

**UNIT – I**

**1. Define Management or what is Management?**

“Management is the process of designing and maintaining an environment in which individuals, working together in group, efficiently accomplish selected aims”. -Harold Koontz

“To manage is to forecast and to plan, to organize, to coordinate and to control”. - Hendry Fayol

**2. Management is an essential for any organization-Discuss.**

Managers are charged with the responsibility of taking actions, so that they can make their best contribution to achieving the group objective management is essential to all organizations like small and large, profit and nonprofit organization etc,

For achieving the goals and for satisfying the customer needs. Management in the sense “how to manage”, if an organization fails to manage itself means, it has been thrown from the market.

So, in order to retain and for earning high profits by beating their competitors management is necessary.

**3. Mention the 5 M's of management.**

- Men - Human resources in the organization.
- Money - Finance investing in the organization.
- Materials - Raw materials
- Methods - System, Techniques adopting in the organization.
- Machines - Equipments, tools, machines in the organization.

**4. What are the different approaches to management?**

1. Empirical or Case approach
2. Managerial roles approach
3. Contingency or situational approach
4. Mathematical or Management Science approach
5. Decision Theory approach
6. Reengineering approach
7. Systems approach

8. Socio -Technical Systems approach
9. Co-operative Social Systems approach
10. Group Behavior approach
11. Interpersonal approach
12. Mc Kinsey's approach
13. Total Quality Management approach
14. Management process or Operational approach.

**5. Explain the term “Is management a science or an art”?**

Management is a combination of both art as well as science because these two terms are complementary to each other management is a science because it has developed certain principles which are of universal application. But the results of management depend upon the personal skill of managers and in this sense management is an art. Thus management is both art and science. According to COSSA “science requires art, art requires science, each being complementary to each other”. Thus, management is both art and science.

**6. Distinction between Management as a Science and an Art.**

S.No	Science	Art
1	Advances by knowledge	Advances by practice.
2	Proves	Feels
3	Predicts.	Guesses.
4	Defines	Describes
5	Measures	Opines
6	Impresses	Expresses

**7. What is Administration?**

Administration is the function in the industry concerned with the determination of the corporate policy, the coordination of finance, production and distribution, the settlement of the structure of the organization under the ultimate control of the executive.

**8. Distinguish between Administration and Management.**

S.No	Administration	Management
1	It refers to owners of the enterprise.	It refers to employees of the enterprise.
2	It is concerned with determining the major policies and objectives of the organization.	It is concerned with the doing or executing the function or policies laid down by administration.
3	Decision-making is influenced by government policies, public opinion, religious and social factors.	Decision - making is limited. Influenced by the values, opinions, and beliefs of managers.
4	Receive profits by way of dividends.	Getting remuneration in the form of salaries sometimes share in the profits.

**9. Define Effectiveness and Efficiency.**

Effectiveness is the achievement of objectives, Barnard has viewed that “Organization effectiveness is the degree to which operative goals have been attained while the concept of efficiency represents the costs and benefit rate incurred in the pursuit of these goals”

Efficiency is the achievement if the ends with least amount of resources. Thus, effectiveness is related to a goal which is externally focused and efficiency is also related goal which is internally focused. In other words, effectiveness means doing the right things and efficiency is related to doing things right.

**10. Who will be an Effective Manager?**

All the persons cannot be effective manager. An effective manager should possess all the managerial skills.

- Communication skills
- Leadership qualities
- Interpersonal relationship
- Responsibility
- Ability to cope up with difficulties
- Problem solving skill
- Hardworking & Co-operating
- Directing & Guide the Employees
- Help to maintain discipline among the workers
- Assign right man for a right job
- Arrange on the job training to the workers
- Proper planning of activities
- Able to solve the conflicts among the subordinates.

**11. Explain the concept of Scientific Management.**

The concept of scientific management was introduced by Frederick Winslow Taylor in USA in the beginning of 20th century. Scientific management was essentially with improving the operational efficiency at the floor level. Scientific management is concerned with knowing exactly what you want men to do and then see in that they do it in the best and cheapest way. Scientific management created awareness about increasing operational efficiency at the shop floor level by adopting some systematic scientific methods.

**12. What are the important techniques of scientific management?**

**1. Method study** – In order to familiarize the investigator with the tools, methods and operations that are in process.

**2. Motion study** – It may be defined as study of movements of both the operators and the machines with a view to identifying and eliminating unnecessary motions on the part of both.

**3. Time study** – Time taken by men & machines for completing a task is analyzed & standard, time is arrived.

**4. Fatigue study** – It is concerned in finding out that how long a period of rest should be & at what intervals rest should be given to workers.

### **13. Define Ethics.**

Ethics is defined as “The discipline dealing with what is good and bad and with moral duty and obligation. -Webster’s 9<sup>th</sup> New colligate Dictionary

Thus

**Personal ethics** =It has been referred to as “The rules by which an individual lives his or her personal life.

**Accounting Ethics** = It deals “the code that guides the professional conduct of accountants”.

**Business ethics**= It concerned with truth and justice and has a variety of aspects such as the expectations of society, fair, competition, advertising, Cooperate behavior in the home country or abroad.

### **14. How will you institutionalize ethics in organizations?**

Institutionalizing ethics means applying and integrating ethics applying and integrating ethical concepts with daily actions in the environment.

This can be achieved or accomplished in three ways.

1. By establishing an appropriate company policy or a code of ethics.
2. By teaching ethics in management development programs
3. By using a formally appointed ethics committee.

The most common way to institutionalize ethics is to establish a code of ethics much less common is common is the use of ethics boards committees.

### **15. Discuss social audit and its types.**

The social audit has been defined as “A commitment of systematic assessment of and reporting on some meaningful, definable of the company’s activities that social impact”.

**Types of Social Audit**

One is required by the government and it involved seriously, For examples, Pollution control, Equal employment standards etc., The other kind of social audit, Concerns a great variety of voluntary social programs.

**16. Why there is a need to study various management theories contributed by various contributors?**

The importance of studying the various management theories are that contributes something to our knowledge of what manager do on real business existence. The characteristics and contributions as well as the limitations of various approaches help the manager in designing and maintaining an environment for efficiently accomplishing the selected aim of the organization.

It also helps the managers to carry out their functions like planning, Organizing, Staffing, Leading, and controlling very effectively.

**17. List the three essential skills according to Katz that managers need to perform the duties.**

1. Technical Skills
2. Human Skills
3. Conceptual Skills

**18. Why some of the management theories failed?**

It is true that many theories failed to produce the desire result.

The reasons are

- 1 .Lack of proper understanding of Theory
2. No consideration given for system effects.
3. Lack of specific application of a theory.
4. Lack of universal application.
5. Wrong Theory.

**19. List out the functions of manager.**

**1. Planning:** Planning involves selecting missions and objectives and the actions to achieve them. It requires decision making that is, choosing future course of action from among alternatives.

**2 Organizing:** People working together in groups to achieve some goals must have roles to play. The role must be defined and structured in order to get things done.

**3. Staffing:** Staffing involves filling and keeping the positions in the organization structure.

**4. Leading:** Leading is influencing people so that they will contribute to organization and group goals.

**5. Controlling:** It refers to measuring and correcting individual and organizational performance to ensure that events conform to plans.

**20. What are the various levels of Management?**

1. Top level management
2. Middle level management
3. Low level management

**21. What is scalar chain?**

Each communication going up or down must flow through each position in the line of authority. i.e. there should be a scalar chain of authority and of communication ranging from the highest to the lowest. It can be short circuited only in special circumstances when its rigid following would be detrimental to the organization. For this purpose Fayol has suggested “Gang Plank” which is used to prevent the scalar chain from bogging down action. Thus scalar chain means “a chain of superior” from the highest to the lowest positions in the organizations.

**22. What is unity of command?**

Unity of command means that a person should get orders from only one superior. The more completely and individually a person has a reporting to a single superior, the less is the problem of conflict in instruction and greater is the feeling of personal responsibility for results. Fayol considered unity of command as an important aspect in managing an organization. He says that should it be violated. Authority is undermined, discipline is in jeopardy, order distributed, and stability

threatened, thus there should be a clear cut definition of authority and responsibility then only the superior as well as the subordinates know about their roles.

### **23. Define Management Fad.**

A management fad can be defined as a managerial interest or practice followed for a period of time with exaggerated zeal and craze. There is a number of management fads evolved in various situations. Some survive and others fall by the wayside. Management fad happened in various managerial functions like,

- 1. Fads in planning**
- 2. Fads in organization**
- 3. Fads in staffing**
- 4. Fads in leading**
- 5. Fads in controlling**

### **24. What is Espirit de corps?**

Espirit de corps means the spirit of loyalty and devotion which unites the members of a group or society. It also means regard for the honour of the enterprise to which one belongs. Thus a manager should encourage spirit de corps among his employees and he should emphasize the need for team work and the importance of communication in obtaining it.

### **25. What is centralization?**

Everything which goes to increase the importance of subordinate's role is decentralization; everything which goes to reduce it centralization. In case of decentralization, the authority is delegated to the subordinates on the basis of their roles and positions. Each person in the hierarchy is responsible to perform the task assigned to him, but in case of centralization, full authority is vested with a single superior and he will assign task to each individual or group. In small firms, centralization is the natural order because a single individual can manage all those things, but in large firms a series of intermediaries is required to perform different tasks.

### **26. List out McKinsey's 7-s frame work in management analysis?**

**a) Strategy:** Systematic action allocation of resources to achieve company aims; it is concerned with the fixation of the long term objectives of the firm.



**b) Structure:** It is concerned with defined organizational position and fixing authority responsibility relationships.

**c) System:** Establishment manufacturing process, information systems and budgeting and control process.

**d) Style:** The way management behaves and collectivity spends its time to achieve organizational goals.

**e) Staff:** The people in the enterprise and their socialization into the organizational culture.

**f) Shared values:** The values and beliefs shared by the members of an organization.

**g) Skills:** Skills refer to the distinctive capabilities of an enterprise.

## **27. What is a principle?**

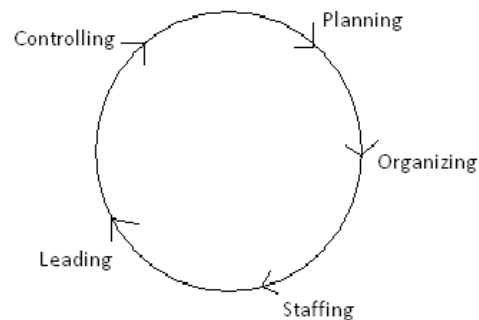
A principle can be defined as a fundamental statement of truth providing a guide to thought and action.

**16 - Marks**

**1. Explain the various functions of management. (Or) explain the detail the management functions. (Or) explain the functions performed by a manager in an organization. (Nov/Dec 2007)**

The management functions are universal in that a manager has to perform all the following functions in the organization irrespective of the level or type of organization. The functions of management (or) manager provide a useful structure for organizing management knowledge. There are five functions of management they are as follows,

1. Planning
2. Organizing
3. Staffing
4. Leading and
5. Controlling



**Planning:** - Planning is the primary function of management. It refers to deciding (or) formulating Future course of action. Planning is defining an organizations goal and establishing an overall Strategy for achieving those goals. In the business world in order to achieve objectives the Organization should plan what is to be done, when is to be done, how is to be done and by whom is to done. Planning identifies priority and guides the manager. It provides clear directions to Organizational members. It is the blue print of actions.

**Organizing:** - Organizing involves identifying the work to be undertaken to accomplish the objectives, dividing it into parts and assigning these parts into specific departments and co – ordination the individual efforts to attain the organizational activities. It involves the assignment of responsibility and delegation of authority. According to Henry Fayol, organising is of two kinds;

- ❖ Organizing of human factors
- ❖ Organizing of material factors

**Organizing of human factors:** It covers the distribution of work to those who are best suitable. Along with authority and responsibility.

**Organizing of Material Factors:** It covers utilization of raw materials, Plant machinery etc.,

**Staffing:** - It involves identifying the gap between man power required and available. It refers to placement of right person in the right job. It includes selection, Training, Placing, Promoting; Performance of supervising etc., the success of any enterprise depends upon the successful performance of staffing functions.

**Leading:** - It involves Guiding of employees. Here, the guiding persons serve as a role model for employee's superiors have continuous responsibility of guiding and leading their subordinates for better work performance. They have to serve as role models and direct the activities of others.

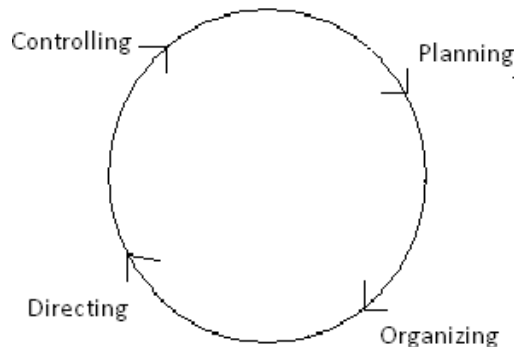
**Controlling:** - Controlling is comparing desired results with actual results. It is identifying the deviation between the desired and actual results and if there are any deviations taking of corrective actions.

## **2. Describe the Nature (or) Characteristic features of management. (Nov/ Dec 2008)**

The following are the characteristics features of management;

- ❖ **Management is both Art as well as science**
- ❖ **Management is a continuous process**
- ❖ **Management is a profession**
- ❖ **Management concept is Universally applicable**
- ❖ **Management is Dynamic Nature**
- ❖ **Management is needed in all level**
- ❖ **Management is Multidisciplinary**
- ❖ **Management aims at maximizing profit**
- ❖ **Management is both Art as well as science:** Management is an art in the sense of possessing managing skill by a management and it is science because of developing certain principles are laws which are applicable in a place where a group of activities (or) co – coordinator.

❖ **Management is a continuous process :**



The process of management mainly consists of planning, Organizing, Directing and controlling the resources. The management functions cannot produce any result in the absence of any other functions of management.

- ❖ **Management is a Profession :** Management is a profession because it possess it qualities of profession. Lot of knowledge is important and transferred in this profession.
- ❖ **Management concept is Universally applicable:** The principles and practices of management are applicable not any particulars industry, but applicable to any type of industry.
- ❖ **Management is Dynamic Nature:** Management is not stable (or) static management is changed according to social change. In past develop in the world new techniques developed and adopted by the management.
- ❖ **Management is needed in all level :**The functions of management are common to all levels of organization.
- ❖ **Management is Multidisciplinary:** Management draws knowledge and concepts from various discipline like Psychology, Sociology, Anthropology, Economy, Ecology law and statics. Management follows the ideas and concepts taken from these discipline and present new concepts which can be put into practice for managing the organization.
- ❖ **Management aims at maximizing profit:** The available resources properly utilize to get desire result. The result should be maximizing the profit.

**3. Explain the scope of management. (Nov/ Dec 2009)**

The scope of management has increasingly commanded worldwide interest and recognition. The following are the important scope of management in business,

- a) Production Management**
- b) Marketing Management**
- c) Finance Management**
- d) Personnel (or) Human resource Management**

**a. Production Management:**

- 1. Designing the production, location and layout of plant and building.
- 2. Operation of purchase and storage of materials.
- 3. Planning and control of factory operation.

**b. Marketing Management:**

- 1. Marketing research to determine the needs and expectation of consumers.
- 2. Planning and developing suitable products.
- 3. Setting appropriate prices.
- 4. Selectivity the right channel of distribution.
- 5. Salesman ship to communicable with others like promotional activities.

**c. Financial Management:**

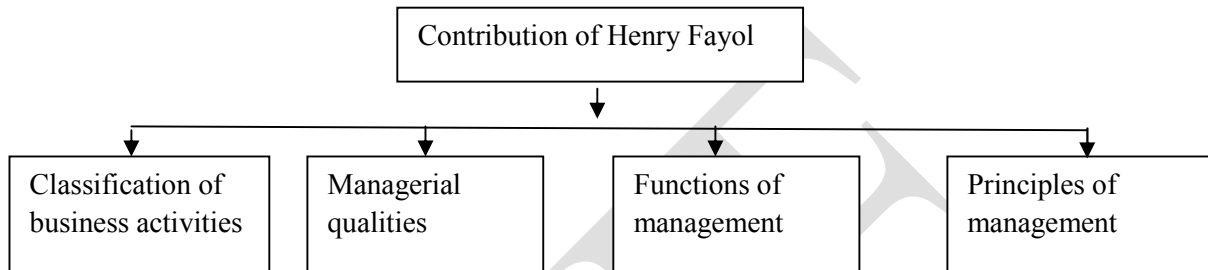
- 1. Estimating the volume of functions required for both long term and short term needs of business.
- 2. Selecting appropriate source of funds.
- 3. Rising the required funds at right time.
- 4. Proper utilization and allocation of right funds.
- 5. Administrations of earnings.

**d. Personnel Management:**

- 1. Man power planning.
- 2. Selection and Training of employees.
- 3. Performance appraisal.
- 4. Promotion and transfer and compensation.
- 5. Employees welfare services.
- 6. Personnel records and research.

**4. Explain Henry Fayol's 14 principles to management (or) explain Henry fayols contribution to management (or) modern operational management (or) explain the general principles of management. (May2006, Nov/Dec 2007, Nov 2008)**

Contribution of Henry Fayol to management is **Modern Operational Management**. It can be classified into the following aspects;



**I. Classification of business activities:**

- 1) Technical activity
- 2) Commercial activity
- 3) Financial activity
- 4) Security activity
- 5) Accounting activity
- 6) Managerial activity

**II. Managerial qualities:**

- 1) Physical ability
- 2) Mental ability
- 3) Moral
- 4) Educational qualification
- 5) Technical ability
- 6) Experience

**III. Functions (or) elements of management:**

- 1) Planning
- 2) Organizing
- 3) Co-ordinating
- 4) Commanding (or) directing

IV. **14 principles of management by Henry Fayol** : The following are the principles contributed by Henry Fayol to management;

- 1) Division of work**
- 2) Authority & Responsibility**
- 3) Discipline**
- 4) Unity of command**
- 5) Unity of Direction**
- 6) Subordination of individual interest to General interest**
- 7) Remuneration of personnel**
- 8) Centralization**
- 9) Scalar chain**
- 10) Order**
- 11) Equity**
- 12) Stability of tenure of personnel**
- 13) Initiative**
- 14) Esprit de corps**

**1) Division of work:** The work is divided in such a way that it promotes specialization. The reason is that division of work helps to specialize in an activity which increases o/p with perfection. It avoids the wastage of time. It can be applied at all levels of the organization.

