

**17BAU101 CORE – FUNDAMENTALS OF MANAGEMENT AND
ORGANIZATIONAL BEHAVIOUR**

Semester I
L T P C
4 - - 4

Course Objective:

- ❖ Fundamentals of Management and Organizational Behaviour represents the basic concepts in understanding the business organization.
- ❖ It gives a brief overview of the managerial functions of planning, organizing, staffing, directing and controlling (including decision making).
- ❖ It also represents the basic concepts in understanding the human behaviour aspects in achieving the organizational goal.
- ❖ It gives an insight to the students regarding individual and group behaviour in organizations.

Course Outcome:

- ❖ To make the students understand the concepts of management.
- ❖ To enlighten the student to gain the knowledge in the functions of management.
- ❖ To make the students know the human behaviour concepts
- ❖ To enlighten the students knowledge with various factors involved in human behaviour
- ❖ To make the students understand about the organizational climate

UNIT I

Basic forms of Business Ownership - Special forms of ownership - Franchising - Licensing - Leasing - Choosing a form of Business ownership - Corporate Expansion - mergers and acquisitions - Diversification, forward and backward integration - Joint ventures, Strategic alliance - Evolution of Management Theory - Managerial functions and Roles. Insights from Indian practices and ethos.

UNIT II

Overview of Planning - Types of Plans and The planning process - Decision making: Process - Types and Techniques - Control - Functions, Process and types of Control; Principles of organizing - Common organizational structures - Delegation and Decentralization - Factors affecting the extent of decentralization - Process and Principles of delegation - Line and Staff Function.

UNIT III

Importance of organizational Behaviour - Perception and Attribution - Concept, Nature, Process, Personality: Personality - Learning - Concept and Theories of Learning, Reinforcement, Motivation - Concepts and their application, Need, Content and Process Theories, Contemporary Leadership issues: Charismatic, Transformational Leadership. Emotional Intelligence.

UNIT IV

Groups and Teams - Definition, Difference between Groups and teams - Stages of Group Development - Group Cohesiveness - Types of teams - Analysis of Interpersonal Relationship: Transactional Analysis - Johari Window. Organizational Power and Politics - Nature of organizational politics.

UNIT V

Conflict: Concept, Sources - Types, Stages of conflict - Management of conflict, Organizational Change: Concept, Resistance to change, Managing resistance to change, Implementing Change - Kurt Lewin Theory of Change - Managing Stress: Insights from Indian ethos.

SUGGESTED READINGS:

TEXT BOOKS

1. Dinkar Pagare. (2015). *Principles of Management*. New Delhi: S.Chand and Co Ltd.
2. Aswathappa, K. (2014). *Organizational Behaviour*. Mumbai: Himalaya Publishing House.

REFERENCES

1. Bhushan, Y.K. (2013). *Fundamentals of Business Organization and Management* (19th ed.). New Delhi: Sultan Chand and Sons.
2. Fred Luthans. (2010). *Organizational Behaviour* (10th ed.). New Delhi: Tata McGraw - Hill Education.
3. Gilbert. (2011). *Principles of Management*. New Delhi: Tata McGraw Hill Publishers Pvt. Ltd.
4. Jerald Greenberg. (2011). *Behavior in Organizations*. New Delhi: Pearson Prentice Hall of India.
5. Kavita Singh. (2015). *Organizational Behaviour: Text and Cases* (3rd ed.). New Delhi: Vikas Publications.

6. Koontz., & Heinz Weihrich. (2010). *Essential of Management*. New Delhi: McGraw Hill.
7. Mc Shane, L., Steven, Glinow Mary Ann Von & Sharma Radha, R. (2008). *Organisational Behaviour*. , New Delhi: Tata McGraw Hill Publishers Pvt. Ltd.
8. NavinMathur. (2004). *Management Gurus Ideas and Insights*. Uttarakhand: National Publishing House.
9. Newstrom John, W. (2006). *Organisational Behaviour* (12th ed.). New Delhi: McGraw Hill Higher Education.
10. Richard L., Daft. (2008). *Principles of Management* (8th ed.). New Delhi: Cengage Learning India.
11. Robbins Stephen, P. (2014). *Organisational Behaviour* (7th ed.). New Delhi: Pearson Prentice Hall of India.
12. Stephen P Robbins., David, A., DeCenzo, Mary Coulter & Ian Anderson, (2013). *Fundamentals of Management* (7th ed.). New Delhi: Pearson Education.
13. Vijay Kumar Kaul. (2011). *Business Organization and Management: Text and Cases*. New Delhi : Pearson Education India.
14. Vijay Kumar Kaul. (2016). *Principles and Practices of Management*. New Delhi: Vikas Publication.

KARPAGAM ACADEMY OF HIGHER EDUCATION
(Deemed to be University under section 3 of UGC Act 1956)
Coimbatore – 641021
DEPARTMENT OF MANAGEMENT

I BBA

FUNDAMENTALS OF MANAGEMENT AND ORGANIZATIONAL BEHAVIOUR

SUB CODE: 17BAU101

LECTURE PLAN

UNIT I

Sl. no.	Lecture Duration hrs	Topics to be covered	Support Materials
1	1	Ownership Meaning, Definition	R1: P. No: 111-115
2	1	Basic forms of Business Ownership	R1: P. No: 115-120
3	1	Special forms of ownership	R1: P. No: 121-125
4	1	Choosing a form of Business ownership	R1: P. No: 121-125
5	1	The concept of Franchising	W1 W2 R1: P. No: 175-180 R1: P. No: 56-76
6	1	Licensing, Strategic Alliance	W1
7	1	Mergers and acquisitions, Joint venture	R1: P. No: 175-180
8	1	Leasing, Corporate Expansion	W3
9	1	Diversification, Forward and backward integration	R1: P. No: 223-227
10	1	Evolution of Management Theory	R2: P. No: 24-35
11	1	Managerial functions Roles, Insights from Indian practices and ethos	R2: P. No: 5-10
12	1	Recapitulation and discussion of important questions	
		Total no. of hours planned for unit - I	12

UNIT II

S.no .	Lecture Duration hrs	Topics to be covered	Support Materials
1	1	Planning-Meaning Overview of Planning	T ₁ : P. No: 99-112
2	1	Types of Plans, Process	T ₁ : P. No: 99
3	1	Decision Making Process	T ₁ : P. No: 114-117
4	1	Decision Making- Types, Techniques	T ₁ : P. No: 114
5	1	Control : Meaning ❖ Function	T ₁ : P. No: 276-285
6	1	Process of control, Types	T ₁ : P. No: 276
7	1	Principles of organizing	T ₁ : P. No: 146-150
8	1	Common organizational structures	T ₁ : P. No: 171
9	1	Line and Staff Function	T ₁ : P. No: 171
10	1	Delegation ❖ Meaning ❖ Process ❖ Principles of delegation	T ₁ : P. No: 194-200
11	1	Decentralization Factors affecting decentralization	T ₁ : P. No: 137-138
12	1	Recapitulation and discussion of important questions	
		Total no. of hours planned for unit - II	12

UNIT III

Sl. no	Lecture Duration hrs	Topics to be covered	Support Materials
1	1	Organizational Behaviour Meaning	T2: P. No: 1-10
2	1	Importance of OB	T2: P. No: 1-10
3	1	The concept of Perception Nature and Process	T2: P. No: 113-120
4	1	Attribution, Nature and Process	T2: P. No: 113
5	1	Personality	T2: P. No: 121-130
6	1	Personality Factors & Theories	T2: P. No: 121-130
7	1	The concept of Learning, Theories, Reinforcement	R3: P. No: 93-106
8	1	Motivation Concepts and their application	T2: P. No: 143-164
9	1	Need, Content and Process Theories	R3: P. No: 144-157
10	1	Contemporary Leadership issues Charismatic, Transformational Leadership.	T2: P. No: 142-144 T2: P. No: 415-420
11	1	Emotional Intelligence	W4
12	1	Recapitulation and discussion of important questions	
		Total no. of hours planned for unit - III	12

UNIT IV

Sl. no	Lecture Duration hrs	Topics to be covered	Support Materials
1	1	Concept and Definition of Groups	T2: P. No: 287-310
2		group norms	T2: P. No: 287-310
3	1	Teams – meaning and nature, Difference between Groups and teams	T2: P. No: 315-327
4		Types of teams	T2: P. No: 315-327
5	1	Types of groups	T2: P. No: 239-250
6		Stages of Group Development	T2: P. No: 239-250
7	1	Concept of Group Behaviour Group decision making Group Cohesiveness	R3: P. No: 250-256
8	1	Analysis of Interpersonal Relationship	R3: P. No: 223-230
9		Nature of interpersonal behavior, Transactional Analysis	R3: P. No: 223-230
10	1	Johari Window Organisational Power and	R3: P. No: 230-236
11		Organizational Politics Role and ethics, Nature of organizational politics.	R3: P. No: 230-236
12	1	Recapitulation and discussion of important questions	
		Total no. of hours planned for unit - IV	12

UNIT V

Sl. no	Lecture Duration hrs	Topics to be covered	Support Materials
1	I	Introduction about conflict Concept, meaning and definition	R3: P. No: 391-392
2	I	Sources of conflict	R3: P. No: 392-393
3	I	Stages of conflict	R3: P. No: 393-398
4	I	Types of conflict Individual level, Interpersonal level, Organizational level, Group level	R3: P. No: 393-403
5	I	Management of conflict Conflict resolution actions	R3: P. No: 403 - 409
6	I	Organizational Change Concept and nature Factors in organizational change	T2: P. No: 403-408
7	I	Resistance to change Factors in Resistance to Change, Overcoming resistance to change	R3: P. No: 569-580
8	I	Managing resistance to change Implementing Change, Kurt Levin theory	T2: P. No: 410-412
9	I	Managing Stress: concept , causes of stress, Insights from Indian ethos.	T2: P. No: 410-412
		Total no. of hours planned for unit - V	9
10	I	Discussion of previous ESE question papers	
11	I	Discussion of previous ESE question papers	
12	I	Discussion of previous ESE question papers	
		Total no. of hours planned for unit – V and Previous ESE question paper discussion	9+3 = 12

Text book :

T₁: Dinkar pagare, (2015). *Principles of Management*, S Chand and Co.Ltd, New Delhi

T₂: Aswathappa.K, (2014), *Organizational Behaviour*, Himalaya Publishing House, Mumbai.

Reference Books:

R₁: Y.K Bhushan, (2010) *Fundamentals of Business Management and organizational behavior*, Sultan Chand and sons, New Delhi

R₂: Ramaswamy. T, (2012), *Principles of Management*, Sultan chand and sons, New Delhi

R₃: Prasad. L.M, (2013) *Organizational Behaviour*, Sultan Chand and sons, New Delhi.

Website:

W₁: www.entrepreneur.com/encyclopedia/franchising

W₂: <http://en.wikipedia.org/wiki/lisence>

W₃: www.investopedia.com/term/ease

W₄: [www.psychologytoday.com/emotional intelligence](http://www.psychologytoday.com/emotional_intelligence)

W₅: www.webmd.com/guide/tipsto-control.stress

UNIT 1

INTRODUCTION TO BUSINESS ORGANIZATIONS AND MANAGEMENT

Basic forms of Business Ownership - Special forms of ownership - Franchising - Licensing - Leasing - Choosing a form of Business ownership - Corporate Expansion - mergers and acquisitions - Diversification, forward and backward integration - Joint ventures, Strategic alliance - Evolution of Management Theory - Managerial functions and Roles. Insights from Indian practices and ethos.

1. INTRODUCTION

The subject of Business Organization and Management has acquired an important status in the field of business studies at the under-graduate level. It embraces the study of the methods, techniques and practices of efficient organizations and management of business. The knowledge of this subject is essential not only for the commerce students, but also for all those who want to enter into any line of business.

Meaning of Business

A business may be defined as an institution organized and operated to provide goods and services to the society with the objective of earning profit.

L.R. Dickson has defined business as a form of activity pursued primarily with the object of earning profit for the benefit of those on whose behalf the activity is conducted.

“Business involves production and/or exchange of goods and services to earn profits or in a broader sense, to earn a living”

Profit is not the sole objective of the business. It may have other objectives like promotion of welfare of the workers and the general public.

Business activities include production and distribution of goods and services which can satisfy human wants.

The term business should be used to convey the same meaning as the term trade simply denotes purchase and sale of goods whereas 'business' includes all activities from production to distribution of goods and services. It embraces industry, trade and other activities like banking, transport, Insurance and warehousing which facilitates production and distribution of goods and services. According to F.C. Hopper "The whole complex field of commerce and industry which includes the basic industries, processing and manufacturing industries, and the network of ancillary services: distributions, banking, insurance transport and so on, which serve and interpenetrate the world of business as a whole" are called business activities.

1. FORMS OF BUSINESS ORGANISATION

A business enterprise may be owned by one person or a group of persons. When it is owned by one person, it is known as sole proprietorship. Except this form of organization, all other forms of business organizations come under the category of 'group ownership' or 'joint ownership'. Group ownership of the business organisations may take any one of the following forms:

- (I) Sole Proprietorship
- (ii) Joint Hindu Family Firm
- (iii) Partnership Firm
- (iv) Joint stock company and
- (v) Co-operative Undertaking.

The above mentioned forms of organisations are follows:

Sole Proprietorship

Meaning:

A business that runs under the exclusive ownership and control of an individual is called sole proprietorship or single entrepreneurship.

- ❖ It is started through the initiative of an individual and is run with the capital supplied by the proprietor from his resources or through borrowed means.
- ❖ The proprietor manages the business himself, bears all risks alone and gets all profits by virtue of the nature of this form of organization.
- ❖ He has almost unlimited freedom of action to run his business. He may choose to run any line of business without going through the legal formalities excepting those in which

license may be required from the Health Department, the Municipal Authority, or some other body.

The individual may run the business alone with the help of his own skill and intelligence or may employ a few employees for that purpose. It is the simplest and the oldest form of organization.

Features of Sole Proprietorship

It is the oldest form of commercial organization. It is because of its peculiar features that even in these days of modernisation individual proprietorship stand out unaffected.

1. **Single Ownership:** This is owned by one man and nobody else contributes capital.
2. **Own Control:** He has absolute control over the affairs of the concern. His decision is final. Since he need not consult others, he can take quick decision and gain enormously
3. **Own Profit:** The attraction of reaping the entire profits motivates him to put forth the best in him. He strives tirelessly for the improvement and expansion of his business.
4. **Unlimited Liability:** The liability of the sole proprietor is unlimited. As results, then his business assets are not adequate for paying the debts, his private properties have to be sold.
5. **Absence of Government Regulation:** A sole proprietary concern is free from Government regulations. No formalities are to be observed in its formation, management or in its closure.
6. **No Separate Entity:** The sole trading concern is not regarded as an entity different from the proprietor. Consequently the business comes to an end with the permanent disability or death of the proprietor.
7. **Limited Capital:** Since capital is contributed by only one individual it is bound to be small. Apart from this financial constraint his inability to manage beyond a level also impedes its expansion. The size of the business unit therefore tends to be small.

Merits Sole Proprietorship

(I) Easy to Form and Dissolve: Since no legal formalities need to perform to start a sole proprietary business, it is most easy to start a business as a sole proprietary concern. Sometimes, a few restrictions are placed by local bodies such as municipalities, etc., from the view point of maintenance of health and sanitation. Just as it is easy to form, it is equally convenient to dissolve a sole proprietorship concern.

(ii) Direct Motivation: In this form, there is a direct relationship between rewards and efforts. The sole proprietor enjoys the entire profits and hence is inspired, induced and motivated to give his best of efforts and skills in running the business.

(iii) Absolute Control: The proprietor is free to prepare any plans and policies and execute them for the success of his business without any interference or clash of interest from any quarter. He is free to direct and control the operations of his business.

(iv) Business Secrecy: To face the challenge of competition in the market, maintenance of business secrecy provides an edge to the firm over its rival firms. The degree of retention of business secrecy is the highest in this form of organization.

(v) Promptness in Decision-Making: A sole proprietor being a single owner is not required to consult anyone while taking decisions. This enables him to take prompt and quick decisions taking advantage of the opportunities which may arise in business from time to time.

(vi) Flexibility in Operations: If the situation demands changes in strategy, the same can be easily brought about to meet the changed situation without causing least of unsought consequences. Sole proprietorship offers the scope for flexibility in business operations by allowing the business to adapt and adjust itself to changing times and situations.

(vii) Personal Relations: Normally, the size of a sole proprietary business being small, the owner maintains a personal touch with his employees and customers. Personal attention to customers results in increased sales and individual attention to employees brings in efficiency and motivation on the part of employees thereby reducing the cost of production. The resultant reduced costs and increased sales are reflected in increased volume of profits.

(viii) Credit Standing: Since a sole proprietor is liable to pay the debts of the business out of his private property and investment as well, the credit worthiness or standing of the sole property concern is greatly enhanced. The creditors, therefore, do not hesitate to lend to a sole proprietor.

(ix) Limited Regulations: The business activities of a sole proprietor are least regulated by law and the Government. No doubt, a sole proprietary business has to comply with labour laws and tax laws; there is no other interference in the day-to-day running of the business from the Government. Similarly, there is no Government regulation in respect of formation and dissolution of its business.

(x) Independence: This form of organization offers a way of life for acquiring honourable living to those persons who do not want to serve others and take pride in ownership and control of their business. It provides an opportunity of business career to many people with available resources and there by utilizing their capacity and skills in the field of business. The sole proprietor being his own master and manager derives greatest possible satisfaction in terms of having created or rendered worthwhile commodity or service.

(xi) Development: Since a sole proprietor has to face all kinds of problems and challenges single handed, the qualities of initiative, self-reliance and responsibilities get developed in him, thereby, enabling him to enjoy a respectful life in the society full of warmth and social contacts.

Demerits Sole Proprietorship

(I) Limited Capital: Since the capital is contributed by one individual only, business operations have necessarily to be on a limited scale. Even when he wants to raise funds by borrowing, the borrowing capacity of one individual is bound to be limited. Thus large scale units which require enormous capital cannot be started by an individual.

(ii) Limited Managerial Skill: Whoever may be a person his resourcefulness and business management will be less effective beyond a certain stage? Further, since he has to keep his fingers on everything and has to work under severe stress, he likely to take wrong-decisions. Thus, these two factors, namely limited availability of capital and limited managerial ability do not allow the business unit to expand.

(iii) Unlimited Liability: The liability of a sole trader being unlimited, even his private assets are in danger of being lost.

(iv) Uncertainty of Continuity: Since the success of the sole trading concern hinges on the personal qualities of the proprietor, any prolonged illness or permanent disability or death brings the business to a standstill.

(v) Inability to Avail of Specialization: Since the business unit is small and the financial resources limited experts in different fields cannot be employed to secure maximum advantage. He alone has to handle production, marketing, correspondence, etc. It is common knowledge that one cannot be an expert in all these varied fields of business activities, as a result, efficiency suffers.

(vi) **Hasty Decision:** Though quick decision is a definite advantage, sometimes the decision taken in a hurry is likely to spell ruin to the business. One has to agree with the proverb, 'haste makes waste'

PARTNERSHIP FIRM

Meaning:

Section 4 of the **Indian Partnership Act, 1932** defines partnership as “*the relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all.*”

Persons entering into partnership agreement are known as 'Partners' and collectively as 'firm' or 'partnership firm'. The name in which the business is carried on is called 'firm name'. The partners provide the capital and share the responsibility for running the business of the firm on an agreed basis. In some cases, however, one partner provides whole or most of the capital and other contributes technical or managerial skill with or without some portion of capital. The terms and conditions of partnership are usually mentioned in the Partnership Agreement known as the Partnership Deed.

Features of Partnership Firm

The essential features of a partnership firm are discussed below:-

(i) **Two or More Persons:** There must be at least two persons to form a Partnership. The partnership Act fixes no maximum limit on the number of partners of a partnership firm. But the Companies Act, 1956 lays down that any partnership or association of more than 10 persons in case of banking business and 20 persons in other business operations as illegal unless registered as a Joint Stock Company. Thus, the maximum limit on the number of partners is ten in case of banking business and 20 in case of other lines of business.

(ii) **Contractual Relation:** The relation of partnership is created by contract and not by status as in case of Joint Hindu Family. There must be an agreement between two or more persons to enter into partnership. Such an agreement may be oral, written or implied. Since partnership is an outcome of a partnership the persons who enter into an agreement of partnership must be competent

to enter into contract. Minors, lunatics, insolvent and other persons incompetent to enter into a valid contract cannot enter into a partnership agreement.

(iii) Lawful Business: The partners must agree to carry some lawful business. Mere holding of property in joint ownership cannot be considered as partnership unless it is accompanied by certain business activities and possesses other features of partnership.

(iv) Sharing of Profit: There must be an agreement to share the profits and losses of the business of the partnership firm. This is at the very root of bringing the persons together to carry on a business. However, sharing of profit is not a conclusive proof of partnership. Employees or creditors who share profits of the firm cannot be called partners in the absence of any agreement of partnership.

(v) Agency Relationship: There must be an agency relationship between the partners. This is the crucial test of the existence of a partnership firm? Every partner is a proprietor as well as an agent of the firm. The business of the firm may be carried on by all or any of them acting for all unless otherwise agreed. Every partner is entitled to take part in management of day-to-day operations of the firm and to represent the firm and other partners in dealing with other parties.

(vi) Unlimited Liability: As a result of contractual relationship between the partners of a firm, all the partners are liable jointly and severally for all debts and obligations of the firm to an unlimited concern. That means if the assets of the firm are not sufficient to meet the obligations of creditors of the firm, the private assets of the partners can be attached to satisfy their claims. The creditors may even realize the whole of their dues from one of the partners. The partner from whose property the dues are recovered is entitled in law to obtain rateable contribution from the other partners of the firm.

(vii) Non-Transferability of Interest: A partner cannot transfer his proprietary interest to any person (except those who are already the partners) without the unanimous consent of other partners. The restriction on transfer of interest is based on the principle that the partner being an agent of the partnership firm cannot delegate his proprietary interest to outsider.

Kinds of Partners

Partners can be classified from different start points-on the basis of business interest, on the basis of public liabilities and, on the basis of managerial responsibilities. The important categories of partners are as follows:-

(I) Active or Actual Partner: Partners who take an active part in the conduct of the partnership business is called 'actual' or 'ostensible' partners. They are full-fledged partners in the real sense of the term, such a partner must give public notice of his retirement from the firm in order to free himself from liability for acts after retirement.

(ii) Sleeping or Dormant Partner: Sometimes, however, there are persons who merely put in their capital (or even without capital they may become partners) and do not take active part in the conduct of the partnership business. They are known as 'sleeping' or 'dormant' partners. They do share profits and losses (usually less than proportionately), have a voice in management, but their relationship with the firm is not disclosed to the general public. They are liable to the third parties for all acts of the firm just like an undisclosed principal. They are, however, not required to give public notice of their retirement from the firm.

(iii) Partner in Profits Only: A partner who has stipulated with other partners that he will be entitled to a certain share of profits, without being liable for the losses, is known as 'partner in profits only'. As a rule, such a partner has no voice in the management of the business. However, his liability vis-à-vis third parties will be unlimited because in India we cannot have 'limited partnership'.

(iv) Sub-Partner: When a partner agrees to share of profits in a partnership firm with an outsider such an outsider is called a sub-partner. Such a sub-partner has no rights against neither firm nor he is liable for the debts of the firm.

(v) Partner by Estoppels: If a person represents the outside world, by words spoken or written or by his conduct or by lending his name that he is a partner in a certain partnership firm, he is then stopped from denying his being partner, and is liable as a partner in that firm to anyone who has on the faith of such representation granted credit to the firm.

Merits of Partnership

(i) Ease of Formation: Like sole proprietorship, the partnership is also relatively free from legal formalities in terms of its formation.

(ii) Larger Resources: This form enables the pooling of larger resource than sole proprietorship, for a number of persons (partners) contributes to the capital of the business. Not only this, the credit worthiness, which can also be used for borrowing larger sums of money is also greater in

this form than in the case of sole proprietorship. This enables a partnership firm to undertake operations on a relatively larger scale and thereby reaping the economies of scale.

(iii) Combined Abilities and Judgment: In addition to the pooling of capital resources, the partnership combines abilities and skills of two or more persons (partners), and thus ensures better management of the business. Combined abilities and judgment, when properly integrated produces the results which are appreciably greater than the sum total of individual scattered efforts. Moreover benefits of specialized knowledge and division of labour can also be availed by judicious choice of partners possessing different business skills.

(iv) Flexibility: Since partnership business is not regulated by any law in its day to day just as a company business is regulated by Company Law, it imports flexibility in its operation. It can change its business whenever the partners like. Moreover, it is easier to change the line of business if the firm is not successful in one line of business because of its small scale operations.

(v) Quick Decisions: A partnership firm is able to make decisions without delay because partners can meet and discuss the business problems more frequently. But in the case of a joint stock company, a good deal of time is wasted in calling the meeting of the Board of Directors and the shareholders.

(vi) Cautious Operations: Since the liability of the partners is unlimited, they are more cautious in running the business.

(vii) Survival Capacity: The survival capacity of the partnership firm is greater as compared to the sole trader ship concern. The partnership business need not come to an end on the death of a partner if the partnership deed does not provide so. Moreover, a partnership firm can undertake more than one line of business because it has more capital resources and it can compensate its loss in one line by the profit in other lines of business.

(viii) Better Human or Public Relations: Every partner can be made to develop healthy and cordial relations with employees, customers, suppliers and citizens, etc. The fruits of such a relationship may be reflected in higher accomplishments and larger profits for the business. This will also result in enhancing the goodwill of the firm and pave the way towards its steady progress.

(ix) Protection of Minority Interest: According to the features of partnership, no major amendments affecting the basic nature of partnership can be made without the unanimous consent of all the partners. Thus every partner's views-voice carries weight in partnership.

Demerits of Partnership Firm

(i) Lack of Harmony: The partnership business works steady as long as there is harmony and mutual understanding among the partners. If there is any occasion when this harmony is adversely affected that is the beginning of the end of a good partnership.

(ii) Limited Resources: Since maximum number of partners cannot exceed 20 in ordinary business and 10 in banking business, the amount of capital resources is limited to the contribution to be made by the partners. As we have observed earlier that the ideal number of partner is three to five, the contribution in terms of capital shrinks further. This is one reason account of which a partnership form of organization is not suited to undertake a large size business operation requiring huge capital investment.

(iii) Instability of Business: The partnership firm comes to an end with the death, retirement or insolvency of a partner. Not only this, it may also come to grief in the case of dissensions among the partners. Thus the life of a partnership firm is highly uncertain.

(iv) Lack of Public Confidence: Since a partnership business is not subjected to detailed regulations just as a company business is, it fails to inspire public confidence.

(v) Risk of Implied Authority: A partner having implied authority to bind the firm by his acts of commission and omission, the firm may find itself difficulty in any moment.

(vi) Unlimited Liability: From this stand-point, a partnership is even worse than sole proprietorship because a partner is liable to the extent of his private property not only for his own mistakes and lapses but also for the mistakes, lapses and even dishonesty of his fellow partner or partners. Partners are both jointly and severally liable. This may have more dangerous effect of curbing entrepreneurship because the partners may be afraid of venturing into new areas of business activities for fear of losses.

(vii) Non-Transferability of Interest: Since no partner can transfer his interest to an outsider without the unanimous consent of all the partners, it makes investment in partnership business reluctantly shy.

(viii) **Social Losses:** If a partnership firm is dissolved because of lack of harmony among the partners, or the risk of implied authority, or on account of any such reason, it is a definite loss to the society both in terms of supply of goods and services and in terms of source of employment.

JOINT STOCK COMPANY

Meaning:

Chief Justice Marshall defined a company, as “*person, artificial, invisible, intangible and existing only in the eyes of law. Being a creation of law, it possesses only those properties which the charter of its creation confers on it either, expressly or as incidental to its very existence; among the most important of which are immortality and individuality.*”

A company is an incorporated voluntary association of persons in business having joint capital divided into transferable shares of a fixed value, along with the features of limited liability, common seal and perpetual succession.

Features Joint Stock Company

The definition given above reveals the following features of a company:

(i) **Artificial Legal Person:** A joint stock company is an artificial person created by law to achieve the objectives for which it is formed. A company exists only in the contemplation of law. It is a fiction of law but it cannot be called fictitious as it exists. It is an artificial person in the sense that it is created by a process other than natural birth and does not possess the physical attributes of a natural person. It is invisible, intangible, immortal (law alone can dissolve it), and exists only in the eyes of law. It has no body, no soul, no conscience, neither it is subject to imbecilities of the body.

A company is an incorporated association of persons under the Companies Act, 1956. The Companies Act recognizes it as a person. Like a natural person, it has rights and obligations in terms of law. However, it cannot do those things which a natural person can do such as taking oath in person, appearing in a law court in person, practicing a profession like law or medicine, enjoying married life, etc. Although a company is a legal person having nationality and domicile, it is not a citizen and hence cannot claim the protection of those fundamental rights which are

expressly guaranteed to citizens such as right of franchise. However, the company has the right to challenge a law if the law happens to violate fundamental rights of citizens.

(ii) Distinct Legal Entity: A company is a legal person having a juristic personality entirely distinct from and independent of the individual persons who are its members (owners). It has the right to own and transfer the title to property in any way it likes. No member can either individually or jointly claim any ownership right in the assets of the company during its existence or its winding up. It can sue and be sued in its own name by its members as well as outsiders similarly, creditors of the company are creditors of the corporate body and they cannot directly proceed against the members personally.

(iii) Perpetual Succession: A joint stock company has a continuous existence and its life is not affected by the death, lunacy, insolvency or retirement of its members or directors. Members may come and go, but the company continues its operations so long as it fulfils the requirements of the law under which it has been formed. Thus, a company has a perpetual succession irrespective of its membership.

(iv) Common Seal: A company being an artificial person cannot sign documents for itself whereas a natural person can do. The law has, therefore, provided for the use of a common seal, with the name of the company engraved on it, as substitute for its signatures. Any document bearing the common seal of the company and duly witnessed (signed) by at least two directors will be legally binding on the company.

(v) Limited Liability: Liability of the members of a limited company is limited to the value of the shares subscribed to or the amount of guarantee given by them. Members cannot be asked to pay anything more than what is due or unpaid on the shares of the company held by them even though the assets of the company are not sufficient to satisfy fully the claims of creditors of the company in the event of its winding up. Thus, by virtue of this characteristic the personal property of a shareholder cannot be attached for the debts of the company if he holds a fully paid up share.

