

Management

1. Define management. What are the nature and characteristics? Explain its function.

Ans: **Management** is the act of getting people together to accomplish desired goals and objectives using available resources efficiently and effectively. Management comprises planning, organizing, staffing, leading or directing, and controlling an organization (a group of one or more people or entities) or effort for the purpose of accomplishing a goal. Resourcing encompasses the deployment and manipulation of human resources, financial resources, technological resources and natural resources.

Since organizations can be viewed as systems, management can also be defined as human action, including design, to facilitate the production of useful outcomes from a system. This view opens the opportunity to 'manage' oneself, a pre-requisite to attempting to manage others.

1. Management is a group activity: - As no individual can satisfy all his desires himself, he unites with his distinguished group to achieve what he cannot achieve individually.

2. Management is goal-oriented: - Management aims to achieve economic and social objective. It exists to achieve some definite goals or objectives. Group efforts in management are always directed toward the achievement of some pre-determined goals.

3. Management is a factor of production: - Management is an end in itself but a means to achieve the group objectives. Just as land, labor and capital are factor of production and are essential for the production of goods and services.

4. Management is universal in character: - Management is applicable in all types of organization. Whenever there is human activity, there is management. The basic principle of management are universal application and can be applied in all organization whenever they are business, social, religious, cultural, sport, educational, politics or military.

5. Management is needed at all levels of the organization: - Another important feature of management is that it is needed at all levels of the organization, e.g. top level, middle level and supervisory level. The only difference is of the nature of task and the scope of authority.

2. Is management a science, art or profession? Explain.

Ans: It's both.

ART because you have to deal with people. You have to study organization behaviour and know what motivates people and what puts people off. You have to know Maslow's hierarchy of need etc. This is more qualitative.

SCIENCE because you have to know how to be accountable. You have to count how many people are in the office, the turnover rate, profit and loss, accounting etc. It's more quantitative.

Management as an Art

Art involves the systematic application of theoretical knowledge and personal skills to achieve desired results. The function of art is to effect change and to bring about desired results through deliberate efforts. Art represents 'how' of human behavior because it is the know-how to accomplish concrete practical results.

Art is a personalized process as every artist has his own style. Art is essentially creative and the success of an artist is measured by the results he achieves. A carpenter making furniture out of wood and a goldsmith shaping gold into ornaments are examples of art.

Art prescribes how to do things and it can be improved through continuous practice. Art is result-oriented involving practical way of doing specific things.

It consists of bringing about desired results through the use of skills. Art involves practical application of theoretical knowledge.

Management is essentially an art because of the following reasons:

(a) The process of management involves the use of knowledge and skills. Every manager has to apply certain knowhow and skills while dealing with people.

(b) Management seeks to achieve concrete practical results, e.g., profits, service, etc. According to Prof. John F. Mee, "management is the art of securing maximum results with a minimum of effort so as to secure maximum prosperity and happiness for both employer and employee and give the public best possible service."

(c) Like any other art, management is creative. It brings out new situations and makes resources productive. In fact, management is one of the most creative arts because it requires molding and

welding the attitudes and behavior of people at work for the accomplishment of specific goals in a changing environment.

It is the art of securing desired response from people. Management makes things happen.

(d) Like any other art, management is a personalized process. Every manager has his own approach and technique depending upon his perception and the environmental conditions.

(e) As an art, management requires judgment and skills. The art of management can be refined with continuous practice of management theories and principles.

The art of management is as old as human civilization. The importance of management art has increased with rapid growth in the number size and complexity of organizations.

Management as a Science:

Science is an organized or systematized body of knowledge pertaining to a particular field of enquiry. Science is systematized in the sense that it establishes cause and effect relationship between different variables.

Such systematized body of knowledge contains concepts, principles and theories which help to explain past events and to predict the outcome of specific actions. These principles are capable of universal application, i.e., they can be applied under different situations.

They represent fundamental truths derived through empirical results. These principles or basic truths are developed through scientific methods of continuous observation, experiment and testing.

When generalizations or hypotheses are empirically verified for accuracy through continuous observation and experimentation they become principles. Science explains 'why' of human behavior.

Management is a science because it contains all the characteristics of science. Firstly, there is a systematized body of knowledge in management. Principles are now available in every function of management and these principles help to improve managerial effectiveness.

For instance, there are a number of principles which serve as guidelines for delegating authority and thereby designing an effective organization structure. Similarly, there are several techniques (ways of doing things) in the field of management.

Budgeting, cost accounting, ratio analysis, rate of return on investment, critical path method (CPM), programme evaluation and review technique (PERT) are some of these techniques which facilitate better management.

Secondly, principles of management have been developed through continuous observations and empirical verification. Thirdly, management principles are capable of universal application.

Nature of science of management:

Management developed as an art but since the days of F.W. Taylor the advancement of science of management has been very fast. Management as a science should be differentiated from the term 'management science' which is used to refer to the application of quantitative techniques in solving managerial problems.

Management is a social science as it involves the study of human behavior. It is a comparatively young and growing behavioral science. Being an in-exact social science, management cannot be as perfect as natural sciences like Physics, Chemistry and Biology.

It is not possible to study and predict human beings under controlled laboratory conditions. Human behavior is ever changing and unpredictable. Therefore, we cannot have the same kind of experimentation in management as is possible in natural sciences.

The concepts, principles and techniques of management are still in a developing stage. Therefore, the principles of management are flexible guidelines rather than hard and fast rules or absolute truths. That is why management has been described as a 'soft science'.

Management is also an inter-disciplinary science because it draws freely on Economics, Mathematics, Sociology, Psychology and Anthropology. There are no full proof rules in management that do away with judgment and common sense. Management is an applied science.

Thus, management is both an art as well as a science. "Essentially, managing is the art of doing and management is the body of knowledge which underlies the art". It is said that management is the oldest of arts and the youngest of sciences.

It must, however, be noted that science and art are not mutually exclusive but complementary to each other. They are two faces of the same coin. Science without art is sterile and art without science is blind.

According to Barnard, "it is the function of the arts to accomplish concrete ends, effect results, produce situations that could not come about without the deliberate efforts to ensure them. These arts must be mastered and applied by those who deal in the concrete and for the future.

The function of the sciences, on the other hand, is to explain the phenomena, the events, the situations of the past. Their aim is not to produce specific events, effects or situations but to provide explanations which one can call knowledge".

Every art is based on an underlying body of knowledge and with every advancement in science, art is improved by reducing dependence on intuition and judgment. For example, a physician without the knowledge of medical science becomes a 'witch doctor' or 'quack' with science an artful surgeon.

Similarly, an executive without principles of management has to depend on luck or intuition. But with formal knowledge and training in management, he has a better guide to design workable solution to managerial problems of his firm.

There is a systematic body of knowledge that underlines the competent practice of management. Managers are not always born. They can be made through education and training.

However, mere knowledge of theory cannot lead to success unless one knows how to apply the theory. A person with a degree in management cannot necessarily be an effective manager just as a person with a merely cookery book cannot be a good cook.

No amount of reading books on medical science will make a man a good physician or surgeon. Theoretical knowledge must be supplemented and perfected by practical skills. Theory and practice supplement each other. Use of judgment and experience is essential for efficient application of science.

The art and science of management go hand in hand. As an artist, a manager has to depend on his intuition, judgment and experience while as a scientist he relies on the theory of management.

A successful manager must not only acquire the knowledge of the science of management but learn to apply this knowledge. Competence in management requires mastery of scientific knowledge as well as practice in the use of knowledge.

3. What are the modern management approaches? Explain briefly the contingency approaches of management.

A worker does not work for money only. Non-financial rewards such as affection and respect for co-workers are also important factors. The emphasis was on employee-centered, democratic and participative style of supervisory leadership as this is more effective than task centered leadership. This approach was however criticized for its emphasis on the importance of symbolic rewards and not on material rewards. The belief of this approach that an organization can turn into one big happy family where it is always possible to find solutions which satisfies everybody has also been questioned.

Behavioral Approach:

An approach that recognizes the practical and situational constraints on human rationality for making decisions>

Behavioral scientists attach great importance to participative and group decision making. They are highly critical of the classical organization structures built on traditional concepts and prefer more flexible organization structures.

Two major theorists, Abraham Maslow and Douglas McGregor, came forward with ideas that managers found helpful.

Abraham Maslow:

He developed the theory of motivation that was based on three assumptions. First, human beings have needs that are never completely satisfied. Second, human action is aimed at fulfilling the needs that are satisfied at a given point in time. Third, needs fit into a hierarchy, ranging from basic and lower level needs at the bottom to higher level needs at the top.

Douglas McGregor:

He developed a concept of Theory X versus Theory Y dealing with possible assumptions that managers make about workers. Theory X managers tend to assume that workers are lazy, need to be coerced, have little ambition and are focused mainly on security needs. Theory Y managers assume that workers do not inherently dislike work, are capable of self control, have capacity to be creative and innovative and generally have higher level needs. This approach helped managers develop a broader perspective on the nature of workers and new alternatives for interacting with them.

Quantitative Approach:

An approach that focuses on the use of quantitative tools for managerial decision making.

The quantitative management viewpoint focuses on the use of mathematics, statistics and information aids to support managerial decision making and organizational effectiveness. Three main branches have evolved: operations research, operations management and management information systems.

Operations Research:

Operations Research is an approach aimed at increasing decision effectiveness through the use of sophisticated mathematical models and possibilities as they can accomplish extensive calculation. Some operations research tools are linear programming, queuing, waiting line, routing and distribution models.

Operations management:

Operation management is a field that is responsible for managing the production and delivery function of an organization's products and services. Operations management is generally applied to manufacturing industries and uses tools such as inventory analysis, statistical quality control, networking etc.

