



GOVERNMENT OF TAMIL NADU

HIGHER SECONDARY SECOND YEAR
VOCATIONAL EDUCATION

**OFFICE MANAGEMENT AND
SECRETARYSHIP
&
TYPOGRAPHY AND
COMPUTER APPLICATIONS**
Theory & Practical

A publication under Free Textbook Programme of Government of Tamil Nadu

Department of School Education

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Government of Tamil Nadu

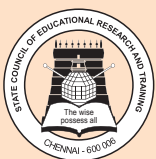
First Edition - 2019

Revised Edition - 2020

(Published under New Syllabus)

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Content Creation



State Council of Educational
Research and Training

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Printing & Publishing



Tamil Nadu Textbook and Educational
Services Corporation

www.textbooksonline.tn.nic.in

PREFACE

In the view of the changing business environment and suggestions received from experts, this book has been thoroughly planned and updated. This book provides a comprehensive and balanced coverage of the subject. In addition to usual topics, the book presents contemporary topics also. High quality and quantity of topics is maintained for application in global set up. The student and faculty will find the contents of the book are short, precise and explanations are given in understandable language with a sufficient support from real business information. I also have great pleasure in presenting the book titled Office Management and Secretarial Practice.

This volume is an attempt to provide the students with thorough understanding of office management and secretarial practice concepts and methods. This book presents the subject in a systematic manner with liberal use of figures applicable.

This book will prove extremely useful to students and teachers alike. It can be adopted and used successfully. This book is even suited for self study.

This book covers following areas: Management its Meaning and Definition, Characteristics and importance of Management, Manager, Role of Manager, Planning, Nature of Planning, Importance and Limitation of Planning, Steps in Planning, Nature of Organisation, Steps in organisation, Process, Formal Organisation, Informal Organisation, Organisation chart, Decision Making – Meaning, characteristics, Factors affecting Decision Making, Types of Managerial Decision, Coordination, Principles, Nature and Importance of Coordination, Direction, Techniques of Direction, Delegation, Supervision, Delegation of Authority. Centralisation and Decentralisation, Departmentation, Leadership, kinds of Leadership Style, Qualities of Successful Leader, Communication, Purpose and Principles of Communication, Barriers of Communication, Motivation, Theories of Motivation, Controlling, Process of Controlling, Techniques of Controlling, Secretary, Types, Qualification of Company Secretary, Appointment and Duties of Company Secretary.

It's sure that this book will be more useful for the student fraternity, teachers, executives and other professionals. Suggestions and comments for the improvement of the books are welcomed.



HOW TO USE THE BOOK

Career Guidance

List of job opportunities on successful completion of course



Learning Objectives

Learning objectives briefly describe the contents of the unit. It also outlines the knowledge gained by the students.



Interesting facts to motivate students to gain more information regarding the unit.

Infographics

Visual representations of the unit for better understanding.

Concept Figures

Conceptual diagrams that potrays the technique of drafting and sewing.



To facilitate reading at anytime, anywhere.

Activity

Skill oriented activities based on the units for better understanding.

Evaluation

Access students under the category of understanding, reproducing and application oriented.

Glossary

Explanation of significant terms.

Model Question Paper

A model question paper to help students to face examinations.

References

List of related books for further reading.

CARRIER GUIDANCE

After completion of Higher Secondary (+2) Vocational Engineering (EE) course, students can pursue the following courses / Jobs / Self-employment as detailed below:

Vocational Stream

The Vocational Engineering students are blessed with two major opportunities after completing their +2.

Educational Guidance	Job Opportunities
BBA in Management	Assistant to Company Secretary
B.Com. Office Management	Member in Company Secretary Team
B.Sc Management	Assistant to Executives in Office
BA Management	Executive Assistant
B.Com Corporate Secretaryship	Administration Executive
B.Com E-Commerce	Front Desk Executive
B.A. (Vocational Studies) Office Management & Secretarial Practice	Office Administrator
Diploma in Modern Office Management	Company Secretary
Diploma in Modern Office Management and Secretarial Practices	
Diploma in Modern Office Practices	
Diploma in Modern Office Management and Computer Application Engineering	
Diploma in Modern Office Management and Secretarial Practices	
ACS – Secretary Course	
Certificate course in Management	

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E-book



Assessment



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Introduction to Management



LEARNING OBJECTIVE

Through this chapter the students can learn about the following:

- To study the meaning of management & definition
- To Learn the nature of management and its purpose
- To study about the levels of management
- To understand the difference between administration and management
- To acquire knowledge about Planning, Organizing, Staffing, Directing, and Controlling.



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1.1 Introduction

Management is as old as man himself. It is concerned with human beings whose behavior cannot be predictable. Management is essential for business, banks, schools, college, charitable trust

etc. Every business organisation has its own objectives and the objectives are attained by the effort of several personnel. Management is an act of getting things done through people.

1.2 Meaning of Management

Management functions include, planning, organising, staffing, directing, and controlling an organisation. Management in all business is the art of getting people together, to accomplish desired goals using available resources. Individual or group of individual working in the organisation want to accept their responsibilities to run the organisation. Management does not do the work themselves, they motivate all the worker to attain the organisational goal. Management brings together all six M's (i.e.) Men, Material, Machines, Methods and Markets to attain the objectives.

1.3 Definition of Management

George T. Terry, “**Management is a distinct process consisting of planning, organizing, actuating and controlling, performed to determine and accomplish the objectives by the use of people and resources**”.

F.W.Taylor, “**Management is the art of knowing what you want to do and then seeing that it is done in the best and cheapest way**”.

Henry Fayol , “**To manage is to forecast and to plan, to organize, to command, to coordinate and to control**”.

1.4 Characteristics of Management

1. It is continuous and never ending process.
2. Management is an art of getting things done through people.
3. It is a group activity and not an individual activity.
4. It follows Principles or rules.

5. Management is both science and an art.
6. Management is all pervasive.
7. It is intangible.
8. Dynamic in nature

1.5 Importance of Management

1. **Management helps in achieving Group Goals:** Management integrates the resources and directs group towards achievement of pre determined goals. By defining the objectives of the organisation clearly and allocating the resources, it ensures to attain the goal.
2. **Establishes sound Organisation:** To establish sound organisation structure the authority and responsibility relationship should be defined clearly. Management helps to fill positions with right persons at right job.
3. **Encourages innovation:** Management encourages the innovation in the organisation. Innovation brings new ideas, new technology, new methods, new products, new services etc. This makes the organisation to face the competitive world.
4. **Management facilitates growth and expansion:** Management reduces waste and increases efficiency and helps to utilize the available resources to the maximum. It motivates the employees and reduce absenteeism and helps for the growth of the organisation.
5. **Improves life of workers:** Management helps the workers to work in a good environment. Management shares some of the profit to workers. Workers may get financial and non financial incentives which helps to improve their efficiency.

6. Management helps in the development of the society:

Efficient management improves the economic condition of the employee by paying good remuneration and incentives. It improves the standard of living of the employee and helps to develop the society.

7. Increase Efficiency:

Efficiency is the relationship between returns and cost, management uses many techniques to increase the return and reduce the cost. Increasing the efficiency brings many benefits to the organisation.

8. Optimum use of resources:

Management brings together the resources such as men, material, machinery and money in organisation. Management plans to utilize the resources without any wastage and increase the profit of the organisation.

9. Encourages teamwork:

Employees work are integrated together and encourage to work as a team. Management develops the team spirit in the organisation. Unity of the employees on working together as team brings success to the organisation.

1.6 Levels of Management

The term “Levels of Management” refers to a line of demarcation between various managerial positions in an organisation. The number of levels in management is based on the size of business. The levels of management can be classified in three broad categories:



Figure 1.1 Levels of Management

Top Level of Management : It consists of board of directors, chief executive or managing director, president, vice president and all top level managers. Top level management is responsible for controlling and overseeing the whole organisation. They develop goals, company policies take major decisions which affects the whole organisation. They are answerable to shareholders and public.

Following are the role of top level management:

1. Determination of objectives
2. Formulation of policies
3. Preparing long range planning and strategy
4. Organising for action
5. Keeping communication between the organisation and outside world
6. Ensure Co-ordination and effective control of activities.

Middle Level Management: Middle level management is also known as executory level management. They are subordinate to top level management and responsible for the direction of lower level management. It consists of branch managers and departmental managers. The middle level managers are in charge for training of lower level employees.

Their role can be emphasized as

1. They execute the plans of top management
2. They make plans for sub-units of the organisation
3. They interpret and explain policies from top level management to lower level
4. They motivate the lower level management workers towards better performance

5. They have to evaluate the performance of the employees
6. They have to coordinate the activities of the organisation

Lower level of management: Lower level is also known as Supervisory/Operative level of management. It consists of supervisors, foreman, section officers, superintendent etc. They focus on controlling and direction.

Their activities include

1. Assigning job to various workers.
2. They instruct workers for day to day activities.
3. They communicate workers problems, suggestions etc., to top level management.
4. They help to solve the grievances.
5. They motivate workers to attain goal.
6. They ensure discipline in the enterprise.
7. They give periodic report about workers to their superiors.

1.7 Distinction between Administration and Management

Administration and management may seem the same but actually there is some difference. In our daily life we use these two terms interchangeably.

The administration is defined as a systematic process of administering the management of a business organisation (i.e.) non – profit organisation. It is a broad term and involves planning, decision-making, organising and forecasting functions of the higher level of the enterprise.

Management is an act of managing people and their work to attain the organisational goals. The functions of

management are planning, organising, staffing, directing, controlling.

Difference between Administration and Management are tabulated as follows:

Administration	Management
Administration is concerned with formulation of broad objectives, plans and policies.	Management is an art of getting things done through others by directing their efforts towards achievement of predetermined goals.
Administration is a decision making function.	Management is an executive function.
Administration decides what has to be done and when it has to be done.	Management decides who should do it and how.
Administration is thinking function because plans and policies are determined.	Management is doing function because manager get work done through others.
It is a top level function.	Middle and lower level function.
It is applicable to non-profit making organisation.	It is applicable to profit making organisation.

1.8 Functions of Management

Different experts have classified functions of management in different manner

According to George and Jerry, **“There are four fundamental functions of management, (i.e.) Planning, Organising, Actuating and Controlling”.**

According to Henry Fayol, **“To manage is to forecast and plan, to organise, to command and to control”.**

Luther Gullick has given a keyword, 'POSDCORB' where

P for Planning
O for Organising
S for Staffing
D for Directing
Co for Coordination
R for Reporting
B for Budgeting

Most widely accepted functions of management given by Koontz and O Donnel (i.e.) Planning, Organising, Staffing, Directing and Controlling.



Figure 1.2 Functions of Management

Functions of management are overlapping in nature. Each function affects the performance of other.

1.Planning

It includes determination of objectives, setting rules, procedure, policies, strategies, budgeting etc., Planning may be short term or long term. Manager at all levels want to prepare plans, so it is considered as a pervasive function. Planning looks into future without planning organization cannot achieve anything in future. Planning is deciding in advance what has to done, and how and when it has to be done. It bridges the gap between the present and the future.

Harold Koontz says that planning has the following four important objectives:

1. To offset uncertainty and change,
2. To focus attention of objectives,
3. To gain economical operation, and
4. To facilitate control.

Planning is the basic function of management and all other functions of management are greatly influenced by the planning process. Planning is an inevitable function of management at levels of an organisation.



Figure 1.3 Professional way of Planning

2.Organising

Organising involves establishment of the formal structure of authority through which work subdivisions are arranged, defined and coordinated to accomplish the defined objective of the organization. Designing and maintaining these systems

of roles is basically the managerial function of organising.

Organising is:

- i. Identification and classification of required activities.
- ii. Grouping of activities necessary to attain objectives
- iii. Assignment of each grouping to a manager with the authority (delegation) necessary to supervise it, and
- iv. Provision for coordination horizontally (same organisation) and vertically (headquarters and departments) in the organisation structure.

3. Staffing

Staffing involves the process of filling positions in the organisation structure. The staffing function relates to the recruitment, selection, training, promotion and transfer of employees at all levels of management. The staffing function is different from other functions because it deals only with people.



Figure 1.4 Staffing

4. Directing

Direction is process by which the employees are guided to contribute towards organisational objectives. The term directing refers to that the managerial function which initiates organised action. Formulating the

policies and plans which will be useful if it is converted into action. According to Earnest Dale, "Direction is telling people what to do and seeing that they do it to their abilities. It includes making assignments, corresponding procedures, seeing that mistakes are corrected, providing on the job instructions and of course, issuing orders". It includes the following sub function. 1. Motivation 2. Leadership 3. Supervision 4. Communication and 5. Coordination.

5. Controlling

Controlling is an important element in the management process. Controlling involves setting standards measuring the performance comparing the actual with the standards and find out the deviations and taking corrective actions. Hence business enterprises can accomplish the goals only by establishing a proper control system. Control activities generally relate to the measurement and achievement. Each measures shows whether plans are working out or not.



Figure 1.5 Controlling

DO YOU KNOW? Peter Drucker first used the term "management by objectives" in his 1954 book "The Practice of Management". While the basic ideas of MBO were not original to Drucker, they pulled from other management practices to create a complete "system". The ideas draws on the many ideas presented in Mary Parker Follett's 1926 essay, "The Giving of Orders".

1.9 Manager

A manager is a person who performs the functions of management. Manager is a person who is responsible for a part of organisation or for the whole organisation. In large companies management is divided into three categories upper management, middle management and lower management. The lower management includes managers who operate at basic levels. Middle level management oversees lower management and submit reports to senior manager. Upper management consists of board of directors, share holders who are the owners of the company. There are various types of managers such as Top Managers, Functional Managers, Team Managers, Line Managers, General Managers etc.

A manager is an expert in his/her field and support employees to work together as a team to attain the goal. He is responsible for Controlling or administering a group of staff.

According to the young Entrepreneur Council, a good manager should have the following qualities:

Accountability

Character

Cultural affinity

Warmth

Patience

Honesty

Decisiveness

Empathy

Positive attitude

Competence and

Flexibility

Business conditions are not same always, it keeps on changing, according to the external activities and internal stability. A manager can be innovative by developing new thoughts and ideas, adapting ideas from fields other than his own, combining old ideas with new ones, or motivate his own subordinates with their new ideas. In olden days they believed that a manager acts as convenient subordinates to the masters of industry in achieving their goal for profit maximization.

The manager is expected to move with their sub-ordinates on day to day basis, to improve their working efficiency, skill, knowledge and interest shown on the work allotted to them. A managerial position of any kind holds more responsibility than a simple employee and generally pays a higher wage. Advanced managerial positions normally require a degree and experience, though companies differ in structure and in requirements.

Important Functions of Manager

The following are the important functions of a Professional Managers:

1. Providing direction to the firm.
2. Managing Survival and constant development.
3. Maintaining & improving firms efficiency.
4. To face the competitors challenges.
5. Innovation of Technology.
6. To update the new processes and resources.
7. To build Human relations.
8. Quality of Leadership.
9. To introduce change management.
10. Uses of the Best Information Technology.

1.10 Role of Manager

Manager performs different roles in the organisation are stated below.

1. To have figure-head role:

Managers have to maintain contact with many people and welcome official visitors and sign legal document as the head of the organisation or department for smooth functioning.

2. To act as a leader:

All managers have a leadership role. They have to Co-ordinate the works of the departments and integrate them to attain the goal. As a leader he has to hire, motivate, give training and maintain discipline. As a leader he should be a role model to his employees.

3. To act as a Liaison officer:

As a liaison officer he has to act as a bridge between top management and lower level management. He has to communicate and encourage the team and to give orders and instructions given by top level executives and communicate the grievances of lower level worker to top management.

4. To supervise:

Every manager has to supervise the work done by their subordinates and help them to do it effectively and efficiently. He has to motivate the employees to avoid absenteeism and to work without waste of time and resources.

5. To attain targets:

Task will be assigned to each departments as well as to the organisation. On attaining the fixed targets only, the organisation can earn profit. He has to encourage the

workers to attain the target, because manager is answerable.

6. To delegate authority:

Manager can't do all the work as his own, so he has to delegate the authority to his employees or to perform the work. There should be a parity of authority and responsibility, so that the employees can carry out their duties efficiently.

7. To resolve Conflicts:

There may be conflicts in the organisation between employer and employee, employee and employee or between employer and employee. It is the duty of the manager to solve the problems between the employee and employee and he wants to give amicable solution.

8. To make decision:

Manager should take a rational decision in connection to his job, for that he wants to understand the situation. Usually he will take routine decision to run his department.

9. To handle crisis:

Managers are to handle the crisis period wisely, he cannot ignore such situation for example, employee's strike, natural calamities etc.

1.11 The Millennium Manager

The profile of a millennium manager should be drastically different from that of a conventional manager. A manager must

- make use of technology to the maximum advantage.
- take every decision that maximises the shareholder value.
- predict uncertain events more accurately.



Henry Fayol (29 July 1841-19 November 1925) was a French mining engineer, mining executive, author and director of mines who developed 14 Principles of Management

- use the speed of response to the advantage.
- be aware of the global trends in the business procedures, culture and so on.
- continue to be patient and committed to the cause of the organisation.
- be unconventional and creative.
- maintain competitive edge.
- conduct the affairs of the organisation in a transparent manner.
- fulfil his responsibility towards the society in general and the under privileged in particular.

1.12 Managerial Skills

A skill is an individual ability to translate knowledge into action. Skill is not necessarily inborn. It can be developed through practises and learning. To be a successful manager he should possess three major skills Technical Skills, Human Relation Skills and Conceptual Skills.

Technical Skills

Technical skills are concerned with What is done. This includes proficiency in Process, Procedures, Methods and Techniques which are used in doing a work. These skills can be visible in person and can be developed by actual practise in job

Human Relation Skills

Human relation skills are one's ability to work effectively with others and to build up a group relations to attain the goal. Management is a process of getting things done through others. So the managers can attain the goal only with the help of employees.

Conceptual Skills

Conceptual skills are related to concepts and mental conception – conceptual framework intended to development of new product and/or idea. Since conceptual skills are in the form of imagination – chimerical, fantasy, national, or vision.

Points to be Remembered

- The word 'management' has its origin in the Greek word 'nomos' which means 'management'.
- Management can be described as a science, why? Because as it is in variable nature,
- Management as an Art, why? Because which has the characteristics of use of knowhow and skills, the realistic results, further developments etc.,
- Functions of Managers – A true manager cannot continue to manage his duty as he has been doing in the previous years. He can be innovative by developing new thoughts and ideas.
- Importance of Management.

- Levels of Management.
- Difference between Administration and Management.
- Functions of Management- Planning, Organising, Staffing, Leading, Co-Ordination.
- Manager.
- Role of Manager - To have figure head role, To act as a leader, To act as a Liaison officer, To supervise.
- The Millennium Manager.

A-Z GLOSSARY

Nomos	It is a Greek word which means management.
Conversant	It means to be familiar by use or study.
Rationale	A statement of reasons or a reasoned exposition of principles.
Pervasive	Spread throughout or widespread.
Pre-disposition	The fact or condition of being predisposed.
Contingency	A chance, accident or possibility conditional on something uncertain.
Whims	An odd or capricious notion or desire or a sudden or freakish fancy.
Perennially	Lasting for an indefinitely long time.
Echelons	A level of worthiness, achievement or reputation.
Objectives	a thing aimed at or sought, a goal.
Policies	a course or principle of action adopted.
Procedures	an established or official way of doing something.
Rules	one of a set of explicit.
Programmes	a planned series of future events or performances.
Budget	an estimate of income and expenditure for a set period time.
Strategies	a plan of action designed to achieve a long term or overall aim.

QUESTIONS

PART A

Objective Types

Choose the correct answer:

1. _____ is an art of getting things done through others.
 - a. Administration
 - b. Management
 - c. Orientation
 - d. Profession
2. Management is a _____ activity.
 - a. Individual
 - b. Group
 - c. Employer
 - d. Employee
3. _____ is the basic function of management.
 - a. Planning
 - b. Controlling
 - c. Directing
 - d. Staffing
4. The role of the lower level management _____.
 - a. Executing
 - b. Formulating
 - c. Deriving
 - d. Supervision
5. The term POSDCORD is coined by _____.
 - a. Henry Fayol
 - b. Koontz and O Donnell
 - c. Luther Gullick
 - d. Urwick



6. Administration is concerned with_____, whereas management is concerned with_____.
 - a. Planning, Doing
 - b. Doing, Planning
 - c. Staffing, Organising
 - d. Motivating, Controlling.
7. Middle level management is also known as_____.
 - a.Executory Management
 - b. Top level management
 - c. Lower level management
 - d. Efficient management

PART - B

II. Very short Answers

Answer in Five Lines:

1. Write any two Characteristics of management.
2. Define Management.
3. What is administration?
4. What are the three Levels of Management?
5. What are the functions of Management?
6. Who is a Manager?
7. Write any two Roles of Manager.
8. How Luther Gullick classifies the functions of management?

