:** At the end of the specified period or upon task completion, performance is evaluated. Factors such as task difficulty, creativity, resource utilization, ethical behaviour, and cooperation are considered in addition to goal achievement.
10. **Feedback:** Superiors provide feedback and suggestions based on the performance evaluation. Decisions are made to adjust the MBO program or set future objectives based on the feedback received.

Q. 5 What are the advantages and disadvantages of MBO?

ADVANTAGES OF MBO

The main advantages of MBO are outlined as follows:

1. **Result-Oriented Focus:** MBO shifts the focus from mere activities to achieving results. Managers direct activities that align with specific goals, ensuring efforts are purposeful and goal-driven.
2. **Clear Goals:** MBO sets clear, measurable objectives for individuals and departments. This clarity helps everyone understand their responsibilities and contributions to the organization.
3. **Effective Planning:** Clear goals facilitate precise and realistic planning. Managers can anticipate challenges, allocate resources efficiently, and discuss potential issues in advance. This proactive approach prevents crises and improves overall planning.
4. **Role Clarification:** MBO necessitates defining objectives, positions, and delegation of authority. This clarifies roles for everyone in the organization, enhancing accountability and understanding of responsibilities.
5. **Coordination:** MBO aligns overall organizational, departmental, and individual goals. This harmony ensures better coordination, with efforts and resources focused on specific objectives, leading to improved teamwork.
6. **Encourages Commitment:** Involving employees in goal-setting creates a sense of ownership. They actively participate, share ideas, and receive support, fostering commitment to achieving their goals.
7. **Self-Direction and Control:** MBO empowers employees to self-direct their activities. They measure their performance against set goals, promoting self-control and accountability. Managers can assess their own performance, fostering self-management.
8. **Motivation:** MBO motivates employees through active participation, improved commitment, self-direction, and fulfillment of personal development goals. Meeting these needs boosts motivation and enthusiasm.
9. **Facilitates Control:** Regular performance evaluations against set goals enable timely corrections. Comparing performance with objectives provides a basis for effective control and intervention, ensuring alignment with organizational goals.
10. **Improved Performance Appraisal:** MBO offers an objective basis for performance appraisal. Measuring performance against verifiable goals reduces subjectivity, enhancing the fairness and accuracy of evaluations.
11. **Cordial Relations:** Joint consultation and decision-making in MBO enhance interactions and common work philosophies, fostering positive relationships between superiors and subordinates.
12. **Development of Managerial Skills:** MBO provides opportunities for skill development by setting and achieving challenging goals. Participation in higher-level planning and decision-making activities enhances managerial skills.
13. **Facilitates Organizational Change:** MBO's dynamic nature allows adjustments in goals and action plans, making it easier to introduce changes and foster organizational development.

14. Other advantages: Other specific advantages of MBO might include the following:

(i) It improves communication.
(ii) It helps to identify promotable managers and employees.
(iii) It helps reward fairly to competent members of the organisation.
(iv) It provides opportunities for career development.
(v) It boosts employee morale.

(vi) It reduces duplication of efforts.

LIMITATIONS/WEAKNESSES OF MBO

1. **Failure to Teach MBO Philosophy:** While MBO appears straightforward, its successful implementation requires a profound understanding of its philosophy. Managers need to not only comprehend it themselves but also effectively convey the concepts to their subordinates. If this transfer of knowledge is inadequate, the MBO program can easily falter.
2. **Lack of Guidelines:** MBO heavily relies on clear, specific, and achievable goals. However, if top management fails to provide precise guidelines, the process becomes challenging. Vague or inconsistent objectives from higher-ups hinder middle and lower-level managers from setting meaningful and aligned goals for their teams.
3. **Difficulty in Goal Setting:** Setting goals that are both quantitative and qualitative is a complex task. Quantitative goals must be measurable, which can be challenging in certain areas of work. Moreover, achieving consensus on these goals among team members and ensuring their active participation is a delicate process. Hierarchical organizational structures and power dynamics can hinder open communication and goal-setting collaboration.
4. **Emphasis on Short-term Goals:** MBO tends to focus on immediate, short-term objectives. While short-term goals are essential, an overemphasis on them can lead to neglect of long-term and strategic objectives. This myopic focus might not align with the organization's overall vision and adversely affect its long-term performance.
5. **Emphasis on Quantitative Goals:** MBO places a strong emphasis on measurable outcomes, often overlooking the qualitative aspects of performance. Quality, creativity, and innovation, which are challenging to quantify, might be undervalued, leading to a lack of holistic evaluation.
6. **Forcing Objectives:** In some cases, top managers impose objectives without engaging in meaningful discussions with middle and lower-level managers. When objectives are thrust upon managers without their input or understanding, it can lead to resistance and lack of commitment, undermining the effectiveness of MBO.
7. **Unethical Means:** In the pursuit of meeting ambitious goals, individuals might resort to unethical practices. For instance, salespersons might employ dishonest tactics to meet their sales targets. This ethical dilemma tarnishes the organization's reputation and integrity.
8. **Inflexibility:** MBO programs might lack the flexibility needed to adapt to changing circumstances. If objectives cannot be modified in response to shifting corporate strategies or market demands, the organization risks being rigid and unresponsive, hindering its ability to thrive in a dynamic environment.
9. **Time-Consuming:** Implementing MBO involves extensive consultations and paperwork. Managers at different levels need to engage in discussions and documentation, making it a time-consuming process. This can lead to frustration among employees and managers alike.
10. **Excessive Paperwork:** MBO necessitates the creation of numerous forms, memos, and reports to document goals, progress, and evaluations. This excessive paperwork can overwhelm managers, distracting them from their core responsibilities and dampening their enthusiasm for the process.
11. **Organizational System:** MBO might not seamlessly integrate with traditional or hierarchical organizational structures. Conservative organizations with deeply ingrained practices might find it challenging to transition to the collaborative and goal-oriented approach of MBO.

12. **Managerial Needs:** MBO is most successful in organizations where managers share common needs for power, autonomy, and accomplishment. If there is a significant disparity in the needs and motivations of managers, the uniform application of MBO might not resonate with everyone, leading to resistance and ineffectiveness.
13. **Managerial Competence:** The success of MBO depends on the competence and skills of the managers implementing it. If managers lack the necessary skills for effective planning, communication, and goal-setting, the MBO program might not be executed properly.
14. **Neglect of Personal Development Goals:** While professional goals are emphasized in MBO, personal development objectives, which are crucial for employees' motivation and job satisfaction, might be overlooked. Ignoring these personal growth goals can lead to a lack of fulfillment among employees.
15. **Uncertain Environment:** In rapidly changing and unpredictable environments, setting and achieving concrete objectives becomes challenging. MBO requires stability and predictability to function optimally. In uncertain settings, goals might need constant revision, making it difficult to maintain the integrity of the MBO process.

Q. 6 Give suggestions for the successful implementation of MBO programme.

Suggestions for the successful implementation of MBO programme:

1. ***Clear Communication of Purpose:*** Transparency is key. Every member of the organization should understand the purpose of the MBO program. Clear communication ensures that everyone is on the same page regarding the objectives and expectations.
2. ***Top Management Support:*** The active involvement and commitment of top management are vital. When leaders fully support the MBO program, it sends a strong message to the entire organization about its importance.
3. ***Defining Organizational Purpose*:** Top management should articulate the overall organizational purpose, objectives, and policies. These foundational elements serve as the basis for creating a structured hierarchy of objectives. While quantitative goals are essential, it's crucial not to overlook qualitative aspects, ensuring a balanced approach.
4. ***Job Descriptions and Responsibilities:*** Clearly defined job descriptions are fundamental. When every position’s role and responsibility are explicit, managers can better understand their areas of influence and accountability.
5. ***Integration into Daily Activities:*** MBO should seamlessly blend into the day-to-day activities of managers. It should not be seen as an isolated initiative but rather as an integral part of the overall management system. Managers need to incorporate MBO principles into their routine decision-making processes.
6. ***Conducive Organizational Environment:*** The organization's culture and environment play a significant role. A supportive atmosphere, where innovation and collaboration are encouraged, fosters the successful implementation of MBO.
7. ***Training and Familiarization*:** Managers should receive comprehensive training in the philosophy and procedures of MBO. Understanding the nuances of the approach equips them to implement it effectively.
8. ***Allocation of Resources*:** Adequate resources, both human and financial, should be allocated for the formulation and execution of the MBO program. Insufficient resources can hinder the program's effectiveness.
9. ***Incorporating Personal Development Goals:*** MBO should encompass personal development objectives alongside professional goals. Recognizing and nurturing employees' personal growth leads to increased motivation and job satisfaction.

10. ***Subordinate Participation:*** Actively involving subordinates in goal setting and performance evaluation is crucial. Their insights and perspectives provide valuable input, fostering a sense of ownership and commitment.
11. ***Realistic Timeframe:*** Patience is vital. Overnight results should not be expected. MBO takes time to yield meaningful outcomes. Large organizations might require three to five years, whereas smaller ones may need at least six months to see tangible results.
12. ***Continuous Monitoring and Feedback:*** Regular monitoring and evaluation are essential. Feedback loops ensure that the program stays on track. Adjustments can be made promptly based on performance evaluations and feedback from various stakeholders.
13. ***Integration with Rewards System:*** MBO should align with the organization's reward and remuneration structure. Recognizing and rewarding achievements linked to MBO goals reinforces the importance of goal attainment.
14. ***Organizational Restructuring:*** Sometimes, restructuring the organization's framework is necessary. MBO implementation might require adjustments in roles, hierarchies, or reporting structures to enhance efficiency.
15. ***Simplicity in Approach:*** While comprehensive, the MBO program should be as simple as possible. Excessive paperwork and complex procedures can discourage managers. A streamlined approach ensures practicality and ease of implementation.
16. ***Flexibility and Adaptability:*** MBO programs should be flexible. The dynamic nature of businesses demands adaptability. The program should allow modifications, additions, and deletions to align with the evolving needs of the organization and its environment.
17. ***Addressing Resistance and Politics:*** Managers must be astute in handling resistance. Some individuals might resist MBO due to various reasons, including vested interests or misconceptions. Sensitivity to organizational politics and proactive management of resistance are essential for successful implementation.

Q. 7 What are the Characteristics and importance of organisation?

CHARACTERISTICS/NATURE OF ORGANISATION

1. **Group of People:** An organization is a formal group of two or more people working together. It could be a small or large group, but it always involves multiple individuals collaborating toward a common goal.
2. **Common Goals:** Organizations exist to achieve specific goals. People within the organization work collectively to meet these objectives. The success or failure of an organization is determined by how well it achieves these goals.
3. **Intentional Creation:** Humans deliberately create organizations. Unlike natural families, which are formed through relationships, organizations are intentionally established by people for specific purposes and tasks.
4. **Management Function:** Organizing is a fundamental part of management. It is a crucial step in the management process, performed by managers at all levels within a company. Without proper organization, effective management is not possible.
5. **Continuous Process:** Organizing is ongoing; it doesn't stop once the organization is formed. Managers constantly engage in organizing activities to ensure the smooth functioning of the organization.
6. **Division of Work:** Organizations form when work is divided among individuals. As tasks are distributed, people need to be organized into groups with clear roles and responsibilities. This division of work necessitates the creation of an organization.

7. **Cooperation:** An organization is a system of cooperative relationships among individuals. Managers establish cooperation both horizontally (among peers) and vertically (between superiors and subordinates). Cooperation among members is vital for the organization's success.
8. **Communication Network:** Within an organization, there's a formal system of communication. Members communicate with each other to coordinate tasks and work together effectively.
9. **Hierarchy of Authority:** Every organization follows a chain of command. Authority flows from top management to lower levels, establishing responsibility and accountability. This hierarchy ensures that everyone knows whom they report to and who is in charge.
10. **Rules and Regulations:** Organizations have specific rules, policies, and procedures. These guidelines ensure that the organization operates systematically, maintaining order and consistency in its activities.
11. **Adaptation to Environment:** Organizations operate within a dynamic environment that constantly changes. They need to adapt to external challenges and opportunities to thrive and remain successful.
12. **Rational Behavior:** Organizations have norms and standards of behavior. Members are expected to behave rationally, adhering to these norms. Rational behavior is encouraged, and deviations may result in rewards or penalties.
13. **Leadership:** Every organization operates under the guidance of a leader or leadership team. These leaders provide direction and vision, guiding the organization toward its goals.
14. **Coordination:** Organizations serve as frameworks where individual efforts are coordinated. Proper coordination is essential for achieving the organization's objectives. This coordination occurs both horizontally (between departments) and vertically (between levels of management).

IMPORTANCE OF ORGANISATION/ORGANISING

1. **Facilitates Managerial Functions:** Organization is a crucial part of management. It completes the management process by enabling functions like planning, directing, and controlling. Without proper organization, these functions cannot work efficiently.
2. **Ensures Survival and Success:** A well-organized structure is like the backbone of a business. Even if other resources are taken away, a strong organization can help the enterprise bounce back. It ensures the business not only survives but also thrives.
3. **Promotes Specialization:** In organizations, tasks are assigned based on specialization. This means people with specific skills handle specific jobs. This specialization boosts efficiency and productivity.
4. **Clarifies Authority:** Organizational structure clearly defines who is in charge and who reports to whom. This clarity avoids confusion and ensures smooth decision-making.
5. **Determines Decision-Making Centres:** An organized setup outlines where important decisions are made. It specifies where strategic, policy, and day-to-day decisions occur, streamlining the decision-making process.
6. **Ensures Flow of Activities:** Tasks are organized logically, ensuring they are performed efficiently and comfortably, without unnecessary hurdles.
7. **Facilitates Communication:** Organizational structure establishes communication networks, making it easy for members and departments to interact and share information.
8. **Prevents Overlapping:** Proper division of work in an organized structure prevents tasks from overlapping, preventing wasteful repetition.

9. **Facilitates Coordination:** Organizations act as mechanisms for coordinating business activities. Effective coordination among various departments and members is vital for smooth operations.
10. **Promotes Positive Relationships:** In a well-organized setup, people are placed in roles that suit their skills. Clear lines of authority and responsibilities are defined, fostering positive relationships among employees.
11. **Optimizes Resource Use:** Resources, such as manpower, finances, and information, are allocated logically. This ensures optimal use of resources and prevents wastage.
12. **Encourages Creativity:** Good organizations encourage creative thinking and initiative among members. Well-defined roles and delegated authority promote innovative ideas.
13. **Facilitates Growth:** Flexible organizations can easily adapt to new opportunities, encouraging business growth and diversification of activities.
14. **Adopts Technological Innovations:** Organized setups make it easier to adopt new technologies. They have skilled human resources, flexibility, and resources necessary for implementing innovations.
15. **Boosts Efficiency and Effectiveness:** Proper organization eliminates redundancies and ensures resources are used effectively. This synergy between resources and efforts enhances efficiency and effectiveness.
16. **Creates a Positive Work Environment:** Clear roles, defined work areas, and mutual relationships create an orderly work environment. This reduces conflicts and promotes teamwork.
17. **Facilitates Adaptation to Change:** A well-organized structure can adapt to changing circumstances. It allows the organization to evolve and respond to new challenges effectively.

Q. 8 <u>What are the essentials of sound organisation?</u>

<u>Essentials Of Sound Organisation</u>

1. **Unity of Objective:** Everyone in an organization, and every part of it, should work towards achieving the objectives for which the organization exists. For an organization to be effective, all its components must contribute to these objectives.
2. **Specialization:** Work in the organization should be divided in a way that promotes specialization. Each member of the organization should have a specific job based on their qualifications and preferences.
3. **Span of Control or Management:** There should be a limit to the number of people directly supervised by a manager. The ideal number depends on the job and the manager's abilities. But generally, it's recommended that no one should oversee more than five or six subordinates.
4. **Clear Lines of Authority (Scalar Principle):** There should be clear lines of authority from top management to the lowest levels. This clear chain of command allows quick decision-making and effective communication.
5. **Delegation of Authority:** Managers should delegate enough authority to their subordinates to accomplish the expected results.
6. **Absoluteness of Responsibility:** Subordinates are responsible for their performance to their superiors. However, a superior is ultimately responsible for the actions of their subordinates.
7. **Parity of Authority and Responsibility:** The authority given should match the responsibility of a position. It shouldn't be too much or too little.

8. **Unity of Command:** Each person should receive orders from only one superior. No one should answer to more than one boss at the same time, as it helps prevent conflicting instructions and fosters personal responsibility.
9. **Unity of Direction:** Similar activities should be overseen by a single manager with one plan. This ensures actions are unified and helps build an effective organizational structure.
10. **Exception:** Routine matters should be handled at the appropriate management level without referring them upward. Only complex and exceptional issues should be sent up the chain of command.
11. **Functional Definition:** Duties, activities, authority, and relationships for each position or department should be clearly defined in writing and shared with everyone. This prevents overlapping and duplication of work.
12. **Balance:** All parts of the organization should be in balance to maintain structural stability.
13. **Continuity:** Organizing and reorganizing are ongoing processes. There should be provisions in place to ensure this continuity.
14. **Coordination:** The main purpose of organizing is to promote coordination. The organization's structure should make it easy for people at different levels to work together effectively.
15. **Simplicity:** An organization's structure should be straightforward with as few hierarchy levels as possible. Multiple levels can lead to communication and coordination issues.
16. **Flexibility:** An organization's structure should be adaptable to changing conditions.
17. **Efficiency:** The organization's structure should contribute to the efficient attainment of objectives with minimal cost and effort.
18. **Leadership Facilitation:** The organization's structure should support leadership activities and help managers create an environment that encourages high performance.

Q. 9 Elaborate Formal and Informal organisation and also state the difference between the two.

FORMAL ORGANISATION

According to Barnard, "An organisation is formal when the activities of two or more persons are consciously coordinated towards a common objective." In the words of Weihrich and Koontz, "Formal organisation means the intentional structure of roles in a formally organised enterprise."

Thus, a formal organisation is one which is intentionally created by management to achieve specific objectives. In such an organisation, there are well-defined positions, authority responsibility relationships. It is run in accordance with the predetermined policies, rules, procedures etc.

Characteristics:

1. It is deliberately created by the management.
2. It is created to achieve organisational objectives.
3. It is based on certain principles (already discussed) such as division of labour, scalar-chain, span of control, unity of command and direction and so on.
4. It concentrates on jobs rather than on the people who are to perform the jobs.
5. It does not consider the sentiments and feelings of the members. Thus, it is deliberately impersonal.

6. It lays down clear lines of authority, responsibility, relationships.
7. It defines authority and position of every individual.
8. It is governed by well-established policies, procedures, rules etc.
9. It always maintains a chain of command.
10. It provides a definite network of interaction and communication.

INFORMAL ORGANISATION

Informal organisation means the informal relationships among the persons of an organisation. Such relationships are not based on their formal status in the organisation but based on their social and personal relations among them in the work place.

In the words of Mondy et al., "An informal organisation is a spontaneously formed group of people who interact regularly for some identifiable purpose."

According to Keith Davis, "Informal organisation is a network of personal and social relations which is not established or required by the formal organisation but arising spontaneously as people associate with one another."

Thus, informal organisation is an organisation (group) of persons at work which is not deliberately and formally structured but arises spontaneously as a result of personal and social relations among the people in the work-place.

Characteristics of Informal Organisation:

1. It is a group of persons not deliberately or formally created. It arises spontaneously.
2. It is a spontaneous social network of relations in the work-place.
3. The relationships and interactions among members of group are not formally sanctioned.
4. It is an organisation within formal organisation without any formal sanction.
5. It results from the personal and social relations among the members in a work-place.
6. It is regarded a 'shadow organisation.' It may arise in any formal organisation but cannot exist without any formal organisation.
7. It is a part of a total organisation.
8. It is superimposed on formal organisation.
9. Informal organisation is a response to unfulfilled and active needs.
10. It develops on the basis of personal attitudes, values emotions, customs, likes, dislikes, interests, habits etc.
11. It is based on informal authority.
12. It is usually smaller and less permanent or instable.
13. Like formal organisation an information organisation also has a hierarchy, leaders, and objectives though informal.
14. It greatly Influences productivity of the enterprise.

Advantages of Informal Organisations:

The advantages of informal organisations may be classified under the following two heads:

1). Advantages to Members/Employees:

1. **Fulfilment of Affiliation Need:** Informal organizations meet people's need for social connection. Regular interactions with like-minded individuals who share common interests and values provide a sense of belonging and fulfillment.
2. **Enhanced Security:** Individuals tend to feel insecure when isolated, but they find security within groups. Joining informal organizations provides a sense of safety and support.
3. **Satisfaction of Egoistic Needs:** Informal groups can fulfill egoistic needs, such as the desire for esteem and status. Associating with someone of higher status within the organization satisfies the egoistic needs of those with lower status.
4. **Increased Power:** Informal organizations can empower individuals. Even without formal authority, members of these groups may influence others, demonstrating power within the organization.
5. **Emotional Support:** In the workplace, employees often face stress and frustration. Informal groups serve as a support system, offering a sympathetic ear when employees encounter challenges, providing an outlet for emotional expression.
6. **Aid during Challenges:** In times of accidents or illness, members of informal groups may assist one another. They can protect each other from unfair treatment by managers and enhance the group's efficiency by specializing in tasks beyond their official job descriptions.
7. **Social Control:** Informal organizations establish norms for appropriate behaviour. These norms distinguish between good and bad conduct, moral and immoral acts, and legitimate and illegitimate activities. Members are expected to adhere to these norms, and deviations may result in condemnation or censure.
8. **Effective Communication:** Information spreads rapidly within informal organizations, ensuring quick dissemination of news and updates among members.
9. ***Check on Authority:*** Informal groups act as a check on formal authority. They can influence decisions and actions within the organization, ensuring a balance of power.

2). Advantages to management.

1. **Better Communication:** Informal groups encourage open communication between employees and managers, making it easier to share information and ideas.
2. **Quick Information Sharing:** Important news and updates spread rapidly within informal groups, ensuring everyone stays informed promptly.
3. **Enhanced Morale:** Informal groups boost employee morale as they create a sense of belonging and camaraderie, leading to happier and motivated staff.
4. **Improved Understanding:** Managers gain a better understanding of employees' feelings and concerns through informal interactions, enabling them to address issues effectively.
5. **Identifying Leaders:** Informal groups reveal natural leaders among employees, helping management identify potential leaders for future roles.
6. **Problem Solving:** Informal groups often solve minor issues internally, preventing them from escalating into larger problems that require managerial intervention.
7. **Increased Collaboration:** Employees within informal groups tend to collaborate and support each other, enhancing teamwork and productivity.
8. **Idea Generation:** Informal settings encourage creative thinking, allowing employees to brainstorm and generate innovative ideas for the organization.
9. **Change Management:** Informal leaders can influence their peers positively, making it easier for management to introduce and implement changes within the organization.

10. **Flexibility:** Informal groups can adapt to new challenges and changes swiftly, making the organization more agile and responsive.
11. **Conflict Resolution:** Informal groups often mediate and resolve conflicts among members, fostering a harmonious work environment.
12. **Inclusivity:** Informal groups promote inclusivity by bringing diverse employees together, creating a sense of unity and acceptance.
13. **Company Culture:** These groups reinforce and promote the organization's culture, values, and traditions among employees.
14. **Employee Loyalty:** Employees who feel connected through informal groups tend to be more loyal to the organization, reducing turnover rates.
15. **Knowledge Sharing:** Informal groups facilitate the sharing of knowledge and expertise among employees, promoting continuous learning and growth.
16. **Leadership Development:** Identifying potential leaders within informal groups allows management to nurture and develop these talents for future leadership roles.
17. **Boosting Morale:** Positive interactions within informal groups contribute to a happier workplace atmosphere, increasing overall employee satisfaction.

FORMAL ORGANISATIONS	INFORMAL ORGANISATIONS
1. **Definition:** A formal organization is intentionally created with a defined hierarchy, clear roles, and specific rules and procedures. It is officially recognized and essential for achieving company objectives.	1. **Definition:** An informal organization is the spontaneous network of personal and social relationships that develop among people within the formal organization. It is not officially structured and emerges naturally among employees.
2. **Structure:** Formal organizations have predetermined roles, responsibilities, and reporting relationships. They follow a chain of command and adhere to established procedures and policies.	2. **Structure:** Informal organizations have a fluid and flexible structure. Relationships are not predetermined and can change based on personal interactions and dynamics between employees.
3. **Formation:** Formal organizations are deliberately designed and established by the management to achieve specific goals. They are planned and implemented based on the company's objectives and requirements.	3. **Formation:** Informal organizations develop spontaneously among employees due to shared interests, common hobbies, or social interactions. These relationships form naturally and are not planned by the management.
4. **Communication:** Communication in formal organizations follows a structured and official channel, usually vertical, flowing from top management to lower levels, following the chain of command.	4. **Communication:** Communication in informal organizations is spontaneous and can be both vertical and horizontal. It often occurs through informal gatherings, chats, or social media platforms. It is casual and may not follow any specific hierarchy.