**2) Authority & Responsibility:** The Authority can be classified into two types they are;

- ❖ Personal authority
- ❖ Official authority

Official authority is derived from manager's position & personal authority is derived from personal qualities such as intelligence, morality experience tec., Responsibility arises out of assignment of activity. Both responsibility and authority should go side by side.

**3) Discipline:** It is obedience, behavior and outward respect shown by employees. Good supervision at all levels, clarity of rules, system of reward and punishment help's to maintain discipline.

**4) Unity of command:** It means that the person should get orders and instructions from only one superior. In this problem of conflict in instructions can be reduced, and the greater is the feeling of personal responsibility for results. Each subordinate is responsible to only one superior.

**5) Unity of Direction:** It means that efforts of all members of the organization should be directed towards the achievement of common goals. According to this principle each group of activities with the same objectives must have one head and one plan. Unity of direction provides better co-ordination among various activities to be undertaken by an organization.

**6) Subordination of individual interest to General interest:** Interest of one employee or the group of employee should not exist (prevail) over the general interest. Individual interests should be integrated with organizations interests.

**7) Remuneration of personnel:** According to Fayol, employees should be given good & reliable remuneration. It should provide maximum possible satisfaction to employees. Fayol was also in favour of non financial incentives.

**8) Centralization:** Authority and responsibility must be centralized in any organization. Centralization is present in an organization, depending on the size of the company and quality of its manager. However the degree of centralization will be different for different organization.

**9) Scalar chain:** This refers to a “Chain of superiors” ranging from the highest to the lowest ranks. The line of authority must flow from top of the organization to bottom. Fayol suggested the use of “gang planks” between two people in the group working in different departments instead of communications from top to bottom.

**10) Order:** It requires a complete knowledge of human resources and availability of jobs. “RIGHT PERSON IN THE RIGHT JOB & RIGHT MATERIAL IN THE RIGHT PLACE”. The workers and materials should be in the right place at right time.

**11) Equity:** Equity is a combination of kindness and justice towards employees. Managers must have friendly and fair relationship with their employees. This will help in soliciting loyalty and devotion from subordinates.

**12) Stability of tenure of personnel:** In any organization, high labour turnover is undesirable. High turnover increases inefficiency. Tenure and long term commitment should be encouraged. Employees must be given time to settle into their jobs.

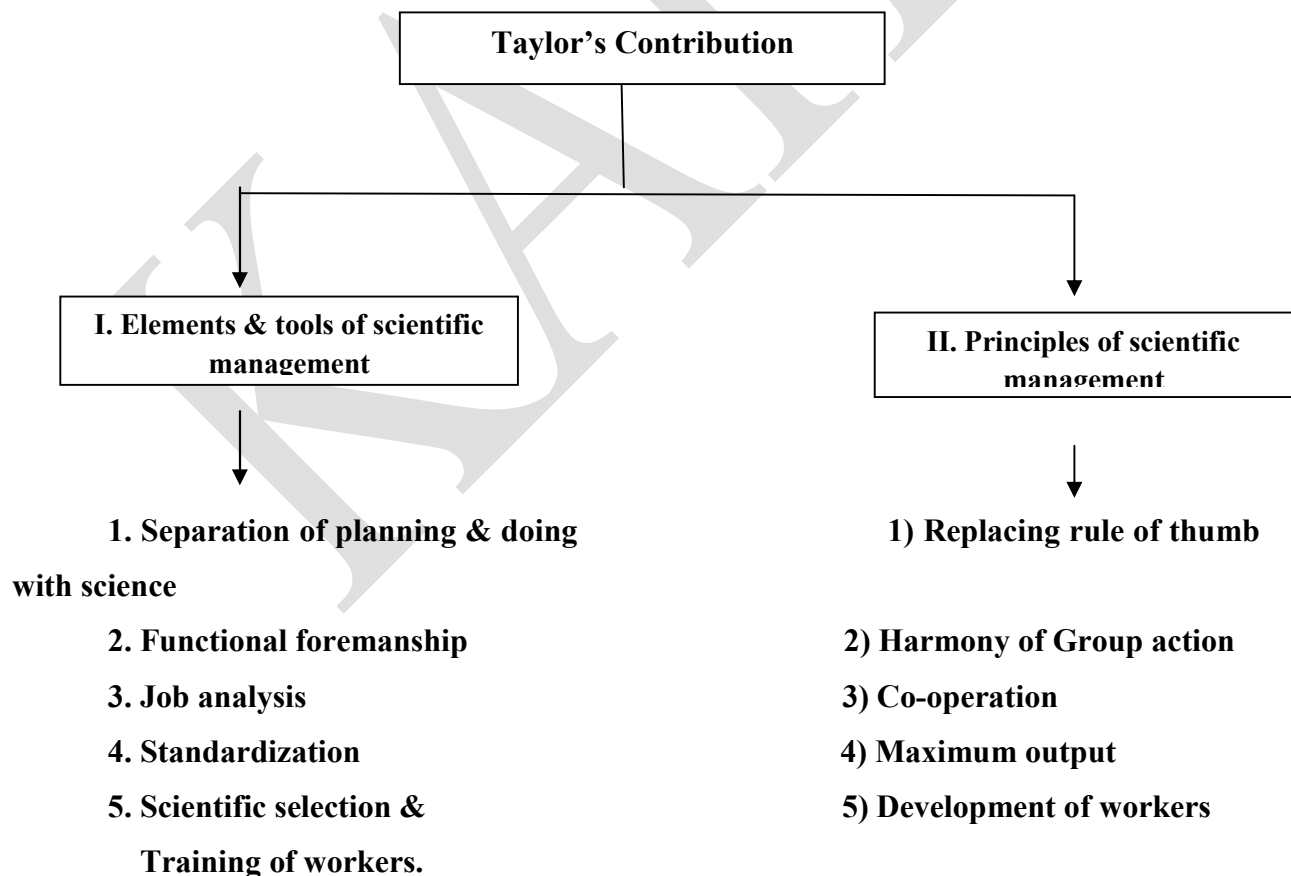


**13) Initiative:** Employees should be encouraged and they should be given freedom to function in the organization with creativity and innovation. Within the limits of authority and discipline, Managers should encourage their employees for taking initiative. Initiative is concerned with thinking out & execution of plan.

**14) Esprit de corps:** The Principle here is “Union is strength”. Harmony is the greatest strength to an organization team works should be encouraged. The success of a business activity depends on the unity of work.

**5) Explain F.W. Taylor’s contribution to management (or) scientific management.(or) Mention the scientific principles of management and also specify the features of scientific Management. (Nov/ Dec 2007)**

F.W.Taylor is considered to be the Father of scientific management. Taylor’s famous book entitled “The Principles of Scientific Management” was published in the year 1911. The contribution or fundamental principles & elements under the scientific approach to management are as follows:

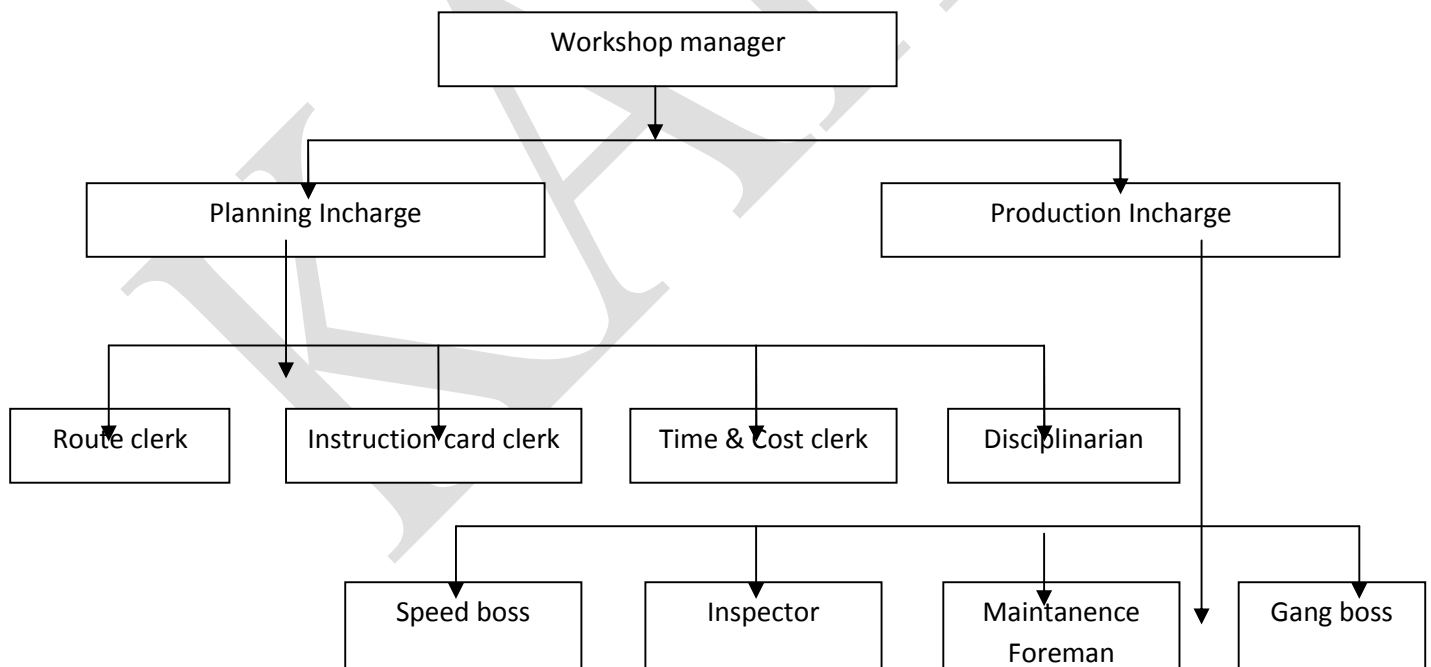


**6. Financial incentives****7. Economy****8. Mental Revolution**

**I. Elements & tools of scientific management:** The following are the elements & tools of scientific management:

**1. Separation of planning and doing:** Taylor emphasized the separation of planning aspect from actual doing of the work. Before Taylor's scientific management, a worker used to plan about how he had to work & what instruments were necessary for that and Supervisor's job was merely to see how the workers were performing. This was creating a lot of problems & Taylor emphasized that planning should be done by the supervisor and the workers should only concentrate on doing the work.

**2. Functional foremanship:** Taylor developed a theory called functional foremanship based on specialization of functions. In this system 8 persons are involved to direct the activities of workers. They are as follows,



Route Clerk – Lay down the sequence of work.

Instruction card clerk – Deciding the methodology of work.

Time & cost clerk – To keep regard with the time spend by different workers on different jobs.

Disciplinarian – To deal with the causes of break of discipline, absenteeism etc.,

Inspector – To inspect the work of workers.

Speed boss – To ensure the machine is running at optimum speed.

Maintenance foreman – To ensure regular cleaning, servicing, repair & maintenance of machines.

Gang boss – To assemble all the equipments to do a work and also to assemble all the workers.

**3) Job analysis:** It is finding the best way of doing a work. It can be determined by taking up the following studies;

Time study – It involves the determination of time a movement takes to complete. Calculating the time to do a work.

Motion study – It involves the study of movements in parts which are involved in doing a job & there by eliminating the wasteful movements & performing only necessary movements.

Fatigue study – This study shows the amount & frequency of rest time required in completing the work.

**4) Standardization:** Standardization should be maintain in respect of instruments, tools, period of work, amount of work, working conditions, cost of productions etc., These things should be fixed in advance on the basis of job analysis.

**5) Scientific selection & training of workers:** Taylor has suggested that workers should be selected on scientific basis taking into account education, work experience, aptitude, physical strength etc., A worker should be given job for which he is physically and technically most suitable. Apart from selection proper emphasis should be given on training of workers which makes them more efficient & effective.

**6) Financial Incentives:** It can motivate workers to put in their maximum efforts .If provisions exist to earn higher wages by putting in extra effort, workers will be motivated to earn more. Taylor himself applied the concept of differential **piece rate system** which was highly motivating.

**7) Economy:** Adequate consideration should be given to economy & profit. For this purpose, **techniques of cost estimates and control** should be adopted. The economy & profit can be achieved by making the resources more productive as well as by eliminating the wastages.

**8) Mental Revolution:** Scientific management depends on the mutual co-operation between management & workers for this co-operation there should be **mental change in both parties from conflict to co-operation**. This is most important feature of scientific management because in its absence no principle of scientific management can be applied.

**II) Principles of Scientific management:** The following are the Principles of Scientific management;

**1) Replacing rule of thumb with science:** Taylor has emphasized that in scientific management organized knowledge should be applied which will replace the rule of thumb. The use of scientific method **denotes precision in determining any aspect of work**, where as rule of thumb emphasizes on estimation.

**2) Harmony of Group action:** Group harmony suggests that there should be mutual give and taken situation & proper understanding so, that the group as a whole contributes to the maximum for achieving the results.

**3) Co-operation:** Scientific management is based on mutual confidence, co-operation and good will. Co-operation between management & workers can be developed through mutual understanding.

**4) Maximum output:** Scientific management involves continuous increase in production & productivity instead of restricted production either by management or by workers. Taylor emphasizes the management & workers to turn their attention towards increasing the size of surplus (profit).

**5) Development of workers:** It requires scientific selection and providing them training at the work place. Training should be provided to workers to keep them fully fit according to the requirement of scientific methods of working which may be different from these non-scientific methods.

These are the elements and principles of scientific management.

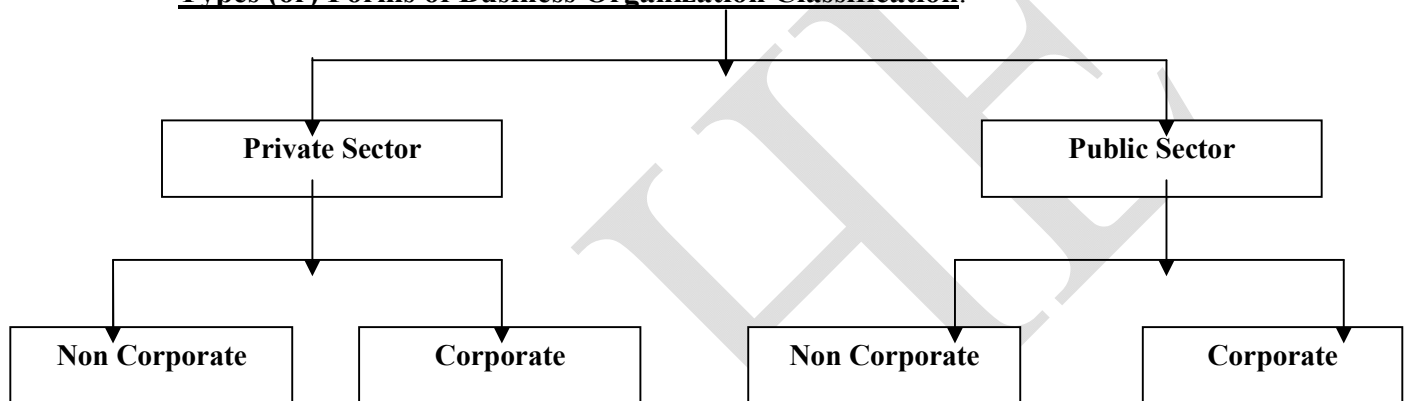
**Criticism (or) Disadvantages (or) Drawbacks of scientific management:**

- Taylor does not find anything new in management.
- Workers are forced to work hard to produce maximum output. This concept of management fails to consider the physical and mental well being of workers.
- The laid much emphasizes on production management.

- The workers do not have any chance to show their ability and find new improved base of performing the job effectively.
- Increase in production is possible in scientific management but the wages of workers are not increased.

**6) Sketch a line diagram depicting the types of business organization on the basis of ownership. (Or) Explain various types (or) Forms of Business organization. (Apr/May2007, 2008&NOV2008, 2010)**

**Types (or) Forms of Business Organization Classification.**



1. Sole proprietors ship  
Corporation

2. Joint Hindu family  
3. Joint Ventures  
4. Partnership.

1. Joint Stock Company.

2. Co-operatives

1. Departmental

2. Boards

3. Joint Sector

1. Public

2. Govt. Co.,

**Private sector:** Private sector is the business which is owned by any private people. Private sector is again classified into Non Corporate & Corporate.

**Non Corporate:** The following are the non corporate private sectors:

**Sole Proprietor ship:** It is also known as one man Business. One person is solely responsible for providing the capital, bearing the risk of the undertaking and management of business.

**Joint Hindu family business:** Business under taking belongs to a single Hindu family and they run it as a family business or undertaking is known as Joint Hindu family business. The management & control of the business will be in the hands of the senior most male member of the family.

**Joint Ventures:** When two or more persons joint to perform a certain business for a specified duration is called a joint venture. Capital contribution, management & risk bearing functions are jointly undertaken by all the members. Joint venture comes to an end after the expiry of duration period in the venture agreement.

**Partner Ship:**A partnership business is not as task bound (or) time bound as the joint venture. It is relatively more permanent. A partnership is defined as a form of business organization in which 2 or more persons up to maximum of 20 agree to work together & share the profit of any business.