PART - C

III. Short Answers

Answer in One page:

1. Define Management. Explain the importance of Management.



2. Write the Importance of Management.
3. Write the difference between Administration and Management.
4. What are the functions of Top Level Management?
5. Write the functions of the Millennium Manager.
6. Write the skills which is necessary to be a good Manager.

PART – D

IV. Essay Type questions

1. Explain the various functions of Management.
2. Explain the Levels of Management with there functions.
3. Explain the role of Manager.

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4. Principles of Management by KATHIRESEN AND Dr. RADHA.
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6. Principles of Management by L.M. PRASAD.

V. Activity

Teacher's Activity:

1. Teacher can prepare a chart regarding the functions of Management.
2. Teacher can give a role play regarding Roles of Management.

Students Activity:

1. Students can prepare chart regarding Difference between Administration and Management.
2. An assignment on Roles of Manager can be given to the students.



Planning



LEARNING OBJECTIVE

Through this chapter the students can learn about the following:

- To enable the students to understand the meaning of planning
- To make the students to understand why planning is important
- Help the students to know the steps involved in planning
- To acquaint the students about the types of planning

CONTENT

- | | |
|--|--|
| 2.1 Introduction | 2.6 Limitations of Planning |
| 2.2 Meaning | 2.7 Essentials of a Sound Plan |
| 2.3 Definition | 2.8 Process or Steps Involved in Planning |
| 2.4 Nature of Planning (Characteristics for Features of Planning) | 2.9 Types of Planning |
| 2.5 Importance of Planning | 2.10 Methods of Planning. |

2.1 Introduction

All the organisation whether it is Government or private, big or small, profit or nonprofit needs planning. Planning is the first and foremost function of

management. Management at all levels engaged in planning. Planning comprises of setting of objectives for organisation and developing a plan of action to achieve the organisational goal.

2.2 Meaning

Planning is the primary of all managerial functions. Planning means deciding in advance what to do, when to do it, how to do it, and who is to do it. It bridges the gap between where we are and where we want to go. It is the management function that involves setting goal and deciding how to achieve them in a best manner. It is an intellectual process of thinking before doing. Planning helps to see in advance those things that can help to achieve the goal. The basic objective of planning is to work in a systematic manner to achieve with maximum efficiency and to reduce risk. Planning is done at all levels of management, keeping past events as base for planning to attain the future goal.



Figure 2.1 Planning- meaning

2.3 Definition

According to G.R.Terry, “**planning is the foundation of most successful actions of all enterprises.**”

“**Planning is deciding the best alternative among others to perform different managerial operations in order to achieve the predetermined goal-** Henry Foyal.

Planning is deciding in advance what is to be done. It involves the selection of the objectives, -policies, procedures, and programmes from among alternatives – M.E.Hurley.

2.4 Nature of Planning (Characteristics or features of planning)

The following are the essential characteristics of planning:

1. Planning is a primary function of management:

The functions of management are planning, organising, staffing, directing and controlling. Planning is the first function in all levels of management and is involved in all management functions. So it is called as an essence of management.

2. Planning focuses on goals:

Planning is a process to determine the goal of the organisation. It lays down the ways to achieve the goals, in the most effective and efficient manner. It safeguards the business against idle time loss, loss due to surplus labour etc.

3. Planning is a function of all managers:

Planning is done by all levels of managers. Top level managers prepare long term plans for the business as whole, middle level managers prepare departmental plans. Lower level managers prepare to carry out the daily routine work.

4. Planning is an intellectual process:

Planning is a mental work; it is concerned with thinking before doing. It is an intellectual process, so it involves creative thinking and imagination.



5. Planning is a continuous process:

Planning is a continuous process and has no end. As far as business is concerned, planning, is needed as long as there are business activities. Once a plan period ends the next plan period starts. Thus planning is considered as continuous process.

6. Planning is future- oriented:

Planning is required to attain the future goals of an organisation, keeping past happening as basis for plans. Future is uncertain so the plan must be suitable to meet any changes (i.e.) fluctuating demand, unavailability of raw material, changes in government rules etc.

7. Planning involves Decision- Making:

Planning helps to make certain alternatives and to select the best out of the alternatives considering men, money, machines and materials.

department goal Organisational goals can be reached. Thus planning explains the responsibility of each individual, department and organisation. It provides scope for co-operation and co-ordination in organisation.

4. Helps Organising: It aids in organizing all recourses available in the organisation properly i.e., men, material, machinery, and money. So the works can be done effectively and efficiently without delay. It also helps to show the relationship between the workers in the organisation.

5. Gives right direction: It shows right direction to reach the goal, and avoid wastage. Because of planning the goals can be reached without delay in the cheapest way. It helps to use the available resources to the maximum.

6. Keeps good control: Planning is the first function of management and controlling is the last function. Planning without control is useless and control without planning is meaningless. Thus planning provides the basis for control.

7. Helps to achieve objective: Once the objectives of the organisation is fixed, sub plans are prepared to attain the main goal. When employees follow the plan they are able to achieve the goal easily.

8. Motivation: planning helps to distribute work evenly throughout the year to every individual. Once the goal was set the employees will do their work without delay. They will be motivated to complete the work allotted to them. It helps to improve production.

2.5 Importance of planning

1. Increases efficiency: Planning increases efficiency of the organisation by doing right things at the right time. Because of planning the departments in advance can know the work to be done. It helps to increase the efficiency.

2. Reduces Risk: It reduces risk involved in business activities. Planning is for future use and future is uncertain. While planning future uncertainties, adequate provisions must be made to meet the same. So it helps to reduce risk.

3. Facilitates Co-ordination: In the organisation works are done by teams. Individuals want to attain the goals set for him. When individual works are grouped the departmental goal can be achieved. On integrating



- 9. Encourages creativity and innovation:** It encourages creativity and innovation at the top levels. When ample space is given to the top level executives, they can try new methods to attain the goal and implement the quality ideas which they have.
- 10. Helps decision making:** Several options are selected while making decision. Planning helps to select the best option among the alternatives, considering the available resources of the organisation.

2.6. Limitations of Planning

Although planning is a primary function and facilitates various other management functions, it has barriers and limitations. Some of them are given below.

- 1. Expensive:** planning is an expensive process, because time, energy and money are involved in gathering of facts and testing of various alternatives. So, small organisations are unable to afford a formal planning progress.
- 2. Rigidity:** planning restricts the individual freedom, initiative and desire for creativity, as it strictly adheres to predetermined policies and programmes.
- 3. Uncertain:** Plans are meant for the future use, but future happenings cannot be accurately predicted. A sudden change in the policies of the government, loss due to natural calamities can destroy the plans, even though it is carefully prepared,
- 4. Non-availability of data:** Planning needs reliable facts and figures. Planning loses its value unless reliable information's are available.

- 5. People's resistance:** Resistance to change hinders planning. Planners often feel frustrated in instituting new plans, because of the inability of the people to accept them.
- 6. Ignorance of subordinates' interest:** Plans are prepared to attain the organisational goal in the most effective manner; ignoring subordinates interest. So the employees work without interest or involvement, this affect the quality of work.

2.7 Essentials of a Sound Plan

Plans are formulated with a view to achieve organisational goals. A good plan will be one that enables the management to achieve its goals. A good plan should have the following essentials:

- 1.** It should be simple and clear.
- 2.** It should be easily understandable to the followers.
- 3.** It should be prepared on the basis of clearly defined objectives.
- 4.** It should cover all aspects that are needed for the fulfilment of the objectives.
- 5.** It should be flexible to changing situations.
- 6.** It should be as economical as possible.
- 7.** It should be adaptable.
- 8.** It should provide standards for the evaluation of actual performance.
- 9.** It should provide a basis for decentralisation of its various activities.
- 10.** It should guide decision-making.

2.8 Process or Steps Involved in Planning

A plan can help to avoid mistakes and to recognize hidden opportunities. Preparing a satisfactory plan is essential and the management should understand the planning process clearly what they want to achieve, and how and when to do it. Planning involves number of steps; the main steps of planning are as follows.



Figure 2.2 Process of planning

1. Aware of business opportunities:

It is necessary to analyse the internal and external environment to know the trends in near future. Business activities are influenced by Government regulations, technological changes, availability of raw material, labour etc. The business men have to look for opportunities by observing the business environment.

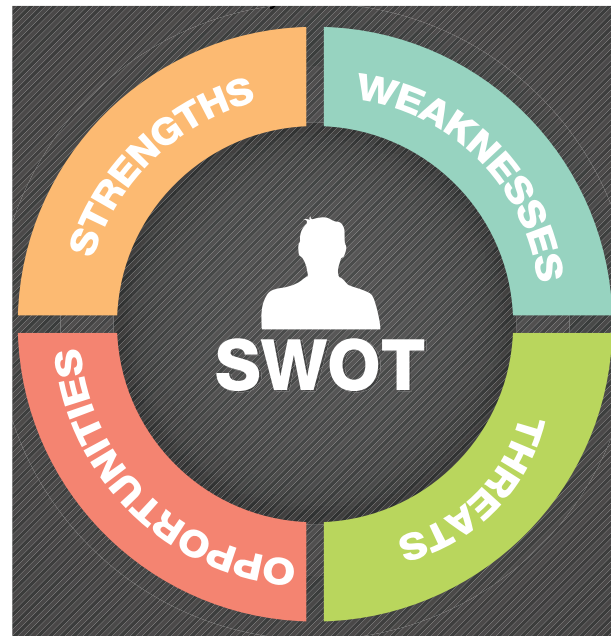


Figure 2.3 Tool to analyse the environment

2. Setting Objectives: plans are prepared with a view to achieve certain goals. so establishing the objectives is an important step in planning. The overall objective of the enterprise must be stated along with the specific objectives of individual department and divisions in the organisation. The objectives must be stated in measurable terms i.e., Percentage, Production, Sales, number of units etc.

3. Considering planning premises: Planning premises are the anticipated environment in which plans are expected to operate. As planning is for future, certain assumption about the future is uncertain. It is necessary to make assumption about the factors influencing internal environment and external environment. The factors which affect the plan must be identified and evaluated.

4. Identifying the alternative course of action: For doing a work there are always certain alternatives. The planners should study the entire

alternative, considering the strong and weak points of them and finally identify the most promising one to reach the goal.

- 5. Evaluating alternative course of action:** Once the alternative course of actions are identified, the next step is to evaluate the same. Evaluation means studying the merits and demerits of each alternative. Each alternative should be closely studied to determine its suitability.
- 6. Choosing the best alternatives:** Once the alternative courses of action have been evaluated the next step is to select the best. The alternative selected should help the organisation in making an optimum use of available resources and help to attain the objective set in the most effective manner.



Figure 2.4 Choosing the best alternative

- 7. Formulation of supporting plans:** The main plan should be supported by number of supporting plans to attain the goal. Ex: Once the production plan is ready the supportive plans such as purchase of raw materials, tools, equipments, engaging workers etc, have to be formulated. Without supportive plans it is not possible to carry out the main plan.
- 8. Implementation of plans:** Implementation of plan means putting the plans into action so as

to achieve the business objectives. After implementation of plans, it is necessary to ensure that the activities of the enterprises proceed in the right direction.



The Wright brothers, Orville and Wilbur were two American aviators, engineers, inventors, and aviation pioneers who are generally credited with inventing building and flying the world's first successful airplane. The idea for inventing Aeroplane was developed when they are young. In 1878 their father, who travelled of as a bishop in the church of the united Brethren in Christ, brought home a toy helicopter of his two younger sons. The device was made of paper, bamboo and cork with a rubber band to twirl its rotor. It was about a foot long. Wilbur and Orville played with it until it was broken and then built their own. In later years, they pointed to their experience with the toy as the spark and plan to fly in reality.

2.9 Types of Planning

Planning can be classified into different categories on the following basis.

1. Nature of Planning:

- (a) Formal planning
- (b) Informal planning

Formal planning: Officially recognized planning is known as formal planning. Formal plans are normally in writing. Formal Planning allows to manage the future and improves organisational productivity and increase profitability.

Informal planning: Informal planning will not be in writing. Informal planning will be effective only when the number of action is less.

2. Duration of planning:

- (a) Short term planning
- (b) Long term planning

Short term planning: The Period of short term plan is one year or less than one year. Short term plans are prepared in detailed manner. It must be formulated in a manner consistent with long term plans. Such plans may relate to the following matters:

- Purchase of raw materials.
- Preparation of budgets.
- Arranging the employees for training etc.,

Long term planning: The period covered by the long term plan is usually 5 to 15 years. The management and special planning officials prepare long term planning. Long term planning is also known as strategic planning. Some of the examples of long term planning are:

- Introduction of new product
- Changing the techniques of production
- Expansion of business

3. Levels of management:

- Strategic planning
- Intermediate planning
- Operational planning

Strategic planning: The strategic planning is the process of detecting overall objectives of the organisation, policies and strategies adopted to achieve the objectives. It is conducted by the top level management and may cover a time period of up to ten years.

Intermediate planning: Intermediate planning covers a period of six

months to two years. Intermediate planning is done by middle level management. They refine broad strategic plans into more workable and realistic plans.

Operational planning: Operational planning deals with the current activities. It keeps the business running. These plans are operated by the lower level management and conducted by supervisor, and it covers a period of one week to one year.

4. Use:

- Standing plan (repeated use plans)
- Single use plans

Standing plans: Standing plan is one, which is designed to be used again and again. They give guidelines regarding the activities that occur frequently. Objectives, policies, procedures, methods, rules, and strategies are included in standing plans. It helps the executives to reduce the workload.

Single use plan: Single use plans are used once for a particular circumstance. They are non-recurring and flexible in nature. Programme, budget, schedule are included in single use plan. It is also called specific planning.



SpaceX's achievements include the first privately funded liquid propellant rocket to reach orbit in 2008 and first private company to launch an object into an orbit around the sun. SpaceX is planning to develop its first Mars Landing Machine with NASA to land people to Mars.

2.10 Methods of Planning

Planning consists of several individual plans depending upon nature and scope it can be classified as follows:

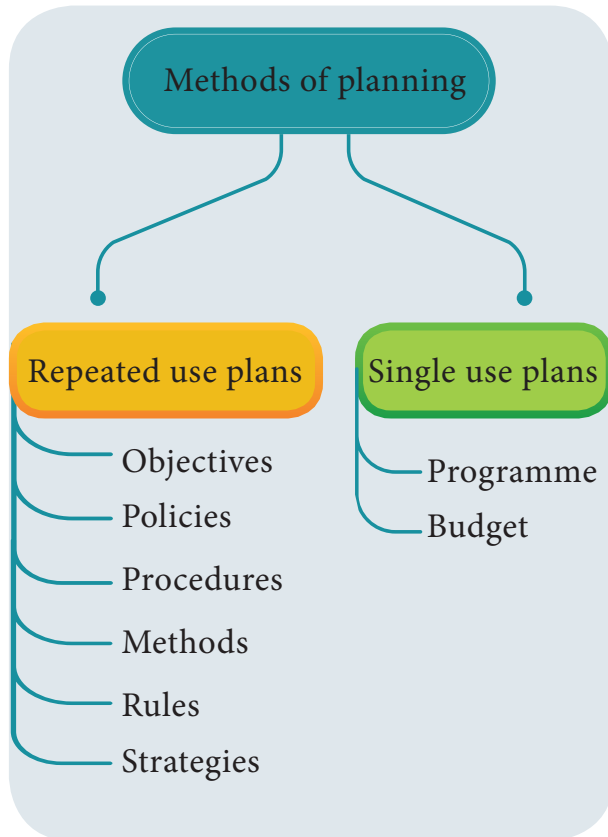


Figure 2.5 Methods of planning

Repeated use plans

These plans can be used again and again. The elements of standing plans are

1. Objectives:

Objectives are the end towards which the activities of an organisation are directed. For planning, objectives are essential. Planning has no meaning if it is not related to objectives. Objectives are useful for all managerial purposes. It is expressed in measurable statement in written form. For example, hire and fully train five new customer service staff members by June 30.

2. Policies:

Policies provide the framework within which the decision makers are

expected to operate while making the decisions relating to the organisation. They are the guide for thinking and the action of subordinate for attaining the goal. It shows the limit within which the organisational decisions have to be made. For example, an enterprise may follow a policy of selling its products only on cash basis.

3. Procedures:

A procedure will lay down the manner in which certain work has to be performed. It prescribes the sequence of operations to be carried out to complete a given task. For example, procedure is laid down in an organisation for purchase of raw material, selection of employees, etc.

4. Methods:

Methods specifies the way in which a particular step is to be performed, procedure tells the various steps to be taken to perform a particular task, but method tells how a particular step in the procedure is to be performed. The definition of a method is a system or a way of doing something. An example of a method is a teacher's way of cracking an egg in a cooking class.

5. Rules:

A rule specifies the people to do or not to do certain things. They are always rigidly enforced. For example, no smoking in working place, wear uniform in factory etc.,. There is always a fine or penalty for the violation of rules.

6. Strategies:

Strategy is a term which is normally used in battlefield for planning a military movement, handling of troops, etc. In business, strategy means



tactics adopted to counter competitor's actions. It is also concerned with meeting the challenges posed by the policies and the actions of the competitors in the market. For example, keeping prices low to attract more customers. Since profit margins are very low, the business must sell a lot of products to make money.

Single use plans:

Single use plans are used for a specific purpose only. As soon as the purpose is over the plan becomes useless. Programmes and budgets are the examples of single use plan.

1. Programme:

Programme specifies the date and time by which the activities of the enterprise will be carried out. Programme may be major or minor in nature. For example, to sell 10,000 cycles by the end of the year is the sales programme of the company.

2. Budget:

A budget is the financial plan of a business. It is expressed in numerical terms. A budget is a plan you write down to decide how you will spend your money each month. A budget shows you: how much money you make? And how you spend your money?

Before preparing the budget, the past happenings, the present needs and future trends are taken into account. Budget is always prepared for specific period of time i.e., for a month, for half year or whole year. A budget helps you decide: what you must spend your money on? And if you can spend less money on some things and more money on other things. For example, your budget might show that you spend Rs.1000 on clothes every month. You might decide you can spend Rs.500 on clothes. You can use the rest of the money to pay bills or to save for something else.

CASE STUDY

Mr. Peter Manager of a tea factory is planning to expand his business, so that he has decided to purchase raw materials from Nilgiris, and to improve the production he has planned to purchase a machinery cost Rs. Five lakhs. As the factory is far away from the bus stop the employees want to walk for an hour to reach the factory. So he has planned to purchase a van for the workers benefit which may improve production.

Questions

1. What type of plans Mr. Peter used in his factory?
2. What suggestions would you like to give Mr. Peter for his expansion?

Points to Remember

- **Concept of planning**
- **Features of good plan**
 1. Primary function
 2. Goal oriented
 3. Pervasive function
 4. Intellectual process
 5. Future oriented
 6. Planning is realistic
- **Importance of planning**
- **Limitations of planning**
- **Steps in planning**
 1. Aware of business opportunities
 2. Setting objectives
 3. Considering planning premises
 4. Identifying the alternative course of action
 5. Evaluating alternative course of action
 6. Choosing the best alternative
 7. Formulating supporting plans.
 8. Implementation of plans
- **Types of planning**
 1. Nature of planning
 - a. Formal
 - b. informal
 2. Duration of planning
 - a. short term
 - b. long term
 3. Levels of management
 - a. strategic planning
 - b. intermediate planning
 - c. operational planning
 4. Use
 - a. Standing plan
 - b. Single use plan
- **Methods of planning**
 - a. Objectives
 - b. Policies
 - c. Procedure
 - d. Rules
 - e. Strategies
 - f. Programmes
 - g. Budget

A-Z GLOSSARY

Afford	able to spare enough money , time etc.
Alternative	necessitating a choice between mutually exclusive possibilities.
Barrier	a barrier is a physical structure which blocks.
Creative thinking	thought for inventing and making of new kinds of things.
Evaluation	it is a systematic determination of a subject's merit, worth and significance using criteria governed by set of standards.
Expansion	process of becoming greater in size, number or amount.
Formulated	set out in detail.
Fluctuated	having unpredictable ups and downs.
Frustrate	make ineffective.