(vi) Transferability of Shares: Members of a public limited company are free to transfer the shares held by them to anyone else. Shares can be sold and purchased through the stock exchange.

(vii) Separation of Ownership and Management: Ordinarily, the number of shareholders, who are the owners of the company, is fairly large and hence all of them or most of them cannot participate in the day-to-day management of the company. The law, therefore, provides for the Board of Directors, elected by members (owners) in the general body meeting of the company, to govern the affairs of the company. It may, however, be noted that a company possesses the above mentioned characteristics or features by virtue of its incorporation or registration under the Companies Act. Although a partnership firm-an alternative to the company form of organization-may also be got registered under the Indian Partnership Act, 1932, yet it does not possess any of these characteristics.

Kinds of Companies

Companies may be classified from different points of view which are briefly described as under:

On the Basis of Formation:

(i) Statutory Company: A company which is created by a special Act of the Parliament or Assembly of any State is called as statutory company. This is done only in special cases where it is necessary to regulate the working of the company for some specific purposes. The State Bank of India, Reserve Bank of India, Life Insurance Corporation, Unit Trust of India etc., are examples. Statutory companies are governed by the Acts creating them. They are not required to have any memorandum of association or articles of association. Changes in their structure are possible only by amendments in the Acts creating them. The annual report on the working of such statutory company is required to be placed on the tables of Parliament or Assembly. It cannot be regarded as a department of the Government.

(ii) Registered Company: A company registered under the Companies Act, 1956 is called as a registered company. These are governed by the above Act and subject to the rules of memorandum of association and articles of association of their own. The annual report on the working of such statutory company is required to be placed on the tables of members of the company at the time of annual general meeting.

(iii) Government Company: Government Company means any company in which not less than 51 percent of the paid-up share capital is held by the Central Government and or by any state Government or State Governments. The auditor of a Government company is appointed by the central Government on the advice of the Comptroller and Auditor-General of India. The audit

report is to be placed before the parliament. A Government company has an independent legal entity and cannot be identified with the Government.

On the Basis of Public Interest: On the basis of number of members or public interest, companies may be further categorized into (i) Private Company and (ii) Public Company,

(i) Private Company: A private company is a very suitable form for carrying on the business of family and small concerns it is registered under the Companies Act, 1956. According to Section 3 of the Companies (Amendment) Act, 2000 a private company is one which has the following features:

- (a) The minimum paid up capital is Rs. 1,00,000
- (b) The minimum number of members is two
- (c) The maximum number of members is fifty
- (d) It is prohibited from issue of shares to the public
- (e) It is prohibited from transfer of shares

Such a company must use the word “Private” as part of its name.

(ii) Public Company : It is suitable form of company for carrying on the business at large scale involving huge amount of capital. According to Section 3 of the Companies (Amendment) Act, 2000 a private company is one which has the following features.

- (a) The minimum paid up capital is Rs. 5,00,000
- (b) The minimum number of members is seven
- (c) The maximum number of members is unlimited

Such a company must use the word “Ltd” as part of its name.

On the Basis of Liability : On the basis of liability of members the companies Act makes provision for the registration of these types of companies namely:

(i) Companies Limited by Shares : A company having the liability of its members limited by the memorandum to the value of shares held by them is called a company limited by shares. If a member has paid the entire value of the share, he does not owe any further liability to the company and in case he has partly paid the value of share, the liability of such member (s) is limited to the value of the unpaid amount of the shares held by him. Most of the Companies in India belong to this category.

(ii) Companies Limited by Guarantee : such a company is defined as a company having the liability of its members limited by its memorandum, to such amount as the members may respectively undertake to contribute to the assets of the company in the event of its being wound up. The amount guaranteed by each member cannot be demanded until the company is wound up. Hence it is in the nature of a 'Reserve Capital.' Such companies may or may not have share capital. They are generally formed without share capital for non-trading purposes, such as the promotion of art, science, culture, sports, etc. The Articles of Association of such a company must state the number of members with which the company is to be registered.

(iii) Unlimited Companies : A company having no limit on the liability of its members is an unlimited company. The liability of members in this type of companies, being unlimited, may extend to the personal property of the members. In this respect, it resembles partnership. But it is different from the partnership in the sense that the creditors of such a company cannot sue members directly. They can only resort to the winding up of the company on default. The reason for this is that the company enjoys a separate legal entity distinct from that of its members (owners), whereas a partnership firm does not enjoy such a separate entity. It is to be remembered here as well that the liability of a member is enforceable only at the time of winding up of the company. A member continues to be liable for one year, after he ceases to be a member provided the existing members are unable to satisfy the contributions required to be made by them.

On the Basis of Control : On the basis of control over the company, the companies may be classified as under :

(i) Holding Company : Where one company controls the management of another company, the controlling company is called Holding Company. For example if company A hold more than 51% of paid up share capital of company B, the company A is called as holding company. To be legal, it is arise in the following circumstances .

- (a) Where the majority of directors are directors of the holding company
- (b) Where not less than 51% of paid up share capital is held by holding company
- (c) Where a company is subsidiary company of a holding company.

(ii) Subsidiary Company : Where one company controls the management of another company such company so controlled is called as subsidiary company. For example if company A hold

more than 51% of paid up share capital of company B, the company B is called as subsidiary company.

On the Basis of Nationality

(i) Indian Company : A company registered in India having place of business in India is called as Indian company. It may be private company or public company. It may be noted that where, all the share holders of a company are foreign citizens, a company shall be called as Indian company if it is registered in India.

(ii) Foreign Company : It means a company incorporated outside India and having place of business is called as foreign company. The term place of business does not mean agency business in India. It may be noted that where, all the share holders of a company are Indian citizens, a company shall be called as foreign company if it is registered outside India.

Merits of a Company

(i) Large Financial Resources : The joint stock company can raise large amount of money or capital by issuing shares and debentures to the public. The capital of the company is issuing shares and debentures to the public. The capital of the company is divided into shares of small denominations of Rs.20, Rs50, or Rs.100 which attract person for investment with small income. The ease with which the investor can transfer his share holding is another attraction for the investors to raise vast funds to undertake its business activities from a position of strength.

(ii) Limited Liability : The liability of shareholders of a company is limited to the face value of the shares held by them. Their private property is not attachable to recover the dues of the company. Thus, this form of organization is a great attraction to persons who are not willing to take risk as is inherent in other forms of organization such as sole proprietorship and partnership as they do not possess the features of limited liability.

(iii) Continuity : A company being an artificial person created by law and enjoying a distinct and separate personality of its own is not affected by the entry and exit of its members. It continues to be in existence even if all the persons who promoted it leave or desert it or give up their membership. Hence as a body corporate, it enjoys perpetual existence. Being a stable form of organization it is suited for such business activities which require long period to establish and consolidate.

(iv) Transferability of Shares : The right of the shareholders of public companies to transfer the shares held by them imparts liquidity to the investments and thereby encourages investment of funds in the company. The existence of stock exchange and continuity of operations in it facilitate further the transferability of shares especially in respect of those which are listed on the stock exchange.

(v) Benefits of Large Scale Operation : A company is in a position to raise large amount of capital and thereby undertake large scale operations. The largeness of the operations results in the economies in production, purchase, selling, management, advertising, etc. This in turn, leads to increase efficiency and the consequent reduction in the cost of production.

(vi) Professional Management : The largeness of the financial resources and the requirements of business operations prompt a company to hire the services of professional managers, both on the Board of Directors and in various management positions. The professional managers by applying their managerial skill and talent help the company to achieve greater heights of efficiency and competitive strength in relation to the rival firms.

(vii) Public Confidence : From inception to its winding up all the activities of a company are regulated by the provisions of the Companies Act. The companies are under legal obligation to get their accounts audited by a qualified Chartered Accountant and publicise their audited accounts, Director's Report, etc. All this creates and promotes public confidence.

(viii) Scope for Expansion and Growth : The company form is conducive to the expansion of business operations and is also responsible for the growth of giant-size enterprises which operate not only within the country but also in a number of foreign countries. Two limiting factors viz., limited financial resources and unlimited liability are conspicuous by their absence in the case of company form of organization as a result of which the company form enjoys greater potentialities of growth over other forms of organization.

(ix) Social Benefits : The company form of organization is an effective medium, of mobilizing the scattered savings of the community and investing them in different commercial and industrial enterprises. It is also indirectly helping the growth of financial institutions like banks, insurance companies etc., by providing avenues for the investment of their funds into shares and debentures. It offers employment to many people both skilled and unskilled. Further, it produces large amount of revenue to the Government both through direct and indirect taxes.

(x) Tax Benefit : The tax burden varies considerably between a corporate form and a non corporate form under the Income Tax Act. Companies being legal persons are taxed as distinct bodies on their income in addition to tax paid by shareholders at the time of dividend distribution. Whatever be the size of income, companies pay a uniform rate of tax. On the other hand, proprietorships or partnerships have no entity apart from the entity of the owners thereof.

Demerits of a Company

The following are the demerits of the company form of organization “

(i) Difficult and Costly Formation : The formation of a company requires fulfilment of a number of legal formalities. For this purpose provisions of the Companies Act are to be complied with and large amounts have to be spent in order to fulfil the preliminaries. In addition, it is time consuming as well for a number of sanctions and approvals are to be obtained from different authorities before a company gets going. These difficulties in terms of fulfilling legal formalities, time required completing them and the money needed to undertake all these formalities at times discourage people from going in for this form of organization.

(ii) Lack of Personal Touch: There is a divorce between ownership and management of the joint stock company. The affairs of the company are managed by the professional managers. This may be responsible for lack of personal involvement and stake which characterize sole proprietary and partnership forms of business organization.

(iii) Oligarchic Management: The management of a company which is supposed to be conducted as per desires of the shareholders or owner turns out to be a plaything of a few individuals. In theory, every shareholder has a right to participate in the Annual General Meeting and other meetings of the company and to exercise his right to elect directors, to appoint auditors and participate in other matters. But in practice, companies are managed by a small number of persons who are able to perpetuate their reign over the company from year to year. This is because of a number of factors like lack of interest on the part of the shareholders, low literacy level among the shareholders, and lack of sufficient information about the working of the company.

CO-OPERATIVE SOCIETY

Meaning:

“An association of persons, usually of limited means, who have *voluntarily joined together*, to achieve a common economic, through the formation of a democratically controlled business organization, *making equitable contributions* to the capital required and accepting a fair share of risks and benefits of the undertaking.”

Features

(i) Voluntary Association :As stated above, persons desirous of pursuing a common objective can form themselves into an association and leave the same as and when one likes by withdrawing his capital. Thus, voluntary feature of the cooperative organization has two important connotations:

- (a) Any person may become a member of such an organization irrespective of his caste, creed, religion, colour, sex, etc., and
- (b) The members come together to form themselves into an association without any coercion or intimidation.

(ii) Service Motive :As stated earlier, a cooperative organization is established primarily with a view to rendering service to its members in particular and to the society in general. This however, does not mean that such an organization will not work for profit. There are several cooperative organizations which are making reasonably good profits. What we reiterate here is the emphasis on service and not on profit.

(iii) Capital :The capital of the co-operative organization is procured from its members in the form of share capital. However, the share capital constitutes only a limited source of business finance, the major part of which is raised by the cooperative organization either by way of loan from the Government and the apex cooperative institutions, or by way of grants and assistance from the government.

(iv) Return on Capital :The return on capital subscribed by the members is in the form of a fixed rate of dividend which is a charge on the trading surplus of the organization.

(v) Distribution of Surplus : The entire trading surplus earned by a cooperative organization after meeting its trading expenses and paying a fixed rate of dividend is not distributed among the members. Under the present law governing co-operative organization a sum of about $\frac{1}{4}$ of its profits are to be transferred to general reserves. Similarly, a portion of the profit, not exceeding 10% may be utilized for the general welfare of the locality in which the society is functioning. The rest of the surplus may be distributed in the form of bonus on a certain agreed basis but not on the basis of the capital contributed by the members. The bonus may be paid to the members in proportion to the purchases made during the year by the members in case of Consumers' Co-operative Stores, or in proportion to the goods delivered for sale to the society in the case of Producers' Co-operative Store.

(vi) Separate Legal Entity : Like a company, a co-operative organization also enjoys a separate and independent entity distinct from that of its members. As such, it has a perpetual life and is not affected by the entry and exit of members. It can sue or be sued in its own name. It can own property and dispose of it in its own name, likewise can enter into business contracts in its own name.

(vii) Democratic Functioning : The management of cooperative organization vests in a managing committee elected by members on the basis of 'one-member-one vote' irrespective of the number of shares held by any member. It is the general body of the members which lays down the broad framework of policy within which the managing committee has to function.

(i) State Regulation : A co-operative organization right from its inception up to its end is subjected to detailed regulation under the Co-operative Societies Act, 1919 or other State Co-operative Societies Act. A co-operative organization in order to be registered with Registrar of Co-operative Societies has to fulfil certain requirements.

Merits Co-operatives

Different types of co-operatives have distinct merits to their credit. But there are some common merits which can be witnessed in all co-operatives. These are as follows;

(i) Easy Formation : Being a voluntary association, it is easy to form as it does not require long and complicated legal preliminaries. Any 10 adult persons can voluntarily form themselves into an association and get it registered with the Registrar of Cooperatives.

(ii) Democratic Functioning :As observed earlier, the management of co-operative is vested in a managing committee which is elected by the general members of the co-operative on the basis of 'one-man-one-vote'. As such, it does not matter whether a member holds one share or more than one share.

(iii) Limited Liability :Like the liability of the shareholders in company form of organization the liability of the members in a co-operative organization is also limited to their capital contribution. The effect of limited liability is mentioned in the bye-laws of the co-operative which is checked by the registrar at the time of registering the same.

(iv) Internal Vitality :Co-operatives are not permitted to declare dividend for its members exceeding certain per cent, the balance of the surplus earned in any year by the co-operative can well be utilized for its growth, modernization and development. Thus, there is built in advantage of ploughing back of profits for the better health and prosperity of the organization.

(v) Continuity: Like the company, the co-operative enjoys a separate legal entity of its own independent of the entity of its members who own it. Hence the life of co-operative organization remains unaffected by the death, insolvency or conviction of a member.

(vi) State Assistance : Since, Co-operatives have been adopted by the Government as an instrument of economic policy, a number of grants, loans and financial assistance are offered to them to make them function efficiently.

(vii) Social Service :Co-operatives foster fellow feeling among members and impart moral and educative values in their everyday life which are essential for better living.

(viii) Reducing Inequalities : Since the benefits and profits of co-operatives are enjoyed by those people who are relatively of moderate means, this helps in raising the economic status of the relatively poor people thereby reducing the disparity between the rich and the poor.

Demerits Co-operatives

(i) Limited Capital: The amount of capital that a co-operative can muster is extremely limited because of the membership remaining confined to particular locality or region and also because of the principle of 'one man-one vote' and the divined restrictions.

(ii) Plenty of State Regulation :Under the existing arrangement the co-operatives are subjected to a variety of regulations from the co-operative department of the State Government partly because the state offers a number of financial helps and partly because it is always anxious to see

that the movement succeeds. All this has led to excessive state regulations in the day to day functioning of the co-operative which, at times, amounts to interference.

(iii) Lack of Managerial Talent :Co-operatives at the primary level generally suffer from extremely limited managerial talent because they depend on the personnel drawn from amongst their own members to serve on the managing committee which, in turn, manages the day to day affairs of the co-operatives. However, at the higher levels, namely, State and apex federation level this constraint is not so acute. But if we compare the availability of managerial talent in a company form of organization, then again cooperatives do not stand anywhere near them.

(iv) Lack of Secrecy :As is usually common with the forms of organization which enjoy separate legal entity and as such are under obligation to make fuller disclosures of their operations to their members, the co-operatives too being corporate in status fail to preserve their business secrets. In this respect, co-operatives are similar to the company form of organization.

(v) Lack of motivation :The built in constraint that co-operatives society cannot offer dividend beyond a certain fixed rate (i.e., 6 1/4 per cent), the members of the managing committee with who rests the responsibility of managing the co-operatives do not feel sufficiently motivated to do their best to see the co-operative a grand success.

(vi) Differences among members :Although co-operatives are formed with great fanfare and with the great ideals of co-operation and self-help, but soon these higher values of human life disappears with the passage of time. There are often bickering, differences and bad blood created among members on petty matters. This marks the beginning of an end to the co-operative organization.

2. CORPORATE EXPANSION

Concept of Mergers and Acquisition

The main idea behind mergers and acquisition is *one plus one makes three*. The two companies together are more worth full than two classified companies at least that's the concluding behind mergers. Merger is the combination of two or more firms, generally by offering the shareholders of one firm's securities in the acquiring firm in exchange for the acquiescence of their shares. **Merger is the union of two or more firms in making of a new body or creation of a holding company (European Central Bank, 2000, Gaughan, 2002, Jagersma, 2005).**

When two firms combine to create a new firm with shared resources and corporate objectives, it is known as merger and Acquisition. (Ghobadian, liu and Viney 1999).

It involves the mutual resolution of two firms to merge and become one entity and it may be seen as a choice created by two "equals". The mutual business through structural and operational benefits secured by the merger will reduce cost and increase the profits, boosting stockholder values for each group of shareholders. In other words, it involves two or more comparatively equal firms, which merge to become one official entity with the goal of making that's value over the sum of its components. During the merger of two firms, the stockholders sometimes have their shares within the previous company changed for an equal amount of shares within the integrated entity. The fundamental principle behind getting an organization is to form shareholders wealth over and higher than that of two firm's wealth. The best example of merger is merger between AOL and Time Warner in the year 2000. In 2000 the merger between AOL and Time Warner is one of the biggest deal that later fails.

Example: The \$28.1 billion acquisition of LinkedIn by Microsoft

(June2016 –Source: Business Line Newspaper)

Advantages and disadvantages of Mergers and Acquisition (M&A)

- The most common reason for firms to enter into merger and acquisition is to merge their power and control over the markets.
- Another advantage is Synergy that is the magic power that allow for increased value efficiencies of the new entity and it takes the shape of returns enrichment and cost savings.
- Economies of scale is formed by sharing the resources and services (Richard et al, 2007). Union of 2 firm's leads in overall cost reduction giving a competitive advantage, that is feasible as a result of raised buying power and longer production runs.
- Decrease of risk using innovative techniques of managing financial risk.
- To become competitive, firms have to be compelled to be peak of technological developments and their dealing applications. By M&A of a small business with unique technologies, a large company will retain or grow a competitive edge.
- The biggest advantage is tax benefits. Financial advantages might instigate mergers and corporations will fully build use of tax- shields, increase monetary leverage and utilize alternative tax benefits (Hayn, 1989).

Disadvantages: Following are the some difficulties encountered with a merger-

- Loss of experienced workers aside from workers in leadership positions. This kind of loss inevitably involves loss of business understand and on the other hand that will be worrying to exchange or will exclusively get replaced at nice value.
- As a result of M&A, employees of the small merging firm may require exhaustive re-skilling.
- Company will face major difficulties thanks to frictions and internal competition that may occur among the staff of the united companies. There is conjointly risk of getting surplus employees in some departments.
- Merging two firms that are doing similar activities may mean duplication and over capability within the company that may need retrenchments.
- Increase in costs might result if the right management of modification and also the implementation of the merger and acquisition dealing are delayed.
- The uncertainty with respect to the approval of the merger by proper assurances.
- In many events, the return of the share of the company that caused buyouts of other company was less than the return of the sector as a whole.

STRATEGIC ALLIANCE

A **Strategic Alliance** is an *agreement among companies* to do business together in such a way that goes beyond normal company-to-company dealings, but fall short of a merger or a full partnership.

- ❖ Strategic alliances could be as simple as two companies *sharing their technological and/or marketing resources*. On the contrary, they could be extremely complex, involving a number of organizations, positioned in different nations around the world.
- ❖ These companies may in turn be associated with other businesses in separate alliances. The result is a maze of intertwined companies, which may be competing with each other in numerous product areas while working together in some.

Ex: ICICI Bank and Vodafone

Advantages:

- Making it possible for each partner to concentrate on activities which best match their capabilities.
- Gaining knowledge from partners & developing competences which may be more widely exploited elsewhere.
- Adequate suitability of the resources & competencies of an organization for it to survive.
- Speed to market is vital, and strategic alliances considerably improve it.
- Partnerships facilitate access to global markets.

The *main disadvantages of Strategic Alliances in business* are:

Strategic alliances undoubtedly have built in challenges. Perhaps the primary disadvantage is the fact that one partner which handles all of its business internally must now depend on a second partner.

Any organization deciding on strategic alliance incurs some costs in addition to benefits, when compared to a company which goes alone. Strategic alliances have their own risks, specifically if the parties are not financial equals. These risks range from the loss of operational control and confidentiality of proprietary information and technology.

A number of alliances can involve a clash of corporate cultures or the perceived diminution of independence. In addition to that, the partners may deprive themselves of future business opportunities with competitors of their strategic partner.

FORWARD AND BACKWARD INTEGRATIONS

- ❖ Forward and backward integrations are two integration strategies which are adopted by organizations to gain competitive advantages in the market and to gain control over the value chain of the industry under which they are operating.
- ❖ These strategies are one of the major considerations when developing future plans for an organization. Together these two strategies are known as vertical integration.
- ❖ **Vertical integration is the degree to which the organization owns its upstream suppliers and its downstream buyers for further product processing.**
- ❖ **Contrary to the Horizontal Integration, which is a consolidation of many organizations that handle the same part of the production process, vertical integration is typified by one organization engaged in different parts of production (e.g. production of raw materials, manufacturing, transporting, marketing, and/or downstream processing of end products.**
- ❖ Vertical integration describes when an organization purchases or starts a company that it either buys from or sells to and integrates this new business into its own. In case of forward integration the organization integrates its businesses toward the end customer while in case of backward integration the organization integrates its activities in the direction away from the customer. Backward integration can be a part of the organizational strategy due to the competitive benefits it provides.

Organizations which governs the entire value chain are, however, very rare. Some organizations choose to adopt for forward integration while other organizations opt for backward integration.

Also some other organizations continue to operate disintegrated depending on the environment under which these organizations are operating and also depending upon the future strategic planning which these organizations have done for their future operations.

- ❖ **Forward integration** extends organizational reach in the market and helps the organization in tightening its grip on the demand side.
- ❖ On the other side, **Backward integration** stretches the organization's operations towards the source of raw materials, strengthening its control on the supply side.

Integration strategies of forward and backward integrations help the organization in eliminating the adverse effect of double marginalization. Forward integration enables the organization to respond to changes in demand more effectively, while the backward integration allows the organization to seize a stronger control over its quality of raw material supply and, thereby, its quality of final products.

The following two issues are important issues which need to be considered by an organization for taking a decision on the integration strategies.

Costs – The organization is to adopt integration strategies when cost of making the product inside the organization is lower than the cost of buying that product in the market.

Scope of the organization – While adopting integration strategies, the organization is to consider whether moving into new area of activities will not dilute its current competencies. New activities in the organization are also normally harder to manage and control. The organization should determine the necessity of adopting backward integration, or forward integration, or both, or none after careful analysis of all the aspects associated with it.

Organization engages in the forward integration strategy when it wants to achieve higher economies of scale and larger market share. The strategy is effective if the industry is expected to grow significantly and the organization has enough resources and capabilities to manage the new business.

Organization pursues backward integration strategy in order to secure stable input of resources to become more efficient. The strategy is most beneficial when the current suppliers are unreliable, expensive and cannot meet the input requirement both with respect to quality and quantity. The strategy is adopted when the industry is expanding, the prices of the inputs are unstable and the

suppliers of the inputs have built in high profit margins. Also like forward integration, the organization has necessary resources and capabilities to manage this additional activity.

Advantages of these integration strategies are as follows.

1. Lower costs due to eliminated market transaction costs
2. Reduce transportation costs since these strategies result into closer geographic proximity
3. Results into improved quality of supplies by providing more opportunities to differentiate by means of increased control over inputs
4. Critical resources can be acquired through these integration strategies
5. Improved coordination in supply chain and synchronization of supply and demand along the chain of product
6. Greater market share
7. Secured distribution channels and also gain access to downstream distribution channels
8. Facilitates investment in specialized assets (site, physical assets, and human assets)
9. Lead to expansion of core competencies
10. Strategic independence
11. Capture of upstream or downstream profits
12. Increase entry barriers to potential competitors
13. Secured distribution channels and also gain access to downstream distribution channels
14. Facilitates investment in specialized assets (site, physical assets, and human assets)
15. Lead to expansion of core competencies
16. Strategic independence
17. Capture upstream and downstream profits
18. Increase entry barriers to potential competitors
19. Better opportunities for investment growth through reduced uncertainties
20. Local organizations are often better positioned against foreign competition

Disadvantages of these integration strategies are as follows.

1. Higher costs if the organization is incapable to manage new activities efficiently
2. Higher monetary and organizational costs of switching to other suppliers/buyers
3. The ownership of supply and distribution channels may lead to lower quality products and reduced efficiency because of the lack of competition

4. Increased bureaucracy and higher investments lead to reduced flexibility
5. Higher potential for legal repercussion due to size (an organization may become a monopoly)
6. New competencies may clash with old ones and lead to competitive disadvantage
7. Weaker motivation for good performance at the start of the supply chain since sales are guaranteed and poor quality can be blended into other inputs at later manufacturing stages
8. Decreased ability to increase product variety if significant in house development is needed

What is Franchising?

Franchising is a well-known business strategy. Franchising is a **form of contractual agreement** in which a franchisee (a retailer) enters into an agreement with a franchisor (a producer) to sell the goods and services for a specified fee or commission. The retailer through his outlet distributes the goods or services. **Example: Pepe Jeans, McDonald**

Advantages:

1. **Higher success Rate:** When entrepreneurs buy a franchise, they buy an established concept that has been successful. Franchisees stand a much better chance of success than people who start independent businesses.

Today, Raymonds, being the world's largest integrated producers of suiting fabrics provides franchise opportunities. An entrepreneur by becoming a franchisee of Raymonds will be able to sell the suiting fabrics at ease due to the well established name.

2. **Assistance:** When entrepreneurs buy a franchise; they get all the equipment, supplies and instruction or training needed to start the business.

3. **Cost reduction:** Franchisor can afford to buy in bulk and pass the savings to franchisees. Inventory and supplies will cost less than running an independent company. For example, running a courier company on own could be a difficult task. But by being a franchisee of Overnite Express, the franchisee can save money.

4. **Star Power:** Many well-known franchises have national brand-name recognition. Buying a franchise can be like buying a business with built-in customers. For example, buying a franchise of Aptech will help to attract customers easily.
5. **Profits:** A franchise business can be immensely profitable. The probability for a small business to succeed is high as they have the backup and support of well established big business enterprises.
6. **Marketing assistance:** When a business is associated with a franchisor then the big-business themselves help in corporate marketing of the goods of the small industry or business they are providing support for.
7. **Staff training:** The franchisor provides all the necessary training to the franchisee or small business staff and provides additional resources and decision-making capabilities to a small business.

Disadvantages

1. **Control:** Some franchisors exert a great degree of control. No decision can be taken by the franchisees without consulting the franchisor.
2. **Ongoing Costs:** Besides the original franchise fee, royalties, a percentage of franchise's business revenue, will have to be paid to the franchisor each month.
3. **Lack of Support:** All franchisors do not offer the same degree of assistance in starting a business and operating it successfully. Assistance is provided only at the time of starting the business.
4. **Expensive:** Buying a well-known franchise is very expensive. Entrepreneurs must have the ability to arrange the necessary finance.
5. **Time consuming:** Lot of time is required while selecting a franchise. A complete and thorough research is required to select the right franchise and to determine whether it would work for the business or not.
6. **Misunderstanding:** Franchise is a complex procedure and disputes may arise between the franchisee and franchisor.

LICENSING

- Licensor grants the rights to intangible property to licensee.
- Specific period

- Receive a royalty fee

Ex: Phillips-Van Heusen, General Motors

Advantages

- Low initial investment
- Avoids trade barriers
- Potential for utilizing location economies
- Access to local knowledge
- Easier to respond to customer needs

Disadvantages

- Lack of control over operations
- Difficulty in transferring tacit knowledge
 - Negotiation of a transfer price
 - Monitoring transfer outcome
- Potential for creating a competitor

JOINT VENTURE

- Jointly owned 2 or more firms
- 50/50 venture
- Advantage: Access to local partner's knowledge, sharing development, cost, risk
- Disadvantage: lack of control over technology, inability to engage in global strategic coordination, inability to realize location and experience economies

Example: Microsoft and GE Joint Venture, Caradigm, Sony-Ericsson

LEASING

A famous quote by Donald B. Grant says, "Why own a cow when the milk is so cheap? All you really need is milk and not the cow." The concept of Lease is influenced by this quote. We can compare 'milk' with the 'rights to use an asset' and 'cow' with the 'asset' itself. Ultimately, a person who wants to manufacture a product using machinery can get to use that machinery under a leasing arrangement without owning it.

A lease can be defined as an arrangement between the lessor (owner of the asset) and the lessee (user of the asset) whereby the lessor purchases an asset for the lessee and allows him to use it in exchange for periodical payments called lease rentals or minimum lease payments (MLP).

Advantages of Leasing

- Balanced cash outflow
- Quality assets
- Better usage of capital
- Tax benefit
- Off-balance sheet debt
- Better planning
- Low capital expenditure
- No risk of obsolescence.
- Termination rights

Disadvantages of leasing

- Lease expenses
- Limited financial benefits
- Reduced return for equity holders
- Debt
- Limited access of other loans.
- Processing and documentation
- No ownership
- Maintenance of the asset
- Limited tax benefit

3. MEANING OF MANAGEMENT

Management is understood in different ways by different people. Economists regard it as a factor of production. Sociologists see it as a class or group of persons while practitioners of management treat it as a process. For our understanding, management may be viewed as what a manager does in a formal organization to achieve the objectives. In the words of Mary Parker Follet, management is “the art of getting things done through people”. This definition throws light on the fact that managers achieve organizational goals by enabling others to perform rather than performing the tasks themselves.

Management encompasses a wide variety of activities that no single definition can capture all the facets of management. That is why, it is often said that there are as many definitions of management as there are authors in the field. However, the definition given by James A.F. Stoner covers all the important facets of management.