Management Information System:

Management Information System refers to the designing and implementing computer based information systems for use by the management. Such systems turn raw data into information that is required and useful to various levels of management.

Contingency Approach:

A view point which believes that appropriate managerial action depends on the peculiar nature of every situation.

This approach is a viewpoint which argues that there is no best way to handle problems. Managerial action depends on the particular situation. Hence, rather than seeking universal principles that apply to every situation, this theory attempts to identify contingency principles that prescribe actions to take depending on the situation.

Systems Approach to management:

Systems theory is an approach based on the notion that organizations can be visualized as systems. A system is a set of interrelated parts that operate as a whole in pursuit of common goals. Every system has four major components:

1. Inputs are the various resources required to produce goods and services.
2. Transformation processes are the organization managerial and technological abilities that are applied to convert inputs into outputs.
3. Outputs are the products, services and other outcomes produced by the organization.
4. Feedback is information about results and organizational status relative to the environment.

Resources: (1) Human (2) Materials (3) Equipment (4) Financial (5) Informational

Managerial and Technological Abilities: (1) Planning (2) Organizing (3) Leading (4) Controlling (5) Technology

Outcomes: (1) product and services (2) Profits and losses (3) Employee growth and satisfaction.

4. Explain the various roles of a manager

1. FIGUREHEAD: The Manager performs ceremonial and symbolic duties as head of the organisation;
2. LEADER: Fosters a proper work atmosphere and motivates and develops subordinates;
3. LIASION: Develops and maintains a network of external contacts to gather information;
4. MONITOR: Gathers internal and external information relevant to the organisation;
5. DISSEMINATOR: Transmits factual and value based information to subordinates;
6. SPOKESPERSON: Communicates to the outside world on performance and policies.
7. ENTREPRENEUR: Designs and initiates change in the organisation;
8. DISTURBANCE HANDLER: Deals with unexpected events and operational breakdowns;
9. RESOURCE ALLOCATOR: Controls and authorises the use of organisational resources;
10. NEGOTIATOR: Participates in negotiation activities with other organisations and individuals.

5. Explain the contribution of FW Taylor to the theory of management

Taylor had very precise ideas about how to introduce his system:

It is only through *enforced* standardization of methods, *enforced* adoption of the best implements and working conditions, and *enforced* cooperation that this faster work can be assured. And the duty of enforcing the adoption of standards and enforcing this cooperation rests with *management* alone.^[9]

Workers were supposed to be incapable of understanding what they were doing. According to Taylor this was true even for rather simple tasks.

'I can say, without the slightest hesitation,' Taylor told a congressional committee, 'that the science of handling pig-iron is so great that the man who is ... physically able to handle pig-iron and is sufficiently phlegmatic and stupid to choose this for his occupation is rarely able to comprehend the science of handling pig-iron.'

Taylor believed in transferring control from workers to management. He set out to increase the distinction between mental (planning work) and manual labor (executing work). Detailed plans specifying the job, and how it was to be done, were to be formulated by management and communicated to the workers.^[1]

The introduction of his system was often resented by workers and provoked numerous strikes. The strike at Watertown Arsenal led to the congressional investigation in 1912. Taylor believed the laborer was worthy of his hire, and pay was linked to productivity. His workers were able to

earn substantially more than those under conventional management, and this earned him enemies among the owners of factories where scientific management was not in use.

Management theory

Taylor thought that by analyzing work, the "One Best Way" to do it would be found. He is most remembered for developing the stopwatch time study, which combined with Frank Gilbreth's motion study methods later becomes the field of time and motion study. He would break a job into its component parts and measure each to the hundredth of a minute. One of his most famous studies involved shovels. He noticed that workers used the same shovel for all materials. He determined that the most effective load was 21½ lb, and found or designed shovels that for each material would scoop up that amount. He was generally unsuccessful in getting his concepts applied and was dismissed from Bethlehem Steel. Nevertheless, Taylor was able to convince workers who used shovels and whose compensation was tied to how much they produced to adopt his advice about the optimum way to shovel by breaking the movements down into their component elements and recommending better ways to perform these movements. It was largely through the efforts of his disciples (most notably H.L. Gantt) that industry came to implement his ideas. Moreover, the book he wrote after parting company with Bethlehem Steel, *Shop Management*, sold well.

Planning

1. What is planning? Explain the steps involved in planning. And give the importance and purpose of planning process

Planning is the primary function of management. It focuses on the future course of action. It specifies the objectives to be achieved in future and selects the alternative course of action to reach defined objectives. It also involves many activities like analyzing and decision making about technical, personnel, financial, and other elements essential to implement predetermined course of action. Thus, planning is mental and paper activities which look ahead for drawing the future course of action.

In other words, planning is intellectual process which is concerned with deciding in advance what, when, why, how, and who shall do the work. Generally, manager defines goals and takes necessary steps to ensure that these goals can be achieved in efficient manner. Planning reflects vision, foresight and wisdom.

Advantages (Benefits/Importance) of Planning

Planning is the foundation of the organization. It is the primary function of management which clearly defines the organizational objectives and line of action. The quality of planning is important for successful operation of the organization. The following points clarify the importance of planning in the organization:

Advantages of Planning

Goal Focus

Minimize Uncertainty

Improve efficiency

Facilitates to Control

Innovation and Creativity

Better Coordination

Ensures Commitment

Aid to Business Success

Brings Systematization

The importance of the planning function should have be clear to you. We can outline the importance of planning function as follows:

Provides Direction: Planning provides a clear sense of direction to the activities of the organization and to the job behavior of managers and others. It strengthens their confidence in understanding

where the organization is heading and what for, how best to make the organization move along the chosen path, and when should they take what measures to achieve the goals of the organization.

Provides opportunity to analyze alternative courses of action: Another source of importance of planning is that it permits managers to examine and analyze alternative course of action with a better understanding of their likely consequences. If managers have an enhanced awareness of the possible future effects of alternative courses of action, for making a decision or for taking any action, they will be able to exercise judgment and proceed cautiously to choose the most feasible and favorable course of action.

Reduces uncertainties: Planning forces managers to shake off their inertia and insular outlook; it induces them to look beyond those noses, beyond today and tomorrow, and beyond immediate concerns. It encourages them to probe and cut through complexities and uncertainties of the environment and to gain control over the elements of change.

Minimizes impulsive and arbitrary decisions: Planning tends to minimize the incidence of impulsive and arbitrary decisions and ad hoc actions; it obviates exclusive dependence on the mercies of luck and chance elements; it reduces the probability of major errors and failures in managerial actions. It injects a measure of discipline in managerial thinking and organizational action. It improves the capability of the organization to assume calculated risks. It increases the freedom and flexibility of managers withing well-defined limits.

King-pin function: As stated earlier, planning is a prime managerial function which provides the basis for the other managerial functions. The organizational structure of task and authority roles is built around organizational plans. The functions of motivation, supervision, leadership and communication are addressed to implementation of plans and achievement of organizational objectives. Managerial control is meaningless without managerial planning. Thus, planning is the king-pin function around which other functions are designed.

Resource Allocation: Planning is means of judicious allocation of strategic and scarce resources of the organization in the best possible manner for achieving strategic goals of the organization. The strategic resources include funds, highly competent executives, technological talent, good contacts with government, exclusive dealer network and so on. If the organization enjoys a distinct advantage in possession of such resources, a careful planning is essential to allocate them into those lines which would strengthen the overall competitive position of the organization.

Resource use efficiency: For an ongoing organization, planning contributes towards a more efficient functioning of the various work units. There is better utilization of the organization's existing assets, resources and capabilities. It prompts managers to close gaps, to plug loopholes, to rectify deficiencies, to reduce wastage and leakages of funds, materials, human efforts and skills so as to

bring about an overall improvement in resource use efficiency.

Adaptive responses: Planning tends to improve the ability of the organization to effectively adapt and adjust its activities and directions in response to the changes taking place in the external environment. An adaptive behavior on the part of the organization is essential for its survival as an independent entity. For a business organization, for example, adaptive behavior is critical in technology, markets, products and so on.

Anticipative action: While adaptation is a behavior in reaction and response to some changes in the outside world, it is not enough in some situations. In recognition of this fact, planning stimulates management to act, to take hold initiatives, to anticipate crises and threats and to ward them off, to perceive and seize opportunities ahead of other competitions, and to gain a competitive lead over others. For the purpose, some enterprises establish environmental scanning mechanism as part of their planning systems. Thereby such enterprises are able to direct and control change, instead of being directed and controlled by the pervasive external forces of change.

Integration: Planning is an important process to bring about effective integration of the diverse decisions and activities of the managers not only at a point of time but also over a period of time. It is by reference to the framework provided by planning that managers make major decisions on organizational activities, in an internally consistent manner.

Steps in Planning Function

Planning function of management involves following steps:-

1. Establishment of objectives

- a. Planning requires a systematic approach.
- b. Planning starts with the setting of goals and objectives to be achieved.
- c. Objectives provide a rationale for undertaking various activities as well as indicate direction of efforts.
- d. Moreover objectives focus the attention of managers on the end results to be achieved.
- e. As a matter of fact, objectives provide nucleus to the planning process. Therefore, objectives should be stated in a clear, precise and unambiguous language. Otherwise the activities undertaken are bound to be ineffective.
- f. As far as possible, objectives should be stated in quantitative terms. For example, Number of men working, wages given, units produced, etc. But such an objective cannot be stated in quantitative terms like performance of quality control manager, effectiveness of personnel manager.
- g. Such goals should be specified in qualitative terms.
- h. Hence objectives should be practical, acceptable, workable and achievable.

2. briefly explain the types of planning.