Hidden opportunities	unseen favourable chance.
Ignoring	fail to notice / ignorance is a state of being uninformed.
Influence	the power to make other people agree with your opinions.
Intellectual	involving a person's ability to think and to understand ideas and information.
Planning premises	anticipated environment in which plans are expected to operate.
Predetermined	its form or nature was decided by previous events.
Predicted	expected.
Primary function	first and foremost function.
Realistic	facing facts, based on facts rather than ideals.
Reliable	consistently good in quality or performance.
Sub-plans	plans which helps the main plan.

QUESTIONS

PART- A

Objective type Questions (1 Mark)

Choose the correct answer:

1. Planning is a ----- function of management.
a. secondary function
b. sub-function
c. primary function
d. alternative function
2. Planning----- of the organisation by doing right things at the right time.
a. increases efficiency
b. decreases efficiency
c. increases price
d. decreases price
3. Planning is acquired to attain the ---- goals of an organisation.
a. present
b. past

- c. future
d. start up

4. Planning is the first function and --- ----- is the last function of management.

- a. organising
b. coordinating
c. directing
d. controlling



5. Plans are meant for future, it cannot be predicted accurately because future is -----.

- a. uncertain
b. predetermined
c. informational
d. effective

6. -----are the anticipated environment in which plans are expected to operate.

- a. planning premises
b. planning operation
c. planning assumption
d. planning alternatives.



7. Pervasiveness of planning indicates that planning.
- extends throughout the organisation
 - is a top management function
 - is the first element of management process.
 - is future –oriented activity.
8. Long term planning covers a period of
- 5 to 15 years
 - above 15 years
 - below 15 years
 - below 5 years
9. Standing plan is otherwise known as
- single use plan
 - operational plan
 - repeated use plan
 - short term plan
10. Fine will be imposed for the violation of -----.
- rules
 - plans
 - policies
 - procedure
11. Strategy is the term derived from --- -----.
- sports
 - politics
 - business
 - military
12. ----- is expressed in numerical terms.
- objectives
 - programme
 - policy
 - budget

PART –B

Very Short Answer (3 Marks)

Answer in Five lines:

- Define planning
- What is planning premises ?
- Define objectives of Setting.
- What is a policy?
- What do you mean by strategy?
- What is budget?
- What are repeated use plans?
- What is meant by pervasiveness by planning ?

PART- C

Short Answer (5Marks)

Answer in one page:

- What are the advantages of planning?
- Bring out the limitations of planning.
- Explain the steps to make planning effective.
- Explain the types of planning on the basis of levels of management.
- Explain the repeated use plans.
- Explain the nature of planning.
- Write the Essentials for a Sound Plan.

PART- D

Essay type Questions (10Marks)

Answer within three pages:

- What is planning? Explain the basic characteristics of planning.
- Discuss the various steps involved in the process of planning.
- Write the various types of planning.
- Explain the methods of planning.
- You are appointed as the manager for a newly started textile business, What plans you will adopt to develop the business?

Activity

Teacher activity:

1. Teachers can ask the students how they are going to plan their life.
2. Can explain with stories how planning is important.
3. Give an assignment regarding “ students idea to start up a business”
4. Prepare a chart for methods of planning.

Student activity:

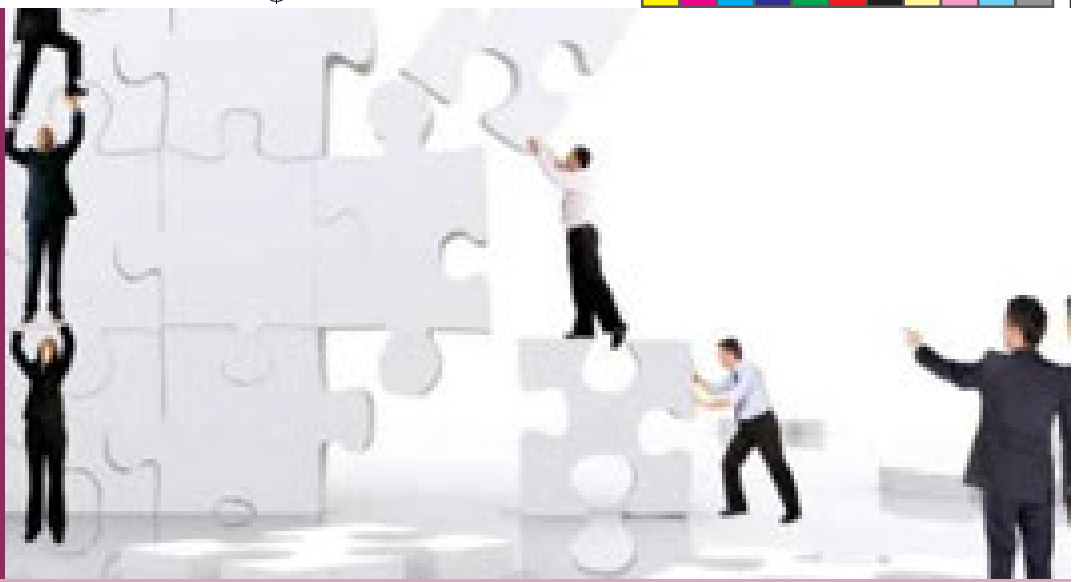
1. Can ask the students to write examples for types of planning.
2. Students can write assignment for process of planning.

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3

CHAPTER



Organising Function



LEARNING OBJECTIVE

Through this chapter the students can learn about the following:

- To enable the students to understand about organisation and its nature.
- To acquaint the students about the steps in organisation process.
- To enable the students to understand about formal and informal organisation.
- To understand about various types of organisation.
- To analyze the various components of organisation chart.

CONTENT

3.1 Introduction	3.8 Line Organisation
3.2 Meaning	3.9 Line and Staff Organisation
3.3 Definition	3.10 Fuctional Organisation
3.4 Nature of Organisation (Characteristics)	3.11 Organisational Chart
3.5 Advantages of Organisation	3.12 Drafting New Organisational Structure for Small Scale (Industries) Enterprises - Case Study
3.6 Steps in Organisation Process	
3.7 Formal and Informal Organisation	

3.1 Introduction

Organisation is born when more than one person co-ordinates to do a work; such as a person passing bundles to another person to keep them in order. People

helping one another in work constitute an organisation.

Organisation refers to a way in which the component of an enterprise is put into working order, so as to achieve

the objectives of the firm. The components of organisation consist of men, machine, materials, methods, money, functions, authority and responsibility.

Organisation involves division of work among people whose effort must be coordinated to achieve specific objectives and to implement predetermined strategies. Organisation is the foundation upon which the whole structure of management is built.

The term organisation is used in two different senses. In the first sense it is used to denote the process of organising. In the second sense the organisation refers to the structure of relationship among positions of jobs which is built up for the realization.



Division of work

Figure 3.1 Organising

3.2 Meaning

Organisation as a Process

In a dynamic sense, organisation as a process refers to the defining and grouping of the activities of the enterprise and establishing authority relationship among them. In the other words, it is the process by which the manager assembles his employees, delegates authority, fixes the responsibility and gets the work done.

Organisation as a structure

In a static sense, the term organisation refers to the structure manned by a group of individual who are working together

towards a common goal. In other words, it refers to the structure of relationship among position and jobs which is built up for the attainment of the common objectives.

The task of organisation is to integrate the components effectively for the purpose of attaining the common goal. Organising is the function of gathering resources, establishing orderly uses for such resources and structuring tasks to fulfill organisation plans. It includes the determination of what tasks are to be done, how the task are to be grouped, who is going to be responsible to do the task and who will make decisions about these tasks.

3.3 Definition

According to Davis, “Organisation is a group of people, who are cooperating under the direction of leadership for the accomplishment of common end”.

Urwick defines it as, “dividing up of the activities which are necessary to any purpose and arranging them in groups which are assigned to individual”.

“Organising is the establishment of effective authority relationship among selected work, persons and work places in order for the group to work through effectively” – G.R.Terry

3.4 Nature of Organisation (Characteristics)

Organisation is an effective and necessary instrument for the attainment of predetermined goals. The following are the main characteristics of organisation.

1. **Division of Labour:** The total work to be done is divided into small parts and each work is entrusted



to particular individual. After the division of the total effort into functions and sub-functions, the next step is to group the activities on the basis of a) Similarity of work b) Efficiency. So that the similar type of activities can be grouped together and placed under the name of department or Sub-department.

Ex: The manufacturing enterprise, its total activities may be divided and grouped under production, marketing, finance, personnel etc.

Division of labour will lead to specialization because of doing the same work again and again. It helps to increase the quantity and quality of output without waste of time, energy and resources.

2. **Co-Ordination:** The people in the organisation are assigned with different functions, but the aim is to attain organisational goal. So they have to co-ordinate between 1. The employee and his work 2. One employee and another one employee 3. One department and another.

3. **Objectives:** Every organisation should have specific and well defined objectives.

Objectives cannot be accomplished without an organisation. Similarly the organisation cannot exist for a long time without objective and goals.

4. **Authority-Responsibility relationship:** An organisation structure consists of various positions arranged in a hierarchy with a clear definition of the authority and responsibility, associated with each position.

5. **Communication:** Every organisation has its own method

of communication. In organisation group of persons work together towards the goal. So effective communication is needed between the people for understanding. The channels of communication may be formal, informal, downward, upward or horizontal.

3.5 Advantages of Organisation

1. **Benefits of specialization:** The entire work of the concern is divided into several departments. The employees who do the work repeatedly in the department will become experts and likely to make less mistake. They can focus better and work easier.
2. **Division of work:** The total work to be done is divided into small parts, and each entrusted to a particular individual.
3. **Scope for growth and diversification:** It helps for the growth of business operations and ensures maximum utilization of existing resources and capabilities.
4. **Scope for expansion and adoption of new technology:** Organising helps to expand the business, if necessary and can adopt new technological changes which may increase the efficiency and minimize the cost.
5. **Stimulates Creativity:** An organisation provides space to the individuals to exhibit their creative skills. The individuals can act within their limits and can use innovative ideas to perform the tasks.
6. **Minimise duplication of work:** Though the works are divided and arranged in order, it minimises duplication of work.

3.6 Steps in Organisation Process

The management function of organising consists of making a rational division of work and integration of the activities into specific groups to achieve the goal. The various steps involved in this process are as follows:



Figure 3.2 Steps in organisation process

Division of work: The organising function starts with division of total work into smaller units. Each unit of a total work is called a job. An individual in the organisation is assigned with one job.

Grouping of activities/Jobs: After dividing the work into smaller jobs, it can be grouped together. The grouping can be done by the organisation on their own style and put under one department.

Ex: All the jobs related to sales are grouped under sales department.

Assigning duties: Each individual working in the concern is assigned with a duty matching to his skill and qualification. The work is assigned on the basis of the ability of individuals. Employees are assigned duty by giving them a document called job description. This document contains the details regarding the job, what to do and what not to do. Therefore it results in efficiency.



Establishing authority and responsibility:

For doing the job allotted every individual needs some authority. The assignment of the authority results in creation of superior subordinate relationship and the question of who reports to whom is clarified. So with establishment of the authority the individual can perform their jobs and everyone knows who will report to whom.

Delegation of Authority: Each employee is delegated with authority. Without authority the employees cannot carry out their responsibility. Authority has the right to give orders and power to get the work done. The authority given to the employee should be equal to the responsibility given to them.

Providing employees all required resources: After defining the authority relationship the employees should be provided with all resources which is needed to perform the job.

Coordinating all activities: The efforts of all activities are brought together to attain the common goal.

3.7 Formal and informal organisation

Formal organisation: Formal organisation deliberately and consciously creates for the accomplishment of organisational goal. Organisation is a well-defined structure of authority and responsibility that defines delegation of authority and relationship amongst the organisational members. It provides official relationships between the individuals. The communication channel in a formal organisation is also official. Rules and procedures are well defined in formal organisation. Formal organisation facilitates coordination, integration of the diverse departments within an enterprise.

Definition of Formal organisation

According to M. P. Sharma, “**Formal organisation means the organisation as deliberately planned, designed and duly sanctioned by competent authority**”.

In the words of Barnard, “**Formal organisation is a system of consciously coordinated activities or forces of two or more persons**”.

Merits of formal organisation

1. **Systematic working:** Formal organisation structure results in systematic and smooth functioning of an organisation.
2. **Achievement of organisational objectives:** It is established to achieve organisational objectives without any confusion.
3. **No overlapping of work:** Informal organisation's work is systematically divided among various departments and employees. So there is no chance for overlapping of work.
4. **Co-ordination:** It results in coordinating the activities of various departments to attain the common goal.
5. **Creation of chain of command:** Formal organisational structure clearly defines superior subordinate relationship i.e., who should report to whom?
6. **More emphasis on work:** Formal organisational structure lays more emphasis on work than interpersonal relations.

Demerits of formal organisations

1. **Delay:** The actions will get delayed because of following chain of command and scalar chain.
2. **Ignores social needs of employees:** It does not give importance to social needs of employees which may lead to demotion of employees.

3. **Emphasis on work only:** It ignores creativity, human relations, talents etc and give importance to work only.

Informal organisation

Informal organisation is the outcome of personal and social relationship between the individuals and the organisation. It develops spontaneously as the result of interactions between persons. It exists outside the formal authority system, without any set of rigid rules. It was first systematically explored in the pioneering studies carried on by Elton Mayo and others at the Hawthorne plant of western Electric Company. It exists in all the offices such as Government, Private, Public and in business also. In Informal organisation there are no written rules like Formal organisation. It cannot be forced or controlled by the management. There is no defined structure for communication.

Definition

According to Chester Barnard, **“Informal organisations as the aggregate of personal contacts and interactions and the associated group of people, such organisations are indefinite, structures less and are shapeless mass of varied densities”.**

Merits of informal organisation

1. **Fast Communication:** It does follow scalar chain, so the communication will spread faster.
2. **Fulfills social needs:** It gives importance to psychological and social needs of employees which motivate the employees.
3. **Correct feedback:** Though the group is informal, they don't have the fear of the boss, so the employers at top level may get the correct feedback from employees of various departments.

Comparison between formal and informal organisation

S.No.	Basis for comparison	Formal organisation	Informal organisation
1.	Meaning	An organisation where the job of an employee is clearly defined, whose authority, responsibility and accountability are fixed.	An organisation formed with a network of interpersonal relationship of employees.
2.	Creation	It is consciously and deliberately created.	It arises spontaneously.
3.	Purpose	To fulfill the objective of the organisation.	To satisfy the social and psychological needs.
4.	Communication	Formal communication	Informal communication
5.	Control Mechanism	Rules and procedure	Personal relationship between the individuals
6.	Authority and Responsibility	Authority flows downwards and responsibility flows upwards	There is no flow of responsibility
7.	Size	Large	Small
8.	Stability	Permanent and stable	Unstable

Demerits of informal organisation

1. No smooth flow of work: Working in informal organisation will not be systematic, so there will be no smooth flow of work.
2. Spread rumours: The information may adopt a casual approach to work in an informal atmosphere. This may affect the quality of work.

3.8 Line organisation

Line organisation: Line organisation is the oldest and simplest method of administrative organisation. According to this type of organisation, the authority flows from top to bottom in a concern. The line of command is carried out from top to bottom. Persons having the greater decision – making authority are placed at the top, and those having the least decision – making authority are at the bottom. In between, there are other levels of management, such as intermediate and supervisory.

Line executives are the people who are directly involved in the basic activities of an organisation.

The Superiors at each level makes decisions within the scope of the authority

delegated to him by his own boss. He communicates his decisions and orders to his subordinates, and it is the duty of the subordinates to follow the orders and instructions given by his superior.

Each position in the structure has general authority over lower positions. Similarly, each position derives authority from the one above. Every person in the organisation is supposed to be accountable to one and only, who delegates authority and assign duties to him. Any departure from this may create problems. For example, if the production manager by passes a foreman and gives instructions directly to a machine-man, he may put the machine-man in a difficult position of being accountable to two persons at one and the same time. This may also upset the foreman's control over his subordinates (including this particular machine-man) in general.

In this type of organisation there is a vertical line of authority. For this reason, it is given the name “line organisation”.

Types of Line organisation

Line organisation can be of two types:

1. Pure line organisation and
2. Departmental line organisation

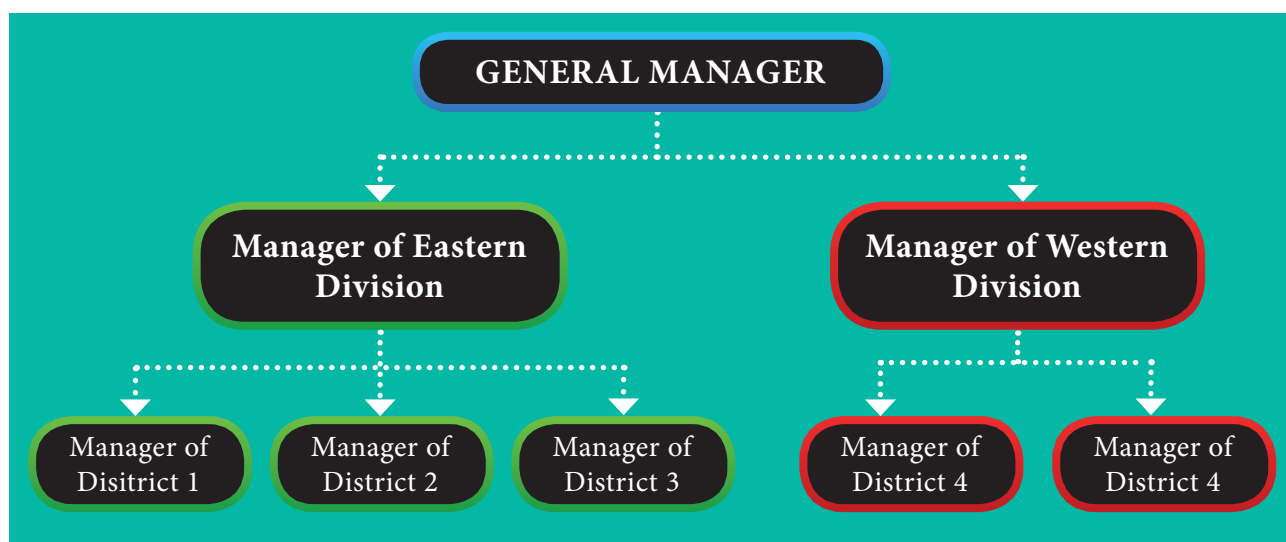


Figure 3.3 Line Organisation

Pure line organisation: In a pure line organisation, at any given level of work, all the individuals perform the same type of work.

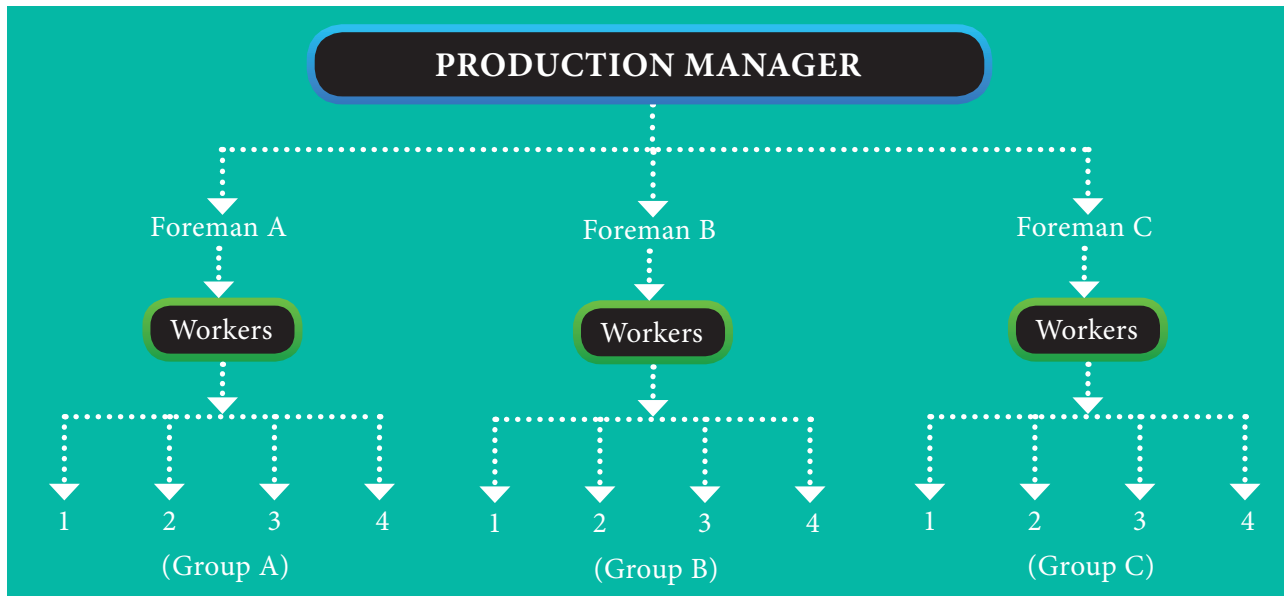


Figure 3.4 Pure Line Organisation

Departmental line organisation: In a departmental line organisation, there is a chief executive at the top, under him there are number of departments each headed by a departmental manager.