*“Management is the process of **planning, organizing, leading and controlling** the efforts of organization members and of using all other organizational resources to achieve stated organizational goals”-James A.F. Stoner*

FUNCTIONS OF MANAGEMENT

Among the various approaches to the study of management, the process approach has gained wider acceptance. It is because this approach lays emphasis on what a manager does. A manager no matter his level in the organization performs several functions. There is no consensus among the management thinkers on the classification of management functions. The number of functions as well as the terminology used to describe them is not alike. Henry Fayol identifies five functions, viz., planning, organizing, commanding, co-ordinating and controlling. Newman and Summer recognize only four functions, namely – planning, organizing, staffing, and directing. KOONTZ AND O'DONNELL classify the functions into:

Planning, organizing, staffing, directing, and controlling. For the purpose of our study, we shall confine the discussion to the following five functions of management – planning, organizing, staffing, directing and controlling.

Planning

Planning in simple is looking ahead. It is preparing for the future. It involves outlining a future course of action. Planning makes the things to happen. Therefore, it is needless to say that in the absence of planning, things are left to chance. Planning is unique in that it precedes all the other managerial functions. It involves deciding the objectives and formulating the policies and procedures to achieve them. Effective planning provides answers to questions like – what to do? How to do? Who is to do? And when to do?

Planning is a function performed by managers at all levels. Though every manager plans, the plans developed by different managers may vary in respect of scope and importance.

For example, plans made by top managers have a wider scope with a focus on the organization as a whole and normally cover a longer period.

On the other hand, plans developed by middle and lower level managers relate to the divisions or departments and usually cover a short period. Systematic planning helps in facing the uncertainties of future with less embarrassment. It helps in making things happen in the expected way.

Organizing

Organizations achieve objectives by using physical and human resources. When people work in groups, everyone in the group should know what he/she is expected to achieve and with what resources. In other words, organizing involves establishing authority – responsibility relationships among people working in groups and creating a structural framework. Thus, the manager's task in organizing aims at creating a structure that facilitates the achievement of goals. Organizing therefore involves:

- Determination of activities required to achieve goals;
- Grouping of these activities into departments;
- Assignment of such groups of activities to a manager;
- Delegation of authority to carry them out; and

- Provision for coordination horizontally and vertically in the organization.

The managerial function of organizing involves designing the structure and establishing functional and operational relationships. The resulting structure varies with the task. A large organization with huge market needs a different structure compared to a small organization. Similarly, structure of an organization operating in a stable environment may be different from the one operating in a dynamic environment.

Staffing

Organizing process results in the creation of a structure with various positions. Staffing involves manning the various positions of the organisation. It includes manpower planning, recruitment and selection of the right people, training and developing them, deciding financial compensation, appraising their performance periodically. There is a debate whether staffing function is to be performed by all managers in the organisation or handled by human resources department alone. However, some processes of staffing are performed by personnel department only. For example recruitment and selection, training, fixation of salary, etc. Performance appraisal, on the other hand, may be done by all managers.

Directing

Once plans are made and the organisation is created, the focus shifts to the achievement of objectives. This function is called by various names: directing, leading, motivating, actuating and so on. It basically involves directing or leading the activities of the people. The manager directs the activities of his subordinates by explaining what they have to do and by helping them perform it to the best of their ability.

Communication: the process of information flow from one person to another and across the Organization;

Leadership: the process by which a manager guides and Influences the work of his subordinates; and

Motivation: the act of stimulating the people so that they give their best to the organisation.

Leading is a function predominantly interpersonal in nature. In the organizational context many problems arise because of the failure of managers to understand the people, their aspirations,

attitudes, and behaviour as individuals and in groups. If the manager fails in leading the people towards better performance, any amount of planning and organizing, however effective they are, may not help the organisation.

Controlling

Planning and controlling – the two functions are closely interrelated in that while plans specify the objectives to be achieved, control as a managerial function facilitates to know whether the actual performance is in conformity with the planned one. So that, in the event of deviations, appropriate corrective measures could be taken. In the absence of adequate control mechanism, unexpected changes in the environment may push the organisation off the track. Thus, controlling implies measuring and correcting the activities to ensure that events conform to plans. That is why planning and controlling are often described as the ‘Siamese’ twins of management. It involves four main elements:

- Establishing standards of performance;
- Measuring the actual performance and comparing it against the standard performance;
- Detecting deviations, if any, in order to make corrections before it is too late; and
- Taking appropriate corrective measures.

HENRI FAYOL’S 14 PRINCIPLES OF MANAGEMENT

Management Principles developed by Henri Fayol:

1. **DIVISION OF WORK:** Work should be divided among individuals and groups to ensure that effort and attention are focused on special portions of the task. Fayol presented work specialization as the best way to use the human resources of the organization.
2. **AUTHORITY:** The concepts of Authority and responsibility are closely related. Authority was defined by Fayol as the right to give orders and the power to exact obedience. Responsibility involves being accountable, and is therefore naturally associated with authority. Whoever assumes authority also assumes responsibility.
3. **DISCIPLINE:** A successful organization requires the common effort of workers. Penalties should be applied judiciously to encourage this common effort.

4. **UNITY OF COMMAND:** Workers should receive orders from only one manager.
5. **UNITY OF DIRECTION:** The entire organization should be moving towards a common objective in a common direction.
6. **SUBORDINATION OF INDIVIDUAL INTERESTS TO THE GENERAL INTERESTS:** The interests of one person should not take priority over the interests of the organization as a whole.
7. **REMUNERATION:** Many variables, such as cost of living, supply of qualified personnel, general business conditions, and success of the business, should be considered in determining a worker's rate of pay.
8. **CENTRALIZATION:** Fayol defined centralization as lowering the importance of the subordinate role. Decentralization is increasing the importance. The degree to which centralization or decentralization should be adopted depends on the specific organization in which the manager is working.
9. **SCALAR CHAIN:** Managers in hierarchies are part of a chain like authority scale. Each manager, from the first line supervisor to the president, possess certain amounts of authority. The President possesses the most authority; the first line supervisor the least. Lower level managers should always keep upper level managers informed of their work activities. The existence of a scalar chain and adherence to it are necessary if the organization is to be successful.
10. **ORDER:** For the sake of efficiency and coordination, all materials and people related to a specific kind of work should be treated as equally as possible.
11. **EQUITY:** All employees should be treated as equally as possible.
12. **STABILITY OF TENURE OF PERSONNEL:** Retaining productive employees should always be a high priority of management. Recruitment and Selection Costs, as well as increased product-reject rates are usually associated with hiring new workers.
13. **INITIATIVE:** Management should take steps to encourage worker initiative, which is defined as new or additional work activity undertaken through self direction.
14. **ESPIRIT DE CORPS:** Management should encourage harmony and general good feelings among employees.

THE SCIENTIFIC PRINCIPLES: FW TAYLOR

Science, not Rule of Thumb Taylor maintained that the rule of thumb should be replaced by scientific knowledge. While rule of thumb emphasizes mere estimation, scientific method denotes precision in determining any aspect of work. This should be done with the help of careful scientific investigation.

Harmony, not discord Taylor emphasized that harmony rather than discord should be obtained in group action. Harmony means that a group should work as a unit and contribute to the maximum. Within it there should be mutual give and take situation and proper understanding.

Cooperation, not individualism Scientific management requires that parts of industrial body co-operate with each other, scientific management is based on mutual confidence, co-operation and goodwill. It requires a complete mental revolution on the part of both workers and management.

The Development of each man to his greatest efficiency and prosperity In order to maximize production all possible efforts are made to increase the efficiency of workers. Workers are selected according to the nature of work. It includes scientific training, scientific allotment of work, implementation of incentive wage plan above all, development of workers to the fullest extent for themselves and also for the companies highest prosperity

Incentive Wage System Taylor for the first time advocated an incentive wage system in the form of differential piece wages instead of time wages. Under differential piece system two wage rates are prescribed, i.e. one lower and the other higher. Those who are unable to perform standard work within standard time are paid wages at lower rate per unit.

UNIT 1

INTRODUCTION TO BUSINESS ORGANIZATIONS AND MANAGEMENT

Part B

1. What is Strategic Alliance? Give Example.
2. What is franchising? Give an Example.
3. List out the managerial functions.
4. Define Mergers and Acquisition and give example.
5. What is diversification?

CIA 3*2=6 (Answer all Questions)

ESE: 5*2=10 (Answer all Questions)

Part C

1. Enumerate the role and importance of management in the present society?
2. Explain the concept of scientific management as developed by Taylor and his followers.
3. Enumerate the merits and demerits of Partnership Firm.
4. Describe the managerial functions in detail?
5. Explain the term 'Corporate Expansion'. Why does a firm seek to grow?
6. Describe Henry Fayol's 14 principles of management?
7. Distinction between Company and Partnership.
8. Explain the evolution of management theory?
9. Discuss the different forms of ownership in detail?
10. Elaborate the roles and responsibilities of a manager?

CIA: 3*8=24 Marks (Either or Type)

ESE: 5*6=30 Marks (Either or Type)

UNIT II

FUNCTIONS OF MANAGEMENT

Overview of Planning - Types of Plans and The planning process - Decision making: Process - Types and Techniques - Control - Functions, Process and types of Control; Principles of organizing - Common organisational structures - Delegation and Decentralization - Factors affecting the extent of decentralization - Process and Principles of delegation - Line and Staff Function.

1. MEANING OF PLANNING

Planning is an important managerial function in that there is no choice between planning and no planning.

The choice is only in regard to the method and techniques used to plan. It is anybody's knowledge that we plan many things in our day to day lives. We plan to go on a holiday trip, plan our careers, and plan our investments and so on. Organizations are no exception. Lot of planning is done by managers at all levels.

Planning is the basic process by which we use to select our goals and determine the means to achieve them.

Lot of information has to be gathered and processed before a plan is formulated. In other words, a plan is like a puzzle. All the pieces have to be put together properly, so that they make sense.

Importance of planning

a. To achieve objectives

- ❖ While developing a plan, you have to ask yourself a few questions.
- ❖ Why am I making this plan?
- ❖ What am I trying to accomplish?

- ❖ What resources do I need to execute the plan?
- ❖ Objectives are the ends sought to be achieved by the organizations.

The above questions, if properly answered provide lot of clarity to the objectives.

In other words, they force you to be clear about the objectives, the timeframe required to achieve them and the resources required. It forces you to visualize the future in an organized manner. The saying that “when a man doesn’t know what harbour he is making for, no wind is the right wind” is quite appropriate in the case of planning. Systematic planning, thus, starts with a clear statement of objectives. All the important inputs necessary to achieve the objectives are carefully thought of. The uncertainties of the future, if any, are also taken into consideration.

b. Plans make the things happen

Effective managers anticipate future and prepare themselves to meet the challenges of the future. They are rather pro-active. They influence the outcome of the events in a significant way. In any modern business, the interests of many people are involved. The shareholders, employees, creditors, consumers and the Government are the major interest groups in any organization.

Further, the interests and expectations of all these groups are varied and at times are in conflict. That apart, they constantly change in a dynamic business environment. In the light of the uncertainties involved in the environment, your job, as a manager, is to foresee the future and predict the consequences of actions. In other words, you have to look down the road into future and prepare yourself to meet the uncertainties ahead. A well thought out plan solves many of the problems associated with the future.

c. Plans help to cope with change

Organizations are products of environment. The ability to deal with the environment has enabled many an organization to survive, despite other weaknesses. Alert managements continually tune in to the environmental forces. On the other hand, managements which fail to adapt would eventually fall on the way side. Therefore, in the managerial job, you have to constantly analyze the impending changes in the environment and assess their impact on your business. For instance, the liberalization policies pursued by the government have, of late, brought in too many changes. Markets are shifting due to increased competition. Pressure on the existing resources is increasing. Expectations of the employees as well as the consumers are changing. Product life cycles are becoming shorter due to rapid technological changes. All these changes exert a tremendous pressure on the management.

Steps in Planning

Though there may be a few variations in the exact procedure adopted by different organizations in planning, the following are the broad steps:



a. Setting of goals

Planning begins with decisions about what the organization wants to achieve during a specified period. The goals of an organization and various subunits have to be decided and spelt out in clear terms. It is always desirable to express the goals in quantitative terms for all the key areas of the business like production, profit, productivity, market share, employee relations, social responsibilities, etc.

Since goal setting is the essential first step in planning, managers who fail to set meaningful goals cannot make effective plans. If Telco is able to retain its dominance in the Heavy Commercial Vehicle (HCV) segment, it is because all the employees of the organization know clearly that the primary objective is retaining the leadership in the industry.

b. Outlining Planning premises

Planning premises, in simple, are the assumptions about the various elements of the environment. Planning assumptions or premises provide the basic framework in which plans operate. Appropriate assumptions have to be made on various aspects of the environment – both internal and external to the organization. Otherwise, it will be like fighting a battle without a clear assessment of the enemy's strengths and weaknesses.

i. Internal premises

ii. External premises

c. Decide the planning period

How far in the future should a plan be made is another pertinent question in the process of planning. Businesses vary in their planning periods. In some cases plans are made for a short period, varying from a few months to a year, while in some other cases, they are made to cover a longer period, to cover a period of more than a year. The period may extend up to 5-10 years and even beyond. Companies normally plan for a period that can be reasonably anticipated. The lead time involved in the development and commercialization of a

product and time required to recover the capital investment (pay-back period) influence the choice of the length of the plan. Again, in the same organization, different plan periods may exist for different purposes. This gives rise to the two important concepts – operational planning and strategic planning. While operational plans focus on the short-term, strategic plans focus on the long-term.

d. Develop alternatives and select the course of action

The next logical step in planning involves the development of various alternative courses of action, evaluating these alternatives and choosing the most suitable alternative. Objectives may be achieved by different courses of action (alternatives).

e. Derivative plans

The plan finalized after a thorough analysis of various alternatives suggests the proposed course of action. To make it operational, it has to be split into departmental plans. Plans for the various operational units within the departments have to be formulated. The plans thus developed for the various levels down the organization are called derivative plans.

f. Review periodically

Success of the plan is measured by the results and the ease with which it is implemented. Therefore, provision for adequate follow-up to determine compliance should be included in the planning work. To make sure that the plan is contributing for the results, its review at regular intervals is essential. Such a review helps in taking corrective action, when the plan is in force.

Characteristics of a Sound Plan

A sound plan should have the following characteristics:

(a) Primacy: Planning is an important managerial function that usually precedes other functions. Obviously, without setting the goals to be reached and the lines of actions to be

followed, there is nothing to organize, to direct, or to control in the enterprise. But this should not lead us to think that planning is isolated from other managerial functions.

(b) Continuity: Planning is a continuous and never ending activity of a manager to keep the enterprise as a going concern. One plan begets another plan to be followed by a series of other plans in quick succession.

Actually, a hierarchy of plans operates in the enterprise at any time. Planning gets used up where tomorrow becomes today and calls for further planning day in and day out. Again, the incessant changes make planning a continuous necessity.

(c) Flexibility: Planning leads to the adoption of a specific course of action and the rejection of other possibilities. This confinement to one course takes away flexibility. But if future and assumptions upon which planning is based prove wrong, the course of action is to be modified for avoiding any deadlock. Accordingly, when the future cannot be molded to conform to the course of action, the flexibility is to be ingrained in planning by way of adapting the course of action to the demands of current situations.

(d) Consistency: Planning is made by different managers at different times. Maintenance of consistency or the unity of planning is one of its essential requirements. Objectives provide the common focus for unifying managerial action in planning. Moreover, policies and procedures introduce a consistency of executive behaviour and action in matters of planning.

(e) Precision: Planning must be precise with respect to its meaning, scope and nature. As guides to action, planning is to be framed in intelligible and meaningful terms by way of pinpointing the expected results. Planning must be realistic in scope rather than being dreams indicating pious desires. As planning errors are far more serious and cannot be offset by effective organizing or controlling, the accuracy and precision is of outmost importance.

(f) Pervasiveness: Planning is a pervasive activity covering the entire enterprise and every level of management. Planning is not the exclusive responsibility of top management only. But it extends to middle and lower managements as well. Although top managers are mostly preoccupied with planning because of the wider scope of operational and decision making authority, planning is of equal importance to every manager.

2. DECISION MAKING

Meaning

Decision making is a continuous process. It involves a choice and therefore presupposes the existence of alternatives.

It is said that decisions are the principal diet on which a manager thrives. It is decision-making power which distinguishes a manager from others in an organization. Hardly a day passes without making some decision or other in the executive's life. Whatever a manager does, he does through making decisions.

As such, decision-making constitutes the most exciting and eventful part of any executive's career. Considering the importance of decision-making some authors even view it synonymously with management.

In other words, if there are no alternatives, there is no choice. Therefore, the question of decision-making and the associated dilemma do not arise. Thus, the following characteristics emerge from the definition of decision making.

Characteristics of Decision Making

- Decision making is a continuous process
- It involves a choice and therefore presupposes the existence of alternatives
- Decision making is always purposive in that decisions should aim at achieving some purposes

- It is an intellectual process supported by sound-reasoning and judgment
- Decision-making is all pervasive in the sense that all levels of managers take decisions, though at the impact and scope of decisions vary.

Type of Decisions

Decisions taken by managers may be classified under various categories depending upon the scope, importance and the impact that they create in the organisation.

The following are the different types of decisions:

1. Programmed and Non-programmed Decisions

Programmed decisions are normally repetitive in nature. They are the easiest to make. Usually these decisions are taken in consultation with the existing policy, rule or procedure which are already laid down in the organisation. For example: making purchase orders, sanctioning of different types of leave, increments in salary, settlement of normal disputes, etc. Managers in dealing with such issues of routine nature usually follow the established procedures. On the other hand, non-programmed decisions are different in that they are non-routine in nature. They are related to some exceptional situations for which there are no established methods of handling such things.

Non-Programmed Decisions.

As one moves up in the hierarchy, many of the decisions that managers make are non-programmed in nature. It is important to note that the effectiveness of a manager lies in handling exceptional situations. Such situations call for ingenuity and sound judgment. Surprisingly, many managers get bogged down in the routine issues at the cost of the non-routine issues. The saying that —routine drives out the non-routine instead of the other way

round is true in many organizations. Such a tendency results in devoting less time for the important issues.

2. Operational and Strategic Decisions

Operational or tactical decisions relate to the present. The primary purpose is to achieve high degree of efficiency in the company's ongoing operations. Better working conditions, effective supervision, prudent use of existing resources, better maintenance of the equipment, etc., fall in this category. On the other hand, expanding the scale of operations, entering new markets, changing the product mix, shifting the manufacturing facility from one place to the other, striking alliances with other companies, etc., are strategic in nature.

3. Organizational and Personal Decisions

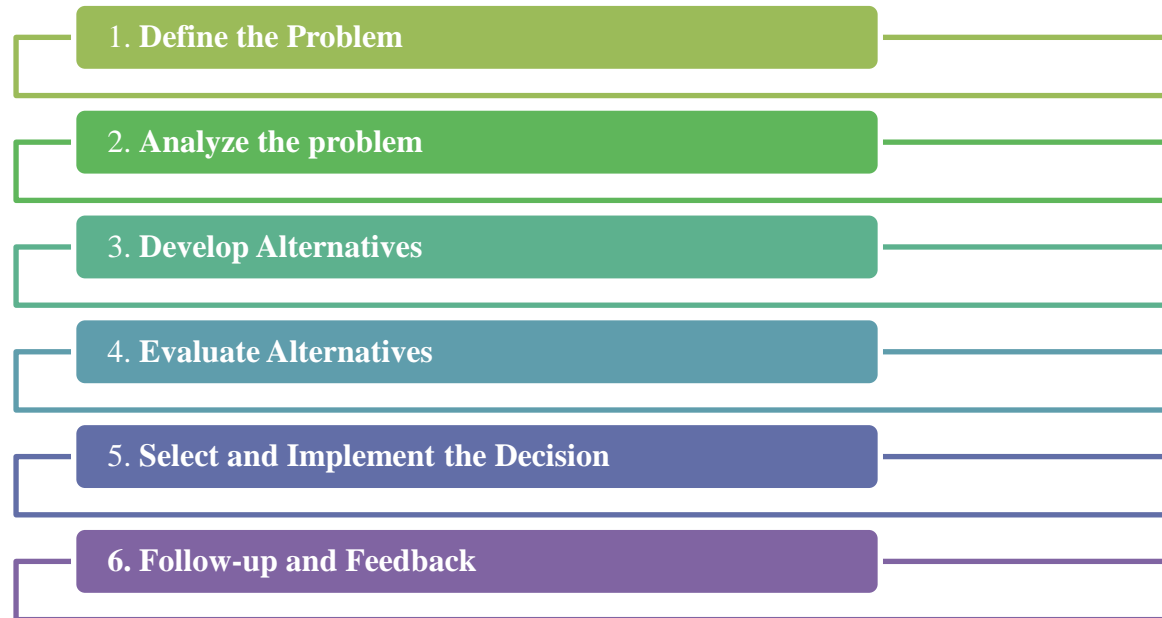
Decisions taken by managers in the ordinary course of business in their capacity as managers relating to the organizational issues are organizational decisions. For example: decisions regarding introducing a new incentive system, transferring an employee, reallocation or redeployment of employees etc. are taken by managers to achieve certain objectives. As against such decisions, managers do take some decisions which are purely personal in nature.

4. Individual and Group Decisions

It is quite common that some decisions are taken by a manager individually while some decisions are taken collectively by a group of managers. Individual decisions are taken where the problem is of routine nature, whereas important and strategic decisions which have a bearing on many aspects of the organisation are generally taken by a group. Group decision making is preferred these days because it contributes for better coordination among the people concerned with the implementation of the decision.

Steps in the Decision-Making Process

Rational decision-making process contains the following steps:



a. Define the Problem

Problem definition is the most crucial step in the entire decision making process. As the saying goes, “a problem well defined is a problem half-solved,” utmost care has to be exercised in this stage for wrong definition of the problem leads to wrong solutions. This is also called diagnostic stage. Jumping to conclusions on the basis of certain symptoms has to be avoided. The problem has to be examined from different angles so as to identify the exact causes. Unless exact causes are identified, right decisions cannot be taken.

b. Analyze the problem

The problem has to be thoroughly analyzed. The past events that contributed to the problem, the present situation and the impact of the problem on the future have to be examined. Problems do not crop up overnight. The genesis of the problem and the various contributing factors need to be analyzed. In analyzing the problem, personal prejudices have

to be avoided. As far as possible, an objective assessment of the situation is useful to arrive at right decisions.

c. Develop Alternatives

There are hardly few problems for which there are not many alternatives. Effective decisionmaking depends on the development of as many alternative solutions as possible. The underlying assumption is that a decision selected from among many alternatives tends to be a better one.

The ability to identify and develop alternative courses of action depends on the manager's creativity and imagination. As the thinking of two people may not be similar, the skills and abilities in developing alternatives significantly vary from one manager to the other.

d. Evaluate Alternatives

The next step in the decision-making process involves evaluation of the alternative courses or solutions identified to solve the problem. Alternatives have to be evaluated in the light of the objectives to be achieved and the resources required.

e. Select and Implement the Decision

Scientific evaluation of the alternatives reveals the acceptability of various alternatives. After weighing the pros and cons in detail, the best alternative has to be selected and implemented. It may not always be possible to select the best alternative for a given problem for want of complete information, time and resources. In such a case, the manager has to satisfy with limited information and optimize the yields under a given set of circumstances. Once an alternative is selected that becomes the decision and it has to be implemented in a systematic way.

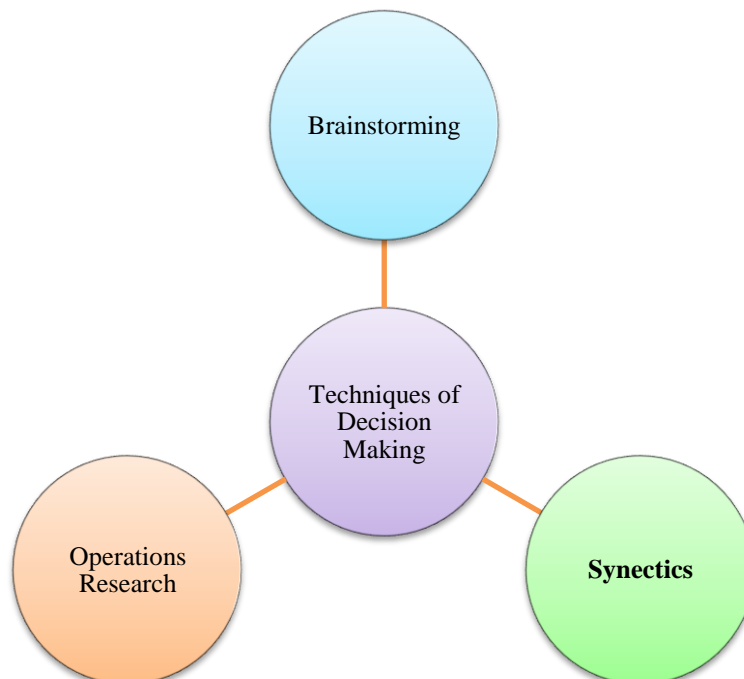
f. Follow-up and Feed back

Once the decision is implemented, it has to be closely monitored. Adequate follow-up measures have to be taken. In the course of implementation, so many unexpected events may render the decision ineffective. The decision may not yield the desired results. Constant follow up helps to take corrective measures as and when necessary.

Further, such a follow-up enables to identify the shortcomings or negative consequences of the decision. It provides valuable feed-back on which the decision may be reviewed or reconsidered.

Techniques of Decision-Making

Now-a-days, different techniques are used by managers in making decisions. These techniques, if used properly, would contribute for the effectiveness of the decisions. Some of the important techniques are discussed below.



1. Brainstorming:

Brainstorming is the oldest and widely followed technique for encouraging creative thinking. It was originally developed by A.F. Osborn. It involves the use of a group. The success of the technique lies in creating a free and open environment where members of the

group participate without any inhibitions. It starts on the premise that when people interact in a free environment, the possibility for creative ideas to emerge to higher continuous interaction through free discussions may result in spontaneous and creative thinking. The larger are the number of solutions, the fairer are the chances in locating an acceptable solution. Established research proves that one hour brainstorming session is likely to generate 50- 150 ideas. Of course most of them may be impracticable; at least, some of them merit serious consideration. This group process is not without limitations. It consumes lot of time and therefore is an expensive exercise.

Secondly, it emphasizes only quantity of solutions, which more often than not prove to be superficial. By overcoming the above limitations, a modern manager can use this as an effective tool.

2. Synectics

Synectics is a new concept developed by William J.J. Gordon. The term ‘synectics’ is derived from a Greek word which means —Fitting together of diverse elements. It starts on the premise of encouraging that this concept encourages novel thinking for the development of alternatives through putting together different ideas which are distinct from each other.

3. Operations Research

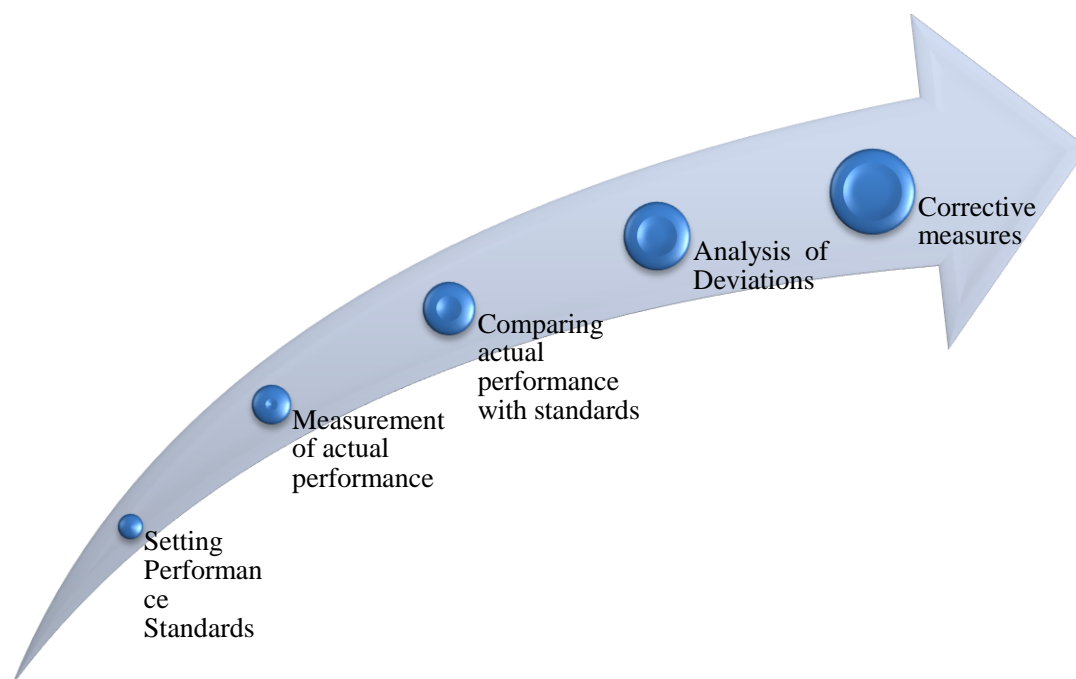
The origin and development of operations research is attributed to military operations and applications during Second World War. The war put tremendous pressure on the use of available scarce resources for various strategic and tactical operations. The success of operations research in developing effective options is instrumental in making this approach dependable in decision making process. *Operations Research employs optimizing models like Linear Programming, Project Management, Inventory Control, Decision Theory and Waiting Line Theory.*

3.CONTROL

Meaning

Control or controlling, is one of the managerial functions like planning, organizing, staffing and directing. It is an important function because it helps to *check the errors* and to take the *corrective action* so that deviation from *standards are minimized* and stated goals of the organization are achieved in a desired manner.

Process of Control



Setting performance standards.

Standards are the criteria against which actual performance will be measured. Standards are set in both quantitative and qualitative terms.

Measurement of actual performance

Performance is measured in an objective and reliable manner. It should be checked in the same unit in which the standards are set.

Comparing actual performance with standards.

Analysis deviations

Taking corrective measures

Features of Controlling Function

Following are the characteristics of controlling function of management-

1. **Controlling is an end function-** A function which comes once the performances are made in conformities with plans.
2. **Controlling is a pervasive function-** which means it is performed by managers at all levels and in all type of concerns.
3. **Controlling is forward looking-** because effective control is not possible without past being controlled. Controlling always look to future so that follow-up can be made whenever required.
4. **Controlling is a dynamic process-** since controlling requires taking review methods, changes have to be made wherever possible.
5. **Controlling is related with planning-** Planning and Controlling are two inseparable functions of management. Without planning, controlling is a meaningless exercise and without controlling, planning is useless. Planning presupposes controlling and controlling succeeds planning.