Types of planning

Planning is the formal process and schedules to complete the work. Every organization has to prepare a plan to achieve predetermined objectives in proper time. However, the types of plan depend upon the nature and sizes of the organizations. Plan may be prepared either for short period or long period or may be prepared by top level management or operational level management. The following are the major types of plan prepared in the organization:

- I, Corporate or strategic plan
- Ii Tactical or Division plan
- Iii Operational or Unit plan

i. **Corporate or Strategic Plan:** This plan is prepared by the top level management by taking the long term objectives of the organization into consideration. It clearly defines the objectives of the organization and strategies to achieve the defined objective. Here goal focuses on the result that an organization wants to achieve. It is the end point of planning. In the similar manner, strategies involve the clear explanation about how to achieve the defined objectives. They consist of programs, policies and schedules to utilize properly the available resources of the service, market, competition, social responsibility, introduction of technology, public image etc. As strategies are for the long term future course of action, they are based on analysis of future opportunities and threats. Hence, there is a high degree of uncertainty in strategic plans. A minor negative impact of an environment may have inverse impact on organizational performance. Thus the top level management has to modify strategic plan on the basis of time, situation and requirement.

ii **Tactical or Division Plan:** Tactical plan is prepared by the middle level management. It is consistent with corporate plan. In simple words, it is the sub-division of corporate plan to implement in practical field. Here, divisional managers identify the priorities of the works. They focus to allocate work and resources on the basis of programs. It is prepared to allocate divisional activities like production, finance, marketing, personal and others. It focuses to get the things done complete. Basically divisional plan is based on divisional strength and threats. This plays a mediator role between corporate and operational plans.

iii **Operational or Unit Plan:** This plan is prepared by the lower level management. It is consistent with tactical plan. In simple sense, it is the action plan of each and every activity of the department. It prepares the schedule of each and every department. It prepares schedule of each unit of work and implement tactical plan in practical field. It is concentrated in the best use of available resources. For this purpose, operating level of management prepares plan and schedule of each stage of work of a unit or department. For instance, it prepares regular production schedule of a production

department so that priority should be given to regular production process. In the similar manner, short term operational plan are also prepared for other units like marketing, finance, personal etc. In conclusion, this plan concentrates in best utilization of resources under the control of concerned unit.

3. Explain the process and steps involved in decision making and planning

Steps in Planning Function

Planning function of management involves following steps:-

2. *Establishment of objectives*

- a. Planning requires a systematic approach.
- b. Planning starts with the setting of goals and objectives to be achieved.
- c. Objectives provide a rationale for undertaking various activities as well as indicate direction of efforts.
- d. Moreover objectives focus the attention of managers on the end results to be achieved.
- e. As a matter of fact, objectives provide nucleus to the planning process. Therefore, objectives should be stated in a clear, precise and unambiguous language. Otherwise the activities undertaken are bound to be ineffective.
- f. As far as possible, objectives should be stated in quantitative terms. For example, Number of men working, wages given, units produced, etc. But such an objective cannot be stated in quantitative terms like performance of quality control manager, effectiveness of personnel manager.
- g. Such goals should be specified in qualitative terms.
- h. Hence objectives should be practical, acceptable, workable and achievable.

4. Explain hierarchy of planning

A planning hierarchy represents the organizational levels and units in your company for which you want to plan. A planning hierarchy is a combination of characteristic values based on the characteristics of one information structure.

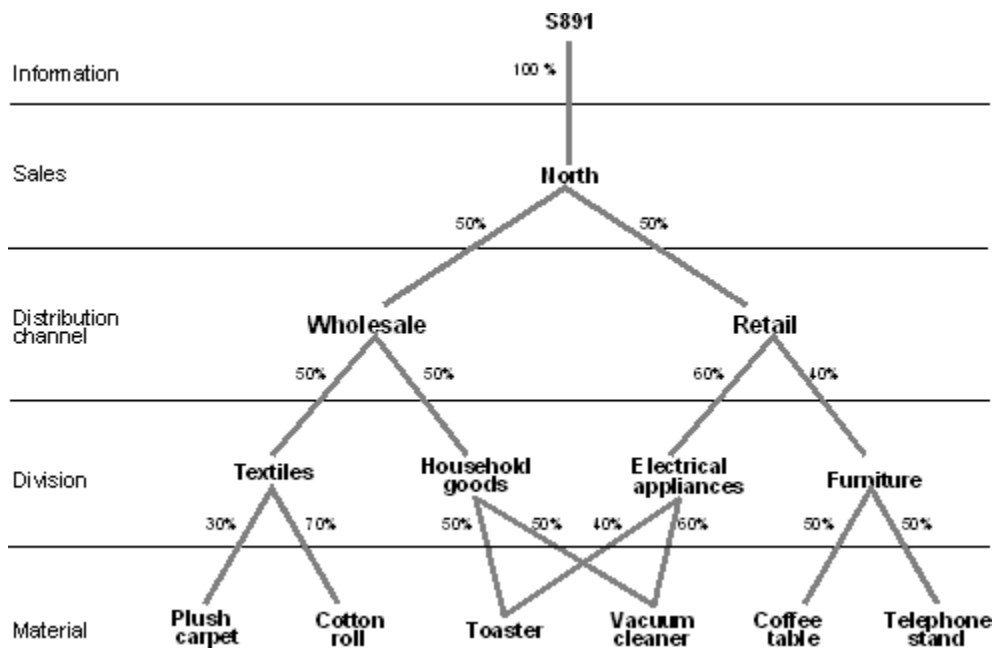
Planning hierarchies provide a framework for your planning activities in consistent planning and level-by-level planning. With these planning methods, a planning hierarchy must exist for the information structure before you can plan its key figures. You can create only one planning hierarchy for an information structure. However, a hierarchy can have as many different branches as you like. See also Planning Hierarchies Containing Product Groups.

You can create one or more planning hierarchies automatically when you install Release 3.0, with the Master Data Generator.

You can also create a planning hierarchy manually (see [Creating a Planning Hierarchy](#)). It consists of one or more planning levels to which you assign characteristic values.

You maintain planning hierarchies in much the same way as you maintain product groups, on a level-by-level basis, and define the aggregation factor and the proportional factor of each characteristic value just as you define them for the members of a product group. For more information, see [Planning Hierarchy Maintenance Functions](#).

Example of a Planning Hierarchy



You might extend this planning hierarchy to include further branches, such as branches to represent the organizational structure of the company in sales organizations South, East, and West.



5. Differentiate between strategic planning and tactical planning

Strategy is meant to fill in the need of organizations for a sense of dynamic direction, focus and cohesiveness. Objectives alone do not fill in the need of organization. Strategy provides an integrated framework for the top management to search for evaluation of opportunities, to perceive and meet threats and crises to make full use of resources to make major decision.

Strategy may be defined as long range blueprint of an organization's desired image, direction and destination what it wants to be, what it wants to do and where it wants to go.

The concept of strategy is ancient. The word itself comes from the Greek *Strategeia*, which means the art or science of being general. The connection that managers today make between business and strategy is a relatively recent one. Only since World War II has emerged that strategic planning and acting on those plans constitute a separate management process- the process we call Strategic management.

Strategic management provides a disciplined way for managers to make sense of the environment in which their organization operates, and then to act.

6. what are planning premises? Explain the classification of planning premises. Jan10



1. **Internal Premises** come from the business itself. It includes skills of the workers, capital investment policies, philosophy of management, salesforecasts, etc.
2. **External Premises** come from the external environment. That is, economic, social, political, cultural and technological environment. External premises cannot be controlled by the business.

technological

7. what are the different types of decision? Explain briefly

External premises cannot be Different Types of Decisions

When deciding on the most suitable decision-making method, it is important to consider that full participation is not required in every occasion. You cannot expect in a group all decisions to be made by the entire group. It would be an incredible waste of time! According to the type of decision, a group might prefer different systems with more or less people involved.

Traditionally, organizations count on three different types of decisions:

- **Strategic** – relating to the identification of long-term or overall aims and interests and the means of achieving them
- **Organizational** – relating to the way different aspects and parts of a group are arranged with the aim of being more orderly and efficient

- **Operational** – relating to the way a group or organization works on a daily basis

Most groups seek a maximum of participation and agreement for strategic decisions, while letting operational decisions be made in small groups or work teams.

8. discuss the limitations and importance of planning July09.

The following points clarify the importance of planning in the organization:

Goal Focus

Minimize Uncertainty

Improve efficiency

Facilitates to Control

Innovation and Creativity

Better Coordination

Ensures Commitment

Aid to Business Success

Brings Systematization

i. **Goal Focus:** Planning helps to focus the attention of the managers and subordinates towards organizational objectives. It predetermines the objectives and defines line of action to complete the work. Management of any organization is formed to attain defined objectives. Thus, good management is the management by objectives. Planning facilitates to make management by objectives. It serves as the blue print of the course of action and eliminates the unnecessary and useless activities. It focuses to priorities and facilitates to take right decision at the right time.

ii. **Minimize uncertainties:** Planning is one of the important tools to forecast and anticipate future uncertainties and risks. The management has to work in an environment which is uncertain and ever changing. The change in environment may occur due to economic, social, political and technological changes. Planning helps an enterprise to make study about future challenges and uncertainties which may arise in the future course of action. Thus, it helps management to face future with greater strength and confidence. The systematic and practical planning provides guidelines to the management to complete the work in efficient manner.

iii. **Improve efficiency:** One of the parts of planning is to select a best course of action by evaluating many alternatives. While selecting a course of action, the benefit of the organization is taken into consideration. It also provides guidelines and procedures to complete the work. It also helps for the optimum utilization of resources, avoiding wasteful efforts and money and minimizing wastage. Besides, it also avoids the concept of trial and error or hit and misses and defines a clear line of action. The selection of best course of action, definition of clear line of action and optimum utilization of resources contribute to improve overall working efficiency of the organization.

iv. **Facilitates to control:** Planning is the basis of control. It defines the minimum standard of work to be achieved and time to complete the job. It is helpful to compare the actual performance achieved with that of predetermined or standard fixed. The manager evaluates the actual achievement of work interval of time. This is helpful to identify the deviation, if any, between actual and planned performances. In case any deviation is there, the management can take necessary steps so that defined work can be completed in given time. Thus, planning makes control meaningful and effective.

v. **Innovation and creativity:** Planning encourages innovative thought and creative action among the managers. An effective planning encourages managers to think about new knowledge, idea, procedures, technique and strategy for the completion of work. It also helps to create new modified course of action. This is essential for the growth and expansion of working areas of the business. It contributes to motivate and develop moral among the employees. It is also helpful to maintain up-to-date position in business operation and face business complexity. Thus, planning is the base of management. The managers innovate and create new strategy to complete the predetermined work in this ever-changing environment.