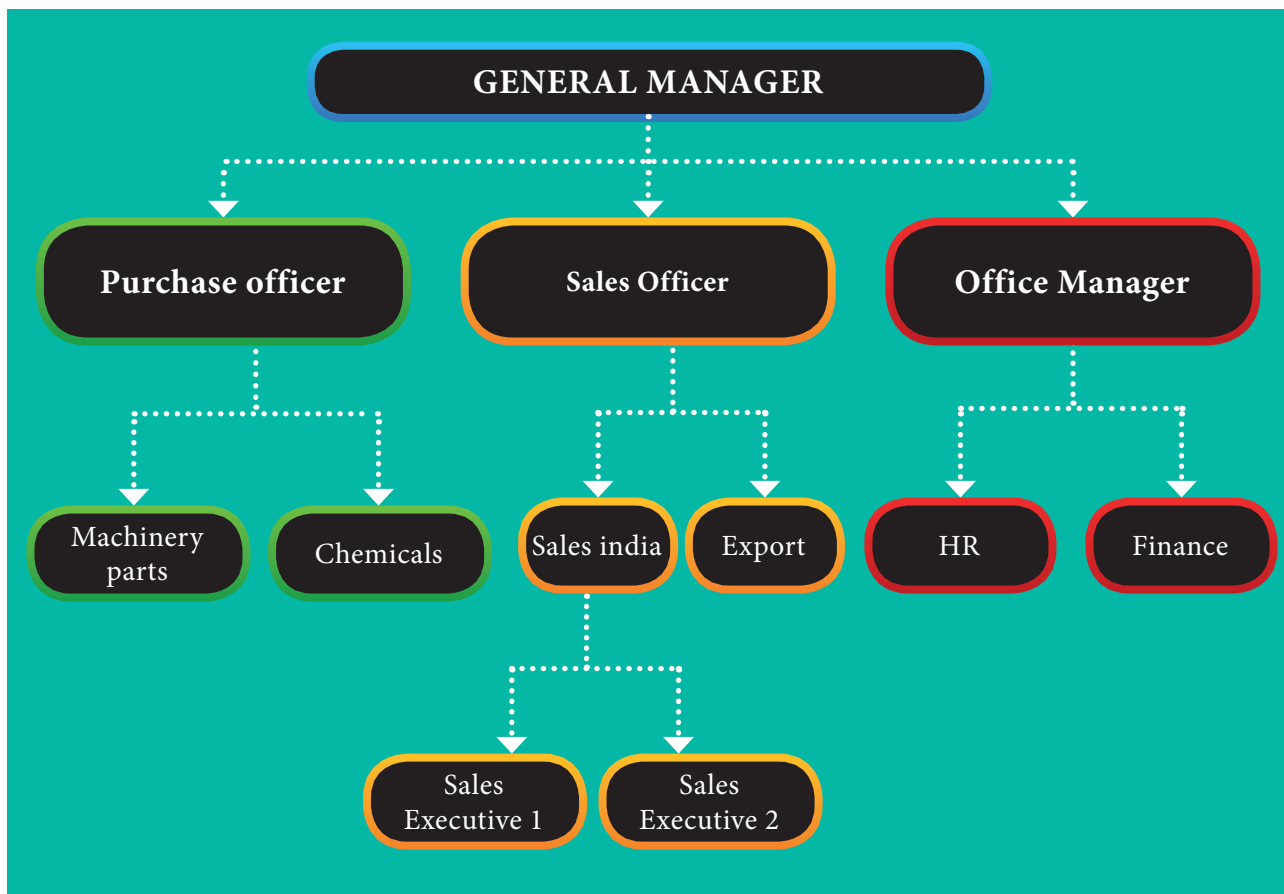


Figure 3.5 Departmental Line Organisation



Each departmental head derives his authority from the general manager and delegates' authority to his immediate subordinates. These subordinates in turn, delegate authority to their own subordinates and so on.

All departmental heads enjoy equal status and authority, also they function independently from one another. For example, the production manager will not interfere in the decision making of sales manager or finance manager and vice versa. Further, no executive in a line organisation should be burdened with supervising a large number of subordinates.

Merits of Line organisation

- **Simple:** A line organisation is easy to establish. There are no complications in defining the relationships.
- **Clear division of authority and responsibility:** Each individual has his area of authority clearly indicated. He also wants to know that he is responsible for his work performance.
- **Unity of control:** Employees are given orders by only one superior and hence a subordinate does not want to carry out the orders of number of superiors.
- **Speedy action:** Decisions can be made and executed promptly due to unity of command and clear division of authority and responsibility.
- **Flexibility:** Each executive understands his role and responsibility and make suitable adjustment to realize the goals set for him.

Demerits of Line organisation

- **Lack of specialisation:** Line executives are responsible for both planning and execution of the work assigned to them which amounts for too much relying on the capacity and capability of individual executives.

- **Over burdening of key men:** An executive with line authority has complete control over his unit and he is solely responsible for the performance of his subordinates. This places a great burden on a individual.
- **Limited communication:** A Line organisation does not usually provide communication from the subordinate i.e. upward communication. This hinders creativity and capacity for independent thinking of the employee as they develop the habit of working as per orders of their superior.
- **Subjective approach:** A line executive has monopoly over decision – making and he is not obliged to seek advice or listen to line organisation.

Suitability of Line organisation

Even with its drawback, line system of organisation will be quite suitable for enterprises which are small in size or where the work involved is of a routine nature or machine based.

3.9 Line and Staff organisation

A Line function is one that directly advances an organisation in its core work. This always includes production, sales and marketing. In an organisational set-up, those who possess line authority are the people directly involved in the basic activities of the enterprise. The line managers are responsible for achieving the results, so they are having authority to decide and implement decisions.

The Staff officials are experts and having specialised knowledge in their respective field, so they will guide and advice line managers and they do not have any authority for decision making. The Line managers can accept or reject the suggestions given by the Staff managers.

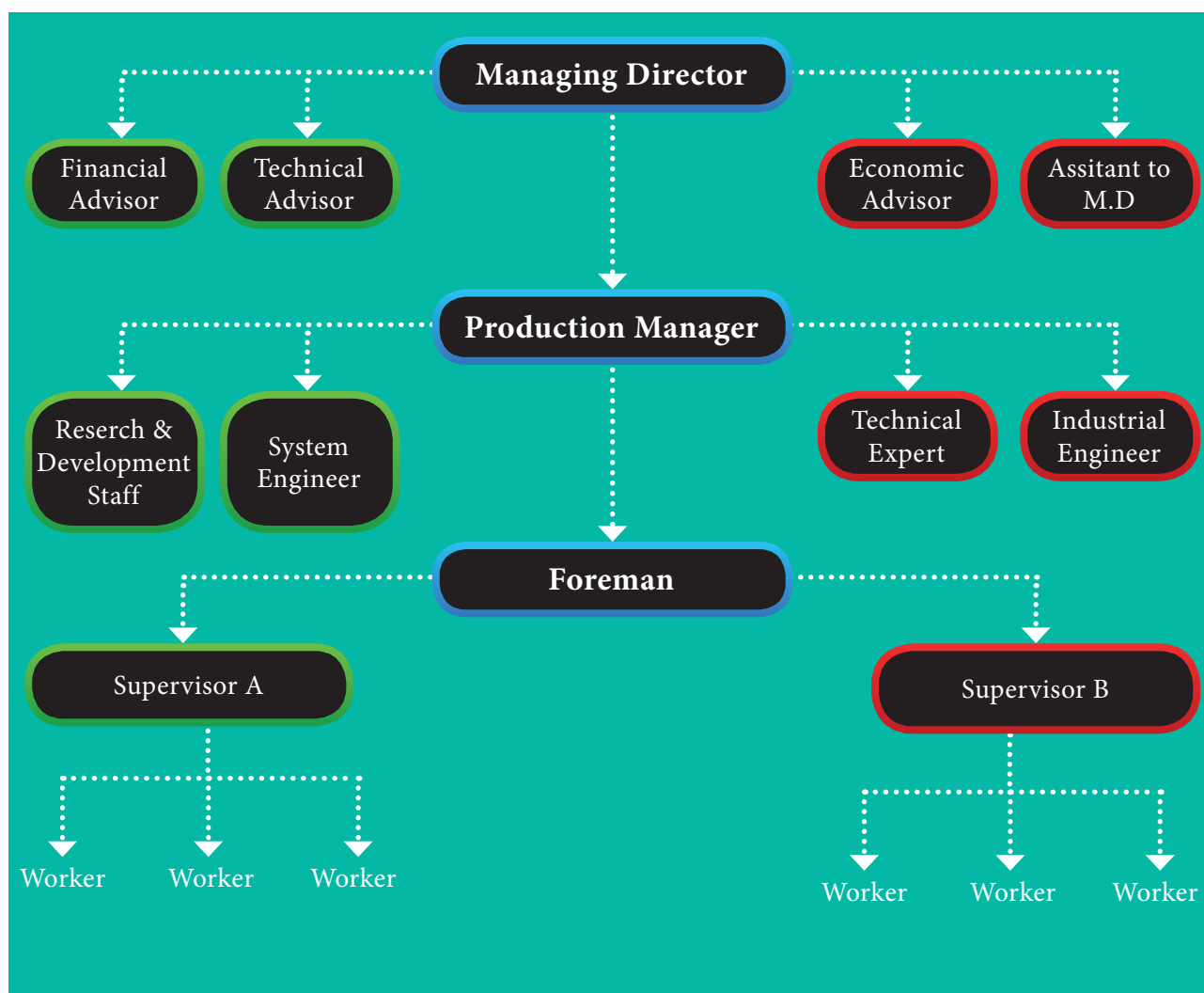


Figure 3.6 Line and Staff Organisation

Line and staff functions frequently overlap. Most staff executives may also simultaneously be line executives. For example, when the chief accounts officer gives expert advice to the chief line officer in respect of tax and accounting matters, he acts as a staff officer. When he supervises and controls the work of subordinates in his own department, he performs the functions of a line executive. When he directs the executives at different levels to follow certain specific accounting procedures in their respective departments, he assumes the role of a functional executive.

For eg: In the armed forces, the roles of line and staff agencies are clearly demarcated. The line part of the

organisation does the front line fighting while the staff plays the supporting role (in the supply of information, logistics and so on). However, the staff managers are also trained to handle the front line roles in case of an emergency in the front-line battle front.

Merits of Line and Staff Organisation

- **Expert advice:** Line executives and through them the enterprise as a whole, benefit a great deal from the expert advice and guidance provided by the staff officers.
- **Relief to line executives:** Staff executives carry on detailed analysis of each important managerial activity. Hence line executives do not have to

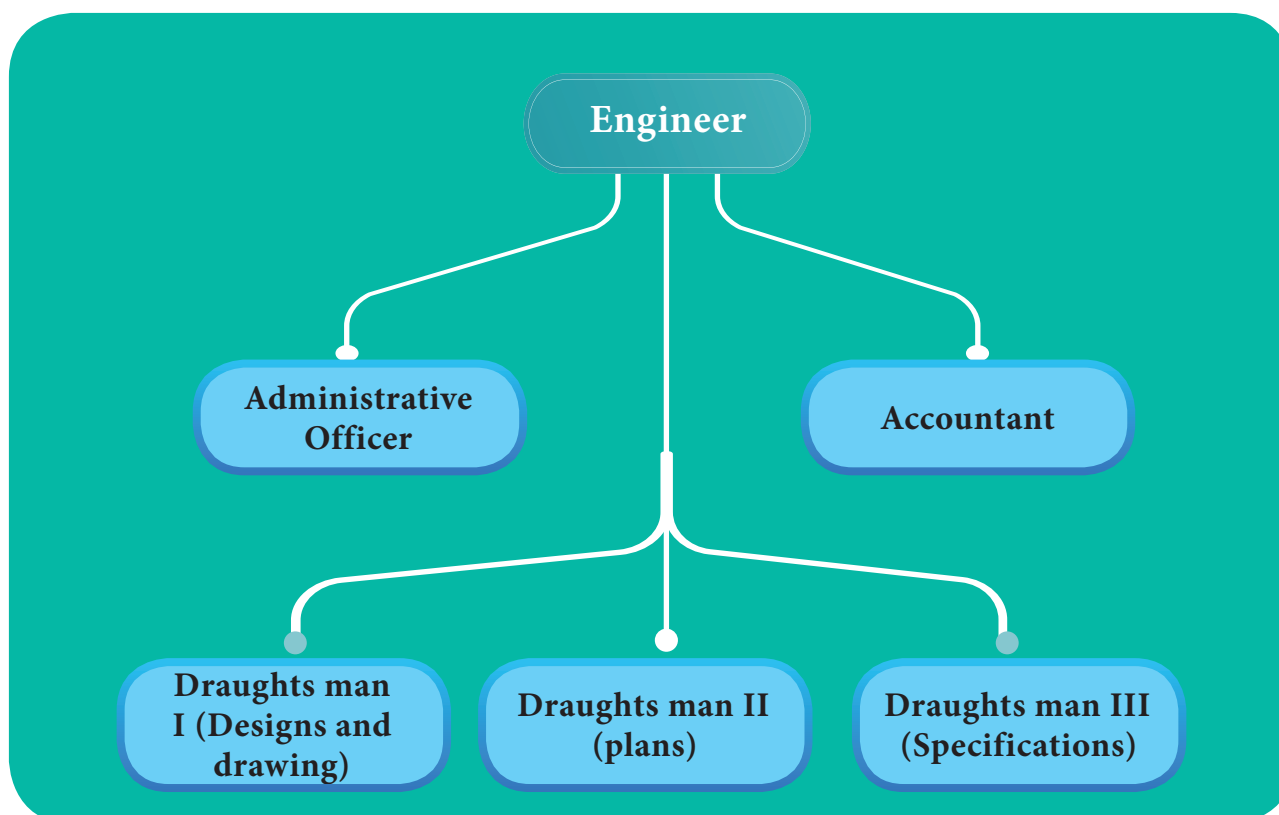


Figure 3.7 Line and staff relationship in an organisation

undertake specialized investigation of each problem - situation, for which they may not always be competent.

- **Training of young staff executives:** A line and staff organisation offers an opportunity to young staff executives to acquire expertise in their respective fields of activity.

Demerits of Line and Staff Organisation

- **Confusion:** It may not always be possible to determine the pattern of authority relationships between line and staff executives, which might create confusion.
- **Expertise not aided by authority:** Staff executives may be experts in their fields of activity but they only have an advisory role. They lack authority to implement their advice.
- **Centralisation:** In a line and staff organisation, line executives alone have

the power to make and execute decisions. Thus it tends towards centralization of authority in a few hands.

3.10 Functional organization

A functional organisation is one where the work is organised on the basis of specialization. In such an organisation, each specialist conveys his instructions direct to the line personnel, rather than through a formal chain of command. This type of organisation was devised by F.W. Taylor, the founder of the scientific management.

The various functional departments in such an organisation provide various services to the line managers in respect of work study, maintenance, purchase of materials, control of stocks, quality control etc. In the absence of service provided by these departments, the line managers will be required to perform these functions on their own.

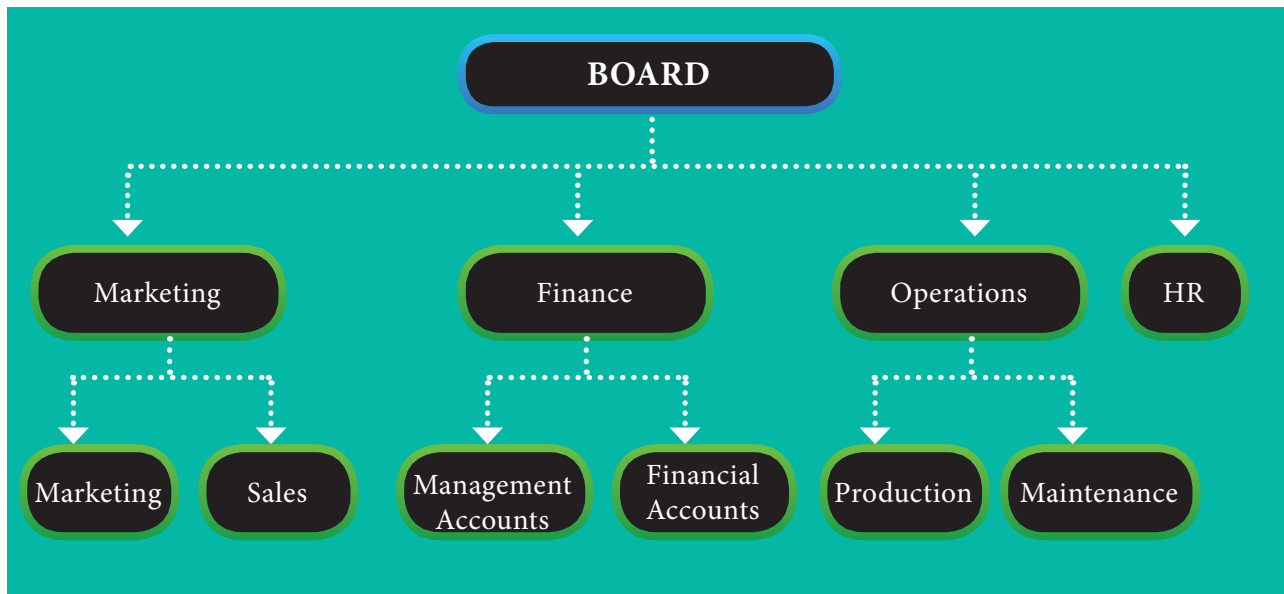


Figure 3.8 Functional Organisation

Functional organisation has developed from the increasing complexity of operations in an enterprise (particularly in the production department) and the need to have specialists to aid line executives. Functional organisation in one form or other exists in all business concerns, particularly at the top. The very division of the total activities of a business concern under production, marketing, finance and personnel is an example of functional organisation.

Merits of Functional Organisation

- **Application of expert knowledge:** Functional organisation promotes logical division of work and leads to specialization at every work point.
- **Efficiency:** Since the worker at each point concentrates on fewer activities, he acquires proficiency in his area of work.
- **Relief to line executives:** Functional organisation results in a big relief to line executives, since instruction from specialists flow directly to lower levels, line executives do not have to worry about the routine technical problems faced by workers.

- **Mass Production:** Functional organisation leads to specialisation and standardisation which results in increase in production.
- **Economy:** With each activity being in-charge of a number of specialists, there is no need to have well-trained line executives at each work point.

Demerits of Functional Organisation

- **Complex relationships:** Functional organisation leads to too many cross-relationships between persons and departments. Since a worker is placed under the charge of a number of bosses, he finds it difficult to link up the different and conflicting orders received from them.
- **Ineffective Coordination:** Difficulty in determination of the limits of authority in case of each specialist creates coordination problems.
- **Centralisation:** Decision making on part of the workers is very limited because of the availability of several specialists to guide and direct them at each work point.

Suitability of Functional Organisation

Functional organisation can be suitable for all kinds of enterprises - big or small, machine-based or labour based. But to make a success of it, it should be practiced only at higher levels. If practiced at lower levels, it may create too many cross-relationships in which case it may become difficult to determine who has authority after whom, who is responsible to whom and what work each one is supposed to do.



Since army used to be organised in line organisation pattern, line organisation is also called as military organisation.

PepsiCo originally had a hierarchical organisational structure in its early years.