Techniques of control

1. Direct Supervision and Observation

'Direct Supervision and Observation' is the oldest technique of controlling. The supervisor himself observes the employees and their work. This brings him in direct contact with the workers. So, many problems are solved during supervision. The supervisor gets first hand information, and he has better understanding with the workers. This technique is most suitable for a small-sized business.

2. Financial Statements

All business organisations prepare Profit and Loss Account. It gives a summary of the income and expenses for a specified period. They also prepare Balance Sheet, which shows the financial position of the organisation at the end of the specified period. Financial statements are used to control the organisation. The figures of the current year can be compared with the previous year's figures. They can also be compared with the figures of other similar organisations.

3. Budgetary Control

A budget is a planning and controlling device. Budgetary control is a technique of managerial control through budgets. It is the essence of financial control. Budgetary control is done for all aspects of a business such as income, expenditure, production, capital and revenue. Budgetary control is done by the budget committee.

4. Break Even Analysis

Break Even Analysis or Break Even Point is the point of no profit, no loss. For e.g. When an organisation sells 50K cars it will break even. It means that, any sale below this point will cause losses and any sale above this point will earn profits. The Break-even analysis acts as a control device. It helps to find out the company's performance. So the

company can take collective action to improve its performance in the future. Break-even analysis is a simple control tool.

5. Return on Investment (ROI)

Investment consists of fixed assets and working capital used in business. Profit on the investment is a reward for risk taking. If the ROI is high then the financial performance of a business is good and vice-versa.

ROI is a tool to improve financial performance. It helps the business to compare its present performance with that of previous years' performance. It helps to conduct inter-firm comparisons. It also shows the areas where corrective actions are needed.

6. Management by Objectives (MBO)

MBO facilitates planning and control. It must fulfill following requirements :- Objectives for individuals are jointly fixed by the superior and the subordinate. Periodic evaluation and regular feedback to evaluate individual performance.

7. Management Audit

Management Audit is an evaluation of the management as a whole. It critically examines the full management process, i.e. planning, organising, directing, and controlling. It finds out the efficiency of the management. To check the efficiency of the management, the company's plans, objectives, policies, procedures, personnel relations and systems of control are examined very carefully. Management auditing is conducted by a team of experts. They collect data from past records, members of management, clients and employees. The data is analysed and conclusions are drawn about managerial performance and efficiency.

8. Management Information System (MIS)

In order to control the organisation properly the management needs accurate information. They need information about the internal working of the organisation and also

about the external environment. Information is collected continuously to identify problems and find out solutions. MIS collects data, processes it and provides it to the managers. MIS may be manual or computerised. With MIS, managers can delegate authority to subordinates without losing control.

9. PERT and CPM Techniques

Programme Evaluation and Review Technique (PERT) and Critical Path Method (CPM) techniques were developed in USA in the late 50's. Any programme consists of various activities and sub-activities. Successful completion of any activity depends upon doing the work in a given sequence and in a given time.

CPM / PERT can be used to minimise the total time or the total cost required to perform the total operations.

10. Self-Control

Self-Control means self-directed control. A person is given freedom to set his own targets, evaluate his own performance and take corrective measures as and when required. Self-control is especially required for top level managers because they do not like external control.

4. ORGANISING

Organising is that managerial process which seeks to define the role of each individual (manager and operator) towards the attainment of enterprise objectives; with due regard to establishing *authority-responsibility* relationships among all; and *providing for co-ordination* in the enterprise-as an in-built device for *obtaining harmonious groups action*.

The best structure is the one that enables the organization to interact effectively with

1. Principle of Specialization

According to the principle, the whole work of a concern should be divided amongst the subordinates on the basis of qualifications, abilities and skills. It is through division of work specialization can be achieved which results in effective organization.

2. Principle of Functional Definition

According to this principle, all the functions in a concern should be completely and clearly defined to the managers and subordinates. This can be done by clearly defining the duties, responsibilities, authority and relationships of people towards each other. Clarifications in authority-responsibility relationships help in achieving co-ordination and thereby organization can take place effectively. For example, the primary functions of production, marketing and finance and the authority responsibility relationships in these departments should be clearly defined to every person attached to that department. Clarification in the authority-responsibility relationship helps in efficient organization.

4. Principles of Span of Control/Supervision

According to this principle, span of control is a span of supervision which depicts the number of employees that can be handled and controlled effectively by a single manager. According to this principle, a manager should be able to handle what number of employees under him should be decided. This decision can be taken by choosing either from a wide or narrow span. There are two types of span of control:-

5. Wide span of control- It is one in which a manager can supervise and control effectively a large group of persons at one time. The features of this span are:-

- Less overhead cost of supervision
- Prompt response from the employees
- Better communication
- Better supervision

- Better co-ordination
- Suitable for repetitive jobs

Narrow span of control- According to this span, the work and authority is divided amongst many subordinates and a manager doesn't supervise and control a very big group of people under him. The manager according to a narrow span supervises a selected number of employees at one time.

6. Principle of Scalar Chain

Scalar chain is a chain of command or authority which flows from top to bottom. With a chain of authority available, wastages of resources are minimized, communication is affected, overlapping of work is avoided and easy organization takes place. A scalar chain of command facilitates work flow in an organization which helps in achievement of effective results. As the authority flows from top to bottom, it clarifies the authority positions to managers at all level and that facilitates effective organization.

7. Principle of Unity of Command

It implies one subordinate-one superior relationship. Every subordinate is answerable and accountable to one boss at one time. This helps in avoiding communication gaps and feedback and response is prompt. Unity of command also helps in effective combination of resources, that is, physical, financial resources which helps in easy co-ordination and, therefore, effective organization.

5. DELEGATION

Meaning

Delegation is the assignment of any responsibility or authority to another person to carry out specific activities, such as starting on proper tires during a wet race. It is one of the core concepts of management leadership.

Steps in Delegation

1. Prepare

Employees can't deliver results successfully if the task delegated to them isn't fully thought out or results are a moving target. Take the time and create the discipline to know what you're asking for since an ounce of prevention is worth the pound of cure repairing a situation where delegating falls apart.

2. Assign

Hand over the deliverable with timing, budget and context to enhance understanding.

Provide tips and coaching while making it clear to the employee that she owns the process. Set expectations for communication and updates: frequency, content, in person or via email, etc. Have an open door policy for the employee to ask questions.

3. Confirm Understanding

One of the most critical areas where delegating tends to fall apart is when an assumption is made that the other person understands what we mean. Confirming understanding is a process that takes about 60 seconds and can determine the success or failure of delegation more than any other step in the process.

4. Commitment

This is another area that most managers tend to skip in the delegation process. Managers assume an employee's acceptance of the task. In a relay race, the most critical stage is handing the baton to the next runner. A huge amount of training is invested in learning the handoff. It's no different in organizations. Commitment is making sure you've successfully handed over the baton.

5. Avoiding "Delegating Back"

Many of the managers who begin working with me are extremely overworked, and one of the first determinations is that their employees are better at delegating than the manager. We know this because delegated tasks return to the manager's workload. I call this "delegating back." There are very few, if any, cases when a manager taking back a delegated task is necessary. When an employee reaches an impasse, managers need to coach them through it, but let employees do their job. Don't take tasks back.

6. Accountability

Communication in delegation is key. Finding out that a deliverable wasn't completed or wasn't done satisfactorily after the completion date is the nightmare scenario of delegating. Accountability is actually the act of giving a report on progress.

Principles of Delegation

1. Principle of Functional Definition:

The related or similar activities should be grouped together according to enterprise function. When the definition of a position is clear then delegation of authority becomes simple.

In the words of Koontz and O'Donnell *"the more a position or a department has clear definitions or results expected, activities to be undertaken, organization authority delegated and authority and informational relationships with other positions understood, the more adequately the individuals responsible can contribute toward accomplishing enterprise objectives."*

2. Principle of Unity of Command:

The basic management principle is that of unity of command. This principle states that a subordinate should report only to single superior. This will give a sense of personal responsibility.

Although it is possible for a subordinate to receive orders from more superiors and report to them but it creates more problems and difficulties. An obligation is essentially personal and authority delegation by more than one person to an individual is likely to result in conflicts in both authority and responsibility. This principle is also useful in the classification of authority-responsibility relationships.

3. Principle of Delegation by Results Expected:

The delegation of authority should be based on the basis of results expected. The authority should be sufficient to achieve the desired results. If the authority is insufficient then results will not be achieved. So there should be a balance between the results expected and the authority required.

4. Principle of Absoluteness of Responsibility:

The responsibility of a subordinate, once he has accepted the work, is absolute to his superior.

The responsibility of the superior does not decrease once he has delegated authority. A person can delegate authority and not responsibility. He will remain accountable for the work even if it is delegated to the subordinate. So the responsibility of superior and subordinate remains absolute.

5. Principle of Parity of Authority and Responsibility:

Since authority is the right to carry out assignments and responsibility is the obligation to accomplish it, there should be a balance between the both. The responsibility should bear logical relationship with authority delegated.

The subordinate should not be burdened with high performance responsibility with delegating enough authority. Sometimes the authority is delegated but the concerned person

is not made accountable for its proper use. This will be a case of poor management. The parity between authority and responsibility will be essential for achieving efficiency.

6. Authority Level Principle:

The principle that decision-making should remain at the level at which authority is delegated. The managers delegate authority to subordinates but have the temptation to make decisions for them.

They should allow the subordinates to take their own decisions as per the authority delegated to them. The delegation of authority will be effective only when it is clear and understandable to subordinates. The subordinates should know the area of their decision-making and should avoid the temptation of referring things to higher ups. In the words of Koontz and O'Donnell, the authority level principle would be "maintenance of intended delegation requires that decisions within the authority competence of individuals be made by them and not be referred upward in the organization structure."

7. The Scalar Principle:

The scalar principle refers to the chain of direct authority relationships from superior to subordinates throughout the organization. The ultimate authority must rest somewhere. Subordinates must know to whom they should refer the matter if it is beyond their authority. The clearer the line of authority from top manager to every subordinate the more effective will be responsible decision-making.

6. DECENTRALIZATION

Decentralization is the process of redistributing or dispersing functions, powers, people or things away from a central location or authority.

While centralization, especially in the governmental sphere, is widely studied and practiced, there is no common definition or understanding of decentralization.

1. Costliness of Decisions:

The costliness of decisions is the most important factor influencing the degree of decentralisation.

In general, the decisions involving heavy cost or investment will most probably be made at the higher levels of management.

This cost may be expressed in the terms of money value or it may be reckoned in such intangibles as the company's reputation, its competitive position or the effect on the employees' morale. Decisions involving risk will not be delegated but in turn will be made at the top managerial positions.

The decision for the purchase of capital goods i.e., machinery or equipment will be made at higher levels, whereas the decision to purchase items of routine nature will be made by the purchasing department.

2. Uniformity of Policy:

Uniformity of the organisation's policy determines the degree of decentralisation. If a company intends to keep uniform policies in the organisation then policies should be consistent. Where there is decentralisation, the company will not be in a position to take the advantages of uniformity of policies because of different habits and talents on the part of different persons.

3. Economic Size:

Larger the size of a business unit, the greater will be the number of departments and as a result, decentralisation would be preferred in large sized units. The burden on the top

management will be much less and they will be in a position to concentrate on crucial matters.

In other words it can be said that principle of “management by exception” if followed, will yield better results because each departmental head will be able to take better decisions regarding the work allotted to him. In a small concern the persons will be few and the decisions can be made by the owner himself.

4. Availability of Managers:

The shortage of managerial manpower necessarily restricts the extent of decentralisation. The dispersal of decision-making and leadership requires the availability of persons who can discharge their obligations as per the authority delegated.

5. History of the Enterprise:

To what extent authority in an organisation will be centralised depends upon the way the business has been built up. If an organisation has appointed a set of departments with the departmental heads being vested with the authority to achieve the objectives, it sets the example of decentralisation.

6. The Philosophy of the Management:

The character of the top leader and the philosophy possessed by him will have an important influence on the extent to which authority in an enterprise is centralised or decentralised. It is necessary that the leaders should have broad vision which will have a lasting effect on the organisational structure.

7. Decentralisation of Performance:

The nature of operations also determine the extent of decentralisation i.e., whether the operations of the organisation are concentrated at the one place or in a region or dispersed to

different territories. If the enterprise activities are dispersed over to different territories it will prosper by this policy of decentralisation.

8. Environmental Influences:

Most of the factors determining the extent of decentralisation dealt so far are related to the organisation. In addition there are many other factors which are external to the business yet have an impact on the degree of decentralisation, such as, government controls, tax policies and national unionism.

7. LINE AND STAFF FUNCTION

A "**line function**" is one that directly advances an organization in its core work. This always includes production and sales, and sometimes also marketing. A "**staff function**" supports the organization with specialized advisory and support **functions**.

Koontz and Weirich have defined line and staff authority as follows.

“Line authority becomes apparent from the scalar principle as being that relationship in which a superior exercises direct supervision over a subordinate — an authority relationship in direct line or steps.

The nature of staff relationship is advisory. The function of people in a pure staff capacity is to investigate, research, and give advice to line managers to whom they report.”

There are two approaches, to understand line and staff concepts. One approach lays emphasis on the basic functions of the business. Accordingly, functions of an enterprise are classified into line and staff functions.

To quote Louis Allen: *“Line function are those which have direct responsibility for accomplishing the primary objectives of the enterprise and staff functions refer to those elements of the organization that help the line to work most effectively in accomplishing the primary objectives of the enterprise”.*

The other approach views that line and staffs are two kinds of authority. According to this approach, line authority is defined as a direct authority which a superior exercises over his subordinates to carry out orders and instructions. The exercise of this authority is always downwards, that is, from a superior to a subordinate. Staff authority involves giving advice to line managers to carry on the operation.

The flow of this authority may be in any direction depending on the need of such an advice. It is common that in actual practice, some variations may exist. The variations are more pronounced in the case of staff authority.

The distinction between line and staff though not rigid, is important because staff must be provided if the growing organization is to accomplish its goals. The differentiation between line and staff is necessary for the following reasons.

LINE AUTHORITY

In the organizing process, authority is delegated to the individuals to perform the activities. These individuals, in turn, assign some of the activities to persons working below them in the hierarchy and delegate them authority.

This process goes on, creating superior-subordinate relationships in the organization. The direct relationship between a superior and his subordinate is created through the enforcement of line relationship.

STAFF AUTHORITY

The relation between a staff manager and the line manager in part depend on the type of duties performed. A man who only gathers facts or only checks on performance will have relationship with line manager that are different from those of a man who has concurring authority. Such variations between line and staff relationships as discussed earlier, run along a continuum with only advice at one extreme point.

In two more situations represent compulsory staff consultation and concurring authority. Thus, variations are often found in respect of staff authority and responsibility the organizations.

Part B

1. What is the definition of planning?
2. What is meant by delegation?
3. What is meant by control?
4. What is Organizational structure?
5. What is delegation?

CIA $3 \times 2 = 6$ (Answer all Questions)

ESE: $5 \times 2 = 10$ (Answer all Questions)

Part C

1. Explain the factors affecting delegation of authority and its process?
2. Explain the salient features of line and staff organization?
3. Explain the different steps of planning.
4. Describe the process of control.
5. Explain the various steps in decision making.
6. What are the advantages of line and staff organization?
7. Planning is the essence of management-Elucidate.
8. Explain the factors affecting the decentralization.
9. What are the different types in decision making?
10. What are the merits and demerits of decentralization?

CIA: $3 \times 8 = 24$ Marks (Either or Type)

ESE: $5 \times 6 = 30$ Marks (Either or Type)

UNIT III**ORGANIZATIONAL BEHAVIOUR**

Importance of organizational Behaviour - Perception and Attribution - Concept, Nature, Process, Personality: Personality - Learning - Concept and Theories of Learning, Reinforcement, Motivation - Concepts and their application, Need, Content and Process Theories, Contemporary Leadership issues: Charismatic, Transformational Leadership. Emotional Intelligence.

1. MEANING OF OB

Organisational Behaviour is the study of Human Behaviour. The study is about behaviour in organisations and knowledge about human behaviour would be useful in improving an organisation's effectiveness.

Organizational Behaviour means the study of the behaviour of individuals and Group of Organizations and Organizations as they act and interact to attain desired outcomes.

Definition

“Organisational Behaviour is directly concerned with the understanding, prediction and control of human behaviour in organisations”.

Organizational Behaviour is a special field of study of the impact that individuals, groups and organizational structure have on behaviour within organization, to apply such knowledge to improve organization performance.

Scope of Organisational Behaviour

The scope of Organisational Behaviour,

- Individuals
- Group of Individuals
- Organisation/Structure



There are many possibilities to develop their own Skill and Knowledge and also give confident to exposes the better productivity in the Organisation.

Individual

Organisations are the associations of Individuals. Study of Individuals includes aspects such as personality, perception, attitudes, values, job satisfaction, learning and motivation.

Group of Individuals

Group of Individuals includes aspects such as group dynamics, conflicts, communication, leadership and power and politics.

Organisation/Structure

The study of Organisation/Structure is the aspects formatting Organisation Structure, Organisation Change and Organisation Development.

Nature of Organizational Behaviour (OB)

Organizational behaviour is an applied behavioural science that is built on contributions from a number of behavioural disciplines such as psychology, sociology, social psychology, anthropology and economics. So now students let's see how these disciplines are related to organisational behaviour.

Psychology

Psychology is the study of human behavior which tries to identify the characteristics of individuals and provides an understanding why an individual behaves in a particular way. This thus provides us with useful insight into areas such as human motivation, perceptual processes or personality characteristics.

Sociology

Sociology is the study of social behavior, relationships among social groups and societies, and the maintenance of social order. The main focus of attention is on the social system. This helps us to appreciate the functioning of individuals within the organization which is essentially a socio- technical entity.

Social Psychology

Social psychology is the study of human behaviour in the context of social situations. This essentially addresses the problem of understanding the typical behavioural patterns to be expected from an individual when he takes part in a group.

Anthropology

Anthropology is the science of mankind and the study of human behaviour as a whole. The main focus of attention is on the cultural system, beliefs, customs, ideas and values within a group or society and the comparison of behaviour among different cultures.

Economics

Any organization to survive and sustain must be aware of the economic viability of their effort. This applies even to the non-profit and voluntary organizations as well.

Political Science

Although frequently overlooked, the contributions of political scientists are significant to the understand arrangement in organizations. It studies individuals and groups within specific conditions concerning the power dynamics. Important topics under here include structuring Of Conflict, allocation of power and how people manipulate power for individual self-interest etc.

2. PERCEPTION

Meaning

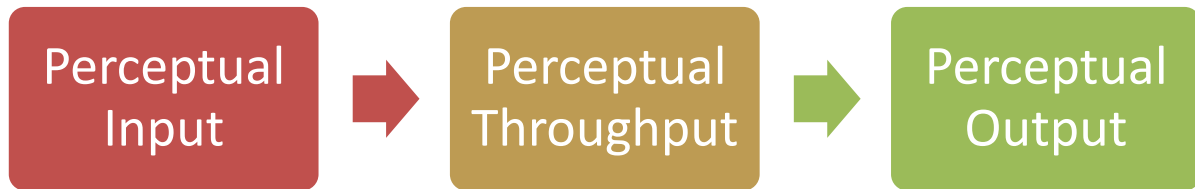
The psychological processes that allow an individual to adjust his behaviour are called perception. The behaviour of an individual is inclined by his personality, motives and efforts. The behaviour and performance provides satisfaction to the employees who get stimulated to work more and develop his personality and work quality.

Definition

Perception may be defined as “a cognitive process by which people attend to incoming stimuli, organize and interpret such stimuli into behaviour”.

Perception can also be defined as “a process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment”. The environment is a stimulus to influence behaviour, because the stimuli are attended, organized and interpreted to arrive at certain forms of behaviour.

PERCEPTUAL PROCESS



The sensory organs, i.e. eyes, nose, ears, skin and tongue, are used to change the stimuli into behaviour through their attention, recognition and interpretation processes. Individuals do not accept the information or stimuli unless they are evaluated and interpreted by the mental processing system. Individuals attend to the stimuli, recognise and translate them into meaningful information, which inspire them to act and perform the job. These processes are known as perpetual process. When employees get satisfaction through their performance, either by meeting their physical or mental needs, they perceive the organisation in the right perspective. It helps them understand the functions and achieve satisfaction.

Components of Perception

Perception is a process of sensory organs. The mind gets information through the five sense organs, viz. the eyes, ears, nose, tongue and skin. The stimulation coming to these organs may be through action, written messages, oral communication, odour, taste, touch of the product and people. The perception starts with the awareness of these stimuli. Recognising these stimuli takes place only after paying attention to them. These messages are then translated into action and behaviour.

Stimuli: The receipt of information is the stimulus, which results in sensation. Knowledge and behaviour depend on senses and their stimulation. The physical senses used by people are vision, hearing, touch, smell and taste. Intuitions and hunches are known as the sixth sense. These senses are influenced by a larger number of stimuli, which may be action, information, consideration and feelings, etc. The stimuli may be in the form of objects or physical commodities. The human body itself is developed through the acceptance of the stimuli. The mind and soul are the victims of these stimuli occurring in the surroundings of the people.

Attention: People selectively attend to stimuli. Some of the stimuli are reacted to while others are ignored without being paid any attention. The stimuli that are paid attention depend purely on the people's selection capacity and the intensity of stimuli. Educated employees pay more attention to any stimuli, viz. announcement of bonus, appeal for increasing productivity, training and motivation. The management has to find out suitable stimuli, which can appeal to the employees at the maximum level. If the attention of the employees is not drawn, the organisation cannot expect proper behaviour from the employees.

Recognition:

After paying attention to the stimuli, the employees try to recognise whether the stimuli are worth realising. The messages or incoming stimuli are recognised before they are transmitted into behaviour. Perception is a two-phase activity, i.e. receiving stimuli and translating the stimuli into action. However, before the stage of translation, the stimuli must be recognised by the individual. The recognition process is dependent on mental acceptability.

Translation:

The stimuli are evaluated before being converted into action or behaviour. The evaluation process is translation. In the above example, the car driver after recognising the stimuli uses the clutch and brake to stop the car. He has immediately translated the stimulus into an appropriate action. The perception process is purely mental before it is converted into action. The conversion is translation. The management in an organisation has to consider the various processes of translating the message into action. The employees should be assisted to translate the stimuli into action.

Behaviour:

Behaviour is the outcome of the cognitive process. It is a response to change in sensory inputs, i.e. stimuli. It is an overt and covert response. Perceptual behaviour is not influenced by reality, but is a result of the perception process of the individual, his learning

and personality, environmental factors and other internal and external factors at the workplace. The psychological feedback that may influence the perception of an employee may be superior behaviour, his eye movement, raising of an eyebrow, the tone of voice, etc.

Performance:

Proper behaviour leads to higher performance. High performers become a source of stimuli and motivation to other employees. A performance-reward relationship is established to motivate people.

Satisfaction:

High performance gives more satisfaction. The level of satisfaction is calculated with the difference in performance and expectation. If the performance is more than the expectation, people are delighted, but when performance is equal to expectation, it results in satisfaction. On the other hand, if performance is less than the expectation, people become frustrated and this requires a more appealing form of stimulus for developing proper employee work behaviour and high performance. It is essential to understand the factors that influence the perception process and mould employees' behaviour towards the corporate objectives and self-satisfaction.

3. ATTRIBUTION

Concept that people make sense of their surroundings on the basis of what they consider is the cause and what is the effect of a phenomenon. It suggests that individuals observe their own behavior or experience, try to figure out what caused it, and then (whether or not their conclusion is in fact correct) shape their future behavior accordingly. If a consumer, for example, has had bad experience with a locally-made product (and good experience with an imported one) he or she may conclude that the bad product is bad because it is locally made.

External attribution

External attribution, also called situational attribution, refers to interpreting someone's behavior as being caused by the situation that the individual is in. For example, if Jacob's car tire is punctured he may attribute that to a hole in the road; by making attributions to the poor

condition of the highway, he can make sense of the event without any discomfort that it may in reality have been the result of his bad driving.[citation needed

Internal attribution

Sometimes, when one's action or motives for the action are questioned, one has to give reasons. Internal attributions happen when the causes of the events involve two or more individuals.

4. PERSONALITY

Meaning

Personality is a concept that we use in our routine working while dealing with people.

The term personality has been derived from the Latin word 'per sonare' which means to speak through. This Latin word denotes the mask, which the actors used to wear in ancient Greece and Rome. It is also related with social status of the individual, as the person with high social status is having good personality.

DETERMINANTS OF PERSONALITY

These determinants of personality can be classified into following categories:

1) Biological Factors

- a) Heredity
- b) Brain
- c) Physical Features

2) Family and Social Factors

- a) Home Environment
- b) Family Members
- c) Social Groups

3) Cultural Factors

4) Situational Factors

5) Other Factors

- a) Temperament
- b) Interest
- c) Character

1. Biological factors:

The ways an individual sense the external event data, interpret and respond to them are general biological characteristics of human biological system. The study of biological contribution to personality can be divided into,

Heredity:

It is transmission of the qualities from ancestor to descendant through a mechanism lying primarily in the chromosomes of the germ cells. These qualities are present in a person by birth. Heredity refers to those factors like physical stature, facial attractiveness, sex, temperament, muscle composition, energy level and biological rhythms etc. that were determined at conception.

Brain:

It plays very important role in shaping personality. The structure of brain determines personality. People normally say that a person with more number of lines on his brain is more intelligent. Different people will give value to different things. For some beauty is more

valuable than intelligence. However, no conclusive proof is available so far about the nature of relationship between brain and personality.

Physical Features:

Another factor that contributes to personality formation is physical characteristics of an individual. While defining personality some individuals give higher weights to physical features of an individual. The external appearance includes height, weight, colour, facial features etc of the individual while determining his personality. The normal belief is that the healthy person is lazy and the thin is angry determines the individual personality.

2. Family and Social Factors:

Family plays an important role in early personality development. The infant acquires those behaviour patterns that depend upon the socio-economic level of the family, family size, birth-order, race, religion, parent education level, geographic location etc. Social factors include the person's interaction with other people throughout his life. The family and social factors are categorized as below,

Home environment:

A child will have soft personality if he will grow in a warm, loving and protective environment. And if everybody in the family is busy in their life and have no concern for each other then the infant will have rigid personality. The key variable is not the parents per se rather the type of environment that is generated for the child.

Family Members:

Parents and other family members have strong influence on personality development of the child. Parents have more impact than other members of the family do in building the child's personality. We generally see that small children behave like their parents. The relationships between the parents and children are higher than the children and teachers in building child's personality.

Social Group:

In addition to home environment and family members, there are other influences from the social placement of the family. Social groups includes the person's interaction with other people which starts with playmates during childhood and continue with peers at work, associates and other work groups. The internal and external work environment continues to influence the people personalities, perception and behaviour throughout his life.

3. Cultural Factors:

Culture is sum total of learned behaviour traits which are manifested and shared by the members of the society. The culture within which a person is brought up is very important determinant of behaviour of a person. Culture is a unique system of perception, beliefs, values, and norms, patterns of behaviour and code of conduct that influence the behaviour of the individual. It determines what a person is and what a person will learn. The way of talking and dressing sense of Hindus and Muslims are entirely different, as they are prone to different cultures. Each culture trains its members to behave in the ways that are acceptable to the group. The difference among individual behaviour is also based upon socio-economic classes, ages, education, professions and geographic regions. As skilled have different behaviour pattern than the unskilled workers do.

4. Situational Factors:

An individual personality is generally stable and consistent; it may change in different situations. An individual life is unique in terms of events and experience, but these experiences sometimes change the structure of the entire personality of an individual. Suppose there is a worker who is very fond of doing work. But sometime due to overload he becomes frustrated from the existing job. Due to this changed situation, his personality composition also changes. Thus demand of different situation may call for different aspects of one's personality.

5. Other Factors:

a) Temperament: It is the degree to which one responds emotionally. It is distributed according to normal distribution.

b) Interest: An individual has many interests in various areas. Top executives in any organization do not have common interest. Thus the organization should provide them job rotation and special training programs to satisfy their interest.

c) Character: It means honesty. It is very important requirement for responsible jobs. It is resistance to stealing and cheating others. It is likely that an individual may not steal in normal circumstances, but this can be the demand of undesirable circumstances.

d) Schema: It is an individual's belief, frame of reference, perception and attitude which the individual possesses towards the management, job, working condition around him, pay scale, fringe benefits, compensation mechanism, and development towards religion, government and satisfaction gained from environment. Thus the complete behavior of an individual is dependent upon the external stimuli.

e) Motives: These are the inner drivers of an individual. They represent goal directed behavior of individual. Motives help in determining one's behavior towards a goal. Thus, the above factors affect the formation and development of personality. At each stage of the life every individual learns from the environment he lives in and the persons he interacts with.

APPROACHES/THEORIES OF PERSONALITY

- 1) Psycho-analytical Theory
- 2) Trait Theory
- 3) Type Theory
- 4) Self Concept Theory

5) Social Learning Theory**1. Psycho-analytical Theory:**

The mile stone in the study of personality is Freud's psychoanalytical theory. Freud is of the belief that the personality as a reflection of behaviour has been primarily based on the unconscious nature of personality. The human behaviour and motivation is outcome of following psychoanalytical concepts. Such as:

a) ID: It is the unconscious part of the human personality. It is most primitive part and is the storehouse of biologically based urges. Example- urges to have food, water etc. ID is original source of personality present in a newborn or infant. The principal of working for ID is 'Pleasure'. Id tries to satisfy the urge as soon as possible without considering the realities of life.

b) Ego: Ego manages ID through the realities of the external environment. Ego is conscious in nature and is a mechanism to relate our conscious urge to outside real world. As Ego is conscious and logical part of human personality, ID is guided and governed by Ego. It explains the ways of thinking and behaving. ID demands immediate pleasure at whatever cost, Ego controls it so that the pleasures are granted at appropriate time and in acceptable manner. Ego delays satisfying ID motives and channels the behaviour, which is socially acceptable. It makes people work to live and adjusting to the realities of life. The principle of ego to work is 'Reality Principle'. It takes into account what is possible in this world. As the function of ID and Ego are contrary there is always ongoing tension between ID and Ego i.e. between urges and realities of life which keeps Ego to develop more sophisticated thinking skills. Thus to keep ID under control, Ego is supported by Super Ego.

c) Super Ego: It is higher level restraining force and can be described as the conscience of the person. The conscience creates standards of what is right or wrong. It represents the rules and the norms that check the cultural, moral or ethical behavioral values of the individual in the social environment. However, an individual is not aware of presence and working of superego in oneself. It is developed slowly in a person when he absorbs central values and follows the standards of society. Superego keeps ego to judge what is right or wrong.