VI **Better Coordination :** Planning plays an important role to facilitate better coordination among all the authorities and units of the organization. It clearly defines in advance what, when, and by whom the work should be done. For this purpose, it clarifies the authority and responsibility of each and every employee from top level of the organization. This is helpful to harmonize the relationship between all employees and develop feeling of team spirit or group work among them. In absence of proper planning of interrelated units, it is difficult to accomplish goal and there is possibility of wastage of resources. Thus, planning is the primary instrument to facilitate better coordination in the organization.

Vii **Ensure Commitment :** Planning ensures commitment of the management towards organizational goal. It set the feelings of responsibility of managers. It facilitates to convert individual goals to organizational objectives. It clearly defines authority and responsibility of each and every authority. No one can avoid or divert his responsibility to others. Planning also develops the sense of team spirit and group work.

Viii **Aid to Business System :** Planning is the initial tool to business success. It plays a key role for the successful operation of the business. It helps to select the best course of action among many alternatives and defines clear line of action. Besides, it brings unity in action, minimizes cost and effort and coordinates among all the members of the organization. Ultimately, it helps to develop working efficiency and to achieve predetermined goals in an effective way. Thus, planning is the best for the successful operation of business activities. It is known as the key to business activities.

Ix Brings Systemization : Planning contributes to develop a system and uniformity in organizational performance. It clearly defines authority and responsibility of each and every employee from upper to subordinate levels. It integrates and unites all the possible efforts of the organization. It avoids random activity and the concept of trial and error. It provides order rationality to the organization. It brings maturity in decision and makes simplification on its implementation. It brings coordination to complete the work in systematic and efficient manner and ultimately helps to minimize time and cost.

Therefore, planning is essential function for the successful completion of organizational performances so that it can adjust itself in this competitive and ever changing environment of the society. It plays an important role to maintain unity in action and coordination among all the units and employees, improve productivity, maintain effective control and develop overall working efficiency of the business.

Organizing and staffing

1. what are the advantages and disadvantages of line and staff organization

IMPORTANCE OF STAFFING

All of us know that it is the people in every organisation who run the show successfully. For example, if you do not have good salesman you cannot sell well even if your product is good. Similarly, you may have the best quality raw materials, machines etc. but the quality of the product is not assured unless, you have good workers engaged in the production process. Staffing thus, as a function, is very important as it is through this process that we get right persons for the organisation and ensure that they stick to the organisation. The benefits of good staffing are as follows.

(a) It helps in getting right people for the right job at the right time. The function of staffing enables the manager to find out as to how many workers are required and with what qualifications and experience.

(b) Staffing contributes to improved organisational productivity. Through proper selection the organisation gets quality workers, and through proper training the performances level of the workers can be improved.

(c) It helps in providing job satisfaction to the employees keeping their morale high. With proper training and development programmes their efficiency improves and they feel assured of their career advancements.

(d) Staffing maintains harmony in the organisation. Through proper staffing, individuals are not just recruited and selected but their performance is regularly appraised and

promotions made on merit. For all these, certain rules are made and are duly communicated to all concerned. This fosters harmony and peace in the organisation.

2. What are MBO and MBE?

Explain MBO & MBE

"**Management by Objectives (MBO)** is a principle or practice of management that empowers employees. Employees take part in goal setting process and they get involved in the organisation which makes them more aligned to the organisation. As employees are involved in goal setting process it is more likely that they try to achieve set goals. Since, the goals motivates employees to works hard its is called management by objectives (MBO). **Management by Exception (MBE)** is a method of control. Managers intervene the work of employees only when they work outside the prescribed scope or when they can't meet the standard. Manager leaves employee free till they work within the scope and within they meet the standard."

3. what is recruitment? Explain various source of recruitment june10

Suppose you want to open a restaurant. After planning and organising you are aware of the various job positions that are required to be filled up. Let us say, you have assessed your requirement for a general manager, a chef, an accountant, and many other staff for home delivery of foods. Possibly, you have a list of persons interested to join your restaurant.

For example, your uncle has promised you to provide an experienced general manager.

The manager of the bank from where you have taken loan has referred an accountant to you. One of the chief cooks of a reputed hotel has already approached/talked to you to join your restaurant as a chef. In addition to all these, you know that there is an office that can provide you people of your requirement by charging a fee, whenever you ask for it.

You also know that an advertisement in the newspaper can help you in getting applications from many people. While engaging yourself into all these activities you are basically trying to make a pool of suitable/interested applicants for the job. In other words you are recruiting the staff for your business.

The term recruitment is often used to signify employment. It is true that normally when we say we have recruited such and such persons, it signifies that we have employed them. But as a part of staffing function, the term recruitment has limited scope. It just refers to one of the initial steps in employment of people i.e., searching for suitable candidates for the various job positions to be filled up from time to time in the organisation. Thus, **recruitment is the process of finding and attracting suitable applicants for employment.**

Having determined the qualification and experience required for various jobs involved, one has to search for the suitable persons and receive their application. For this purpose one has to have an idea as to where such persons are available. In other words, one must be aware of the sources of recruitment before publicising the specific staffing needs and induce the suitable persons to apply for the job positions involved. These sources can be internal and external.

(A) Internal Sources: In any business, existing employees expect that they will have chances of promotion and will be considered for higher positions before outsiders are considered. Managers, therefore may promote and transfer some of the existing employees to fill the vacant positions. The advantage of internal recruitment is that it is easier for managers to fill vacancies as they are conversant with the abilities and skills of their subordinates and have records of their performances. Employees also feel happy as their work performance is recognised by management through promotion.

However, there is one major drawback of recruitment through internal sources i.e., the organisation is deprived of the benefit of inducting fresh blood into its system.

(B) External Sources: All vacancies cannot be filled up from within the organisation. Existing employees may lack the required skill, initiative and qualification needed for the jobs involved. Hence managers have to recruit some persons from outside the organisation. Not only that the external recruitment provides a wide choice from among a large number of external candidates from which employees may be recruited. The workers and office employees at the lower level are often recruited from outside the organisation.

4. what are the various principle of organization june11

Direct personal contact – according to this principle co-ordination is best achieved through direct personal contact with people concerned. Direct face-to-face communication is the most effective way to convey ideas and information and to remove misunderstanding.

Early beginning – co-ordination can be achieved more easily in early stages of planning and policy-making. Therefore, plans should be based on mutual consultation or participation. Integration of efforts becomes more difficult once the unco-ordinated plans are put into operation. Early co-ordination also improves the quality of plans.

Reciprocity – this principle states that all factors in a given situation are interdependent and interrelated. For instance, in a group every person influences all others and is in turn influenced by others. When people appreciate the reciprocity of relations, they avoid unilateral action and co-ordination becomes easier.

Continuity – co-ordination is an on-going or never-ending process rather than a once-for-all activity. It cannot be left to chance, but management has to strive constantly. Sound co-ordination is not fire-fighting, i.e., resolving conflicts as they arise.

5. explain the selection process

Authorities are normally faced with a number of potential investment projects which they need to assess and prioritise. The ultimate goal of the project selection process is to ensure that the investments that will be carried out offer value for money.

Value for money refers to the best available outcome for society, account being taken of all benefits, costs and risks over the whole life of the project.

A necessary condition for a project to represent value for money, irrespective of the procurement option chosen to deliver it, is that the benefits to be derived from the project outweigh the costs. This is normally tested by undertaking a cost-benefit analysis of the project and its requirements.

In the project selection stage, the Authority and its advisers will look at alternative project options, sometimes following guidelines that the public sector will use to assess PPP projects.

Once the key features and specifications for a project are drawn up, the Authority and its advisers will undertake a series of preliminary studies, including supply or demand analysis, cost analysis and a preliminary environmental assessment of the potential impacts of the project.

A distinctive feature of PPP projects is that their requirements are defined in terms of outputs rather than inputs. Conventional project procurement has usually focused on inputs. PPPs therefore involve fundamental changes in the way projects are prepared and in the information that the Authority needs to provide to private sector sponsors. While the typical set of feasibility studies used in the public procurement of projects focuses on inputs, PPP projects demand a clear set of output requirements and service quality standards, which will be reflected in the PPP contract. As a result of the output nature of PPPs, the bulk of the expensive and time-consuming technical design activities for a project will be carried out by the private partner.

In order to consider the PPP procurement option, the Authority and its advisers need to answer a set of key questions:

- Is the project affordable? Will users or the Authority, or both, pay for the project? How will they pay (e.g. user charges, operating subsidies, public sector or EU grants)? Are the procurement costs significant if the project is procured as a PPP?
- What are the key sources of risk in the proposed project? What is the optimal risk allocation and risk management strategy?
- What are the financing sources for the proposed project? Will the project be –bankable (i.e. capable of raising debt finance)? Will it attract investors? Will it comply with the requisites for EU or national public funding?
- Even if the project is affordable and bankable, does the project represent value for money?
- Has the issue of the –balance sheet treatment of the project (i.e. the classification of the project as a public sector investment for the purposes of national debt and deficit under the –excessive deficit procedure of the Maastricht Treaty) been considered?