Apple a prominent hardware and software company, best known for its series of personal computers and the iPod has strong functional organisation that revolutionized the market by embracing new paradigms.

3.11 Organisational Chart

Organisation chart is the vital tool for providing information about organisational relationships. Such a chart is a diagrammatical form which shows the major functions and their respective relationships.

Organisation charts can be divided into:

1. Master Charts: The master chart shows the entire formal organisation structure.
2. Supplementary Charts: The supplementary chart shows details of relationships, authority and the duties within the prescribed area of a department or major component of the organisation.

Presentation of Organisation Chart:

There are three ways in which organisation chart can be prepared

1. Vertical or top - down chart
2. Horizontal or left to right chart
3. Circular Chart

Vertical or top-down chart:

In top down chart, highest position is shown at the top level followed by other positions in the hierarchy or management levels. Positions shown in the same horizontal level in the chart can usually be considered to have the same relative importance in the organisation.

Horizontal or left to right chart:

An organisation chart can be drawn to show the highest to the lowest level reading from left to right. In the left to right chart, organisational levels are represented by vertical columns, the flow of authority from higher to lower levels being represented by movement from left to right

Circular Chart:

The various positions or functions of an organisation can be shown in circular form. In this arrangement, centre of circle represents the position of supreme authority. Functions and positions making up the organisation structure are clustered around this centre in such a way that the closer the position of function to the centre, the more important is the function. Positions of relative equal importance are located at the same distance from the centre, that is, on the same concentric circle. Lines joining the different blocks of functions or positions indicate the channels of formal authority, the same as in other arrangements.

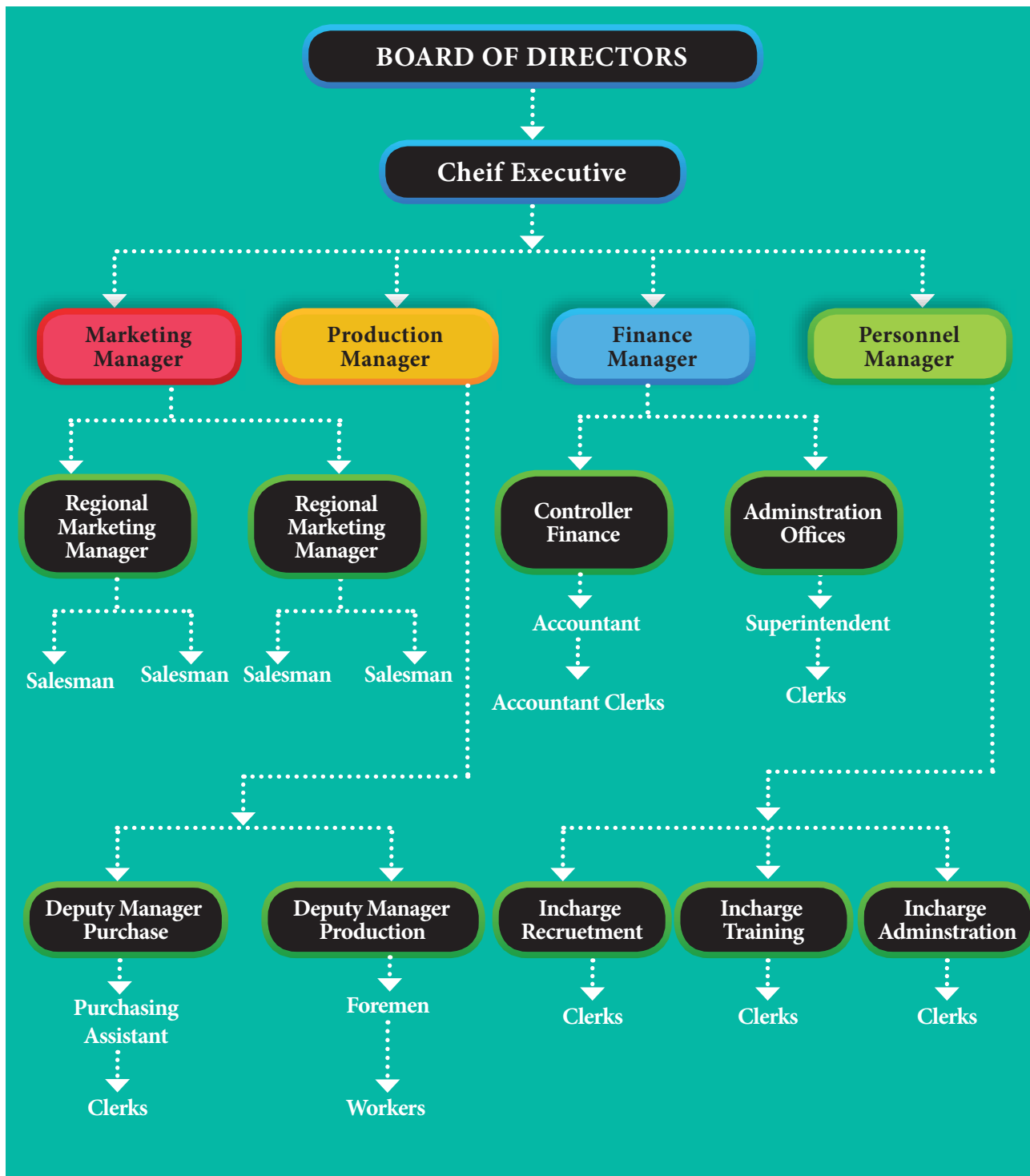


Figure 3.9 Vertical Chart

Uses of Organisation Chart

■ **Management Tool:** Charts serve as tools by providing the broad picture of authority and responsibility relationships. Thus, they provide clarity in interactional pattern of the organisation.

■ **Avoidance of Overlapping and Duplication:** Charts are prepared after careful analysis of jobs and position requirements in the organisation. Primarily it ensures that all activities are covered properly by various positions and there is no duplication

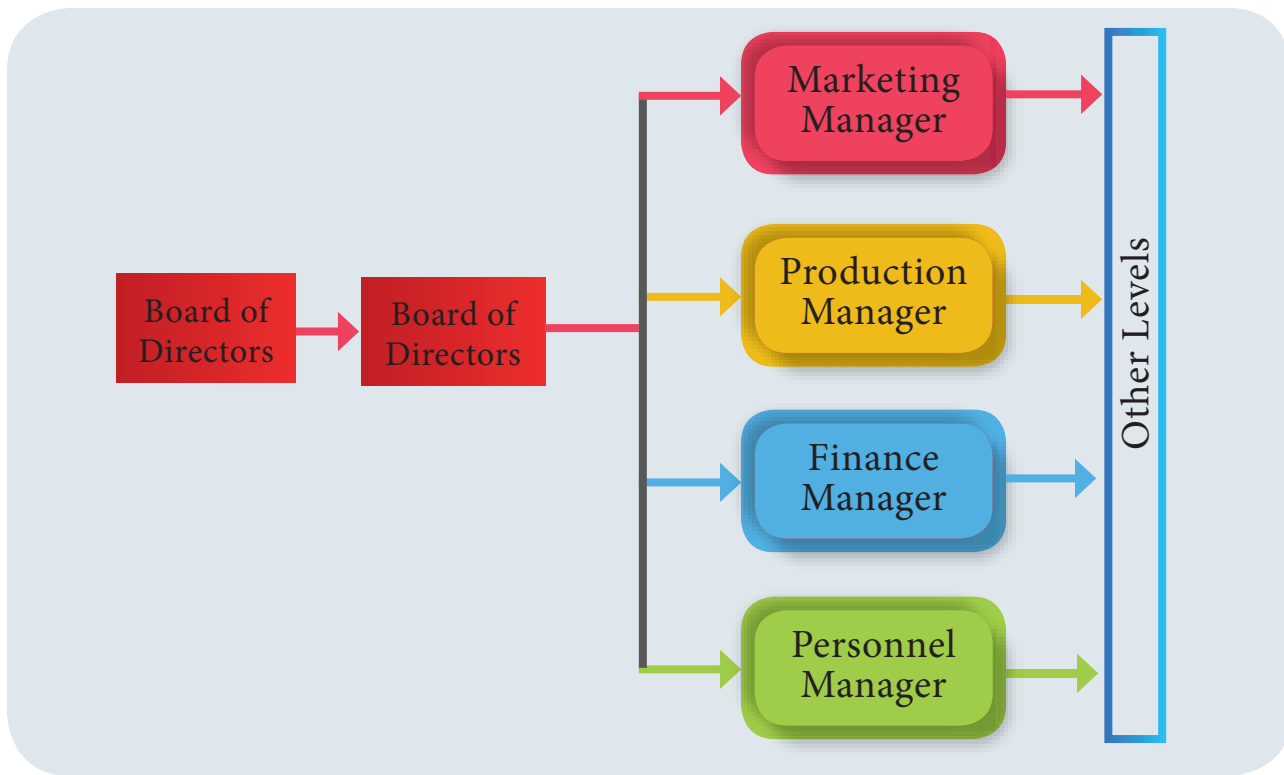


Figure 3.10 Horizontal Chart

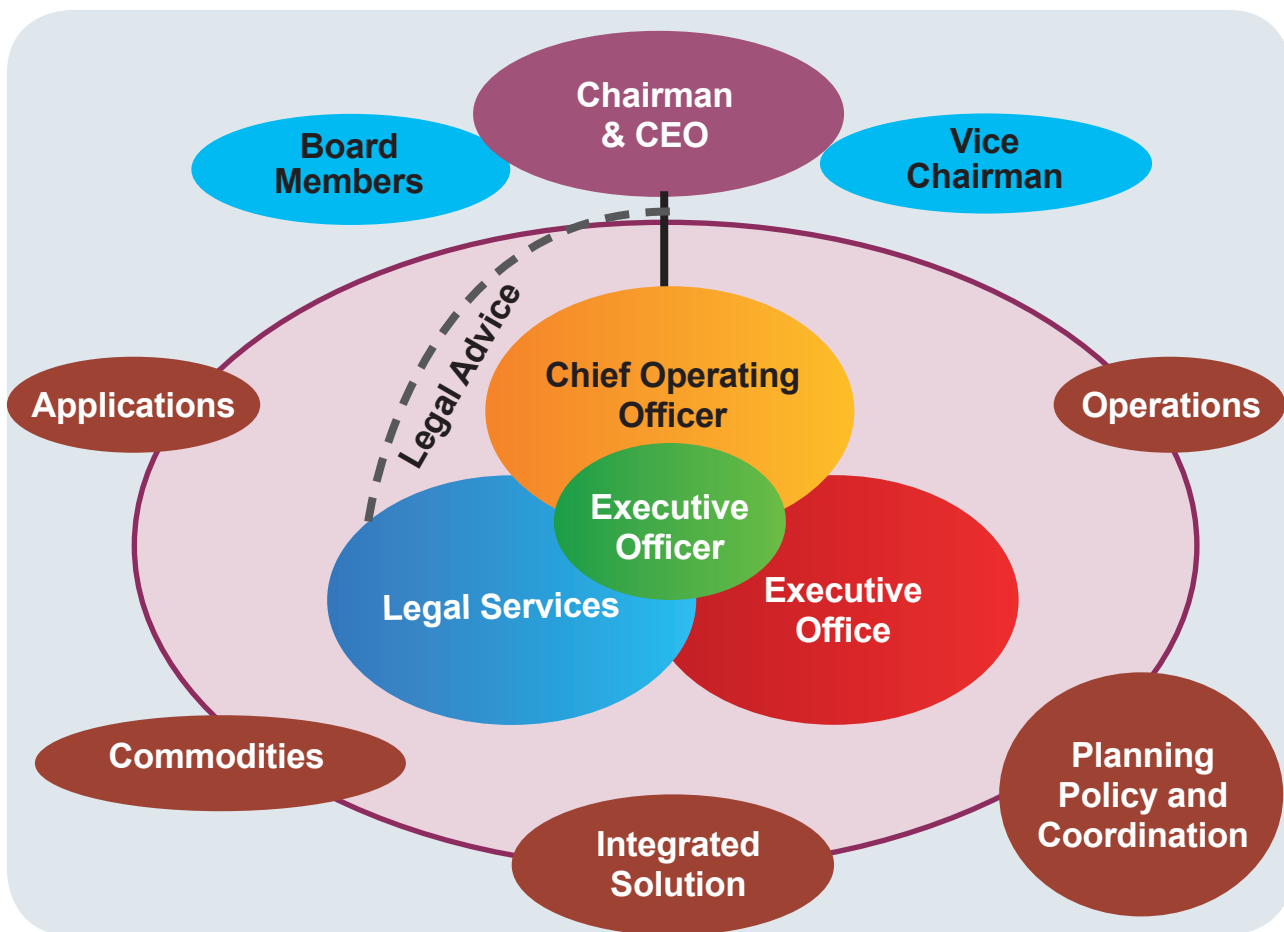


Figure 3.11 Circular Chart



of activities. If there is any corrective action can be taken. Secondly, it will bring out the organisational weakness (very easily), if any. If anything is hampering, measures can be taken to overcome that.

- **Solution of Organisational Conflicts:** Many conflicts of jurisdictional and procedural nature take place in the organisation either because of misunderstanding or because of lack of authority and responsibility. Such conflicts can be avoided with the help of organisation chart if it is prepared carefully.
- **Training Guides:** Organisational chart can be used as an integral part of training. It prescribes what one is expected to do in the organisation. It can also act as the information centre. It is also helpful in pinpointing the type of training that a person should receive in order to perform his task properly in the organisation.
- **References for Outsiders:** With clarity of authority and responsibility organisational chart serve as reference for outsiders in dealing with the organisation. Outsiders who are strangers to the organisation may know very easily with whom they have to interact for a particular work.

Limitations of Organisational Chart

Organisational charts have their own limitations and have to be used with certain precaution

1. **Rigidity:** Organisational chart provides rigidity in the organisational functioning. Since charts are in written forms frequent changes that take place in an organisation can be reflected in the chart immediately and it becomes outdated.
2. **Partial View:** Organisational chart represents only limited view of the total organisation and its functioning. They show only official relationship and procedures. Besides formal relationship certain informal relationship also exists in an organisation which is not reflected in the chart.
3. **Inappropriate Description:** Organisation chart particularly provides description of authority. The exact quantum of authority and responsibility is not shown by the chart. It merely depicts the reporting relationships, who should report to whom. The organisation may equate a personnel officer with production manager in terms of reporting relationships but both may differ considerably in terms of salary, perquisites and authority.
4. **Psychological Problems:** Organisational chart may create psychological problems among individuals in the organisation. A chart puts people in superior or subordinate positions more prominently. Therefore a feeling of superiority or inferiority may develop which may work against the team spirit

3.12 Drafting new organisational structure for small scale (industries) enterprises - Case Study

CASE STUDY

Case Study - 1

Ashok is an architect; he runs a small consultancy in the front portion of his house. He performs all the tasks in his office such as attending to the customers, designing, operating computers, filing etc on his own. All the aspects of the business is met by him without employing anybody.

Case Study - 2

Udyok is a family run restaurant managed by Aruna. Each person in the family will contribute their part as needed to the functioning of the restaurant in the tasks, such as cleaning restrooms, food preparation, and serving guests. All the decisions regarding the business operation is taken by Aruna alone and family members will follow her guidance. Udyok has few rules and regulations to be followed by the employees. Profit from the restaurant was shared among the family members based on their contribution and tends to be informal.

Case Study - 3

AB Fabrics was initially started as a small firm and as it grows the founder often finds that a simple structure is no longer adequate to meet the organization needs. He felt that organization requires more formal division of labour and strong emphasis of hierarchy and vertical links. Employees are divided into departments that each handle activities related to a functional area of the business such as marketing, production, human resources, information technology and customer service. Each of these five areas would be headed up by a manager who coordinates all activities related to her functional area. Everyone in a company that works on marketing the company's products, for example, would report to the manager of the marketing department. The marketing managers and the managers in charge of the other four areas in turn would report to the chief executive officer.

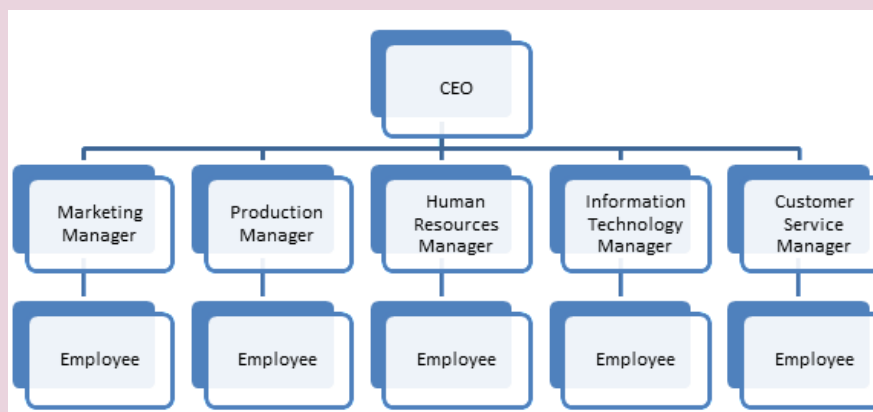


Figure 3.12 AB Fabrics Organisational structure

Discussion

1. What type of Organisation structure is followed in Case Study 1, 2 & 3?
2. Prepare a detailed Organisation chart for each Case study.
3. Discuss the merits and demerits of Organisational structure in each Case Study.



Points to Remember

Line organisation: In this type of organisation, the authority flows from top to bottom in a concern. Line executives are the people who are directly involved in the basic activities of an organisation.

Types of Line organisation

1. Pure line organisation,
2. Departmental line organisation

Merits of Line organisation

1. Simple
2. Clear division of authority and responsibility
3. Unity of control
4. Speedy action
5. Flexibility.

Demerits of Line organisation

1. Lack of specialization
2. Over burdening of key men
3. Limited communication
4. Subjective approach

Line and Staff Organisation

A line and staff organisation is one where specialist advisers, in the role of functional managers, assist the line managers in the performance of their duties.

Merits of Line and Staff Organisation

1. Expert advice
2. Relief to line executives
3. Training of young staff executives

Demerits of Line and Staff Organisation

1. Confusion
2. Expertise not aided by authority
3. Centralization

Functional organisation

A functional organisation is one where the work is organised on the basis of specialization. In such an organisation, each specialist conveys his instructions direct to the line personnel, rather than through a formal chain of command.

Merits of Functional Organisation

1. Application of expert knowledge
2. Efficiency
3. Relief to line executives
4. Mass Production
5. Economy

Demerits of Functional Organisation

1. Complex relationships
2. Ineffective Coordination
3. Centralization

Organisational Chart

Organisation chart is a diagrammatical form for providing information about organisational relationships. Organisation charts can be divided into:

1. Master Charts
2. Supplementary Charts

Presentation of Organisation Chart

1. Vertical or top - down chart
2. Horizontal or left to right chart
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Uses of Organisation Chart

1. Management Tool
2. Avoidance of Overlapping and Duplication
3. Solution of Organisational Conflicts
4. Training Guides
5. References for Outsiders

Limitations of Organisational Chart

1. Rigidity
2. Partial View
3. Inappropriate Description
4. Psychological Problems

GLOSSARY

Accomplishment	Something remarkable that has been done or achieved.
Authority	People who have power to make decisions.
Component	Part that it is made of.
Consciously	state or quality of awareness.
Conflict	state of mind in which it is impossible to make a decision.
Deliberately	Consciously and intentionally doing something.
Description	A description of someone or something is an account which explains what they are or what they look like.
Determination	quality shown by a person while doing a job.
Emphasis	Extra or special importance that is given to an activity.
Executive	Senior level employee who makes decision in a business.
Expertise	knowledge that is acquired by training study or practice.
Functional Organization	A functional organization is a common type of organizational structure in which the organization is divided into smaller groups based on specialized functional areas, such as production, finance, or marketing.
Line Organization	Superior delegates authority to another subordinate and so on, forming a line from the very top to the bottom of the organization structure.
Line and Staff Organization	Line function directs and staff function supports organization with specialized advisory and support functions. Authorities establish goals and directives that are then fulfilled by staff.
Overlapping	A part of first thing which occupies the same area as a part of other thing.
Organizational Structure	Organizational structure determines how information flows from level to level within the company. It identifies each job, its function and where it reports to within the organization. The structure is illustrated using an organizational chart.