**Corporate:** The following are the corporate private sectors:

**Joint stock company:**It is organized to carry on a business on a large scale because its capital requirement & risk obligations are too burden for any single or few individuals. A special feature of the joint stock company is division of capital into shares of small denominations. So, those investors can invest small or large amount as they can. Its life does not depends on the life of its member. A joint stock company is the most stable of all other forms of organization.

**Co-operative Society:**It is based on the ideal of co-operation. It is formed by persons to satisfy common needs through mutual co-operation and collective efforts.

**Public Sector:** In Public Sector state or central government will act as the entrepreneur.

**Non Corporate:** The following are the non corporate Public sectors;

**Departmental Organization:** Its management & control is as per the rules & regulation of the ministry or department concerned. Ex. Railways, Postal department etc.,

**Board Organization:** The management & control of this kind of public sector undertaking is in charge of an independent board. The members of which are nominated by the government the status of the board is independent of the ministry or department of the government which has brought it into being. But for financial & audit matters it is treated as any other department of the government. Ex. Electricity Board.

**Corporate:** The following are the corporate Public sectors;

**Public Corporation:** It is established under a special Act of the legislature. It enjoys separate legal existence and its working is not affected by the government rules and regulations. Ex. LIC, RBI, etc.,

**Government Company:** Here the government will contribute its entire share capital. Ex. Transport corporation.

**Joint Sector Company:** It is a government company but the difference is that its capital is jointly contributed by the government & private investors including the members of the general public. Ex. ONGC.

**7. Explain Hawthorne experiment (or) Contributions of Elton Mayo (or) Explain behavioural approach or human relations approach. (Nov/ Dec 2008, May/June 2009)**

Hawthorne Experiment was conducted in the Hawthorne plant of western electric company, USA, during 1924-32. Behavioural approach or Human relations approach was the direct outcome of Hawthorne Experiment. This experiment was conducted into the following 4 phases,

- **Illumination Experiment (1924 – 1927)**
- **Relay Assembly test room studies (1927 – 1928)**
- **Mass Interviewing program (1928 – 1930)**
- **Bank wiring observation room experiment (1931 – 1932)**

**Illumination Experiment (1924 – 1927):**

In this experiment two groups of workers were selected. One group was the **control group** in which lighting was constant & the other group was **experimental group** in which lighting was varied. When lighting was decreased production in the experimental group did not decrease. Production in the experimental group decreased only when lighting was reduced to moon light level in which workers could not see properly. It was conducted that illumination didn't have any effect on productivity but some other human factor at work was important in determining productivity but which aspect was affecting was not sure therefore another phase of experiment was undertaken.

**Relay assembly test room studies (1927 – 1928):**

In this experiment certain changes in working conditions were introduced to examine the impact on productivity. For this research 2 girls were selected then these girls were asked to choose 4 more girls as co workers. The work given to them was related to assembly of telephone relay. Certain changes was made to examine their impact on productivity. Changes were- change in incentives system of wage payment, introduction of rest period, shorter working hours, providing snacks & tea. The change was introduced in consultation with workers. They were given



opportunity to express their view points & concerns to supervisor. Finally, **Productivity increased when these changes were withdrawn also.** Therefore researchers concluded that these changes were not responsible for increased productivity & efficiency. But, **factors like attitude towards work, sense of belongingness & friendly supervision were responsible for increased productivity.** As there introduced absenteeism was decreased & Morale was increased supervision was required.

**Mass interviewing program (1928 – 1930):**

In this Mass Interviewing program about 20,000 interviews were conducted to determine the workers opinion & attitude towards the company supervision, promotion, wages & insurance plans. Initially direct question were asked to the employees, later on the pattern of interviewing was changed to non-direct type in when interviewer did not put any question rather listened to what workers had to say in regard to these matters. It was observed that an opportunity to talk freely about things which are important & related to workers had a positive impact on their work behavior. Individual workers behavior was influenced by group behavior.

**Bank wiring observation room experiment (1931 – 1932):**

This experiment was conducted to analyze the functioning of small groups & their impact on individual behavior. A group of 14 male workers was employed in the bank wiring room experiment. It was observed by researchers that workers decided the work target which was lower than company target because of the following reasons;

- Fear of unemployment
- Fear of raising the standards
- Protection of slow workers.

The work involved were connecting wire to switches for certain equipment used in telephone exchange. Hourly wages for the individuals was based on the average output of each worker while bonus was to be determined on the basis of average group output.

**8. Is the management science or art explain. (or) Explain the difference between management science of art. (May/June 2006)**

**Management science or art** is based on logical consistency, systematic explanation, critical evaluation & experimental analysis. Learning of science involves the assimilation (grouping together) of principles while learning of art involves its continuous process.



**Management as science:** Management cannot be regarded as pure science. So, it is called as pseudo science (or) inexact science.

**Reasons for saying management as pseudo science:**

- Science may be viewed in terms of its structure its goals & its methods. In terms of structure it has no of disciplines like biology, physics etc., each of these sciences provide principles, laws & the ones dealing the aspect of knowledge but the management only approximates the knowledge.
- One of the most important rules of science is the concepts has to be defined clearly in terms of procedures involved in their measurement. But management does not have rigid principle (or) procedures to explain about the certain things happening.
- In science, the observations must be controlled. So that, the causes can be detected correctly. But in the case of management it totally depends on prescription & totally lies on reasoning.
- All the scientific statements are testable & the test are capable of repetition with the same results but many of the management principles lack evidences & are not testable also it lacks universal applications.

**Management as art:** Art is just concerned with the understanding of how the particular work can be carried out. Management is an art in many circumstances which requires creativity to achieve the desired results.

**Reasons for considering management as an art:**

- The process of management involves the use of principles & skills like any other art such as music, painting etc.,
- The process of management is directed to achieve concrete results.
- Management is creative like any other art the success of management lies with the personality of the person apart from the character & quality of knowledge.

**Management is both science & art:**

To be a successful manager, a person requires knowledge of management principles & also the skill of how the knowledge can be utilized. Absence of either science or art will result in inefficiency.

<b>SCIENCE</b>	<b>ART</b>
It advances by knowledge	It advances by practice
It proves everything	It feels the change
It predicts the events	In art the events can be guessed
It defines anything clearly	It describes the situation
It measures	It opines
It impresses	It expresses

## **UNIT – II**

### **1. Define Planning.**

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

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

### **2. What is single use plan?**

A single use plan is one, which is specific to a particular situation of a non-repetitive nature. It may not have use for different situations. It have a limited scope. It becomes obsolete once its purpose is over. Once the specific situation in question has been met, the plans may be given up.

### **3. What is meant by standing plans?**

Standing use plans are those which are developed by the organization to serve as guidelines with respect to activities which will occur frequently over time. Standing plans are those, which are of a relatively long standing by nature. They are meant to serve as standing guidelines, criteria and constraints on managerial decision-making and action.

### **4. What is mission? Give some examples for the mission of the enterprise?**

The mission statement is usually one paragraph, describes the functions of the organization. It provides a clear statement of purpose for employees, customers and suppliers.

Various organizations are adopting their own mission statement, some are:

- The mission of business is production and distribution of goods and services
- The mission of a police department is the protection of people's safety and welfare
- The mission of a state highway department is the design and construction of highways.
- The mission of university is teaching, research and so on.

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

The vision statement is a short declaration of what an organization to be tomorrow. It is the ideal state that might never be reached; but on which work hard to achieve. Successful visions provide a brief guideline for decision making. For example

**“To continuously enrich knowledge base of practitioners in mobility industry and institutions in the service of humanity” – Society of automotive engineers (SAE)**

**6. What is operational planning or short term planning or tactical planning?**

Operational planning or short term planning or tactical planning usually covers one year of duration. These plans directly affect functional groups and day to day activities of production, marketing, finance etc., Operational planning is aimed at sustaining the organization in its production in its production and distribution of current products or services to the existing markets.

**7. What do you mean by Strategic planning or Long term planning?**

Strategic plans are major ones which define the long term course of action for an organization in the light of its environment. These include determination of organizational objectives for long-term period, major policies, and strategies. Long term planning involves more than one year period extending to twenty years or so.

**8. What are the time frame plans?**

**Short range plan** Short range planning also known as operations or tactical planning, usually covers one year.

**Medium range plan** Medium range planning usually focusing on between two and five year's time, relatively specific and more detailed.

**Long-range plan** Long range planning also known as strategic planning, involves more than one-year period extending to twenty years.

**9. Define objectives.**

Objectives are the goals, aims or purpose that organizations wish to achieve over varying periods of time. It is ends toward which activity is aimed. They represent not only the end point of planning but also the end toward organizing; staffing, leading and controlling are aimed. While enterprise objectives are the basic plan of the firm, a department may also have objectives. Always the objectives should consistent and the framed goal or objective should be easily attainable.

**10. Define management by objectives.**

Koontz defined “MBO is a comprehensive managerial system that integrates many key managerial activities in a systematic manner and that is consciously directed toward the effective

and efficient achievement of organizational and individual objectives. MBO is a result-centered, non-specialist, operational managerial process for the effective utilization of material, physical, and human resources of the organization by integrating the individual with the organization and organization with the environment.

**11. What are the benefits of MBO?**

1. Improvement of managing - through results oriented planning.
2. Clarification of organizational roles - structures and delegation of authority according to the results expected of the people occupying the roles.
3. Encouragement of personal commitment – to their own and organizational goals.
4. Development of effective controls – measuring results, leading to corrective actions.

**12. What are the problems and limitations of MBO?**

- Time and cost
- Failure to MBO philosophy
- Problems in objective setting
- Emphasis on short term objectives
- Inflexibility
- Frustration

**13. What is meant by policy?**

Policies are also plans in that they are general statements or understandings that guide or channel thinking in decision making. It encourages discretion and initiative but within units. They are predetermined decision rules applicable for a range of managerial decisions and action. Policies define an area within which a decision is to be made and ensure that decision will be consistent with, and contribute to, an objective. Not all policies are often merely implied from the actions to managers.

**14. Define procedures.**

Procedure is defined as a set of sequential steps determined advance and standardized for initiating, carrying through and completing a certain routine and repetitive activity. Procedures are plans that establish a required method of handling future activities. They are chronological

sequences of required actions, they are guides to actions, rather than to thinking, and they detail the exact manner in which certain activities must accomplish.

### **15. Give short notes on Rules.**

Rules are prescriptive directives to people in organizations and elsewhere to do or not to do things, to behave or not to behave in particular ways. They are in the nature of commandments, cautions, taboos and norms to discipline, to structure, standardize and restrain individual and group behavior and task performance. It applies to a specific situation and includes self – imposed principles of action.

### **16. What is external environment?**

External environment means assessing the external sources like finding the threats and opportunities and the evolution focuses on economic, social, political, legal, demographic and geographic factors. In addition, the environment is scanned for technological developments for products and services on the market and for other factors necessary in determining the competitive situation of the enterprise.

External environment has to be done by all organizations the external factors include assessing the government policies, finding the competition analyzing the market share etc.

### **17. Define program.**

A program is a precise plan which lays down the operations to be carried out to accomplish a given work. It includes all activities necessary to achieve the given objectives and prescribes how the enterprise resource should be used. Programs are a complex of goals, policies, procedures, rules, task assignments, steps to be taken, resources to be employed and other elements necessary to carry out a given course of action. Management has to consider all the situations before setting the programs.

### **18. Define project.**

A project is a sequence of unique, complex, and connected activities having one goal or purpose and that must be completed by a specific term, within budget, and according to specifications. A budget may be expressed in financial terms; in terms of labour hours, unit of products, or machine hours; or in any other numerically measurable term. It may deal with operations, as the

expense budget does; it may reflect capital expenditures budget does; or it show cash flow, as the cash budget does.

**19. Define budget.**

A budget is a statement of expected results expressed in numerical terms. It may be called as a “Numberized program”. A budget may also expressed in financial terms, in terms of labour hours, units of product or machine hours or in any other numerically measurable term. It may deal with operations, as the expense budget does; it may reflect capital outlays as the capital expenditure budget does or it may show cash flow, as the cash budget does.

**20. What is meant by strategies?**

A strategy is the determination of the basic long term goals and objectives of an enterprise and the adoption of courses of action and the allocation of resources necessary to carry out these goals. After examining the mission the company has to go for framing the strategies. The purpose of strategies, then, is to determine and communicate, through a system of major objectives and policies.

**21. Give the three Generic strategies by Porter.**

- Overall cost leadership strategy
- Differentiation Strategy
- Focused Strategy

**22. Differentiate policies and strategies.**

S.No	Policies	Strategies
1.	Standing plan	Single use plan
2.	Decision oriented	Action oriented
3.	Situation is known	Situation is unknown

**23. Give TOWS Matrix.**

<b>Internal Factors</b> <b>External Factors</b>	<b>Internal Strength (S)</b>	<b>Internal Weakness (W)</b>
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<b>External Opportunities (O)</b>	<b>SO Strategy : Maxi – Maxi</b>	<b>WO Strategy : Mini – Maxi</b>
<b>External Threats (T)</b>	<b>ST Strategy : Maxi – Mini</b>	<b>SO Strategy : Mini – Mini</b>

**24. What is planning premises?**

Planning premises are defined as the anticipated environment in which plans are expected to operate. They include assumptions or forecasts of the future and known conditions that will affect the operations of plans.

Examples are prevailing policies and existing company plans that control the basic nature of supporting plans.

**25. Why there is a need to forecast the sales?**

The sales forecast is a prediction of expected sales, by product and price, for a number of months or year's. It is a kind of pro forma sales portion of the traditional income statement for the future. The sales forecast is the key to internal planning.

Business and capital outlays and policies of all kinds are made for the purpose of maximizing profits from expected sales. Most of the organizations are paying more attention to sales forecast because based on that only they can start their production so it is best for the company to predict their sales.

**26. List out some of the forecasting techniques.**

- Jury of executive opinion
- Delphi method
- Scenario building
- Time series analysis
- Econometric forecasting
- Technological forecasting

**27. How on can forecast with the Delphi technique.**

This technique developed by Olaf Helmer and his colleagues at the RAND Corporation. A typical process of the Delphi techniques is as follows:



1. A panel of experts on a particular problem area is selected from both inside and outside the organization.
2. The experts are asked to make a forecast.
3. All the answers are compiled.
4. With that information further estimates of future are made.
5. This process may be repeated for several times.
6. The results are used as an acceptable forecast.

**28. What is decision making?**

Decision making is defined as the selection of a course of actions from among alternatives; it is the core of planning. Decision making is however only a step in planning, even when it is done quickly and with little thought or when it influences actions for only a few minutes.

**29. Define Programmed decisions and Non – Programmed decisions.**

Programmed decisions are those that are made in accordance with some policy, rule or procedure so that they do not have to be handled each time they occur. These decisions are generally repetitive, routine and are obviously the easiest for managers to make. Problems at lower levels of the organization are often routine and well structured, requiring less decision by managers and nonmanagers.

**Example**, Lathe operators have specifications and rules that tell them whether the part they made is acceptable, has to be discarded, or should be reworked.

Non – Programmed decision are used for unstructured, novel, and ill-defined situations of a nonrecurring nature. Most nonprogrammed decisions are made by upper-level managers; this is because upper - level managers have to deal with unstructured problems.

**Example**; Introduction of Macintosh computer by Apple computer.

**30. What is Limited or bounded rationality?**

A manager must settle for limited rationality or bounded rationality. In other words, limitations of information time and limit certainty limit rationality even though a manager tries earnestly to be completely rational. Since managers cannot be completely rational in practice, they sometimes allow their dislike of risk-their desire to “play it safe” to interfere with the desire to reach the best solution under circumstances.

**31. What is Brainstorming?**

One of the best known techniques for facilitating creativity has been developed by Alex F. Osborn, who has been called as “the father of brain storming”. Brainstorming which emphasizes group thinking was widely accepted after the introduction. The purpose of this approach is to improve problem solving by finding new and usual solutions. In the brainstorming sessions a multiplication of ideas is sought and the rules are:

- No Ideas are ever criticized
- The more radical the ideas are the better
- The quantity of idea production is stressed
- The improvement of ideas by others is encouraged.

### **32. What is Decision Support System (DSS)?**

Decision support system use computers to facilitate the decision making process of semi structured tasks. These systems are designed not to replace managerial judgment but to support it and make the decision process more effective. Decision support systems help managers react quickly to changing needs. It is clear then the design of an effective system requires a thorough knowledge of managers make decisions. The availability of mini computers and micro computers as well as of communication networks makes it possible to access and utilize a great deal of information at low cost. Thus DSS gives managers an important tool for decision making under their control.

### **16 - Marks**

#### **1. Explain the nature of planning. (NOV/DEC 2007, 2008 & APR 2008)**

**Planning:** According to Koontz & O'Donnell, “Planning is deciding in advance what to do? how to do it? when to do it? and who is to do it? Planning bridges the gap from where we are to where we want to go.

The nature or characteristic features of Planning are as follows;

- **Planning is a Primary function**
- **Planning Contributes to achieve objectives**
- **Planning is an Intellectual activity**
- **Planning Results in higher efficiency**

- **Planning is a Continuous process**
- **Planning is Essential at all levels of management**
- **Planning Co – ordinates various business activities**

**1. Planning is a primary function:** Planning is the primary function of management and it precedes all functions, such as organizing, directing, controlling etc. There is no meaning of other activities without setting the goals to be achieved and line of action to be followed. In fact, all other functions of management largely depend on planning.

**2. Planning contributes to achieve objectives:** Planning process involves setting of objectives to be achieved and determining the techniques for achieving those objectives. The various techniques, such as policies, programme, and procedure are formulated. Objectives determine where we have to go? And planning makes a bridge over where we are? And where we want to go? Thus the planning and objectives are related.