5. **Rules and Regulations:** Formal organizations have strict rules, regulations, and policies. Deviating from these rules may result in disciplinary actions.	5. **Rules and Regulations:** Informal organizations do not have strict rules and regulations. Interactions within informal groups are based on mutual understanding and trust rather than rigid guidelines.
6. **Authority:** Authority in formal organizations is clearly defined, and decision-making power is delegated based on job roles and positions within the hierarchy.	6. **Authority:** Authority in informal groups is not formalized. Influence and leadership emerge naturally based on personal qualities, expertise, or social skills.
7. **Purpose:** Formal organizations exist to achieve the company's goals and objectives. They are essential for the company's productivity, efficiency, and overall success.	7. **Purpose:** Informal organizations serve as a social support system within the workplace, providing emotional support, social interaction, and a sense of belonging among employees.
8. **Flexibility:** Formal organizations are relatively inflexible. Changes to the formal structure require thorough planning and approval from the management.	8. **Flexibility:** Informal organizations are highly flexible and adaptive. They can easily adjust to changing circumstances and dynamics among employees.
9. **Influence:** Influence in formal organizations is based on job titles, positions, and hierarchical levels. Managers and supervisors have formal authority over their subordinates.	9. **Influence:** Influence in informal groups is based on personal relationships, trust, expertise, and social connections. Informal leaders gain influence through their interactions and the respect they earn from their peers.

Q. 10 What is the Relationship between Authority and Responsibility?

Authority and Responsibility are inherent to organisational roles and positions in very different ways, but are symbiotic and codependent enough to make them both critical points of focus for any successful company. Essentially, the delegation of authority can only be effective if it matches with the assigned responsibility.

If an authority is given to an individual that is much greater than the responsibility, it ultimately results in the misuse of authority. Similarly, if responsibility is assigned that is greater than the authority provided with it; the tasks will not be carried out properly.

The Relationship Between Authority and Responsibility: -

1. ***Delegation and Task Completion:***

Authority involves the ability to assign tasks, while responsibility is ensuring those tasks are completed.
- Example: A manager delegates the responsibility of organizing a sales event to an employee, empowering them with the authority to make event-related decisions.

2. ***Decision-Making and Accountability:***
- Authority allows decision-making, and responsibility involves being accountable for those decisions.
- Example: A business owner has the authority to decide on pricing strategies; they are responsible for the consequences of those decisions on sales and customer satisfaction.

3. ***Quality Control and Product Development:***
- Authority in quality control ensures product standards; responsibility lies in overseeing the production process.
- Example: A quality control manager has the authority to enforce quality standards in a manufacturing unit. They are responsible for inspecting products and maintaining quality.

4. ***Resource Management and Budgeting:***
- Authority includes allocating resources; responsibility involves managing them efficiently within budgets.
- Example: A financial manager has the authority to allocate budgets to different departments. They are responsible for ensuring departments operate within allocated budgets.

5. ***Supervision and Employee Performance:***
- Authority allows supervision; responsibility involves evaluating and guiding employee performance.
- Example: A team leader has the authority to supervise team members. They are responsible for evaluating performance, providing feedback, and guiding team members.

6. ***Customer Service and Issue Resolution:***
- Authority in customer service includes handling complaints; responsibility involves resolving them to maintain customer satisfaction.
- Example: A customer service representative has the authority to handle complaints. They are responsible for resolving issues promptly to ensure customer loyalty.

7. ***Project Management and Timely Delivery:***
- Authority in project management includes task allocation; responsibility involves ensuring tasks are completed within deadlines.
- Example: A project manager has the authority to assign tasks to team members. They are responsible for coordinating efforts to complete tasks within the project timeline.

8. ***Compliance and Regulatory Adherence:***
- Authority in compliance involves enforcing regulations; responsibility includes implementing necessary changes to comply with laws.
- Example: A compliance officer has the authority to enforce company policies and ensure adherence to legal regulations. They are responsible for conducting audits and implementing changes as needed.

9. ***Training and Skill Development:***

- Authority allows designing training programs; responsibility involves enhancing employees' skills.
- Example: A training manager has the authority to design training sessions. They are responsible for developing programs that enhance employees' skills and align with organizational goals.

10. ***Innovation and Research Initiatives:***
- Authority includes initiating innovative projects; responsibility involves research and development efforts.
- Example: A research and development head has the authority to initiate innovative projects. They are responsible for conducting research, developing new products, and aligning innovations with market demands.

Authority v/s Responsibility

Authority means a formal power in a particular job, function or position that empowers the holder of that job, function or position to successfully perform his task.
v/s Responsibility is the obligation of a subordinate to perform a duty, which has been assigned to him by his superior.

A formal position in a company. v/s A superior-subordinate relationship.
To delegate authority. v/s to assume responsibility.

The ability to give orders. Vs The ability to follow orders.

To make decisions and implement them effectively. v/s To execute duties and responsibilities, as assigned by a superior.

Continues over a long period of time. v/s Ends once the task is accomplished.

Authority flows downward Le. from top level to lower levels. v/s Responsibility flows upward i.e. from lower levels to top level.

Q. 11 What is delegation of authority? Explain its characteristics and importance.

Delegation Of Authority
Managers need help to get work done because they can't do everything themselves. They share their power with their team through delegation. Delegation means giving tasks and the authority to do them to others. This way, managers divide the work among their team members to achieve goals.

Delegation of authority is when a manager passes some of their power to their team. It allows team members to act on behalf of the manager. In this process, the manager gives a part of their work and authority to one or more team members. The manager still has the power, but they let others use it as long as the work is done well.

According to Mescon and others, "**Delegation is the assignment of tasks and authority to a recipient who assumes responsibility for them**."

To George Terry, "**Delegation means conferring authority from one manager or organisational unit to another in order to accomplish particular assignments**."

Thus, in simple words, delegation is a process of assigning work to others and giving them due authority to act.

Characteristics of Delegation

1. To delegate means to grant or to confer, it does not mean to surrender.

2. It is sharing of authority.

3. A manager does not just delegate authority. He delegates to get certain work accomplished.

4. Delegation is authorisation to a manager to act in a certain manner.

5. As a result of delegation, the subordinate receives authority from the superior, but at the same time the superior still retains all original authority. It is something like imparting knowledge. You share with others who then possess the knowledge, but you still retain the knowledge, too. (Terry)

6. A manager delegates authority out of the authority vesting in him. He cannot delegate which he himself does not possess.

7. Delegation is always to the position. Hence, the authority is recovered fully from the person occupying a position when he moves from that particular position.

8. Delegation can be downward, upward, or sidewise.

9. It may be specific or general.

10. Authority once delegated can be enhanced, reduced, or withdrawn depending on the particular situation.

11. Delegations give rise to a boss-subordinate relationship.

12. It involves the shifting or pushing down of decision making authority from one organisational level to another lower level.

13. It creates link between two organisational levels.

14. It creates responsibility of subordinates to perform the assigned tasks correctly.

15. Managers can delegate authority but cannot delegate responsibility because it is a personal obligation.

16. Delegation does not imply reduction in the authority of superior. Both superior and subordinate can exercise the same authority because delegating superior always retains all original authority.
17. Delegation of authority does not imply discharge of superior's responsibility. The superior is ultimately responsible for the success or failure of delegation.

18. Delegation may be expressed or implied.

Importance of delegation

1. ***Management Initiation:***
Delegation is the core of management, enabling work to be accomplished through others. Without delegation, there would be no managers, as observed by Follett and Keith Davis.

2. ***Expanding Managerial Reach:***
Delegation allows managers to extend their influence beyond personal limitations of time and energy, as stated by Keith Davis.

3. ***Reducing Workload:***
By delegating tasks, managers can focus on crucial aspects such as planning and control, alleviating them from overwhelming operational pressures.

4. ***Promoting Specialization:***
Delegation enables specialized individuals to make decisions, recognizing the need for expertise in today's complex organizations.

5. ***Basis of Organizational Structure:***
Delegation is fundamental in establishing an organized structure within an organization, defining roles and responsibilities.

6. ***Quick Decision-Making:***
Delegation ensures swift decision-making, saving valuable time and enabling prompt actions.

7. ***Managerial Growth:***
The art of delegation, according to Ray A. Killian, is essential for both individual executives and the overall growth of a company.

8. ***Expanding Responsibilities:***
Delegation empowers managers to take on more responsibilities, expanding their roles and responsibilities within the organization.

9. ***Fostering Cooperation:***
Delegation creates a positive environment of cooperation, encouraging teamwork and collaboration among team members.

10. ***Developing Subordinates:***
Delegation aids in the development of subordinates' skills and abilities, allowing them to grow professionally.

11. ***Formal Organizational Structure:***
Delegation of authority is the cornerstone of formal organization, defining relationships and strengthening the bonds among organization members, as emphasized by Koontz, O'Donnell, Newman, and Warren.

12. ***Enhancing Motivation:***
Delegation meets employees' needs for recognition and responsibility, enhancing motivation and encouraging better performance, as highlighted by Douglas Basil.

13. ***Job Enrichment:***
Delegation serves as a form of job enrichment, leading to increased productivity and job satisfaction among subordinates.

Q.12 What are the Principles of delegation?

1. **Principle of Delegation by Results Expected:**
Delegation should be based on the outcomes or results expected from a position. It involves clearly defining the goals and expectations of a task or role. For example, a manager may delegate the responsibility of increasing sales in a specific region to a sales representative, setting clear targets for revenue growth.
2. **Principle of Functional Definition:**
Every job and position should have a clear definition and description. Delegation becomes more effective when roles, activities, and departments have well-defined job descriptions. For instance, a project manager delegating tasks to team members provides clear job descriptions outlining their responsibilities and expectations.
3. **Scalar Principle:**
Clear lines of authority should run from the top to the lowest levels of the organization. Subordinates should understand the hierarchy and reporting relationships. In a company, employees should know who their immediate supervisor is and to whom they should escalate matters beyond their authority.
4. **Authority Level Principle:**
Decisions within the authority competence of subordinates should be made by them. Matters exceeding their authority limits should be referred to their superiors. For example, a team leader may delegate the authority to make routine project decisions to team members, but major decisions may need approval from higher management.
5. **Principle of Unity of Command:**
Individuals should report to a single superior to avoid confusion and conflicting instructions. For instance, an employee in a department should have one supervisor to whom they report, ensuring a clear chain of command.
6. **Principle of Absoluteness of Responsibility:**
The ultimate responsibility cannot be delegated by a superior. Even though tasks and authority may be delegated, the overall responsibility for the success or failure of a project or objective remains with the delegator. For example, a CEO may delegate operational tasks to department heads, but the CEO remains ultimately responsible for the company's performance.
7. **Principle of Parity of Authority and Responsibility:**
Responsibility and authority should be balanced to avoid frustration or misuse of power. A superior should delegate operating responsibilities equal to the delegated authority. For instance, a manager assigning a team a project should provide the necessary authority for decision-making to ensure effective execution.

8. **Effective Control:**
Broad controls should be in place to monitor and assess the effectiveness of delegation. For example, a manager may implement regular progress meetings, reports, or key performance indicators (KPIs) to ensure that delegated tasks are on track and aligned with organizational goals.
9. **Clarity of Delegation:**
The limits of authority delegated must be clearly defined to avoid confusion and empower subordinates to make decisions within their scope. This ensures that subordinates understand their area of work and have the freedom to exercise initiative within defined parameters.
10. **Residual Authority and Responsibility:**
Personal responsibilities cannot be fully delegated, only general responsibilities. For example, while a project manager can delegate specific tasks related to a project, the accountability for the overall success of the project remains with the project manager.
11. **Principle of Completeness of Delegation:**
Delegation should involve entrusting the entire task to a person or group. It ensures that responsibilities are clear, and subordinates have the necessary autonomy to accomplish the assigned task. For instance, a manager delegating a project should provide all the necessary resources and authority for the team to complete the project.
12. **Principle of Communication:**
Open communication between superiors and subordinates is crucial for successful delegation. Regular exchange of ideas, opinions, and doubts ensures clarity and alignment. For example, a manager should encourage team members to express concerns or seek clarification on delegated tasks, fostering a collaborative work environment.

Q. 13 What are the barriers to effective delegation? Give suggestions for effective delegation.

I. ***Obstacles Due to Superiors:***

1) Reluctance to Let Go:
   Some managers prefer doing tasks themselves, believing they can do it better, leading to reluctance in delegation.

2) Love for Power:
   Managers with a strong desire for power tend to hoard authority, making it hard to delegate tasks to others.

3) Lack of Confidence in Subordinates:
   Managers hesitant about their subordinates' abilities might avoid delegating, fearing poor judgment from their team.

4) Fear of Competition:
   Fear that capable subordinates might outshine them or be promoted can hinder delegation efforts.

5) Insecurity and Fear:
   Managerial insecurities, fear of making mistakes, and lack of confidence can prevent effective delegation.

6) Absence of Controls:
   Managers need proper monitoring methods. Lack of effective control mechanisms can hinder delegation decisions.

7) Stereotyping and Tradition:
   Traditional views on specialists and their capabilities might limit delegation opportunities.

II. *Obstacles Due to Subordinates:*

1. Lack of Self-Confidence: Subordinates lacking confidence in their abilities may hesitate to assume additional responsibilities.

2. Insufficient Information and Resources: Limited resources and information can overwhelm subordinates, making them reluctant to accept new tasks.

3. Absence of Incentives: Without positive incentives like promotions or praise, subordinates may resist taking on more responsibilities.

4. Fear of Criticism: Fear of criticism or negative evaluations can discourage subordinates from accepting delegated tasks.

5. Dependence on Boss: Subordinates relying heavily on bosses for decisions might avoid taking risks, hindering the delegation process.

6. Overburdened Subordinates: Subordinates already burdened with tasks may be unwilling to take on additional work.

III. ***Obstacles Due to Organisation:***

1) Inadequate Control Systems: Absence of effective control mechanisms can impede delegation efforts.

2) Poor Communication Systems: Inefficient communication channels can lead to misunderstandings, making it difficult to delegate tasks effectively.

3) Lack of Planning: Insufficient planning can create uncertainty, making it challenging to delegate tasks clearly.

4) Weak Policies and Regulations: Absence of strong policies and rules can lead to confusion, hindering the delegation process.

5) Flawed Organisational Structure: Poor organisational structures can create ambiguity in roles and responsibilities, complicating delegation.

6) Insufficient Resources: Lack of necessary resources, both human and physical, can limit delegation possibilities.

7) Ineffective Incentive Systems: Absence of motivating incentives can demotivate subordinates from taking on additional responsibilities.

8) Lack of Competent Managers: Shortage of capable managers can disrupt the delegation process, affecting its effectiveness.

Guidelines for effective delegation:

1. ***Clear Assignment Definition:***

Clearly define tasks, goals, and authority limits before delegation. This involves outlining the expected outcomes, deadlines, and any specific requirements. For instance, a manager delegating a marketing campaign should provide a detailed brief, specifying target audience, key messages, and campaign objectives.

2. ***Trust in Delegation:***

View delegation as a way to empower and develop subordinates. Trust is the foundation of effective delegation. A leader who trusts their team fosters a positive and collaborative environment, encouraging innovation and initiative.

3. ***Select Competent Subordinates:***

Delegate tasks to individuals with the right skills and capabilities. Understand the strengths and weaknesses of each team member. For example, a project manager might delegate complex technical tasks to team members with specialized skills.

4. ***Promote Positive Work Culture:***

Establish a work culture that encourages trust, risk-taking, and delegation. Leadership should endorse and model these behaviors. When top management supports delegation, it sets a precedent for the entire organization.

5. ***Grant Freedom to Work:***

Allow subordinates the freedom to choose methods and learn from their experiences. Permitting autonomy encourages creativity and innovation. For example, a manager delegating a research project should allow team members to explore different methodologies.

6. ***Open Communication:***

Foster transparent communication. Clearly articulate expectations, provide guidance, and offer constructive feedback. This ensures that subordinates have a clear understanding of their responsibilities. Regular check-ins and team meetings facilitate ongoing communication.

7. ***Offer Suitable Incentives:***

Recognize and reward responsibility acceptance. This can include promotions, challenging assignments, competitive pay, praise, and appealing working conditions. Incentives motivate employees to take ownership of their delegated tasks.

8. ***Ensure Adequate Control:***

Strike a balance between oversight and empowerment. Implement control mechanisms to monitor progress without stifling creativity. Regular updates, progress reports, and key performance indicators help maintain control without micromanaging.

9. ***Adhere to Delegation Principles:***

Apply delegation principles diligently. Understanding and following established principles, such as matching tasks with competencies and defining clear responsibilities, is crucial for successful delegation.

10. Non-interference:

Refrain from interfering once tasks and authority are delegated. Trust the competence of subordinates and allow them space to execute responsibilities. Micromanaging can undermine confidence and hinder creativity.

11. Sufficiency:

Balance delegated authority with performance expectations. Ensure that tasks can be completed effectively with the authority granted. If the authority is insufficient, subordinates may face obstacles in achieving their delegated responsibilities.

12. Encourage Teamwork:

Cultivate a collaborative atmosphere between managers and subordinates. Encourage teamwork to enhance delegation effectiveness. Collaborative decision-making and shared responsibilities contribute to a more engaged and motivated team.

13. Tolerance of Mistakes:

Acknowledge the human aspect of subordinates. Allow room for mistakes and view them as opportunities for learning and improvement. This approach fosters a culture of continuous improvement and innovation.

14. Receptiveness:

Embrace diverse ideas and viewpoints. Foster an inclusive environment where team members feel comfortable expressing their opinions. This diversity of thought can lead to more creative and effective solutions.

15. Willingness to Let Go:

Delegate authority willingly, without fearing a loss of power. Leaders who are willing to let go empower their teams to take charge of assigned tasks, fostering a sense of ownership and accountability.

16. Expect Completion:

Hold individuals or teams accountable for completing tasks. Provide guidance and support when needed, ensuring that delegated responsibilities align with organizational goals and timelines.

17. Provide Training:

Continuously assess delegated responsibilities. Offer training to enhance strengths and address shortcomings. This commitment to skill development ensures that subordinates are equipped to handle their delegated tasks effectively.

18. Show Appreciation:

Express gratitude and recognition for a job well done. Regularly acknowledging and appreciating the efforts of subordinates reinforces positive behavior within the team, motivating them to continue performing at a high level.’

Q.14 Explain the advantages and disadvantages of centralisation.

Advantages of Centralisation:

1. ***Uniformity of decisions and actions***: Centralisation permit uniformity in decisions and actions because all decisions are taken at one point

2. ***Uniformity in organisational working***: Centralisation facilitat uniformity in organisational workingIt is so because (1) all policies, procedures rules are framed at one point and (ii) all decisions and actions originate from one point.

3. ***Personal leadership***: Centralisation facilitates personal leadership This, in tum facilitates quick decisions and actions which are essential for the success of every organisation.

4. ***Facilitates integration and coordination***: In a centralised organisation (1) lines of authority are clear, and (ii) policies, decisions and directions are uniform. There is little chance of confusion among organisation members. Such situations facilitate integration and coordination of activities in the organisation.

5. ***Effective leadership***: Centralisation tends to make top managers more powerful and strong. Such powerful managers can provide effective leadership to the organisation in a dynamic and complex business environment.

6. ***Reduced mistakes by subordinates***: Subordinates tend to make less mistakes because all the important decisions and actions are taken by top managers.

7. ***Expert services***: Centralised organisations can easily and economically avail expert services of the specialised personnel.

8. ***Closer control of operations***: Centralised organisation facilitate close control of operations performed by the lower-level subordinates.

9***. Increased efficiency/economy***: Centralisation of authority helps to avoid overlapping and duplication of activities and efforts. Top managers can utilise the resources in a most efficient way. They can hire managers with simple skills at lower levels, at lower rates of remuneration. All this leads to considerable efficiency and economy in the operation of the enterprise.

10. ***Facilitates crisis/emergency management***: Quick decisions, actions and the mobilisation of resources are the prerequisite for handling crisis and emergency situations effectively. Centralisation facilitates all these things. This, in turn, facilitates crisis and emergency management in an effective way.

Disadvantages of Centralisation:

Following disadvantages are associated with centralisation of authority:

1. ***Increased burden on top managers:*** Centralisation of authority means all decisions and actions by top managers. This increases burden of top managers.

2. ***Delay in decisions and actions***: Centralisation may cause delay in decisions and actions.

3. ***Weak organisation structure***: Centralisation of authority may weaken the organisation structure because of disparities in distribution of authority.

4. ***Abuse of power***: It has been rightly said that 'power corrupts simply and absolute power corrupts absolutely.' Centralisation of authority may lead to abuse of power and corrupt the managers enjoying absolute power.

5. ***Bureaucratic and autocratic organisation***: Over centralisation of authority fosters bureaucratic and autocratic atmosphere in the organisation. It tends to discourage initiative, enthusiasm and dynamism among the organisation members.

6. ***Weak communication system***: In a centralised organisation, system of communication tends to be weak. Free flow of communication among organisation members is generally absent. Top managers usually remain ignorant of the views, and problems of the organisation members.

7. ***Frustration in subordinates***: Centralisation may cause frustration in subordinates. It is because of the fact that they are unable to use their discretion but are forced to operate in accordance with the decisions of top managers.

8. ***Hampers growth***: Centralisation may hamper organisational growth and development. It hampers growth of middle and lower-level managers. Moreover, top managers remain ignorant of real opportunities for growth.

In view of these facts, absolute centralisation should be avoided.

Q.15 What is decentralisation of authority? Explain its advantages and disadvantages.

Decentralization is the opposite of centralization. It means that the power to make decisions is given to the people who are directly involved in the day-to-day work or operations. In decentralized organizations, decision-making authority is distributed to various levels, allowing employees at different levels to make choices related to their tasks and responsibilities.

According to Henri Fayol, "*Everything that goes to increase the importance of the subordinate's role is decentralisation*."
In the words of Allen, "*Decentralisation implies consistent and systematic effort to delegate to the lowest levels of all authority except that which can only be exercised at central points.*"

Thus, decentralisation of authority refers to the extent to which decision-making authority is widely dispersed within the organisation. In a decentralised organisation, top mangement retains authority to make certain important decisions such as setting overall objectives, strategic planning, policy formulation etc. and delegates the authority to make operating decisions at the point as near as possible where actions take place.

Advantages of Decentralisation:

The main advantages of decentralisation of authority are as follows:

1. ***Reduces burden of top managers***: Decentralisation of authority reduces the workload of top managers as they are free from the routine operational decision-making work. They can devote their time on more important work of strategic planning, policy formulation and so on.
2. ***Quick decisions***: It facilitates quick decisions as the decisions can be made on the spot without consulting higher level managers.
3. ***Better decisions***: Decisions are likely to be better because they are made by the persons closest to situation. Moreover, decisions are likely to be adapted to local conditions.
4. ***Better communication***: Decentralisation improves organisation's communication system. It is due to the fewer levels of authority and lesser distance between the points of information generation and the points of action.
5. ***Training and development***: It facilitates training and development of managers at middle and lower levels in the organisation. It is because managers at these levels are allowed to make decisions and take actions independently. In this process they develop many skills and talent.
6. ***Democratic atmosphere***: Decentralisation promotes democratic atmosphere in the organisation because of dispersal of authority throughout the organisation.
7. ***Improves motivation and morale***: Decentralisation enables subordinates to exercise their own judgement and initiative which promote job satisfaction. This ultimately improves motivation and morale of subordinates.
8. ***Effective supervision and control:*** The greater the degree of decentralisation, the more effective is the supervision and control. Under decentralisation, lower-level managers have full authority as regards operation of activities. They can change work assignment or production schedules, or can recommend promotion of the subordinates and can take disciplinary action wherever necessary. It facilitates effective supervision. Control can also be made effective by evaluating the performance of each unit in the light of predetermined standards.
9. ***Provides flexibility***: Decentralisation provides flexibility to meet changing needs at local levels.
10. ***Survival and growth of organisation***: Decentralisation contributes to survival and growth of organisation. It is so because it creates multiple managerial centres to cope with diverse and unique situations of the organisational environment.

Disadvantages of Decentralisation:

Following are some of the disadvantages associated with decentralisation of authority:

1. ***Loss of control***: Decentralisation creates semi-autonomous departments in the organisation. In such an organisation structure, there is a damage that top management may lose its control over the functioning of different departments.

2. ***Difficulty in coordination***: Decentralisation may create problems in bringing coordination among the different departments of the organisation.

3***. Lack of uniformity***: Uniformity of decisions and actions may be lacking in decentralised organisation. It is because of lack of uniform policies and procedures of different departments.

4. ***High Cost***: Decentralisation of authority is likely to increase cost of administration and operation. It is mostly due to the duplication of activities, highly paid middle and lower level managers etc.

5. ***External limitations***: Sometimes, decentralisation may not be advantageous for external limitations. Growing competition, increasing complexities and uncertainties, rising cost of materials and services and so on are some of the external limitations that hampers the tendency of decentralisation.

6. ***Imbalance***: It is very difficult to strike a balance between the degrees of centralisation and decentralisation. Operating functional departments demands more autonomy whereas top managers want to retain control more and more. This situation may lead conflicts between the two levels of managers.

7. ***Competition among departments***: Decentralisation may lead to unnecessary unfair competition among the decentralised departments. They may compete with each other in the market. They may even compete for a higher share of resources and facilities in the organisation.

8. ***Inconsistent Decision-Making:***
In a decentralized structure, different departments may make decisions based on their own priorities and perspectives, leading to inconsistencies across the organization. This lack of consistency can impact the overall strategic direction and cohesiveness of the company.

9. *Difficulty in Standardization:*
Standardizing processes and procedures becomes challenging in a decentralized organization. Each department may develop its own set of practices, making it difficult to implement standardized and efficient methods across the entire organization.

10. *Communication Challenges:*
Communication can become a significant challenge in a decentralized structure. The flow of information between departments may be hindered, leading to misunderstandings, delays, and a lack of awareness about the overall organizational goals and initiatives.

11. *Potential for Power Struggles:*
Decentralization can sometimes lead to power struggles among different departments or units. Conflicts may arise as each unit vies for resources, influence, and control, creating a competitive rather than collaborative environment.