This part of the EPEC PPP Guide identifies a list of issues specific to PPPs for the Authority and its advisers when examining whether the selected project should be pursued as a PPP. It does not however offer a comprehensive catalogue of recommendations, as the assessment of the PPP option will be dependent on the specific situation of each country, notably in terms of its legal and institutional framework.

6. Define span of control. Discuss functional organization structure with a chart jan10, july09

Span of control means the maximum number of subordinates which one superior can manage effectively. The span of control should be as small as possible. Generally, at the top level, the span of control should be 1:6, while at the lower level, it should be 1:20. Span of control depends on many factors such as nature of job, ability of superior, skill of subordinate, etc.

5. Define staffing and discuss its importance

All of us know that it is the people in every organisation who run the show successfully. For example, if you do not have good salesman you cannot sell well even if your product is good. Similarly, you may have the best quality raw materials, machines etc. but the quality of the product is not assured unless, you have good workers engaged in the production process. Staffing thus, as a function, is very important as it is through this process that we get right persons for the organisation and ensure that they stick to the organisation. The benefits of good staffing are as follows.

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- (c) It helps in providing job satisfaction to the employees keeping their morale high. With proper training and development programmes their efficiency improves and they feel assured of their career advancements.
- (d) Staffing maintains harmony in the organisation. Through proper staffing, individuals are not just recruited and selected but their performance is regularly appraised and promotions made on merit. For all these, certain rules are made and are duly communicated to all concerned. This fosters harmony and peace in the organisation.

6. Briefly explain the principle of organization

a means of getting people to do what you want them to do. It is the means or method to achieve two ends: operating and improving. But there is more to influencing than simply passing along orders. The example you set is just as important as the words you speak. And you set an example — good or bad — with every action you take and word you utter, on or off duty. Through your words and example, you must communicate purpose, direction, and motivation.

While -paternalism is defined as (Webster):

a system under which an authority undertakes to supply needs or regulate conduct of those under its control in matters affecting them as individuals as well as in their relationships to authority and to each other.

Thus paternalism supplies needs for those under its protection or control, while leadership gets things done. The first is directed inwards, while the latter is directed outwards.

Geert Hofstede (1977) studied culture within organizations. Part of his study was on the dependence relationship or *Power Difference* — the extent to which the less powerful members of an organization expect and accept that power is distributed unequally. Hofstede gave this story to illustrate this Power Difference:

The last revolution in Sweden disposed of King Gustav IV, whom they considered incompetent, and surprising invited Jean Baptiste Bernadotte, a French general who served under Napoleon, to become their new King. He accepted and became King Charles XIV. Soon afterward he needed to address the Swedish Parliament. Wanting to be accepted, he tried to do the speech in their language. His broken language amused the Swedes so much that they roared with laughter. The Frenchman was so upset that he never tried to speak Swedish again.

Bernadotte was a victim of culture shock — never in his French upbringing and military career had he experienced subordinates who laughed at the mistakes of their superior. This story has a happy ending as he was considered very good and ruled the country as a highly respected constitutional monarch until 1844. (His descendants still occupy the Swedish throne.)

Sweden differs from France in the way its society handles inequality (those in charge and the followers). To measure inequality or Power Difference, Hofstede studied three survey questions from a larger survey that both factored and carried the same weight:

- Frequency of employees being afraid to express disagreement with their managers.
- Subordinates' perception of their boss's actual decision making style (paternalistic style was one choice).
- Subordinates' preference for their boss's decision-making style (again, paternalistic style was one choice).

He developed a Power Difference Index (PDI) for the 53 countries that took the survey. Their scores range from 11 to 104. The higher the number a country received, the more autocratic and/or paternalistic the leadership, which of course relates to employees being more afraid or unwilling to disagree with their bosses. While lower numbers mean a more consultative style of leadership is used, which translates to employees who are not as afraid of their bosses.

For example, Malaysia has the highest PDI score, being 104, while Austria has the lowest with 11. And of course, as the story above illustrates, Sweden has a relative low score of 31, while France has a PDI of 68. The USA's is 40. Note that these scores are relative, not absolute, in that relativism affirms that one culture has no absolute criteria for judging activities of another culture as -low or -noble.

Directing And Controlling

1. Give principle of directing .

The managerial function of directing is like the activities of a teacher in a classroom. In order to teach, a teacher has to guide his students, maintain discipline, inspire them and lead them to the desired goal. It is a very important function in the management of any enterprise. It helps the managers in ensuring quality performance of jobs by the employees and achievement of organisational goals. It involves supervision, communication and providing leadership to the subordinates and motivating them to contribute to their best of capability. In this lesson we shall learn about this function in detail.

While managing an enterprise, managers have to get things done through people. In order to be able to do so, they have to undertake many activities, like guide the people who work under them, inspire and lead them to achieve common objectives. An office manager, for instance, has to supervise the activities of his subordinates, i.e., typists, office assistants, dispatchers, accounts clerks, etc. He has to issue instructions to them and describe and illustrate the work and related activities. He has to tell them what to do, and how to do it.

The office manager can plan, organise and appoint people, but he can not get things done, unless he assigns specific duties to his subordinates and motivates them to perform well.

All these activities of a manager constitute the directing function.

Thus, directing is concerned with instructing, guiding, supervising and inspiring people in the organisation to achieve its objectives. It is the process of telling people what to do and seeing that they do it in the best possible manner. The directing function thus, involves:

- telling people what is to be done and explaining to them how to do it;
- issuing instructions and orders to subordinates to carry out their assignments as scheduled;
- supervising their activities;
- inspiring them to meet the managers expectation and contribute towards the achievement of organisational objectives; and
- providing leadership.

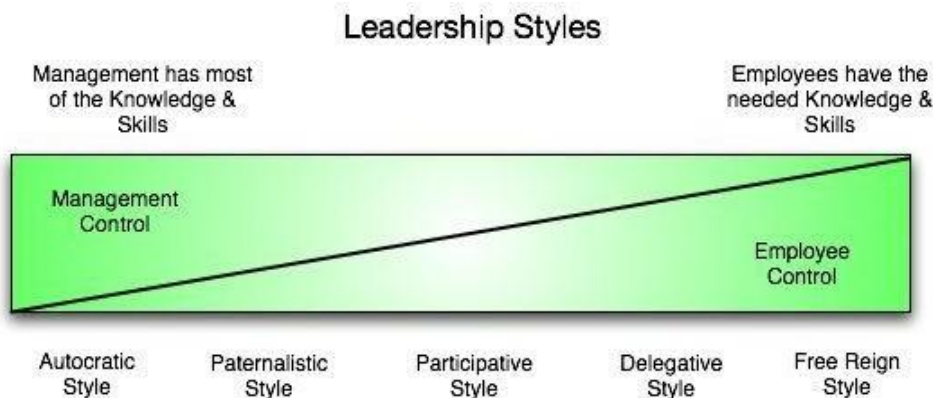
Managers plan and take decisions. They organise to define the work and create suitable positions in the enterprise. People are employed to perform the jobs, but the actual work of getting the job done comes under the directing function. Thus, directing is ‘management in action’. It is through the exercise of this function that managers get things done through people.

2. What are the different styles of leadership

Leadership style is the manner and approach of providing direction, implementing plans, and motivating people. Kurt Lewin (1939) led a group of researchers to identify different styles of leadership. This early study has been very influential and established three major leadership styles. The three major styles of leadership are (U.S. Army Handbook, 1973):

- Authoritarian or autocratic
- Participative or democratic
- Delegative or Free Reign

Although good leaders use all three styles, with one of them normally dominant, bad leaders tend to stick with one style.



3. State and explain steps in controlling. Explain the methods of establishing sound controlling

Controlling is the unification, integration, synchronization of the efforts of group members so as to provide unity of action in the pursuit of common goals. It is a hidden force which binds all the other functions of management. According to *Mooney and Reelay*, -Co-ordination is orderly arrangement of group efforts to provide unity of action in the pursuit of common goals|. According to *Charles Worth*, -Co-ordination is the integration of several parts into an orderly hole to achieve the purpose of understanding|.

Management seeks to achieve co-ordination through its basic functions of planning, organizing, staffing, directing and controlling. That is why, co-ordination is not a separate function of

management because achieving of harmony between individuals efforts towards achievement of group goals is a key to success of management. Co-ordination is the essence of management and is implicit and inherent in all functions of management.

A manager can be compared to an orchestra conductor since both of them have to create rhythm and unity in the activities of group members.

4. discuss various principle of directing

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IMPORTANCE OF DIRECTING

Plans remain mere plans unless they are put into action. In the absence of direction, subordinates will have no idea as to what to do. They will probably not be inspired to complete the job satisfactorily. Implementation of plans is, thus, largely the concern of directing function. As a function of management, directing is useful in many ways.

- It guides and helps the subordinates to complete the given task properly and as per schedule.
- It provides the necessary motivation to subordinates to complete the work satisfactorily and strive to do them best.
- It helps in maintaining discipline and rewarding those who do well.

- Directing involves supervision, which is essential to make sure that work is performed according to the orders and instructions.
- Different people perform different activities in the organisation. All the activities are interrelated. In order to co-ordinate the activities carried out in different parts and to ensure that they are performed well, directing is important. It thus, helps to integrate the various activities and so also the individual goals with organisational goals.
- Directing involves leadership that essentially helps in creating appropriate work environment and build up team spirit.