**3. Planning is an intellectual process:** Planning is a mental activity. It is a process where a number of activities are to be taken to decide the future course of action. Various levels of managers have to consider various course of action. To achieve the desired goals the detailed process of every course of action should be done and then finally decide which course of action may suit them best. Thus, planning is an intellectual action.

**4. Planning Results in higher efficiency:** In general, all management functions including planning are directed to increase the efficiency of the firm. Corollary of planning is (i) planning is an intellectual activity that aims the best way of doing things, and (ii) planning provides the goals and objectives. Thus, planning is directed towards efficiency. If we Plan properly it result in higher efficiency and reduce the wastage.

**5. Planning is a continuous process:** Planning is a continuous managerial function involving complex process of perception, analysis, communication, decision and action. It is a never ending activity of a manager in an enterprise. A series of plans is to be followed one after the other. Thus, the planning process will continue and will never come to an end.

**6. Planning is essential at all levels of management:** Planning is undertaken at all levels of the organization because all levels of management are concerned with determination of

future course of action. However, its role increases successively at higher levels of management. Moreover, planning at different levels may be different in content that at the top management level, managers are concerned about the totality of the organization and tries to relate it with the environment while managers at lower levels may be involved in internal planning.

**7. Planning co-ordinates various activities:** The planning co-ordinates all the activities in the organization. Without planning the function of coordination is not possible.

**2. Explain need / purpose / importance of planning. (NOV/DEC 2007,2008 & APR 2008)**

Planning plays vital role in all the activities of the organization. The following are the purpose of planning,

- **To manage by objectives**
- **To Convert uncertainty into certainty**
- **Economy in operation**
- **To help in co – ordination**
- **To help in effective control**
- **Effective utilization of resources**
- **To avoid business failures**

**1. To manage by objectives:** Planning makes the organization focus on the objectives for early achievement.

**2. To Convert uncertainty into certainty:** There is continuous change in the environment and the organization has to work in accelerating change. This change is reflected in both tangible and intangible forms. Planning does not stop changes in the environment but gears the organization to take suitable actions so that it is successful in achieving its objectives.

**3. Economy in operation:** It means producing the results in minimum cost. So, proper planning brings economy in operation and also reduces the wastage.

**4. To help in co – ordination:** All managerial functions lead to co – ordination in the organization. But real co-ordination begins with the planning stage. Since, all departments work in accordance with the overall plan, the harmony and coordination to be achieved. Co – ordination is essence of management and planning is the base for it.

**5. To help in effective control:** Control involves the measurement of accomplishment of events against plans and correction of deviations to assure the achievement of objectives as set by the plans. Thus control is exercised in the content of planning action as standards against which actual results are to be compared are set up through planning. At the control stage, an attempt is made to monitor the performance on continuous basis so that immediate action is taken if anything goes wrong. Without planning, we do not know what to control.

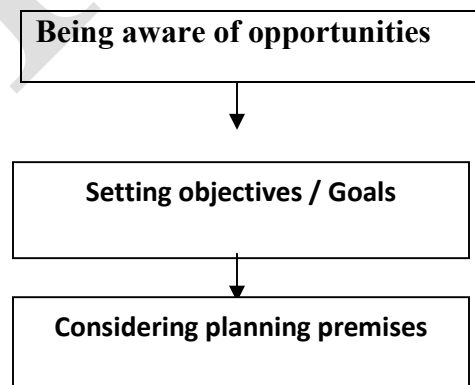
**6. Effective utilization of resources:** Planning ensures organizational effectiveness in several ways. The concept of effectiveness is that the organization is able to achieve its objectives within the given resources. Thus for effectiveness, it is not only necessary that resources are put to the best of their efficiency but also that they are put in a way which ensures their maximum contribution to organizational objectives.

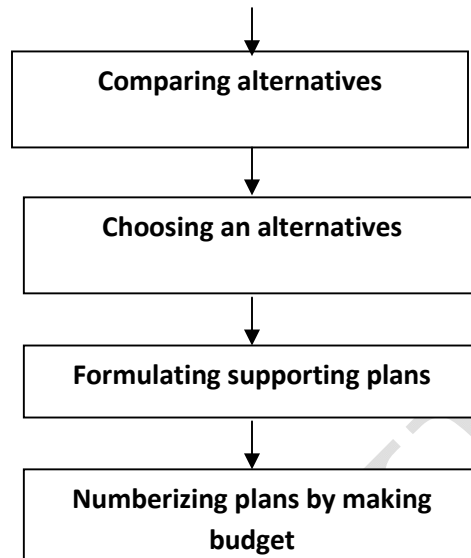
**7. To avoid business failures:** If the organizations activities are properly planned it can avoid 95% of business failures and it helps in achieving the objectives.

**3. Explain the various steps involved in the process of planning. (Nov 2007, June 2007, Nov/Dec 2010& Apr/May 2011)**

Planning is a process & it contains number of steps within it. It is not necessary that a particular planning process or steps are valid for all organizations and for all types of plans. A planning process is suitable for large scale organization which may not be suitable for small organizations.

**The following are the common steps in the process of planning,**





**(i) Being aware of opportunities:** Managers should take a primary look at possible future opportunities and see them completely where the organization stand in their strength and weakness and understand what problems have to be solved and what they expect to gain?

**(ii) Setting objectives:** The second step in planning is to establish objectives for entire enterprise then for each department work unit. Planning the objectives may be done on short term & long term basis. Objectives specify the expected results and indicate the end products of what is to be done, where the primary emphasis is to be placed etc.

**(iii) Developing planning premises:** The third step is to establish planning premises such as forecast, policies and existing company plans. Forecasting is important in premising. Ex: what is the volume of sales? Prices? Wage rates? What technical development? Policies? Etc.,

**(iv) Determining alternative courses:** Next step is to search for and examine alternative courses of action. The most common problem is not finding alternatives but reducing the number of alternatives. So that the most suitable alternatives may be analyzed with mathematical techniques and the computer. Planner should limit the number of alternatives after thorough examination to discover the most truthful possibilities.

**(v) Evaluating alternative courses:** After seeking out alternative courses and examining their strong and weak points the next step is to evaluate the alternatives by analyzing them in light of (in the way of) premises and goals.

**(vi) Selecting the alternatives:** This is the real point of decision making here selecting appropriate course of action or alternate will take place.

**(vii) Formulating supportive plans:** When a decision is made, planning is complete which indicates the 7<sup>th</sup> step. Supportive plans are all most invariable requirement to support the basic plan.

**(viii) Numberizing plans by making budgets:** After decisions are made and plans are set the final step is to numberize them by converting them into budgets. The overall budgets of an enterprise represent the sum total of income and expenditure. Each department or programs of business have its own budget. Budget set important standards against planning where programs can be measured.

**5. Explain the process of MBO. Explain the steps (or) Elements in MBO process with its merits and demerits. (APR 2008, NOV/DEC 2008 & May/June 2009, Nov/Dec 2010)**

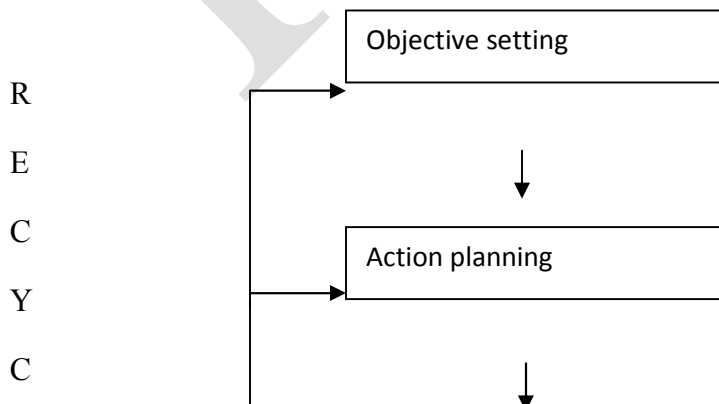
**Management By Objectives (MBO):** Koontz defined “MBO is a comprehensive managerial system that integrates many key managerial activities in a systematic manner and that is consciously directed toward the effective and efficient achievement of organizational and individual objectives.

The process of MBO consists of the following steps;

- **Setting of organizational purpose and objective**
- **Key result areas**
- **Setting subordinates objectives**
- **Matching resources with objectives**
- **Performance appraisal**
- **Recycling**
- **Setting of organizational purpose and objective:** The basic step in MBO is the definition of organizational purpose and objectives. Questions such as “Why does the organization exist?” what business are we involved in? and what should be our business? MBO provide guidelines for the statement of purpose”



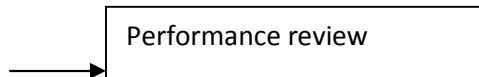
- **Key result areas:** Organizational objectives and planning premises together provide the basis for the identification of key result areas. Key result areas are derived from the expectations of various stock holders and indicate the priorities of organizational performance. It also indicates the present state of the organization. Examples of key result areas applicable to most of the business organizations are profitability. Market standing, innovation, productivity, worker performance, financial and physical resources, public responsibility etc.,
- **Setting subordinates objectives:** The organizational objectives are achieved through individuals. Therefore each individual manager must know in advance what he is expected to achieve. The process of objective setting begins with proposed recommendation for his subordinates objectives. Subordinates state his own objectives as perceived by him. Therefore the final objectives for the subordinates are set by the mutual negotiation between superiors and subordinates.
- **Matching resources with objectives:** When objectives are set carefully they also indicate resource requirement. Resources availability becomes an important aspect of objective setting because it is the proper application of resources which ensures objective achievement. Therefore there should be matching between objectives and resources. By relating these to objectives a superior manager is better able to see the need and economy of allocating resources.
- **Performance appraisal:** Appraisal aspect of MBO tries to measure whether the subordinates is achieving his objective (or) not. Appraisal is undertaken as an ongoing process with a view to find out deficiency in the working and also to remove it promptly (exactly). It is not taken to punish or reward the persons but to ensure that everything is going as planned and the organization is able to achieve its objectives.
- **Recycling:** Appraisal is used as an input for recycling objectives and other actions. The outcome of appraisal at one level is recycled to see if the objectives have been set properly at the concerned level and also at the next higher level.





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**Benefits (or) merits of MBO:** The following are the merits of MBO;

- 1. Better managing**
- 2. Clarity in organizations action**
- 3. Personal satisfaction**
- 4. Basics for organizational change**

**1. Better managing:** MBO helps in better managing the organizational resource and activities. Resources and activities are put in such a way that they result into better performance. These performances are; clarity of objectives, role clarity, periodic feedback of performance participation by managers in the management process etc.

**2. Clarity in organizations action:** MBO tends to provide the key result areas where organizational efforts are needed. Since organizational objective are defined very clearly they help in relating the organization with its environment. Classifications of organizational roles structures and delegation of authority accounts to the results expected form the employees.

**3. Personal satisfaction:** MBO provides greatest opportunities for personal satisfaction. This is possible because of two reasons.

- (i) participation in objective setting
- (ii) rational performance appraisal

When the individuals are involved in objective setting, they derive satisfaction because of the feeling that they are important to the organization.

**4. Basics for organizational change:** To cope up with the organizations external and internal changes organizations should change itself appropriately. Development of effective controls, measuring results leading to corrective action.

**Limitations of MBO:** The following are the limitations of MBO,

- **Failure to teach the MBO Philosophy**

- **Problems in objective setting**
- **Emphasis on short term objectives**
- **Frustration**
- **Time and cost**
- **Inflexibility**

**Failure to teach the MBO Philosophy:** It is one of the weakness of certain programmes. Managers must explain to subordinates what is it, how it works, why it is being done, what part it will play in appraising performance. The process fails if it is not done properly.

**Problems in objective setting:** Failure to give guidelines to goal setters is often another problem. Managers know what the corporate goals are and how their own activities fit in with them. Managers also need planning premises and knowledge of major company policies.

**Emphasis on short term objectives:** MBO emphasis on short term goals and does not consider the long term objectives. By emphasizing short range objectives performance appraisal becomes easier, but there is always a danger in emphasizing short range objectives at the cost of long-term objectives.

**Inflexibility:** MBO is rigid a one. Objectives should not be changed under MBO. Thus, it introduces inflexibility in the organization. In the changing environment an objective cannot be valid forever. But in MBO once goals are set down, the superior may not like to change them due to fear of resistance from the subordinate.

**5. Explain the techniques an strategic consideration (or) Explain TOWS matrix and BCG analysis (or) Explain SWOT analysis explain business portfolio matrix (or) Discuss some of the tools for developing organizational strategies. (MAY2007 & NOV/DEC 2008)**

**SWOT Analysis (or) TOWS Matrix:**

It is a modern tool to analyze the competitive situation of the organization. It has been common to suggest that companies identify their strengths and weakness, as well as the opportunities and threats in the external environment. But what is often overlooked is that combining these factors may require distinct strategic choices. To systematize these choices, the TOWS matrix has been proposed. T stands for threats, O for opportunities, W for weaknesses and S for strengths. The TOWS model starts with the threats because in many situations a company undertakes strategic planning as a result of perceived crisis, problem or threat. The TOWS matrix also called SWOT matrix.

## KARPAGAM ACADEMY OF HIGHER EDUCATION

CLASS: I MBA

COURSE NAME: MANAGEMENT PRINCIPLES

COURSE CODE: 18MBAP101

UNIT: II

BATCH-2018-2020

- The WT strategy aims to minimize both weakness and threats and may be called the “mini – mini” strategy. It may require that the company, for example form a joint venture, retrench or even liquidate.
- The WO strategy attempts to minimize the weakness and maximize the opportunities. Thus a firm with certain weakness in some areas may either develop these areas within the enterprise or acquire the needed competencies from the outside making it possible to take advantages of opportunities in the external environment.
- The ST strategy is based on the organizations strengths to deal with threats in the environment. The aim is to maximize the former while minimizing the latter. Thus a company may use its technological, financial, managerial or marketing strength to cope with the threats of new product introduced by its competitor.
- The most desirable situations is one in which a company can use its strengths to take advantage of opportunities the SO strategy. Indeed, it is the aim of enterprises to move from other positions in the matrix to this one. If they have weaknesses, they will strive to overcome them, making them strengths. If they face threats, they will cope with them so that they can focus on opportunities.

<b>Internal Factors</b>  <b>External Factors</b>	<b>Internal Strength (S)</b>	<b>Internal Weakness (W)</b>
	<b>External Opportunities (O)</b>	<b>External Threats (T)</b>
	<b>SO Strategy : Maxi – Maxi</b>	<b>WO Strategy : Mini – Maxi</b>
	<b>ST Strategy : Maxi – Mini</b>	<b>SO Strategy : Mini – Mini</b>

### The business port folio matrix (or) BCG matrix:

The business portfolio matrix was developed by the Boston consulting group (BCG). Simplified version of the matrix shows the linkage between the growth rate of the business and the relative competitive position of the firm, identified by the market share. **It is a tool for allocating resources.**

- Business in the “question mark” quadrant, with a weak market share and a high growth rate, usually require cash investment. So that they become “stars”, the business in the high growth, strongly competitive position.
- These kinds of business have opportunities for growth and profit. The “cash cows” with a strong competitive position and a low growth rate, are usually well established in the market, and such enterprises are in the position at marketing their product at low cost. Therefore the products of these enterprises provide the cash needed for their operation.
- The “dogs” are business with a low growth rate and a weak market share. These businesses are usually not profitable and generally should be disposed of.
- The “stars” are business with high growth rate and a strong market share. So these businesses are usually maintaining this position.

**6. Explain the process of decision making (or) steps involved in a typical managerial decision making. (AU-CH NOV 2007, 2008 & APR 2008)**

**Decision making:** It is defined as the selection of a course of actions from among alternatives; it is the core of planning. The following are the steps involved in the process in decision making process.

- **Specific objectives**
- **Search for alternatives**
- **Evaluation of alternatives**
- **Choice of alternatives**
- **Action**

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

**Problem identification:-** A problem can be identified much clearly if managers go through diagnosis and analysis of the problem.

**Search for alternatives:-** The decision maker must try to find out the various alternatives available in order to get the most satisfactory alternatives. This can be identified by their own experience, practices followed by others and using creative techniques.

**Evaluation of alternatives:-** Evaluation of alternatives is done by analysing the alternatives into various tangible and intangible factors. Tangible factors are quantitative and can be easily measured. Intangible factors are qualitative and cannot be easily measured.

**Choice of alternatives:-** Choice (or) Selection of alternatives implies deciding (or) selecting the most acceptable alternatives which fits with organizational objectives. Three approach in choosing alternatives are experience experimentation and research and analysis.

**Action:-** Once the alternatives is selected, it is put into action. The actual process of precision making ends with the choice of alternatives through which the objectives can be achieved. After selecting an alternative, it should be necessarily implemented to get the desired results.

**Results: -** When the decision is put into action it brings certain results. These results must be corresponding with the objectives. Thus results provide integration whether decision making and its implementation is proper.