12. *Risk of Duplication:*
Decentralization may result in the duplication of resources and efforts across various departments. Each department may independently invest in similar functions, technologies, or personnel, leading to inefficiencies and increased costs.

13. *Difficulty in Resource Allocation:*
Allocating resources effectively becomes a complex task in a decentralized structure. Determining the appropriate distribution of funds, manpower, and other resources among diverse departments requires careful consideration and may lead to suboptimal outcomes.

Q.16 Explain the factors determining degree of decentralisation.

Following are the important factors that determine the degree of decentralisation of authority in an organisation.

1. ***Size and complexity of organisation:*** The size and complexity of an organisation is the strongest single factor determining the degree of decentralisation. Usually, the larger the organisation, more authority needs to be decentralised. Similarly, multi-product organisation having varying kinds of customers and varied marketing channels is likely to be highly decentralised.

2. ***History and age of organisation:*** An organisation which has grown gradually under the leadership of a particular person, is likely to be more centralised. On the other hand, organisation which has grown by acquisitions and mergers, is likely to be more decentralised. Thus, the history of organisation growth also decides the degree of decentralisation.

3. ***Philosophy of top management:*** Where the top management believes in democratic values and participative management, there will be higher degree of decentralisation. Conversely the opposite i.e., centralisation.

4. ***Competence of managers***: Where the competent managers are available at middle and lower levels in the organisation, there tends to be decentralisation of authority. But the shortage of competent managers would limit decentralisation.

5. ***Willingness of subordinates:*** Not only the abilities but willingness of subordinates also has a bearing on the degree of decentralisation. Where subordinates are willing to assume responsibility, the organisation is likely to be more decentralised.

6. ***Geographical dispersion of the organisation***: In a geographically dispersed organisation operations are carried out at different locations. More the geographical dispersion, more the degree of decentralisation is beneficial. But every function should not be decentralised. Control of operational functions may be pushed down to lower levels in the organisation but control of financing function should be centralised.

7. ***Significance of the decisions:*** As a general rule, the more the significant decision is to be made, it is likely to be made at the upper levels of the organisation. Therefore, the decisions which are vital to the survival and success of the organisation are centralised. For instance, the decisions involving huge investments and high risk, affecting long-term standing and goodwill of the organisation are made by the upper level managers. But routine decisions involving very low cost and risk are decentralised.

8. ***Impact of decisions:*** The decisions that have inter-departmental or inter-divisional implications must be centralised. Authority to make decisions must be retained by upper level managers whose authority extends over more than one department.

9. ***Desire for uniformity of policy:*** Managers who want uniformity of policy, decisions and actions favour centralisation. Where uniformity of policy is not needed, managers tend to decentralise the authority.

10. ***Desire for independence:*** Where the individual or groups desire high degree of independence from the bosses, authority needs to be decentralised.

11. ***Adequacy of communication system:*** Adequate and effective communication system is favourable for centralisation of authority. It is because of the reason that top managers can get

the information in time and can easily exercise centralised control where it is inadequate and ineffective, decentralisation of authority becomes essential.

12. ***Control system:*** The control system in an organisation may also decide the degree of decentralisation. Where the available system of control is far from satisfaction, managers are unwilling to decentralise their authority. Conversely, where it is effective, degree of decentralisation tends to be greater.

13. ***Environmental factors:*** Where environmental factors are comparatively static and controllable, centralisation is suitable. But if these factors are ever changing, unstable and beyond the control of managers, the organisation needs to be decentralised.

Q.17 **Write a short note on Span of control.**

'Span of control is also known as 'span of management, span of supervision', and 'span of responsibility'. The concept of span of control refers to the number of employees who are directly reporting to a given superior. It also refers to the number of employees who can be effectively and efficiently supervised directly by a manager or superior.
The principle of span of control is founded upon the premise that a manager cannot directly supervise unlimited number of subordinates. His ability to supervise a large number of subordinates is constrained by many factors including the time, knowledge, energy etc. Thus, the principle of span of control states that no manager should have more employees under his direct supervision than he can effectively and efficiently supervise and control.

Usually, most organisations tend to have narrower than wide span of control. The logic for this is that normally a manager can more closely and effectively supervise a reasonably fewer number of employees.

Ideal Span :

There is no consensus on a specified ideal or appropriate span of control. Management thinkers and practitioners have found that four to eight subordinates for the managers at the upper level of the organisation and eight to fifteen or more for the managers at the lower levels is the appropriate number for ideal span of control. Urwick, for instance, has suggested that ideal number of subordinates for all upper level managers to be four while for managers at lower levels (where performance of tasks takes place) the number may be eight to twelve. Ernest Dale found that the number may range between 8 and 20.

But modern theorists believe that many factors influence the appropriate span of control Therefore, no ideal span of control exists for all kinds of managerial situations.

Graicunas Theory of Relationships :

Although it is not possible to specify the correct span of control for every situation, but number of relationships of a managerial position goes a long way in deciding the span of control. V.A. Graicunas, a French management consultant worked on this premise and derived a formula to determine possible number relationships of a manager having a given number of subordinates.

Graicunas has identified three types of superior-subordinate relationships as follows:

1. Direct single relationships: Relationships that arise from direct interaction by a manager with each subordinate. This is one-on-one relation of manager with each subordinate.
2. Direct group relationships: Relationships that arise between a manager and groups of subordinates.
3. Cross relationships: Relationships that arise among subordinates themselves working under a manager.

Graicunas formulae to calculate these relationships are as follows:

1. Direct relationships = Number of subordinates.
2. Cross relationships n(n - 1)
3. Direct group relationships= n(2^n/2-1)
4. Total relationships = n (2^n/2+n-1)

Where R represents the total number of relationships, n represents the number of subordinates reporting to the manager i.e. direct relationships.

According to Graicunas formula, a manager with two subordinates would create six relationships. For example, if Anta has two subordinates normely, Banta and Santa, the six possible relationships would arise as follows:

Direct relationships
Anta meets and talks with Banta - 1 Relationship
Anta meets and talks with Santa - 1 Relationship

Group relationships
Anta meets and talks with Banta when Santa is present. - 2 Relationship

Cross relationships
Banta meets Santa when Anta is not present - 1 Relationship
Santa meets Banta when Anta is not present - 1 Relationship
Total - 6 Relationships

Criticism of Graicunas theory:

Graicunas theory has been criticised on the following counts:

1. It is based on the false assumption that all relationships arise with equal frequency. It is not so in real life situations.
2. It is based on yet another false assumption that all relationships occur with equal intensity.
3. It does not determine the exact number of relationships that exists but indicates the possible number of relationships.
4. does not indicate the relationships that arise due to the sideways interactions such as with service departments.

FACTORS DETERMINING SPAN OF CONTROL

Following are the factors that affect the span of control :

1. ***Ability of manager***: Ability of manager is the most important factor determining the span of control. A manager who is able, competent and well trained can effectively supervise more employees than one who is not.

2. ***Ability of subordinates:*** Able, competent and well trained employees require less supervision and less contacts with their managers. Hence, managers can go for wider span of control if the subordinates are skilled, trained and experienced.

3. ***Nature of jobs or tasks***: If the tasks are interlocked, interdependent, complex and varied, narrow span of control is essential such jobs require more involvement of manager/superior. But simple, routine and repetitive tasks may allow for wider span of control.

4. ***Similarity of jobs***: Span of control shall be broader if the manager is supervising subordinates performing similar jobs. If jobs are substantially different, narrower span of control will be required.

5. ***Geographical proximity of employees:*** Physical/geographical proximity of the supervised employees generally allows wider span of control. Employees working in one location and nearer to manager can be easily and effectively supervised. But a manager supervising employees working in distant place and different locations will require a narrower span of control. However, in such situations, the communication technology used in the supervision will have a great bearing on the span of control.

6***. Amount of Coordination:*** Where managers are required to spend much time on coordinating the activities of employees, a narrower span of control is warranted on the other hand, where self-coordination of activities is possible, much wider span of control may be suitable.

7. ***Clarity of plans:*** Where the plans are well defined and workable, little supervision is needed in their implementation. In such a situation, managers can operate with wider span of control. On the other hand, if plans, policies, and procedures are ambiguous, subordinates may require considerable guidance. Hence, span of control has to be narrow.

8. ***Clarity of delegation of authority:*** When a manager has clearly delegated authority to his subordinates, the subordinates require minimum of the manager's time and attention. In such a situation, a wider span of control may be opted for. Conversely the opposite.

9. ***Degree of decentralisation:*** When the degree of decentralisation (or the degree of employee's empowerment) is high, employees can make decisions at the points of action. Hence, a superior can have larger span of control, but in the case of centralisation, a superior is required to make many decisions. Hence, he will have to have a limited span of control.

Newman and Summer states, an executive who personally makes many decisions is able to supervise fewer subordinates than one who merely provides occasional advice and encouragement.

10. ***Quality of standards/control system:*** Quality of standards (control system) used for performance evaluation also determine the span of control. If the standards used are objective,

wider span of control may be effective. On the other hand, if the standards are subjective and non-quantitative, narrow span of control becomes necessary.

11. ***Nature of environment***: Some managers operate in more unstable environment than the others. The managers operating in more unstable environment need to have narrow span of control. Conversely the opposite.

12. ***Communication system and technology:*** Where communication system is effective, wider span control is advisable. Conversely the opposite. Similarly, where modern communication technology (such as emails, mobile phones, conference calls, mobile computing, information sharing software etc.) is used, managers can effectively supervise a large number of employees. In such a case, managers can even effectively supervise a large number of employees who are not geographically proximate and are involved in complex and different jobs.

13. ***Need for personal contacts:*** Sometimes, personal contacts with subordinates are essential for getting things done effectively. Where face-to-face contacts are frequently required, narrow span of control is suggested. If face- to-face contacts are occasionally required, manager can operate with wider span of control.

14. ***Level of managers in organisation:*** Level of managers in organisation is one of the most important determinants of span of control Usually higher the level of managers in organisation, the smaller the span of control. Therefore, upper-level managers, who deal with complex problems, have smaller span of control than the middle level managers. Similarly, middle level managers will require a smaller span of control than the first-line managers.

15. ***Staff assistance:*** Where the staff assistance is available, manager can operate with wider span of control. It is due to the reason that manager can supervise larger number of subordinates.

Thus, it clear that appropriate span of control for any managerial position depends on all these factors. A manager should consider these factors simultaneously while deciding the appropriate span of control.

Q.18 What is coordination? Explain its Importance and Techniques in detail.

If tasks need to be divided among people, it's crucial to coordinate their efforts. This idea still holds true today and will likely remain important forever. Managers divide tasks among individuals and departments in organizations. It's essential to coordinate these efforts to achieve the organization's goals. Managers not only need to coordinate within the organization but also integrate activities with the outside world. This means ensuring cooperation between different parts of the organization and aligning their work with external factors. In simple terms, managers must make sure everyone works together efficiently both inside and outside the organization to reach their goals.

MEANING AND DEFINITIONS OF COORDINATION

In the words of Henri Fayol, "To coordinate is to harmonize all the activities of a concern in order to facilitate its working and its success."

Weihrich and Koontz have opined that "Coordination is the essence of managership, for achieving harmony among individual efforts toward the accomplishment of group goals."

Thus, Coordination is like the conductor of an orchestra, ensuring that all the musicians play together harmoniously. In an organization, it's the process of making sure everyone works together smoothly to achieve the organization's goals efficiently and effectively.

Think of it as creating a beautiful melody where every instrument plays its part at the right time and in the right way. In the context of an organization, coordination is the art of achieving this harmony and order among the efforts of individuals and departments. It involves a manager reconciling differences in how people work, when they work, the effort they put in, and what they're interested in. The goal is to align everyone's individual objectives with the organization's objectives, just like harmonizing different musical notes to create a wonderful symphony.

NEED/IMPORTANCE OF COORDINATION

Coordination stands as the cornerstone of organizational survival, growth, and prosperity. Chester I. Barnard's insight, "the quality of coordination is the crucial factor in the survival of the organization," underscores its paramount importance. Here's a detailed exploration of why coordination is indispensable:

1. **Benefits of Specialization:** In today's specialized world, divisions of labour are essential. Managers allocate tasks to specialists, necessitating seamless coordination to harness the advantages of specialization. Luther Gulick rightly emphasized that as work specialization deepens, coordination becomes imperative.
2. **Integration of Interdependent Units:** Organizations often comprise units reliant on each other's performance. For instance, in textile mills, weaving depends on spinning. Effective coordination ensures these interdependent units work harmoniously, enhancing overall performance.
3. **Reconciling Different Approaches:** Diverse individuals may employ varying approaches to achieve organizational goals. Managers must harmonize these differences, aligning individual methods with the overarching organizational approach for unified action.
4. **Harmonizing Diverse Interests:** Employees possess personal goals, sometimes conflicting with organizational objectives. Managers mediate these differences, demonstrating how individual and organizational goals can align. This fosters mutual understanding and cooperation.
5. **Total Accomplishment:** Coordination amplifies achievements. Through synergy, coordinated efforts yield outcomes greater than the sum of individual contributions. It's akin to making 2+2 equal more than 4, a result of the synergistic effect of coordination.
6. **Enhancing Managerial Process:** Coordination elevates every managerial step—planning, organizing, directing, and controlling. It infuses purpose into planning, coherence into organization, and regulation into control, amplifying the effectiveness of the entire management process.
7. **Unity Amidst Diversity:** Organizations are diverse, embracing varied perspectives, emotions, and skills. Managers unify this diversity, finding strength in differences and fostering an inclusive environment.

8. **Employee Retention:** Well-coordinated organizations cultivate satisfied employees, ensuring their loyalty and longevity. Job satisfaction encourages executives to stay, fostering stability within the organization.
9. **Maintaining Human Relations:** Coordinated environments nurture positive human relations. Satisfied employees and high morale create a harmonious atmosphere, fostering strong interpersonal bonds.
10. **Boosting Productivity:** Coordination enhances resource efficiency and organizational effectiveness, leading to increased productivity. Well-coordinated efforts optimize resources, driving the organization toward its goals.
11. **Facilitating Change:** Coordinated organizations are adaptive and open to change. Their streamlined operations allow for easy introduction and acceptance of new ideas and strategies.

Additionally, coordination bestows various other benefits:

1. **Reduces Waste:** Minimizes resource and effort wastage.
2. **Prevents Duplication:** Eliminates redundant tasks and efforts.
3. **Ensures Unity:** Maintains a unified direction and command.
4. **Minimizes Costs:** Reduces unnecessary expenditures.
5. **Enhances Goodwill:** Boosts the organization's reputation.
6. **Fosters Precision:** Clarifies each department's roles and tasks.

In essence, coordination not only weaves together the multifaceted aspects of an organization but also serves as the catalyst propelling it toward unparalleled success and sustainability.

Techniques of Coordination

1. ***Hierarchy of authority***: According to classical thinkers, hierarchy of authority is one of the main techniques of coordination. Hierarchy of authority shows lines of authority and relations between the persons at various levels in an organisation. Superiors at each level exercise authority over their subordinates and ensure coordination. They do it by ensuring compliance to their orders by the subordinates.

2. ***Planning:*** A sound planning process ensures coordinated efforts. A sound planning process presupposes the sound and clear-cut objectives and targets for each member and department in the organisation. This makes it possible for every member of the organisation to understand his job and area of responsibility. This ultimately leads to better coordination among all the members and departments of the organisation.

3. ***Standing plans:*** Standing plans also serve as techniques of coordination. Standing plans include objectives, policies, procedures, methods, rules etc. These are impersonal techniques of coordination. The organisation provide guidance, directions or criteria for making decisions. They ensure consistency and uniformity in actions, decisions and behaviour in an organization. Thus, these facilitate coordination of efforts or activities of various individuals and departments in an organisation.

4. ***Communication system:*** Effective communication system in an organisation is key to proper coordination. Both written and oral communication methods ensure proper transmission of the plans, policies, procedures, methods. order, rules, reports, suggestions throughout the

organisation. Personal and face-to-face contacts serve to be most effective means of achieving coordination. Moreover, vertical, horizontal, diagonal communication channels in an organisation ensure balanced coordination in the entire organisation.

5. ***Committees, task forces or teams:*** Many big organisations use committees, task forces and teams for achieving coordination. These are group of members representing from different departments. The members of committees meet periodically and exchange their views, feelings and information and reach to a common decision. This common decision helps in coordinating the activities in different departments.

6. ***Conferences:*** Conferences are held at regular intervals to achieve coordination. Conferences provide a platform for free and frank discussion on the problems faced by different members and departments of an organisation. The participants can reach to common solutions to the problems and help in coordination.

7. ***Staff group:*** Sometimes, a specific staff group or a manager is assigned the responsibility of coordination within a department or between two or more departments. Such a staff group/manager can help in coordinating the efforts of the members of the department or departments. But the quality of coordination will depend on the experience, understanding, and the skills of the coordinating group or manager.

8. ***Informal coordination:*** All the organisation uses the techniques of informal coordination. Managers encourage social and unofficial relationships and interactions among the members of the organisation. This results in better understanding and better cooperation among the members. This also helps in self-adjustment and self-coordination.

9. ***Effective leadership and supervision:*** Effective leadership and supervision can continuously ensure coordination in the organisation. Leaders and supervisors can better guide and motivate their subordinates to their common goals and interests. Therefore, they help in developing a common outlook. This ultimately helps in achieving better coordination.

10. ***Incentives:*** Incentives to the individual members can be used to achieve coordination. Incentives that can serve mutual interests of the members are more effective in the process of coordination. For instance, profit-sharing plan can enhance the team spirit and cooperation. This may ultimately lead to better coordination.

11. ***Liaison departments:*** In big organisations, there is a frequent interaction between different departments of the organisation. In such organisations, a liaison department (officer) is created. This department ensures the coordination between the related and interdependent departments.

12. ***Induction:*** Induction can be used as a method of coordination. When new employees join the organisation, managers introduce them with the rules, regulations, procedures, social settings, behavioural norms, organisational values, beliefs and history. This introduction programme is known as the induction. This helps much to ensure coordination at early stage.

13. ***Indoctrination and training:*** Indoctrination and training can also be used as the methods of coordination. Through indoctrination, a manager can develop will to work for a common purpose in his subordinates. On the other hand, training makes the subordinates competent

enough to do their job in the best possible manner. Thus, indoctrination and training help in coordinating the efforts of all in the organisation.

14. ***Sound decision-making process:*** A well-established decision- making process would enable managers to coordinate effectively.

UNIT-3

MULTIPLE CHOICE QUESTIONS:

1) Who has given the hierarchy of needs hierarchy theory of motivation?

a) **Abraham Maslow**

b) David McClelland

c) Victor Vroom

d) Frederick Herzberg

2) How many levels are there in Needs Hierarchy theory of motivation?

a) 6

b) **5**

c) 4

d) 3

3) Name the motivation theory that is based on Satisfaction-progression?

a) Alderfer-ERG theory

b) **Maslow-hierarchy of needs theory**

c) Herzberg - Two factor theory

d) Skinner's reinforcement theory

e) Vroom's expectancy theory

4) The motivational process and not the motivators as such is associated with

a) **Need hierarchy theory**

b) Two factor theory

c) Berg theory

d) Expectancy theory

5) Who has suggested that achievement motivation among individuals and nations can be developed through training courses?

a) **MeClelland**

b) Alderfer

c) Maslow

d) Herzberg

6) ______________ is increasing Leadership rapidly:

a) Strategy

b) Command

c) Control

d) **Getting others to follow**

7) ______________ are the approaches to the study of leadership which emphasise the personality of the leader:

a) Contingency theories

b) Group theories

c) **Trait theories**

d) Inspirational theories

8) The Ohio State Leadership Studies revealed __________ and initiating structure as two major dimensions of leadership behaviour:

a) Control

b) Communication

c) Collaboration

d**) Consideration**

9) ___________used the terms "employee-centred" and "production-centred" to describe leader behaviour:

a) Blake and McCanse

b) Fiedler

c) McGregor

d) **Likert**

10) Contingency theories of leadership based upon:

a) **That there is no single style of leadership appropriate to all situations**

b) That there is a single style of leadership appropriate to all managers

c) That there is a single style of leadership appropriate to all situations

d) None of the above

SHORT ANSWER QUESTIONS

Q.1 What is Directing? Write its characteristics.

DIRECTING

- The directing function is the third step in the management process.
- Planning and organizing functions precede directing and set the groundwork for its implementation.
- Plans are formulated during the planning phase.
- The organizational structure is designed during the organizing phase.
- Competent personnel are assigned tasks and authority.
- Directing begins once plans are in place, the organizational structure is established, and personnel are assigned roles.
- The directing function places a significant emphasis on working with people.
- It involves guiding, motivating, leading, communicating, and supervising subordinates.

- The primary goal of directing is to achieve organizational objectives efficiently and effectively.
- **Key Aspects of Directing:**
  - **Guiding:** Providing clear instructions and setting the path for subordinates.
  - **Motivating:** Inspiring and encouraging individuals to give their best efforts.
  - **Leading:** Taking the initiative and guiding the team toward common goals.
  - **Communicating:** Ensuring effective and open communication channels within the organization.
  - **Supervising:** Overseeing tasks and activities to ensure they align with organizational goals.

Meaning And Definition

Directing is the process of initiating action according to a predetermined plan.
It involves a series of activities aimed at guiding, supervising, motivating, leading, and influencing people within an organization.

According to Ernest Dale, "Direction is telling people what to do and seeing that they do it to the best of their ability."
Thus, directing is the process of guiding, instructing, motivating. Influencing and leading subordinates with a view to achieve organisational objectives efficiently and effectively. It includes issuing of orders, explaining procedures to the subordinates and seeing that they do their tasks to the best of their ability.

Characteristics/Features of Directing:

The nature or function of directing has been discussed in the following features/characteristics:

1. ***A function of management:*** Directing is one of the most important functions of management. Marshall Dimock calls it the "heart of administration (management). In fact, it is an indispensable function of management because it is concerned with initiating, mobilising, influencing and integrating human resource of the organisation.

2. ***Pervasive function:*** Directing is all pervasive function. It is performed by all the managers at every level of the organisation. However, the amount of time and effort spent on directing varies by the level of managers.

3. ***Continuous process:*** Directing is a continuous or ongoing process. It is not a one-time activity or one-shot action. A manager never ceases to direct. guide, teach, coach and supervise his subordinates. Every manager has to guide, supervise, motivate or lead his subordinates continuously.

4. ***Integrating and connecting function***: Directing is an Integrating and connecting function between the other functions of managerial process.

5. ***Dynamic function*** Directing is a dynamic function. The style of directing depends on the level of subordinates and prevailing circumstances.

6. ***Two-fold objectives:*** Directing function has two-fold objectives: (i) To accomplish organisation objectives, and (ii) To develop managers. Thus, directing aims at not only to accomplish objectives but also to develop future managers.

7. ***Performance-oriented:*** Directing is the process around which all performance revolves. It is the essence of operations. Without proper direction, no task can be effectively performed. It is essential for effective performance of tasks.

8. ***Wide scope:*** Directing consists of many activities and processes. It consists of issuing orders and instructions, explaining procedures to the subordinates. It involves motivating and leading subordinates and seeing that they do their tasks to the best of their abilities.

9. ***Core of human relations:*** Directing is the core of human relations at work. It deals with interpersonal human relationships at work. Therefore, sometimes, it is also referred as the 'people' function of management. It involves the study and influencing the human behaviour and relations.

10. ***Communication based function*** Directing is founded upon communication system. In the absence of effective communication system, directing function can never be performed.

Q.2 What is Motivation? Write its Characteristics.

Motivation is the driving force behind human behaviour, influencing individuals to exert effort and perform tasks either efficiently or with varying degrees of effectiveness.

Motivation: Meaning And Definitions

Motivation, derived from the Latin word 'movere' (to move), signifies the forces driving individuals to specific behaviours. These forces encompass needs, wants, desires, aspirations, inner urges, and drives. Motivation is often defined as the willingness to expend effort in pursuit of a goal.

According to McFarland. "The concept of motivation is mainly psychological. It relates to those forces operating within the individual employee or subordinate which impel him to act or not to act in certain ways."

Thus, Motivation is what makes employees willingly put in a lot of effort to achieve the company's goals. It comes from both inside (like personal goals and desires) and outside (like the work environment). Internal forces push individuals, while external forces pull them. For managers, motivation is about energizing, guiding, and sustaining their employees' behaviour so that they enthusiastically work hard to reach organizational goals.

Characteristics/Nature:

1. **Internal Feeling:** Motivation is an internal force that originates within an individual. It represents the internal feelings, desires, and drives that influence a person's behaviour. These internal factors act as the impetus for action, guiding individuals towards specific goals.