Organizational Chart	An organizational chart is a diagram that outlines the internal structure of a company. An organizational chart is the most common visual depiction of how an organization is structured. It outlines the roles, responsibilities and relationships between individuals within an organization.
Pioneering	Work done for the first time which has not done before.
Rum our	information that may or may not be true which people discuss about widely.
Responsibility	Duties to be performed out of the job.
Spontaneous	all of sudden without any preparation.

QUESTIONS

PART- A

Objective type Questions (1 Mark)

Choose the correct answer:

- The work is divided into number of small activities known as _____.
a. assignment of work
b. grouping of activities
c. division of work
d. delegation of authority
- The organisation created by personal and social relationship between the individuals is
a. Committee organisation
b. line organisation
c. formal organisation
d. informal organisation
- Every organisation should have a specific and defined
a. objectives
b. employers
c. employees
d. functions
- The document containing the details regarding job is known as
a. job description
b. job analysis
c. job evaluation
d. job performance
- is the right to give orders and power to get the work done.
a. responsibility
b. authority
c. accountability
d. assignment
- Vertical line of authority exists in _____ Organisation.
a. Line
b. Line and Staff
c. Functional
d. Informal
- _____type of organisation was devised by F.W. Taylor.
a. Line
b. Functional
c. Formal
d. Line and Staff
- Unity of control exists in _____ organisation.
a. Line
b. Line and Staff
c. Formal
d. Informal
- _____organisation has developed from an increasing complexity of operations.
a. Departmental Line
b. Line and Staff
c. Formal
d. Functional



10. Organisation chart is not presented in one of the following forms.
- Left to right
 - Top - down
 - Diagonal
 - Circular

PART – B

Very Short Answer (3 Marks)

Answer in Five lines:

1. Define organisation.
2. What is division of labour?
3. Write a note on informal organisation.
4. How will you assign duties to the employees?
5. Define formal organisation.
6. What are the main types of organisation?
7. Distinguish between line and staff authority.
8. What are the merits of line organisation?
9. What are the important features of functional organisation?
10. What is an Organizational Chart?

PART- C

Short Answer (5 Marks)

Answer in one page:

1. Write the characteristics of organisation.
2. Write the difference between formal and informal organisation.
3. Define organisation and its meaning.
4. Describe the merits of an organisation.
5. Explain the merits and Demerits of informal organisation.
6. What is Line Organisation? Explain its types.

7. Describe the merits and demerits of line and staff organisation.
8. Explain about functional Organisation with its merits and demerits.
9. List out the uses of Organisational Chart.
10. Enlist the types of Organisational Chart.

PART- D

Essay type Questions (10 Marks)

Answer within three pages:

1. Discuss the merits and Demerits of formal organisation.
2. Discuss the process of Organisation.
3. Illuminate the different types of Organisation.
4. Compare and Contrast the three major types of Organisation.
5. Discuss the Organisational Chart.

Activity

Teacher's Activity:

1. Prepare organisation chart with advantages and steps.
2. Role plays of different forms of organisation in classroom.
3. Draft organisational structure for small scale industries.

Student's Activity:

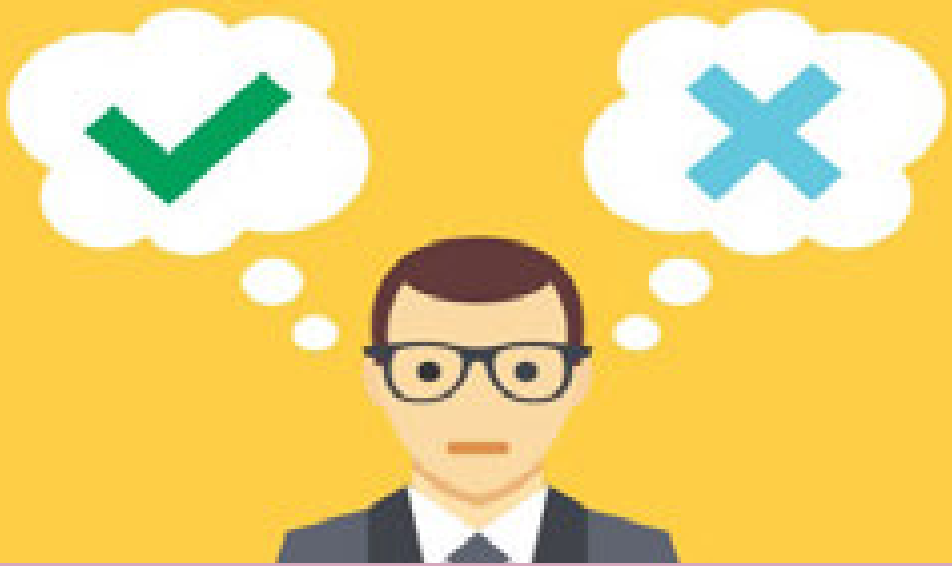
1. Discuss the formal and informal organisation with its merits and demerits.
2. Illustrate various features and differences among various organisational structure.
3. Visit an organisation in your area and observe the organising structure - prepare an Organisation Chart based on your observation.

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4

CHAPTER



Decision Making



LEARNING OBJECTIVE

Through this chapter the students can learn about the following:

- To know what is decision making and its importance in business
- To understand the characteristics of decision making
- Analyse the process of decision making
- To learn the types of decision making
- To apply decision making in practical business case.

CONTENT

- | | |
|---|--|
| 4.1 Introduction | 4.7 Process of Decision Making (or) Steps Involved in Decision Making |
| 4.2 Meaning | 4.8 Types of Managerial Decision |
| 4.3 Definition of Decision Making | 4.9 Case Study: Decision Making for Successful Startup Business |
| 4.4 Characteristics of Decision Making | |
| 4.5 Importance of Decision Making | |
| 4.6 Factors Affecting Decision Making | |

4.1 Introduction

In every organisation, decision making is an important task which should be taken by all the employers and workers irrespective of their rank and levels. Organisations face many problems during their course of business and a manager is bound to take

rational and ethical decisions in order to maximize the utility of the enterprise business. Almost all workers requires to take decision as to what is to be done, when it is to be done, where it is to be done, who is going to do it and how it is to be done. It is observed that whatever a manager does, he does through making decisions and

hence every manager can be viewed as a specialist in the art of decision making. It is by decision making all the plans and policies are translated in to action.



Figure 4.1 Decision Making

4.2 Meaning

The word decision has been derived from the Latin word “DECIDERE” which means “Cutting Off”. Thus decision making involves cutting off of alternatives between those that are desirable and those that are not desirable. So decision making is a kind of choice of a desirable alternative. Generally decision making is a psychological process resulting in the selection of a belief (or) a course of action among several alternative possibilities. It is a problem solving activity followed by an optimal solution to the business problem or situation.

4.3 Definition of Decision Making

According to George Terry **“Decision-Making” is the selection of an alternative, from two or more alternatives to determine an opinion or a course of action**

According to Philip Kotler **“A decision may be defined as a conscious choice among alternative courses of action”**

According to Henry Sisk and Clifton Williams **“A decision is the selection of a course of action from two or more alternatives, the decision making process is a sequence of steps leading to that selection”**

According to Herbert A. Simon **“Whatever a manager does is nothing but decision making”**

4.4 Characteristics of Decision Making



Figure 4.2 How to select Best Decision

1. Decision making is a goal-oriented process. It aims at achieving certain specified goals of the organisation.
2. Decision making is a selection process in which best alternative course of action is chosen from amongst alternative courses of action.
3. Decision making is a continuous process because a manager is required to take decisions continuously for different activities.
4. Decision making is considered both an art and a science.
5. Decision making is the responsibility of managers at different levels of management.
6. Decision making involves deep and careful thinking and hence it is a mental process.



7. Decision making can be both positive and negative (i.e) It may be positive to perform certain activities or negative not to perform certain activities.
8. Decisions are made for future course of action based on the past experiences and present conditions.
9. It may also be a decision not to decide for a problem.
10. It may be voluntary or induced
11. It is an ongoing activity.



Decision with facts will give more results. In Law courts decision of the judge is decided by the facts of the case.

4.5 Importance of Decision Making

1. Decision Making Makes it possible to adopt the best course of action in carrying out a given task.
2. By choosing the best method for doing any work, decision making ensures optimum use of the enterprise resources, namely, men, machines, materials and money.
3. Decision making helps to find a solution to any problem in a work place.
4. Decision making helps to identify the best course of action in each given situation and thereby promotes efficiency.
5. Decision is making an important aspect of planning
6. Correct Decision Making leads to more profitable business
7. Decision making helps in the prevention of wastage of time, resources, man power and money invested in business.



India took strong decision in conducting Pokhran nuclear test.

The Pokhran-II tests were a series of five nuclear bomb test explosions conducted by India at the Indian Army's Pokhran Test Range in May 1998. It was the second instance of nuclear testing conducted by India; the first test, code-named Smiling Buddha, was conducted in May 1974.

4.6 Factors Affecting Decision Making

There are some factors which affect decision making negatively. They are also called as problems in decision making.

1. The decision taken by management should be a sound one. The soundness of the decision refers to its quality and reliability. If the decisions taken are not sound then it will mean waste of efforts and funds. The soundness of decision depends upon the sophistication of the decision maker, the information available to him and the techniques that he can make use of.
2. Another problem is timing of decision. If not properly timed, there is no use in taking a useful decision.
3. The physical and psychological environments have their influence on decision making. If the environment is satisfactory then there will be co-operation, proper understanding among the members of the organisation. It will provide better scope for research and analysis.
4. Effective communication of the decision is another important administrative problem of the management. Decisions taken should be clear, simple and unambiguous. Decisions made should be communicated to the

concerned persons in the language understandable by the receiver.

5. All members of an organisation should be encouraged to give their opinion on various aspects while arriving at important decisions. In most cases the top executive will not get opinion from the low rank executive because they think it is below their dignity. But this is not a good practice.
6. Some decisions taken by the top management is not accepted by the subordinates, hence democratic style of leadership is required to deal with such kind of employees and making them participative in the decision making process.
7. Just making correct decision will not solve the problem. Implementation of the decision and periodical review alone can produce the expected results.

DO YOU KNOW? On 8th November 2016, the Government of India announced the demonetization of all ₹500 and ₹1000 banknotes of the Mahatma Gandhi Series. It also announced the issuance of new ₹500 and ₹2000 banknotes in exchange for the demonetized banknotes. It is a big critical and strategic decision taken by government of India to eradicate black money circulation in India.

4.7 Process of Decision Making (or) Steps Involved In Decision Making

The decision making involves certain logical process which should be followed in the sequence by the manager. A decision to a business problem cannot be arrived immediately without any effort. It is a step by step process and involves mental work also.



Figure 4.3 Process of Decision Making

STEP 1 Identifying the Problem

The first step in the decision making process is recognising a problem. It involves defining and formulating the problem clearly and completely. Understanding and correct diagnosing of the problem will help in immediate solution. For example: A company product may witness decrease in sales. In a broad sense it will be presumed that due to increase in price may lead the problem to come down. But the actual problem is that customers may not like the quality of the product. Therefore the manager should clearly define for what problem they need a solution. That's why defining the problem may be a time consuming task but it is time well spent. Defining and analysing the problem involves identifying the critical factors and data which may be obtained from internal such as sales report, profit statements and external sources such as customer feedback etc.

STEP 2: Analysing the Problem

It involves the collection and classification of as many facts as possible. This is done because the quality of decision is depending on the quality of data used. By studying all the information in detail the manager can able to diagnose where the problem got emerged, what is the cause of the problem and what is the present and future damage of the problem.

STEP 3: Identifying and Developing Alternative Solution for the Problem

Majority of problems will have alternatives. A course of action does not become the best merely because it has been in use for a long time. Hence, the sound decision necessitates the consideration of all alternatives. In an organisation there will be some factors that stand in the way of accomplishing a desired objective. This is called limiting factor. So a manager should recognize these limiting factors so that he can develop many alternatives which can be used to overcome the limited factors.

STEP 4: Evaluating the Alternatives

After having developed the appropriate alternatives, the next step is evaluating them so as to choose the best one. Every alternative will have a merit and a demerit. So the manager wants to evaluate (assign weights) to the most suitable alternative. This can be done by comparing the alternatives with each other. While evaluating three factors should be considered. (a) Quantitative factors- Factors which can be measured (e.g) fixed cost such as building rent, Labour wages etc (b) Qualitative factors – Intangible factors which cannot be measured such as loss of reputation and goodwill (c) Cost Benefit analysis- finding the least costly way of reaching an objective or getting the greatest benefit out of less expenditure.

STEP 5: Selecting and Deciding the Best Course of Action

After the evaluation of various alternatives the next step is deciding the best alternative. The manager should take into account the economy, risk factors, the limitation of resources, and feasibility of its implementation etc, at the time

of deciding the best course of action. Selecting the best course by a manager will be by his past experience in a similar problem, experimenting by applying the alternative to some other problem and he may arrive by doing some research on the problem.

STEP 6: Implementing the Decision

After the best course of action or alternative option is decided the next step is to implement that to the situation and the same should be communicated to all the team subordinates.

STEP 7: Review and Follow Up of the Decisions

The action implemented must be evaluated by comparing the actual results arrived with the expected results. Any deviations must be noticed and corrective action should be taken. Certain alteration or modification in the decision can be made accordingly.



In 1991 the LPG policy adopted by Govt. of India is the biggest decision made. Liberalization Privatization Globalization (LPG). The economy of India had undergone significant policy shifts in the beginning of the 1990s. This new model of economic reform is commonly known as the LPG or Liberalization, Privatization and Globalization model.

4.8 Types of Managerial Decision

- 1. Routine and Strategic Decisions:** Tactical or routine decisions are made repetitively following certain established rules, procedures and policies. They neither require



collection of new data nor conferring with people. Thus they can be taken without much deliberation. They may be complicated but are always one dimensional. They do not require any special effort by the manager. Such decisions are generally taken by the managers at the middle and lower management level.

2. Strategic or Basic Decisions:

On the other hand are important and so they are taken generally by the top management and middle management. The higher the level of a manager, the more strategic decisions he is required to take. The strategic decisions relate to policy matters and so require a through fact finding and analysis of the possible alternatives. Finding the correct problem in such decisions assumes great importance. The managers are more serious about such decisions as they influence the decision making at the lower levels.

3. Programmed/Structured Decision and Non Programmed/Unstructured Decisions:

They are routine and repetitive nature which is to be dealt with according to specific procedure. If an employee takes leave the manager can grant leave by approving the formal leave procedure. But if a majority employee takes leave the manager cannot take a routine procedure because all the employees taking leave at a time is not a routine problem.

These decisions are taken because of unstructured problem. There is no standard procedure for handling such problems. When all the employees take leave without any permission on a particular day is an unstructured problem. These non programmed

decisions require through study of the problem and scientific study of the situational factors.

4. Policy and Operating Decisions:

Policy decisions are of vital importance and are taken by the top management. They affect the entire enterprise. But operating decisions are taken by the lower management in order to put in to action the policy decisions. For example, a bonus issue is a policy matter which is decided by the top management, but the calculations of bonus issue is an operating decision which is taken at the lower levels to execute the policy decisions.

5. Organisational and Personal Decisions:

Organisational decisions are those which a manager takes in his official capacity. Such decisions can be delegated. But personal decisions, which relate to the manager as an individual and not as a member of the organisation, cannot be delegated.

6. Individual and Group Decisions:

When a decision is taken by an individual in the organisation, it is known as individual decision. Such decisions are generally taken in small organisations and in those organisations where autocratic style of management prevails. Group or collective decisions refer to the decisions which are taken by a group of organisational members, say board of directors (or) committee.

7. Strategic Decisions:

Strategic decisions (or) Basic decisions are complex in nature and are always taken after deep deliberations. Any mistake in such decisions will prove to be dangerous for the concern. These decisions can determine the very fate



of the organisations. Implementation of strategic decisions would require heavy investments and also greater commitment on the part of the staff. The decision to introduce a new product in the market or install very expensive machinery is an example of a strategic decision.

8. Routine Decisions:

Are taken for the functioning of the organisations. Much evaluation is not required. So it can be taken quickly. Though the decision is taken for routine activity powers are given to lower level management to take this kind of decision within their limit.

4.9 Case Study: Decision Making for Successful Startup Business

CASE STUDY

The Tamil Nadu Handloom weavers cooperative society, popularly known as Co-optex, is a cooperative traditional handloom and weavers of the Indian state of Tamil Nadu. This is under the control of Department of Handlooms, Handicrafts, Textiles and Khadi (Tamil Nadu) of Government of Tamil Nadu. The organisation owns a number of shopping outlets in Tamil Nadu. Co-optex also has an international presence, Co-optex International which exports its products to Germany, France, Netherlands, Belgium, Spain, Switzerland, Canada, Greece, Hong Kong, U.K, South Africa and the U.A.E. First time in 13 years, the state-owned handloom textile marketer Co-optex came out of record earning Rs 2 Crore profit during 2012-13. It recorded a sale turnover of Rs.245 crore and made a profit of Rs 2 crore as explained by its Managing Director on April 13, 2013 in a press statement. He said Co-optex, which has 203 showrooms, including around 70 outside Tamil Nadu had set a sales target of Rs 400crore for the current fiscal. To boost the sales, new varieties would be launched and a fashion show would be held in Chennai. He said adding similar event would be held in other cities.

Question

1. Evaluate the success story of co-optex and its record earning profits.

(Students refer co-optex and Tamil nadu govt official website and identify what key decisions made co-optex success to a new path particularly in the year 2013).

This case was taken in the context of co-optex success in the year of 2013.

Points to Remember

- Decision Making is the important task for managers irrespective of ranks and levels.
- Decision making is selecting a course of action from the available alternatives.
- Decision making is a continuous and mental process.
- Decision making should be done by proper timing, with correct information and with clarity.
- Every decision should be communicated to all executive in the organization.
- The process of decision making involves identification of the problem, analyzing the problem, developing alternative solution to the problem, evaluating the alternatives, selecting and deciding the best course of action, implementation of the action, review and follow up decisions.
- Types of decision making includes routine and strategic decisions, programmed and structured decision, Non programmed and unstructured decision, routine and strategic decisions, policy and operating decision, organizational and personal decision, individual and group decision.
- Programmed decisions are routine decisions in day to day business operations.
- Non programmed decisions are taken in an emergency.
- Policy decisions are taken by the top management.
- Operating decisions are taken at lower level employees.
- Decision making is essential in order to implement the plans.
- Decision can be made not to decide also.

A-Z GLOSSARY

Decidere	To cut off.
Quantitative factors	which can be measured like wages paid.
Qualitative factors	Which can be felt (or) Opinion (Example) Good will or Happiness.
Experimentation	Analysis of a fact scientifically.
Strategic Decision	A mix of long term and short term planning.
Programmed Decision	Routine and Repetitive action.
Policy Decision	Taken by top management.
Limiting Factor	Things which are preventing effective decision making.
Cognitive Thinking	Thinking through mind.
Review	To look back once again.

QUESTIONS

PART- A

Objective type Questions (1 Mark)

Choose the correct answer:

1. A decision to launch a new product plant is
 - a. Programmed Decision
 - b. Non-Routine decision
 - c. Personal decisions
 - d. Organizational decisions
2. Which decisions are repetitive and routine in nature?
 - a. Basic decisions
 - b. Personal decisions
 - c. Programmed decisions
 - d. Non-programmed decisions.
3. What strategic factors should a manager has to consider while evaluating alternatives?
 - a. Tangible
 - b. Intangible
 - c. Both (a) and (b)
 - d. Either (a) or (b)
4. The final step in decision making process is:
 - a. Selective of alternative
 - b. Developing alternative
 - c. Evaluation of Alternative
 - d. Implementation and follow up of decision
5. Strategic Decisions are made at which level.
 - a. Middle level
 - b. Lower level
 - c. Top level
 - d. At all levels.
6. Tactical decisions are also known as
 - a. operational decisions.



- b. programmed decisions
- c. Acquisition of outside enterprises
- d. All of the above

7. The first step in decision making process is
 - a. Identification and diagnosing the real problem
 - b. Evaluation of alternatives
 - c. Developing alternatives
 - d. Selection of an alternative
8. The word Decision is derived from the word.
 - a. DECIDERE
 - b. DECIDERE
 - c. DECIDAUS
 - d. DECICARE
9. Who equated management with decision making because whatever a manager does is nothing but decision making?
 - a. Felix M.Lopez
 - b. John Mc Donald
 - c. Andrew Szliagyl
 - d. Herbert A. Simon
10. Which factor is, failure of decision making?
 - a. Poor communication
 - b. Lack of quality data
 - c. Implementation in wrong timing
 - d. All the above.