**7. Brief the distinction between Programmed decision & Non-Programmed decision.  
(MAY/JUNE 09)**

Sl. no	Programmed decision	Non Programmed decision
1.	It deals with routine and repetitive problems	It deals with the new and unusual problems
2.	Full information is available but it has limited options	Limited information is available and has severe options
3.	Predetermined decision rules and procedures	Each problem is unique and it is creative solution

**KARPAGAM ACADEMY OF HIGHER EDUCATION****CLASS: I MBA****COURSE NAME: MANAGEMENT PRINCIPLES****COURSE CODE: 18MBAP101****UNIT: II****BATCH-2018-2020**

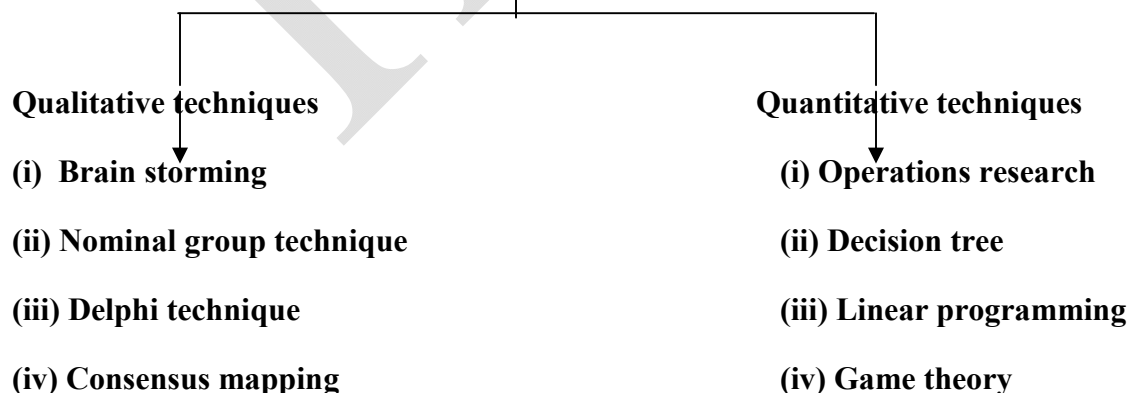
4.	Decision are made by lower level management	Decision are made by top level management
5.	Decisions are structured in nature	Decisions are unstructured in nature

Sl.no	Strategic decision	Tactical decision
1.	Authority may not be delegated to lower levels in the organization	Authority may be delegated to lower levels in the organization
2.	It is a non – programmed decision	It is a programmed decision
3.	This decision is major one which affects the whole parts of the organizations	It relates to day to day operation of the organization
4.	The decisions are dynamic and certain	The decisions are non – repetitive and taken very frequently
5.	It is long term in nature	It is short term in nature

**8. Describe the various techniques for decision making. (or) Describe the various techniques for group decision making. (MAY2007 & APR 2008)**

**Techniques for improving decision making**

**Tools or Techniques for improving decision making**



**Qualitative techniques:** The following are the qualitative techniques of decision making;

**(i) Brain storming:** Brain storming is a technique to stimulate idea generation for decision – making. Originally applied by Osborn in 1938 in an American company. This technique is now widely used by many companies, educational institutions, and organizations for building ideas. Each member is asked to give ideas and quality may follow later. It is meant to be a free, frank and relaxed one to generate. The decision is made by superior without considering any limitations.

**(ii) Nominal group technique:** Nominal group technique (NGT) is a structured meeting which restricts verbal communication among members during the decision – making process. The process in NGT goes follows:

- The group leader outlines the problem requiring decision.
- Each member writes down his ideas silently and independently and presents his best single idea on the problem.
- When all the members write their ideas, these are presented for discussion and evaluation before the group members.
- The members are asked to rank the various ideas for decision making and the decision is arrived at on the basis of this ranking. If the group does not reach agreement, it repeats the ranking and voting procedure until the group reaches some agreement and makes a decision.

**(iii) Delphi Technique :** Delphi technique is quite useful where the problem does not lend itself to precise analytical techniques but can benefit from subjective judgment on a collection basis and members who may be experts in the area of the problem may be called to collect their opinions.

**(iv) Consensus mapping:** Consensus mapping techniques of group decision – making tries to pool the ideas generated by several task subgroups to arrive at a decision. The technique begins after a task group has developed, clarified and evaluated a list of ideas. Consensus mapping technique works best for consolidating results from several task forces (or) project groups and is best suited for problems that are multidimensional.

**Quantitative techniques:** The following are the quantitative techniques of decision making;

**Operations research:** The quantitative study of an organization in action carried out in order to find ways in which its functions can be improved is called as Operations research. It is the application of specific methods, tools, techniques to operations of a system with optimum solution.



to the problem. It is a statistical tool & optimally used tool. It was developed to solve the complex problems. It helps in optimum allocation of resources.

**(ii) Decision tree:** Decision trees are a model for solving problems under uncertain & complex situations. It is a graphical method for identifying alternative actions, estimating probabilities etc., This graphical form visually helps the decision maker to view the alternatives and outcomes. It makes possible to the decision makers to see the major alternatives open to them & the subsequent decisions may depend on events of the future.

**(iii) Linear programming:** It is the technique used in optimum allocation of resources in the organization. It is a mathematical technique for the purpose of allocation of limited resources in an optimum manner. The 'linear' means that the relationships handled are those which are represented by straight lines. The word 'programming' means making decisions systematically. It is a decision making technique under given constraints based on the assumption that the relationships among the variables representing different phenomena show linearity.

**(iv) Game theory:** It is helpful in making decisions under competitive situations. The term 'Game' represents a conflict between two or more parties. Game theory is not concerned with finding an optimum or winning strategy for a particular conflict situation but it provides general rules concerning the logic that underlies strategic behavior in competitive situation. It provide answers for ,What may be considered a rational course of action for an individual confronted with a situation whose outcome depends not only on his own actions but also on the actions of others? The basic objective of all these games is to provide a basis for making decisions by considering the actions taken by the competitors.

## **9. Explain the various Techniques of Forecasting. (NOV 2007)**

**Forecasting:** It is the process of estimating the relevant events of future, based on the analysis of their past & present behaviour. It defines the probability of happening of future events. **The following are the various techniques of forecasting:**

- a. **Historical analogy method**
- b. **Opinion poll**
- c. **Survey method**
- d. **Business barometers**
- e. **Time series analysis**

- f. **Extrapolation**
- g. **Regression analysis**
- h. **Input – output analysis**
- i. **Econometric models**

**Historical analogy method:** Forecast in regard to a particular phenomenon is based on some analogy conditions elsewhere in past. This method is based on the stages of economic development. The situation of a country can be forecasted by making comparison with the advanced countries at a particular stage.

**Opinion poll:** It is conducted to assess the opinion of the knowledgeable persons and experts in the field for example, an opinion poll of the sales representatives whole sellers (or) marketing experts may be helpful in formulating demand projections.

**Survey method:** Field survey can be conducted together information on the intentions of the concerned people. For example, the information may be collected through survey's about the expenditures of consumers on various items.

**Business barometers:** Index numbers are used to measure the state of economy between two or more periods. For example, a rise in the rate of investments now reflect higher employment and income after some times. Index numbers are the device to study the trends, seasonal fluctuations, cyclical movements etc.,

**Time series analysis:** Time series analysis involves decomposition of historical series into its various components like trend, seasonal variations, random variations etc., In Barometric technique the future is predicted from the indicating series which serve as Barometers of economic change. In Time series analysis, the future is taken as some sort of extension of the past.

**Extrapolation:** It is also based on Time series because, it relies on the behavior of a series in the past and projects the same trend in future. This method does not isolate the effects of various factors influencing a problem under study but takes into account the totality of their effects.

**Regression analysis:** Regression analysis is meant to disclose the relative movements of two or more interrelated series.

It is used to estimate the changes in one variable as a result of specific changes in other variables. For Example: There is a positive relationship between advertising expenditure and volume of sales.

**Input – output analysis:** Under this method forecast of output is based on given input. Similarly, Input requirement can be forecast on the basis of final output with a given input relationship. For Example: Coal requirement of a country can be predicted on the basis of its usage rate in various sectors.

**Econometric models:** In this method mathematical models are used to express relationship among variables. These models take the form of a set of simultaneous equations. The constants in these equations are arrived at by a study of time series & since the variables affecting a business are many. Large number of equations have to be formed to arrive at a particular econometric model.

**UNIT-III-Individual Behaviour - II**

**SYLLABUS**

Perception – factors influencing perception - Person Perception – Attribution Theory – Frequently Used Shortcuts in Judging Others- Perceptual Process- Perceptual Selectivity - Organization Errors of perception – Linkage between perception and Decision making. Communication – Process – Directions of communication – interpersonal and organizational communication – Barriers to effective communication

**Perception - Meaning**

- A process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment.
- Perception is a process of receiving, selecting, organizing, interpreting, checking and reacting to stimuli.
- Perception is the process of receiving information about and making sense of the world around us. It involves deciding which information to notice, how to categorize this information and how to interpret it within the framework of existing knowledge.

**PERCEPTION – Definition**

- According to *Udai pareek*, “perception can be defined as the process of receiving, selecting, organizing, interpreting, checking and reacting to sensory stimuli or data”.
- *Stephen P.Robbins* defines perception as “a process by which individuals organise and interpret their sensory impressions in order to give meaning to their environment”.

**Factors influencing perception**

A number of factors operate to shape and sometimes distort perception. These factors can reside,

- In the *perceiver*
- In the object or *target* being perceived or
- In the context of the *situation* in which the perception is made.

### Factors in the perceiver

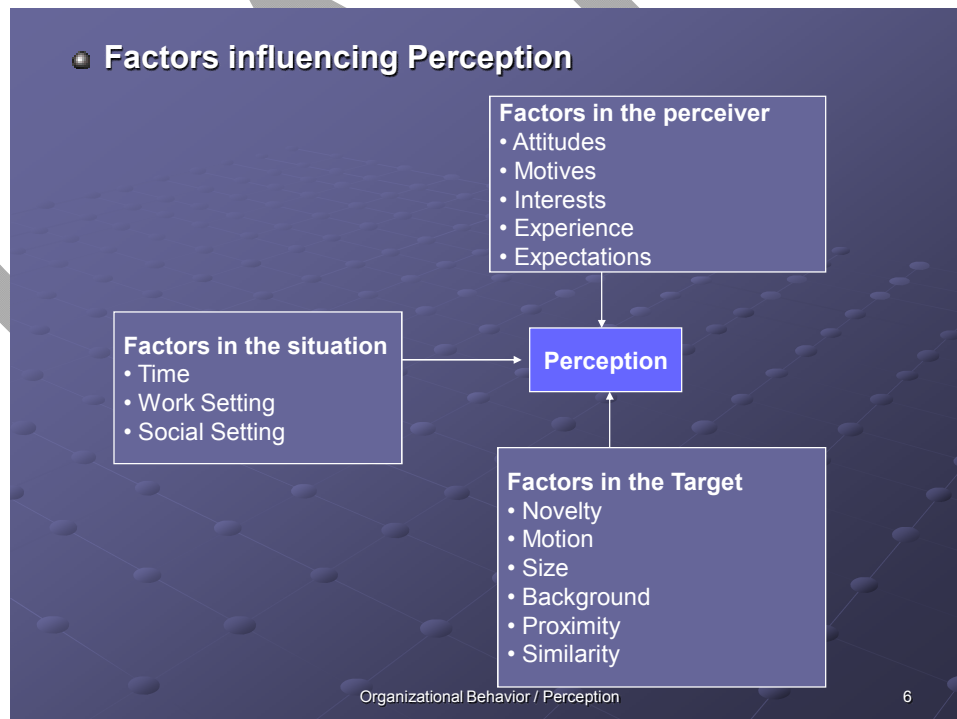
● *Attitudes*: Attitudes are learned predisposition towards aspects of our environment. They are positively or negatively directed towards certain people. The perceiver's attitudes affect perception.

● *Motives*: Unsatisfied needs or motives stimulate individuals and may exerts a strong influence on their perceptions.

*Interest*: The focus of our attention appears to be influenced by our interests. Because our individual interests differ considerably, what one person notices in a situation can differ from what others perceive.

### Factors in the object or target

- *Novelty*: Something new and unusual; an innovation.
- *Motion*: motion is a change in position of an object with respect to time.
- *Proximity*: nearness or closeness in a series.
- *Similarity*: The quality or state of being similar.



### The Perceptual Process

#### 1. Sensation

An individual's ability to detect stimuli in the immediate environment.

#### 2. Selection

The process a person uses to eliminate some of the stimuli that have been sensed and to retain others for further processing.

#### 3. Organization

The process of placing selected perceptual stimuli into a framework for "storage."

#### 4. Translation

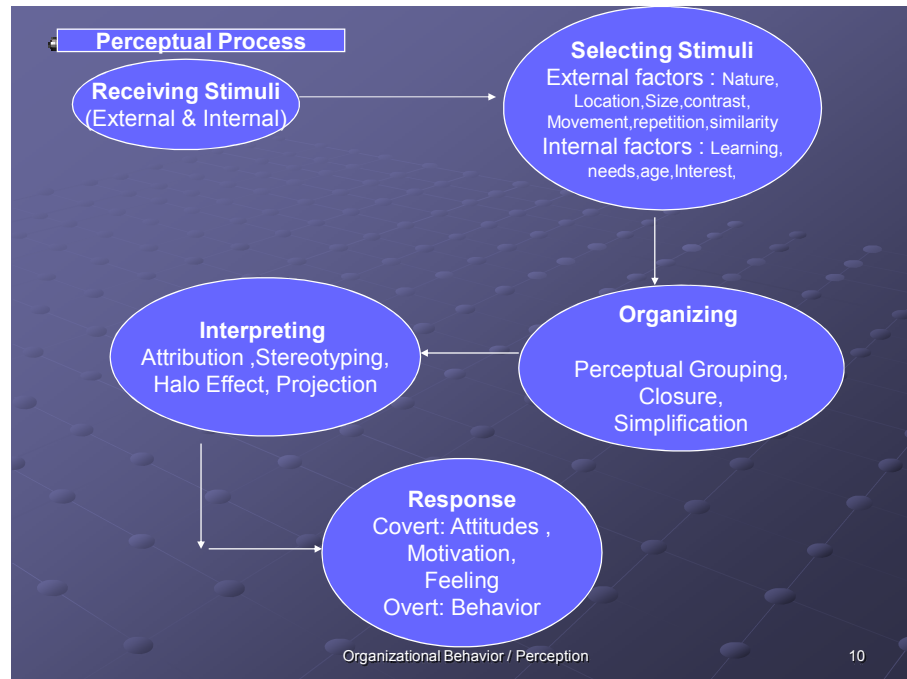
The stage of the perceptual process at which stimuli are interpreted and given meaning.

### 1. Receiving stimuli

- The perception process starts with the reception of stimuli.
- The stimuli are received from the various sources. i.e.; internal & external.
- Stimuli may be external (such as sound waves) & internal as energy generation.

### 2. Selection of stimuli

- Selection of stimuli is not made at random, but depending on the two types of factors namely, Internal & external factors
- Internal factors relate to the perceiver such as his or her age, learning, interest etc.
- External factors relate to stimuli such as intensity of stimuli, its size, movement, repetition etc
- People selectively perceive objects or things which interest to them most in a particular situation and avoid those for which they are indifferent. This is called *selective perception*.



Selective perception involves the following *two* psychological principles;

**1. Figure ground principle** - We select stimuli for further processing that we consider important for us.

- The meaning bits and pieces of stimuli are called the *figure* and the meaningless ones are leveled as *ground*.
- More attention is given to figure and less to ground.

● **Relevancy** – Relevancy is yet another principle involved in selective perception.

● People selectively perceive things that they consider relevant to meet their needs and desires.

**2. Organization of stimuli**

- Organizing the bits of information into a meaningful whole is called organisation.
- There are three ways by which the selected data i.e., inputs are organized. They are;
- Grouping
- Closure
- Simplification



## **MANAGERIAL IMPLICATION OF PERCEPTION**

### **MEANING**

- People in organisation are always judging each other.
- Manager's must appraisal their subordinate performance.

### **APPLICATION OF PERCEPTION**

- Employment interview
- Performance evaluation
- Performance expectation
- Employee loyalty

### **EMPLOYEMENT INTERVIEW**

- An input into WHO IS HIRED & WHO IS REJECTED in any organization in the employment interview.
- A "GOOD APPLICANT" is probably characteristics more by the absence of unfavorable characteristics than by the presence of favorable characteristics.

### **PERFORMANCE EVALUATION**

- An employee's performance appraisal very much depends on the perceptual process.
- The evaluator perceives to be "GOOD" or "BAD" employee characteristics the appraisal outcome.

### **PERFORMANCE EXPECTATION**

- A manager's expectation of an individual affects both the manager's behaviour towards the individual and the individual response.
- Manager expects positive things from a group, the group delivers.

### **EMPOLYEE LOYALTY**

- Few organization appreciate employees, especially those in the managerial ranks openly the firm.
- An employee who questions a top management decision may be seen as disloyal.

### **IMPRESSION MANAGEMENT**

Most of the people want to make favourable impression on others.

1. Name –dropping
2. Flattery
3. Managing one's appearance

### **NAME DROPPING**

It is a technique which involves mentioning an association with important people.

### **FLATTERY**

It is a common techniques whereby compliant are give to an individual in order to win his/her approval.

### **MANAGING ONE'S APPEARANCE**

Individual dress carefully the interview because they want to “LOOK THE PART” in order to get the job.

Impression management can lead to the perception that the user is “MANIPULATIVE or INSINCERE”.

### **Organisation Errors of perception**

- Common perceptual distortions include:
  - Stereotypes or prototypes.
  - Halo effects.
  - Selective perception.
  - Projection.
  - Contrast effects.
  - Self-fulfilling prophecy.
- Stereotypes or prototypes.
- Combines information based on the category or class to which a person, situation, or object belongs.
- Strong impact at the organization stage.
- Individual differences are obscured.
- Halo effects.