2. **Continuous Process:** Motivation is a perpetual and unceasing process. Human needs, wants, and aspirations are boundless, creating a continuous cycle of motivation. The satisfaction of one need paves the way for the emergence of another, ensuring that the motivation process is ongoing.
3. **Dynamic Process:** The dynamic nature of motivation is intricately linked to the dynamic nature of human behaviour. Motivation is not static but evolves continuously as individuals respond to changing circumstances, needs, and desires.
4. **Psychological Concept:** Motivation is deeply rooted in psychology, focusing on the internal psychological forces that drive behaviour. It involves understanding the intricate workings of an individual's mind, exploring needs, aspirations, and the interplay of various psychological factors.
5. **Directing and Explaining Behaviour:** At its core, motivation is about directing and explaining behaviour. It delves into the ways in which internal forces, such as desires and needs, shape and guide human actions. It provides a psychological framework for understanding why individuals act in specific ways.
6. **Willingness to Exert Effort:** Motivation manifests as the willingness of an individual to exert effort. This willingness is a crucial component, driving individuals to invest their energy, time, and skills to achieve both personal and organizational goals.
7. **System-Oriented:** Motivation is intricately linked to a broader system that encompasses various factors. This includes internal factors within an individual (such as needs and values), factors within the organization (like structure and work environment), and external factors in the surrounding environment (including societal norms and culture). The interplay of these factors defines the systemic nature of motivation.
8. **Need-Satisfying Process:** Motivation is often viewed as a need-satisfying process. Unsatisfied needs create a state of tension, prompting individuals to embark on a search for specific goals that, when attained, alleviate this tension. This process of need satisfaction is fundamental to the motivational cycle.
9. **Energizing Force:** Motivation acts as an energizing force. It encourages and stimulates individuals to channel their efforts toward the achievement of organizational goals. This dynamic force propels individuals to put in the necessary effort to attain rewards or fulfill personal needs.
10. **Positive or Negative:** Motivation can take both positive and negative forms. Positive motivation involves the use of incentives such as rewards, recognition, or promotions to encourage better work. Conversely, negative motivation employs punishments or penalties, such as reprimands or threats of demotion, to influence behavior.
11. **Motivation of the Whole Individual:** Recognizing individuals as integrated wholes is a fundamental aspect of motivation. It involves understanding that motivation is a psychological concept that applies to the entirety of an individual. Partial motivation is not feasible; instead, the entire person is the focus of motivational efforts.
12. **Frustration Impact:** Frustration, stemming from the inability to satisfy basic needs, has a significant impact on motivation. A frustrated individual, unable to address fundamental needs, faces challenges in being motivated effectively. Satisfaction of these needs is a prerequisite for successful motivation.
13. **Differentiation from Morale:** Motivation and morale, although related to individual and group psychology, are distinct concepts. While motivation is concerned with the driving forces behind behaviour, morale pertains to the attitudes and feelings individuals or groups hold about their work and work environment. Motivation is individualistic, whereas morale is a broader group-oriented concept.

14. **Motivation vs. Job Satisfaction:** Motivation and job satisfaction are separate yet interconnected concepts. Job satisfaction revolves around positive emotional attitudes an individual holds towards their job, stemming from their performance and work situation. Motivation, on the other hand, results from both job satisfaction and the fulfilment of individual needs. While job satisfaction contributes to motivation, the two concepts encompass different facets of the individual's experience in the workplace.

Q.3 **Write the Classification of Motivation.**

TYPES/CLASSIFICATION OF MOTIVATION

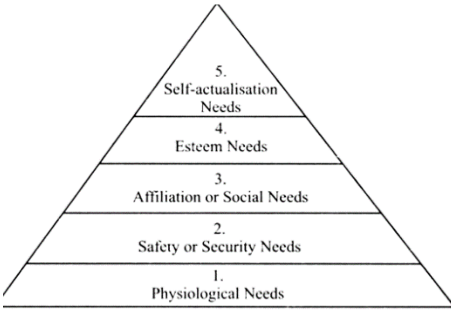
1. **Positive and Negative Motivation:**
   Positive Motivation: Encouraging others to work or behave as desired through rewards. These can be either monetary (like pay and benefits) or non-monetary (such as praise or participation in decision-making). Creates a positive and friendly work environment, fostering a sense of belonging among employees.
   Negative Motivation: Controlling behavior through fear or punishment, like threats of wage cuts, demotion, or transfer. Experts suggest avoiding negative motivation as it can lead to frustration and lower productivity in the long run.
2. **Extrinsic and Intrinsic Motivation:**
   Extrinsic Motivation: Comes from external factors like higher wages, promotions, and fringe benefits. It's related to the job environment and serves as a reward after completing tasks.
   Intrinsic Motivation: Arises from the satisfaction derived while doing a job. It's an internal reward linked to job content, such as responsibility and opportunities for achievement. Herzberg recommended job enrichment for intrinsic motivation.

Intrinsic motivators, like personal growth and recognition, can be more motivating for some individuals, but both extrinsic and intrinsic motivators are essential. Wages, job security, and benefits are crucial for recruitment and retention, while intrinsic motivators contribute to job satisfaction.

3. **Financial and Non-Financial Motivations:**
   Financial Motivation: Involves direct or indirect monetary benefits, including wages, bonuses, profit-sharing, pension plans, and health insurance.
   Non-Financial Motivation: Not tied to monetary rewards; it's psychological and satisfies higher-level needs like social, esteem, and self-actualization. Includes work environment, praise, recognition, promotions, and increased authority and responsibility.

A well-rounded motivation system incorporates both financial and non-financial incentives to ensure employee satisfaction, productivity, and organizational success

Q.4 Describe in brief the Maslow's theory of human motivation.



Abraham Maslow, a prominent psychologist, introduced the concept of the Hierarchy of Needs, which has become a fundamental theory in psychology, sociology, and various other fields. This theory suggests that human needs can be organized into a hierarchical structure, with basic needs at the bottom and higher-order needs at the top. By understanding Maslow's Hierarchy of Needs, we gain valuable insights into human motivation and behaviour. In this essay, we will delve deeper into each level of the hierarchy, exploring real-life examples to illustrate how these needs manifest in everyday situations.

1. Physiological Needs: At the base of Maslow's pyramid are physiological needs, the most fundamental requirements for human survival. These include air, water, food, shelter, clothing, and sleep. Without satisfying these needs, individuals cannot function properly or focus on higher-order needs. Consider the plight of a homeless person living on the streets. Their primary concern is to secure food and shelter, highlighting the critical importance of physiological needs in real-life situations.

2. Safety Needs: Once physiological needs are met, individuals seek safety and security. Safety needs encompass physical safety, financial stability, health, and protection from accidents and harm. An example of safety needs in action can be observed in the behaviour of a family striving to live in a safe neighbourhood. They invest in a secure home, ensuring their children can play outdoors without fear, and pursue stable employment to provide financial security, thereby fulfilling their safety requirements.

3. Social Belongingness and Love Needs: Moving up the hierarchy, social belongingness and love needs come into play. These needs emphasize the importance of interpersonal relationships, friendships, and intimacy. Human beings inherently crave love and affection, seeking acceptance and validation from others. A real-life example of this need is evident in the bonds between friends, family members, and romantic partners, where emotional connections and mutual support fulfill the need for love and belongingness.

4. Esteem Needs: Esteem needs focus on self-respect, confidence, achievement, and recognition from others. These needs motivate individuals to pursue accomplishments, gain recognition, and feel valued in their communities. For instance, consider an employee working diligently to receive a promotion at work. The desire for recognition and a sense of achievement fulfills their esteem needs, driving them to excel in their profession.

5. Self-Actualization Needs: At the top of Maslow's hierarchy are self-actualization needs, representing the realization of one's full potential, pursuing personal growth, and achieving self-fulfillment. Individuals striving for self-actualization engage in creative endeavors, pursue meaningful goals, and seek personal development. An example can be found in the life of a passionate artist who dedicates their time to creating meaningful artworks, expressing their unique perspective and fulfilling their creative potential.

In simple words, Maslow's Hierarchy of Needs teaches us that when people have their basic needs met, they can be their best selves. By understanding and taking care of these needs, we can make the world a nicer place for everyone. It's like building a strong foundation for a house. When the base is sturdy, the whole house stands tall and strong. Similarly, when people's basic needs are met, they can achieve great things and be happy, making the world a better and kinder place for everyone.

Q.5 **Write the meaning and characteristics of Leadership.**

Leadership is one of the essential functions that must be performed by all the managers. The success of all the managers largely depends on the capacity to lead their subordinates. However, it is not easier to master the art of leadership.

Meaning And Definitions Of Leadership

Leadership has different meanings to different persons. But in terms of managing, leadership is the art of leading others towards a goal. More specifically, leadership is the process of influencing others to work enthusiastically to achieve predetermined goals.

In the opinion of Weihrich and Koontz, "Leadership is the art or process of influencing people so that they will strive willingly and enthusiastically towards the achievement of group goals."

Thus, leadership is the process and the art influencing the behaviour, attitudes, activities of people to work willingly and enthusiastically towards the accomplishment of group goals.

Nature/Characteristics:

1. **Foundation in Personal Qualities:** Leadership finds its roots in the personal qualities of individuals. It's not just a title; it's about how a person behaves and influences others. As Chester I. Barnard aptly put it, leadership is the quality of behavior through which individuals guide people or their activities.
2. **Performance and Effective Leadership:** While personal qualities are the foundation, the effectiveness of leadership hinges on performance. Peter Drucker rightly observed that leadership isn't about charisma but a continuous and often mundane commitment to work. It's the practical application that defines leadership.
3. **The Importance of Followership:** True leadership requires followership. Without willing followers, there is no leadership. Koontz and O'Donnell's assertion that the essence of leadership is followership highlights the interdependence between leaders and their followers. A leader's ability to inspire commitment is pivotal.
4. **Influence and Inspiration:** Leadership is a dynamic process of influencing and inspiring others. This involves shaping behavior, attitudes, and emotions. Leaders may employ various methods, such as rewards, coercion, or persuasion, to foster a collective commitment to shared goals.
5. **Continuous and Interpersonal Dynamics:** Leadership is an ongoing effort. It's not a one-time act but a continuous process of influencing group behavior. Communication is key in

maintaining this process. Moreover, leadership involves intricate interpersonal relations between leaders and their followers, emphasizing mutual influence and collaboration.

6. **Alignment of Goals and Shared Responsibility:** Effective leadership aligns individual and group goals. Leaders create a sense of shared purpose and commitment toward common objectives. This requires sharing ideas, experiences, and responsibilities, fostering a collective ownership of the group's endeavors.
7. **Pervasiveness in Management:** Leadership is not confined to a specific role or level in an organization. It permeates all levels and functions of management. It serves as the connective tissue that binds planning, organizing, motivating, and controlling into a cohesive whole.
8. **Dynamic Adaptability:** Leadership is a dynamic art that necessitates adaptability. No single style fits all situations. A leader's effectiveness hinges on their ability to assess and respond to the unique variables of each situation, showcasing the dynamic nature of leadership.
9. **Power Dynamics:** Power is foundational to leadership. Leaders derive power from various sources, including knowledge, authority, charisma, and distinctive personality traits. This power provides the means to influence the behavior and decisions of their followers.
10. **Formal and Informal Leadership:** Leadership can manifest in both formal and informal settings. Formal leadership is bestowed through organizational structures, while informal leadership emerges organically from peer influence. Recognizing and utilizing both forms is integral to effective leadership.
11. **Leadership vs. Management:** Leadership and management, while distinct, often overlap. Management involves planning, organizing, and controlling, while leadership is about inspiring and influencing. In practice, these roles may blur, emphasizing the complementary nature of effective leadership and management.
12. **Positive and Negative Dimensions:** Leadership can take both positive and negative forms. Positive leadership inspires and motivates, fostering a healthy work environment. Negative leadership may involve coercion or manipulation. Leaders must navigate ethical dimensions to ensure a positive impact on their followers.

Q.6 Write a Short note on Likert's Management Systems.

In the 1960s, Rensis Likert, an eminent management researcher, introduced the concept of Likert's Management Systems, which categorizes leadership styles into four distinct categories: Exploitative Authoritative, Benevolent Authoritative, Consultative, and Participative.

These systems delineate the relationships, communication, and decision-making processes between managers and subordinates within organizations. Likert's extensive research, conducted over three decades, has provided valuable insights into managerial practices, influencing organizations worldwide.

Likert's Four Management Systems:

1. Exploitative Authoritative System:

In the Exploitative Authoritative system, the responsibility lies predominantly with top-level management, leaving subordinates with minimal influence in decision-making processes. Subordinates are expected to follow instructions without questioning, leading to a lack of communication and teamwork. Managers in this system often resort to threats and fear to achieve desired outcomes. While this approach may yield short-term results, it hampers employee morale and engagement, resulting in high turnover rates and decreased productivity.

Advantages:

- Quick decision-making process.
- Clear hierarchy and structure.

Disadvantages:

- Low employee morale and job satisfaction.
- Limited creativity and innovation.
- High turnover rates.

2. Benevolent Authoritative System:

In the Benevolent Authoritative system, managers extend some trust to subordinates, employing a reward-based approach for motivation. However, decision-making remains concentrated at higher levels of the hierarchy. While employees receive rewards for their performance, limited communication and lack of involvement in decision-making lead to stifled creativity and employee disengagement.

Advantages:

- Rewards for good performance boost motivation.
- Some level of trust fosters a slightly better work environment.

Disadvantages:

- Limited employee involvement in decision-making.
- Lack of open communication stifles innovation.
- Potential for unhealthy competition among team members.

3. Consultative System:

In the Consultative system, managers demonstrate substantial trust in subordinates by seeking their input in decision-making processes. There is open communication throughout the organization, with employees actively participating in discussions. Managers value employee opinions and ideas, incorporating them into the decision-making process. This approach fosters a collaborative environment, enhancing teamwork and job satisfaction.

Advantages:

- Increased employee engagement and job satisfaction.
- Enhanced communication and collaboration among team members.
- Better utilization of diverse perspectives leads to innovative solutions.

Disadvantages:

- Decision-making process might be slower due to extensive consultations.
- Possibility of information overload.
- Challenges in balancing diverse opinions and reaching a consensus.

4. Participative System:

In the Participative system, managers have complete confidence in their subordinates, encouraging active participation in decision-making processes. This approach empowers employees to contribute ideas and opinions freely. Open communication channels, both horizontally and vertically, create a transparent work environment where employees feel valued, leading to high job satisfaction, creativity, and productivity.

Advantages:

- High employee morale and motivation.
- Enhanced creativity and innovation.
- Strong teamwork and collaborative problem-solving.

Disadvantages:

- Decision-making process may be time-consuming.
- Possibility of conflicts arising from diverse opinions.
- Requires a high level of trust and effective communication.

LONG ANSWER QUESTIONS

Q.1 Explain the concept, Importance and Essentials of Directing.

DIRECTING

- The directing function is the third step in the management process.
- Planning and organizing functions precede directing and set the groundwork for its implementation.
- Plans are formulated during the planning phase.
- The organizational structure is designed during the organizing phase.
- Competent personnel are assigned tasks and authority.
- Directing begins once plans are in place, the organizational structure is established, and personnel are assigned roles.
- The directing function places a significant emphasis on working with people.
- It involves guiding, motivating, leading, communicating, and supervising subordinates.
- The primary goal of directing is to achieve organizational objectives efficiently and effectively.
- **Key Aspects of Directing:**
    - **Guiding:** Providing clear instructions and setting the path for subordinates.
    - **Motivating:** Inspiring and encouraging individuals to give their best efforts.
    - **Leading:** Taking the initiative and guiding the team toward common goals.
    - **Communicating:** Ensuring effective and open communication channels within the organization.

- **Supervising:** Overseeing tasks and activities to ensure they align with organizational goals.

MEANING AND DEFINITION

Directing is the process of initiating action according to a predetermined plan.
It involves a series of activities aimed at guiding, supervising, motivating, leading, and influencing people within an organization.

According to Ernest Dale, "Direction is telling people what to do and seeing that they do it to the best of their ability."
Thus, directing is the process of guiding, instructing, motivating. Influencing and leading subordinates with a view to achieve organisational objectives efficiently and effectively. It includes issuing of orders, explaining procedures to the subordinates and seeing that they do their tasks to the best of their ability.

IMPORTANCE OF DIRECTING

1. **Achieving Goals through Others:** Directing is indispensable for getting things done through others. Managers provide guidance, instructions, supervision, and motivation, crucial for translating plans into action.

2. **Initiating Action:** Directing serves as the catalyst for action. Managers use direction to motivate and influence subordinates, ensuring the initiation of actions necessary for achieving objectives.

3. **Execution of Plans and Decisions:** Effective directing is essential for the execution of plans and decisions. Without proper guidance, even the best plans and decisions may not yield the desired results.

4. **Coordination:** Coordination is a natural outcome of good managerial directing. Directing contributes to the coordination of activities within the organization, ensuring a harmonious alignment of efforts.
5. **Managerial Development:** Directing plays a crucial role in developing future managers. Managers, through the directing function, constantly coach, counsel, guide, and advise subordinates, contributing to the growth of efficient future leaders.

6. **Objective Achievement:** Directing facilitates the integration of individual objectives with organizational objectives, contributing to the effective accomplishment of overall organizational goals.

7. **Management of Change:** Directing helps in managing resistance to change. By skilfully using the directing function, managers can encourage employees to accept and adapt to changes in the organization.

8. **Work Environment Creation:** Proper directing is instrumental in creating a positive work environment. Managers, through effective directing, mobilize and motivate employees, influencing their behaviour to foster a conducive work atmosphere.

9. **Employee Motivation:** Through directing, managers address both physical and psychological aspects of employees, motivating them to contribute positively to the organizational goals.

10. **Stability and Growth:** Effective directing, encompassing supervision, communication, motivation, and leadership, contributes to the stability and growth of the enterprise.

11. **Irreplaceable Function:** Directing is considered irreplaceable. Even with advancements in technology, computer-aided work procedures cannot substitute the human touch and leadership involved in the directing function.

ESSENTIALS FOR EFFECTIVE DIRECTING

1. **Principle of Directing Objective:**
   - *Clear Understanding:* Subordinates should have a clear understanding of the objectives of directing.
   - *Role Clarity:* Subordinates should be aware of their roles in achieving these objectives.
2. **Principle of Harmony of Objectives:**
   - *Individual and Organizational Harmony:* Effective directing requires harmony between individual and organizational objectives.
   - *Contributing to Organizational Goals:* The directing system should encourage individuals to fulfill their objectives while contributing to the achievement of organizational goals.
3. **Principle of Unity of Command:**
   - *Single Reporting Relationship:* Subordinates should receive orders and instructions from only one superior.
   - *Accountability:* Subordinates should be accountable to only one superior to avoid conflicting instructions.
4. **Principle of Direct Supervision:**
   - *Objective Methods:* Managers should ensure direct supervision, supplementing objective methods with personal interaction.
   - *Communication and Problem-Solving:* Direct supervision facilitates better communication, immediate problem-solving, and the collection of valuable suggestions.
5. **Principle of Leadership Style:**
   - *Adaptability:* Effective directing requires an appropriate leadership style that can vary based on the environment.
   - *Desired Response:* Managers should adopt styles that elicit the desired response from subordinates.
6. **Principle of Communication:**
   - *Two-way Communication:* Maintain a sound two-way direct communication system.
   - *Free Flow:* Ensure the free flow of ideas, information, suggestions, complaints, and grievances between superiors and subordinates.
7. **Principle of Motivation:**

- *Motivational Techniques:* A manager must motivate subordinates for effective directing.
   - *Satisfying Needs:* Satisfy physiological and psychological needs to make subordinates more receptive to orders and instructions.

8. **Principle of Individual Contribution:**

- *Maximizing Contributions:* Directing should aim at maximizing individual contributions to the attainment of objectives.

9. **Principle of Participation:**
- *Inclusive Decision-Making:* Directing is more effective when subordinates actively participate in the process.
- *Consideration of Ideas:* Solicit and consider ideas, opinions, views, and suggestions from subordinates before issuing directions.

10. **Principle of Informal Relations:**
- *Development of Informal Relations:* Managers should develop informal relations with subordinates.
- *Recognition of Informal Groups:* Recognize and promote informal groups and their leaders to enhance the effectiveness of directing.

11. **Principle of Appropriate Techniques:**
- *Task and Situation-Based:* Select and use appropriate directing techniques based on the nature of the task and the prevailing situation.
- *Adaptability:* Techniques of supervision should be suitable for the person supervised and the task performed.

12. **Principle of Follow-up:**
- *Continuous Process:* Directing is a continuous process that requires follow-up.
- *Coaching and Feedback:* Involves constant coaching, counseling, advice, supervision, and providing help to subordinates, with continuous follow-up and feedback.

Q.2 Elaborate the Importance Of Motivation.

Motivation is the driving force behind human behaviour, influencing individuals to exert effort and perform tasks either efficiently or with varying degrees of effectiveness.

Motivation: Meaning And Definitions

Motivation, derived from the Latin word 'movere' (to move), signifies the forces driving individuals to specific behaviours. These forces encompass needs, wants, desires, aspirations, inner urges, and drives. Motivation is often defined as the willingness to expend effort in pursuit of a goal.

According to McFarland. "The concept of motivation is mainly psychological. It relates to those forces operating within the individual employee or subordinate which impel him to act or not to act in certain ways."

Thus, Motivation is what makes employees willingly put in a lot of effort to achieve the company's goals. It comes from both inside (like personal goals and desires) and outside (like the work environment). Internal forces push individuals, while external forces pull them. For managers, motivation is about energizing, guiding, and sustaining their employees' behaviour so that they enthusiastically work hard to reach organizational goals.

NEED AND IMPORTANCE OF MOTIVATION

1. **Inspires Employees to Work:** Motivation, as described by Clarence Francis, goes beyond buying a person's time; it's about earning enthusiasm, initiative, and loyalty. Through

effective motivation, employees are inspired to work with devotion, enthusiasm, zeal, and loyalty.

2. **Higher Performance:** Highly motivated employees outperform those with low motivation levels. Motivation is the driving force behind performance, rendering other factors less impactful, as noted by Gray and Smeltzer.

3. **Higher Productivity:** Motivated employees utilize their skills and organizational resources more efficiently, leading to increased overall productivity. David Holt emphasizes that productivity results from organizational excellence, achievable through a workforce of highly motivated individuals.

4. **Effectiveness of Managerial Functions:** The effectiveness of managerial functions relies heavily on a proper motivation system. Planning and organizing efforts are likely to be unsuccessful without motivated employees fulfilling their responsibilities.

5. **Achievement of Organizational Objectives:** Motivation is integral to management, encouraging employees to channel their energies toward achieving organizational goals. According to Brech, the tone of an organization reflects the motivation originating from its leadership.

6. **Human Resource Development:** Motivation plays a crucial role in developing human resources within an organization. It guides employees to enhance their job skills, ensuring a continual pool of well-trained and motivated individuals.

7. **Satisfied Human Resource:** A sound motivation system ensures a proper supply of motivated human resources, meeting individual needs and aspirations. This, in turn, attracts and retains a content workforce.

8. **Boosts Morale:** Motivation positively influences employee attitudes toward work, thereby boosting overall morale within the organization.

9. **Sense of Belongingness:** A proper motivation system fosters a close bond between the enterprise and its employees. Employees start feeling a sense of ownership, becoming more concerned about the well-being of the enterprise.

10. **Reduced Employee Turnover and Absenteeism:** Satisfied employees tend to stay longer and maintain regular attendance, reducing turnover and absenteeism.

11. **Facilitates Change:** Properly motivated employees are more receptive to new ideas and changes. This attitude facilitates the introduction of change and keeps the organization on a path of progress.

12. **Effective Utilization of Resources:** Motivated employees actively seek innovative and efficient ways of doing their jobs, ensuring effective resource utilization. Poorly motivated employees may avoid work and misuse resources.

13. **Better Industrial Relations:** A good motivation system creates a positive work environment and job satisfaction, fostering cooperative and disciplined work. Better wages and incentives reduce conflicts, leading to improved industrial relations.

14. **Enhances Corporate Image:** Organizations with motivated staff gain a positive reputation. This reputation helps attract talented individuals whenever there is a need.

15. **Innovation and Development of Technology:** Motivated employees drive innovation and the development of new technology and products. Talented individuals within motivated organizations regularly engage in research and innovation, contributing to the well-being of the organization and society.

Q.3 **Write the Techniques of Motivation.**

TECHNIQUES OF MOTIVATION

Motivating employees is a multifaceted challenge for managers, who employ a spectrum of techniques to inspire and engage their teams. These strategies can be broadly categorized into two types: financial or monetary techniques and non-financial or non-monetary techniques.

Financial Techniques/Incentives:
Financial techniques involve the allocation of financial resources to enhance employees' income. This encompasses various components:

1. **Pay and Allowances:** The regular salary or wages supplemented by dearness and other allowances.
2. **Bonus and Profit-Sharing:** Additional financial rewards tied to individual or collective performance.
3. **Fringe Benefits:** Beyond-pay perks, such as housing, transport, medical services, and more.

Money, recognized as a symbol of social status, plays a pivotal role in meeting physiological and safety needs, as well as addressing social and esteem needs. It's a powerful motivator, as noted by William F. Whyte, who highlighted the learned appreciation for money's significance.

Non-Financial Techniques/Incentives:
Non-financial techniques, though devoid of direct financial rewards, focus on the psychological aspects of work and the work environment. These techniques cater to higher-level needs, including social, esteem, and self-actualization. Several notable non-financial techniques include:

- **Job Enlargement:** Broadening job responsibilities horizontally to reduce monotony and enhance employee satisfaction.
- **Job Enrichment:** Introducing vertical job loading by enhancing the depth of a job, providing more authority and responsibility.
- **Job Rotation:** Offering employees opportunities to perform different roles, fostering skill development and alleviating monotony.
- **Praise and Recognition:** Acknowledging and appreciating employee performance as a direct and effective motivator.
- **Employee Participation:** Involving employees in organizational decision-making fosters commitment and motivation.