2. Trait Theory:

It visualizes personality as a reflection of certain traits of the individual. This theory was put forward by ‘ALLPORT’. Trait is a distinctive and personal form of behaviour. There are many traits, which are common to most people, some are unique to a person and other individuals share some. On the basis of trait theory, people can be described as aggressive, loyal, pleasant, flexible, humorous, sentimental, impulsive, cool and so on. Traits are basic elements of personality and can be used to summarize behaviour. The trait of an individual or ‘Personal disposition is studied at three levels:

a) Cardinal Trait Level: ALLPORT defined cardinal traits as those pervasive traits which are so powerful or dominant that rarely all the individual action can be traced back to them. As these are highly influential traits, so they are named after key historical figures like Mother Teresa, Hitler, and Romeo etc. This level describes a trait so broad and so deep in its impact that it overshadows the influence of other traits for the same individual.

b) Central Trait Level: ALLPORT describes central traits as those that might be referred in careful recommendations or at a rating scale. These are unique and limited in number. The traits at this level means to convey what can be expected from a person most of the time.

c) Secondary Trait level: These are least generalized traits of a person. The range of influence of these traits is very narrow. These peripheral traits are specialized to the situation. Cattell used groups of traits to describe the structure of personality. He put these traits in the following categories:

a) Surface Traits: Wise-foolish, sociable-exclusive, honest-dishonest etc.

b) Source Traits: Trustful-suspicious, relaxed-tense, dominant-submissive, forthright- shrewd, cheerfulness-depressed etc.

3. Type Theory:

“Type is simply a class of individuals said to share common collection of characteristics”. Type approach discusses the personality in the following ways:

a) Type on the basis of body build:

i. Endomorph: They are fat, thick in proportion to their height. They seek comfort, eat too much, jovial, affectionate and liked by all. They are even tempered, show a relaxed posture, easy to get along with others and are tolerant of others. They prefer to be led than to lead.

ii. Ectomorph: They are thin, long and poorly developed physically. They work well in closed areas and displays restraint, inhibition and desire for concealment. They prefer not to attract attention to him and tend to be distrustful of others. They are anxious, ambitious and dedicated.

iii. Mesomorph: They are basically strong, athletic and tough. They seeks lot of muscular activity, tends to be highly aggressive and self-assertive. They desire action, power and domination and they can run faster and smile brighter.

b) Type on the basis of nature:

i. Introvert: The people with following characteristics are introvert such as- shyness, social withdrawal, emotional, process the idea within themselves. Introvert can be good scientists and researchers.

ii. Extrovert: People having following characteristics are extrovert. These are- socials, talkative, less emotional, easily makes friends, easily express their ideas and feelings. Extroverts propagate more knowledge and ideas to society. They can be good reporters, actors and marketers.

iii. Ambiverts/Reserved: These are the people between introverts and extroverts.

c) Type A and Type B:

i. Type A: Persons are those who are highly achievement oriented, competitive feel, chronic sense of time urgency and impatient whenever their work slow down. Type A are on fast track of life and are more successful in reaching top slot. They work against opposing forces. Managers in this category are hard drivers, detailed oriented people with high performance standards. These people have difficulty in increasing cordial interpersonal relationships and create a lot of stress for themselves and for the people they deal with.

If they have to complete a task within given deadline, they feel pressurized. Researchers have proved that Type A personality profile lead to health problems and specially heart related illness.

ii. Type B: These kinds of persons are easy going, no competitive drive, feel no emergency. They are relaxed, sociable and have a balanced outlook on life. They are not over ambitious, are more patient and take a broader view of things. In order to meet a deadline they do not feel pressurized. They may be hardworking but feel no pressing conflict with people or time and hence are not prone to stress and coronary problems.

4. Self-Concept Theory:

This theory is organized around the concept that the individual himself largely determines personality and behaviour. It is also termed as organismic or field theories, which emphasize on totality and inter relatedness of all behaviour. There are four factors consider in self-concept theory. This are-

a) Self-Image: Every person has certain beliefs about whom or what he is. The beliefs of the individuals are the proof of self-image or self-identity. Thus self-image is the way one sees himself.

b) Ideal Self: As discussed earlier self image indicates the realities of a person as perceived by him, but ideal self indicates the ideal position as perceived by him. It denotes the way one would like to be.

c) Looking glass-self: This is the way one thinks people perceive about him and not the way people actually see him. It is the perception of a person about how others perceive his qualities and characteristics. It is a social product, which emerges from face-to-face interaction with others from the very beginning of life. This interaction directs how others see him as an individual.

d) Real Self: This is what one actually is. An individual self-image is confirmed when other persons response to him, indicate their beliefs about who and what he corresponds with. On the basis of feedback from environment, the person re- evaluates him and re-adjusts him as per the expectation of others.

Thus a balance should be maintained between real self and self-image. Thus self-concept plays a very important role in analyzing individual behaviour. It gives a sense of meaningfulness and consistency. On the basis of self-concept a person perceives a situation.

5. Social Learning Theory:

This theory believes that personality development is a result of social variables. It emphasizes on conscious needs and wants of an individual. This theory uses “reinforcement and punishment approach” in understanding personality. It looks at personality as some total of all that a person has learned from outside stimuli. There is mutual interaction between external environment and behaviour.

5. LEARNING

Learning is the act of acquiring new, or modifying and reinforcing existing, knowledge, behaviours, skills, values, or preferences and may involve synthesizing different types of information.

The ability to learn is possessed by humans, animals, plants and some machines. Progress over time tends to follow a learning curve. Learning does not happen all at once, but it builds upon and is shaped by previous knowledge. To that end, learning may be viewed as a process, rather than a collection of factual and procedural knowledge. Learning produces changes in the organism and the changes produced are relatively permanent

1. Behavior analysis

The term "behaviorism" was coined by John Watson (1878–1959). Watson believed the behaviorist view is a purely objective experimental branch of natural science with a goal to predict and control behavior.[5][6] In an article in the Psychological Review, he stated that "its theoretical goal is the prediction and control of behavior. Introspection forms no essential part of its methods, nor is the scientific value of its data dependent upon the readiness with which they lend themselves to interpretation in terms of consciousness." [7] Behaviorism has since become one of three domains of behavior analysis, the other two being the Experimental Analysis of Behavior, and Applied Behavior Analysis.

In behavior analysis, learning is the acquisition of a new behavior through conditioning and social learning.

2. Learning and conditioning

There are three types of conditioning and learning:

Classical conditioning, where the behavior becomes a reflex response to an antecedent stimulus.

Operant conditioning, where an antecedent stimuli is followed by a consequence of the behaviour through a reward (reinforcement) or a punishment.

Classical conditioning was discovered by Ivan Pavlov. He observed that if dogs come to associate the delivery of food with a white lab coat or with the ringing of a bell, they will produce saliva, even when there is no sight or smell of food. Classical conditioning regards this form of learning to be the same whether in dogs or in humans.[8] Operant conditioning reinforces this behavior with a reward or a punishment. A reward increases the likelihood of the behavior recurring, a punishment decreases its likelihood.[9] Social learning theory observes behavior and is followed with modeling.

3. Cognitivism

Cognitive theories grew out of Gestalt psychology. Gestalt psychology was developed in Germany in the early 1900s by Wolfgang Kohler and was brought to America in the 1920s. The German word Gestalt is roughly equivalent to the English configuration or organization and emphasizes the whole of human experience. Over the years, the Gestalt psychologists provided demonstrations and described principles to explain the way we organize our sensations into perceptions.

6. LEADERSHIP

Leadership involves:

- ❖ Establishing a clear vision,
- ❖ Sharing that vision with others so that they will follow willingly,

- ❖ Providing the information, knowledge and methods to realize that vision, and
- ❖ Coordinating and balancing the conflicting interests of all members and stakeholders.
- ❖ A leader steps up in times of crisis, and is able to think and act creatively in difficult situations.

Theories of Leadership

1. The Trait Theory of Leadership

The search for the characteristics or traits of effective leaders has been central to the study of leadership. Underlying this research is the assumption that leadership capabilities are rooted in characteristics possessed by individuals. Research in the field of trait theory has shown significant positive relationships between effective leadership and personality traits such as intelligence, extroversion, conscientiousness, self-efficacy, and openness to experience. These findings also show that individuals emerge as leaders across a variety of situations and tasks.

2. The Contingency Theory of Leadership

Stogdill and Mann found that while some traits were common across a number of studies, the overall evidence suggested that persons who are leaders in one situation may not necessarily be leaders in other situations. According to this approach, called contingency theory, no single psychological profile or set of enduring traits links directly to effective leadership. Instead, the interaction between those individual traits and the prevailing conditions is what creates effective leadership. In other words, contingency theory proposes that effective leadership is contingent on factors independent of an individual leader. As such, the theory predicts that effective leaders are those whose personal traits match the needs of the situation in which they find themselves. Fiedler's contingency model of leadership focuses on the interaction of leadership style and the situation (later called situational control). He identified three relevant aspects of the situation: the quality of the leader's relationships with others, how well structured their tasks were, and the leader's amount of formal authority.

3. The Behavioral Theory of Leadership

In response to the early criticisms of the trait approach, theorists began to research leadership as a set of behaviors. They evaluated what successful leaders did, developed a taxonomy of actions, and identified broad patterns that indicated different leadership styles. Behavioral theory also incorporates B.F. Skinner's theory of behavior modification, which takes into account the effect of reward and punishment on changing behavior. An example of this theory in action is a manager or leader who motivates desired behavior by scolding employees who arrive late to meetings and showing appreciation when they are early or on time.

4. The Full-Range Theory of Leadership

The full-range theory of leadership is a component of transformational leadership, which enhances motivation and morale by connecting the employee's sense of identity to a project and the collective identity of the organization. The four major components of the theory, which cover the full range of essential qualities of a good leader, are:

- Individualized consideration: the degree to which the leader attends to each follower's concerns and needs and acts as a mentor or coach
- Intellectual stimulation: the degree to which the leader challenges assumptions, takes risks, and solicits followers' ideas
- Inspirational motivation: the degree to which the leader articulates a vision that is appealing and inspiring to followers
- Idealized influence: the degree to which the leader provides a role model for high ethical behavior, instills pride, and gains respect and trust

7. MOTIVATION

Meaning of Motivation

The word motivation is derived from motive, which is defined as an active form of a desire, craving or need, which must be satisfied. All motives are directed towards goals and the needs and desires affect or change your behaviour, which becomes goal oriented. For example, if you ordinarily do not want to work overtime, it is quite likely that at a particular

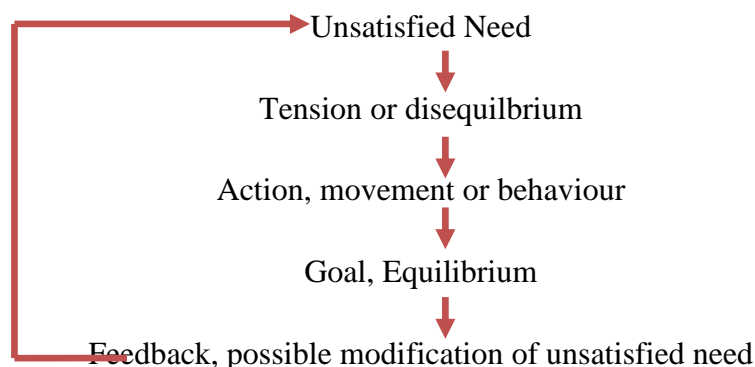
time, you may need more money (desire) so you may change your behaviour, work overtime (goal oriented behaviour) and satisfy your needs.

Process of Motivation

Motivated people are in constant state of tension. This tension is relieved by drives towards an activity and outcome that is meant to reduce or relieve such tension. The greater the tension, the more activity will be needed to bring about relief and hence higher the motivation. Thus the basic motivation process can be depicted as follows:

Effort:

The amount of effort put into the activity identifies the strength of the person's work-related behaviour. Hard work usually reflects high motivation.



A student who works very hard to get top grades can be referred to as highly motivated. A professor who is engaged in research and publishes many high quality articles is exerting extensive effort relating to his job.

Persistence:

Motivation is a permanent and an integral part of a human being. Its second characteristic is persistence in the efforts. Motivation is continuously goal directed so that once a goal is achieved, a higher goal is selected and efforts are exercised towards this higher goal. For example, a professor who publishes simply to get a promotion and then stops or

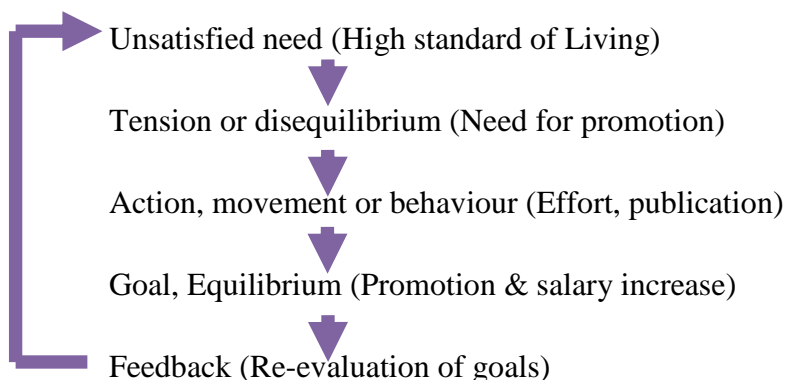
reduces research efforts would not be considered as highly motivated. Accordingly, high motivation requires persistent efforts.

Direction:

Persistent hard work determines the quantity of effort while direction determines the quality of the-anticipated output. All efforts are to be directed towards the organizational goal. This would ensure that the persistent effort is actually resulting into accepted organizational outcomes.

From organizational behaviour point of view it must be recognized that since the needs of different employees differ both in nature as well as intensity, a composite view of the collective needs of the group is established with appropriate recognition of differences in individual needs. Selecting and applying appropriate motivators:

- A list of all devices of motivation is drawn and a selection made of such motivators that motivate different types of people under different circumstances.
- Proper timing and the extent of motivation are also to be considered.
- The individual goals should be given adequate attention within the framework of group goals and the organizational goals.

**Follow-up:**

It is important to know that the motivators selected are indeed providing the desired motivation. This can be accomplished by getting and evaluating the feedback. If these motivators are not-showing the optimum effect, then alternative motivators should be selected and applied.

SOURCES OF MOTIVATION

Experts in the organizational behaviour field have a divided opinion as to whether workers are motivated by factors in the external environment such as rewards or fear or whether motivation is self generated without the application of external factors. It is quite well understood that under the same set of external factors all workers are not equally motivated. Some of these motivational sources are:

Positive Motivation:

Positive motivation involves proper recognition of employee, efforts and appreciation of employee contribution towards the organizational goal-achievement. Such motivations improve the standards of performance, lead to good team spirit and pride, a sense of cooperation and a feeling of belonging and happiness. Some of the positive motivators are: Praise and credit for work done.

Negative or Fear Motivation:

This motivation is based upon the use of force, power, fear and threats. The fear of punishment or unfavourable consequences affects the behavioural changes. Some examples of negative motivation include the fear of failing in the examination, and fear of being fired or demoted. Fear of failure in the examination induces motivation in many students to work harder and pass the course.

Extrinsic Motivation:

This type of motivation is induced by external factors, which are primarily financial in nature. It is based upon the assumption that the behaviour, which results in positive rewards, tends to be repeated. However, the reward the desired behaviour should be sufficiently powerful and durable so that it improves the probability of occurrence' of desirable behaviour. Money is probably the most important incentive for positive behaviour since money can be used for a number of other resources.

Intrinsic Motivation:

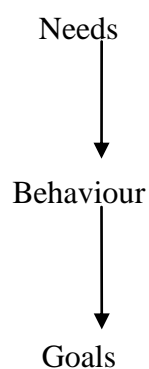
Intrinsic motivation stems from feelings of achievement and accomplishment and is concerned with the state of self- actualization in which the satisfaction of accomplishing

something worthwhile motivates the employee further so that this motivation is self-generated and is independent of financial rewards.

THEORIES OF MOTIVATION

There are basically two types of theories developed that relate to and define the motivational processes. These are the "content theories" which attempt to determine and specify drives and needs that motivate people to work and "process theories" which attempt to identify the variables that go into motivation and their relationship with each other. These theories are described in greater detail.

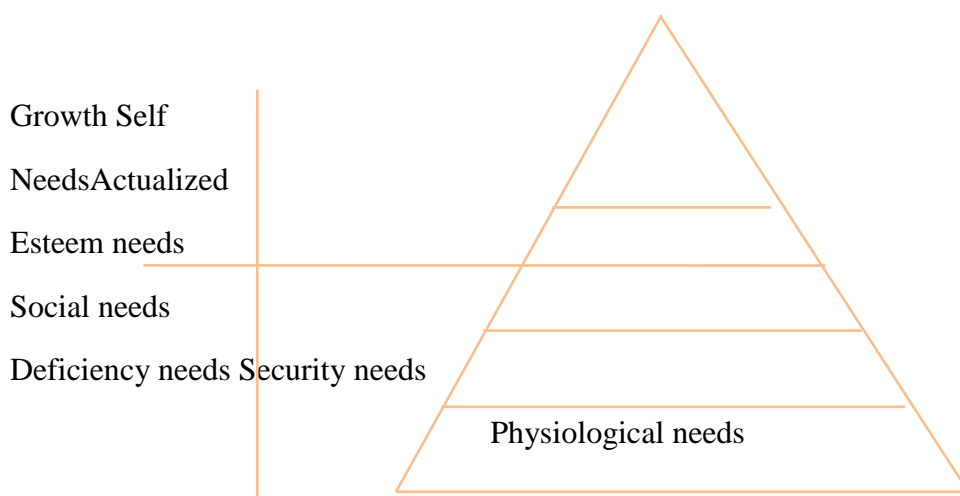
The Content Theories of Work Motivation The content theories have been developed to explain the nature of motivation in terms of types of need that people experience. They attempt to focus on factors within a person that initiate and direct a certain type of behaviour or check certain other type of behaviour. The basic idea underlying such theories is that people have certain fundamental needs, both physiological and psychological in nature, and that they are motivated to engage in activities that would satisfy these needs. Thus the nature of needs establishes the nature of motivation that results in a specific behaviour aimed at reaching the goal of satisfying such needs.



MASLOW'S MODEL

Maslow's "needs hierarchy theory" is probably the most widely used theory of motivation in organizations. Abraham Maslow suggested that people have a complex set of exceptionally strong needs and the behaviour of individuals at a particular moment is usually determined by their strongest need. He developed his model of human motivation in 1943, based upon his own clinical experience and formulated his theory of hierarchical needs by asking the same question, what is it that makes people behave the way they do and made a list of answers from which he developed a pattern. His theory is based upon two assumptions. First those human beings have many needs those are different in nature ranging from the biological needs at the lower level, which is the level of survival, to psychological needs at the upper extreme, which is the level of growth. Second that these needs occur in an order of hierarchy so that lower level needs must be satisfied before higher level needs arise or become motivators.

Mahatma Gandhi, the Indian leader, once remarked, "Even God cannot talk to a hungry man except in terms of food. Maslow postulates five needs basic needs arranged in successive levers. These needs continue to change resulting in change in goes and activities. These five needs are arranged in the form as shown. The first three level needs at the bottom are known as "deficiency" needs, because they must be satisfied in order to ensure the individual's very existence and security and make him fundamentally comfortable. The top two sets of needs are termed "growth" needs because they are concerned with personal growth, development and realization of one's potential.



These needs are explained in detail as follows:

Physiological needs:

The physiological needs form the foundation of the hierarchy and tend to have the highest strength in terms of motivation. These are primarily the needs arising out of physiological or biological tension and they are there to sustain life itself and include the basic needs for food, water, shelter.

Security and Safety needs:

Once the physiological needs are gratified, the safety and security need~ become predominant. These are the needs for self-preservation as against physiological needs, which are for survival. These needs include those of security, stability freedom from anxiety and a structured and ordered environment. These safety and security needs are really provisions against deprivation of satisfaction of physiological needs in the future. It also involves a sense of protection against threats and danger of losing the job in the future.

Love and Social needs:

After the needs of the body and security are satisfied, then a sense of belonging and acceptance becomes prominent in motivating behaviour. These needs include the needs for love, friendship, affection, and social interaction. We look for an environment where we are understood, respected and wanted. That is one reason for "polarization" where people of similar background and beliefs tend to group together. "Love thy neighbor" has perhaps a profound meaning.

Esteem needs:

This need for esteem is to attain recognition from others, which would induce a feeling of self-worth and self-confidence in the individual. It is an urge for achievement, prestige, status and power. Self-respect is the internal recognition. The respect from others is the external recognition and an appreciation of one's individuality as well as his contribution. This would result in self-confidence, independence, status, reputation and prestige. People then would begin to feel that they are useful and have some positive effect on their surrounding environment.

Self-actualization needs:

This last need is the need to develop fully and to realize one's capacities and potentialities to the fullest extent possible, whatever these capacities and potentialities maybe. This is the highest level of need in Maslow's hierarchy and is activated as a motivator when all other needs have been reasonably fulfilled. At this level, the person seeks challenging work assignments that allow for creativity and opportunities for personal growth and advancement. This need is for soul searching and is inner-oriented. A self-actualized person is creative, independent, content, and spontaneous and has a good perception of reality and he is constantly striving to realize his full potential.

HERZBERG'S TWO-FACTOR THEORY

Fredrick Herzberg and his associates developed the two-factor theory in the late 1950s and early 1960s. As part of a study of job satisfaction, Herzberg and his colleagues conducted in-depth interviews with over 200 engineers and accountants in the Pittsburgh area.

Hygiene factors:

Hygiene factors do not motivate people. They simply prevent dissatisfaction and MAINTAIN STATUS QUO. They produce no growth but prevent loss. The absence of these factors leads to job dissatisfaction. The elimination of dissatisfaction does not mean satisfaction and these factors simply maintain a "zero level of motivation." For example: if a person indicated "low pay" as a cause of dissatisfaction, it would not necessarily identify "high pay" as a cause of satisfaction. Some of the hygiene factors are: Wages, salary and other types of employee benefits Company policies and administration rules that govern the working environment Interpersonal relations with peers, supervisors and subordinates Cordial relations with all will prevent frustration and dissatisfaction Working conditions and job security.

These factors have a positive influence on morale, satisfaction, efficiency and higher productivity. Some of these factors are:

The job itself:

To be motivated, people must like and enjoy their jobs. They become highly committed to goal achievement and do not mind working late hours in order to do what is to be done. Their morale is high as evidenced by lack of absenteeism and tardiness.

Recognition:

Proper recognition of an employee's contribution by the management is highly morale boosting. It gives the workers a feeling of worth and self esteem. It is human nature to be happy when appreciated. Thus, such recognition is highly motivational.

Achievement:

A goal achievement gives a great feeling of accomplishment. The goal must be challenging, requiring initiative and creativity. An assembly line worker finishing his routine work hardly gets the feeling of achievement. The opportunities must exist for the meaningful achievement; otherwise workers become sensitized to the environment and begin to find faults with it.

Responsibility:

It is an obligation on the part of the employee to carry out the assigned duties satisfactorily. The higher the level of these duties, the more responsible the work would feel and more motivated he would be. It is a good feeling to know that you are considered a person of integrity and Intelligence to be given a higher responsibility. It is a motivational factor that helps growth.

Physiological

Safety

Social

Esteem

Self-actualization

Hygiene factors

Motivational Factors

Growth and advancement:

These factors are all interrelated and are positively related to motivation. Job promotions, higher responsibility, participation in central decision-making and executive benefits are all signs of growth and advancement and add to dedication and commitment of employees. The Herzberg's two-factor model is tied in with Maslow's basic model in that Maslow is helpful in identifying needs and Herzberg provides us with directions and incentives that tend to satisfy these needs. Also the hygiene factors in Herzberg's model satisfy the first three levels of Maslow's model of physiological needs, security and safety needs and social needs and social needs and the motivational factors satisfy the last two higher level needs of esteem and self-actualization.

McGregor or X and Y THEORY

Theory X and Theory Y are theories of human motivation created and developed by Douglas McGregor at the MIT Sloan School of Management in the 1960s that have been used in human resource management, organizational behavior, organizational communication and organizational development. They describe two contrasting models of workforce motivation.

Theory X and Theory Y have to do with the perceptions managers hold on their employees, not the way they generally behave. It is attitude not attributes.

Theory X

In this theory, management assumes employees are inherently lazy and will avoid work if they can and that they inherently dislike work. As a result of this, management believes that workers need to be closely supervised and comprehensive systems of controls developed. A hierarchical structure is needed with narrow span of control at each and every level.

According to this theory, employees will show little ambition without an enticing incentive program and will avoid responsibility whenever they can. According to Dr Kumi Mark, if the organizational goals are to be met, Theory X managers rely heavily on threat and coercion to gain their employees' compliance. Beliefs of this theory lead to mistrust, highly restrictive supervision, and a punitive (disciplinary) atmosphere.

The Theory X manager tends to believe that everything must end in blaming someone. He or she thinks all prospective employees are only out for themselves. Usually these managers feel the sole purpose of the employee's interest in the job is money. They will blame the person first in most situations, without questioning whether it may be the system, policy, or lack of training that deserves the blame.

A Theory X manager believes that his or her employees do not really want to work, that they would rather avoid responsibility and that it is the manager's job to structure the work and energize the employee. One major flaw of this management style is it is much more likely to cause diseconomies of scale in large picture.

Theory Y

In this theory, management assumes employees may be ambitious and self-motivated and exercise self-control. It is believed that employees enjoy their mental and physical work duties. According to them work is as natural as play. They possess the ability for creative problem solving, but their talents are underused in most organizations. Given the proper conditions, Theory Y managers believe that employees will learn to seek out and accept responsibility and to exercise self-control and self-direction in accomplishing objectives to which they are committed. A Theory Y manager believes that, given the right conditions, most people will want to do well at work. They believe that the satisfaction of doing a good job is a strong motivation.

Many people interpret Theory Y as a positive set of beliefs about workers. A close reading of The Human Side of Enterprise reveals that McGregor simply argues for managers to be opened to a more positive view of workers and the possibilities that this creates. He thinks that Theory Y managers are more likely than Theory X managers to develop the climate of trust with employees that are required for employee development.

Theory X and Theory Y combined

For McGregor, Theory X and Y are not different ends of the same continuum. Rather they are two different continua in themselves.

McGregor had identified Theory X and Theory Y differently for the basic characteristics stated previously in the above sections of what these theories represent. Theory X assumptions are that individuals dislike their careers. Theory X people have to be supervised. As for Theory Y assumptions are that individuals like their careers and are willing to take part in responsibility. Theory Y people don't need supervision and can be expected to turn good productive value in their jobs.

Theory X and Y Theory

Traditional Theory 'X'	Modern Theory 'Y'
1) Man by nature is sluggish and straggler.	Man wants to work provided the conditions are favorable.
2) Mostly people are not ambitious and are afraid to take responsibility.	This theory takes people as enthusiastic, responsible and full of effort.
3) Under this people want to be directed, meaning thereby that they want somebody to tell them to work and only they will work.	It is thought that the employee has the quality of self-direction and they do not feel the necessity of being directed by somebody else.
4) Motivation is limited to only physical and security needs.	According to this, physical and security needs motivate for a short time while it is

	continuous in case of self-actualization and esteem and status needs.
5) Strict control, threat and punishment are used in order to get work.	If proper environment is provided a person himself performs his work laboriously.

8. EMOTIONAL INTELLIGENCE

Emotional intelligence (EI) or emotional quotient (EQ) is the capability of individuals to recognize their own, and other people's emotions, to discriminate between different feelings and label them appropriately, to use emotional information to guide thinking and behaviour, and to manage and/or adjust emotions to adapt environments or achieve one's goal(s).

Although the term first appeared in a 1964 paper by Michael Beldoch, it gained popularity in the 1995 book by that title, written by the author, psychologist, and science journalist Daniel Goleman. Since this time Goleman's 1995 theory has been criticized within the scientific community.

Emotional intelligence can be defined as the ability to monitor one's own and other people's emotions, to discriminate between different emotions and label them appropriately and to use emotional information to guide thinking and behavior. Emotional intelligence also reflects abilities to join intelligence, empathy and emotions to enhance thought and understanding of interpersonal dynamics. However, substantial disagreement exists regarding the definition of EI, with respect to both terminology and operationalizations. Currently, there are three main models of EI:

- Ability model
- Mixed model (usually subsumed under trait EI)[32][33]
- Trait model

Different models of EI have led to the development of various instruments for the assessment of the construct. While some of these measures may overlap, most researchers agree that they tap different constructs.

Part B

1. List out the qualities of a good leader.
2. What is Emotional Intelligence (EI)?
3. What do you understand by learning?
4. Define Personality.
5. Define the term “Leadership”.

CIA 3*2=6 (Answer all Questions)

ESE: 5*2=10 (Answer all Questions)

Part C

1. Explain the classical conditioning theory of learning.
2. What are the qualities of good leadership?
3. Explain the Organizational applications of Personality?
4. Explain the qualities of a leader.
5. Explain the various personality theories.
6. Describe the various styles of leadership?
7. Explain the factors that affect Perception
8. Explain the Motivation Theories of Maslow’s need Hierarchy Theory.
9. Explain what are factors that determine Personality Development?
10. What is Charismatic leadership and what are the qualities of a Charismatic leader?

CIA: 3*8=24 Marks (Either or Type)

ESE: 5*6=30 Marks (Either or Type)

UNIT IV

GROUPS AND TEAMS

Groups and Teams - Definition, Difference between Groups and teams - Stages of Group Development - Group Cohesiveness - Types of teams - Analysis of Interpersonal Relationship: Transactional Analysis - Johari Window Organisational Power and Politics - Nature of organisational politics.