PART -B

Very Short Answer (3 Marks)

Answer in Five lines:

1. Define Decision Making.
2. What is mean by DECIDERE?
3. What is Strategic Decision?
4. Define Unstructured Decision.
5. Explain Cost Benefit Analysis.



6. What is Intangible Factors?
7. Explain Limiting factor.
8. What is an alternative?
9. Review and follow up.
10. Group Decision: Explain.

PART- C

Short Answer (5 Marks)

Answer in one page:

1. Explain the important of decision making.
2. What are the characteristics of decision making?
3. Explain the problems of decision making.
4. Whether ethics should be followed in decision making or not Discuss.
5. What are various decision making alternatives?
6. Explain Factors affecting decision making process.
7. Describe the effects of poor decision making.

PART- D

Essay type Questions (10 Marks)

Answer within three pages:

1. Explain the Process of Decision Making.

2. Discuss in detail the various types of decision making.
3. Explain in detail factors affecting decision making.
4. AB Pvt ltd has appointed you as general manager and decided to increase a profit of 1lakh rupees per month. What decision you will take to increase the profit?

ACTIVITY

Teachers Activity:

1. Give them any business case study and ask them to identify key decisions taken.
2. Explain with chart several alternatives for a problem and how rational decision can be taken.

Students Activity:

1. Can ask the students to write examples for types of decision making.
2. Ask the students to prepare a chart for the decision taken by them in a day.
3. Prepare a list of decisions you want to do after completing their +2 exam.
4. You should prepare a routine structured decision for every day class.

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Coordination and Direction



LEARNING OBJECTIVE

Through this chapter the students can learn about the following:

- Enable the students to understand the principles and types of coordination.
- To acquaint the students with nature and techniques coordination.
- To help the students to understand the importance of direction.
- To understand about delegation and its characters.
- To study the qualities of supervisor.

CONTENT

5.1 Introduction	5.11 Definition
5.2 Meaning	5.12 Characteristics of Direction
5.3 Definition	5.13 Importance
5.4 Principles of Coordination	5.14 Techniques of Direction
5.5 Nature of Coordination	5.15 Delegation - Meaning
5.6 Importance of Coordination	5.16 Characteristics of Delegation
5.7 Types of Coordination	5.17 Meaning
5.8 Problemes in Coordination	5.18 Principles of Supervision
5.9 Steps for Effective Coordination	5.19 Qualities of a Supervisor
5.10 Meaning	

5.1 Introduction

Coordination means integrating the activities of the organisation together to achieve the organisational goal (i.e) Synchronising the activities. An

organisation goes with different things that make it comprehensive and composite. Therefore understanding coordination is essential for achieving a balanced organisational performance.

5.2 Meaning

Every department in an organisation function independently. But the activities of one department influence those of another department. For example, the activities of the purchase department influence those of the production department and vice versa. Thus, it reveals that the various departments in an organisation are inter-related and inter-dependent. Coordination is a management function in which it acts as a link between the activities of different departments. Every department has its own objective. Coordination ensures that all the departments contribute to the attainment of the goal of the whole enterprise.



Figure 5.1 Coordination is the essence of management

From the above diagram, it has clearly revealed that the way coordination links planning, organising, staffing, directing and controlling. Besides, the concept lies with the attainment of organisation objectives.

5.3 Definition

According to Henry Fayol, “Coordination is to harmonise all the activities of a concern so as to facilitate its working and its success. In a well-coordinated enterprise, each department or division works



■ The Indian Railway is operating train throughout India. In that many persons such as signal controller, engine driver, ticket collector and level crossing gate keeper work in a co-ordinated manner by which all of us enjoy a safe and comfortable journey.

■ In a music band group every instrument player wants to co-ordinate with the main music composer.

■ ISRO (Indian space research organization) launched heaviest satellite GSAT-11 successfully from French territory located in South American on early morning 02.07 am (IST) on 5th Dec 2008 is possible only because of Indian scientist, engineers and support staffs.

in harmony with others and is fully informed of its role in the organisation”.

In the words of Mooney and Reily, “Coordination is the orderly arrangement of group effort to provide unity of action in pursuit of a common purpose”.

5.4 Principles of Coordination

- 1. Direct personal contact:** Coordination is best achieved through direct personal contact with people. Direct face to face communication is most beneficial.
- 2. Early beginning:** Coordination can be achieved more easily if it is planned in the early stage of planning and policy making. Plan should be based on mutual participation. Initial coordination also improves the quality of plans.
- 3. Reciprocity:** Reciprocity refers to mutuality among the employees working in the organisation. It states that all factors in a given situation are interdependent and interrelated.

4. **Continuity:** It is an on-going or never ending process. As long as there is planning and execution, coordination is needed.

5.5 Nature of Coordination

- Coordination is not a distinct function but it plays a significant role of management.
- It is a basic responsibility of management.
- Coordination does not arise spontaneously or by force.
- The main theme of coordination is the unity of purpose.
- It is a continuous or an on-going process.
- It requires group effort and not individual effort.
- It is the responsibility of each and every manager.
- Coordination is a dynamic process.
- Coordination is the essence of management.
- It is a goal oriented activity.

5.6 Importance of Coordination

1. **Coordination helps to attain common goal:** By integrating the activities of various departments and to secure unity of action, coordination plays a vital role and helps to attain the goal.
2. **It helps to achieve optimum utilisation of resources:** Coordination ensures that there is no duplication of work. By understanding their own work, overlapping the activities may be avoided, which ensures to attain maximum utilisation of available resources.

3. **It provides a sense of direction:** In an enterprise where every department performs different activities, it is only coordination that provides a sense of direction to one and all.
4. **It leads higher efficiency:** By coordination, the resources are utilised to the maximum. So the organisation can promote efficiency and effectiveness.
5. **It promotes human relations:** Coordination necessitates cooperation and teamwork among the personnel in an organisation. This leads good human relations among the individuals.
6. **It facilitates motivation:** Coordination leads to motivation, which helps the employees in the organisation to get both financial and non-financial incentives.
7. **It improves goodwill of the organisation:** Goodwill refers to the reputation of the organisation. Without coordination, no organisation can improve their reputation.
8. **It encourages team spirit:** Team spirit indicates morality of the organisation. So, coordination helps the firm to achieve maximum profitability with proper team work.

5.7 Types of Coordination

1. **Internal Coordination:** It is the establishment of relationship among the managers, executives, divisions, subdivisions and other workers.
 - i. **Vertical Coordination:** Superior coordinates his work with his subordinates and vice versa. For example, sales manager coordinates his work with the activities of the sales supervisor.



Figure 5.2 Importance of coordination

ii. Horizontal Coordination:

It refers to the relationship between the persons of the same status. Coordination between the departmental heads, supervisors and co-workers in the organisation is an instance for horizontal coordination.

2. **External Coordination:** It is the establishment of relationship among managers, executives, divisions, subdivisions and other workers. That is, the chief coordinator synchronises with market agencies, general public, competitor, technologies, agencies, different institutions and different financial institutions.

5.8 Problems in Coordination

In practice, coordination in the organisation faces certain problems listed below:

1. **Natural hindrance:** Due to lack of knowledge, the superior and subordinate communication gap will be raised. Therefore, it prevents effective coordination in the organisation.
2. **Lack of administrative talent:** Lack of administrative talent is widely applicable for the superiors in the organisation such as autocratic attitudes and non-acceptance of feedback from the subordinates.

- 3. Lack of techniques of coordination:** Without mutual respect among the subordinates, the coordination may not survive. Moreover, the managers must respect the feelings and emotions of the employees.
- 4. Ideas and objectives:** Every manager in an organisation must know the objectives very clearly. If he cannot understand the objectives, then the coordination will not be successful and effective.

5.9 Steps for effective coordination

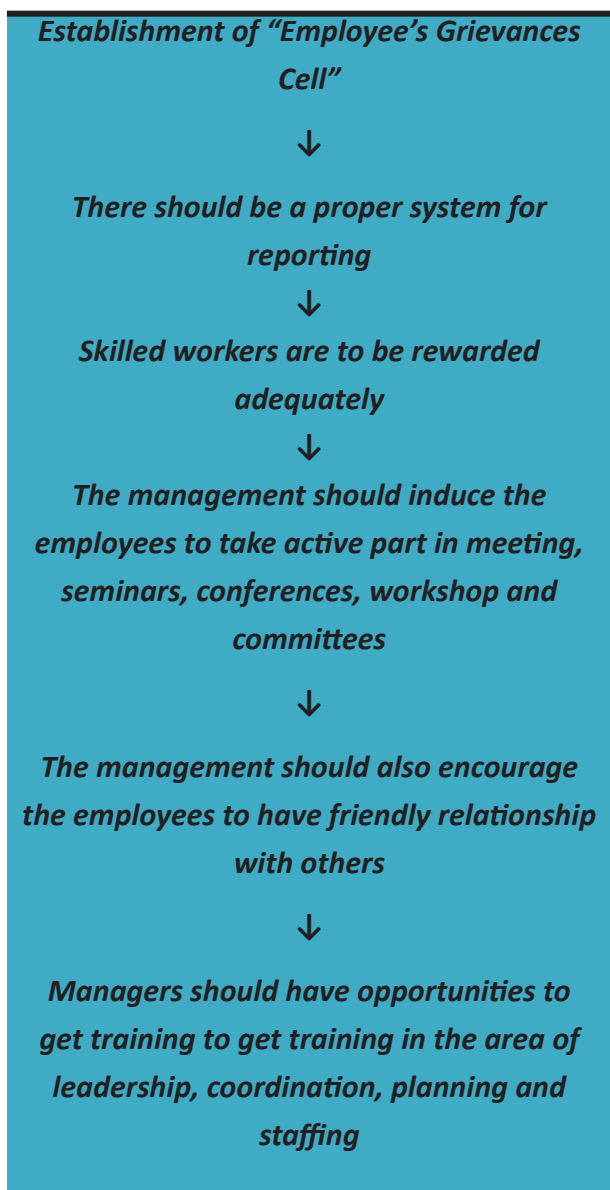


FIG 5.3 Steps in Coordination

DIRECTION

5.10 Meaning

The functions of management like planning, organising, staffing deals with the preparation of work performance. But direction stimulates the organisation and its staff to execute the plan. So direction is also called management-in-action.

5.11 Definition

According to Koontz and O'Donnell, "Direction is the impersonal aspect of managing by which subordinates are led to understand and contribute effectively and efficiently to the attainment of enterprise objectives".

According to Haimann "Directing consist of the process and technique utilised in issuing instructions and making certain that operations are carried on thus originally planned".

5.12 Characteristics of Direction

- 1.** It is concerned with issuing the orders and instructions to the subordinates.
- 2.** Supervisor will give direction to subordinate.
- 3.** Directing is pervasive, because it is performed at all levels of management. Therefore, direction is a universal acceptable concept.
- 4.** It is a continuous and on-going process because it deals with the continuous guidance to be provided by the superiors to their subordinates.
- 5.** It always follows a top down approach.
- 6.** It provides linkage between other managerial functions such as planning, organising and staffing.

5.13 Importance

The essential elements of directing are as follows:

1. Issuing orders and instructions:

Every instruction given by the manager in the process of directing his subordinates should be reasonable, complete and clear. It must be in writing, so that the possibility of misunderstanding can be avoided.

2. Guiding, counselling and teaching the subordinates:

The manager should guide, counsel and teach the subordinates with regard to the proper way of doing the job in order to enable them to carry out their job-effectively and efficiently.

3. Supervising the work of subordinates:

Every work of subordinates should be supervised by the manager to ensure that their performance conforms to the plan.

4. Motivating the subordinates:

Motivating the subordinates to meet the expectations of the superiors is another element of directing.

5. Maintaining Discipline:

Another element of directing is maintaining discipline and rewarding efficient performance.

6. Consultative Direction:

Before the issue of any order, the people responsible for executing order will be consulted with regard to its feasibility, workability and the best way of accomplishing the results.

7. Integrative Force:

Direction integrates the activities of employees. It is mainly concentrated about what, when, where and who to

do the work. Without integration, no activities can be fulfilled.

8. Initiating the action:

In direction, a manager motivates the subordinates to perform the activities. When an employee receives the direction, his or her initiative will start to do the work.

5.14 Techniques of Direction

Managers use several techniques to direct their subordinates. They are as follows:

1. Delegation: Assigning the work to the correct person and giving him authority to perform the task. It is the process of assigning duties and power.

2. Supervision: Overseeing the assigned task performed without deviating from the original plan. It is performed with the view to ensure that the subordinates work effectively and efficiently to attain the organisational goal.

3. Communication: Communication helps the employer to communicate his views, opinion, orders to employees. It helps to attain the goal.

4. Motivation: Providing rewards to best performing employees and punishment for poor performing employees.

5. Leadership: Encouraging the team to proceed with the right direction.

DELEGATION

5.15 Delegation – Meaning

Delegation is the assignment or obligation of any responsibility or authority to

another person to carry out specific activities. It is one of the essential concepts of management. However, the person who delegates the work remains responsible for the outcome of the delegated work. Delegation empowers a subordinate to make decisions. In general, delegation can save money and time, help in building skills, and motivate people.

Definition

According to Dr. Kanthi Wijesinghe, “Delegation begins when the manager passes on some of his responsibilities to the subordinate. Responsibility is the work assigned to an individual”.

5.16 Characteristics of Delegation

- 1. Process of assigning authority:** Delegation is a process of assigning authority to subordinate to perform specific tasks. Delegation will be more effective if the superior assigns the task to an educated person.
- 2. Shifting decision making authority:** This involves the delegating of decision-making authority from one level to the corresponding lower managerial level.
- 3. Creates link:** Delegation of authority generates connection between managerial levels. This shows the singleness of the objective of the management by serving one chain of authority.
- 4. Authorise subordinates:** It authorises subordinates, to act in a well-founded way within the specified limits. Delegation will not permit subordinates to act in unreasonable manners.

- 5. Creates responsibility:** It may create responsibility on subordinates to perform the assigned activities correctly. Delegation gives the lower managerial level the information as to what they need.

SUPERVISION

5.17 Meaning

Supervision is an act of directing, managing or overseeing the subordinate at work. It refers to a cooperative relationship between the leader and one or more person to accomplish a particular job. It is undertaken at all levels of management and face to face communication is useful for supervision.

Supervision – Definition

“Supervision is achieving the desired results by means of intelligent utilisation of human talent”.

- G.R. Terry

5.18 Principles of Supervision

- Supervision should encourage self-expression to draw out the potential abilities of a worker.
- It should provide initiative to individual to take more responsibility.
- It should provide full opportunity to do work in cooperation to develop the team spirit and also to develop the good interpersonal relationship.
- It should meet the individual needs.
- Good supervision respects the personality of an individual.

5.19 Qualities of a Supervisor



Figure 5.4 Qualities of Supervisor

From the above diagram, it has revealed that, a Supervisor should possess with five qualities. This will ensure the supervisor to achieve the organisational goals and objectives.

- 1. Knowledge of the organisation:** Supervisor should understand the full information about the organisation that is rules and regulation, bylaws, policies and procedures.
- 2. Technical Knowledge:** As the organisation becomes fully

computerised environment, every supervisor would have the technical knowledge such as computing skills, electronic communication skill etc.

- 3. Honesty:** Supervisor should develop morality among the subordinates. Without honesty, no supervisor could achieve their organisational goals.
- 4. Ability to listen:** Supervisor is not only instructing their subordinates always, but also he has to hear the information given by subordinates for the welfare of the organisation.
- 5. Ability to talk well:** Supervisor should have the ability to communicate his subordinates for the better achievement of organizational objectives.



- 1.** The Union Public Service commission (UPSC) conducts Civil services Exam for various central government employments. The exam is conducted all over India at the same day and same time. The exam is supervised by effective officers from UPSC and they work for zero error in exam conducting process.
- 2.** The District collector is the supreme officer to supervise the entire government department functioning in the district.

Points to Remember

- Coordination ensures that all the departments contribute to the attainment of the goal of the whole enterprise.
- Principles of coordination.
- Nature of coordination.
- Importance of coordination.
- Types of coordination – Internal coordination, External Coordination, Vertical coordination, Horizontal coordination.
- Problems in coordination.
- Direction – Its characteristics.
- Importance of Direction.
- Delegation is the obligation of giving authority and responsibility to any person to carry out the work.
- Meaning of supervision.
- Qualities of supervisor.

A-Z GLOSSARY

Coordination	It is concerned with the objective of harmonizing the activities of the different departments of an enterprise in order to achieve the common goal.
Cooperation	Cooperation can usually be preserved when a new member is introduced.
Reciprocity	Reciprocity refers to Mutuality among the employees working in the organisation.
Indoctrinating	Indoctrinating refers to training the organizational members with the goals and mission of the organization can transform a neutral body into a committed body.
Direction	It is concerned with issuing the orders and instructions to the subordinates.
Integrative force	It is mainly concentrated about what, when, where and who to do the work.
Delegation	Delegation is the assignment or obligation of any responsibility or authority to another person to carry out specific activities.
Supervision	Supervision refers to a cooperative relationship between the leader and one or more person to accomplish a particular job.

QUESTIONS

PART- A

Objective type Questions (1 Mark)

Choose the correct answer:

- Coordination is an essential for achieving a _____.
a. Balanced organisational performance
b. Imbalanced organisational performance
c. Organisational objectives
d. All the above
- Through _____ with people, the coordination can be achieved.
a. Direct personal contact
b. Telephonic contact
c. Sending mail
d. None of the above
- Goodwill refers to the _____ of the organisation.
a. Reputation
b. Teamwork
c. Coordination
d. Morality
- _____ is the highest coordinating power in an organisation.
a. Authority
b. Power
c. Centralisation
d. Decentralisation
- _____ refers to Mutuality among the employees working in the organisation.
a. Reciprocity
b. Goodwill
c. Management
d. Team spirit





6. _____ concerned with issuing the orders and instructions to the subordinates.
- Direction
 - Cooperation
 - Motivation
 - Communication
7. Direction always follows _____ approach.
- Top - Down
 - Down - Top
 - Vertical
 - Horizontal
8. _____ direction executive consults with his subordinates concerning the feasibility, the work ability and the extent and content of a problem.
- Consultative
 - Free-rein
 - Automatic
 - Democratic
9. _____ is the assignment or obligation of any responsibility or authority to another person to carry out specific activities.
- Delegation
 - Supervision
 - Order
 - Direction
10. _____ refers to a cooperative relationship between the leader and one or more person to accomplish a particular job.
- Supervision
 - Authority
 - Controlling
 - Team work

PART -B

Very Short Answer (3 Marks)

Answer in Five lines:

1. Define the term Coordination.
2. What is Horizontal Coordination?
3. Define Direction.
4. How direction initiative the action?
5. What is meant by Delegation?
6. How delegation creates responsibility?
7. Define the term 'Supervision'.

PART- C

Short Answer (5 Marks)

Answer in one page:

1. State the problems in coordination.
2. What is the importance of coordination?
3. State the characteristics of direction.
4. List out the techniques of direction.
5. Enumerate the importance of direction.
6. Discuss the characteristics of delegation.
7. Discuss the principles of supervision.

PART- D

Essay type Questions (10 Marks)

Answer within three pages:

1. Explain the various techniques of coordination.
2. Define the term Direction. Elucidate the principles of Direction.
3. "Delegation is an essential concept of management leadership" – Comment.
4. Describe the qualities of a supervisor.



Activity

Teacher Activity:

1. Should teach basic concepts through classroom discussion.
2. Prepare charts on principles and techniques of coordination, direction, delegation and supervision.

Students Activity:

1. Students can be asked to conduct Role play as director.
2. Students should prepare charts on techniques of delegation.

REFERENCE:

1. "Principles of Management" by Dr. J. Jayasankar in Margam Publication.
2. "Principles of Management" by Dr. Radha kadhiresan in Prasanna Publication.
3. www.citehr.com.
4. www.google.com.