- **Competition or Contests:** Organizing challenges to tap into the natural human desire for achievement, fostering motivation.
- **Promotion/Status:** Elevating social status through job promotions or improvements in job-related facilities.
- **Delegation of Authority:** Empowering employees by granting control over tasks, promoting motivation through increased responsibility.
- **Feeling of Accomplishment:** Recognizing and celebrating achievements to instill a sense of pride and motivation.
- **Security of Job:** Providing job stability to alleviate concerns about technological advancements and job loss.
- **Congenial Social Environment:** Creating a positive workplace culture through induction programs and fostering informal relationships among employees.
- **Opportunity for Advancement:** Offering career growth opportunities to satisfy social ego and self-actualization needs.
- **Quality Circles:** Establishing employee groups to identify and solve work-related problems, providing a platform for interaction and self-expression.
- **Sound Work Climate:** Ensuring a positive physical work environment, including well-planned facilities and layouts.

Q.4 **What Are The Essentials Of A Sound Motivation System?**

Motivation, according to management scholars Koontz and O'Donnell, is the backbone of a thriving organization. They assert that a sound motivation system must embody key characteristics to effectively inspire and engage employees. Here are the essentials that constitute a robust motivation system:

1. Purposive: A motivation system should be purposive, explicitly stating its objectives. It must align with the organization's goals and philosophy, ensuring a clear connection between individual and organizational aspirations.

2. Productive: The primary aim of a motivation system is to enhance productivity. It should contribute to increased efficiency and effectiveness across all organizational resources. By fostering a culture of continuous improvement, a productive motivation system becomes a catalyst for success.

3. Positive: A positive approach towards employees is crucial in a motivation system. By emphasizing rewards and meeting the needs of employees, it aims to influence behavior constructively. This positive reinforcement creates an environment conducive to higher levels of employee satisfaction and engagement.

4. Simple: Simplicity is key in a motivation system. It should be easy for employees to understand and straightforward for managers to implement. Complexity can hinder effectiveness, making simplicity an essential attribute for desired outcomes.

5. Challenging: A motivation system should set challenging yet attainable goals. By presenting employees with meaningful challenges, it stimulates growth and development, contributing to a sense of accomplishment and motivation.

6. Competitive: Competitiveness is a crucial aspect of a motivation system. It should create a competitive spirit among employees and position the organization as an attractive employer. Being more compelling than rival organizations, the system should draw talent and retain existing employees.

7. Comprehensive: Acknowledging the diverse needs of all employees is vital. A motivation system should consider individual differences in nature, perceptions, values, needs, and abilities. Its effectiveness lies in its capacity to motivate both efficient and inefficient employees.

8. Flexible and Dynamic: Adaptability is critical for a motivation system. It should be flexible and dynamic, capable of evolving to meet changing needs and environmental circumstances. This dynamism ensures continued relevance and effectiveness.

9. Stable and Permanent: While adaptable, a motivation system should also provide stability. It must be a permanent feature of the organization, offering consistent motivation. Ad hoc approaches fall short in sustaining employee engagement over the long term.

10. Equitable: Equity is a cornerstone of an effective motivation system. It should be free from biases, ensuring fair treatment for all employees. An equitable system fosters trust and commitment.

11. Linkages between Performance and Reward: Establishing direct and positive linkages between performance and rewards is essential. Clear communication of these linkages to employees reinforces the connection between their efforts and the recognition they receive.

12. Integration of Organizational and Individual Goals: A sound motivation system integrates organizational goals with individual aspirations. By aligning these objectives, it becomes a driving force for both personal and collective achievement.

13. Blending Financial and Non-Financial Incentives: The system should find a harmonious blend between financial and non-financial incentives. This ensures the satisfaction of both lower-level and higher-level needs, catering to the holistic well-being of employees.

14. Provision for Punishment: While emphasizing positivity, a sound motivation system should include provisions for addressing persistent unacceptable performance. This may involve penalties to maintain discipline and uphold organizational standards.

15. Feedback: An effective mechanism for feedback is crucial. Regularly informing employees about their performance and rewards creates transparency, fosters accountability, and provides a basis for continuous improvement.

Q.5 Explain the following theories:

1. Herzberg's Two-Factor Theory of Motivation

2. Theory X and Theory Y.

3. Theory Z

1.**Herzberg's Two-Factor Theory of Motivation**, also known as the Motivator-Hygiene Theory, suggests that there are certain factors in the workplace that influence job satisfaction and dissatisfaction. These factors are divided into two categories: Hygiene Factors and Motivational Factors.

1. Hygiene Factors (Dissatisfiers): Hygiene factors are essential aspects of a job that, when adequate, prevent dissatisfaction but do not necessarily lead to satisfaction. They are basic factors that employees expect to be in place to feel comfortable and secure in their work environment. Examples of hygiene factors include:

- **Pay:** Employees expect to be paid fairly for their work. If the pay is below expectations, it can lead to dissatisfaction.
- **Working Conditions:** A clean, safe, and well-maintained work environment is crucial. Unpleasant or unsafe working conditions can cause dissatisfaction.
- **Company Policies:** Fair and clear policies regarding work hours, dress code, and other rules are necessary. Unclear or rigid policies can lead to dissatisfaction.
- **Job Security:** Employees need to feel secure in their jobs. Fear of losing a job can cause significant dissatisfaction.
- **Interpersonal Relationships:** Positive relationships with colleagues and supervisors are important. Conflict or humiliation among employees can lead to dissatisfaction.

2. Motivational Factors (Satisfiers): Motivational factors are aspects of the job that lead to job satisfaction and motivate employees to perform better. These factors are related to the content of the job itself and provide a sense of achievement and fulfillment. Examples of motivational factors include:

- **Recognition:** Being acknowledged and praised for achievements by managers or colleagues.
- **Sense of Achievement:** Feeling a sense of accomplishment from the work itself, such as completing a challenging project.
- **Growth and Advancement:** Opportunities for career growth, promotions, and skill development motivate employees to perform well.
- **Responsibility:** Allowing employees to take ownership of their work, giving them autonomy and control over their tasks.
- **Meaningfulness of the Work:** Engaging, interesting, and meaningful tasks can inspire employees to perform at their best.

Examples:

1. **Hygiene Factor Example:** If an employee works in a poorly ventilated office with uncomfortable seating arrangements, it can lead to dissatisfaction, regardless of how good the pay or other benefits are.
2. **Motivational Factor Example:** An employee who is given a challenging project and is recognized for completing it successfully will find satisfaction in the sense of achievement and recognition received.
3. **Combination of Factors:** Suppose an employee receives a competitive salary (hygiene factor) and is also given opportunities to lead projects and receive recognition for accomplishments (motivational factors). This combination can lead to high job satisfaction and motivation.

In summary, Herzberg's Two-Factor Theory emphasizes that while certain factors prevent dissatisfaction (hygiene factors), true job satisfaction and motivation come from the content of the job itself (motivational factors). Managers should focus on providing both hygiene factors and motivational factors to create a positive and motivating work environment, ultimately leading to higher employee satisfaction and productivity.

The Two-Factor Theory, while helpful, has its limitations:

1. **Doesn't Consider Different Situations:** The theory doesn't account for different situations that might affect how people feel about their jobs. Everyone's work environment is unique, and this theory doesn't address those individual differences. *Example:* Imagine two employees working in different departments of the same company. One might have flexible working hours and a supportive team, leading to high job satisfaction. In contrast, another employee might face strict regulations and a less friendly environment, resulting in low job satisfaction. The theory doesn't account for these diverse situations.

2. **Focuses More on Satisfaction, Less on Productivity:** Herzberg emphasized satisfaction but didn't thoroughly explore how job satisfaction relates to productivity. Job satisfaction doesn't always directly translate into how well someone does their job. *Example:* A person might love their job because of a friendly work environment, but this doesn't necessarily mean they are the most productive employee. Job satisfaction, in this case, doesn't directly indicate how well they perform their tasks.

3. **Reliability Issues:** The theory's reliability is uncertain because different people might interpret responses differently. This can lead to inconsistent results when trying to analyse job satisfaction. *Example:* If different managers interpret employee responses differently, the analysis of job satisfaction within the organization might vary widely. One manager might perceive certain responses as positive, while another might see them as negative, leading to inconsistent results.

4. **Limited Measure of Satisfaction:** The theory doesn't cover all aspects of job satisfaction. For example, someone might dislike part of their job but still find it acceptable overall. This complexity isn't fully captured. *Example:* An employee might dislike attending long meetings but find the overall job acceptable. The theory doesn't capture this nuanced dissatisfaction; instead, it might label the employee as entirely dissatisfied due to a single aspect.

5. **Bias in Responses:** When employees are asked about what makes them happy or unhappy at work, their responses can be biased. They might blame external factors like salary or company policies for dissatisfaction and credit themselves excessively for satisfaction. *Example:* When asked about job satisfaction, employees might hesitate to criticize their own abilities or attitudes. They might blame external factors like company policies or colleagues for their dissatisfaction, downplaying their own role in the situation.

6. **Ignores Blue-Collar Workers:** The theory doesn't consider the specific needs and challenges faced by blue-collar workers, those who do manual or industrial work. Their job satisfaction factors might differ significantly from those in white-collar jobs. *Example:* Blue-collar workers, such as factory workers or construction laborers, face unique challenges like physical strain and safety concerns. Job satisfaction for them might be

influenced by factors such as adequate breaks, safety measures, and fair treatment, which the Two-Factor Theory doesn't specifically address.

2. Douglas McGregor Theory X and Theory Y.

Douglas McGregor, a renowned management theorist, introduced Theory X and Theory Y in the 1960s as contrasting styles of managing employees. These theories reflect different beliefs about human nature and motivation in the workplace, shaping how managers perceive and interact with their teams.

Theory X:

Theory X represents a traditional and authoritarian approach to management. Managers who adhere to Theory X assumptions believe that employees inherently dislike work, lack ambition, avoid responsibility, and need to be closely supervised and controlled. In this view, individuals are primarily motivated by external factors such as rewards, punishments, and directives from authority figures.

Key Assumptions of Theory X:

1. Employees inherently dislike work and will avoid it if possible.
2. Employees prefer to be directed and wish to avoid responsibility.
3. Employees seek security and avoid taking risks.
4. Employees need to be closely controlled and coerced to achieve organizational goals.

Implications of Theory X:

- Strict supervision and micromanagement.
- Use of carrot-and-stick approach (rewards and punishments) to motivate employees.
- Limited employee involvement in decision-making processes.
- Hierarchical and centralized organizational structures.

Theory Y:

Theory Y, on the other hand, represents a more participative and collaborative approach to management. Managers who embrace Theory Y assumptions believe that employees can find fulfilment in work, are self-motivated, enjoy taking responsibility, and possess creative problem-solving abilities. According to this perspective, work can be inherently satisfying, and individuals can exhibit high levels of commitment and innovation when given the right environment.

Key Assumptions of Theory Y:

1. Work is as natural as play or rest, and people can find enjoyment in it.
2. Employees are capable of self-direction and self-control.
3. Employees possess creativity and problem-solving abilities.
4. Employees can show a high degree of commitment and responsibility.

Implications of Theory Y:

- Encouragement of employee participation in decision-making processes.
- Emphasis on intrinsic motivation, job satisfaction, and personal growth.
- Delegation of authority and empowerment of employees.
- Supportive and nurturing organizational culture.

Examples

1. **Teamwork and Collaboration**

- **Theory X:** A manager following Theory X might dictate every step of a project, limiting employees' autonomy. This approach stifles creativity and innovation.
- **Theory Y:** In a Theory Y environment, the manager encourages team members to collaborate, share ideas, and contribute to the project creatively. This collaborative approach fosters a sense of ownership and enthusiasm among employees.

2. **Employee Development**

- **Theory X:** A Theory X manager may provide minimal training and development opportunities, assuming employees have limited potential for growth.
- **Theory Y:** A Theory Y manager invests in continuous training, skill development, and mentorship programs, believing in employees' ability to learn and improve their skills over time.

3. **Motivation:**

- **Theory X:** A manager following Theory X might offer monetary rewards or threaten employees with disciplinary actions to boost performance. For instance, an assembly line worker might receive a bonus for meeting daily production quotas.
- **Theory Y:** In a Theory Y approach, managers might foster a sense of purpose and belonging. For example, a social media company could empower its employees by involving them in decision-making processes related to user engagement strategies, enhancing their motivation through active participation.

4. **Decision-Making:**

- **Theory X:** A manager adhering to Theory X might make decisions unilaterally without considering employees' input. For instance, a retail store manager might dictate the store layout without consulting the sales team.
- **Theory Y:** In a Theory Y environment, managers could involve employees in decision-making. An advertising agency might encourage brainstorming sessions where employees freely share their ideas and contribute to campaign strategies, promoting a sense of ownership and engagement.

5. **Leadership Style:**

- **Theory X:** A Theory X manager may use a directive leadership style, providing strict instructions and closely supervising employees. For instance, a restaurant manager might micromanage the kitchen staff to ensure adherence to recipes and standards.
- **Theory Y:** A Theory Y manager might adopt a participative leadership style, encouraging open communication and collaboration. In a software development company, the manager

might facilitate regular team meetings where developers discuss challenges and collectively find solutions, fostering a sense of teamwork and mutual respect.

6. **Employee Development:**

- **Theory X:** Managers following Theory X may view training as a necessary obligation. For instance, in a customer service center, employees might receive training solely to meet basic job requirements.
- **Theory Y:** In a Theory Y approach, managers might invest in continuous learning and skill development. In a research organization, scientists could be encouraged to attend conferences, present their findings, and engage with peers, fostering innovation and expertise.

7. **Conflict Resolution:**

- **Theory X:** A Theory X manager might resolve conflicts by imposing solutions without considering employees' perspectives. For example, a project manager could unilaterally decide how to resolve disputes between team members, leading to potential resentment.
- **Theory Y:** In a Theory Y environment, managers might mediate conflicts by encouraging open dialogue and mutual understanding. A marketing team leader might facilitate group discussions where team members express their concerns and work together to find resolutions, promoting a cooperative and respectful atmosphere.

3. William Ouchi's Theory Z:

William Ouchi's Theory Z, as outlined in his book "Theory Z: How American Business Can Meet the Japanese Challenge," emerged as a response to the successful managerial practices observed in both Japanese and American companies. Ouchi identified several American companies, including IBM, Hewlett-Packard, Intel, P & G, and Eastman Kodak, as organizations embodying Theory Z principles. This theory emphasizes the significance of mutual responsibility, loyalty, and consideration between companies and their employees, aiming to enhance productivity and improve employee welfare.

Key Features of Theory Z:

1. **Strong Bond between Organization and Employees:** Theory Z advocates for a robust connection between the organization and its employees. Ouchi suggested strategies like lifetime employment, avoiding layoffs, and providing financial and non-financial incentives. Horizontal promotions, emphasizing career planning, are encouraged to reduce stagnation, ensuring employees reach suitable positions within the organization.
2. **Employee Participation:** Active employee involvement in decision-making processes is a cornerstone of Theory Z. Employees should be consulted and their suggestions considered, fostering commitment to the decisions made. Joint decision-making on matters directly affecting employees' interests strengthens their engagement.
3. **Informal or Integrated Structure:** Theory Z promotes a seamless, informal structure where teamwork, cooperation, and information sharing take precedence. Specialization is minimized, and employees collaborate without rigid reporting hierarchies, ensuring a dynamic and adaptable work environment.

4. **Human Resource Development:** Managers in Theory Z organizations identify and nurture employees' potentials through proper career planning, training, incentives, job enrichment, and job enlargement. Human resource development focuses on enhancing employees' skills and capabilities.
5. **Informal Control and Mutual Trust:** Informal control mechanisms, based on mutual trust and cooperation, are emphasized over formal authority. Trust and openness foster a positive organizational climate, where employees feel valued and motivated.
6. **Evaluation, Training, and Responsibility:** Theory Z places importance on evaluating employees over an extended period, using both quantitative and qualitative measures. Responsibility is assigned on an individual basis, with opportunities for shared decision-making.
7. **Non-Specialized Career Paths and Holistic Concern:** Theory Z advocates for non-specialized career paths involving multiple functional experiences. Moreover, it emphasizes holistic concern for employees, extending beyond the workplace to encompass their personal lives, hobbies, and ambitions.

Challenges and Criticisms of Theory Z:

1. **Lifetime Employment Difficulty:** Implementing lifetime employment is challenging in a competitive environment, where retaining less productive employees might hinder the organization's growth.
2. **Common Culture Complexity:** Achieving a common organizational culture is difficult due to diverse backgrounds, languages, and traditions among employees.
3. **Participation Challenges:** Employee participation can be hindered by managers' resistance, employee reluctance, or lack of capability to actively engage in decision-making processes.
4. **Operational Challenges:** The absence of a formal structure may lead to operational chaos, making it difficult to manage tasks efficiently.
5. **Cultural Differences:** Theory Z is based on Japanese management practices, which may not seamlessly translate to other cultures, leading to inconsistencies in implementation.
6. **Incomplete Solution to Motivational Problems:** While Theory Z provides a comprehensive philosophy of management, it does not offer a complete solution to all motivational challenges faced by organizations.

Conclusion:

Despite its challenges, Theory Z offers a holistic approach to management, integrating elements from both Japanese and American managerial practices. By fostering mutual trust, encouraging active employee participation, and emphasizing human resource development, Theory Z provides a framework for creating collaborative, motivated, and productive work environments. While its application may require adaptation based on cultural nuances, Theory Z stands as a testament to the importance of employee-centric management in modern organizations.

Q.6 **Write the meaning, functions of Leadership.**

Leadership is one of the essential functions that must be performed by all the managers. The success of all the managers largely depends on the capacity to lead their subordinates. However, it is not easier to master the art of leadership.

Meaning And Definitions Of Leadership

Leadership has different meanings to different persons. But in terms of managing, leadership is the art of leading others towards a goal. More specifically, leadership is the process of influencing others to work enthusiastically to achieve predetermined goals.

In the opinion of Weihrich and Koontz, "Leadership is the art or process of influencing people so that they will strive willingly and enthusiastically towards the achievement of group goals."

Thus, leadership is the process and the art influencing the behaviour, attitudes, activities of people to work willingly and enthusiastically towards the accomplishment of group goals.

Importance And Functions Of Leadership

Leadership is a dynamic and constructive force in any organisation. It plays a crucial role in the success and survival of an organisation. It is the crucial factor that helps individuals to identify their goals.
Briefly the importance and functions of leadership are as follows:

1. **Determination of goal**: A leader plays a crucial role in laying down goals and policies of his group or the institution. He acts as a guide in setting organisational goals and policies.

2. **Guides and inspires or motivates:** According to Terry and Franklin, leaders trigger a person's will to do', show the way and guide group members towards group accomplishment." Thus, an effective leader guides and inspires or motivates his group members to work willingly for achieving the goals. He makes every effort to direct and channelise all energies of his followers to the goal-oriented behaviour. He creates enthusiasm for higher performance among his followers.

3. **Boosts morale:** Morale refers to the attitude of employees towards organisation and management and will to offer voluntary cooperation to the organisation. Morale is an internal feeling of a person. A good leader can arouse will to cooperate among the employees. According to Terry, "Leadership triggers a person's will to do' and transforms lukewarm desires for achievements into burning passions for successful accomplishments."

4. **Creates confidence and enthusiasm:** A good leader creates confidence among his group members. He does so by providing guidance, help and support in their day-to-day work. He even provides psychological support and infuse the spirit of enthusiasm among them.

5. **Develops team-spirit:** A good leader constantly tries to develop team spirit among his group members/followers. He inculcates a sense of community of interests. He provides a satisfying work climate by harmonising individual and group goals. Thus, a leader reconciles conflicting goals and creates team spirit among his followers.

6. **Creates vision and initiative:** It has been rightly said, where there is no vision, people perish. Leaders give vision to their followers which, in turn, create initiative and enthusiasm among them. The followers use this vision and initiative to take up challenging tasks.

7. **Transforms potential into reality:** According to Newstorm and Keith Davis, "Leadership is the catalyst that transforms potential into reality." In fact, effective leadership can transform potential or dream into reality. Leaders can identify, develop, channelise and enrich the potentials existing in an organisation and its people.

8. **Representation:** A leader represents his group members. He is the connecting link between his group members and the top-management. He carries the views and problems of his group members to the concerned authorities and tries to convince them. Thus, he is in real sense an ambassador and guardian of his group feelings and interests. He also protects the interests of his group members against any outside challenge and threat.

9. **Development and use of human resource:** An effective leader can develop and utilise human resource in a most effective way. A leader can influence the activities and behaviour of his followers to contribute their best.
In fact, leadership can lift man's vision to higher sights, raise man's standard to higher performance and build man's personality beyond his normal limitations. (Peter F. Drucker).

10. **Facilitates change:** According to Gordon. In a world of change and uncertainty, business leader becomes a vital element in the process of change itself." Thus, leaders can induce and introduce change. They are the instrumental in conceiving and managing change. They introduce change by convincing their followers about the positive effects of the change. very

11. **Ensures survival and success of the enterprise**: According to long McFarland.
"Administrative leadership is vital to the survival and effectiveness of organisation." No doubt that leadership plays a vital role in the survival and success of an enterprise. The quality of leadership goes away in the success and survival of an enterprise. Without effective leadership, many well established enterprises have miserably failed. Glover has also stated that "most failure of business concerns is attributable to poor leadership than to any other cause."

12. **Contributes to effective management:** Leadership is an essential and integral part of management. Effectiveness and efficiency of management largely depends on its leadership qualities. A strong leader can transform a lacklustre organisation into a successful one. Without leadership an organisation is a middle of men or machines. Management activities such as planning. organising etc. are dormant cocoons until leader triggers the power of motivation in people and guides them towards goals. [Keith Davis).

13. **Creates work environment:** Effective leadership can create work environment in which group members can work with pleasure. For this, the leader creates and maintains interpersonal relations of trust and confidence among the group members. Albanese has stated that "leadership is necessary in organisations in order to create work environments that are productive and satisfying for human beings."

14. **Maintains order and discipline:** An effective leader has qualities to maintain order and discipline in the organisation. He lays down standards of behaviour and sees that his followers follow the same in their behaviour. He shows exemplary behaviour and maintains self-discipline in order to maintain discipline among his followers.

15. **Resolves conflicts**: Leaders play crucial role in resolving the conflicts arising in the group. He does it by harmonising the diverse intense interests of group members and the organisation.

Q. 7 Explain the qualities of successful leader .

Leadership Qualities/Traits

Qualities of successful leader :

1. ***Personality and stamina***: It is rightly said that sound mind resides in sound body. Hence, a leader should have sound health and good stamina to work hard. He should be handsome with charming personality. Such a leader has a lasting impact on the minds of his followers.

2. ***Intelligence***: A leader should be intelligent. He should have above average level of intelligence. He should be capable of thinking scientifically.

3. ***Self-confidence:*** A leader should have self-confidence. He should be fully confident of his actions and decisions.

4. ***Vision and foresight***: A leader is required to have sharp vision and foresight. He should be able to foresee the future trend of events. This quality prepares him for future challenges.

5. ***Ability to inspire:*** An effective leader is one who has ability to inspire. Hence, he should be capable of influencing people by his ideas, actions and behaviour.

6. ***Ability to communicate:*** A leader should have ability to communicate effectively. He should be efficient in verbal, written, gestural communication skills.

7. ***Sincerity and honesty:*** A leader should be sincere and honest. His integrity should be above doubts. Sincerity and integrity make a man truthful, high minded and gives him aspirations and high ideals.

8. ***Courage and will power:*** It has been rightly said "without courage there are no virtues." No faith, hope, aspiration etc. can be transformed into realities without courage and will power. Hence, a leader should be courageous.

9. ***Flexible and dynamic:*** A leader should be with flexible and dynamic mind-set. He should be capable of adapting ideas and views in accordance with the needs of the changing situations.

10. ***Emotional stability I.e. maturity:*** A leader should be capable of keeping his emotions under control. Emotional stability and cool temperament are necessary for a matured leader. Hence, he should remain cool, patient and undisturbed by the happening of unusual and unanticipated events.

11. ***Sound judgement:*** A leader should have sound judgement power. He should be a shrewd judge of behaviour, actions and events. He should be able to judge the things judiciously.

12. ***Tact and humour:*** A leader should be tactful in dealing with people and situations. He should have a sense of humour. These qualities help a leader to get the things done pleasantly without stress and strain.

13. ***Education and knowledge:*** A leader should have proper education and knowledge. Particularly, the business leaders should have education at least in the field of accountancy, management, economics. It would be better if he has specialised knowledge in the field of management. Moreover, he should have up-to-date knowledge of economic laws, policies and events.

14. ***Conceptual skills:*** A leader should have and acquire conceptual skills. Conceptual skill is the ability to see the organisation as a whole and the relationships among its sub-units. It also includes the ability to visualise how the organisation fits into its external environment. Such ability helps a leader to understand problems and identify opportunities of the organisation and plan accordingly.

15. ***Administrative skills:*** A manager-leader essentially needs to have administrative skills. He should be able to implement the plans and policies, to organise and to mobilise resources of the organisation in a pragmatic manner.

16. ***Analytical skills:*** A leader should possess and develop analytical skills. These include the abilities to understand the things, situations, and problems in a systematic manner. Such skills are needed in evaluating performance. making decisions and handling complex situations.

17. ***Human relations skills:*** A leader should have human relations skills. Human relations skills refer to the ability to work well with others. It includes the ability to understand people and their problems and feelings.

18. ***Technical skills:*** A leader should also possess technical skills. Technical skills relate to job knowledge and expertise. These include the ability to apply methods and techniques in performing the job and the ability to provide guidance and instructions to the followers.

Q. 8 **Write a detailed note on Different Leadership Styles and factors affecting while selecting one.**

Leadership style is the general way or pattern of behaviour of a leader towards his followers in order to influence their behaviour to attain a goal. Every leader usually develops his own style of leadership. Hence, style of every leader differs from the other. However, a particular leadership style is affected by the degree of delegation of authority, types of power employed, degree of concern for human relations etc. Thus, there exists different leadership sstyles. The main styles of leadership are as follows:

1. Autocratic or authoritarian style.
2. Participative or democratic style.
3. Free-rein or laissez-faire style.
4. Paternalistic style.