1. GROUP

- A group is two or more individuals who share common interests or characteristics and whose members identify with each other due to similar traits.
- A Number of people or things that are together or in the same place.
- A number of people who are connected by some shared activity, interest or quality

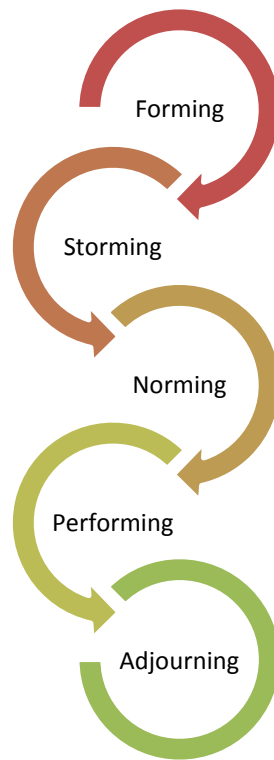
Definition of Group

- ✚ A group is an assemblage of persons who work, interact and cooperate with one another in achieving a common goal in a specified time.
- ✚ The identity of the group members is taken individually. The members share information and resources with other group members.

STAGES OF GROUP DEVELOPMENT

Tuckman identified **four stages** of group development, which included the stages of forming, storming, norming and performing.

A fifth stage was later added by Tuckman about ten years later, which is called adjourning. It is believed that these stages are universal to all teams despite the group's members, purpose, goal, culture, location, demographics and so on.



Forming

The first stage of group development is known as the forming stage. The forming stage represents a time where the group is just starting to come together and is characterized with anxiety and uncertainty. Members are cautious with their behavior, which is driven by the desire to be accepted by all members of the group. Conflict, controversy and personal opinions are avoided even though members are beginning to form impressions of each other and gain an understanding of what the group will do together. Some believe this cautious behavior prevents the group from getting any real work done. However, the focus for group members during the forming stage is to become familiar with each other and their purpose, not on work.

Typical outcomes of the forming stage include things like gaining an understanding of the group's purpose, determining how the team will be organized and who will be responsible for what, discussion of major milestones or phases of the group's goal (including a rough project schedule), outlining general group rules (including when they will meet) and discovery of what resources will be available for the group to use.

Storming

The second stage of group development is known as the storming stage. The storming stage is where conflict and competition are at its greatest. This is because now that group members have an understanding of the task and a general feel for who they are as a group and who group members are, they feel confident and begin to address some of the more important issues surrounding the group. Such issues can relate to things like the group's tasks, individual roles and responsibilities or even with the group members themselves.

The storming stage is where the more dominant of the group members emerge, while other, less confrontational members stay in the comfort and security of suppressing their feelings just as they did in the previous stage. Even though these individuals stay quiet, issues may still exist. All members have an increased need for clarification. Questions surrounding leadership, authority, rules, responsibilities, structure, evaluation criteria and reward systems tend to arise during the storming stage. Such questions must be answered so that the group can move on to the next stage. Consequently, not all groups are able to move past the storming stage.

Norming

Once a group receives the clarity that it so desperately needs, it can move on to the third stage of group development, known as the norming stage. The norming stage is the time where the group becomes a cohesive unit. Morale is high as group members actively acknowledge the talents, skills and experience that each member brings to the group. A sense of community is established and the group remains focused on the group's purpose and goal. Members are flexible, interdependent and trust each other. Leadership is shared, and members are willing to adapt to the needs of the group. Information flows seamlessly and is uninhibited due to the sense of security members feel in the norming stage.

Performing

At its peak, the group moves into the fourth stage of group development, known as the performing stage. The performing stage is marked by high productivity. Group members are unified, loyal and supportive. Competence in all members is seen, allowing for a high level of autonomy in decision making. Problem solving, experimentation and testing possible solutions are high as group members are focused on task completion and achievement. The overall objective of the group during the performing stage is to complete their mission and fulfill their purpose through goal achievement.

Adjourning

Tuckman's final stage, Adjourning, involves the termination of task behaviors and disengagement from relationships. A planned conclusion usually includes recognition for participation and achievement and an opportunity for members to say personal goodbyes. Concluding a group can create some apprehension - in effect, a minor crisis. The termination of the group is a regressive movement from giving up control to giving up inclusion in the group. The most effective interventions in this stage are those that facilitate task termination and the disengagement process.

TYPES OF GROUPS

1. Permanent and Temporary Formal Groups.
2. Command Group such as sections, department etc.
3. Functional Groups are classified according to functions of the members of the groups such as clerks, typists, etc. These groups possess the authority of both command groups and functional groups. Functional groups can again be classified into :
 - (a) Team group specifies no fixed role to its members.
 - (b) Task group specifies a fixed job to each of its members.
 - (c) Technological group is allotted the roles by the management.
4. Status Groups involve the members of the same status in the organization.

Informal Groups

Groups which are not formal are informal. In other words, these are groups that are neither formally created nor controlled by the organization. These groups are natural formations in the work environment that appear in response to the need for social contact. Four employees belonging to four different departments taking their lunch together represent an example of an informal group. Informal groups arise spontaneously and voluntarily to satisfy the various social needs, not likely to be fulfilled by the formal organization. The members of such groups are called informal groups. The leader of the informal group is selected among the members of the group. Authority in such groups is given to the person and to the position. Communication in informal groups is through informal channels. The various kinds of formal groups are :

1. Friendship Groups

Friendship groups are associations of people who like each other and who like to be together. Such groups are formed because members have one or more common characteristics, such as age or ethnic heritage, political beliefs, religious values and other bonds of attraction.

2. Interest Groups

Interest groups are composed of individuals who may not be members of the same organization (command or task groups), but they are united by their interest in a common issue. Example of interest groups may include a group of University Professors. They organize a seminar on Law and Order Problems in the State of Tamil Nadu.

3. Reference Group

A reference group is a special type of informal group that people use to evaluate themselves. A reference group may not be an actual one that meets together, it can be an imaginary group. The reference group for a new university Lecturer, for example, may be other scholars in the same discipline at other universities.

4. Isolates who are not a member of any group

Another classification of informal groups by Sayles from the standpoint of pressure tactics is divided into four groups :

- (i) The Apathetic Group : Not sincere to their demand and members do not actively engage in union activity.
- (ii) The Erratic Group : Very sensitive to their demand. Easily inflamed and easily pacified. Engage in union activity without working. Deep rooted grievances exist without any reaction from the group.
- (iii) The Strategic Group : These groups have a well planned strategy for fighting with the management for their grievances. They build continuous pressure.
- (iv) Conservative Group: Consists of members having critical or scarce skills. Though they have strong position yet are least engaged in union activity.

Distinction Between Formal and Informal Groups

1. Origin

A formal group is deliberately structured and planned to subserve organizational interest. The manager decides about the activities of each individual and his interaction with others. They come together because of the interdependence of their operations or their mutual dependence on their common boss. An informal group, on the other hand, emerges voluntarily and spontaneously. In fact, the formal organization itself contains the seeds for the emergence of informal groups. It allocates people in different departments, work-locations and time-schedules and while performing their tasks, the members develop their activities, interactions and sentiments towards each other which are not cared for by the formal organization.

2. Purpose of the Group Formation

The main purpose of formal groups is to serve the organization as means to formal ends, while the informal groups provide social satisfaction and stability to work groups.

3. Authority

The authority to a formal group is given by the institution according to the position on the organization chart. It is given to the position and not to the man concerned. Whosoever be in that position, will enjoy the authority. Authority in such groups is acquired through delegation from the above to the downward. Contrarily, the authority in an informal group is

earned or given permissively by the members of the group. It is given to a person considering his age, seniority, competence, etc. and not to the position and so it flows horizontally or at times, even upward.

4. Communication

All messages-upward or downward-pass through the chain of command strictly as given on the organization chart. In an informal group, all messages are passed through informal channel because there is no such chain of command. People remain in mutual contact with each other, they learn about every person of group what is going on in the organization.

5. Control on Behaviour

Behaviour of the people of the formal group is regulated by the rules and regulations framed with an intention to attain rotationally and efficiency. Violation of any rule attracts penalty and punishment. In an informal group, on the other hand, behaviour of the members is controlled through norms, values and beliefs of the group. The members of the informal group may compel any member of the group to disassociate himself from the group, if he is continuously violating the norms of the group after giving him proper warning.

6. Size

Formal groups are quite large because personal relations have no concern there, while the informal groups tend to remain smaller so as to keep it within limits of personal relations.

7. Nature of Group

Formal groups are stable in character and continues for a longer period. Informal groups are quite unstable because they are subject to sentiments and feelings of the group members. A particular informal group ceases to exist as soon as its purpose is solved.

8. Sanctions to Members

Members are suitably rewarded or punished for their work done in a formal group according to the formal rules and regulations of the group. Rewards or punishments may be financial or non-financial. But in an informal group, the efforts of the person are recognised mainly

through non-financial rewards or punishments generally in terms of feelings, status and prestige.

9. Abolition of the Group

As formal groups are subject to management control, they can be abolished at the discretion of the proper authority while a particular informal group cannot be destroyed because any attempt to destroy it may lead to formation of several other groups because there is no management control over it. Management cannot destroy it because it has not formed that.

10. Number of Groups

The whole organization (formal group) is divided into several units and sub-units working for the common cause but a large number of informal groups are found in an institution and some even outside the institution. An individual may be the member of a number of informal groups for different purposes. So there is overlapping membership and multiple groups.

2. TEAM

A group of people with a full set of complementary skills required to complete a task, job, or project.

Team members

- (1) Operate with a high degree of interdependence,
 - (2) Share authority and responsibility for self-management,
 - (3) Are accountable for the collective performance, and
 - (4) Work toward a common goal and shared rewards(s).
- ❖ A team becomes more than just a collection of people when a strong sense of mutual commitment creates synergy, thus generating performance greater than the sum of the performance of its individual members.
 - ❖ A team is a group of people or other animals linked in a common purpose. Human teams are especially appropriate for conducting tasks that are high in complexity and have many interdependent subtasks

- ❖ A group does not necessarily constitute a team. Teams normally have members with complementary skills and generate synergy through a coordinated effort which allows each member to maximize their strengths and minimize their weaknesses.
- ❖ Team members need to learn how to help one another, help other team members realize their true potential, and create an environment that allows everyone to go beyond his or her limitations. Teams can be broken down into from a huge team or one big group of people, even if these smaller secondary teams are temporary.
- ❖ A team becomes more than just a collection of people when a strong sense of mutual commitment creates synergy, thus generating performance greater than the sum of the performance of its individual members.

Definition of Team

A group of people who are joined together for achieving a common goal within a stipulated period, having collective accountability is known as the team. The agenda of the team is “one for all and all for one”. Apart from sharing information, the team members also share the responsibility of the team task. The team is always responsible for the outcome (i.e. Result of the collective efforts of the team members).

Multidisciplinary teams

Multidisciplinary teams involve several professionals who independently treat various issues a patient may have, focusing on the issues in which they specialize. The problems that are being treated may or may not relate to other issues being addressed by individual team members.

The interdisciplinary team

The interdisciplinary team approach involves all members of the team working together towards the same goal. In an interdisciplinary team approach, members of the core team will often role - blend, taking on tasks usually filled by people in different roles on the team

Executive team

An executive team is a management team that draws up plans for activities and then directs these activities (Devine, 2002). An example of an executive team would be a construction

team designing blueprints for a new building, and then guiding the construction of the building using these blueprints.

Command team

The goal of the command team is to combine instructions and to coordinate action among management. In other words, command teams serve as the "middle man" in tasks. For instance, messengers on a construction site, conveying instructions from the executive team to the builders, would be an example of a command team.

Project teams

A team used only for a defined period of time and for a separate, concretely definable purpose, often becomes known as a project team. This category of team includes negotiation-, commission- and design-team subtypes. In general, these types of teams are multi-talented and composed of individuals with expertise in many different areas. Members of these teams might belong to different groups, but receive assignment to activities for the same project, thereby allowing outsiders to view them as a single unit. In this way, setting up a team allegedly facilitates the creation, tracking and assignment of a group of people based on the project in hand.

Advisory teams

Advisory teams make suggestions about a final product. For instance, *a quality-control* group on an assembly line would be an example of an advisory team: they may examine the products produced and make suggestions about how to improve the quality of the items being made.

Work teams

Work teams are responsible for the actual act of creating tangible products and services. The actual workers on an assembly line would be an example of a production team, whereas waiters and waitresses at a diner would be an example of a service team.

Action teams

Action teams are highly specialized and coordinated teams whose actions are intensely focused on producing a product or service . An NFL football team would be an example of an action team. Other examples occur in the military, paramedics, and transportation

Sports teams

A sports team is a group of people which play sports together. Members include all players (even those who are waiting their turn to play), as well as support members such as a team manager or coach.

Virtual team

A virtual team is a group of people who work interdependently and with shared purpose across space, time, and organizational boundaries using technology to communicate and collaborate. Virtual team members can be located across a country or across the world, rarely meet face-to-face, and include members from different cultures.

Groups Versus Teams

The words 'group' and 'team' are, for the most part, interchangeable - at least most people use them that way. But there are distinct differences between groups and teams. For example, we have a football team, not a football group - or we have a special interest group, not a special interest team. While the differences are subtle, they are indeed different, and we need to understand what those differences are.

The main difference is that a team's strength or focus depends on the commonality of their purpose and how the individuals are connected to one another. On the other hand, a group can come from having a large number of people or a cohesive willingness to carry out a focused action - political reform, for example.

While these differences might be subtle, we have to understand that a group is a number of individuals forming a unit for a reason or cause, and a team is a collection of accomplished people coming together for a common goal that needs completion. The subtleness of these differences are more pronounced when we take these words a step further and look at a work group and work team.

Groups and teams are very commonly used the term in an organization whose difference is not known to many people. Below is the summarized difference between group and team is given:

Sl.No	BASIS FOR COMPARISON	GROUP	TEAM
1	Meaning	A collection of individuals who work together in Completing a task.	A group of persons having collective identity joined together, to accomplish a goal.
2	Leadership	Only one leader	More than one
3	Members	Independent	Interdependent
4	Process	Discuss, Decide and Delegate.	Discuss, Decide and Do.
5	Focus on	Accomplishing individual goals.	Accomplishing team goals.
6	Accountability	Individually	Either individually or mutually

The following are the significant differences between group and team:

- There is only one head in a group. A team can have more than one head.
- The group members do not share responsibility, but team members share the responsibility.
- The group focuses on achieving the individual goals. Conversely, the team members focus on achieving the team goals.
- The group produces individual work products. As opposed to, the team who produces collective work products.

- The process of a group is to discuss the problem, then decide and finally delegate the tasks to individual members. On the other hand, a team discusses the problem, then decide the way of solving it and finally do it collectively.
- The group members are independent. Unlike a group, the team members are interdependent.

Similarities

- Two or more than two persons.
- Interaction of members.
- Face to face relationship.
- Focus on the achievement of an objective.
- Leader
- Sharing of information and resources

3. GROUP COHESIVENESS

In general terms, group cohesiveness is being committed to a group or to group members where all the members of the group find similarities in their nature and interest. It is a circle of people who share same interests and abilities. And such group and their group members are reliable for each other's. Moreover, reliability can be positive and negative as well. Most probably it is up to a person in which kind of group he or she is in.

Cohesiveness can be defined as a group session where in which, group of people connects them with the help of similar interest and program.

Moreover, it is a process where a group of people for a group or a team considering their similar interest and ability.

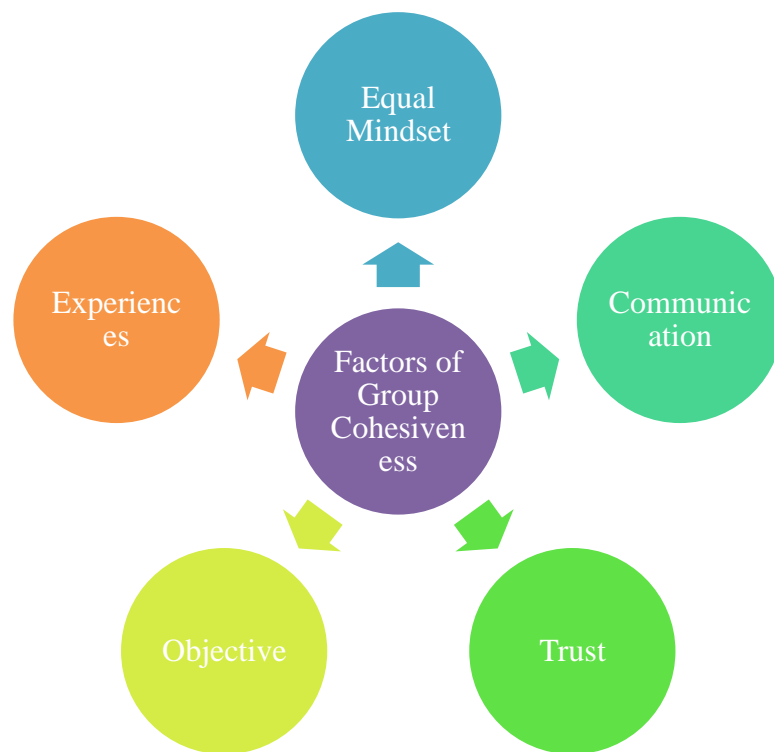
1. Similar interest: Being a part of a group or a team is not that easy as it seems. Some groups and teams maintain a certain type of ground rules for their group. And those ground

rules can be measured in terms of the common interest of all the group members. And if anyone wants to join such team considering their common interest, then they should follow all the ground rules given by the team leader. Therefore, it is necessary to understand that all the group of team maintains a same level of interest in their team formation.

2. Group dignity: Every group or a team maintains a certain level of pride and dignity with their team and team members. And to maintain that dignity and pride of the group the members deliver certain responsible services in favor of the society and whoever concerned. Moreover, it is an initial process of every group activity and in that process, they undertake several services according to the pride and dignity of the group. And every single member of the group takes part in such activity of the group.

3. Commitment: Commitment is a word which describes a person loyalty and honesty relating to the group. Most probably every member of the team needs to show some sort of commitment towards their work within the group and for that they need to take active participation in the activities of the group. Therefore, it is very much necessary for all the members of the team that without commitment a group cannot survive in their future activity.

Important Factors of Group Cohesiveness:



There are several importance of group cohesiveness, and especially after understanding the meaning and definition of the group cohesiveness. Therefore, with this additional important factor about group cohesiveness one can clear out all the benefits of the group cohesiveness.

1. **Equal mindset:** As people join some group with a thinking that they can be a part of that particular group as they share a similar kind of interest, then they definitely should go ahead with their decision and join such team or a group. Most groups which maintain a certain focus element in their group consider their members' interest to carry on with their group services. Therefore, most of the group accepts those candidates who are very much interested in their activity. And other than that no group accepts a person with different nature of interest.

2. **Communication:** As it is explained earlier that communication between the team and its team members is very much necessary. If there is any sort of mis-communication between the team and its members, then it is quite clear to everyone that there will be all sorts of doubts between the team members. Therefore, communication creates a link between the team and their members point of view as well.

3. **Trust:** Sometimes trust holds all the main activity between people, whether it is a company, organization and the team. And that is why all the people who are in connection with the team or a group need to maintain a positive trust on their team and their decision. Therefore, it is very much necessary to understand all the factors of trust in the team and their decision and moreover handling all the facts relating to that.

4. **Objective of the group:** Every group or a team maintains their objective for that particular group and that group delivers their objective in the form of their services and activity. And that is why objective holds all the basic need of the group or a team. Therefore, maintaining an objective for a group or a team is necessary to continue with their positive intention about their social activity. Eventually, these social activities with a positive objective can bring them a positive recommendation for their future benefits.

5. **Experience:** Experience means their previous group experience. Most of the time these group experiences creates a difference with the new group. This difference can bring up all the new and creative ideas within the members of the group and which is the good thing for the overall growth of that particular group. Therefore, all the things which comes with the help of a previous experience in group cohesiveness can provide overall growth.

Importance of Group Cohesiveness:

When it comes to valuing something in one's life, then people experience some sort of issues with it. And to understand such importance of that particular thing a person need to appreciate its worth, which is possible only by handling all the activities either it is group or individual.

1. **Performance:** As it has been explained earlier that all the factors which brings up all the importance of cohesiveness of group performance can be measured in terms of their activities. Performance matters in the group cohesive and especially when it is mattered with the services delivered by the each and every valuable member of the team. Therefore, performance matters with the activities which is delivered by the group cohesiveness behavior.

2. **Satisfaction:** The main issue that every member of the team face while working according to the expectation of the group that the team members might feel a bit left out other than a

team leader. It is not necessary that all the valuable member of the team needs to be treated well. It is even expected, especially from the team leader that he or she need to treat all the members of the team same so that they can feel complete satisfaction with their work assigned by their team.

3. Emotional factors: Most of the time while working in a team people used to feel a bit attached to others who are active members of the team. And it is normal to feel emotional around them. It is even possible that all the things which comes up or which come along with the help of group cohesive behavior is quite a result of hard work and team spirit. Therefore, emotional factors always weigh heavy in terms of group cohesive nature.

4. Pressure of assurance: It is quite possible with all the element and characteristics of group cohesive behavior that most of the factors comes up with the help of group working or because of the team task. Therefore, it is very much necessary to understand all the matters which can bring up with the help of all group related behavior and eventually this creates a level of pressure with an assurance of work completion.

Advantages of Group Cohesiveness:

All the factors and study elements relating to the group cohesive behavior is a cover up for all sorts of benefits of group cohesiveness. Therefore, these advantages or benefits can clear out all the fogs surrounded and can show a ray of sunshine.

1. Motivational elements: As it is explained earlier that all the elements which help a person to join or to be part of the group are the motivational elements which can be bought from the members of the team and moreover these members can create some sort differentiation between their improvement and courage in terms of their motivating behavior.

2. Better cooperation: If it is a group of members who share similar interest and attraction as compared to each other, then it is quite clear that all the things which can be delivered with the help of all the group cohesiveness behavior can definitely produce better cooperation between the team and their members. Therefore, because of group cohesive behavior the group can embrace better cooperation with their rest of the team members.

3. Time saving: A work or a task allotted to a group of persons instead of work allotted to an individual, can definitely approach a positive side of the work. For instance, when it comes to

an individual person, then the person might take a little longer time to solve the issues, but when it comes to group of people, then the solution can be better and quicker as compared to the individual doing the work.

4. Improves communication: As it is a task of a group or a team, then the team leader might be aware of all the consequences of work assigned to a person. And because of the group cohesiveness the whole team can experience some sort of change in their communication levels. These communication levels create a difference in their personal and professional life as usual. Moreover, it also provides good confidence to all the members of the team.

Disadvantages of Group Cohesiveness:

Most parts of the study material with the subject line group cohesiveness can clear all the doubts among its readers and with their team. Therefore, it is necessary to know more about the disadvantages of group cohesiveness, and then these disadvantages can help a group of people with all the growth and success of their daily work.

1. Low level of productivity: Most of the time, working in a group can not favor a company or an organization with the help of their own group, and that is because all the teams own their own thinking. And in this case of production a group cohesiveness brings it down to a low level because most of the team members available in the team are from the same field of work. Moreover, it is a fast moving generation and that is why it's necessary to understand the, low level of productivity among the team members.

2. Lack of creativity: As most of the members of the team share a single and simple interest and eventually this type of similar interest can deliver same sort of results each and every time. Therefore, because of group cohesive behavior the company can lack behind with their creative elements. Moreover, all the elements in the group cohesiveness provide a lower level of creativity among their group or a team.

3. Lack of innovation: It is quite similar to the topic that one can understand better. At most of the time people involved in a group can come up with a low level of innovation and that eventually lacks creativity in their field of work. Therefore, it is necessary to understand all the things within this group cohesiveness. Moreover, this creates a lack of innovation among their members.

4. Domination: The domination can be experienced because of the team leaders of each and every group. Most of the these type of group leader domination can never benefit the company, moreover, it can damage the unity of the group. Therefore, all the team leaders need to understand that if they need and want their team members work according to their direction, then they need to treat as equals in the group.

Finally the bottom line is that at the end of the discussion about group cohesiveness, a person can understand all the definition, factors, importance, advantages or benefits and disadvantages or cons of the study material stated above about group cohesiveness. Therefore, it is advisable to all the interested people that if anyone need to know more about the group cohesiveness, then they can follow and read all the above mentioned discussion and find all the answers to their questions.

4. The Johari Window model

The Johari Window model is also referred to as a 'disclosure/feedback model of self awareness', and by some people an 'information processing tool'. The Johari Window actually represents information - feelings, experience, views, attitudes, skills, intentions, motivation, etc - within or about a person - in relation to their group, from four perspectives, which are described below. The Johari Window model can also be used to represent the same information for a group in relation to other groups. Johari Window terminology refers to 'self' and 'others': 'self' means oneself, ie, the person subject to the Johari Window analysis. 'Others' means other people in the person's group or team.

When the Johari Window model is used to assess and develop groups in relation to other groups, the 'self' would be the group, and 'others' would be other groups. However, for ease of explanation and understanding of the Johari Window and examples in this article, think of the model applying to an individual within a group, rather than a group relating to other groups.

The four Johari Window perspectives are called 'regions' or 'areas' or 'quadrants'. Each of these regions contains and represents the information - feelings, motivation, etc - known about the person, in terms of whether the information is known or unknown by the person, and whether the information is known or unknown by others in the group.

The Johari Window's four regions, (areas, quadrants, or perspectives) are as follows, showing the quadrant numbers and commonly used names:



Johari quadrant 1 Open area

Johari region 1 is also known as the 'area of free activity'. This is the information about the person - behaviour, attitude, feelings, emotion, knowledge, experience, skills, views, etc - **known** by the person ('the self') and **known** by the group ('others').

Johari quadrant 2 - 'blind self' or 'blind area' or 'blindspot'

Johari region 2 is what is **known** about a person by others in the group, but is **unknown** by the person him/herself. By seeking or soliciting feedback from others, the aim should be to reduce this area and thereby to increase the open area ie, to increase self-awareness. This blind area is not an effective or productive space for individuals or groups. This blind area could also be referred to as ignorance about oneself, or issues in which one is deluded.

Johari quadrant 3 - 'hidden self' or 'hidden area' or 'avoided self/area' or 'facade'

Johari region 3 is what is **known** to ourselves but kept hidden from, and therefore **unknown**, to others. This hidden or avoided self represents information, feelings, etc, anything that a person knows about him/self, but which is not revealed or is kept hidden from others. The hidden area could also include sensitivities, fears, hidden agendas, manipulative intentions, secrets - anything that a person knows but does not reveal, for whatever reason. It's natural for very personal and private information and feelings to remain hidden, indeed, certain information, feelings and experiences have no bearing on work, and so can and should remain hidden.

Johari quadrant 4 - 'unknown self' or 'area of unknown activity' or 'unknown area'

Johari region 4 contains information, feelings, latent abilities, aptitudes, experiences etc, that are **unknown** to the person him/herself and **unknown** to others in the group. These unknown issues take a variety of forms: they can be feelings, behaviours, attitudes, capabilities, aptitudes, which can be quite close to the surface, and which can be positive and useful, or they can be deeper aspects of a person's personality, influencing his/her behaviour to various degrees. Large unknown areas would typically be expected in younger people, and people who lack experience or self-belief.

5. TRANSACTIONAL ANALYSIS

- ❖ The study of human behaviour is very complex and complicated concept.
- ❖ It is affected by the psychological factors such as perception, learning, peronality and motivation.
- ❖ In addition to these factors, individual behaviour affects and affected by the behaviour of others.
- ❖ One of the major problems in the study of organisationalbehaviour is to analyse and improve, the interpersonal relationships.

- ❖ One basic approach to study interpersonal relations in an organisational system is transactional analysis.
- ❖ This analysis deals with understanding, predicting and controlling interpersonal relationships.
- ❖ It was introduced by Eric Berne.
- ❖ Transactional analysis is a technique used to help people better understand their own and other's behaviour, especially in interpersonal relationships.
- ❖ It is a good method for understanding interpersonal behaviour.
- ❖ It offers a model of personality and the dynamics of self and its relationship to others that makes possible a clear and meaningful discussion of behaviour.

Transactional analysis is primarily concerned with following:

1. Analysis of self awareness
2. Analysis of ego states
3. Analysis of transactions
4. Script analysis
5. Games analysis
6. Analysis of life positions
7. Stroking

1. ANALYSIS OF SELF AWARENESS

- The interpersonal relationships are composed of inter self.
- Self is the core of personality pattern which provides integration.
- Self awareness is an important concept, it describes the self in terms of image, both conscious and unconscious.

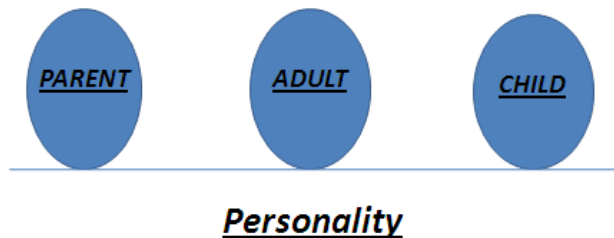
- Joseph Luft and Harrington have developed a diagram to look at one's personality including behaviours and attitudes that can be known and unknown to self and known and unknown to others.
- This diagram is known as the JOHARI WINDOW. It comprising of 4 parts



2. ANALYSIS OF EGO STATES

- *The ego plays an important role in human behaviour.*
- *People interact with each other in terms of psychological positions or behavioural patterns known as ego states.*
- *Ego states are person's way of thinking, feeling and behaving at any time.*
- *There are 3 important ego states.*
- *Ego states: child, adult and parent.*
- *A person of any age have these ego states in varying degree.*
- *A healthy person is able to move from one ego state to another.*

THE EGO STATES



1. parent ego state:

The parent ego state means that the values, attitudes and behaviours of parents are an integral part of the personality of an individual. These people tend to talk to people and treat others like children. The characteristics of a person with parent ego state are:

- Judgemental
- Rule maker
- Moralising
- Over protective
- indispensable

2. Adult ego state:

The adult ego state is authentic, direct, reality based, fact seeking and problem solving. They assume that human beings are equal, worthy and responsible. The process of adult ego state formation goes through one's own experiences and continuously updating attitudes left over from childhood. People with adult ego state, gather relevant information, carefully analyse it, generate alternatives and make logical choices.

3. Child ego state:

the child ego state is characterized by very immature behaviour. The important features of child ego state are creativity, anxiety, depression, dependence, fear, joy, emotional sentimental etc.