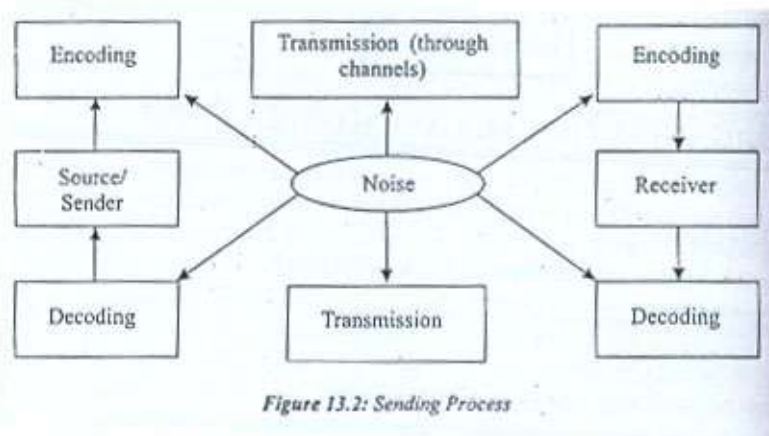
- Occur when one attribute of a person or situation is used to develop an overall impression of the individual or situation.
- Likely to occur in the organization stage.
- Individual differences are obscured.
- Important in the performance appraisal process.
- Selective perception.
- The tendency to single out those aspects of a situation, person, or object that are consistent with one's needs, values, or attitudes.
- Strongest impact is at the attention stage.
- Perception checking with other persons can help counter the adverse impact of selective perception.
- Projection.
- The assignment of one's personal attributes to other individuals.
- Especially likely to occur in interpretation stage.
- Projection can be controlled through a high degree of self-awareness and empathy.
- Contrast effects.
- Occur when an individual is compared to other people on the same characteristics on which the others rank higher or lower.
- Self-fulfilling prophecy.
- The tendency to create or find in another situation or individual that which one expected to find.
- Also called the "Pygmalion effect."
- Can have either positive or negative outcomes.
- Managers should adopt positive and optimistic approaches to people at work.

**Communication**

Communication is one of the most frequently discussed dynamics in the entire field of organizational behavior. In practice, effective communication is a basic prerequisite for the attainment of organizational goals. Therefore, communication is considered to be the most important and most effective ingredient of the management process. Interpersonal communication is fundamental to all managerial activities. All other management functions involve communication in some form of directions and feedback. Thus, effective management is a function of effective communication.

**COMMUNICATION PROCESS**

The figure 13.2 presents a general view of the communication process, as a loop between the source and the receiver. In the simplest kind of communication, both the sender and the receiver perform the encoding and decoding functions automatically.

**Source or Sender**

The communication cycle begins when one person called the sender wants to transmit a fact, idea, opinion or other information to someone else. A manager, for instance, might call the research department to send the latest information on a particular market.

**Encoding**

The second step is to encode the message into a form appropriate to the situation. The encoding might take the form of words, facial expressions, gestures, physical actions and symbols such as numbers, pictures, graphs etc. Indeed, most communication involves a combination of these. The

encoding process is influenced by the content of the message, the familiarity of the sender and receiver and other situational factors.

### **Transmission**

After the message has been encoded, it is transmitted through the appropriate channel or medium. Common channels or media in organizations include face-to-face communication using the media of sound waves, light, letters and reports.

### **Decoding**

The person to whom the message is sent, called the receiver interprets the meaning of the message through the process of decoding. This process may be simple and automatic, but it can also be quite complex. Even when you are just reading a letter, you may need to use all your knowledge of the language, your experience with the letter-writer and so on. If the intended message and the received message differ a great deal, there is a communication gap and misunderstanding is likely to follow.

### **Receiver**

The receiver can be an individual, a group, or an individual acting on behalf of a group. The sender has generally little control over how the receiver will deal with the message. The receiver may ignore it, decide not to try to decode, understand it or respond immediately. The communication cycle continues when the receiver responds by the same steps back to the original sender, which is called the feedback.

### **Noise**

In the communication process, noise takes on a meaning slightly different from its usual one. Noise refers to any type of disturbance that reduces the clearness of the message being transmitted. Thus, it might be something that keeps the receiver from paying close attention such as someone coughing, other people talking dosely, a car driving by etc. It can be a disruption such as disturbance in a telephone line, weak signal due to bad weather etc. It can also be internal to the receiver such as tiredness or hunger or minor ailments, which may affect the message.

## **FORMS OF ORGANIZATIONAL COMMUNICATION**

Although interpersonal and group forms of communication pertain even at the broadest organizational levels, they do not sufficiently describe the paths of all messages transmitted in organizations. Individuals can send and receive messages across whole organizational levels and departments by means of vertical communication or the informal communication network. Non-verbal communication is also important and can be a part of interpersonal, group and organizational communication.

### **Vertical Communication**

Vertical communication is the communication that flows both up and down the organizational hierarchy. This communication typically takes place between managers and their superiors or subordinates.

### **Upward Communication**

Upward Communication consists of messages moving up the hierarchy from subordinates to superiors. The content of upward communication usually includes requests, suggestions or complaints and information the sub-ordinate thinks is of importance to the superior.

### **Downward Communication**

Downward Communication consists of messages moving down the hierarchy from superiors to subordinates. The content of downward communication often includes directives, assignments, performance feedback and information that the superior thinks are of value to the sub-ordinate.

### **Transactional Communication**

Wenbun and Wilmont suggest that instead of communication being "upward" or "downward" which is inter-communication, it should be "transactional" communication, which is mutual and reciprocal because, "all persons are engaged in sending and receiving messages simultaneously. Each person is constantly sharing in the sending and receiving process and each person is affecting the other". In the transactional process, the communication is not simply the flow of information, but it develops a personal linkage between the superior and the subordinate.

### **Informal Communication**

Another term for informal communication network is the grapevine. Informal networks are found in all organizations. It is in the form of gossip in which a person spreads a message to as many other people as possible who may either keep the information to themselves or pass it on to others. The content of gossip is likely to be personal information or the information about the organization itself.

### **BARRIERS TO COMMUNICATION**

The communication must be interpreted and understood in the same manner as it was-meant to be sent by the sender, otherwise it will not achieve the desired result and a communication breakdown will occur. There are certain external roadblocks to effective communication. In addition, there are personal factors, which affect communication.

Some of the organizational barriers and some of the interpersonal barriers to effective communication are discussed below:

#### **Noise Barriers**

Noise is any external factor, which interferes with the effectiveness of communication. The term is derived from noise or static effects in telephone conversation or radio wave transmission. It may cause interference in the process of communication by distraction or by blocking a part of the message or by diluting the strength of the communication. Some of the sources contributing towards noise factor are:

#### ***Poor Timing***

A message sent on poor timing acts as a barrier. For instance, a last minute communication with a deadline may put too much pressure on the receiver and may result in resentment. A message must be sent at an appropriate time to avoid these problems. Hence the manager must know when to communicate.



***Inappropriate Channel***

Poor choice of channel of communication can also be contributory to the misunderstanding of the message. The manager must decide whether the communication would be most effective if it is in writing or by a telephone call or a face-to-face conversation or a combination of these modes.

***Improper or Inadequate Information***

Information must be meaningful to the employee and should be precise or to the point. Too little or too much information endangers effective communication. Ambiguity in use of words will lead to different interpretations.

***Physical Distractions***

Any physical distractions such as telephone interruptions or walk-in visitors can interfere with the effective face-to-face communication process.

***Organizational Structure***

Communication may be blocked, chaotic or distorted if the channels are not clear or if there are bottlenecks. Hence the organization structure should be such that the chain of command and channels of communication are clearly established and the responsibility and authority are clearly assigned and are traceable.

***Information Overhead***

Overload occurs when individuals receive more information than they are capable of processing. The result could be confusion or some important information may be laid aside for the purpose of convenience.

***Network Breakdown***

Network breakdown may be intentional or due to information overload and time pressures under which a communication has to be acted upon. Some factors contributing to such disruptions are:

- The managers may withhold important negative information.
- The secretary may forget to forward a memo.

- There may be professional jealousy resulting in closed channels.

### **Interpersonal Barriers**

There are many interpersonal barriers that disrupt the effectiveness of the communication process and generally involve such characteristics that either the sender or the receiver can cause communication problems. Some of these are:

#### ***Filtering***

Filtering refers to intentionally withholding or deliberate manipulation of information by the sender, either because the sender believes that the receiver does not need all the information or that the receiver is better off not knowing all aspects of a given situation. It could also be that the receiver is simply told what he wants to hear.

#### ***Semantic Barriers***

These barriers occur due to differences in individual interpretations of words and symbols. The words and paragraphs must be interpreted with the same meaning as was intended. The choice of a wrong word or a comma at a wrong place in a sentence can sometimes alter the meaning of the intended message. For example, a nightclub advertisement sign, "clean and decent dancing every night except Sunday", could lead to two interpretations. First, that there is no dancing on Sundays and second, that there is dancing on Sundays, but it not clean and decent.

#### ***Perception***

Perception relates to the process through which we receive and interpret information from our environment and create a meaningful word out of it. Different people may perceive the same situation differently. Hearing what we want to hear and ignoring information that conflicts with what we know can totally distort the intent or the content of the message. Some of the perceptual situations that may distort a manager's assessment of people resulting in reduced effectiveness of the communication are:

- A manager may perceive people to belong to one category or another as stereotypes, rather than unique and distinct individuals. For example, he may perceive women to be less efficient managers.
- A manager may make total assessment of a person based on a single trait. A pleasant smile may make a positive first impression.
- A manager may assume that his subordinate's perception about things and situations are similar to his own.

This perception limits the manager's ability to effectively respond to and deal with individual differences and differing views of work situations.

### ***Cultural Barriers***

The cultural differences can adversely affect the communication effectiveness, specially for multi-national companies and enterprises.

### ***Sender Credibility***

When the sender of the communication has high credibility in the eyes of the receiver, the message is taken much more seriously and accepted at face value. If the receiver has confidence, trust and respect for the sender, then the decoding and the interpretation of the message will lead to a meaning of the sender. Conversely, if the sender is not trusted, then the receiver will scrutinize the message heavily and deliberately look for hidden meanings or tricks and may end up distorting the entire message. Similarly, if the source is believed to be an expert in a particular field then the listener may pay close attention to the message, and believe it specially if the message is related to the field of expertise.

### ***Emotions***

The interpretation of a communication also depends upon the state of the receiver at the time when message is received. The same message received when the receiver is angry, frustrated or depressed may be interpreted differently than when he is happy. Extreme emotions are most likely to hinder effective communication because rational judgments are replaced by emotional judgments.

### ***Multi-meaning Words***

Many words in English language have different meanings when used in different situations. Accordingly, a manager must not assume that a particular word means the same thing to all people who use it. Hence, the managers must make sure that they use the word in the same manner as the receiver is expected to understand it, otherwise it will create a barrier to proper understanding of the message.

### **Feedback Barriers**

The final source of communication barrier is the feedback or lack of it. Feedback is the only way to ascertain as to how the message was interpreted.

### **Overcoming Communication Barriers**

It is very important for the management to recognize and overcome barriers to effective communication for operational optimization and this would involve diagnosing and analyzing situations, designing proper messages, selecting appropriate channels for communicating these messages, assisting receivers of messages in correct decoding and interpretation and providing an efficient and effective feedback system. Some of the steps that can be taken in this respect are as follows:

1        ***Feedback:*** Feedback helps to reduce misunderstandings. The information is transferred more accurately when the receiver is given the opportunity to ask for clarifications and answer to any questions about the message. Two-way communication, even though more time-consuming, avoids distrust and leads to trust and openness, which helps in building a healthy relationship contributing to communication effectiveness.

2        ***Improve Listening Skills:*** Good listening habits lead to better understanding and good relationships with each other. Some guidelines for effective listening are:

- Listening requires full attention to the speaker. Do not let your mind wander or be preoccupied with something else, otherwise you will not be able to grasp the meaning of the message in its entirety.

- The language used tone of the voice and emotions should receive proper attention. Listen for feelings in (he message content and respond positively to these feelings.
- Ask questions to clarify any points that you do not understand clearly and reflect back to the speaker, your understanding of what has been said.
- Make sure that there are no outside interruptions and interference during the course of conversation.
- Do not prejudice or value the importance of the message due to your previous dealings and experiences with the sender or your perceptions about him, positive or negative.
- Do not jump to conclusions before the message is over and is clearly understood.
- Summarize and restate the message after it is over to make sure about the content and the intent of the message.



3      **Develop Writing Skills:** Clearly written messages can help avoid semantic and perception barriers. A well-written communication eliminates the possibility of misunderstanding and misinterpretation. When writing message it is necessary to be precise thus making the meaning as clear as possible so that it accomplishes the desired purpose. Some helpful hints in written communication are suggested by Robert Degise as follows:

- **Keep words simple:** This will reduce your thoughts to essentials and the message will be easier to understand for the receiver. The message will be lost if the words are complex and do not lend to a clear single meaning.
- **Do not be bogged down by rules of composition:** While the rules of grammar and composition must be respected, they should not take priority over the ultimate purpose of the communication.
- **Write concisely:** Use as few words as possible. Do not be brief at the cost of completeness, but express your thoughts, opinions and ideas in the fewest number of words possible.
- **Be specific:** Vagueness destroys accuracy, which leads to misunderstanding of the meaning or intent of the message. Accordingly, be specific and to the point.

**4. Avoid Credibility Gaps:** Communication is a continuing process and the goal of the communication is complete understanding of the message as well as the creation of trust among all members of the organization. Accordingly, the management must be sincere and should earn the trust of the subordinates. Management should not only be sensitive to the needs and feelings of workers but also its promises should be supported by actions. According to the studies conducted by J. Luft, openness and an atmosphere of trust builds healthy relationship and closes credibility gaps, thus contributing to communication effectiveness.

**Part A (ONE Mark)**

**Multiple Choice Questions**

**Online Examination**

**Part B**

**(2 Marks)**

1. Define perception.
2. What are the factors influencing perception.
3. What is perceptual selectivity?
4. What is perception and its application in OB?
5. What are the Organizational errors in Perception?
6. State the barriers to effective Communication.
7. What is non-verbal Communication?

**Part C (8 Marks)**

1. Discuss the process involved in perception.
2. Elaborate the factors affecting perception.
3. Explain impression management.
4. What is meant by halo effect? How does it affect perception?
5. Distinguish between impression and perception.
6. What is job satisfaction? How can it influence Organization?
7. Explain the process of Communication.



**UNIT-IV- Group Behaviour**

**SYLLABUS**

Foundation of Group Behavior - Concept of Group - Types of Groups - Stages of Group Development - Group Norms - Group Cohesiveness – Group Decision making – Understanding working teams – types of teams- creating effective teams- Turning individuals to team players. Power and Politics - Bases of Power – Power tactics. Conflict – Meaning –Transition in conflict thoughts- Conflict Process- Negotiation

**GROUP**

- A Group is a collection of two or more individuals, interacting and interdependent, who have come together to achieve particular common objective.
- A group may be defined as a collection of people who have a common purpose or objective, interact with each other to accomplish the group objectives are aware of one another and perceive themselves to be part of group.
- **For example;** a crowd in front of a shop in the market watching India Vs Pakistan one day cricket match on TV will not be called as **group** because people do not interact with one another, do not know one another, and also do not share a common purpose.

**Types of Groups**

There are mainly two ways of classifying groups, they are;

1. Formal &
2. Informal groups

**Formal Groups-** Groups established by the organisation to achieve organizational goals are called formal groups.

- It is again classified as;
- Command group
- Task group

- Project group
- Committees

### **Command Group**

- A command group is composed of a supervisor (manager) and the subordinates who report directly to that supervisor.
- A command group is determined by the organizational chart.
- **For eg:** In the department of business administration of a university, For example, the head of the department and the other faculty members in the department would comprise command group.

### **Task group**

- A task group comprises of persons working together to complete a common task.
- However a task group can cross command relationships.
- For example: In a university if a student is accused of a campus crime, it may involve interaction among the head of the department, the dean of the school, the proctor, the registrar of the university.

### **Project group**

- Project groups are formed to complete a specific project.
- The life of the project group normally coincides with the length of the project
- Assigning a research project to a university professor by the university grants commission is an example of project group.

### **Committees**

- Committees are usually created outside the usual command group structure to solve recurring problems.
- The life of a committee may be relatively long or short.
- An example of committees is a university's examination discipline committee created to solve disciplinary problems relating to examination.

**Informal groups**

- Groups which are not formal are informal.
- These are groups that are neither formally created nor controlled by the organisations.
- These groups are natural formations in the work environment that appear in response to the need for social contact.
- For e.g.: 4 employees belonging to four different dept taking lunch together represent an e.g. of an informal group.

The various kinds of informal groups are;

**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, political beliefs, religious values, and other bonds of attraction.

**Interests groups**

- Interest groups are composed of individuals who may not be members of the same organisation but they are united by interest in a common issue.
- For e.g.: Interest groups may include a group of university professors who organize a seminar on law & order problems in the north eastern region of India.

**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.

**STAGES OF GROUP DEVELOPMENT**

- Stage 1 – Forming
- Stage 2 – Storming
- Stage 3 – Norming
- Stage 4 – Performing

- Stage 5 - Adjourning

### **Forming stage**

- The first stage for almost every group is an orientation stage.
- This stage is marked by a great deal of caution, confusion, courtesy and uncertainty about the groups purpose, structure and leadership.
- The formal leader exerts a great influence in structuring the group and shaping member expectations.
- This stage is complete when members of the group have begun to think of themselves as part of a group.
- In this stage members get to know each other and seek to establish ground rules.

### **Storming stage**

- The storming stage is one of inter-group conflict.
- This stage is characterized by conflict, confrontation, concern and criticism.
- Struggles for individual power and influences are common.

In case the conflict becomes extremely intense and dysfunctional, the group may dissolve or continue as an ineffective group that never advances to higher levels of group maturity.

- In this stage the members come to resist control by group leaders and show hostility.

### **Norming stage**

- In this stage members work together, developing close relationships and group demonstrates cohesiveness.
- Members develop a strong sense of group identity and loyalty and warm friendly feelings that friends have for each other.
- This stage is completed when a common set of expectations defining appropriate behaviour has been developed.

**Performing stage**

- In this stage the group becomes fully functional and involve in activities aimed at achieving the goals defined in the norming stage.
- Although the members may be involved in independent activities, they are committed to the achievement of group goals.
- This is the highest level of group maturity.
- This stage is marked by team work, role clarity and task accomplishment.
- Conflict is identified and resolved through group discussion.
- The members of the group are aware of group's processes and the extent of their own involvement in the group.