1. **Autocratic or authoritarian leadership**: An autocratic leader is one who centralises power and makes all the decisions himself. He tells his followers what to do and expects to be obeyed without question. Thus, such a leader imposes his will on his followers.
This style is typically of a person who accepts McGregor's Theory X assumptions.

The characteristics of such a leader are as follows:

(i) He centralises power.
(ii) He makes all the decisions himself.
(iii) He structures the work of his group members, as far as possible.
(iv) He exercises close supervision and control over his group members.
(v) He expects to be obeyed by his subordinates without question.
(vi) He gets the things done through fear or threats of punishment, penalties and so on.
(vii) He motivates his subordinates by satisfying their basic needs, through threats of punishment and penalties.
(vii) He believes in maintaining one-way communication i.e. from him to the subordinates.

Autocratic leaders may be of two types:

(1) Pure autocrat or negative leader: He is a dictator and makes all decisions himself. He superimposes his decisions on his subordinates. He carries out his decision by coercive or negative power. He uses fear of punishment or penalty to carry out his decisions. Thus, it is a negative leadership.

(ii) Benevolent autocrat or positive leader: When an autocrat leader avoids negative coercive power and uses reward power to influence his subordinates, he is called a benevolent autocrat leader. Such a leader shows active concern for the feelings and welfare of his subordinates. He may even encourage their participation in planning but he retains his power to make and execute decisions.

Autocratic leadership has the following advantages:
(i) It provides strong motivation and reward for the leader.
(ii) It permits quick decisions.
(iii) It provides structured work for employees.
(iv) It allows managers to hire less competent subordinates because their principal job is to carry out orders.
(v) It ensures compliance and execution of orders with certainty.
(vi) It permits close supervision and control of subordinates.
(vii) It helps managers to get things done with certainty.

But this style of leadership suffers from the following drawbacks/ disadvantages:

(i) It overburdens managers because of centralisation of authority.
(ii) It creates fear and frustration among subordinates.
(iii) It hampers creativity of subordinates.
(iv) It blocks the free flow of two-way communication.
(v) In the absence of consultation and feedback from subordinates. decisions may cost heavily.
(vi) It is disliked by the subordinates specially when it is negative.

In spite of these limitations, autocratic leadership is suitable in the following situations:

(i) Where subordinates are not educated or untrained or incompetent
(ii) Where subordinates are submissive and do not want to take responsibility.
(iii) Where leaders do not want to delegate authority.
(iv) When the organisation endorses fear and punishment as accepted disciplinary techniques.
(v) When achievement of target of performance is urgently required in time.

2. **<u>Participative/democratic leadership</u>**: It is just opposite to autocratic leadership. Participative leaders decentralise authority. Such leaders involve subordinates in decision-making process. Thus, decisions are not unilateral. The leaders and their group members work as a social unit. They freely exchange their views and express opinions and suggestions. Such leaders exercise control through forces within the group. The main features of democratic leadership are as follows:

(i) Leader decentralises authority,
(ii) He involves subordinates in decision-making process. Hence, decisions are not unilateral.
(iii) He believes in free-flow of two-way communication.
(iv) He leads by mutual consent.
(v) He explains the reasons for his actions.
(vi) He and his group members work as a social unit.
(vii) He motivates his subordinates through positive means i.e. rewards.

<u>Participative leadership offers the following advantages:</u>

(i) It helps avoid hasty decisions. Hence, it improves quality of decisions.
(ii) It encourages cooperation between the leader and his subordinates.
(iii) It motivates subordinates to perform better.
(iv) It contributes to higher productivity of resources.
(v) It tends to reduce employee grievances, dissatisfaction and turnover.
(vi) It facilitates introduction of change.
(vii) It helps create congenial work environment.
(viii) It helps develop future leaders and, thus, promotes organisational stability.

<u>Participative leadership also suffers from the following disadvantages /limitations:</u>

(i) It tends to slow the decision-making process.
(ii) It tends to dilute responsibility for decisions. It may develop a tendency of buck-passing.
(iii) It tends to reduce the role of the leader at the top.

<u>In spite of these limitations/disadvantages, this leadership style is suitable in the following cases:</u>
(i) Where the organisational goals are well set and understood by the subordinates.
(ii) Where leaders really intend to consider the views and opinions of the subordinates.
(iii) Where the workers are reasonably well educated and trained.
(iv) Where the leaders really desire active involvement of subordinates in decision-making process.
(v) Where sufficient time is available for attaining the objectives.

3. **<u>Free-rein or laissez-faire leadership style</u>**: Free-rein leadership style is one under which leader uses his power very little. The leader gives high degree of freedom to his subordinates in their operations. He depends largely on his subordinates to set their own goals and make their decision regarding their jobs. Thus, such a leader completely delegates his authority to his subordinates and allows them to make their own plans, procedures and decisions. He simply aids his subordinates in performing their job. He exists as a contact person with the subordinates' external environment.

Free-rein leadership style is permissive and leader least intervenes his subordinates. The leader remains passive observer but intervenes only during the crisis.

Free-rein leadership is suitable where subordinates are highly competent and duty-conscious. It is successful where subordinates are able to train and motivate themselves. However, chaotic conditions may prevail all over the organisation under such leadership.

Free-rein leadership helps subordinates train and develop themselves independently.

4. **Paternalistic leadership**: A paternalistic leadership is authoritarian by nature. It is heavily work-centred but has consideration for subordinates. Such a leader tends to look after his subordinates the way father looks after his children. Such a leader helps, guides and encourages his subordinates to work together as members of a family.

This is a personalised leadership. The leader exercises his authority personally. He maintains direct personal contacts with his subordinates. He treats affectionately them like elderly member of a family. The subordinates, in tum, tend to remain submissive and faithful.

Under paternalistic leadership style, subordinates feel force to meet their leader. They also feel job security. Their problems and grievances are sympathetically considered and solved. The issues affecting subordinates' interests are sympathetically addressed. But this leadership style is usually resented and resisted in modern times.

Choosing a Leadership Style:

These are the four basic leadership styles identified by the experts. But, in practice, no particular leader's style strictly falls under any of these categories. Moreover, no expert can suggest one best leadership style because leadership style is influenced by several forces/factors.

A leader should, therefore, consider the following factors/forces while choosing a leadership style:

(i) Forces in the leader: The forces operating in leader include the leader's personality, characteristics, qualities and job skills, value system, interaction skills, self-confidence, confidence in subordinates, feeling of security and so on.

(ii) Forces in the group: There are the forces that operate in the group which affect leadership. These include perceptions and attitude of group members towards the leader, towards their tasks and towards organisational goals, characteristics, skills, knowledge, needs and expectations of group members, size and nature of the group and so on.

(iii) Situational forces: These are the other impersonal forces in the work environment of leader and his group members. Nature of the job and its technology, organisation structure and authority-relationships, organisational goals. policies, control system, trade unions and their influence, political, economic, cultural and ethical conditions of society.

UNIT 4

MULTIPLE CHOICE QUESTIONS

1) Controlling function finds out how far deviates from standards.

a) **Actual performance**

b) Improvement

c) Corrective actions

d) Cost

2) Which of the following is not a limitation of controlling?

a) Little control on external factors

b) Costly affair

c) **Ensuring order & discipline**

d) Difficulty in setting quantitative standards

3) Which of the following is not a process of controlling?

a) Analyzing deviations

b) **Integrates employees efforts**

c) Taking corrective measures

d) Setting performance standards

4) Which of the following is a traditional technique of managerial control?

a) Personal observation

b) Breakeven analysis

c) Budgetary control

d) **All of the above**

5) Controlling function of an organisation is

a) Forward looking

b) Backward looking

c) **Forward as well as backward looking**

d) None of the above

6) Controlling is needed at which level of management?

a) Top level

b) Middle level

c) Lower level

d) **All level**

7) First step in controlling process is:

a) Taking corrective action

b) Analysing the deviations

c) **Determining standards**

d) Measurement of actual performance.

8) What is one of the common reasons for resistance to change?

a) **Fear of the unknown**

b) Lack of leadership

c) Over-communication

d) Complacency

9) Which strategy for dealing with resistance to change involves involving employees in the decision-making process?

a) Education and Communication

b) **Participation and Involvement**

c) Facilitation and Support

d) Coercion and Threats

10) Which of the following is NOT a potential consequence of poorly managed resistance to change?

a) Decreased morale

b) **Increased productivity**

c) Loss of trust in leadership

d) Employee turnover

SHORT ANSWER QUESTIONS

Q.1 **What is Controlling? State its Objectives.**

Control is the fourth and final principal element of the managerial process. This function intends to ensure that everything occurs in conformity with the plans and predetermined goals are successfully achieved. Thus, this function. aims to make things happen in order to achieve goals.

Control/Controlling Meaning And Definitions

Simply stated, control means checking and correcting activities in order to ensure that things occur in accordance with the plans. Controlling is the function of management. Therefore, it is the process of monitoring activities to ensure that they are taking place in accordance with the plans.

In the words of Philip Kotler, "Control is the process of taking steps to bring actual results and desired results closer together."

In the opinion of Henri Fayol, "Control consists of verifying whether everything occurs in conformity with the plan adopted, the instructions issued. and principles established."

Thus, controlling is the process by which managers ensure that performance is in conformity with the plans and goals. It involves setting of standards, measuring actual performance and correcting the performance if it deviates from the standards.

Objectives Of Control

Controls are intended to serve several purposes. However, the basic purpose is to ensure actions and behaviour in line with the desired results. Briefly, the principal objectives of control are as follows:

1. To direct the activities according to plans.
2. To establish coordination between objects, means and efforts of the organisation.
3. To know the progress of the activities on the basis of standards fixed.
4. To find out deviations and try to remove these deviations.
5. To get the knowledge regarding quality cost and time of work performed.
6. To regularise actions and behaviour.
7. To prevent dishonesty and establish order and discipline.
8. To maintain flow in activities of the business.
9. To stop wastage and to minimise the cost.

10. To make decentralisation and delegation of authority successful.
11. To motivate employees.
12. To ensure efficient and effective use of organisational resources.

Q. 2 Explain the Process of Control.

Control is a continuous or ongoing dynamic process. It may involve many steps. Usually, a control process consists of the following steps:

1. Establishment of standards.
2. Measurement of performance.
3. Comparison of performance with standards.
4. Taking corrective action.

1. ***Establishment of standards***: The first step in the process of control is the establishment of standards of performance. It may be noted that standards are the objectives or plans against which actual performance can be measured. Standards may be in several forms. But they should be tangible, verifiable, and measurable. More specifically, standards should be in quantitative as well as in qualitative terms. The performance standards are generally classified into five categories:
(i) Productivity standards: These standards state the amount/number of product or service to be produced during a given time period.
(ii) Time standards: These standards state the length of time to be allowed to make a certain product or perform a certain service.
(iii) Cost standards: These standards state the cost associated with producing a product or service.
(iv) Quality standards: These standards set the level of perfection desired.
(v) Behavioural standards: These standards prescribe the desired type of behaviour of employees in an organisation.

Standards to be effective should satisfy the following conditions:

1. Standards should be fixed in all the key areas of business.
2. They should be consistent with the goals and policies of the organisation.
3. They should be, as far as possible, expressed in quantitative terms. Such standards can reduce subjectivity.
4. They should be precise and tangible so that everyone can understand them easily.
5. They should focus on achievement of results and not on procedures.
6. They should be capable of achieving with reasonable effort, cost and time.
7. They should be flexible and capable of being adapted to changing circumstances.
8. They should be set in consultation with the employees.
9. They should be objective and based on facts.
10. They should include the tolerance limits i.e. permitted limits of deviation.
11. They should be revised from to time.

2. ***Measurement of performance***: The next step in the control process is the measurement of actual performance. Actual performance may be measured through personal observation, samples, reports, accounting statements etc. But managers should carefully select the methods

and time of measurement. Measurement methods may be quantitative as well as qualitative or a combination both.

Again, the time of measurement should also be fixed with utmost care. Managers should also decide a reasonable time interval for measurement of performance. It should not be so short nor so long. Too short time interval may involve too much expenses whereas too long interval may not detect deviations in performance in time.

To make measurement of performance worthwhile, it should be clear complete, precise and objective.

3. ***Comparison of performance against standards***: The third step in the control process is the comparison of actual performance with the standards. At this step, manager finds out the degree of variation or deviation between actual performance and the standard. Where manager finds no deviation, no further action is required. Then the control process is deemed to have completed. When deviation is found in the performance, manager has to find out the extent of deviation. If the deviation is within the tolerance limits, manager need not bother. However, if the deviation exceeds the tolerance limits, the manager's attention is needed. In such a case, manager has to take some corrective action.

4. ***Taking corrective action***: The fourth and final step in the control process is to take correction. At this point, manager should find out the cause of deviation. If the cause is beyond the control, manager can do nothing. If the cause is controllable, manager may either
(a) correct actual performance, or
(b) revise the standards.
Manager may correct actual performance by
1. providing training,
2. revising compensation plan,
3. redesigning job,
4. changing the strategy,
5. changing the organisation structure and so on. When he decides to take corrective action, he should take it immediately.

Immediate action corrects problems at once and gets performance on track. Where the deviation has been the result of faulty and unrealistic standard, manager should revise the standard.

Q.3 What is Organisational change? Write the types of Organisational change?

"People often resist any change that doesn't translate into immediate financial gains. Nevertheless, uncertainty and change are intrinsic aspects of life, with change being the only constant. The permanence of change requires no substantiation, as it is consistently and perceptibly evident through our senses.
The inevitability of change extends to organizational life, where it is a constant feature. Organizations function as open systems, undergoing continuous changes. In the words of Rensis Likert, 'Every organization is in a continuous state of change. The magnitude of these changes may vary, ranging from significant to incremental, but change is a perpetual process. The catalysts for these changes emerge from both internal and external factors.'

Regardless of personal inclinations, change is an undeniable reality. It becomes imperative for every manager to undertake the necessary steps to effectively manage change within the organization."

Organisational Change: Meaning And Definitions

Change means alteration of the status quo. Organisational change means alteration of the status quo of the organisation. More specifically, organisational change means planned change or alteration in the role and relationships of the people, technology and environment in the organisation in order to improve its overall performance.

Types of organisational change

While there are many types of organisational changes, they mainly come under these five categories:

1. Transformational

Changes that completely reshape business strategies and processes and redefine a business are called transformational changes. These are dramatic, large-scale changes that fundamentally alter the organisation. They happen rarely and are usually implemented when businesses pursue entirely different products or markets, experience radical changes in technology, try to revamp their business model because of extreme conditions or keep up with rising supply demand.

Some common reasons for transformational change are leadership change, unmatched competition, adverse market conditions, business growth and decline in revenue. This type of change can affect all sections of a company, from staff to management. Some kinds of organisational changes brought about by transformational change are:

Cultural change: It involves promoting new attitudes that better express the company's core values or redefining its vision and mission altogether. This transforms the work environment of the organisation.

Structural change: This refers to changes in hierarchies and job roles. Incorporating structural change may involve reorganising departments, creating high-performing teams, adding employee positions, revising job roles and assignments or promoting valuable employees.

Personnel change: This happens when a company experiences massive growth or downsizing. This involves mass hiring and layoffs that significantly impact employee engagement and retention.

2. Transitional

In a transitional change, companies replace an existing procedure with a new one for increased efficiency and performance. This may involve switching from manual to automated production methods, creating new products or services, implementing new technology and updating long-held, outdated policies. Companies make these changes periodically to remain competitive in their marketplace.

Transitional changes may happen during mergers and acquisitions, policy changes and corporate restructuring. This type of change is substantially disruptive, as it may impact relationships, job functions and culture and may involve substantial retraining. Transitional changes usually result in the following kinds of organisational changes:

Technology change: This comprises adopting new technology to phase out old methods and keep up with technological advancements. This may include automating jobs, introducing new software platforms and designing new strategies for technological processes.

Operational change: This might involve updating to a new process or streamlining the existing process. Companies can implement operational changes by introducing new technologies or products, focusing on team building and improving employee communication.

3. Developmental

This type of change involves the enhancement and correction of existing systems without aiming for any radical changes. These are slow, small-scale changes that focus on incremental improvement, detecting deficiencies and building upon prior success. Some examples of developmental changes can include updating payroll procedures, improvement of existing billing and reporting methods and refocusing marketing and advertising strategies. These minor changes compound over time and produce positive returns for the company, significantly increasing its market value.

Developmental changes are a sign that the company is committed to improving itself to meet market demands and grow revenues. These changes are easy to adapt to and happen most frequently. Developmental change can be of the following types:

Anticipatory change: An organisation may take up this type of change to better prepare for future shortcomings or opportunities. This is a strategy-oriented change, often involving prior data analysis, surveys and customer outreach.

Remedial change: A company implements this type of change when it identifies an unanticipated problem and executes a quick solution. This can relate to a loss of talent, addressing customer communication issues, introducing an employee training program or creating a position to fix a recurring problem in the company.

4. Proactive

Proactive changes are pre-planned changes that the company undergoes to avoid a potential future threat or to capitalise on a potential future opportunity. These are active attempts to alter the workplace and its practices. This kind of change coordinates the various parts of the system as a whole and addresses the underlying forces creating symptoms.

Examples may include increasing production volume due to the expected rise in customer demand or introducing employee benefit schemes to improve employee retention. Any kind of transformation, transition or development requires pre-meditation and extensive planning. These are organised changes that are economically feasible and allow the company ample time to prepare.

5. Reactive

Reactive changes are unplanned transformations undertaken in response to unexpected external factors when some threat or opportunity has already occurred. Factors like a market crash or boom, political shifts, war, disease outbreaks such as an epidemic or pandemic, product or technological obsolescence, natural disasters and accidents trigger reactive changes. These types of changes cover a limited part of the system and only respond to immediate symptoms.

This can involve scenarios such as controversy concerning the lack of diversity in employee demographics or new business laws implemented by the government. The only example of reactive change is remedial change undertaken spontaneously to solve an unforeseen problem. It is often chaotic and expensive and prompts the company to act within a limited time.

Q.4 **State reasons for acceptance to change in detail.**
People always do not resist change. They do accept change. There are several reasons/forces that cause people to accept change. These causes may be classified into the following two categories:

A. ***Personal gains.*** People may accept a change when they are likely to gain personally in one way or the other. Generally, people accept the change when they gain in any one or more of the following areas:

(i) More money or monetary benefits.
(ii) More authority.
(iii) Higher status/prestige.
(iv) Self-satisfaction or satisfaction of self-esteem needs.
(v) Increased safety and security.
(vi) Better working conditions.
(vii) Congenial/peaceful work environment.
(viii) Large scope of personal contacts.
(ix) More comfortable and less efforts required.
(x) More or better performance with lesser efforts.

B. ***Other factors.*** There are some other factors that may also induce persons to accept change. These are as follows:

(i) More challenging job.
(ii) More diversified and extensive job.
(iii) More likeable way of introducing change.
(iv) More pleasant/interesting task or lesser job monotony/boredom.
(v) More opportunities for career development.
(vi) Change is needed by the person.
(vii) More access to information and knowledge.

LONG ANSWER QUESTIONS

Q.1 **What is Controlling? Write its Characteristics and importance.**

Control is the fourth and final principal element of the managerial process. This function intends to ensure that everything occurs in conformity with the plans and predetermined goals are successfully achieved. Thus, this function. aims to make things happen in order to achieve goals.

Control/Controlling Meaning And Definitions

Simply stated, control means checking and correcting activities in order to ensure that things occur in accordance with the plans. Controlling is the function of management. Therefore, it is the process of monitoring activities to ensure that they are taking place in accordance with the plans.

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Thus, controlling is the process by which managers ensure that performance is in conformity with the plans and goals. It involves setting of standards, measuring actual performance and correcting the performance if it deviates from the standards.

Characteristics/Nature:

Following characteristics of control clearly explain its nature:

1. ***Managerial function***: Control is a managerial function. It is the task of every line manager. A non-manager is not required to perform control function.

2. ***Pervasive function***: Controlling is all pervasive function. Controlling exists at every management level. Every manager has to exercise control over the activities and behaviour of the subordinates. However, the scope of control varies by level of managers.

3. ***Universal process***: The elements and nature of control process are universal. The control process remains the same regardless of the activity involved or its location in the organisation. Every control process involves four steps or elements:
(i) Fixing standards,
(ii) Measuring actual performance,
(iii) Comparing performance with standards and detecting deviation, and
(iv) Taking corrective action if required. All these steps are involved in every control process.

4. ***Continuous process***: Controlling is a continuous and never-ending process. As long as organisation exists, managerial control continues to exist. It is a continuous process of setting standards, evaluating the actual performance and correcting the performance if it deviates from the standards.

5. ***Dynamic process***: Controlling is a dynamic process. It is not static. It involves continuous review of standards in the light of changing situations and ensuring performance in conformity with the standards. Thus, this process is subject to change with the change in the situations.

6. ***Positive and constructive process***: Controlling is a positive and constructive process. The purpose of controlling is positive because it aims at making things happen as desired. Terry and Franklin have rightly alarmed that "Controlling should never be viewed as negative in character a managerial necessity and not an impediment or a hindrance."

7. ***Goal-oriented function***: Control is a goal-oriented function. Control is a means of achieving a goal and not the goal/end in itself. Objective of controlling is to assure that actions contribute to the goal accomplishment.

8. ***Action-oriented*** Control is an action-oriented function. It implies taking some corrective action to achieve desired performance. Mere evaluating actual performance is no control. Taking suitable action for correcting the deviation from desired performance is the essence of control. Thus, its essence is in determining whether the activity is achieving the desired results.

9. ***Last function of management process***: The rationale behind placing controlling as the last function is that it serves as a feedback mechanism. By the time controlling takes place, plans have been implemented, the organization is operational, and leaders have provided direction. Controlling evaluates the effectiveness of these activities, providing insights that can be used to refine plans, strategies, and operations for the future.

10. ***Forward looking***: Control is a forward looking. It aims at future. It not only aims at correcting the current performance but also provides standards for future performance.

11. ***Control not of men but of actions and behaviour:*** Control relates to checking and regulating actions and behaviour of human beings towards organisational goals. It does not aim at controlling human beings and, their freedom.

12. ***Control is not interference:*** Control is not meant for interfering with others. It does not aim at reducing authority of subordinates. It is simply a means of ensuring actions of subordinates are in line with the desired results.

13. ***Wide scope***: The scope of control is very wide. It covers all the aspects of performance leading to desired results. More specifically control includes the control of quantity, quality, time and cost. Any activity to control these four aspects of performance can be included in its scope.

14. ***Controlling and planning are twins:*** Control is one function of management and its twin is planning. In other words, controlling and planning are closely related. These functions cannot be separated. Planning and controlling may be viewed as the blades of a pair of scissors. The scissors cannot work unless there are two blades. Without objectives and plans, control is not possible.

Need For/Importance Of Control

Control is an important element of the management process. Without control, manager cannot complete the process of management. He cannot get the things done and achieve desired goals or results without proper controlling.

Robbins and Coulter state, "Control is important because it is the final link in the functional chain of management activities. It is the only way managers know whether or not organisational goals are being met and why or why not."

The importance of control is described in the following sub-heads:

1. ***Smooth functioning of the enterprise***: According to Peter Drucker, "Control maintains the equilibrium between ends and means, output and effort." When there is such an equilibrium, enterprise functions smoothly. In other words, a sound control system ensures smooth functioning of the enterprise. It ensures achievement of long-term and short-term goals by maintaining equilibrium between ends and means and output and effort.

2. ***Managing large organisations***: Modern large organisations have got a lot of complexities. They produce large variety of goods and services. They use automatic and computerised techniques of production. They cover vast geographical market area and use complex distribution network. Thus, their working is influenced by many factors simultaneously. In such a situation, uniformity of actions and behaviour in entire organisation can be ensured only through effective control system.

3. ***Maintaining competitiveness***: To become competitive is one thing. But to remain competitive over a long period of time is a big challenge. Maintaining competitiveness requires effective control. Through effective control, managers may use their available resources judiciously and remain competitive.

4. ***Attainment of goals***: Control is essential in order to attain organisation goals. An effective control system ensures that activities are completed in ways that lead to the attainment of organisation goals. [Robbins and Coulter).

5. ***Ensures success of planning***: Control is the function intended to ensure that everything occurs in conformity with the plans. Thus, control is the essential to the success of planning. Without control managers have no means of knowing whether their plans are on target. No plan can be successful without controlling. Terry and Franklin have rightly pointed out that "failure of controlling means sooner or later failure of planning and success of planning means success of controlling."

6. ***Facilitates decision-making***: It has been rightly said that executive decisions are primarily control decisions. Control system finds deviations in actual performance from the standard. Managers have to decide how to correct the deviations. Thus, control system facilitates managers to decide about follow up actions.

7. ***Delegation and decentralisation***: Control system is essential for the success of delegation and decentralisation of authority. No delegation or decentralisation of authority can produce desired results without proper control system. Without effective control system, managers are reluctant to delegate and decentralize their authority. It is because the managers fear that employees might do something wrong for which they shall be held responsible. But an effective control system can provide necessary information on employees activities. Thus it will reduce the potential problems of delegation and decentralisation.

8. ***Effective direction***: According to Peter Drucker, "The synonymous to control is direction." It means, effective control means effective direction. Through control process management can ensure that actions are efficiently and effectively directed towards objectives of the organisation.