5. define leadership

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6. with neat sketch explain Maslow's theory

Maslow's hierarchy of need categories is the most famous example:

self-actualization
esteem
belongingness
safety
physiological

Specific examples of these types are given below, in both the work and home context. (Some of the instances, like "education" are actually satisfiers of the need.)

Need	Home	Job
self-actualization	education, religion, hobbies, personal growth	training, advancement, growth, creativity
esteem	approval of family, friends, community	recognition, high status, responsibilities
belongingness	family, friends, clubs	teams, depts, coworkers, clients, supervisors, subordinates

safety	freedom from war, poison, violence	work safety, job security, health insurance
physiological	food water sex	Heat, air, base salary

According to Maslow, lower needs take priority. They must be fulfilled before the others are activated. There is some basic common sense here -- it's pointless to worry about whether a given color looks good on you when you are dying of starvation, or being threatened with your life. There are some basic things that take precedence over all else.

Or at least logically should, if people were rational. But is that a safe assumption? According to the theory, if you are hungry and have inadequate shelter, you won't go to church. Can't do the higher things until you have the lower things. But the poor tend to be more religious than the rich. Both within a given culture, and across nations. So the theory makes the wrong prediction here.

Or take education: how often do you hear "I can't go to class today, I haven't had sex in three days!"? Do all physiological needs including sex have to be satisfied before "higher" needs? (Besides, wouldn't the authors of the Kama Sutra argue that sex was a kind of self-expression more like art than a physiological need? that would put it in the self-actualization box). Again, the theory doesn't seem to predict correctly.

Cultural critique: Does Maslow's classification really reflect the order in which needs are satisfied, or is it more about classifying needs from a kind of "tastefulness" perspective, with lofty goals like personal growth and creativity at the top, and "base" instincts like sex and hunger at the bottom? And is self-actualization actually a fundamental need? Or just something that can be done if you have the leisure time?

Entrepreneur

1. What is entrepreneurship? Explain its model and types of entrepreneurs.

An **entrepreneur** is an enterprising individual who builds capital through risk and/or initiative. The term was originally a loanword from French and was first defined by the Irish-French economist Richard Cantillon. Entrepreneur in English is a term applied to a person who is willing to help launch a new venture or enterprise and accept full responsibility for the outcome. Jean-Baptiste Say, a French economist, is believed to have coined the word "entrepreneur"

in the 19th century - he defined an entrepreneur as "one who undertakes an enterprise, especially a contractor, acting as intermediary between capital and labour".

Social entrepreneur

A social entrepreneur is motivated by a desire to help, improve and transform social, environmental, educational and economic conditions. Key traits and characteristics of highly effective social entrepreneurs include ambition and a lack of acceptance of the status quo or accepting the world "as it is". The social entrepreneur is driven by an emotional desire to address some of the big social and economic conditions in the world, for example, poverty and educational deprivation, rather than by the desire for profit. Social entrepreneurs seek to develop innovative solutions to global problems that can be copied by others to enact change.^[1]

Social entrepreneurs act within a market aiming to create social value through the improvement of goods and services offered to the community. Their main aim is to help offer a better service improving the community as a whole and are predominately run as non profit schemes. Zahra et al. (2009: 519) said that –social entrepreneurs make significant and diverse contributions to their communities and societies, adopting business models to offer creative solutions to complex and persistent social problemsl.

Serial entrepreneur

A serial entrepreneur is one who continuously comes up with new ideas and starts new businesses.^[4] In the media, the serial entrepreneur is represented as possessing a higher propensity for risk, innovation and achievement.^[5]

Lifestyle entrepreneur

A lifestyle entrepreneur places passion before profit when launching a business in order to combine personal interests and talent with the ability to earn a living. Many entrepreneurs may be primarily motivated by the intention to make their business profitable in order to sell to shareholders.^[examples needed] In contrast, a lifestyle entrepreneur intentionally chooses a business model intended to develop and grow their business in order to make a long-term, sustainable and viable living working in a field where they have a particular interest, passion, talent, knowledge or high degree of expertise.^[6] A lifestyle entrepreneur may decide to become self-employed in order to achieve greater personal freedom, more family time and more time working on projects or business goals that inspire them. A lifestyle entrepreneur may combine a hobby with a profession or they may specifically decide not to expand their business in order to remain in control of their venture. Common goals held by the lifestyle entrepreneur include earning a living doing something that they love, earning a living in a way that facilitates self-employment, achieving a good work/life balance and owning a business without shareholders.^[further explanation needed] Many lifestyle entrepreneurs are very dedicated to their business and may work within the creative industries or tourism industry,^[7] where a passion before profit approach to entrepreneurship often prevails. While many entrepreneurs may launch their business with a clear exit strategy, a lifestyle entrepreneur may deliberately and consciously choose to keep their venture fully within their own control. Lifestyle entrepreneurship is becoming increasing

popular as technology provides small business owners with the digital platforms needed to reach a large global market.^[8] Younger lifestyle entrepreneurs, typically those between 25 and 40 years old, are sometimes referred to as Treps.^[9]

Cooperative entrepreneur

A cooperative entrepreneur doesn't just work alone, but rather collaborates with other cooperative entrepreneurs to develop projects, particularly cooperative projects. Each cooperative entrepreneur might bring different skill sets to the table, but collectively they share in the risk and success of the venture.

2. what are the barriers of entrepreneurship? Explain the role in economic development

3. Procrastination: Procrastination they say is the thief of time. There is no tomorrow because it never comes. What you do today will affect how your tomorrow will be. Out of laziness, resistance and complacency entrepreneurs are forced to shift activities.

If you want to draw a business plan it must be now; if you want to write a proposal, it must be now; if you must register your business, it must be now; if you must quit a job and start your own business it must be now.

A lot of entrepreneurs have great vision and dreams but a lot are in the –someday island. They hope to achieve them someday. They never get there in actual fact. Write the dream on paper, figure out areas of strength and areas of resistance, set time against your dreams. When you have done this, employ your passion and go get it.

4. Tying your dreams to age: Age is nothing but a number. Whatever you want to do has nothing to do with your age. It's all about attitude, level of exposure, knowledge and the self-will. The fact that the CEO of a company achieved success at the age of 50 does not mean entrepreneurial success is tied to age 50.

Today there are a lot of young entrepreneurs who have become billionaires. Mark Zuckerberg of facebook.com is a typical example; a billionaire at age 24 as at 2010. Don't allow your age to limit you in the kinds of dreams you have and your pursuit for achievement. Dream as wide as you can, don't be deterred by how insufficient you may be. As you step out to achieve your goals, all you need shall fall into place.

5. Following the status quo: There is no perfect system. What worked out ten years ago has no place today. The world is fast-changing and so is the business environment. The Internet has made the world smaller than was thought decades ago. Businesses are using the power of the Internet to reach out to their clients. As an entrepreneur, consider the use of social media platforms like Facebook, Twitter, and Myspace to reach out to your

prospective clients at no cost. Flow with the time and make the necessary adjustment to be able to enjoy the benefits that comes with the change.

4. explain various stages in entrepreneurial process june11, dec10

1. Identify the steps you could take immediately to operate your business more efficiently, especially regarding internal operating systems.
2. Tell yourself continually "Failure is not an option." Be willing to move out of your comfort zone, to take risks if necessary to build your business.
3. Use your creativity rather than your money to find new, better, cheaper ways to sell your products or reduce your costs of operation. What could you do immediately in one or both of these areas?
4. Imagine starting over. Is there anything you're doing today that, knowing what you now know, you wouldn't get into or start up again?
5. Imagine reinventing your business. If your business burned to the ground today, and you had to start over, what would you not get into again? What would you do differently?

5. explain the evolution and growth of entrepreneurship in India. Jan10

Sramana is doing a series on Entrepreneurship – Innovation in India for Forbes and requested my perspective about the same. I chose to write down my thoughts as a post and seek out your thoughts about it as well.

When it comes to entrepreneurship in India, for the longest time now, it seems that most of us have been rehashing, repeating and regurgitating the same things over and over again:

-Revamp Education system, -Lack of funding, -No ecosystem, -No product companies, -Indian mindset and culture, -Bureaucratic red-tape and many other such reasons.

Its time we really took a deep, hard look at what is the current state of entrepreneurship in India, what is broken and how can we really fix it ?

In all fairness, I am not on ground zero. And so it may seem as inappropriate to many that I speak of entrepreneurship in India while residing in the US. You might very well diss my opinions expressed below based on the same grounds, and in that case, I welcome your perspective – hopefully we can have a healthy discussion via the comments. In my defense, even though I'm not at ground zero, I have been closely monitoring the startup and entrepreneurship scene in India over the last couple of years. I've talked to lots of Indian entrepreneurs, tech enthusiasts and VC's over this time – enough to form an opinion.

If someone who's totally ignorant about the Indian market walks up to me and asks me about entrepreneurship in India – my answer to them would be that its more hype than happening. The awareness about entrepreneurship is definitely increasing incredibly, but not enough converts yet. Lots of wannapreneurs, but few actual entrepreneurs. Again, my goal isnt to ridicule or point fingers, but rather narrow down on what's broken.

6. explain in detail various types and function of an entrepreneur

An entrepreneur performs a series of functions necessary right from the genesis of an idea up to the establishment and effective operation of an enterprise. He carries out the whole set of activities of the business for its success. He recognises the commercial potential of a product or a service, formulates operating policies for production, product design, marketing and organisational structure. He is thus a nucleus of high growth of the enterprise.

According to some economists, the functions of an entrepreneur are classified into five broad categories:

1. Risk-bearing function,
2. Organisational function,
3. Innovative function,
4. Managerial function, and
5. Decision making function.