**Adjourning stage**

- This is the last stage of group development for temporary groups that have only specific task to perform.
- In this stage the members are concerned with finishing their activities.
- The feelings of members vary at this stage.
- While some may be happy at the groups accomplishment, others may be depressed that they would be losing their friends after the group is disbanded.
- Groups are adjourned for two reasons;]
- First, the group has completed its task.
- Second, the members decide to disband and close the group with sentimental feelings.
- These groups may disband either after meeting their goals.

**Group Norms**

- Group norm is a standard of behaviour.
- Group norm is a rule that tells the individual how to behave in a particular group.
- Group norms identify the standards against which the behaviour of group members will be evaluated and help the group members know what they should or should or should not do.
- Norms could be formal or could be informal.

### Types of Group Norms

There are two types of group norms, which are as follows:

- **Behavior norms:** Behavior norms are rules that standardise how individuals act while working on a day-to-day basis. Examples are. "do not come to committee meetings unless you have read the reports to be "discussed", "greet every customer with a smile", etc. These norms tend to reflect motivation, commitment to the organization and therefore result in high level of performance.
- **Performance norms:** Performance norms are rules that standardize employee output and number of hours worked.

Group norms have the following characteristics;

- As personality reveals an individual, so group norms do for groups.
- Norms serve as the basis for behaviour of group members.
- They predict and control the behaviour of members in groups.
- Norms are applied to all members of the group though not uniformly.

### Group Cohesiveness

- Group Cohesiveness (also known as cohesion) is the force of bringing group members closer together.
- Group cohesion means the degree to which the group members are attracted to each other and remain within the group.
- Cohesiveness binds all the group members to work as one man to attain the set goals.
- Cohesiveness has two dimensions: emotional (or personal) and task-related.
- The **emotional aspect** of cohesiveness is derived from the connection that members feel to other group members and to their group as a whole

According to Rensis Likert, "cohesiveness is the attractiveness of the members towards the group or resistance of the members leaving it". It refers to the attachment of members with the group.

According to K. Aswathappa, "cohesiveness is understood as the extent of liking each member has towards others and how far everyone wants to remain as the member of the group". Attractiveness is the key to cohesiveness. Cohesiveness is the extent to which group members are loyal and

committed to the group and to each other. In a highly cohesive group, the members work well together, support and trust one another and are generally effective at achieving their chosen goals.

A group that lacks cohesiveness will not be very much coordinated. Its members will not support one another and they may face difficulty in reaching their goals.

### **Advantages of Group Cohesiveness**

The advantages of group cohesiveness are as follows:

- The members of cohesive groups have high morale.
- The members don't have conflicting views, which decreases the chances of in clash among the views of group members at the workplace or elsewhere.
- Individuals of cohesive groups have no anxiety at the workplace.
- Members of cohesive groups are regular at their work.
- Cohesiveness increases productivity.
- Organizations gain from the members of cohesive group because they communicate better they share ideologies and respect opinions of fellow employees.

The following factors can increase group cohesiveness:

- Competitiveness with other groups.
- Inter-personal attraction.
- Favourable evaluation from outsiders.
- Agreement on goals.
- Frequent interaction. The following factors decrease cohesiveness:
- Large group size.
- Disagreement on goals.
- Competitiveness within group.
- Domination by one or more members.
- Unpleasant experiences.



**Power**

Power is easy to feel but difficult to define. It is the potential ability of a person or group to influence another person or group. It is the ability to get things done the way one wants them to be done. Both formal and informal groups and individuals may have power; it does not need an official position or the backing of an institution to have power. Influence can take many forms. One person has influenced another if the second person's opinions, behavior or perspectives have changed as a result of their interaction. Power is a factor at all levels of most organizations. It can be a factor in almost any organizational decision.

**POWER AND AUTHORITY**

Sometimes power and authority is used synonymously because of their objective of influencing the behavior of others. However, there is difference between the two. Power does not have any legal sanctity while authority has such sanctity. Authority is institutional and is legitimate. Power, on the other hand, is personal and does not have any legitimacy. But still, power is a crucial factor in influencing the behavior in organizational situation.

**Sources of Power**

John R. P. French and Bertram Raven identified five bases or sources of power: legitimate, reward, coercive, expert and referent power.

**Legitimate Power**

A person's position within organization provides him with legitimate power. The organization gives managers the power to direct the activities of their subordinates. Legitimate power is similar to formal authority and hence it can be created, granted, changed or withdrawn by the formal organization. The structure of the organization also identifies the strength of the legitimate authority by position location. For instance, higher-level positions exercise more power than lower-level positions in a classical hierarchical organizational structure. Organizations vary in how much legitimate power they grant to individuals. In such organizations, everyone knows who has the most power and few people challenge the power structure.

### **Reward Power**

This type of power is the extent to which one person has control over rewards that are valued by another. The greater the perceived values of such rewards, the greater the power. Organizational rewards include pay, promotions and valued office assignments. A manager who has complete control over such rewards has a good deal of power. Manager who uses praise and recognition has also a good deal of power.

### **Coercive Power**

People have, coercive power if they have control over some form of punishment such as threat of dismissal, suspension, demotion or other method of embarrassment for the people. Perhaps, a manager can cause psychological harm also to an employee. A manager's coercive power increases with the number and severity of the sanctions over which the manager has control. Although the use of coercive power is often successful in the short run, it tends to create resentment and hostility and therefore is usually detrimental to the organization in the long run.

### **Expert Power**

It is more of personal power than organizational power. Expert power is that influence which one wields as a result of one's experience, special skill or knowledge. This power occurs when the expert threatens to withhold his knowledge or skill. Since any person who is not easily replaceable has more power as compared to those who are easily replaceable. If the sub-ordinates view their superior as competent, and knowledgeable, naturally they will obey and respect the superior. To the extent, that a low-ranking worker has important knowledge not available to a superior, he is likely to have more power.

### **Referent Power**

A person who is respected by certain others for whatever reason has referent power over those people. A person with referent power may have charisma and people who respect that person are likely to get emotionally involved with the respected person and identify with, accept and be willing to follow him or her. People with referent power are often imitated by others with the star's actions, attitudes and dress. This imitation reflects the rising star's power over the imitations.

## **POLITICAL BEHAVIOR AND ORGANIZATIONAL POLITICS**

Power and politics are inextricably interwoven with the fabric of an organization's life. In any organization, at any given moment, a number of people are seeking to gain and use power to achieve their own ends. This pursuit of power is political behavior. Organizational politics refers to the activities carried out by people to acquire, enhance and use power and other resources to obtain their preferred outcomes in a situation where there is uncertainty or disagreement. One great organizational scholar, Tushman defined politics, 'as the structure and process of the use of authority and power to affect definition of goals, directions and the other major parameters of the organization. Decisions are not made in rational or formal way but rather through compromise accommodation and bargaining.

### **Managing Political Behavior**

The very nature of political behavior makes it difficult to manage or even approach in a rational and systematic manner. However a manager who understands why people use political behavior and the techniques people usually employ has the best chance to manage political behavior successfully.

People use political behavior in organizations in response to the five main factors:

- Ambiguous goals
- Scarce resources
- Technology and the environment
- Non-Programmed decisions
- Organizational change

## **FACTORS INFLUENCING POLITICAL BEHAVIOR**

### **Ambiguous Goals**

When the goals of a department or the entire organization are ambiguous then there is more room available for playing politics. Some people may use the ambiguity to manipulate the situation for their benefit.

### **Scarce Resources**

When resources are scarce, people have the tendency to use political behavior to make sure that they get the biggest possible share of the resource.

### **CHANGES IN TECHNOLOGY AND ENVIRONMENT**

Organizational effectiveness is largely a function of the organization's ability to appropriately respond to external environment which is highly dynamic and generally unpredictable as well as adequately adopt to complex technological developments. Thus, political behavior is increased when the internal technology is complex and when external environment is highly volatile.

### **Non-Programmed Decisions**

Sometimes, the companies have to make a lot of non-Programmed decisions on certain issues. These decisions are not based on clear standards and precedents, because such issues involve many factors and variables that are complex in nature. Hence decisions are taken on intuition, bunch and guesses and all these subjective feelings can be affected by political behavior.

### **Organizational Change**

Whenever there are changes in the organizational structure and policies, peoples in powerful positions have the opportunity to play politics. These changes may include restructuring of a division or creating a division, personnel changes, introducing a new product line and all these changes influence political behavior when various individuals and groups try to control the given situation.

It is widely accepted that managers have to be politicians in order to maintain their positions in the organizational hierarchy as well as serve the interests of their units. Pfeiffer, who has done extensive research on -the subject of power in organizations, states as follows:

“If there is one concluding message, it is that it is probably effective and it is certainly normal that these managers do behave as politicians. If is even better that some of them are quiet effective at it. In situations in which technologies are uncertain, preferences are conflicting, perceptions are selective and biased and information processing capacities are constrained, the model of an effective politician may be an appropriate one for both the individual and for the organization in the long-run”.

### **TECHNIQUES OF POLITICAL BEHAVIOR**

The most commonly used techniques of political behavior are:

- Controlling information
- Controlling lines of communication
- Controlling agenda -
- Using outside experts
- Game playing
- Image building
- Building coalitions

One technique of political behavior is to control the dissemination of critical information to others. The more critical (the information and fewer the people who have it, the stronger is political power base of those who possess these information.

Controlling lines of communication is another political technique related to the flow of information. People who have some control over lines of communication can yield considerable political power. For example, the secretary may have considerable power in deciding who sees the boss and who does not at a given time. She may use this power in favoring those whom she likes and frustrating those against whom she may have it grudge.

Controlling the agenda also gives a person power over information. The person who controls a meeting's agenda, for instance, may consistently put a particular item last on the list and then take up time so that meeting adjourns before considering the item.

The opinions of outside experts and consultants often carry much weight in organizations and many consultants can be swayed by political interests. Consultants know who is paying them and even honest consultants are likely to give opinions consistent with those of their employer. Hence, hiring an outside consultant can be a clever political move.

Game playing can range from fairly innocent to very manipulative. It involves people doing something insincere, but not outright illegal or unethical to gain political ends. For instance, a manager who does not want to answer a committee's tough questions may, for instance, avoid meeting by going out of the town on the day of meeting.

Image building is creating positive impression reflected by the personality, appearance and style. Some of the factors that enhance a preferred image consist of being well dressed, having a pleasant smile, being attractive, honest, sociable and loyal to the organizational interests. In addition, always project an image of competence and self-assurance.

Building coalitions or alliance is another technique of gaining political power. It is necessary to have the alliance with the right people. Coalition building can become simply a matter of quid pro quo: I will support you if you will support me.

### **Managing Political Behavior**

Though it is virtually impossible to eliminate political behavior in organizations, it is possible to reduce it, if a manager understands the reasons for it and the techniques of political behavior. Politics when carried to the extreme can damage morale, create enemies, destroy loyalty, damper co-operative spirit and much time and energy is spent planning attacks and counter attacks which are detrimental to organizational health. Accordingly, combating politics must be undertaken by the top management and some of the steps that can be undertaken are: open communication, reduction of uncertainty and creating awareness.

Open communication can reduce the political activity if all employees know how and why an organization allocates resources, the employees will be likely to put their energy into meeting the stated criteria for getting resources rather than into political activity. If the organization is open about why it made particular decision, then employees will be less likely to think that the decisions were political and less likely to use political techniques to try to influence the next decision.

Uncertainty in the form of ambiguous goals and changes that affect the organization tends to increase the use of political activity. Reducing such uncertainty can, therefore, reduce the political behavior. Open communication is one of the ways an organization can reduce uncertainty. For instance, laying down clear criteria and making it transparent to the employees who will be laid off, in case of lay off the organization can reduce political behavior.

Finally, managers who develop an ability to recognize and predict political activity are in the best position to limit its effects. Managers with this awareness will expect an increase in political activity during times of organizational change and will learn how to handle it.

## CONFLICT – MEANING

- Conflict is a struggle between two or more forces that creates a tension that must be resolved.
- A process that begins when one party has negatively affected or is about to negatively affects something that the first party cares about.
- Conflicts may range from small disagreements to violence.

### Definition

Conflict may be defined as the tension or disagreement between two or more individuals or groups over an issue of mutual interest.

## SOURCES OF CONFLICT

Conflict can arise from a variety of sources. They can be classified as *structural factors and personal factors*.

**Structural factors** which stem from the nature of the organisation and the way in which work is organised.

**Personal factors** which arise from differences among the individuals

### Functional Vs Dysfunctional conflict

#### (Aspects of conflict)

**Functional conflict** – Conflicts that support the goals and improve its performance are known as functional conflict.

**Functional:** supports the goals of the group & improves performance

- Some of the positive or functional aspects of conflicts that may occur in organisations are;
- Conflicts bring cohesiveness in groups.
- Conflicts motivate group members to have concern for organisation.
- Conflict help to frame better goals
- Conflict lead to motivation
- Conflict promote change



- Conflicts motivate group members to rely on organizational goals.
- Conflicts lead to high quality decisions.
- It has been recognized that some optimum level of conflict associated with stress will bring progressive outcomes in productivity.
- Hence there is close relationship between conflicts and organisational performance.

### **Dysfunctional conflict**

**Dysfunctional**: hinders or destroys group performance.

- The negative part of a conflict which results in breakdown of organizational performance is called dysfunctional conflict.
- Conflicts destroy or stop the achievement of organizational goals and hence they are called as destructive conflicts.
- The performance of an organisation tends to deteriorate (get worse) when conflicts become too great.
- Dysfunctional conflict impedes (hinder) group or organizational performance and results in destructive outcomes.
- When certain members of a group strongly oppose the views of some other members and no one is willing to give way, the situation get out of control and conflict intensifies.
- Dysfunctional conflict is conflict that leads to a decline in communication or the performance of a group.
- Dysfunctional conflict can be an overabundance (surplus) of conflict or a lack of sufficient motivating conflict.

### **Organizational Dysfunctional Conflict**

- Dysfunctional conflict within an organization is motivated by egos of employees with competing ambitions.
- It often leads to higher stress and a likelihood that employees will burn out.
- Employees will also likely feel less satisfaction and less loyalty to the organization.

### Levels of conflict

- **Disagreement:** when two or more people are dealing with minor conflicting issues. Resolution can be achieved by finding out on which point or points they disagree, defining a mutually acceptable goal and dissolving or resolving the points of disagreement based on the goal.
- **Aggravation:** Prolonged disputes between individual people, such as continuing competition or "grudge matches." Resolution can be achieved by determining the basic issues of the grudge, and what it would take for the parties to be willing to set the dispute aside.
- **Civil Dispute:** Resolution: formalized, using the courts. Conflicted parties are no longer able to deal directly.
- **Criminal Disputes:** Resolution: again, these are handled in the courts.
- **Regional Disputes:** Courts are no longer considered appropriate. These have no immediate solution in law because the nature of the dispute transcends the solutions of the laws. Resolution: is achieved through symbolic or totemic gestures, and some form of compensatory sacrifice.
- **War:** Adjudicated through negotiation and reparation of a "diplomatic" nature.
- **Annihilation:** Solution to the whole destruction of the environment is the selection of the new species for the people deprived of "home" to inhabit.

### Conflict Management

How to manage or resolve conflict?

#### 1. *Avoiding - Ignoring other group*

- Avoiding is a low style on both assertiveness and cooperativeness.
- A person uses this style to stay away from conflict, ignore disagreements or to remain neutral.
- The avoidance approach is an aversion (dislike) to tension and frustration and may involve in a decision to let a conflict work itself out.
- Avoiding is a deliberate decision to sidestep a conflictual issue, postpone, addressing it later or to withdraw from a conflicting situation.
- In certain situations, it may be appropriate to avoid a conflict.

- For e.g.: When parties are much angry and need time to cool down, it may be best to use avoidance.

**2. Accomodating - Allowing other group to win**

- A style in which one is concerned that other party's goals be met but relatively unconcerned with getting one's way is called accommodating.
- The accomodating style refers to cooperative and unassertive behaviours,
- Individuals using the accommodating style are typically evaluated favourably by others, but they will also be perceived as weak and submissive.
- In this style one party is willing to sacrifice in the interest of the other party.

**3. Competing**

- Working to dominate, control and win to win.
- This type of style is characterized by high assertion and low cooperation and represents a win lose approach to an interpersonal conflict.
- Those who use competing approach try to achieve their own goals without any concern for others.
- This style includes aspects of coercive power and dominance.
- In this style one tries to meet one's goals at the other party's expense.
- This type of style is characterized by high assertion and low cooperation.

**4. Compromising**

- Finding acceptable solution and makes everyone feel good.
- The compromising style is intermediate between both the assertive and cooperative dimensions.
- Compromising is commonly used and widely accepted as means of resolving conflicts.
- Each party tries to sacrifices something to reach a solution to the conflict.
- A typical give and take policy dominates the behaviour of the conflicting parties.
- Compromises are often made in the final hours of union-management negotiations.
- Compromising becomes an effective style when efforts toward collaboration have failed.

**5. Collaborating**

- Working together to solve problems.
- Collaborative style is marked by both assertiveness and cooperativeness.

- Collaborating involves attempts to satisfy the needs of both the parties.
- It is based on win – win style.
- An individual who uses this style tends to see conflict as natural, helpful and even leading to a more creative solution if handled properly.
- An individual who uses collaborating style is often seen as dynamic and evaluated favorably by others.

In this style a creative solution usually emerges because of joint effort

**Part A (ONE Mark)**

**Multiple Choice Questions**

**Online Examination**

**Part B**

**(2 Marks)**

1. What is group dynamics?
2. What is group behavior and explain its concept?
3. Write notes on Formal groups.
4. Write notes on informal groups.
5. What is group cohesiveness?
6. Write notes on Group norms.
7. State the basis of Power.