9. ***Promotes coordination***: Effective control system ensures unity of direction. This, in turn, ensures unity and uniformity of actions and behaviour. These develop spirit of cooperation among the employees. This ultimately promotes coordination of efforts among all employees and departments.

10. ***Enhances motivation and morale***: An effective control system is vital to the employee motivation and morale. Controlling helps employees to do their work better, to win respect. It serves as challenge and opportunity to improve performance.

Effective control system ensures judicious evaluation of the employee efforts and adequate rewards. It safeguards them against raw-deal. Thus, employees do not become victims of caprice of managers. Consequently, it enhances employee the motivation and morale.

11. ***Ensures discipline and honesty***: Effective control system causes every organisation member to comply the norms, rules and other standards of behaviour and action. Members are not under the temptation of greed of monetary and other gain for doing things violating the norms, rules etc. Thus, the disciple and honesty can be ensured to a reasonable extent. However, It should be noted that control cannot cure habitual dishonesty in all the cases. But management shall be regarded irresponsible if it does not make a reasonable effort to maintain discipline and honesty among its employees through effective control system. [McFarland].

12. ***Timely performance***: Control system also contributes to timely performance of activities. Pre-Decided work schedules, programmes, time-tables etc. are the controlling techniques that ensure timely performance of the activities.

13. ***Detection and correction of mistakes***: Through control system every action and activity are evaluated against the set standards or rules or plans. Hence, mistakes or irregularities can be detected and corrected at early stages.

14. ***Promotes economy***: A sound control system can ensure economy in operation. It can help in reducing and controlling overall and per unit cost of production. It is possible because control system ensures efficient and effective use and elimination of wastage of resources.

15. ***Organisational stability***: Sound control system plays pivotal role in ensuring organisational stability. The techniques of control such as plans, policies, rules, budgets, standards or norms of behaviour can greatly contribute to the organisational stability. These can give sound foundation to the organisation and create its own work culture and build image and goodwill in the society.

16. ***Adapting to changing environment***: Modern business organisations work in an ever-changing environment. Products, competition, technology, consumer likings, government policies, corporate and industrial laws, employee behaviour, social and religious beliefs etc. are changing. Such a changing situation can be managed through adaptive controls. Adaptive

controls enable organisations to make adjustments in their objectives, structure, functioning and means in accordance with the needs of the situation.

17. ***Protecting organisation and in assets***: In today's environment, organisations and its assets are exposed to many threats/risks. It may be from natural disasters, financial scandals, work place violence, security breaches, terrorist attacks etc. Managers need to have effective system for controlling the effects of such risks.

Q. 2 Explain the Principles of Control.

Principles Of Control

Some of the basic principles of control are summarised as follows:

1. **Principle of Objectives:** Control is most effective when it directly contributes to the achievement of organizational objectives. This means that the monitoring and correction processes should be aligned with the overarching goals of the organization. Control mechanisms should facilitate rather than hinder the accomplishment of these objectives.

2. **Principle of Standards:** For effective control, clear and objective standards must be established. These standards serve as benchmarks against which actual performance is measured. Standards should be specific, measurable, and widely accepted by the individuals being assessed. Well-defined standards provide a basis for fair and reasonable evaluation.

3. **Principle of Strategic Point Control:** Effective control requires a focus on strategic or key points of performance. Managers should concentrate on critical activities or operations where deviations from standards would have the most significant impact. This strategic approach ensures that control efforts are directed where they are most needed.

4. **Principle of Efficiency of Control:** Control systems should be efficient in detecting deviations quickly and taking corrective action immediately. The benefits derived from the control process should outweigh the costs, both in terms of resources and human efforts. The control mechanism should be a valuable investment in maintaining organizational effectiveness.

5. **Principle of Control of Responsibility:** Control should be exercised by the manager responsible for executing a particular plan. This principle emphasizes the connection between responsibility and control, ensuring that the person overseeing a specific task or project is accountable for its outcomes.

6. **Principle of Future-Directed Control:** Effective control should not only address present deviations but also aim to prevent future deviations from standards. This forward-looking approach anticipates potential issues and takes proactive measures to maintain performance alignment with organizational goals.

7. **Principle of Direct Control:** This principle advocates for a control system that maintains direct contact between the controller and the controlled. Direct communication facilitates

a high quality of managerial actions and behaviours, ensuring that the feedback loop is efficient and accurate.

8. **Principle of Reflection of Plans:** Control systems should be designed to reflect the character and structure of organizational plans. This alignment ensures that the control process is in harmony with the strategic direction and intent of the plans, facilitating effective plan implementation.

9. **Principle of Organisational Suitability:** Controls should be tailored to fit the organizational structure. Clear lines of responsibility and accountability for plan execution and deviation correction should be embedded in the organizational structure. This ensures a more targeted and efficient response to deviations.

10. **Principle of Individuality of Controls:** Controls should be designed to meet the needs of individual managers. This principle acknowledges that different managers may require different types of control mechanisms based on their personality, qualities, and authority levels.

11. **Principle of Control by Exception:** Managers should focus on and concentrate efforts on exceptional deviations—significant variations from standards. This principle encourages managers to prioritize their attention on issues that have a substantial impact on organizational goals, disregarding minor variations.

12. **Principle of Flexibility of Controls:** Control mechanisms should be flexible to adapt to changing conditions. Organizations and environments evolve, and control systems should be able to accommodate these changes without losing effectiveness.

13. **Principle of Review:** Control systems should undergo periodic reviews. Regular assessments ensure that the control mechanisms remain relevant and effective in the dynamic organizational environment. Reviews help identify areas for improvement and adjustments.

14. **Principle of Action:** Control should be followed by appropriate action. Any control measure is justified when it leads to corrective actions to address potential or actual deviations from standards or plans. The ultimate purpose of control is to guide the organization toward desired outcomes.

Q.3 What are the Essentials of Control system.

Essentials Of Effective Control System

An effective control system should meet the following requirements:

1. **Goal-oriented:** Before formulating a control system, the goals should be clearly defined and understood by all stakeholders. Each individual should be aware of their role and contribution to the system's goals. This ensures that the control system is aligned with the overarching objectives of the organization.

2. **Accurate:** A control system should generate accurate and reliable information. Inaccurate information can lead to inappropriate managerial actions or, worse, inaction. Precision in the data collected ensures that decisions made based on the control system are well-informed and effective.

3. **Timeliness:** Timeliness is crucial in a control system. The ability to provide quick and timely information allows for prompt corrective action. Delayed information may render even the best data ineffective, emphasizing the importance of a system that operates in real-time.

4. **Objective:** An effective control system should strive to be as objective as possible, avoiding bias. It must be fair and reasonable in its assessments of individuals or processes. Objectivity ensures that the evaluation process is transparent and fosters trust among stakeholders.

5. **Understandable:** The control system must be easily understandable by employees and managers alike. A complex system can lead to mistakes, confusion, or frustration, potentially resulting in non-compliance or disregard for the system. Clarity ensures that the purpose and functioning of the control system are well-understood.

6. **Flexible and Forward-looking:** Operating in a dynamic environment requires a control system to be flexible and forward-looking. It should adapt to changing circumstances, take advantage of new opportunities, and successfully navigate challenges. A forward-looking approach anticipates future needs and ensures the system remains relevant.

7. **Economical:** An economical control system balances cost and benefits. While minimizing costs, it should not compromise effectiveness. Control measures should be implemented judiciously, ensuring that the investment in control is justified by the value it adds to the organization.

8. **Reasonable Standards:** Control standards should be reasonable and attainable. Unrealistically high standards can demotivate employees or lead to unethical practices. The control system should set standards that challenge individuals and motivate them to achieve higher performance levels without encouraging deceptive practices.

9. **Strategic Point Control:** Focusing on strategic or key points of performance is essential for effective control. Managers should concentrate on critical activities where deviations from standards would have the most significant impact, ensuring resources are directed where they are most needed.

10. **Consistent with Organizational Structure:** The control system should align with the organization's structure, reflecting activity relationships and authority relationships. The flow of information within the control system should correspond with organizational relationships, determining who controls what and who provides information to whom.

11. **Emphasis on Exception:** Following the principle of exception, managers should concentrate efforts on significant deviations from standards. Recognizing that managers cannot control every activity, focusing on exceptional deviations ensures attention is given to deviations with the greatest impact on organizational goals.

12. **Multiple Criteria:** An effective control system should include both quantitative and qualitative criteria. Logical and objective criteria that are difficult to manipulate promote more accurate evaluations of performance, capturing a comprehensive view of organizational effectiveness.

13. **Corrective Action:** Beyond detecting deviations, an effective control system suggests corrective actions. It not only points out the deviation but also specifies the actions required to rectify the situation. This ensures that the control system contributes to continuous improvement.

14. **Participation:** Ensuring the participation of all concerned stakeholders in formulating the control system is crucial. Joint efforts between managers and subordinates enhance the success of the control system by incorporating diverse perspectives and fostering a sense of ownership.

15. **Suitability:** Control systems should be designed and tailored to suit the unique needs of a particular organization. Recognizing that every organization is different in size, operations, and needs, the system and techniques of control should be customized accordingly.

16. **Self-control by Sub-systems:** Incorporating self-control systems for each sub-system or department allows for detailed controls to be handled internally. Departments with self-control can then be integrated into an overall control system, promoting a balance between autonomy and centralized oversight.
17. **Direct Control:** Maintaining direct contact between the controller and the controlled is emphasized. Even with multiple control systems provided by staff specialists, the supervisor at the first level remains important due to their direct knowledge of performance.

18. **Human Factor:** Acknowledging that every control system involves human beings, the physiological and psychological factors of individuals should be considered. Human factors can significantly impact the success of a technically well-designed control system.

19. **Consideration of Uncontrollable Factors:** Recognizing and allowing for factors that cannot be controlled is essential. External influences or uncontrollable variables should be factored into the control system to provide a more realistic and adaptable framework.

20. **Means to Ends:** The control system should monitor not only the ends (goals) but also the means used to achieve those ends. This holistic approach ensures that the methods employed align with ethical and strategic considerations.

21. **Effective Feedback Mechanism:** An effective control system should include a robust feedback mechanism. Regular feedback provides valuable insights, enabling continuous improvement and adjustment of the control system to changing circumstances.

Q.4 Elaborate the Techniques of Control.

Techniques Of Control

A plethora of techniques are used in controlling operations of an organisation. A few important techniques are as follows:

A. Traditional Techniques:	B. Modern Techniques:
1. Personal observation. 2. Setting examples. 3. Plans and policies. 4. Organisation: charts and manuals. 5. Disciplinary system. 6. Written instructions. 7. Statistical data. 8. Special reports and records. 9. Financial statements. 10. Operational audit. 11. Break-even analysis. 12. Standard costing, and 13. Budgets/Budgetary Control.	1. Return on investment. 2. Management audit. 3. Management information system. 4. Zero-base budgeting, and 5. PERT/CPM.

1**. TRADITIONAL TECHNIQUES**

1***. Personal observation***: Personal observation technique is the oldest and most important technique of control. Under this technique, managers occasionally visit personally the subordinates at work place and observes their performance. If they find any deviation, give instructions on the spot. Personal observation is important because it provides first-hand knowledge of performance and permits its first-hand evaluation. But control through personal observation is time consuming and busy managers cannot find enough time to inspect personally. It is also subject to personal biases. However, there is no substitute for direct personal observation and contact.

2***. Setting examples***: It is the old saying that "example is better than precepts." Some managers follow this saying and put good examples of performance before subordinates and expect the same from them. Examples set by managers become the norm of behaviour for the subordinates. For instance, if a manager sets the example of punctuality, his subordinates tend to follow the same easily. Thus, behaviour and actions of subordinates can be controlled through exemplary behaviour of the manager.

3. ***Plans and policies***: Organisational plans include strategies, policies, procedures, methods, rules, programmes etc. These all are important tools that guide and control the actions of all the organisation members. These prevent deviations in actions and behaviour and ensure uniformity of actions and decisions. Thus, they play crucial role in controlling activities.

4. ***Organisation-charts and manuals***: Organisation-charts and manuals are the documents that provide a clear picture of relationships, duties and responsibilities of organisation members. These can be used to compare performance of the members. Thus, these can serve as important control techniques.

5. ***Disciplinary system***: Disciplinary system provides for reprimand, censures, criticism, disciplinary action, punishment etc. Thus, it is a negative technique of control. For minor but regular lapses on the part of an employee, reprimand is issued. Where employee repeatedly makes mistakes or where mistakes are grave, strict disciplinary action is taken.

Disciplinary system can ensure control but through negative means. It is through fear and pain. It is demoralising. Hence, it does not create congenial work climate. Managers should, therefore, be judicious in making use of this technique of control.

6. ***Written instructions***: Written instructions are issued from time to time to the organisation members. These provide latest information and instructions in the light of changing rules and conditions. These may provide additional knowledge and even remove misconceptions of the members. Instructions may be issued through personal/individual letters, circular letters, bulletin, notes etc. These are the supplementary control techniques.

7. ***Statistical data***: Statistical data are important source of control. Statistical data are collected and presented in the form of tables, charts and graphs. They are analysed in numerous ways such as mean, mode, standard deviations, regression, correlation. These data serve important role in the areas of production control, quality control, inventory control and so on.

8. ***Special reports and records***: Special operational reports and records are also prepared in addition to normal reports and records. These are non- routine reports prepared by experts. They contain much deeper information. They are actually investigative reports. They, therefore, indicate the depth of the problem and suggest the means of correcting/solving the problem.

9. ***Financial statements***: Financial statements include the 'profit and loss account' and 'balance sheet'. These show the working and financial position of a business. These are used as techniques of control. For this purpose, financial statements of different time-periods are compared and analysed. Moreover, comparison and analysis of financial statements of different firms are also made. The conclusions drawn from such comparison and analysis are used for controlling financial performance of the firm.

10. ***Operational audit***: The audit is an effective tool of control. Operational audit relates to the internal operations of the firm. Statutory audit is more of a nature of financial operations. Some firms use internal audit with the help of special internal staff or external audit team. It provides an overall review of working of the entire organisation. It can reveal to what extent established policies, procedures, rules, work standards and methods have been followed in the day-to-day

working of the organisation. This information can be used to control the operations of the organisation.

11. ***Break-even analysis***: Break-even analysis is a graphical technique of control. It is a technique of identifying the number of units of a product that must be sold in order to generate enough revenue to cover costs. Thus, it is a technique of finding out a point of break-even where total cost equals to the total revenue. Thus, this technique is useful in controlling production and sales volume in order to avoid loss. [For details and graphical presentation, refer Chapter entitled, Planning'.]

12. ***Standard costing***: Standard costing is a technique of cost control. Under this technique, standard costs of material, labour, overheads etc. are determined. Then, actual costs are recorded and compared with the standard costs and variances are found out. Then causes of variance are found out. Finally, measures are taken to prevent variances in future.

13. ***Budgets/budgetary control***: Budgets are used as a control device by almost all the managers. A budget is a numerical statement showing the allotment of resources to specific activities. Managers prepare various types of budgets for various activities. They include revenue budget, capital budget, expenditure budget, production budget, sales budget, master budget and so on. Budgets are used as a technique to control the concerned activity.

When budgets are used as a technique of control, it is called the budgetary control. It is a process of finding out what is being done and comparing the actual results with the related budget data and finding out the deviations and correcting the deviation. Thus, budgetary control helps managers to control the cost or use of resources as planned.

II. **MODERN TECHNIQUES OF CONTROL**

The modern techniques of control are as follows:

1. ***Return on investment or ROI***: Return of investment (ROI) is a technique of control of overall performance. It measures the rate of return on investment i.e. capital employed. This technique is based on the assumption that goal of business is not to maximise profits but to optimise return on capital employed. Therefore, in this technique profit of the organisation is not taken in absolute terms but is considered in terms of capital employed. The ROI is calculated as under:

ROI = Sales /Total Investment × Net Profit/Sales

Managers compare rate of return between two or more periods of the organisation or of the two or more other organisations and try to reach certain conclusion. On the basis of such conclusion, managers control the activities and operations of their own organisation.

2. ***Management audit***: Management audit is yet another new technique of control. Management audit is a systematic technique of evaluation of the working, and effectiveness of management of an organisation. It is designed to make an assessment for the effectiveness of entire management process. This audit is conducted by an independent team of expert from relevant areas. This audit is a periodic event.

The audit team collects many facts and information from office records, personal interviews with the members of organisation. It also gathers information through questionnaires circulated among the members and clients or customers of the organisation. The audit team then makes certain recommendations for future guidance of management. Management uses these recommendations for controlling the working and performance of the organisation.

3. ***Management information system or MIS***: Management information system (MIS) is a system of collecting, processing and transmitting information needed by managers. More specifically, this system is a centre of facilities and personnel for collecting, processing, storing, transmitting information needed for managing an organisation. Managers use these information for planning, decision- making as well as for controlling the activities of the organisation. In this way MIS is a technique of control.

4. ***Zero-base budgeting or ZBB***: Zero-base budgeting is a new approach to budgeting and used as control technique. It is a budgeting technique which does not consider figures of previous period or year while preparing a budget. It prepares budget afresh without considering the figures of earlier year or period. It takes into account the needs of the activity. Therefore, manager has to justify his entire budget on the basis of facts of the prevailing situations. Such a budget can control the activities in the light of current situations or conditions.

5. ***PERT/CPM***: PERT and CPM are network techniques that are also used in controlling the actions and performance. PERT stands for "Programme Evaluation and Review Technique" and CPM stands for "Critical Path Method". Though these techniques differ slightly, they are based on the same principle.

PERT/CPM is technique of scheduling complex projects involving many activities. In this technique, a network diagram is prepared that displays the sequence of activities needed to complete a project and time and cost associated with each activity. Thus, PERT not helps in planning the schedule of a project but also helps managers to monitor and control progress of the project, identify possible obstacles, and shift resources as necessary to keep the project on schedule. Thus, with a PERT/CPM a manager can ensure control of complex projects.

Q.5 **Explain the Limitations of Control.**

Though control is essential for better performance and maintenance of good standards, there are certain limitations also. Some of the limitations are discussed below:

1. ***Difficulty in setting standards***: There are many areas in the context of a business where measurable standards of performance just cannot be set Importance among such areas are employee morale, customer reaction, and research and development. In the absence of these, control function becomes less effective.

2. ***Difficulty in qualification***: Sometimes standards cannot be fixed in terms of quantity. Hence, control becomes even more difficult. 3. ***Influence of external factors***: There may be an effective control system but external factors which are not in the ambit of management may have adverse effect on the working. These factors may be government policy technological changes, change in fashion, etc. The influence of these factors cannot be checked by the control system in the organisation.

4. ***Expensive***: The control system involves huge expenditure on its exercise. The performance of each and every person in the organisation will have to be measured and reported to higher authorities. This requires a number of persons to be employed for this purpose. If the performance cannot be quantitatively measured then it will be observed by the superiors. The exercise of control requires both time and effort.

5. ***Opposition from subordinates***: The effectiveness of control process will depend upon its acceptability by subordinates. Since control interferes with the individual actions and thinking of subordinates, they will oppose it. It may also increase the pressure of work on subordinates because their performance is regularly monitored and evaluated. The factors are responsible for the opposition of controls by subordinates.

6. ***Difficulty in pinpointing responsibility***: Control process is concerned with identifying the factors responsible for deviations. But, in modern times, it is difficult to do so, because a number of persons are concerned with the performance of a single job. To the extent it is so, control is weakened.

7. ***Time consuming*** There are cases when control becomes time consuming exercise. It is due to the nature of techniques used and the work itself.

8. ***Limits of corrective action***: Sometimes deviations are found but no corrective action is possible. Sometimes, corrective action cannot be taken quickly and damages cannot be controlled.

9. ***Lack of flexibility***: Control systems may lack flexibility in adapting to rapidly changing environments. If the standards and procedures are too rigid, they may become obsolete in the face of dynamic business conditions, hindering the organization's ability to respond effectively.
10. ***Overemphasis on quantitative measures***: Control systems often rely on quantitative measures, such as financial metrics or production numbers. This overemphasis on numbers may overlook qualitative aspects of performance, innovation, and employee satisfaction, leading to an incomplete evaluation.
11. ***Inability to measure intangible assets***: Some critical aspects of organizational performance, like intellectual capital, employee morale, and organizational culture, are challenging to quantify. Traditional control systems may struggle to capture the value and impact of these intangible assets.
12. ***Resistance to change***: Employees and managers may resist control measures, especially if they perceive them as invasive or hindering their autonomy. This resistance can undermine the effectiveness of control processes and lead to a lack of cooperation.
13. ***Focus on short-term goals***: Control systems may prioritize short-term goals and immediate results, potentially neglecting long-term strategic objectives. This can result in decisions that benefit short-term performance but harm the organization's sustainability in the long run.
14. ***Dependence on past performance***: Some control systems heavily rely on historical data for setting standards and evaluating performance. This approach may not account for changing market conditions, emerging trends, or disruptive innovations, limiting the system's relevance.
15. ***Complexity of organizational structure:*** In large and complex organizations, control becomes more challenging due to the intricate network of departments, teams, and functions. The complexity can lead to difficulties in establishing clear lines of responsibility and accountability.
16. ***Cultural differences***: In organizations with diverse cultures, control measures may face challenges in being uniformly accepted and implemented. Different cultural perspectives on authority, communication, and accountability can create resistance to standardized control procedures.
17. ***Inadequate training and awareness***: Employees and managers may not fully understand the purpose and benefits of the control system, leading to its ineffective implementation. Insufficient training and awareness programs can hinder the successful integration of control processes.
18. ***Ethical concerns***: Strict control measures may lead to unethical behaviors as individuals attempt to meet performance targets at any cost. This can result in fraudulent activities, manipulation of data, or compromise of ethical standards for the sake of meeting control criteria.
19. ***Inability to account for externalities***: Control systems may struggle to factor in external influences, such as economic downturns, natural disasters, or global events, which can significantly impact organizational performance. This limitation may render the control system less adaptive to external challenges.
20. ***Lack of employee involvement***: If employees are not actively involved in the control process and do not have a sense of ownership, they may feel disengaged and less motivated to contribute positively to the organization's goals, diminishing the overall effectiveness of control mechanisms.

Q.6 **What is Organisational Change? Write its Characteristics.**

"People often resist any change that doesn't translate into immediate financial gains. Nevertheless, uncertainty and change are intrinsic aspects of life, with change being the only constant. The permanence of change requires no substantiation, as it is consistently and perceptibly evident through our senses.

The inevitability of change extends to organizational life, where it is a constant feature. Organizations function as open systems, undergoing continuous changes. In the words of Rensis Likert, 'Every organization is in a continuous state of change. The magnitude of these changes may vary, ranging from significant to incremental, but change is a perpetual process. The catalysts for these changes emerge from both internal and external factors.'

Regardless of personal inclinations, change is an undeniable reality. It becomes imperative for every manager to undertake the necessary steps to effectively manage change within the organization."

Organisational Change: **Meaning And Definitions**

Change means alteration of the status quo. Organisational change means alteration of the status quo of the organisation. More specifically, organisational change means planned change or alteration in the role and relationships of the people, technology and environment in the organisation in order to improve its overall performance.

Organisational change is "the intentional attempt by management to improve the overall performance of individuals, groups, and the organisation as a whole by altering the organisation's structure, behaviour and technology."

In the words of Albanese, "Organisational change is a rational response to changing requirements for organisational survival, growth and effectiveness."

Characteristics/Nature:

The following features of organisational change explains its nature:

1. **Comprehensive Adjustments:** Organizational change involves making adjustments across the entire organization. This includes changes in people, how they relate to each other, the technology used, and the internal environment.

2. **Internal and External Influences:** Changes in the organization happen because of factors both inside and outside the company. These can be influenced by what's happening within the organization and what's occurring in the broader environment.

3. **Adapting to Environmental Forces:** Organizational change is like the organization's way of responding to the challenges and opportunities presented by its environment.

4. **Intentional Changes:** Sometimes, changes are planned and intended. The organization decides to make specific changes for various reasons.

5. **Involves Attitudes, Values, Behaviour, and Technology:** Organizational change isn't just about changing structures. It also involves shifting how people think, their values, how they behave, and the tools and technology they use.

6. **Individuals Drive Organizational Change:** Changes in the organization start with changes in individual members. When individuals change, it influences the organization as a whole.

7. **Shifting the Status Quo:** Organizational change means moving away from the existing equilibrium or status quo. It's about creating a new balance within the organization.

8. **Enhancing Overall Performance:** The goal of organizational change is to improve how the organization performs. Specifically, it aims at ensuring the organization's survival, fostering growth, and enhancing overall effectiveness.

9. **Learning and Unlearning:** The process of organizational change involves both learning new things and unlearning certain habits or practices.

10. **Universal Presence of Change:** Change is a constant in all organizations and in every part of an organization. However, some parts may adapt more quickly than others.

11. **Interconnected Factors:** Changes in one part of the organization lead to changes in other parts. Key factors like tasks, people, technology, and structure are interconnected. A change in one factor can set off a chain reaction, known as the 'domino effect.'

12. **Complex and Systematic Process:** Organizational change is a complex process that requires systematic guidance and management.

13. **Inevitable but Not Always Smooth:** Change in an organization is inevitable, but it doesn't always happen smoothly. Challenges and resistance can be part of the process.

14. **Impact on Individuals, Groups, and the Entire Organization:** Changes may affect individuals, groups of people, or the entire organization, depending on the nature and scope of the change.

15. **Reactive and Proactive Changes:** Change can be reactive, responding to external pressures, or proactive, initiated by management to enhance the organization's situation.