7. Differentiate between entrepreneur, intrapreneur and manager

An **entrepreneur** is an enterprising individual who builds capital through risk and/or initiative. The term was originally a loanword from French and was first defined by the Irish-French economist Richard Cantillon. Entrepreneur in English is a term applied to a person who is willing to help launch a new venture or enterprise and accept full responsibility for the outcome. Jean-Baptiste Say, a French economist, is believed to have coined the word "entrepreneur" in the 19th century - he defined an entrepreneur as "one who undertakes an enterprise, especially a contractor, acting as intermediary between capital and labour".

In 1992, *The American Heritage Dictionary* acknowledged the popular use of a new word, intrapreneur, to mean "A person within a large corporation who takes direct responsibility for turning an idea into a profitable finished product through assertive risk-taking and innovation". Intrapreneurship is now known as the practice of a corporate management style that integrates risk-taking and innovation approaches, as well as the reward and motivational techniques, that are more traditionally thought of as being the province of entrepreneurship

Small Scale industry

1. Define Small scale industry and state the characteristics of SSI

Meaning and Concept of Small Scale Industry:

In most of the developing countries like India, Small Scale Industries (SSI) constitute an important and crucial segment of the industrial sector. They play an important role in employment creation, resource utilisation and income generation and helping to promote changes in a gradual and phased manner. They have been given an important place in the framework of Indian planning since beginning both for economic and ideological reasons. The reasons are obvious.

The scarcity of capital in India severely limits the number of non-farm jobs that can be created because investment costs per job are high in large and medium industries. An effective development policy has to attempt to increase the use of labour, relative to capital to the extent that it is economically efficient.

Small scale enterprises are generally more labour intensive than larger organisations. As a matter of fact, small scale sector has now emerged as a dynamic and vibrant sector for the Indian economy in recent years. It has attracted so much attention not only from industrial planners and economists but also from sociologists, administrators and politicians.

Definition of Small Scale Industry:

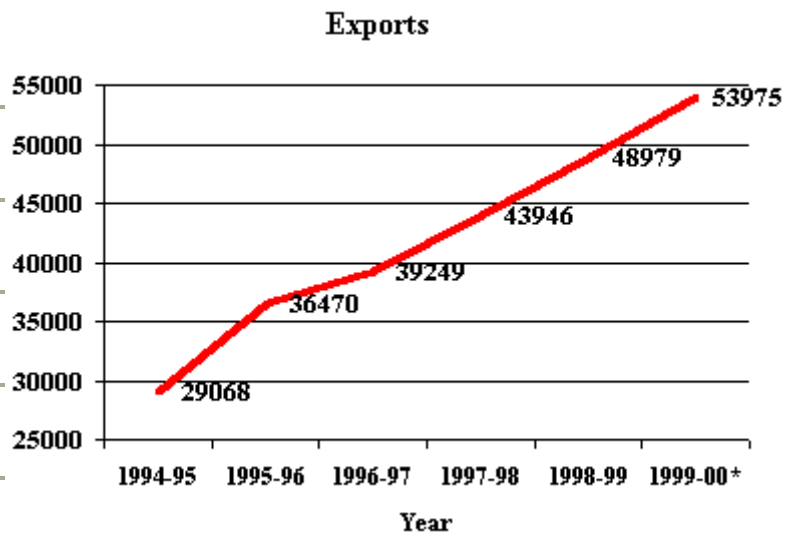
Defining small-scale industry is a difficult task because the definition of small-scale industry varies from country to country and from one time to the another in the same country depending upon the pattern and stage of development, government policy and administrative set up of the particular country.

Every country has set its own parameters in defining small-scale sector. Generally, small-scale sector is defined in terms of investment ceilings on the original value of the installed plant and machinery. But in the earlier times the definition was based on employment.

2. Explain WTO. State its Function

The SSI sector is reorienting its export strategy towards the new trade regime being ushered in by the WTO.

Year	Exports (Rs. Crores) (at current prices)
1994-95	29,068 (14.86)
1995-96	36,470 (25.50)
1996-97	39,249 (7.61)
1997-98	43,946 (11.97)
1998-99	48,979 (10.2)
1999-00 (P)	53,975 (10.2)



P-Provisional

Major

Export

Markets

An evaluation study has been done by M/s A.C. Nielsen on behalf of Ministry of SSI. As per the findings and recommendations of the said study the major export markets identified having potential to enhance SSIs exports are US, EU and Japan. The potential items of SSIs have been categorised into three broad categories. [More..](#)

Export

Destinations

The Export Destinations of SSI products have been identified for 16 product groups.

3. Explain the objective of SSI and its role in economic development

Role of SSI in economic development

Production

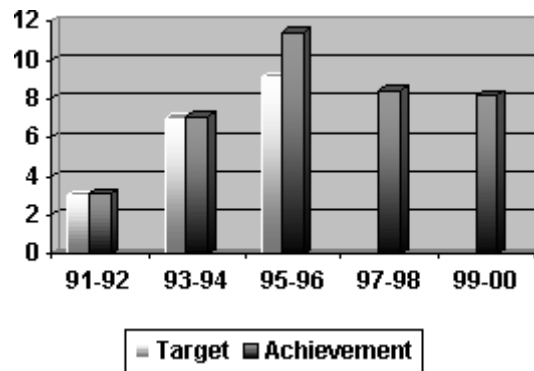
The small-scale industries sector plays a vital role in the growth of the country. It contributes almost 40% of the gross industrial value added in the Indian economy.

It has been estimated that a million Rs. of investment in fixed assets in the small scale sector produces 4.62 million worth of goods or services with an approximate value addition of ten percentage points.

The small-scale sector has grown rapidly over the years. The growth rates during the various plan periods have been very impressive. The number of small-scale units has increased from an estimated 0.87 million units in the year 1980-81 to over 3 million in the year 2000.

When the performance of this sector is viewed against the growth in the manufacturing and the industry sector as a whole, it instills confidence in the resilience of the small-scale sector.

Year	Target	Achievement
1991-92	3.0	3.1
1992-93	5.0	5.6
1993-94	7.0	7.1
1994-95	9.1	10.1
1995-96	9.1	11.4
1996-97	9.1	11.3
1997-98	*	8.43
1998-99	*	7.7
1999-00	*	8.16
2000-01 (P)	*	8.90



P-Projected (April-December)

* Target not fixed at constant prices

4. Explain GATT and WTO, and its impact on trade.

From 1947 to 1994, General Agreement on Trade and Tariff (GATT) was the forum for negotiating lower customs duty rates and other trade barriers. The World Trade Organization (WTO) was established on 1st January 1995. When the GATT came into WTO’s umbrella, it has annexes dealing with specific sectors such as agriculture and textiles, and with specific issues such as State Trading, Product Standards, Subsidies and Actions taken against dumping. The WTO has 148 members, accounting for over 97% of world trade. Around 30 others are negotiating membership.

WTO aims to develop the country’s economy by encouraging its export among the member countries. Further, it facilitates for availing new technologies from various countries at a

lower cost. In this connection, this paper focuses on the positive role played by the WTO in the globalization scenario.

5. Define ancillary industry and tiny industry

Ancillary industries are those which manufacture parts and components to be used by larger industries. Eg- Companies like GE (ancillary) produce engines for the aircraft industry.

The programme of ancillarisation includes motivation of public and private sector units to offload production of components, parts, sub-assemblies, tools, intermediates, services etc., to ancillary units. The programme of ancillary development has specific advantages both for large as well as small industries and also for the total economy of the country. The large scale units have the advantages in the form of savings in investments, inventories, employment of labour, etc. and getting the items of the desired specifications, while the small scale units have the advantage of getting assured market for their products, availability of technical assistance and improved technology from the parent units. This programme also helps in overall economy of the country.

Small Industry Development Organisation (SIDO) is a nodal agency of the Central Government and Ancillary Division at Headquarters continued its function for the promotion of ancillarisation programme in the country. Constant liaison has been maintained with Administrative Ministries both at Central & State Levels, Department of Public enterprises, public/private sector undertakings and other industrial developmental agencies through various programmed such as Vendor Development Programmes, Buyer- Sellers Meet, Ancillary Exhibition, Seminars, Workshops, State Level Ancillary Advisory Meetings, Plant Level Committee Meetings and PSUs and visit to public/private sector undertakings for the promotion of small ancillary & sub-contracting units.

Sub-contracting exchanges are functioning as a part of major SISIs in the country at important cities for the promotion of fruitful and lasting contracts between large & medium undertakings and small scale ancillary units. The spare capacity for different facilities as available with the competent small scale units are registered with these SCXs. These SCXs also obtain such items from large units which are required by them and can be manufactured in the small scale sector. These SCXs organise contacts between Buyers & Sellers by way of organising Vendor Development Programmes, Buyers & Sellers Meet and Exhibition, etc.

6. Explain briefly the government support for SSI during 5 year plan

In case of our Five Year plans, the long-term objectives are:

- (i) A high rate of growth with a view to improvement in standard of living.

- (ii) Economic self-reliance;
- (iii) Social justice and
- (iv) Modernization of the economy
- (v) Economic stability

(i) High Rate of Growth

All the Indian Five Year Plans have given primary importance to higher growth of real national income. During the British rule, Indian economy was stagnant and the people were living in a state of abject poverty. The Britishers exploited the economy both through foreign trade and colonial administration. While the European industries flourished, the Indian economy was caught in a vicious circle of poverty. The pervasive poverty and misery were the most important problem that has to be tackled through Five Year Plan.

During the first three decades of planning, the rate of economic growth was not so encouraging in our economy Till 1980, the average annual growth rate of Gross Domestic Product was 3.73 percent against the average annual growth rate of population at 2.5 percent. Hence the per-capita income grew only around 1 percent. But from the 6th plan onwards, there has been considerable change in the Indian economy. In the Sixth, Seventh and Eight plan the growth rate was 5.4 percent, 5.8 percent and 6.8 percent respectively. The Ninth Plan, started in 1997 targeted a growth rate of 6.5 percent per annum and the actual growth rate was 6.8 percent in 1998 - 99 and 6.4 percent in 1999 - 2000. This high rate of growth is considered a significant achievement of the Indian planning against the concept of a Hindu rate of growth.