3.ANALYSIS OF TRANSACTIONS

- *A transaction is a basic unit of social interaction.*
- *The heart of transactional analysis is the study and diagramming of the exchanges between two persons.*
- *Thus where a verbal or non verbal stimulus from one person is being responded by another person a transaction occurs.*
- *Transactional analysis can help us to determine which ego state is most heavily influencing our behaviour and the behaviour of the other people with whom we interact.*
- Depending on the ego states of the persons involved in transactions, there may be three types of transactions:

1.Complementary transactions:

Both people are operating from the same ego state. There can be nine complementary transactions. They are given below:

- Adult-Adult transactions
- Adult-Parent transactions
- Adult-Child transactions
- Parent-Parent transactions
- Parent-Adult transactions
- Parent-Child transactions
- Child-Parent transactions

- Child-Adult transactions
- Child-Child transactions

2. Crossed transactions: A crossed transaction is one in which the sender sends message a behaviour on the basis of his ego state, but this message is reacted to by an unexpected ego state on the part of the receiver. Crossed communication should be avoided as far as possible. Whenever such transactions occur, communication tends to be blocked and a satisfactory transaction is not accomplished.

3. Ulterior transactions: two ego states within the same person but one disguises the other one.

4. SCRIPT ANALYSIS

- In a layman's view, a script is the text of play, motion picture, or a radio or TV programme.
- In transactional analysis a person's life is compared to a play and the script is the text of the play.
- According to Eric Berne, "a script is an ongoing programme, developed in early childhood under parental influence which directs the individual behaviour in the most important aspects of his life.
- A script is a complete plan of living, offering prescriptions, permissions and structure which makes one winner or loser in life.

5. ANALYSIS OF LIFE POSITIONS

- In the process of growing up people make basic assumptions about their own self worth as well as about the worth of significant people in their environment.
- The combination of assumptions about self and the other person called as life position.
- Transactional analysis constructs the following classifications of the four possible life positions or psychological positions:

- I am OK,, you are OK.
- I am OK, ,you are not OK.
- I am not OK,, you are OK.
- I an not OK,, you are not OK
- I am OK, you are OK:

It appears to be an ideal life position. People with this type of life position have confidence in themselves as well as trust and confidence in others.

- I am OK, you are not OK:

This is a distrustful psychological positions. This is the attitude of those people, who think that whatever they do is correct.

- :I am not OK, you are OK

This is a common position for those people who feel power less when they compare themselves to others.

- I am not OK,, you are not OK:

people in this position tend to feel bad about themselves and see the whole world as miserable. They do not trust others and have no confidence in themselves.

6.STROKING

- *Stroking is an important aspects of the transactional analysis.*
- *The term stroke refers to “giving some kind of recognition to others.”*
- *People need strokes for their sense of survival and well being on the job. Lack of stroking can have negative consequences both on physiological and psychological well being of a person.*
- *There are three types of strokes:*
- 1.Positive strokes:

- *the stroke one feel good, is a positive stroke. Recognition, approval are some of the examples.*
- 2. Negative strokes:
- *a stroke one feel bad or not good is a negative stroke. negative strokes hurt physically or psychologically.*
- 3.Mixed strokes:
- *a stroke may be of a mixed type also.*
- *Example :the boss comment to a worker “you did an excellent job inspite your limited experience.*

7. GAMES ANALYSIS

- *When people fail to get enough strokes at work they try a variety of things.*
- One of the most important things is that they play psychological games.
- A psychological game is a set of transaction with three characteristics:
 - The transaction tends to be repeated.
 - They make sense on superficial or social level.
 - *One or more transactions is ulterior.*
- *Types of games:*
 - * A first degree game is one which is socially acceptable in the agent’s circle.
 - * A second degree game is one which more intimate end up with bad feelings.
 - * A third degree game is one which usually involves physical injury.

Benefits and Utility of Transactional Analysis

1. Improved interpersonal communication.
2. Source of positive energy.

3. Understanding ego state.
4. Motivation.
5. Organizational development

Part B

1. What is meant by group?
2. Define Power.
3. List out the types of teams?
4. Give the meaning of interpersonal relationship?
5. What is Transactional Analysis?

CIA 3*2=6 (Answer all Questions)

ESE: 5*2=10 (Answer all Questions)

Part C

1. What are the various types of organizational power?
2. Explain the nature of Organizational Politics.
3. Explain the different types of teams.
4. What is Transactional analysis? How does it help in improving interpersonal relations?
5. Define Group Cohesiveness. What are factors affecting group cohesiveness?
6. Explain the nature and significance of power relations in large manufacturing concerns.
7. Explain the different stages of group development.
8. Why do organizational politics emerge? Discuss the measures to avoid the organizational politics.
9. Distinguish between the teams and groups.
10. What are different transactions that emerge out of the interpersonal interactions?

CIA: 3*8=24 Marks (Either or Type)

ESE: 5*6=30 Marks (Either or Type)

UNIT V

CONFLICT, ORGANIZATIONAL CHANGE & STRESS

Conflict: Concept, Sources - Types, Stages of conflict - Management of conflict, Organizational Change: Concept, Resistance to change, Managing resistance to change, Implementing Change - Kurt Lewin Theory of Change - Managing Stress: Insights from Indian ethos.

1. CONFLICT

Meaning

Conflict refers to some form of friction, disagreement, or discord arising within a group when the beliefs or actions of one or more members of the group are either resisted by or unacceptable to one or more members of another group.

- ❖ Conflict can arise between members of the same group, known as intragroup conflict, or it can occur between members of two or more groups, and involve violence, interpersonal discord, and psychological tension, known as intergroup conflict.
- ❖ Conflict in groups often follows a specific course. Routine group interaction is first disrupted by an initial conflict, often caused by differences of opinion, disagreements between members, or scarcity of resources. At this point, the group is no longer united, and may split into coalitions

Sources of Conflict

a. Change

Implementation of new technology can lead to stressful change. Workers who don't adapt well to change can become overly stressed, which increases the likelihood of conflict in the workplace.

b. Interpersonal Relationships

When different personalities come together in a workplace, there is always the possibility they won't mesh. Office gossip and rumors can also serve as a catalyst for deterioration of co-worker relationships.

c. Supervisor Vs Employee

Just as co-worker personalities may not mesh, a supervisor and employee can also experience conflict. A supervisor who is seen as overbearing or unfair can rub an employee the wrong way, which makes the working relationship more difficult.

d. External Changes

When the economy slides into a recession or a new competitor swoops in and steals some of a company's market share, it can create tension within the company. This stress can lead to conflict between employees and even between upper levels of management.

e. Poor Communication

Companies or supervisors that don't communicate effectively can create conflict. For example, a supervisor who gives unclear instructions to employees can cause confusion as to who is supposed to do what, which can lead to conflict.

f. Subpar Performance

When a worker in a department is not "pulling his weight," it can lead to conflict within the department, perhaps even escalating into a confrontational situation. A supervisor who fails to acknowledge or address the situation can add fuel to the fire.

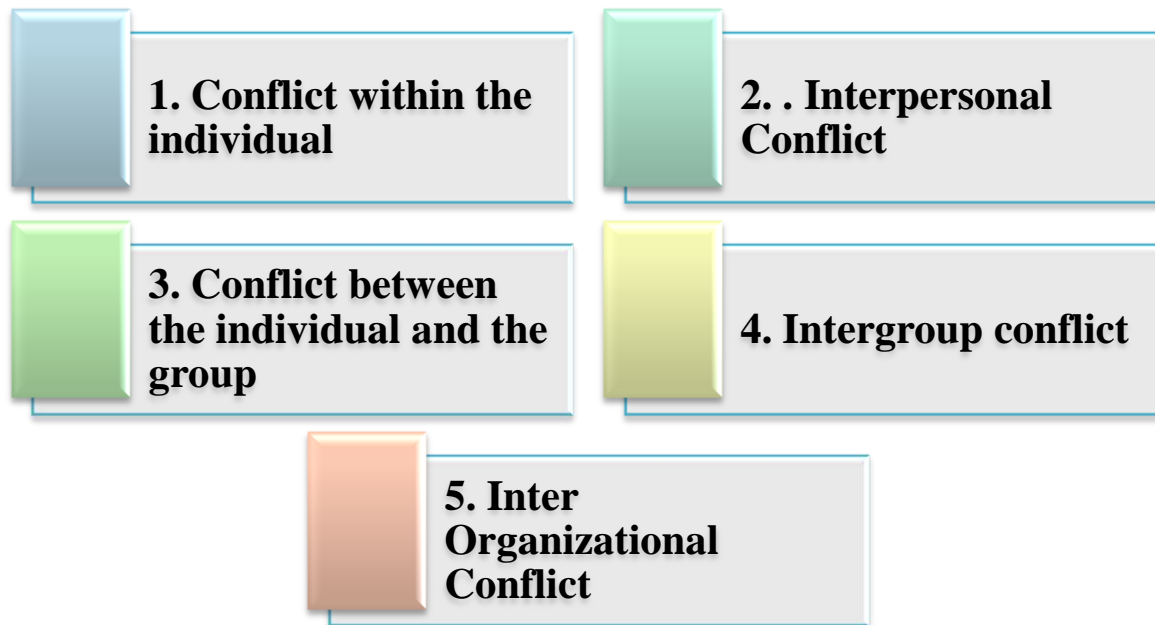
g. Harassment

Harassment in the workplace can take many forms, such as sexual or racial harassment or even the hazing of a new employee. Companies that don't have strong harassment policies in place are in effect encouraging the behavior, which can result in conflict.

i. Limited Resources

Companies that are looking to cut costs may scale back on resources such as office equipment, access to a company vehicle or the spending limit on expense accounts. Employees may feel they are competing against each other for resources, which can create friction in the workplace.

Types of Conflict



1. Conflict within the individual:

- ❖ The conflict within the individual is usually value related, where role playing expected of the individual does not conform with the values and beliefs held by the individual. For example, a secretary may have to lie on instructions that her boss is not in the office to avoid an unwanted visitor or an unwanted telephone call.
- ❖ This may cause a conflict within the mind of the secretary who may have developed an ethic of telling the truth. Similarly, many Indians who are vegetarians and come to America and find it very hard to remain vegetarians may question the necessity of the vegetarian philosophy thus causing a conflict in their minds.
- ❖ In addition to these value conflicts, a person may be faced with a role conflict. For example, a telephone operator may be advised and required to be polite to the customers

by her supervisor, who may also complain that she is spending too much time with her customers. This would cause a role conflict in her mind.

2. Interpersonal Conflict:

- ❖ Interpersonal conflict involves conflict between two or more individuals and is probably the most common and most recognized conflict. This may involve conflict between two managers who are competing for limited capital and manpower resources.
- ❖ This conflict can become further acute when the scarce resources cannot be shared and must be obtained. Similarly, if there are two equally deserving professors and they are both up for promotion, but only one of them can be promoted because of budget and positional constraints, then this could result in interpersonal conflict between the two professors.

3. Conflict between the individual and the group:

- ❖ As has been discussed before, all formal groups and informal groups have established certain norms of behaviour and operational standards which all members are expected to adhere to. An individual member may want to remain within the group for social needs but may disagree with the group goals and the methods to achieve such goals.
- ❖ For example, in some restaurants, all tips are shared equally by all waiters and waitresses. Some particular waitress who may be overly polite and efficient may feel that she deserves more, thus causing conflict between her and the group. Similarly, if a group is going on strike for some reasons, some members of the group may not agree with these reasons or simply may not be economically able to afford to go on strike, thus causing conflict with the group.

4. Intergroup conflict:

- ❖ An organization is an interlocking network of groups, departments, sections or work teams. The intergroup conflicts are not so much personal in nature as they are due to factors inherent in the organizational structure. For example, there is active and continuous conflict between the union and the management.
- ❖ One of the most common conflict is between the line and the staff members of the organization. The line managers may resent their dependence on staff for information and recommendations. The staff may resent their inability to implement directly their own decisions and recommendations. This interdependence causes intergroup conflict.
- ❖ These inter-unit conflicts can also be caused by inconsistent rewards and differing performance criteria for different units and groups. For example, sales people who depend upon their commission as a reward for their efforts may promise their customers certain quantity of the product and delivery times which the production department may find impossible to meet thus causing conflict between the two units.

5. Inter-organizational conflict:

- ❖ Conflict also occurs between organizations which are dependent upon each other in some way. This conflict may be between buyer organizations and supplier organizations about quantity, quality and delivery times of raw materials and other policy issues.
- ❖ Such conflict could also be between unions and organizations employing their members, between government agencies that regulate certain organizations and the organizations that are affected by them.

Process of conflict

Stage 1: Potential Opposition or Incompatibility

The first step in the conflict process is the presence on conditions that create opportunities for conflict to develop. These cause or create opportunities for organizational conflict to rise.

These three conditions causes conflict.

Communications

Different words connotations, jargon insufficient exchange of information and noise in communication channel are all antecedent conditions to conflict.

Too much communication as well as too little communication can lay the foundation for conflict.

Structure

Structure

In defining where responsibility for action lies; the greater the ambiguity is the greater the potential for conflict to surface. Such Jurisdictional ambiguity increases inter group fighting for control or resources and territory.

Personal Variables

Certain personality types- for example individuals who are highly authoritarian and dogmatic- lead to potential conflict. Another reason for conflict is difference in value systems. Value differences are the best explanations of diverse issues such as prejudice disagreements over one's contribution to the group and rewards one deserves.

Stage 2: Cognition and Personalization

Conflict must be perceived by the parties to it whether or not conflict exists is a perception issue, second step of the Conflict Process.

If no one is aware of a conflict, then it is generally agreed that no conflict exists. Because conflict is perceived does not mean that it is personalized.

Stage 3: Intentions

Intentions are decisions to act in a given way, intentions intervene between people's perception and emotions and their overt behavior.

Using two dimensions cooperativeness (the degree to which one party attempts to satisfy the other party's concerns) and assertiveness (the degree to which one party attempts to satisfy his or her own concerns) five conflict handling intentions can be identified.

Stage 4: Behavior

This is a stage where conflict becomes visible. The behavior stage includes the statements, actions and reactions made by the conflicting parties.

These conflict behaviors are usually overt attempt to implement each party's intentions.

Stage 5: Outcomes

The action reaction interplay between the conflicting parties result in consequences.

These outcomes may be functional in that the conflict results in an improvement in the group's performance, or dysfunctional in that it hinders group performance.

Conflict is constructive when it improves the quality of decisions stimulates creativity and innovations encourages interest and curiosity among group members provides the medium through which problems can be aired and tensions released and fosters an environment of self-evaluation and change.

CONFLICT MANAGEMENT

Conflict management is the process of limiting the negative aspects of conflict while increasing the positive aspects of conflict.

Conflict management is the practice of being able to identify and handle conflicts sensibly, fairly, and efficiently. Since conflicts in a business are a natural part of the workplace, it is important that there are people who understand conflicts and know how to resolve them. This is important in today's market more than ever. Everyone is striving to show how valuable they are to the company they work for and at times, this can lead to disputes with other members of the team.

Conflict Management Styles

Conflicts happen. How an employee responds and resolves conflict will limit or enable that employee's success. Here are five conflict styles that a manager will follow according to Kenneth W. Thomas and Ralph H. Kilmann:

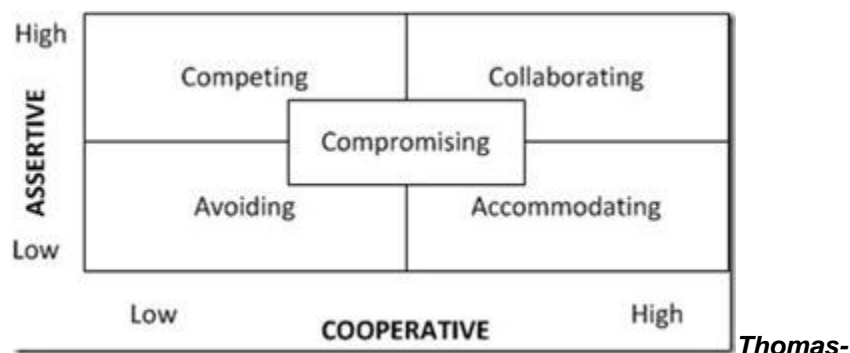
An **accommodating** manager is one who cooperates to a high degree. This may be at the manager's own expense and actually work against that manager's own goals, objectives, and desired outcomes. This approach is effective when the other person is the expert or has a better solution.

Avoiding an issue is one way a manager might attempt to resolve conflict. This type of conflict style does not help the other staff members reach their goals and does not help the manager who is avoiding the issue and cannot assertively pursue his or her own goals. However, this works well when the issue is trivial or when the manager has no chance of winning.

Collaborating managers become partners or pair up with each other to achieve both of their goals in this style. This is how managers break free of the win-lose paradigm and seek the win-win. This can be effective for complex scenarios where managers need to find a novel solution.

Competing: This is the win-lose approach. A manager is acting in a very assertive way to achieve his or her own goals without seeking to cooperate with other employees, and it may be at the expense of those other employees. This approach may be appropriate for emergencies when time is of the essence.

Compromising: This is the lose-lose scenario where neither person or manager really achieves what they want. This requires a moderate level of assertiveness and cooperation. It may be appropriate for scenarios where you need a temporary solution or where both sides have equally important goals



Thomas-Kilmann Conflict Mode Instrument

Conflict Resolution Actions

Step 1: Identify the source of the conflict. The more information you have about the cause of the conflict, the more easily you can help to resolve it. To get the information you need, use a series of questions to identify the cause, like, “When did you feel upset?” “Do you see a relationship between that and this incident?” “How did this incident begin?”

As a mediator, you need to give both parties the chance to share their side of the story. It will give you a better understanding of the situation, as well as demonstrate your impartiality. As you listen to each disputant, say, “I see” or “uh huh” to acknowledge the information and encourage them to continue to open up to you.

Step 2: Look beyond the incident. Often, it is not the situation but the perspective on the situation that causes anger to fester and ultimately leads to a shouting match or other visible—and disruptive—evidence of a conflict.

The source of the conflict might be a minor problem that occurred months before, but the level of stress has grown to the point where the two parties have begun attacking each other personally instead of addressing the real problem. In the calm of your office, you can get them to look beyond the triggering incident to see the real cause. Once again, probing questions will help, like, “What do you think happened here?” or “When do you think the problem between you first arose?”

Step 3: Request solutions. After getting each party’s viewpoint on the conflict, the next step is to get each to identify how the situation could be changed. Again, question the parties to solicit their ideas: “How can you make things better between you?”

As mediator, you have to be an active listener, aware of every verbal nuance, as well as a good reader of body language.

Just listen. You want to get the disputants to stop fighting and start cooperating, and that means steering the discussion away from finger pointing and toward ways of resolving the conflict.

Step 4: Identify solutions both disputants can support. Point out the merits of various ideas, not only from each other's perspective, but in terms of the benefits to the organization. (For instance, you might point to the need for greater cooperation and collaboration to effectively address team issues and departmental problems.)

Step 5: Agreement. The mediator needs to get the two parties to shake hands and agree to one of the alternatives identified in Step 4. Some mediators go as far as to write up a contract in which actions and time frames are specified.

2. ORGANIZATIONAL CHANGE

Organizational change management (OCM) is a framework for managing the effect of new business processes, changes in organizational structure or cultural changes within an enterprise. Simply put, OCM addresses the people side of change

Factors affecting organizational Change

External Forces

Every organization exists in some context; no organization is an island in itself. Each must continually interact with other organizations and individuals- the consumers, suppliers, unions, shareholders, government and many more. Each organization has goals and responsibilities related to each other in the environment. The present day environment is dynamic and will continue to be dynamic. Changes in social, political, economic, technology, and legal

environment force organizations to change themselves. Such changes may result in organizational changes like major functions production process, labour-management relations, nature of competitions, economic constraints, organizational methods etc. In order to survive in the changing environment, organization must change. How the change in various environmental, organizations, must change. How the changes in various environmental factors necessitate change in the organization may be seen in following context:-

Technology

When there is a change in technology in the organizational environment and other organizations adopt the new technology, the organizations under focus become less cost effective and its competitive position weakens. Therefore, it has to adopt new technology, its work structure is affected and a new equilibrium has to be established.

Marketing conditions

Since every organization exports its outputs to the environment, an organization has to face competition in the market. There may be two types of forces which may affect the competitive position of an organization –other organizations supplying the same products and, buyers who are not buying the product. Any changes in these forces may require suitable changes in the organization. For example, when Indian economy was liberalized, there were many foreign organizations that entered the Indian market. This forced many Indian organizations to realign themselves with the new situations. The result in that there have been many cases of divesting the business and concentrating on the core business, acquiring core business, and developing competitive competence to face competitive threats. Similarly, there may be changes in buyers in

terms of their needs, liking –disliking and income disposal for a product. These changes from the organizations to bring those products which meet buyer's requirement.

Social changes:

Social changes reflect in terms of people's aspirations, the needs, and their ways of working. Social changes have taken place because of the several forces like level of education, urbanization, feeling of autonomy, and international impact due to new information sources. These social changes affect the behavior of people in the organization. There, it is required to make adjustment in its working so that it matches with people.

Political and legal changes:

Political and legal factors broadly define the activities which an organisation can undertake and the methods which will be followed by it in accomplishing those activities. Any changes in these political and legal factors may affect the organization operation.

Internal Forces

It is not only the changes in external factors, which may necessitate organizational changes; any change in organization's internal factors may also necessitate changes. Such a change is required because of two reasons: changes in managerial personnel and deficiency in existing organizational practices.

Changes in the managerial personnel:

Besides environmental changes there is a change in managerial personnel. Old managers are replaced by new managers, which necessitated because of retirement, promotion, transfer or dismissal. Each new manager brings his own ideas and way of working in the organization. The

relationships, more in the organization. The relationships, more particularly informal ones, changes because of changes in managerial personnel. Moreover, attitude of the personnel change even though there is no changes in them. The result in that an organization has to change accordingly.

Deficiency in Existing organization:

Sometimes, changes are necessary because of deficiency in the present organizational arrangement and process. These deficiencies may be in the form of unmanageable span of management, large number of managerial levels, lack in co-ordination between various departments, obstacles in communication, multiplicity of committees, lack of uniformity in policy decisions, lack of cooperation between the line and staff, and so on. Beside these internal factors, there are two more internal factors that give rise to organizational changes.

Nature of the work force:

The nature of work force has changed over a passage of time. Different work values have been expressed by different generations. Workers who are in the age group of 50 plus value loyalty to their employers. Workers in their mid thirties to forties are loyal to themselves only. The youngest generation of workers is loyal to their career. The profile of the workforce is also changing fast. The new generation of workers has better educational; they place greater emphasis on human values and question authority of managers. Their behavior has also become very complex and leading them towards organizational goals is a challenge for the managers. The employee turnover is also very high which again put strain on the management.

To avoid developing inertia:

In many cases, organizational changes take place just to avoid developing inertia or inflexibility. Conscious manager take into account this view of organization that organization should be dynamic because any single method is not the best tool of management every time. Thus, changes are incorporated so that the personnel develop liking for change and there is no unnecessary resistance when major change in the organization are brought about.

Managing Resistance to change

- Do change management right the first time
- Expect resistance to change
- Address resistance formally
- Identify the root causes of resistance
- Engage the “right” resistance managers

1. DO CHANGE MANAGEMENT RIGHT THE FIRST TIME

Much resistance to change can be avoided if effective change management is applied on the project from the very beginning. While resistance is the normal human reaction in times of change, good change management can mitigate much of this resistance. Change management is not just a tool for managing resistance when it occurs; it is most effective as a tool for activating and engaging employees in a change. Capturing and leveraging the passion and positive emotion surrounding a change can many times prevent resistance from occurring—this is the power of utilizing structured change management from the initiation of a project.

Consider the following change management activities:

- Utilize a structured change management approach from the initiation of the project

- Engage senior leaders as active and visible sponsors of the change
- Recruit the support of management, including middle managers and frontline supervisors, as advocates of the change
- Communicate the need for change, the impact on employees and the benefits to the employee (answering "What's in it for me?" or WIIFM)

2. EXPECT RESISTANCE TO CHANGE

Do not be surprised by resistance! Even if the solution a project presents is a wonderful improvement to a problem that has been plaguing employees, there will still be resistance to change. Comfort with the status quo is extraordinarily powerful. Fear of moving into an unknown future state creates anxiety and stress, even if the current state is painful. Project teams and change management teams should work to address resistance and mitigate it, but they should never be surprised by it.

Research on the function of the brain shows that resistance is not only a psychological reaction to change but actually a physiological reaction (see the "The Neuroscience of Leadership" by David Rock and Jeffrey Schwartz for more information). To act in a new way requires more power from the brain. The physiological reaction when presented with a new way of doing something is to revert back to what the brain already knows. Human beings can adapt their behavior, but it is a difficult and painful process—even for the brain itself.

3. FORMALLY MANAGE RESISTANCE TO CHANGE

Managing resistance to change should not be solely a reactive tactic for change management practitioners. There are many proactive steps that can be used to address and mitigate resistance that should be part of the change management approach on a project.

Resistance is addressed in all three phases of Prosci's 3 Phase Change Management Process:

Phase 1: Preparing for change

During the creation of the change management strategy, generate anticipated points of resistance and special tactics to manage them based on readiness assessments.

Phase 2: Managing change

The resistance management plan is one of the five change management plans you create in this phase, along with the communication plan, sponsorship roadmap, coaching plan and training plan. These change management plans all focus on moving individuals through their own change process and addressing the likely barriers for making the change successful. The resistance management plan provides specific action steps for understanding and addressing resistance.

Phase 3: Reinforcing change

In the final phase of the process, you collect feedback to understand employee adoption and compliance with the new workflows and processes prescribed by the change. Evaluating this feedback allows you to identify gaps and manage the resistance that may still be occurring. This phase also includes the top ten steps for dealing with resistance to change, which can be a powerful tool for managers and supervisors in the organization.

Formally addressing resistance ensures that it is understood and dealt with throughout the lifecycle of the project. It moves managing resistance to change from simply a reactive mechanism to a proactive and ultimately more effective tool for mobilizing support and addressing objections.

4. IDENTIFY THE ROOT CAUSES OF RESISTANCE TO CHANGE

Managing resistance is ineffective when it simply focuses on the symptoms. The symptoms of resistance are observable and often overt, such as complaining, not attending key meetings, not providing requested information or resources, or simply not adopting a change to process or behavior. While they are more evident, focusing on these symptoms will not yield results. To be effective at managing resistance, you must look deeper into what is ultimately causing the resistance. Effective resistance management requires identification of the root causes of resistance—understanding why someone is resistant, not simply how that resistance is manifesting itself.

Change management best practices research provides a nice starting point for understanding the root causes of resistance. Results from the 2013 benchmarking study showed some important themes in the top reasons for resistance (reaffirming the results from previous studies). When asked to identify the primary reasons employees resisted change, study participants identified the following root causes:

- **Lack of awareness of why the change was being made**
- **Impact on current job role**
- **Organization's past performance with change**
- **Lack of visible support and commitment from managers**

- **Fear of job loss**

With the knowledge of these primary root causes, change management teams can adequately prepare a compelling case for the need for change that is communicated by senior leaders in the organization. This simple activity targets the top cause for resistance (lack of awareness) and can ultimately prevent much of the resistance a project experiences. You can use additional benchmarking findings and your own experience with change in your organization to craft a list of likely root causes with activities to address and mitigate each one.

A final note on resistance to change: resistance is ultimately an individual phenomenon. While research and analysis can identify broadly the root causes for resistance, it is important to ultimately address resistance by individuals at the individual level. The best way to identify the root cause of resistance is through a personal conversation between a resistant employee and their supervisor, which leads us to the final tip for managing resistance.

5. ENGAGE THE "RIGHT" RESISTANCE MANAGERS

The "right" resistance managers in an organization are the senior leaders, middle managers and frontline supervisors. The change management team is not an effective resistance manager. Project team members, Human Resources or Organization Development specialists are not effective resistance managers either. Ultimately, it takes action by leadership in an organization to manage resistance.

The Kurt Lewin Change Management Model Unfreeze, Change, Freeze

This three stage theory of change is commonly referred to as Unfreeze, Change, Freeze (or Refreeze). It is possible to take these stages to quite complicated levels but I don't believe this

is necessary to be able to work with the theory. But be aware that the theory has been criticised for being too simplistic.

A lot has changed since the theory was originally presented in 1947, but the Kurt Lewin model is still extremely relevant. Many other more modern change models are actually based on the Kurt Lewin model. I'm going to head down a middle road and give you just enough information to make you dangerous...and perhaps a little more to whet your appetite!

So, three stages. Unfreezing, Change, Freezing. Let's look at each of these.

Stage 1: Unfreezing

The Unfreezing stage is probably one of the more important stages to understand in the world of change we live in today. This stage is about getting ready to change. It involves getting to a point of understanding that change is necessary, and getting ready to move away from our current comfort zone.

This first stage is about preparing ourselves, or others, before the change (and ideally creating a situation in which we want the change).

The more we feel that change is necessary, the more urgent it is, the more motivated we are to make the change. Right? Yes, of course! If you understand procrastination (like I do!) then you'd recognise that the closer the deadline, the more likely you are to snap into action and actually get the job started!

With the deadline comes some sort of reward or punishment linked to the job. If there's no deadline, then the urge to change is lower than the need to change. There's much lower motivation to make a change and get on with it.

Unfreezing and getting motivated for the change is all about weighing up the 'pro's' and 'con's' and deciding if the 'pro's' outnumber the 'con's' before you take any action. This is the basis of what Kurt Lewin called the Force Field Analysis.

Force Field Analysis is a fancy way of saying that there are lots of different factors (forces) for and against making change that we need to be aware of (analysis). If the factors for change outweigh the factors against change we'll make the change. If not, then there's low motivation to change - and if we feel pushed to change we're likely to get grumpy and dig in our heels.

This first 'Unfreezing' stage involves moving ourselves, or a department, or an entire business towards motivation for change. The Kurt Lewin Force Field Analysis is a useful way to understand this process and there are plenty of ideas of how this can be done.

Stage 2: Change - or Transition

Kurt Lewin was aware that change is not an event, but rather a process. He called that process a transition. Transition is the inner movement or journey we make in reaction to a change. This second stage occurs as we make the changes that are needed.

People are 'unfrozen' and moving towards a new way of being.

That said this stage is often the hardest as people are unsure or even fearful. Imagine bungee jumping or parachuting. You may have convinced yourself that there is a great benefit for you to make the jump, but now you find yourself on the edge looking down. Scary stuff! But when you do it you may learn a lot about yourself.

This is not an easy time as people are learning about the changes and need to be given time to understand and work with them. Support is really important here and can be in the form of training, coaching, and expecting mistakes as part of the process.