Q.7 **Elaborate the causes of Organisational Change.**

There are many causes or forces that lead to organisational change. These causes/forces may be classified into two categories:

I. External causes/forces:

External forces are those that emerge from the sources external to the environment I.e. the macro environment. These forces directly and indirectly affect the working of an organisation. These forces are beyond the control of an organisation. Hence, an organisation is bound to change itself as warranted by these forces. Such forces are as follows:

1. **Demographic/population factors**: The demographic factors include the features of population, level of education, ratio of rural and urban population, ratio of male, female, children, ratio of senior citizens, structure of family: single unit or joint family system, occupation pattern, density of population etc. are the major demographic factors. A change in these factors may cause change in any business organisation.

2. **Economic condition**: The economic condition of a country may cause changes in organisations. State of inflation, deflation, recession, boom etc., savings rate, rate of investment, availability of resources (raw-materials, energy etc.), infrastructure facilities, etc. decide the economic condition of a country. Any change in these factors may motivate or necessitate change in the organisation.

3. **Technological development**: Technology is a major force for change. The knowledge explosion in the recent decades has brought many technological changes. Use of new machines, processes, robots, etc. have revolutionized manufacturing and distribution. Modern computers have solved many management problems. These changes have even affected the social conditions of work. All these factors necessitate change in every organisation.

4. **Market conditions**: Market conditions are constantly changing. Consumer tastes and preferences are changing. Markets are flooded with new and better products. Competition is increasing in the market. New means and methods of advertising and sales promotion are being aggressively used. Such market conditions compel organisations to change their strategies.

5. **Economic policy**: The economic policy plays a major role in shaping the pattern of change. The industrial and licencing policy, import-export policy, monetary policy, taxation policy, policy of globalisation and liberalisation, backward area development policy etc. are the major factors that may cause changes in many business organisations.

6. **Political and legal factors**: Change in political and legal factors also require change in organisations. The political system, philosophy of the political party in power, the working of judiciary etc. affect the business system. Business laws, industrial, economic and corporate laws made and amended by the Government regulate the business organisations. Consequently, the political and legal factors of a country necessitate change in the business policies, behaviour and structures.

7. **Social and cultural conditions**: Social and cultural conditions are changing at a very fast rate. Social values, customs, traditions, living patterns. food habits, clothing patterns, conditions of women etc. are constantly changing There is social awakening and environmentalists are playing important role Consumerists, consumer associations, and many other welfare organisations are working towards this end. All these social factors are compelling managers to plan and introduce change.

8. **Trends of economic events**: The trends of economic events have a major bearing on the working of organisations. Such events are as follows:

(i) Increasing cut-throat competition.
(ii) Increasing trend of mergers, amalgamations and takeover of business organisations.
(iii)The speed of industrialisation.

(iv) The conditions of capital/stock market.
(v) Increasing number of multinational corporations.
(vi) Increasing number of business collaborations and business outsourcing agreements.
(vii) Speed of technological transfers.

The trend of such economic events necessitate change in business organisations.

II. **Internal Causes or Forces:**

Internal causes or forces arise from the internal or micro environment of the organisation. These forces can largely be controlled by the management but they do cause certain changes in the organisation. Such forces include the following:

1. ***<u>Change in Top Management:</u>***
When there is a shift in the top-level management, such as changes in the Board of Directors or the appointment of a new CEO, it can bring about a transformation in the organization's philosophy and policies.
This kind of change often necessitates adjustments throughout the organization to align with the new leadership's vision and strategic direction.
2. ***<u>Change in Personnel:</u>***
Frequent changes in personnel due to factors like promotions, transfers, resignations, and retirements can contribute to organizational change. Additionally, modern organizations witness changes in the workforce composition, such as an increasing number of female employees, a rise in white-collar workers, and a growing presence of personnel with technical education.
These workforce dynamics lead to shifts in social relations, behaviors, and the overall work environment, demanding adaptability from the organization.
3. ***<u>Change in Organizational Goals:</u>***
Alterations in organizational goals or objectives, such as changes in the business focus, the introduction of new product lines, diversification, or venturing into new business areas, necessitate corresponding changes within the organization.
Organizations need to adapt their structures, processes, and strategies to align with the modified goals and aspirations.
4. ***<u>Change in Policies:</u>***
Evolving environmental needs may require adjustments in various organizational policies, including those related to production, marketing, personnel, and finance.
Adapting policies to the external environment ensures organizational relevance and competitiveness, prompting necessary internal changes.
5. ***<u>Change in Production Process or Technology:</u>***
Technological advancements or changes in the production process often prompt organizations to adopt new methods and systems.
Embracing new technologies and production processes can lead to changes in work routines, skill requirements, and organizational structures.
6. ***<u>Structural Changes to Overcome Weaknesses:</u>***
Organizations may undergo changes in their structure to address identified weaknesses, inefficiencies, or areas that require improvement.
Restructuring aims to enhance organizational effectiveness, streamline processes, and eliminate bottlenecks.
7. ***<u>Change Due to Altered Nature of Work or Tasks:</u>***

Shifts in the nature or scope of work or tasks assigned to the organization may necessitate corresponding internal adjustments.
Organizations must realign their structures, resources, and skill sets to effectively fulfill new or modified responsibilities.

8. ***Change to Avoid Inertia:***

Organizations might introduce changes to prevent complacency or inertia, fostering a culture of continuous improvement and innovation.
Proactive changes help organizations stay dynamic and responsive to evolving market conditions.

9. ***Change to Implement Strategic Planning:***

Organizations may initiate changes to align with strategic plans formulated to achieve long-term objectives.
Adapting to strategic initiatives involves realigning various aspects of the organization, including structures, processes, and resource allocation.

10. ***Increased Worker Participation:***

Organizations may introduce changes to encourage greater participation and involvement of workers in decision-making processes.
Enhanced worker participation can lead to a more engaged and motivated workforce, impacting organizational culture and dynamics.

11. ***Introduction of Incentive Wage Plans:***

Organizations may implement incentive wage plans, such as profit-sharing, employee stock options, or sweat equity schemes, to motivate and reward employees.
These changes can influence employee behaviour, satisfaction, and commitment, impacting the overall organizational culture.

12. ***Adaptation to Other Organizational Changes:***

Changes made or planned elsewhere in the organization may trigger corresponding adjustments in other areas to maintain coherence.
Ensuring that changes are synchronized across the organization prevents inconsistencies and promotes a harmonized approach to organizational evolution.

Q.8 **Explain the Process and Types of Planned Change.**

The change is a way of life. But change cannot be useful and successful if it is not implemented in a systematic process. In order to introduce change successfully, a manager need to follow the following process:

1. Identifying the forces demanding change.
2. Identifying the need of change.
3. Recognising the problem requiring change.
4. Planning the change.
5. Doing force-field analysis.
6. Implementing the change.
7. Review and follow-up.

1. ***Identifying the forces demanding change:*** The first step in this process is to identify the forces demanding the change. The forces may be external or internal or both.

The external forces may be such as increasing competition, economic change, demand changes, technological changes, launch of new products by the competitors, new laws and policies by government and so on. Internal forces may be such as the increasing cost of raw-materials, labour or other inputs, high employee turnover, labour problems, reduced productivity of resources and so on. The management must identify the forces that demand or require change in the organisation.

2. ***Identifying the need for change***: Many forces, many demands, many changes but all changes may not be important and possible. Therefore, management must try to analyse the reasons of demand for change accurately.
In this connection, the help of external consultant or unconnected internal staff may be sought for objective analysis of the causes demanding change. In any way, management must come to know the need for change and its true causes.

3. ***Recognising/diagnosing the problem*** : At this stage management determines the true or root cause of the problem requiring change. For this purpose, all relevant information is gathered through the observations, interviews. questionnaires and other available data. The process of diagnosing begins at the top and then moves gradually down the organisational hierarchy. In this way. management gathers all necessary information and views for proper diagnosis of the problem. Such a diagnosis enables management to recognise the gap between the desired and existing situation and to decide the course of change.

4. ***Planning the change:*** Planning the change is yet another most important step in the change process. ess. At this stage, management has to decide what, when and how to change. Normally change may relate to any or all of the following:

(i) Change in the organisation structure i.e. the change in the authority, level of organisation, span of control and so on.

(ii) Change in the job or task structure or design i.e. job enlargement. job enrichment, change in job specifications and qualifications and so on.

(iii) Change in people or human resource i.e. change in skills, attitudes, training and reorientation for skill, attitude and behaviour improvement.

The person responsible for change (i.e. the change agent) should take following steps in planning the change:

a. He should be clear about the need for or objectives of the change.
b. He should set the broad guidelines for achieving the objectives of the change.
c. He should select an appropriate strategy for implementing the change.
d. He should anticipate the probable obstacles in implementing the change plan.

5. ***Doing force-field analysis:*** Next step in the change process is to make force-field analysis. According to Kurt Lewin, it is useful for diagnosing current/existing situations for implementing the change. This analysis involves the following stages:

(a) Recognising the driving forces: Driving forces are those which favour change. Management must recognise and strengthen such favourable forces in the organisational environment.

(b) Recognising restraining forces: Restraining forces are those which resist or oppose the change and favour status quo or the existing state of affairs. Management must try to weaken such forces. Thus, management must prepare a list of both driving forces and the restraining forces, and attitudes that support each. Change can be attempted by weakening the restraining forces, by strengthening the driving forces or doing both. Thus, this analysis would be useful before implementing the planned change.

6. ***Implementing the change plan***: The next step in the process of change is to implement the change plan successfully. According to Kurt Lewin, in order to implement a change plan, a manager has to pass through the following three stages: (i) Unfreezing, (ii) Changing or moving, and (iii) Refreezing.

(i) Unfreezing: Unfreezing is the stage where motivation for change is created among members of the organisation. In other words, unfreezing means creating awareness among the members the need for change and preparing then for it. Through this stage, members are gradually prepared for discarding conventional methods and accept new alternatives. Thus, the main purpose of unfreezing is to make the members willing and ready for accepting change. In order to this, management must establish good relationships with all the people concerned and involved with the change. Consequently, resistance to the change will be minimised.

(ii) Changing or moving: Once the members of the organisation have become ready and willing for change, the actual change plan is implemented. During this stage, members begin to learn or experience new pattern of behaviour. They test the effectiveness of new behaviour as well as the associated changes in tasks, technology, and structure. According to Kelman, the change stage involves the following three elements or methods:

(a) In order to change the behaviour of the member, reward and punishment strategy is strictly enforced. Fear of punishment or expectation of reward may force the member to change their behaviour for the better. This is known as compliance method.

(b) The members of the organization are induced to identify themselves with some given role models whose behaviour they would like to adopt. This is known as identification method.

(c) In order to get member adjusted to a new situation, some internal changes are made in his thought process. The members are left alone to think and search out their hearts to bring about a change in existing pattern behaviour and adopt a new one. This is known as internalisation method.

(iii) Refreezing: Refreezing is the final stage of change implementation process. During this stage, change is stabilised by rewarding new and better behaviour. Refreezing completes when the changed behaviour becomes part of the organisational culture. Management must provide the necessary resource support for freezing the change. Suitable rewards and other motivation should be provided so that it may not be forgotten easily.

Management must consider each of these stages, if change is to be implemented effectively. Moreover, the process of unfreezing, changing and refreezing should hould go on forever.

7. ***Review and feedback***: To ensure smooth implementation of change in the given direction, it is necessary to make review and evaluation of progress made regarding implementation of

change. Continuous review and feedback may provide necessary information to the management as to what action is necessary for speeding up implementation process in desired direction.

Effectiveness of change cannot be measured unless the change is effectively evaluated in the light of the objectives of change. The management must ensure that the change is implemented to maximise the benefits of change. If post- change performance is not up to expectation the management should make necessary arrangement to correct the deviation by planning another change as a corrective measure.

Types of organisational change

While there are many types of organisational changes, they mainly come under these five categories:

1. Transformational

Changes that completely reshape business strategies and processes and redefine a business are called transformational changes. These are dramatic, large-scale changes that fundamentally alter the organisation. They happen rarely and are usually implemented when businesses pursue entirely different products or markets, experience radical changes in technology, try to revamp their business model because of extreme conditions or keep up with rising supply demand.

Some common reasons for transformational change are leadership change, unmatched competition, adverse market conditions, business growth and decline in revenue. This type of change can affect all sections of a company, from staff to management. Some kinds of organisational changes brought about by transformational change are:

Cultural change: It involves promoting new attitudes that better express the company's core values or redefining its vision and mission altogether. This transforms the work environment of the organisation.

Structural change: This refers to changes in hierarchies and job roles. Incorporating structural change may involve reorganising departments, creating high-performing teams, adding employee positions, revising job roles and assignments or promoting valuable employees.

Personnel change: This happens when a company experiences massive growth or downsizing. This involves mass hiring and layoffs that significantly impact employee engagement and retention.

2. Transitional

In a transitional change, companies replace an existing procedure with a new one for increased efficiency and performance. This may involve switching from manual to automated production methods, creating new products or services, implementing new technology and updating long-held, outdated policies. Companies make these changes periodically to remain competitive in their marketplace.

Transitional changes may happen during mergers and acquisitions, policy changes and corporate restructuring. This type of change is substantially disruptive, as it may impact relationships, job functions and culture and may involve substantial retraining. Transitional changes usually result in the following kinds of organisational changes:

Technology change: This comprises adopting new technology to phase out old methods and keep up with technological advancements. This may include automating jobs, introducing new software platforms and designing new strategies for technological processes.

Operational change: This might involve updating to a new process or streamlining the existing process. Companies can implement operational changes by introducing new technologies or products, focusing on team building and improving employee communication.

3. Developmental

This type of change involves the enhancement and correction of existing systems without aiming for any radical changes. These are slow, small-scale changes that focus on incremental improvement, detecting deficiencies and building upon prior success. Some examples of developmental changes can include updating payroll procedures, improvement of existing billing and reporting methods and refocusing marketing and advertising strategies. These minor changes compound over time and produce positive returns for the company, significantly increasing its market value.

Developmental changes are a sign that the company is committed to improving itself to meet market demands and grow revenues. These changes are easy to adapt to and happen most frequently. Developmental change can be of the following types:

Anticipatory change: An organisation may take up this type of change to better prepare for future shortcomings or opportunities. This is a strategy-oriented change, often involving prior data analysis, surveys and customer outreach.

Remedial change: A company implements this type of change when it identifies an unanticipated problem and executes a quick solution. This can relate to a loss of talent, addressing customer communication issues, introducing an employee training program or creating a position to fix a recurring problem in the company.

4. Proactive

Proactive changes are pre-planned changes that the company undergoes to avoid a potential future threat or to capitalise on a potential future opportunity. These are active attempts to alter the workplace and its practices. This kind of change coordinates the various parts of the system as a whole and addresses the underlying forces creating symptoms.

Examples may include increasing production volume due to the expected rise in customer demand or introducing employee benefit schemes to improve employee retention. Any kind of transformation, transition or development requires pre-meditation and extensive planning. These are organised changes that are economically feasible and allow the company ample time to prepare.

5. Reactive

Reactive changes are unplanned transformations undertaken in response to unexpected external factors when some threat or opportunity has already occurred. Factors like a market crash or boom, political shifts, war, disease outbreaks such as an epidemic or pandemic, product or technological obsolescence, natural disasters and accidents trigger reactive changes. These types of changes cover a limited part of the system and only respond to immediate symptoms.

This can involve scenarios such as controversy concerning the lack of diversity in employee demographics or new business laws implemented by the government. The only example of reactive change is remedial change undertaken spontaneously to solve an unforeseen problem. It is often chaotic and expensive and prompts the company to act within a limited time.

Q.9 What is Resistance to change? How is it classified?

Resistance to change refers to the psychological, emotional, or behavioural opposition that individuals or groups within an organization may express when faced with alterations in their work environment, processes, structures, or procedures. It is a natural and common response that occurs when people perceive or experience changes that disrupt their established routines, habits, or expectations.
There are many reasons why people resist change. A few causes/reasons for resistance to change may be classified under the two categories:

I. **Resistance by the employees.**

Individual employees or the trade union generally resist change for the following reasons:

1. ***Fear of economic loss:*** Any change that create a feeling of fear of economic loss among employees is likely to generate resistance to change.

Change may create fear of economic loss due to the following reasons:

(i) Fear of lay-off or retrenchment or termination from the job.
(ii) Fear of reduced job opportunities due to change in technology.
(iii) Fear of wage cuts or reduced incentives.
(iv) Fear of demotion and consequently low monetary benefits and status.
(v) Fear of more work-load due to automation and reduced monetary benefits.

For all or some of the reasons of fear, employees resist change.

2. ***Social displacement:*** By working with each other employees develop certain patterns of social relations. They feel comfortable in communication and interaction with certain persons. This comfort makes work more enjoyable and helps to develop friendships. Any change in

structure, technology or personnel may disrupt these social relations. Hence, employees resist change.

3. ***Inconvenience or love for status quo:*** The introduction of a change in doing a job may disrupt the normal routine of employees. Thus, any change that interferes with the normal work routine is generally inconvenient and is resisted.

4. ***Fear of uncertainties:*** Employees perform their job in a normal routine. They are aware of their duties, responsibilities and superior's behaviour. Any change may create some uncertainties in the minds of the employees. Employees tend to speculate what would be their new roles and responsibilities and how their superiors will respond to them. Such uncertainties may result in some resistance to change.

5. ***Resistance from groups:*** Sometimes, some employees oppose the change because the group to which they belong is not in favour of change. It is because the individual members may be more loyal, committed and sincere towards group norms, values and objectives. They may be prepared to sacrifice their individual interest for the interest of the group. For instance, automation and computerisation in many organisations including banks was resisted by many employees due to the call given by their associations.

6. ***Fear of loss of power:*** Sometimes, change may erode the power of the employees. They may lose some power and influence. Apart from it the change may force to accept new power position. To enjoy new power position, they may be required to establish new relationship which may be for the time being difficult. Hence, employees resist change.

7. ***Lack of understanding/clarification:*** Some people resist change because they do not understand the nature of the change. It happens due to the lack of clarification or gap of communication. Hence, every person takes or understands the change in his own way. Some persons take the change as an indication of their poor performance on the job while some others may assume that their positions would soon be abolished. Some others may take it as a measure of punishment for some personal reasons. Thus, lack of clarifications about the nature of change invites resistance from the employees.

8. ***Bitter experience***: Past bitter experience of employees may cause resistance to change. If the earlier change had not been handled by the management efficiently and the members of the organization had a bitter experience about it, they will resist the new change. Thus, the lack of trust among employees may cause resistance to change. Hence, emotional response of the employees should be properly diagnosed and should be taken care of at the time of introducing change.

9. ***Fear of obsolescence of skills:*** The knowledge is exploding at a fast rate. As a result, knowledge in any field may become obsolete. When employees feel that the introduction of new technology in place of old one poses a threat of replacing them, they resist such change quickly and violently. For instance, when employees have fear of being phased out of their job by automation, or computerisation they resist such change. In cases, when job security is at stake, even a minor change in policy and procedure may evoke resistance to change.

10. ***Habits:*** Every human being has his own habits. Habits are hard to break. They are sometimes serious constraints to change. Leaming a new method of performing a job becomes

difficult due to the habits. Hence, most employees do resist change due to their habits that have been developed over the years.

II. **Resistance by the Management:**

Management may resist change for many reasons. Some most common reasons are as follows:

1. ***Organisation structure:*** Sometimes, organisation structure itself becomes the cause of resistance to change. It is a matter of fact that organisation structures are designed to achieve certain objectives. They are built keeping in view the various factors affecting it's working. They use certain policies, procedures, rules etc. to ensure effectiveness of their performance. Thus, existing structure may not be suitable for the change. Hence, the structure itself becomes the cause of resistance to change.

2. ***Fear of loss of power and influence:*** Sometimes, change may cause loss of power or influence of some of the managers. They may be required to redelegate their power if the change is implemented. In such a situation, the managers having the fear of losing the power resist the change. The managers who have been using the power for personal gain often resist the change most.

3. ***Fear of increase in responsibility:*** Sometimes, a change may result in increase in responsibility of managers. In such a situation, the managers may oppose the change.

4. ***Resource constraints:*** Generally, organisation have limited resources. Any change requiring huge investment or other resources cannot be implemented for the want of the funds. Top management is bound to drop such a change plan.

5. ***Resource transfer or reallocation:*** Sometimes, a change requires transfer of resources from one department to another department. In other words, resources are reallocated to departments for implementing the change. Any department getting lesser or reduced allocation of resources than in the past would resist the change.

6. ***Chain of effects:*** Sometimes, one change may lead to a series of changes. For instance, change in the data processing technique in accounting department may require change in data processing technique in all the departments. If the other departments are not willing to change, change in accounting department cannot be implemented.

7. ***Group inertia:*** Sometimes, long standing group norms or group inertia may resist the change. In such a situation, an attempt to change the job of one individual is opposed by all the group members.

8. ***Non-cooperation or threat by experts:*** Sometimes, a change results in the transfer of responsibility to perform a specialised task to a new individual or group of experts. The expert person or group losing the responsibility for performance may resist the proposed change. Moreover, if the change is to be affected through the cooperation of those loosing experts, it would even be more difficult to affect the change successfully.

9. ***Sunk costs:*** Some managements are bound to resist because their funds have already been invested and blocked in certain fixed assets and human resources. Management is bound to use

those assets and human resources and cannot encash the investments immediately. Hence, they are bound to use the same assets. If they introduce change, the investment cannot be optimally used. Consequently, management has to resist the change.

Q.10 **Elaborate the Methods for Reducing Resistance to Change.**

Overcoming resistance to change is a prerequisite for the successful implementation of change. Following are the ways/strategies to overcome resistance to change:

1. ***Education and communication***: One of the most common and simplest ways to reduce resistance to change is to educate people about the change itself. Management must educate people about the need and objectives of change. The communication of ideas help people to see the logic of change. Hence, management should discuss ideas and issues with the employees. Various communication techniques should be used such as one-to-one discussion, group presentation, memos and reports.

2. ***Participation and involvement***: All concerned with the change should be given participation and be involved in the change process. Participation provides employees the opportunity to express their views on the changes, potential problems, and modifications. A considerable amount of research has found that participation generally results in commitment of employees. Hence, they are more committed to implementing the change.

3. ***Facilitation and support***: Another way to overcome resistance to change to facilitate and provide support to the employees. This includes providing training in new skills, or giving employees time off after a demanding period of change. Similarly, manager can give emotional support by simply listening the employees. However, this technique may be costly and may still fail to reduce resistance.

4. ***Negotiation and agreement***: Another way to deal with resistance is to change to negotiate to reach to an agreement for accepting a change. It means, that management buys the acceptance of change with incentives. For example, management could offer the union a higher wage or no-layoff contract in return for a change in work procedure or, a manager could be given an attractive job assignment if he accepts the change.

5. ***Co-optation:*** This method of overcoming resistance to change involves the use of covert strategy to influence others. In other words, co-optation means giving an informal leader a key role in the design or implementation of a potential change. In exchange, this leader receives a status symbol of some kind. For example, a worker or small group of employees who are resisting the upcoming machinery and equipment changes could be put on a committee to analyse the current work methods and assess what new machinery and equipment to purchase.

6. ***Manipulation***: Manipulation is a way to decrease resistance to change. It involves selectively using information and events so as to have some desired effect on employees. For example, a manager may tell another manager "to look at the proposal as I've already gotten the potential go-ahead at the corporate level." Although the manager hasn't really gotten the okay at the corporate level, the manager hopes that by getting various managers' approval at his level, he can then use this information to tell the corporate office, "We're all in agreement about this

proposal. All we need is your approval." In this way resistance to change is handled by manipulation.

7. ***Coercion***: Managers may use explicit or implicit coercion or force to handle the resistance to change. Manager may force employees to accept the change by threatening with the loss of job, promotion, pay raises, incentives, big projects and so on.

In addition, Newstrom and Davis have suggested some more ways to overcome resistance to change. They are as follows:

8. ***Use of group forces***: Group is an important instrument for bringing strong pressure on its members to change. It is because individual member's behaviour is firmly grounded in the group to which he belongs. The behaviour of the group positively affects the behaviour of its members. Hence, managers may use group force to implement a change.

9. ***Capable leadership***: Capable leadership plays an important role in forming a climate of psychological support for change. He should use personal qualities to enlist the support for change. Requests for change should be in accordance with the objectives and rules of the organisation. Moreover, he should implement the change with high expectations.

10. ***Shared rewards***: Another way to build employee support for change is to ensure a shared reward system. Manager should ensure that there are enough rewards for employees in the changed situation. If a change brings them losses and no gains, they can hardly be enthusiastic about the change.

11. ***Employee security***: Along with shared rewards, existing employee benefits must be protected. Security during a change is essential. Retraining. and reorientation programmes should be arranged. Current earnings, seniority rights, opportunities for advancement, and other benefits should be safeguarded when a change is made. All these steps help employees feel secure in the presence of change.

12. ***Union support***: The management must enlist the support of trade unions. Unions sometimes support management in encouraging workers to accept change. Unions may approve changes in the interests of workers. Managers in cooperation with workers' unions can easily initiate change.

13. ***Consistent with total system***: Resistance to change can be minimised if it is consistent with the total system of the organisation. For this purpose, management must ensure the following things:

a. Make only useful and necessary change. Avoid unnecessary change.
b. Change by evolution, not revolution. It means that change should be gradually, not dramatically.
c. Recognize the possible effects of change and introduce it with adequate attention to human needs.
d. Share the benefits of change with employees.
e. Diagnose the problems remaining after a change occurs and treat them