(ii) Economic Self Reliance

Self reliance means to stand on one's own legs. In the Indian context, it implies that dependence on foreign aid should be as minimum as possible. At the beginning of planning, we had to import food grains from USA to meet our domestic demand. Similarly, for accelerating the process of industrialization, we had to import, capital goods in the form of heavy machinery and technical know-how. For improving infrastructure facilities like roads, railways, power, we had to depend on foreign aid to raise the rate of our investment.

As excessive dependence on foreign sector may lead to economic colonialism, the planners rightly mentioned the objective of self-reliance from the third Plan onwards. In the Fourth Plan much emphasis was given to self-reliance, more specially in the production of food grains. In the Fifth Plan, our objective was to earn sufficient foreign exchange through export promotion and important substitution.

By the end of the fifth plan, Indian became self-sufficient in food-grain production. In 1999-2000, our food grain production reached a record of 205.91 million tons. Further, in the field of industrialization, now we have strong capital industries based on infrastructure. In case of

science and technology, our achievements are no less remarkable. The proportion of foreign aid in our plan outlays have declined from 28.1 percent in the Second Plan to 5.5 percent in the Eighth Plan. However, in spite of all these achievements, we have to remember that hike in price of petroleum products in the inter national market has made self-reliance a distant possibility in the near future.

(iii) Social Justice:

Social justice means to equitably distribute the wealth and income of the country among different sections of the society. In India, we find that a large number of people are poor; while few lead a luxurious life. Therefore, another objective of development is to ensure social justice and to take care of the poor and weaker sections of the society. The Five-Year Plans have highlighted four aspects of social justice. They are:

- (i) Application of democratic principles in the political structure of the country;
- (ii) Establishment of social and economic equity and removal of regional disparity;
- (iii) Putting an end to the process of centralization of economic power; and
- (iv) Efforts to raise the condition of backward and depressed classes.

Thus the Five Year Plans have targeted to uplift the economic condition of socio-economically weaker sections like scheduled caste and tribes through a number of target oriented programmes. In order to reduce the inequality in the distribution of landed assets, land reforms have been adopted. Further, to reduce regional inequality specific programmes have been adopted for the backward areas of the country.

In spite of various efforts undertaken by the authorities, the problem of inequality remains as great as ever. According to World Development Report (1994) in India the top 20 percent of household enjoy 39.3 percent of the national income while the lowest 20 percent enjoy only 9.2 percent of it. Similarly, another study points out that the lowest 40 percent of rural household own only 1.58 percent of total landed asset while the top 5.44 percent own around 40 percent of land. Thus the progress in the field of attaining social justice has been slow and not satisfactory.

(iv) Modernization of the Economy:

Before independence, our economy was backward and feudal in character. After attainment of independence, the planners and policy makers tried to modernize the economy by changing the structural and institutional set up of the country. Modernization aims at improving the standard of living of the people by adopting a better scientific technique of production, by replacing the traditional backward ideas by logical reasoning's and bringing about changes in the rural structure and institutions.

These changes aim at increasing the share of industrial output in the national income, upgrading the quality of products and diversifying the Indian industries. Further, it also includes expansion of banking and non-banking financial institutions to agriculture and industry. It envisages modernization of agriculture including land reforms.

(v) Economic Stability:

Economic stability means to control inflation and unemployment. After the Second Plan, the price level started increasing for a long period of time. Therefore, the planners have tried to stabilize the economy by properly controlling the rising trend of the price level. However, the progress in this direction has been far from satisfactory.

Thus the broad objective of Indian plans has been a non-inflationary self-reliant growth with social justice.

7. Discuss the impact of liberalization, privatization and Globalization on SSI

In general, liberalization refers to a relaxation of previous government restrictions, usually in areas of social and economic policy. In the arena of social policy it may refer to a relaxation of laws, restricting the society. Most often, the term is used to refer to economic liberalization, especially trade liberalization or capital market liberalization.

From 1991 India witnessed a major change as the govt. introduced liberalization, privatization and globalization reforms to pep up the economy. Soon the world realized what a big 1billion-population-market India was. They brought their goods to India which were mass produced and therefore cheaper and of better quality than the local goods. They started challenging the SSI and thus posed an end to them. Further with the introduction of Special Economic Zones (SEZs), the MNCs were facilitated with areas with liberal economic and trade laws, round the clock facilities and concessions to enhance foreign investments and promote exports. This endangered the existence and survival of SSIs.

While globalization has put us on the map of superpower countries, SSIs have empowered the common man to walk with the same stride as the big-wigs. For India to be a superpower, it is must make efforts to strengthen each and every thread of its economic fabric to make the flag of its success fly high

Institution Support

1. Explain the aims and objective of KIADB and KSSIDC

KIADB, a pioneer agency with **ISO 9001: 2000** Certification, offers to entrepreneurs an unmatched convenience of world-class infrastructure for their new ventures and projects. **KIADB** rolls out a red-carpet runway to the world of prosperity by providing quality facilities and services to its clients all over the state of Karnataka .Come and be a part of our family.

Karnataka Industrial Areas Development Board (KIADB) is a wholly owned infrastructure agency of Government of Karnataka, set up under Karnataka Industrial Areas Development Act of 1966.

This Board functions as per statutory provisions, rules and regulations enacted there under. The Board comprises of senior government officers in their ex-officio capacities. The Board of members meet regularly to take decisions and monitor the functions. KIADB holds pride in being the first government organisation in Karnataka to obtain ISO 9001 certification in the year 1997.

Now the KIADB is following ISO 9001:2000 module covering its functions of Land Acquisition, Development and Allotment functions in Bangalore Urban and Rural districts.

Aims and Objectives :

- Promote rapid and orderly development of industries in the state.
- Assist in implementation of policies of government within the purview of KIAD Act.
- Facilitate for establishing infrastructure projects.
- Function on corporate lines, with -No Profit – No Loss|| policy.

Functions :

- Acquire land and form industrial areas.
- Provide all infrastructure to such industrial areas.
- Acquire land for Single Unit Complexes.

Acquire land for Government agencies for their schemes and infrastructure projects

2. Explain NSIC, DIC, Single window agency, KSFC

National Small Industries Corporation (NSIC) for technology and marketing support

Small Industries Development Bank of India (SIDBI) an apex bank set up to provide direct/indirect financial assistance under different schemes to meet credit needs of the small-scale sector and to coordinate the functions of other institutions in similar activities.

Khadi and Village Industries Commission (KVIC) assists the development and promotion and disbursal of rural and traditional industries in rural and town areas.

Single Window Agency

With a view to facilitate and expedite the various clearances and Government approvals required by entrepreneurs as also to promote investments in the State, the Governor of Meghalaya is pleased to constitute a Committee which will act as Single Window Agency for all investments in the State.

KSFC is one of the fast track term lending financial institutions in the country with assistance to over 1,63,643 units amounting to nearly Rs 10,465 crore over the last 52 years in the State of Karnataka. KSFC is one of the robust and professionally managed State Financial Corporations.

3. What is TECSOK? Explain the services offered by TESOK

TECSOK is a multidisciplinary management consultancy organization promoted by the Government of Karnataka to provide reliable consultancy services in India. **TECSOK** has been excelling its expertise in a wide range of services. The package of services includes feasibility studies, market research, valuation of assets, environment impact studies, energy management and audit, management studies like corporate plan, reorganization and restructuring of enterprises, man power planning, budgetary control systems, mergers and acquisitions, investment opportunities, technology transfers, diagnostic studies and also designing and organizing training programmes in all related areas. Of late, **TECSOK** is also concentrating on studies relating to Cleaner Production technologies and methods.

TECSOK has been considered by the Government of Karnataka, Government of India, State & Central Financial Institutions, Commercial Banks, Asian Development Bank and a host of other institutions of the Government and Private as the recognized consultancy agency.

Preparation of Project

1. Explain the phases of project identification with its sources

The Ministry of Micro, Small and Medium Enterprises (M/o MSME) is the administrative Ministry in the Government of India for all matters relating to Micro, Small and Medium Enterprises. It designs and implements policies and programmes through its field organisations and attached offices for promotion and growth of MSME sector.

The Office of the Development Commissioner (MSME) is an attached office of the Ministry of MSME, and is the apex body to advise, coordinate and formulate policies and programmes for the development and promotion of the MSME Sector. The office also maintains liaison with Central Ministries and other Central/State Government agencies/organisations financial institutions.

2. Briefly explain the importance of project identification

General EDP for educated unemployed youth, ex-service personnel etc. for a duration of four weeks. In these programmes, classroom lectures and discussions are held on issues such as facilities and assistance available from State and Central government agencies, banks, financial institutions and National Small Industries Corporation.

Apart from this, exposure is given information regarding market survey, product identification and selection, technologies involved, management of small enterprises, particularly in matters relating to financial management, marketing, packaging and exports.

The participants also interact with successful small scale entrepreneurs as a part of their experience sharing Information of quality; possibilities of diversification and expansion are also given.

The entrepreneurs are helped to prepare Project Reports based on their own observations and studies for obtaining financial assistance as may be required. Such courses have benefitted many entrepreneurs to set up units of their own choice.

3. Give the meaning of project appraisal

Project appraisal is a generic term that refers to the process of assessing, in a structured way, the case for proceeding with a project or proposal. In short, project appraisal is the effort of calculating a project's viability^[1]. It often involves comparing various options, using economic appraisal or some other decision analysis technique.