Using role models and allowing people to develop their own solutions also help to make the changes. It's also really useful to keep communicating a clear picture of the desired change and the benefits to people so they don't lose sight of where they are heading.

Stage 3: Freezing (or Refreezing)

Kurt Lewin refers to this stage as freezing although a lot of people refer to it as 'refreezing'. As the name suggests this stage is about establishing stability once the changes have been made. The changes are accepted and become the new norm. People form new relationships and become comfortable with their routines. This can take time.

It's often at this point that people laugh and tell me that practically there is never time for this 'freezing' stage. And it's just this that's drawn criticism to the Kurt Lewin model

3. STRESS

Definition of Stress

Stress is defined as “a state of psychological and physiological imbalance resulting from the disparity between situational demand and the individual's ability and motivation to meet those needs.”

“the rate of all wear and tear caused by life.

Stress can be positive or negative:

Stress is good when the situation offers an opportunity to a person to gain something. It acts as a motivator for peak performance.

Stress is negative when a person faces social, physical, organizational and emotional problems.

Work

A person's job can be a source of stress, especially because of the amount of time spent there each week. The Mayo Clinic states that an overwhelming workload or a difficult boss can increase the level of stress. If a person does not like her job, has a long commute or has altercations with her co-workers, she can experience even more stress. Helpguide.org notes that on the Holmes-Rahe Life Stress Inventory, getting fired from a job is the eighth most stressful life event.

Relationships

Strained relationships can add stress to a person's life. Divorce is the second most stressful life event on the Holmes-Rahe Life Stress Inventory, according to Helpguide.org, followed by marriage separation. Abusive relationships can add even more stress. However, positive relationships can result in stress as well. Marriage is the seventh most stressful life event on the Holmes-Rahe list, and marriage recollection is the ninth.

Life Changes

Certain major changes in a patient's life can cause large amount of stress. The Mayo Clinic notes that both positive life changes, such as a pregnancy, and negative life changes, such as the death of a loved one, can result in stress. The death of a spouse is the most stressful life event on the Holmes-Rahe Life Stress Inventory, and the death of a close relative is the fifth. While a positive event for many people, retirement is considered the tenth most stressful event.

Environment

Some environmental factors can cause or add to a person's life of stress. Mayo Clinic notes that two environmental factors, noise and excessive light, can induce stress. These environmental stressors can be worse if they are not controllable.

Self-Generated

Stress also can be caused by a person's inner thinking. For example, unrealistic expectations and perfectionism can make events in which a person did not realize his ideals even more stressful. Pessimism and negative self-talk also can cause stress.

Factors that are responsible for causing stress are called stressors.

Causes of Stress

Career Concern: If an employee feels that he is very much behind in the corporate ladder, then he may experience stress. If he seems that there are no opportunities for self-growth, he may experience stress. Hence, unfulfilled career expectations are the significant source of stress.

Role Ambiguity: It occurs when the person doesn't know what he is supposed to do, on the job. His tasks and responsibilities are not clear. The employee is not sure what he is expected to do. It creates confusion in the minds of the worker and results in stress.

Rotating Work Shifts: Stress may occur in those individuals who work on different work shifts. Employees may be expected to work on day shift for some days and then on the night shift. That may create problems in adjusting to the shift timings, and it can affect not only personal life but also family life of the employee.

Role Conflict: It takes place when people have different expectations from the person performing a particular role. It can also occur if the job is not as per expectation, or when a job demands a certain type of behavior that is against the person's moral values.

Occupational Demands: Some jobs are more demanding than others. Jobs that involve risk, and danger are more stressful. Research findings indicate, job that cause stress needs constant monitoring of equipments and devices, unpleasant physical conditions, making decisions, etc.

Lack of Participation in Decision-making: Many experienced employees feel that management should consult them on matters affecting their jobs. In reality, the superiors hardly ask the concerned employees before taking a decision. That develops a feeling of being neglected, which may lead to stress.

Work Overload: Excessive workload leads to stress as it puts a person under tremendous pressure. Work overload may take two different forms:

Qualitative work overload implies performing a job that is complicated or beyond the employee's capacity.

Quantitative work overload is a result of many activities performed in a prescribed time.

Work Underload: In this, case, too little work or very easy work is expected on the part of the employee. Doing less work or jobs of routine and simple nature would lead to monotony and boredom, which can lead to stress.

Poor Working Conditions: Employees may be subject to poor working conditions. It would include bad lighting and ventilation, unhygienic sanitation facilities, excessive noise, and dust, presence of toxic gasses and fumes, inadequate safety measures, etc. All these unpleasant conditions create physiological and psychological imbalance in humans thereby causing stress.

Lack of Group Cohesiveness: Every group is characterized by its cohesiveness, although they differ widely in its degree. Individuals experience stress when there is no unity among work group members. There are mistrust, jealousy, frequent quarrels, etc., in groups and this lead to stress to employees.

Interpersonal and Intergroup Conflict: These conflicts take place due to differences in perceptions, attitudes, values and beliefs between two or more individuals and groups. Such conflicts can be a source of stress for group members.

Organizational Changes: When changes occur, people have to adapt to those changes, and this may cause stress. Stress is higher when changes are significant or unusual like transfer or adoption of new technology.

Lack of Social Support: When individuals believe that they have the friendship and support of others at work, their ability to cope with the effects of stress increases. If this kind of social support is not available, then an employee experiences more stress.

Part B

1. What is the concept of Organization conflict?
2. What is Organizational Change?
3. What is conflict?
4. How to manage the stress in organization?
5. What is Stress?

CIA 3*2=6 (Answer all Questions)

ESE: 5*2=10 (Answer all Questions)

Part C

1. Explain the various coping strategies for stress.
2. *“Change is highly important to the success of an organization, but many people have the tendency, overtly or covertly, to resist it.”* Explain this statement and point out the reasons for resistance to change.
3. Describe the process of planned organizational change.
4. How is the term stress defined? Is it always bad for people? Explain.
5. Describe the process of planned organizational change.
6. How is the term stress defined? Is it always bad for people? Explain.
7. Explain the different types of conflict.
8. Critically Examine- “People sometimes resist change for the sake of resistance.”
9. Explain the Kurt Lewin theory of Change.
10. Explain the factors responsible for creating stress.

CIA: 3*8=24 Marks (Either or Type)

ESE: 5*6=30 Marks (Either or Type)

Karpagam Academy of Higher Education						
Department of Management						
I BBA- First Semester -Fundamentals of Management and Organizational Behaviour-17BAU101						
Online Examination - Each Question Carry One Mark						
Unit 1						
Introduction to Business Organizations and Management						
Sl.NO	Questions	Opt 1	Opt 2	Opt 3	Opt 4	Answer
1	In whole sale trade goods are exchanged_____	In small quantities	in large quantities	In very small quantities	not exchanged	in large quantities
2	Hindrance of risk is removed by_____	Transport warehousing	warehousing	Insurance	Banking	Insurance
3	A sole trader business is started by_____	at least two persons	at least seven persons	any one person	two or more persons	any one person
4	_____ of the following is not the characteristic of sole proprietorship	Single ownership	One man control	Whole profit to proprietorship	Non-flexibility	Non-flexibility
5	_____ is the advantage of sole proprietorship	Small capital	Hasty decision	Limited capital	Limited managerial ability	Limited capital
6	The agreement of partnership_____	Must be oral	Must be in writing	Must be writing in the stamp paper	Can be either oral or in writing	Must be writing in the stamp paper
7	co-operative society can be started_____	By the operation of law	By an express agreement	By an express or implied agreement	By inheritance of property	By an express agreement
8	Management of a Jointstock company is entrusted to _____	The Registrar of companies	The Board of Directors	The shareholder	The debenture holders	The Board of Directors

SL.NO	Questions	Opt 1	Opt 2	Opt 3	Opt 4	Answer
9	Registration is compulsory in the case of _____	A Sole trader	A partnership	A joint stock company	A joint hindu family business	A joint stock company
10	The primary aim of co operative is to _____	Earn profit	serve members	Raise production	increase profit	serve members
11	The share capital of the government company must not be less than _____	75%	60%	95%	51%	51%
12	A multinational company is also known as _____	Global giant	Partnership	Co-operative society	Public corporation	Global giant
13	Membership by birth is main feature in _____	Sole trader	Joint Hindu family business	Co-operative society	Partnership	Joint Hindu family business
14	Partnership act _____	1932	1942	1962	1982	1932
15	The liability of sole trader is _____	Unlimited	limited	certain period	certain month	Unlimited
16	Partners share profits and losses _____	not in ratio	In an agreed ratio	any ratio	fraction	In an agreed ratio
17	In India registration of partnership is _____	compulsory	limited	Optional	unlimited	Optional

SL.NO	Questions	Opt 1	Opt 2	Opt 3	Opt 4	Answer
18	In co-operative society all members are ____	Equal	not equal	not same	seperated	Equal
19	A company is regarded as a _____	sole trader	person by law	person not by law	non trader	person by law
20	Public corporation is known as _____ corporation	non statutory	private	Statutory	both private and public	Statutory
21	Government Company employees are not _____	Government servants.	private servants	servants	intermediary	Government servants.
22	business means _____	not busy	State of being busy	idle	simple	State of being busy
23	The minimum number Of Persons in partnership is _____	three	two	five	six	two
24	In partnership in the case of non-banking business the minimum number is _____	30	40	20	50	20
25	Basis of profit sharing in sole proprietor is	partial	full	ratio	fraction	full
26	The person who contributes capital and manages the business is called as	preference share holders	sole trader	debenture holders	public	sole trader

SL.NO	Questions	Opt 1	Opt 2	Opt 3	Opt 4	Answer
27	In sole proprietorship Windind up is _____	at will	as per rules	certain period	compulsory	at will
28	In public limited the continuity of business is _____	long life	limited life	10 years	20 years	long life
29	transferability of shares is restricted in _____	public company	private company	public corporation	public enterprises	private company
30	Sweet shops, Bakery shops, Petty shops, etc are examples for _____	soletrader	joint stock companies	public company	public enterprises	soletrader
31	In private limited company the minimum members are _____	5	2	8	7	2
32	In private limited company the maximum members are	60	20	50	10	50
33	The life of sole Proprietorship business depends upon the life of the	soletrader	Partners	members	shareholders	soletrader
34	The liability of a soletrader is	Limited only to his investment in the business	Limited to total property of the business	Unlimited	limited	Unlimited
35	Sole proprietorship is suitable for	Large scale concerns	Medium scale concerns	Small scale concerns	large and medium	Small scale concerns

SL.NO	Questions	Opt 1	Opt 2	Opt 3	Opt 4	Answer
36	Decision-making process in soletrading business is _____	Quick	Slow	Neither quick nor slow	very slow	Quick
37	A soletrader is _____	Cannot keep his business secrets	Can keep his business secrets	None of the above	no secrets	Can keep his business secrets
38	A partnership is formed by _____	Agreement	Relationship among persons	The direction of government	by words	Agreement
39	The basis of partnership is _____	Utmost good faith	Money available for investment	Desire to work together	capital	Utmost good faith
40	A partner who does not take part in the working of the firm is Called _____ partner	active	sleeping	estoppel	minor	sleeping
41	_____ of the following is created by a Special Act of Parliament or in State assemblies	Chartered company	Foreign company	Government company	Statutory company	Statutory company
42	The company, which need not have separate Articles of Association of its own is _____ company limited by shares.	Public	private	sole trader	partnership	Public
43	The value of qualification shares of a director in a public limited company shall not exceed _____	Rs.5000	Rs.5,00,000	Rs.50,000	Rs.500	Rs.5000
44	The Quorum for a General Meeting of members of a public Company is _____	Five	six	seven	eight	Five

SL.NO	Questions	Opt 1	Opt 2	Opt 3	Opt 4	Answer
45	A partner who takes active part in the management of the partnership firm is known as _____	nominal	Active partner	minor partner	sub partner	Active partner
46	A minor is a person who has not completed 18 years of age is called _____	partner in profits	sub partner	minor partner	nominal	minor partner
47	A company incorporated outside India but having a place of business in India is _____	Foreign Company	government company	private company	indian company	Foreign Company
48	The name of the company must end with the words “ Private Limited” is for _____	public company	Private Ltd company	subsidiary companies	foreign company	Private Ltd company
49	secrets can be maintained only in case of	sole trader	partnership	public company	joint stock company	sole trader
50	One man one vote is the most important principle	partnership	cooperatives	company	sole trader	cooperatives
51	tranformation of raw materials into finished goods is called	Marketing function	production fuction	personnel function	finanace function	production fuction
52	Father of Scientific Management' is _____.	Henry Fayol	Koontz o' Donnel.	Fredrick Winslow Taylor	Luther Gullik	Fredrick Winslow Taylor
53	Father of Management is _____.	Henry Fayol	Koontz o' Donnel	Fredrick Winslow Taylor	Luther Gullik	Henry Fayol

SL.NO	Questions	Opt 1	Opt 2	Opt 3	Opt 4	Answer
54	Manager is what a manager does" is said by _____	Koontz o' Donnel	Mary Parker Follet	Louis Allen	Luther Gullik	Louis Allen
55	Placing right person in the right job is called as _____	recruiting	staffing	hiring	transfer	staffing
56	A systematic way of doing things is called as _____	process	planning	directing	controlling	process
57	Administration is generally regarded as _____	higher level activity	lower level activity	managerial activity	middle level	higher level activity
58	Fayol gave _____ famous management principles	11	12	13	14	14
59	The Scientific Management Theory Over simplified the workers.....	Development	Imagination	Motivation	task	Motivation
60	Management is.....	A science	An art	A science as well as an art	Social Studies	A science as well as an art

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3	17BAU003	Abisha.J	Partnership, Features, Merits and Demerits
4	17BAU004	Aishwarya.S	Company - Features
5	17BAU005	Akshay K Ajay	Distinction between Company and Partnership
6	17BAU006	Anto William . P	Cooperative Organization- Features, Merits and Demerits
7	17BAU007	Aravind Kumar. P	Public Enterprises- Features, Advantages and Disadvantages
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16	17BAU016	Kumar. C	Planning Process
17	17BAU017	Manikandan. G	Decision Making- Meaning and Characteristics
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22	17BAU022	Nagulan. R. V	Delegation- Meaning, Types
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COIMBATORE – 641 021
(For the candidates admitted from 2017 onwards)

BBA DEGREE EXAMINATION, NOVEMBER 2017

First Semester

BUSINESS ADMINISTRATION

**FUNDAMENTALS OF MANAGEMENT AND ORGANIZATIONAL
BEHAVIOUR**

Time: 3 hours

Maximum : 60 marks

PART – A (20 x 1 = 20 Marks) (30 Minutes)
(Question Nos. 1 to 20 Online Examinations)

PART B (5 x 2 = 10 Marks) (2 ½ Hours)
Answer ALL the Questions

- 21. What is merger?
- 22. What is control?
- 23. State the needs of motivation.
- 24. What is group cohesiveness?
- 25. What is organisational change?

PART C (5 x 6 = 30 Marks)
Answer ALL the Questions

- 26. a. Explain the different forms of organisations.
Or
b. Discuss the role of manager.
- 27. a. Discuss the process of planning.
Or
b. Enumerate the factors affecting the extent of decentralisation.
- 28. a. Discuss the importance of organisational behaviour.
Or
b. Discuss the theories of learning

- 29. a. Differentiate groups and teams.

Or

- b. Discuss the nature of organisations policies.

- 30. a. Explain the sources of conflict.

Or

- b. Discuss about the managing resistance to change.

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FUNDAMENTALS OF MANAGEMENT & ORGANIZATIONAL BEHAVIOUR CIA-I ANSWER KEY

2017

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Karpagam Academy of Higher Education
(Deemed to be University under section 3 of UGC Act 1956.
Coimbatore – 641021
(For the candidates admitted from 2017 onwards.
First Internal Examination, July - 2017
BBA – I Semester

FUNDAMENTALS OF MANAGEMENT AND ORGANIZATIONAL BEHAVIOUR

ANSWER KEY

PART – A (20 X 1 = 20 Marks)
ANSWER ALL THE QUESTIONS

SLNO	Answer		SLNO	Answer	
1	a	Henry Fayol	11	a	Future course of action
2	c	Corporation	12	c	Unpredictable future
3	a	Proprietorship	13	c	Accountability
4	a	Unity of Command	14	a	Top level management
5	d	Max Weber	15	d	Organizations
6	c	20	16	c	Procedure
7	c	A science as well as an art	17	b	Decision Making
8	a	Rs.5000	18	a	Authority
9	d	Public corporation	19	b	Administration
10	a	Utmost good faith	20	c	Louis Allen

PART B (3X2 = 6 Marks)

ANSWER ALL THE QUESTIONS

21. What is franchising? Give an Example.

Ans: Franchising is a well-known business strategy. Franchising is a **form of contractual agreement** in which a franchisee (a retailer) enters into an agreement with a franchisor (a producer) to sell the goods and services for a specified fee or commission. **Example: Pepe Jeans, McDonald**

22. List out the managerial functions

Ans: Planning, Organizing, Staffing, Leading and Controlling

23. What is meant by control?

Ans: It is an important function because it helps to *check the errors* and to take the *corrective action* so that deviation from *standards are minimized* and stated goals of the organization are achieved in a desired manner.

PART C (3X8= 24 Marks) **ANSWER ALL THE QUESTIONS**

24. a. Discuss the different forms of ownership in detail?

- Ans:** (I) Sole Proprietorship
(ii) Joint Hindu Family Firm
(iii) Partnership Firm
(iv) Joint stock company and
(v) Co-operative Undertaking.

(OR)

b. Distinction between Company and Partnership.

Ans:

Partnership:

- Section 4 of the Indian Partnership Act, 1932
- Two or More Persons
- Lawful Business
- Sharing of Profit
- Unlimited Liability

Company:

- Companies Act, 2003
- Being a creation of law
- The most important of which are *immortality and individuality*.
- Distinct Legal Entity
- Perpetual Succession

- Common Seal
- Limited Liability

25. a. Describe Henry Fayol's 14 principles of management?

Ans:

1. DIVISION OF WORK
2. AUTHORITY
3. DISCIPLINE
4. UNITY OF COMMAND
5. UNITY OF DIRECTION
6. SUBORDINATION OF INDIVIDUAL INTERESTS TO THE GENERAL INTERESTS
7. REMUNERATION
8. CENTRALIZATION
9. SCALAR CHAIN
10. ORDER
11. EQUITY
12. STABILITY OF TENURE OF PERSONNEL
13. INITIATIVE
14. ESPIRIT DE CORPS

(OR)

b. Elaborate the roles and responsibilities of a manager?

Ans: Planning, Organzing, Communicating, Leadership, Emphathy, Emotional Control, Control and Directing.

26. a. Planning is the essence of management-Elucidate.

Ans: YES. Planning is the basic process by which we use to select our goals and determine the means to achieve them. To achieve objectives, Plans make the things happen, Plans help to cope with change.

(OR)

b. Explain the various steps in decision making.

Ans:

1. Define the Problem

2. Analyze the problem

3. Develop Alternatives

4. Evaluate Alternatives

5. Select and Implement the Decision

6. Follow-up and Feedback

FUNDAMENTALS OF MANAGEMENT & ORGANIZATIONAL BEHAVIOUR CIA-II ANSWER KEY

2017

KARPAGAM UNIVERSITY
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Coimbatore – 641021
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Second Internal Examination, August - 2017
BBA – I Semester

FUNDAMENTALS OF MANAGEMENT AND ORGANIZATIONAL BEHAVIOUR

ANSWER KEY

PART – A (20 X 1 = 20 Marks)
ANSWER ALL THE QUESTIONS

SL.NO	Answer		SL.NO	Answer	
1	b	Military organization	11	a	Personality
2	a	Expected Results	12	d	Extroversion
3	a	Repetitive	13	c	because it is necessary as part of your course
4	a	Executive authority	14	c	OB
5	a	Span of control	15	a	Types As
6	a	Mis-understanding	16	c	Experience
7	b	willingness	17	A	Situational conditions
8	a	motivation	18	B	Motivation
9	b	job satisfaction	19	d	Sociology
10	b	work place only	20	a	Biological, Social, Cultural & Situational factors

PART B (3X2 = 6 Marks)

ANSWER ALL THE QUESTIONS

21. What is meant by delegation?

Ans: Delegation is the **assignment of any responsibility or authority** to another person to carry out specific activities, such as starting on proper tires during a wet race.

22. Define the term 'Emotional Intelligence' (EI)?

Ans: Emotional intelligence (EI) or emotional quotient (EQ) is the capability of *individuals to recognize their own, and other people's emotions*, to discriminate between different feelings and label them appropriately, to use emotional information to guide thinking and behaviour, and to manage and/or adjust emotions to adapt environments or achieve one's goal(s).

23. List out the qualities of a good leader.

Ans: Positive Attitude, Communication, Vision, Persistent

**PART C (3X8= 24 Marks)
ANSWER ALL THE QUESTIONS**

24. a. What are the merits and demerits of decentralization?

(OR)

a. Elucidate the salient features of line and staff organization?

25. a. Explain the factors affecting the decentralization.

Ans: The list of factors is Costliness of Decisions, Uniformity of Policy, Economic Size, Availability of Managers, History of the Enterprise, The Philosophy of the Management, Decentralisation of Performance and Environmental Influences.

(OR)

b. Describe the various personality theories.

1) Psycho-analytical Theory –Id, Ego, Super Ego

2) Trait Theory- Cardinal Trait Level, Central Trait Level, Secondary Trait level (surface traits and Source Traits)

3) Type Theory – Type A and Type B

4) Self Concept Theory - Self-Image, Ideal Self, Looking glass-self and Real Self

5) Social Learning Theory- Results of Social Variables, This theory uses “reinforcement and punishment approach” in understanding personality.

26. a. Explain the Motivation Theory of Maslow’s need Hierarchy.

Ans: Physiological needs, Security needs, Social needs, Esteem needs, Self Actualization

(OR)

b. Discuss the factors that affect Perception.

Ans: Satisfaction, Performance, Behaviour, Translation, Recognition, Attention and Stimuli

**FUNDAMENTALS OF MANAGEMENT &
ORGANIZATIONAL BEHAVIOUR CIA-III ANSWER
KEY**

2017

KARPAGAM UNIVERSITY
Karpagam Academy of Higher Education
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Coimbatore – 641021
(For the candidates admitted from 2017 onwards.
Third Internal Examination, September - 2017
BBA – I Semester
FUNDAMENTALS OF MANAGEMENT AND ORGANIZATIONAL BEHAVIOUR

ANSWER KEY

PART – A (20 X 1 = 20 Marks)
ANSWER ALL THE QUESTIONS

SL.NO	Answer		SL.NO	Answer	
1	b	Task Group	11	a	Avoidance
2	b	5	12	a	Learning Organization
3	a	Group Maturity	13	d	Strategic
4	a	will conform to an acceptable level of output as decided by the group	14	b	Selective perception
5	d	conflict between members usually occurs	15	a	company inertia
6	c	dependency	16	c	Structure
7	c	Political Behaviour	17	a	Problem solving, forcing, avoiding, yielding, and compromising
8	d	Legitimacy	18	c	To stabilize the new situation by balancing the driving and restraining forces
9	c	Nine	19	b	stress
10	d	Affiliation	20	d	Role Ambiguity

FUNDAMENTALS OF MANAGEMENT & ORGANIZATIONAL BEHAVIOUR CIA-III ANSWER KEY

2017

PART B (3X2 = 6 Marks)

ANSWER ALL THE QUESTIONS

21. What is meant by group?

- A group is two or more individuals who share common interests or characteristics and whose members identify with each other due to similar traits.

22. What is Transactional Analysis?

- ❖ The study of organisational behaviour is to analyse and improve, the interpersonal relationships. One basic approach to study interpersonal relations in an organisational system is transactional analysis.

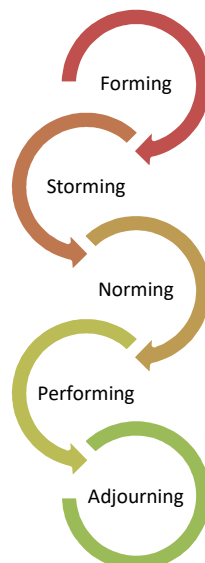
23. What is Stress?

- ❖ “A state of psychological and physiological imbalance resulting from the disparity between situational demand and the individual's ability and motivation to meet those needs.”

PART C (3X8= 24 Marks)

ANSWER ALL THE QUESTIONS

24. a. Explain the different stages of group development.



(OR)

b. What are different transactions that emerge out of the interpersonal interactions?

Ans:

1. Analysis of self awareness
2. Analysis of ego states
3. Analysis of transactions
4. Script analysis
5. Games analysis
6. Analysis of life positions
7. Stroking

25. a. Why do organizational politics emerge? Discuss the measures to avoid the organizational politics.

(OR)

b. Describe the process of planned organizational change.

Ans: Unfreezing, Change and Refreezing

26. a. Critically Examine- “People sometimes resist change for the sake of resistance.”

Ans:

- Lack of awareness of why the change was being made
- Impact on current job role
- Organization’s past performance with change
- Lack of visible support and commitment from managers
- Fear of job loss

(OR)

b. Explain the various coping strategies for stress.

FUNDAMENTALS OF MANAGEMENT &
ORGANIZATIONAL BEHAVIOUR CIA-III ANSWER
KEY

2017

Reg. No.....

[14BAU101]

KARPAGAM UNIVERSITY

(Under Section 3 of UGC Act 1956)

COIMBATORE – 641 021

(For the candidates admitted from 2014 onwards)

BBA DEGREE EXAMINATION, NOVEMBER 2014

First Semester

BUSINESS ADMINISTRATION

PRINCIPLES OF MANAGEMENT

Time: 3 hours

Maximum : 60 marks

PART – A (10 x 2 = 20 Marks)

Answer any TEN Questions

1. Define the term management.
2. What is meant by 'esprit de corps'?
3. Who is a gang boss?
4. What is objective?
5. Bring out the advantages of planning.
6. What do you mean by policy?
7. Write note on formal organisation.
8. Define decentralization.
9. What is responsibility?
10. What is meant by recruitment?
11. Define the term motivation.
12. State the importance of co-ordination.
13. What is MBE?
14. List out the important control techniques.
15. What is meant by business ethics?

PART B (5 X 8= 40 Marks)

Answer ALL the Questions

16. a. Explain the important aspects of F W Taylor's Scientific Management.
Or
b. Discuss briefly the various functions of management.
17. a. Explain the different steps involved in the process of planning.
Or
b. Describe the various kinds of policies.

18. a. Explain the advantages and disadvantages of decentralization.

Or

- b. Discuss the various stages involved in the process of decision making.

19. a. Explain the different steps in the control process.

Or

- b. Why should a business be socially responsible?

20. Compulsory : -

Mr. X is a self-styled and coercive leader and wants to control every activity of the organisation. Mr. Y, the union leader appreciates the dedicated work of the Chief Executive, Mr. X with a reservation that he does not understand the process of scientific controlling. Without understanding the realities in different situations, that Mr. X finds fault with employees for their inadequacies. Even though it appears X is an effective leader, employees are not happy with his performance. Any time there would be an emotional break out, Mr. Y claims..

- i. Why does X need consultancy?
- ii. How to overcome the situation?

Reg. No.

[15BAU101]

KARPAGAM UNIVERSITY

Karpagam Academy of Higher Education
(Established Under Section 3 of UGC Act 1956)
COIMBATORE – 641 021
(For the candidates admitted from 2015 onwards)

BBA DEGREE EXAMINATION, NOVEMBER 2015

First Semester

BUSINESS ADMINISTRATION

PRINCIPLES OF MANAGEMENT

Time: 3 hours

Maximum : 60 marks

PART – A (20 x 1 = 20 Marks) (30 Minutes)
(Question Nos. 1 to 20 Online Examinations)

PART B (5 x 8 = 40 Marks) (2 ½ Hours)
Answer ALL the Questions

21. ~~a.~~ Describe the characteristics of business management.
Or
b. Enumerate the principles of Hendry Fayol's for management.
22. ~~a.~~ Outline the major steps in planning process.
Or
~~b.~~ Describe the nature of planning.
23. ~~a.~~ What do you mean by organisational structure? List out the various types of organisational structure.
Or
~~b.~~ Explain the various factors that determine the degree of decentralisation.
24. ~~a.~~ Discuss about the line and staff organisation.
Or
~~b.~~ Describe the Maslow's need priority theory in detail.
25. ~~a.~~ Define: Control. What are its characteristics?
Or
~~b.~~ Explain the budgetary control and its objectives.

Reg. No.....

[16BAU101]

KARPAGAM UNIVERSITY

Karpagam Academy of Higher Education
(Established Under Section 3 of UGC Act 1956)
COIMBATORE – 641 021
(For the candidates admitted from 2016 onwards)

BBA DEGREE EXAMINATION, NOVEMBER 2016

First Semester

BUSINESS ADMINISTRATION

**FUNDAMENTALS OF MANAGEMENT AND ORGANISATIONAL
BEHAVIOUR**

Time: 3 hours

Maximum : 60 marks

PART – A (20 x 1 = 20 Marks) (30 Minutes)
(Question Nos. 1 to 20 Online Examinations)

PART B (5 x 2 = 10 Marks) (2 ½ Hours)
Answer ALL the Questions

21. Write the difference between a Joint Venture & Strategic Alliance?
22. What are the steps in decision making process?
23. Mention any two importance of Organizational behaviour.
24. Define Transactional Analysis.
25. Define stress. Give any two reasons.

PART C (5 x 6 = 30 Marks)
Answer ALL the Questions

26. a. What are the advantages and disadvantages of Business Ownership? Explain the forms of Business Ownership.
Or
b. What is meant by Mergers and Acquisitions? Differentiate mergers and acquisition and give the reasons and examples.
27. a. What is planning? What are the steps involved it.
Or
b. Define the concept of authority. Explain the difference between delegation and decentralization of authority.

28. a. Explain in detail the ERG theory of motivation. How does it significantly differ from Maslow's model of motivation?

Or

- b. How does the organisation relate to the field of organizational behaviour? What are the types of various interdisciplinary forces affect the operations of the organization.

29. a. Explain the stages of conflict process with neat diagram.

Or

- b. What is Johari Window model? Explain the four regions.

30. a. Kurt Lewin 3 Phase Change Management Model and Change Theory.

Or

- b. What are the sources of conflict and methods of conflict resolution?