**Part C (8 Marks)**

1. Distinguish between team and group. How is an effective team developed?
2. Explain the methods for resolving conflicts.
3. Explain conflict management.
4. Explain the types of teams.
5. Elaborate the stages of Group development.
6. Bring out in detail the role of informal group in an Organization.
7. Describe the role of Power and Politics in an Organization.

**UNIT-V- Organizational Effectiveness**

**SYLLABUS**

Organizational culture- Definitions and Characteristics of Culture- Types of Culture – Creating and Maintaining an Organizational Culture. Organizational change –Meaning- Forces for Change- Managing Planned Change - Factors in Organizational Change - Resistance to change- Overcoming resistance to change. Stress – Causes of stress – Effects of Occupational Stress- Coping Strategies for Stress.

**Organizational culture**

The term culture signifies values, beliefs, morals, customs, habits, and knowledge by people living in a society.

Organizational culture is the acquisition of values, beliefs, attitudes, expectations etc. by the employees of organization.

**Definition**

Turnstall defined organisational culture as “A general constellation of beliefs, morals, value systems, behavioural norms and ways of doing business that are unique to each corporation”

**Characteristics of culture**

**Observed behavioural regularities**

When people in the organization interact with one another, they generally use common language, terminology and other rituals that relate to deference and demeanor.

**Norms**

Standards of behaviour are set to guide the organisational members how much work to do.

**Dominant values**

Organizations advocate some major values and expect the same to be imbibed by its organisational participants. A few examples of such popular values are high product quality, regularity and efficiency.

**Philosophy**

Organisations set forth certain beliefs about how employees and customers are to be treated.

**Rules**

There are guidelines prescribed how the new participants of the organisations have to adopt so as to be accepted the full fledged members of their group in the organisation.

Organizational climate

**Types of culture**

Organizational culture may be of the following types:

1. Sub culture.
2. Dominant culture.
3. Strong Culture.
4. Weak culture.
5. Authorization Culture.
6. Participative Culture.
7. National culture.

**SUB CULTURE:**

Sub culture refers to a set of values that are shared by the employees are a particular department in an organization.

It is the results of problems are experienced peculiar to a particular department.

**DOMINANT CULTURE:**

It refers to a set of values that are shared by all the members of an organization.

**STRONG CULTURE:**

In the case of strong culture, the core value are intensely held and widely shared by all the members of an organization. The attitude of the employees in such an organization will be positive and the rate of labour turn over will be low.



**WEAK CULTURE:**

In an organization having weak culture, the core values are not intensely held and widely shared by all the members of the organization. The employers in such an organization, obviously do not possess a positive attitude. The rate of turnover is also likely to be high.

**AUTHORITARIAN CULTURE:**

In this case the leader of the organization exercises full control over the subordinates who have to strictly carry out the orders and instruction of the formers.

**PARTICIPATIVE CULTURE:**

It is based on beliefs that subordinates are motivated to occur that are when they are involved in the process of decision-making. It ensures that the leader does not thrust his idea on the employees.

**NATIONAL CULTURE:** National culture is the value system and pride associated with a nation. Many people deny their national culture when they move to a new location, and embrace the national culture of their new home.

**CREATING & MAINTAINING AN ORGANISATIONAL CULTURE**

**CREATING A CULTURE:**

The founders start their organization with a vision of what their organization should be. Then the vision is imposed on all organizational members regarding product innovation, employee dress attire and compensation policies etc.

Process involved in the creation of culture is;

1. A single person has an idea or vision for an enterprise.
2. The founder brings in some people and creates a core group that shares a common vision with the founder. All in the core group accept the vision or idea and work on it.
3. The founding core group begins to act in concert to create an organization by raising funds, obtaining patents incorporating, locating space, building and so on.

**SUSTAINING A CULTURE**

Once a culture is created it needs to be sustained through reinforcement practices of human resources.

The practices involved in sustaining a culture are as follows:

1. **Selection** - The first step involved in sustaining culture is the careful selection of entry level candidates.

The basic purpose of selection process is to appoint right people for the right job. By identifying the suitable candidate who can culturally match the organization culture ,selection helps sustain culture considerably.

## 2. **Top management**

Subordinates emulate their superiors. Hence the actions of top management such as what the managers say and how they behave have a major impact on the employees working at lower level.

Managerial actions like degree of freedom granted to the subordinates, prescription for the employee uniform, pay off in terms pay raises, promotions and other rewards also helps create a common history that is culture in the organization.

## 3. **Socialisation**

Socialisation is the process of adaptation.

New organizational members coming from different moods and mores are likely to disturb the common customs and beliefs already established in the organization.

Therefore the new employees need to be adapted to the organization. This adaptation process is called socialization.

It involves three phases:

### **Pre arrival**

It refers to all the learning that occurs before a new member joins the organization.

### **Encounter**

- It is the stage of induction which the new recruit joins the firm and put on the job.
- The role playing starts here.
- The recruit starts comparing expectations, the image which he had formed during pre arrival stage with reality.
- If the expectation and reality concur the encounter, the encounter is smooth.
- When the two differ, stress and frustration set in

### **Metamorphosis**

- It is the completion stage of changes and consolidation of changed behavior.
- In this stage employees master the skills required for their new roles and make the adjustment to the organization's norms and values.
- This is a voluntary process and conscious decision which enabled them to become compatible with the group and organization

### **CHANGING A CULTURE**

- As organizations do not remain the same over a period of time, so is the case of culture as well. Culture established in one type of environment may not remain effective in changed environment. If it is so the organization must either adapt to new conditions of environment or it may not survive. Hence the need for change in organizational culture.
- Situations which facilitate changes in the culture;
- When the environment is going rapid changes and the company has always been highly value driven.
- When the industry is highly competitive and the environment changes quickly.
- When the company is truly at the threshold of becoming a large corporation.
- When the company is growing very rapidly.
- The other major factors that create right condition for change in culture include;
- A Dramatic crisis
- The example of such crisis may be a surprising financial set back, the loss of a major customer, or a dramatic technological breakthrough by a competitor which can change the market structure

### **Change in Leadership**

Change in the leadership can also have a major impacts on organizational culture. New leadership at the organizational apex heralds signals of change.

### **STRESS – Definition**

According to Hans Selye defines stress as “an adoptive response to the external situation that results in physical, psychological and or behavioural deviation for organizational participants”

In general sense stress is the pressures people feel in life due to their reaction to situation.

### Causes of stress

- Environmental causes
- Organizational causes / stressors
- Group causes / stressors

### Coping Strategies

Coping is the way individuals handle either the stressors or themselves. A person sensing stressor, either consciously or unconsciously, chooses a way to respond to it.

This occurs through a secondary cognitive appraisal process, which is different from the primary cognitive appraisal in which one becomes aware of the stressor.

These are two functions of coping:

**i. Problem Solving Function:** We may try to change the environment stressor on our own behaviour.

**ii.** The second function of coping is to manage the physiological and emotional reactions to stress “so that they do not get out of hand and do not damage or destroy morale and social functioning”. Basically, this means managing one’s emotions. Lazarus suggests several different coping strategies:

**iii. Information seeking:** It is trying to find out what the stressors are and what causes them. Because uncertainty is a property of stress, information seeking can be productive if the result is reduced. Stress was found to be higher for employees who actively sought and obtained information about a major organizational change which might have had negative effects on them.

**iv. Direct action:** It may take several forms. When experiencing job stressors, you may work harder, take pills, change jobs or change the environment in some way.

Another form of direct action is to seek and develop social support. Acceptance and help from others buffer the effects of the stressors to well help you find more constructed solutions. If you are experiencing stress because of conflicting demands from your boss, you might seek out an older colleague with whom you can discuss the problem and come up with a solution that helps.

**v.. Restraining action:** These are times when the best way to deal with stress is not to act, especially when taking actions might lead to other, less desirable outcomes.

Waiting before taking another course of action is probably a more effective way to cope with such stress.

**vi. Psychological modes:** Psychological coping reactions are quite common response to stress. Emotions and often subsequent behaviour, are determined in part by situation, and other defense mechanisms may change the perceptions of the objective environment, so much that the perceived environment is one in which the person can operate more comfortably, at least in the short run.

When psychological coping modes distort reality and are used extensively, they may represent a poor adjustment to stress. For example: if a person who consistently has a difficult time performing a job but denies the failure or attributes it to wrong causes, may continue to stay in an unsuccessful situation. In the long run, this may diminish self-esteem.

### Sources of Stress

Stress is a result of the transactions and interaction between the person and the environment. Some stressors are in the objective environment while most are part of the psychological environment. Work factors and non-work factors are sources of stress.

### Work factors

From the organization's point of view, work-induced health problems, both physical and mental, may create serious financial responsibility. It has been estimated, for example, that about 95% of workers compensation claims, resulting from mental stressors may be due to cumulative psychic workplace trauma, which is caused by employee abuse by manager. Major- work Setting stressors are:

**i. Occupational factors:** Some jobs are more stressful than others. Blue—Collar workers are more likely to be exposed to working conditions that lead to physical health problems because, many of their jobs are mostly physically dangerous or they are exposed to more toxic substances. Studies have shown that, those who work in routine jobs have high levels of alienation from work and boredom, and that machine paced work was more strongly related to tension, anxiety, anger, depression and fatigue than non-paced work. High-risk jobs make high psychological demands and provide low decision control. People in these jobs are constantly under pressure from others as they must respond in a way that the other person wishes, not in the way they would like to.

**ii. Role Pressure:** Robert Kahn and a group of researchers at the University of Michigan's Institute for Social Research examined the extent of role conflict and role ambiguity in organizations, their causes, how they relate to personal adjustment and how personality might modify the effects of role strain. This research is based on the premise that individuals are more effective at work roles when they are clear about what is expected of them and when they do not have severe conflicting demands.

**iii. Role conflict:** It occurs when a person is in situation where there are pressures to comply with different and inconsistent elements. If the person complies with one demand, it is difficult or impossible to comply with other demands. The particular type of role conflict depends on the sources of the demands. An intercentral role conflict is inconsistent expectations from a single person.

## **STRESS MANAGEMENT**

There are several ways to manage stress. It may be possible to change the objective environment to remove a stressor or to alter the psychological environment that the person experiences. Perhaps it is possible to alter the stress symptoms in some way so that they will not have debilitating long-run effects. All of these general approaches work, and the most effective way to manage stress may be broad attack on several dimensions.

### **Personal Approaches to Stress Management**

Stress can be managed, at least in the sense that a person can avoid stressful conditions, change them, or learn to cope more effectively with them.

### **Psychological strategies**

Psychological approaches to managing stress attempt to do one or more of the following:

- i. Change the environment in which the stressor exists.
- ii. Change the cognitive appraisal of the environment
- iii. Change some activity or behaviour to modify the environment

Counseling and psychotherapy have long been used to solve stress-induced problems.

Personnel trained in mental health intervention, work regularly with the person to determine the source of stress, help modify his or her outlook, and develop alternative ways to cope. Often this is



done by helping a person gain enough self-confidence and self-esteem to try a different way of coping with stress.

### **Physiological Approaches**

Being in good physical condition will help one deal more effectively with stress. Proper exercise, a wise diet, and not smoking are likely to yield positive physiological effects for anyone. Heart rate decreases, blood pressure is generally reduced, and the body becomes more resistant to pressures.

### **Organizational Change**

- Organizational change refers to a modification or transformation of the organizations structure, processes or goods.
- Flexibility requires that organizations be open to change in all areas, including the structure of the organization itself.
- In a flexible organization, employees can't think of their roles in terms of a job description. They often have to change the tasks they perform and learn new skills.
- The most flexible organisations have a culture that values change and managers who know how to implement changes effectively.
- W.Cook and other states that change as, "the coping process of moving from the present state to the desired state that individuals, groups and organizations undertake in response to dynamic internal & external factors".
- 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 management

### **Factors in organizational change**

- External factors
- Internal factors



## **1. External factors**

### **Technological change**

Rapid technological innovation is a major force for change in organizations, and those who fail to keep pace can quickly fall behind. Technological innovations bring about profound change because they are not just changes in the way work is performed.

### **Globalization**

- The global economy means competitors are likely to come from across the ocean.
- Globalization for an organization means rethinking the most efficient ways to use resources, disseminate and gather information and develop people.

### **Social & Political changes**

- A firm's fate is also influenced by such environmental pressures as social & political changes.

### **Workforce diversity**

- Workforce diversity is a powerful force for change in organization.
- The demographic trends contributing to workforce diversity are;
- The workforce will be more culturally diverse than ever.
- The workforce is aging. There will be fewer young workers and more middle aged working.

### **Managing ethical behaviour**

- Employees feel ethical dilemmas in their daily work lives.
- The need to manage ethical behaviour has brought about several changes in organizations.
- Ethical behaviour is expected in relationships with customers, environment & society.

## **2. Internal factors**

### **Changes in managerial personnel**

- One of the most frequent reasons for major changes in an organization is the change of executives at the top.
- Changes in the managerial personnel are thus a constant pressure for change.

### **Declining Effectiveness**

- Declining effectiveness is a pressure to change.

**Changes in work climate**

- Changes in the work climate at an organization can also stimulate change.

**Deficiencies in the existing system**

- Another internal pressure for organizational change is the loopholes in the system.
- These loopholes may be unmanageable spans of control, lack of coordination between departments, lack of uniformity in politics, non-cooperation between line & staff etc.

**Employee expectation**

- Changes in employees expectations can also trigger changes in organizations

**Resistance to change**

Resistance to change is the action taken by individuals and groups when they perceive that a change that is occurring as a threat to them.

- To examine fundamental reasons why people and organizations resist change.
- To gain an appreciation that the adoption of innovation is a complex process involving a variety of people and factors.
- Resistance to change is the act of opposing or struggling with modifications or transformations that alter the status quo in the workplace.
- Managing resistance to change is challenging. Resistance to change can be covert or overt, organized or individual.
- However resistance to change happens, it threatens the success of the venture.
- It affects the feelings and opinions of employees at all stages of the adoption process. It affects productivity, quality, and relationships.
- Organizations can face resistance from various sources. The sources can be classified into individual and organizational sources.

**Individual resistance**

- Fear of the unknown
- New learning
- Disruption of stable friendship
- Distrust of management

- Economic factors
- Social factors

**Organizational resistance**

- Limited focus of change
- Group inertia
- Threat to expertise
- Threat to established power relationships
- Threat to established resource allocations

**RESISTANCE TO CHANGE**

Although organizations initiate changes in order to adjust to the changes in their environments but people sometimes resist them. Therefore, managers need to recognize the manifestations of resistance both in themselves and in others, if they want to be more effective in supporting change. For example, managers can use the list given in following table.

Acceptance	<ul style="list-style-type: none"><li>• Enthusiasm</li><li>• Cooperation</li><li>• Cooperation under pressure from management</li><li>• Acceptance</li><li>• Passive resignation</li><li>• Indifference</li></ul>
Indifference	<ul style="list-style-type: none"><li>• Apathy: loss of interest in the job</li><li>• Doing only what is ordered</li><li>• Regressive behavior</li></ul>
Passive Resistance	<ul style="list-style-type: none"><li>• Non-learning</li><li>• Protests</li><li>• Working to rule</li></ul>

	<ul style="list-style-type: none"><li>• Doing as little as possible</li></ul>
Active Resistance	<ul style="list-style-type: none"><li>• Slowing down</li><li>• Persona! withdrawal (increased time off the job)</li><li>• Committing "errors"</li><li>• Spoilage</li><li>• Deliberate sabotage</li></ul>

The sources of resistance to change within organizations are classified into organizational sources of resistance and individual sources of resistance.

### **Overcoming resistance to change**

- Educating employees and improving communication with them
- Encouraging employee participation
- Facilitation and support
- Negotiation
- Coercion

The following methods of overcoming-resistance to change are as follows:

- ***Participation:*** Participation is generally considered the most effective technique for overcoming resistance to change. Employees who take part in planning and implementing change are better able to understand the reasons for the change than those who are not involved. They become committed to the change and make it work. Employees who have the opportunity to express their own ideas and to understand the perspectives of others are likely to accept change gracefully. It is a time consuming process.
- ***Education and Communication:*** Educating employees about the need for and the expected results of an impending change help reduce their resistance. Managers should maintain an open

channel of communication while planning and implementing change. However, it is also a time consuming process.

- **Facilitation of Change:** Knowing ahead of time that employees are likely to resist change then the manager should do as much as possible to help them cope with uncertainty and feeling of loss. Introducing change gradually, making only necessary changes, announcing changes in advance and allowing time for people to adjust to new ways of doing things can help reduce resistance.
- **Force-Field Analysis:** In almost any situation where a change is being planned, there are forces acting for and against the change. In force-field analysis, the manager lists each set of forces and then try to remove or minimize some of the forces acting against the change.
- **Negotiation:** Where someone or some group will clearly lose out in a change and where that group has considerable power to resist, there negotiation is required. Sometimes it is a relatively easy way to avoid major resistance.
- **Manipulation and Cooperation:** This is followed when other tactics will not work or are too expensive. It can be quick and inexpensive, However, it can lead to further problems if people feel manipulated.
- **Explicit and Implicit Coercion:** This is adopted where speed is essential and where the change initiators possess considerable power. It is speedy and can overcome resistance.

**Part A (ONE Mark)**

**Multiple Choice Questions**

**Online Examination**

**Part B**

**(2 Marks)**

1. Define culture.
2. Make a note on job stress.
3. What are the causes of Stress?
4. What are the factors in organizational change?
5. How to overcome resistance of change?
6. What is organization culture?
7. Make a short note on organizational change.

**Part C (8 Marks)**

1. Explain the types of culture.
2. Discuss the various types of stress.
3. What are the strategies for overcoming resistance to change? Discuss.
4. What are the challenges of workforce diversity? Comment.
5. Explain the reasons for resistance to change.
6. Explain the coping strategies for stress.
7. Explain the ways of creating and maintaining culture.