6

CHAPTER



Delegation of Authority

LEARNING OBJECTIVE

Through this chapter the students can learn about the following:

- To understand the meaning of delegation
- To study in detail the Principles of delegation
- To know about the process of delegation
- To study in detail the various types of departmentation



CONTENT

- | | |
|---|---|
| 6.1 Introduction | 6.6 Steps in Delegation |
| 6.2 Meaning | 6.7 Meaning of Centralization and Decentralization |
| 6.3 Definition | 6.8 Meaning of Departmentation |
| 6.4 Principles of Delegation | 6.9 Types of Departmentation |
| 6.5 Characteristics of Delegation of Authority | |

6.1 Introduction

Delegation is the act of assigning formal authority and responsibility for completion of specific activity given to a subordinate. It is necessary for the efficient functioning of any organisation, because no manager

can personally accomplish whatever he is to achieve or supervise and monitor that is going on in an organisation at a given point of time. The manager must delegate some of the simple and more routine tasks to his subordinates so that he can

devote more time to more complex and non routine activities of the organisation. The act of delegation not only saves time for the superior to invest more time in complex problems, it also enhances the capability of the subordinates as well.

6.2 Meaning

Delegation is simply a matter of assigning a part of work by the superior to his subordinate which the superior does not have the time to do it. One individual cannot perform all the activities in an organisation, so the authority and responsibility is shared with someone. Delegation refers to sharing of authority and responsibility, in delegation the task to be performed are identified and assigned it to the subordinates.

6.3 Definition

F.G. More, “Delegation means assigning work to others and giving them authority to do it”. According to **O.S. Hiner** defines, “Delegation takes place when one person gives another the right to perform work on his behalf and in his name, and the second person accepts a corresponding duty or obligation to do what is required of him”.

6.4 Principles of Delegation

- 1. Principles of Result Expected:** Before delegating the authority to the subordinate, the manager must know the purpose of such delegation and the results expected from it. The goals, targets and the standard of performance must be clearly defined to direct the actions of the subordinate towards the accomplishment of goal.
- 2. Principles of Parity of Authority and Responsibility:** This principle

states that the responsibility and the authority co-exists. This means, if the subordinate is assigned certain responsibility, he must be given same level of authority i.e. power to perform his responsibility. Thus, both the responsibility and the authority shall be clearly defined to the subordinate, so that he knows what he is required to do within the powers delegated to him.

- 3. Principles of Unity of Command:** According to this principles, every subordinate should have a single supervisor from whom he gets the authority and to whom he is solely accountable.
- 4. Principles of Absoluteness of Responsibility:** This principle asserts that responsibility cannot be delegated. In other words, whatever actions being taken by the subordinate, the manager will be accountable to his senior. Thus, the responsibility is absolute and remains with the superior.
- 5. The Scalar Principle:** There are clear lines of authority in the organisation, i.e. who is under whom. This helps the subordinate to know, who delegates the authority to him and to whom he shall be accountable, also to whom he shall contact in case things are beyond his control.
- 6. Principle of Exception:** According to this principles, the subordinate shall be given complete freedom to perform his responsibilities under the purview of his authority. The manager should not interfere in between his work and must allow him to do even if he commits mistakes. But in some exceptional cases, the managers can interfere and even withdraw the authority delegated to the subordinate



6.5 Characteristics of Delegation of Authority

1. Delegation takes place when a manager grants some of his power to subordinates.
2. Delegation occurs only when the person delegating the authority himself has that authority i.e. a manager must possess what he wants to delegate.
3. Only a part of authority is delegated to subordinates.
4. A manager delegating authority can reduce, enhance or take it back. He exercises full control over the activities of the subordinates even after delegation.
5. Only the authority can be delegated and not the responsibility. A manager cannot abdicate responsibility by delegating authority to subordinates.

6.6 Steps in Delegation

The following steps may be taken for effective delegation -

1. **Allocation of duties:** The Delegator communicates his subordinate regarding the task to be performed. The resources should be provided and the time limit should be informed. The superior can ask the subordinate to prepare his own plan for performing the task.
2. **Delegation of Authority:** To perform the task authority is required. Authority is the right granted to the employee to perform the task. For eg: Sales manager is responsible for advertisement, sales promotion etc. for that he must be delegated with the authority to do the necessary activities.
3. **Assignment of Responsibilities:** When authority is delegated he must

be assigned with responsibility. That is when one is given rights one must also be assigned a corresponding obligation to perform. Responsibility cannot be delegated. A manager should operate responsibility equal to the delegated authority.

4. **Creation of Accountability:** To complete the delegation process the manager must create accountability, that is subordinates must be answerable for the duties which they have carried out.

6.7 Meaning of Centralization and Decentralization

Centralization refers to the degree to which decision-making process is concentrated at a single point in the organization. If top management makes all the important decisions in the organization with little or no input from the lower level employees, then the organization is said to be a highly centralized organization. In contrast, if the organization encourages lower level personnel to participate in the decision making process and allows a greater amount of discretion, the organization is called a decentralized organization.

It is however, to be noted that the concept of centralization - decentralization is relative and not an absolute one. No organization can be labeled as totally centralized or decentralized. It can perhaps be best understood if we consider that an organization may lie along a continuum with centralization at one end and decentralization at the other extreme. Thus, an organization may be relatively centralized or decentralized in its ways of functioning and operations. The table below summarizes the factors determining the amount of centralization-decentralization of an organization.

Factors determining the amount of centralisation – decentralisation

Centralisation	Decentralisation
Centralization is more appropriate in stable environmental conditions.	If the environment is complex and uncertain the organization requires a greater amount of decentralization.
If the lower level managers are not very competent or experienced enough to take decisions, organizations tend to prefer centralization.	If the lower level managers are competent enough to make the decisions, organizations will benefit from decentralization.
If the lower level managers are not particularly interested in having their say in the decision-making process, it is better to follow centralization.	If the lower level managers are keen in taking part in the decision-making processes, it is advisable to opt for decentralized pattern.
Centralization is needed if the decisions to be taken are significant ones.	For relatively minor decisions, organizations may resort to decentralization.
If the organization faces a risk or threat, it relies more on centralized policies.	For centralization to be effectively practiced, the organizational culture must be more open and trusting.
To run a big organization effectively, centralization is required.	If the organization is a multi-located one with branches at different geographical locations a greater amount of decentralization is required.
It depends largely on the mindset of the people. if the managers believe in having a tighter control over the happenings in an organization, the practice of centralization will prevail.	If, on the contrary, managers are more flexible in their attitude, a decentralization policy will prevail.

6.8 Meaning of Departmentation

‘Departmentation’ or ‘Departmentalisation’ is the process of grouping the activities of an enterprise into several units for the purpose of administration at all levels.

The administrative units so created may be designated as departments, divisions, units, branches, sections, etc. The process of organising consists of dividing and grouping of the works to be done in an enterprise and assigning different duties and responsibilities to different people.

6.9 Types of Departmentation

6.7.2 Types of Departmentation

There are several bases of Departmentation. The more commonly used bases are—function, product, territory, process, customer, time etc.

These are explained below:

(A) Departmentation by Functions:

The enterprise may be divided into departments on the basis of functions like production, purchasing, sales, financing, personnel etc. This is the most popular

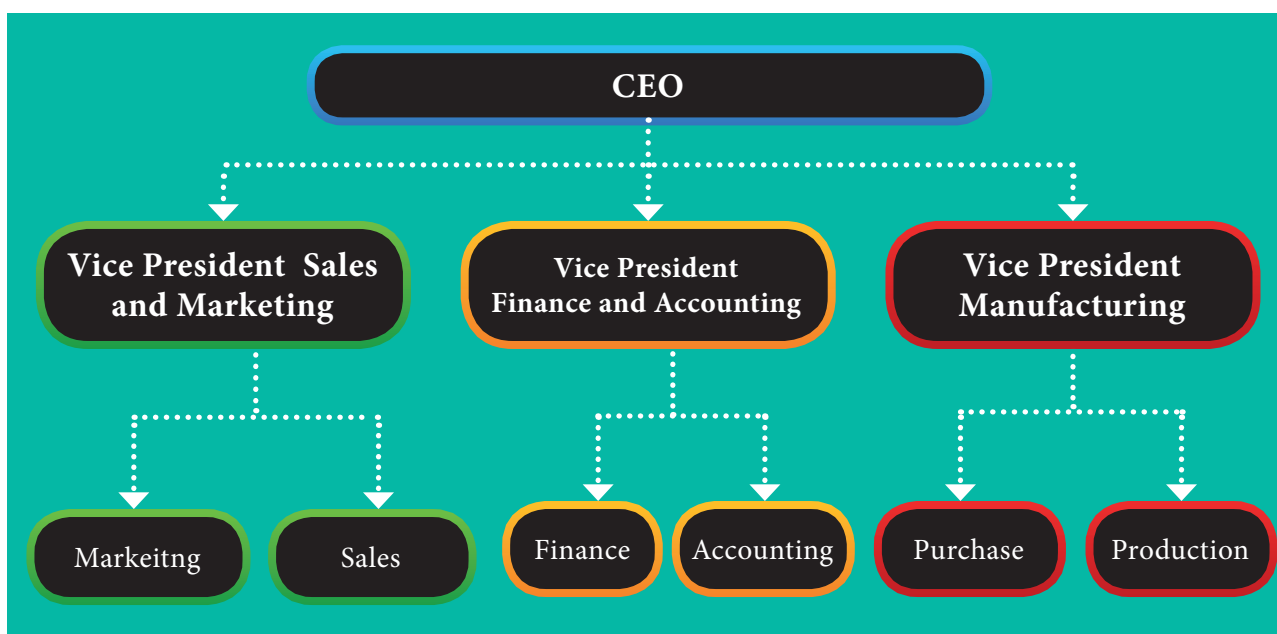


Figure 6.1 Departmentation by Functions

basis of departmentation. If necessary, a major function may be divided into sub-functions. For example, the activities in the production department may be classified into quality control, processing of materials, and repairs and maintenance.

Advantages:

The advantages of functional departmentation include the following:

1. It is the most logical and natural form of departmentation.
2. It ensures the performance of all activities necessary for achieving the organisational objectives.
3. It provides occupational specialisation which makes optimum utilisation of manpower.
4. It facilitates delegation of authority.
5. It enables the top managers to exercise effective control over a limited number of functions.
6. It eliminates duplication of activities.

7. It simplifies training because the managers are experts only in a narrow range of skills.

Disadvantages:

There are some problems associated with functional departmentation. These are mentioned below:

1. There may be conflicts between departments.
2. The scope for management development is limited. Functional managers do not get training for top management positions. The responsibility for results cannot be fixed on any one functional head.
3. There is too much emphasis on specialization.
4. There may be difficulties in coordinating the activities of different departments.
5. There may be inflexibility and complexity of operations.

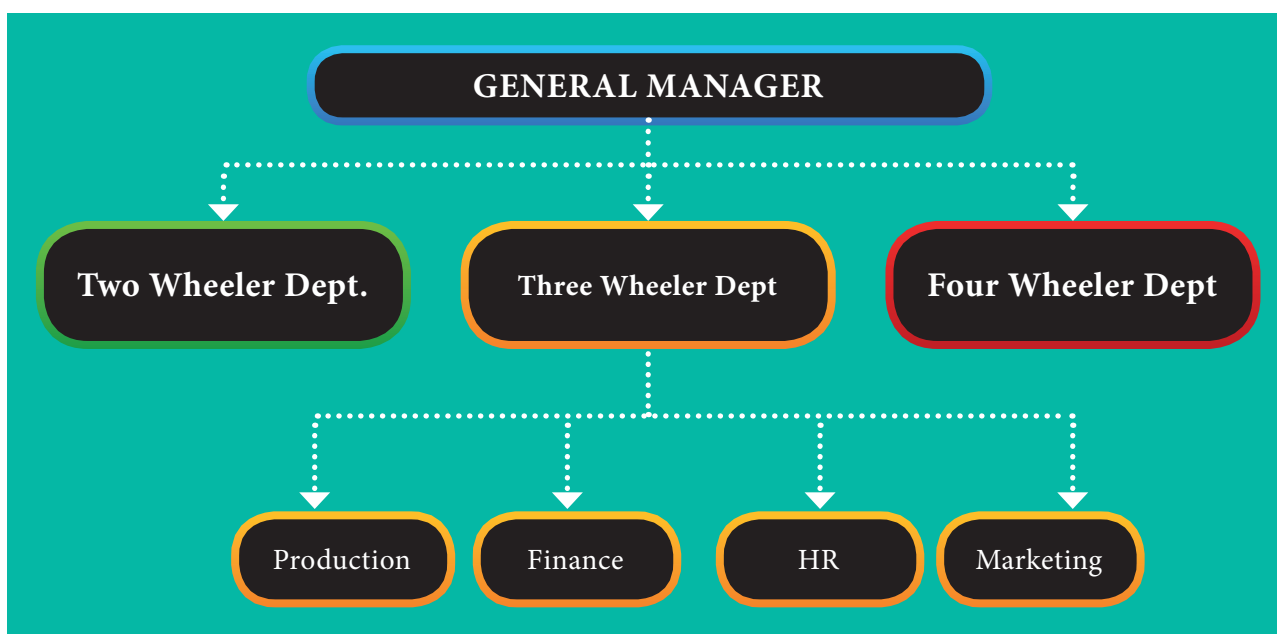


Figure 6.2 Departmentation by Products

(B) Departmentation by Products:

In product departmentation, every major product is organized as a separate department. Each department looks after the production, sales and financing of one product. Product departmentation is useful when the expansion, diversification, manufacturing and marketing characteristics of each product are primarily significant.

It is generally used when the production line is complex and diverse requiring specialized knowledge and huge capital is required for plant, equipment and other facilities such as in automobile and electronic industries.

In fact, many large companies are diversifying in different fields and they prefer product departmentation. For example, a big company with a diversified product line may have three product divisions, one each for plastics, chemicals, and metals. Each division may be subdivided into production, sales, financing, and personnel activities.

Advantages:

Product departmentation provides several advantages which may be stated as follows:

1. Product departmentation focuses individual attention to each product line which facilitates the expansion and diversification of the products.
2. It ensures full use of specialized production facilities. Personal skill and specialized knowledge of the production managers can be fully utilized.
3. The production managers can be held accountable for the profitability of each product. Each product division is semi-autonomous and contains different functions. So, product departmentation provides an excellent training facility for the top managers.
4. The performance of each product division and its contribution to total results can be easily evaluated.
5. It is more flexible and adaptable to change.

Disadvantages:

Product departmentation presents some problems as follows:

1. It creates the problem of effective control over the product divisions by the top managers.
2. Each production manager asserts his autonomy disregarding the interests of the organisation.
3. The advantages of centralization of certain activities like financing, and accounting are not available.
4. There is duplication of physical facilities and functions. Each product division maintains its own specialized personnel due to which operating costs may be high.
5. There may be under-utilization of plant capacity when the demand for a particular product is not adequate.

(C) Departmentation by Territory:

Territorial or geographical departmentation is specially useful to large-scale enterprises whose activities are widely dispersed. Banks, insurance companies, transport companies, distribution agencies etc, are some examples of such enterprises, where all the activities of a given area of operations are grouped into zones, branches, divisions etc.

It is obviously not possible for one functional manager to manage efficiently such widely spread activities. This makes

it necessary to appoint regional managers for different regions.

Advantages:

Territorial departmentation offers certain facilities in operation. These are pointed out below:

1. Every regional manager can specialize himself in the peculiar problems of his region.
2. It facilitates the expansion of business to various regions.
3. It helps in achieving the benefits of local operations. The local managers are more familiar with the local customs, preferences, styles, fashion, etc. The enterprise can gain intimate knowledge of the conditions in the local markets.
4. It results in savings in freight, rents, and labor costs. It also saves time.
5. There is better co-ordination of activities in a locality through setting up regional divisions.
6. It provides adequate autonomy to each regional manager and opportunity to train him as he looks after the entire operation of a unit.

Disadvantages:

Territorial departmentation have the following problems:

1. There is the problem of communication.

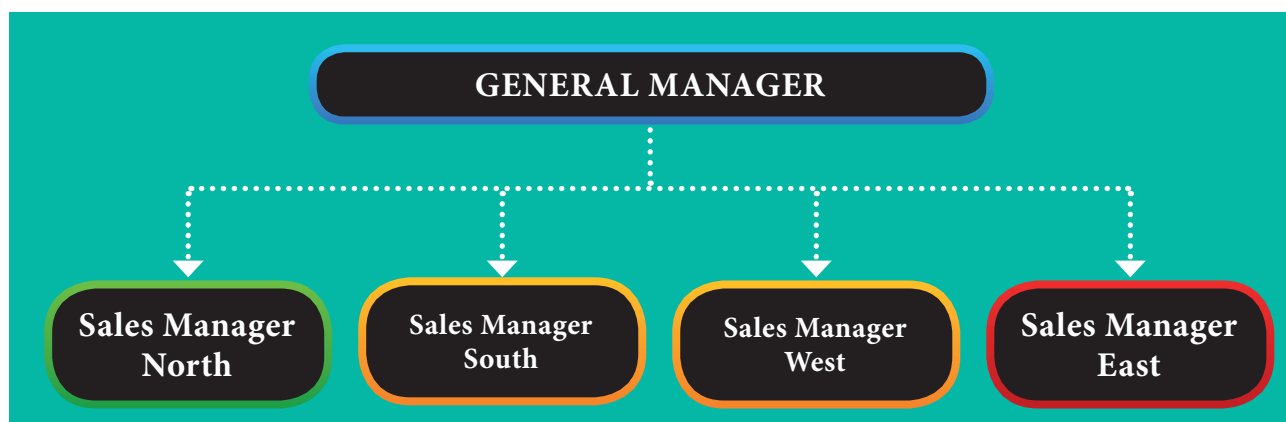


Figure 6.3 Departmentation by Territory

2. It requires more managers with general managerial abilities. Such managers may not be always available.
3. There may be conflict between the regional managers.
4. Co-ordination and control of different branches from the head office become less effective.
5. Owing to duplication of physical facilities, costs of operation are usually high.
6. There is multiplication of personnel, accounting and other services at the regional level.

(D) Departmentation by Customers:

In such method of departmentation, the activities are grouped according to the type of customers. For example, a large cloth store may be divided into wholesale, retail, and export divisions. This type of departmentation is useful for the enterprises which sell a product or service to a number of clearly defined customer groups. For instance, a large readymade garment store may have a separate department each for men, women, and children. A bank may have separate loan departments for large-scale and small-scale businessmen.

The organisation chart of customer-oriented departmentation may appear as follows:

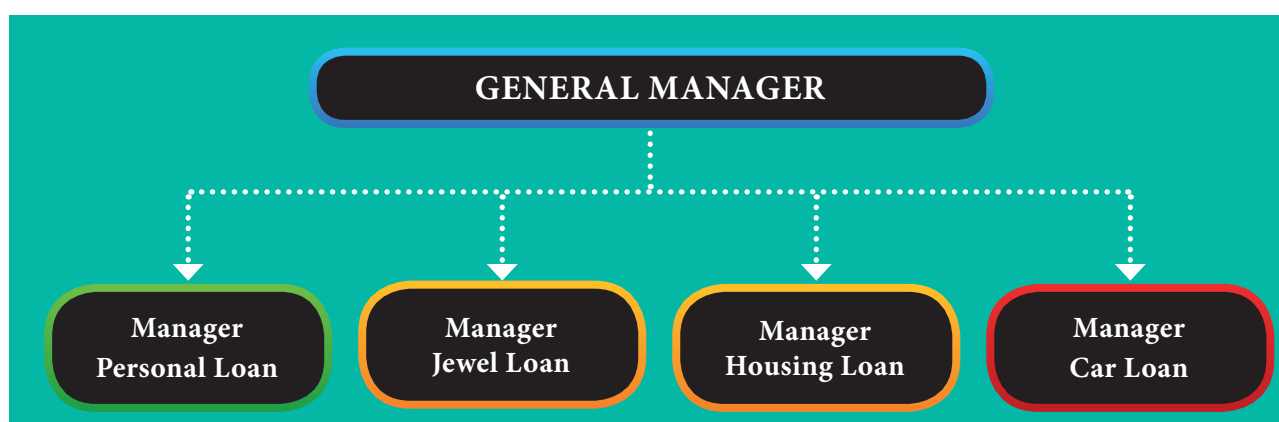


Figure 6.4 Departmentation by Customers

Advantages:

The important advantages of customer departmentation are the following:

1. Special attention can be given to the particular tastes and preferences of each type of customer.
2. Different types of customers can be satisfied, easily through specialized staff. Customers' satisfaction enhances the goodwill and sale of the enterprise.
3. The benefits of specialization can be gained.
4. The enterprise may acquire intimate knowledge of the needs of each category of customers.

Disadvantages:

This method of departmentation may have certain disadvantages, specially when it is followed very rigidly. These are as follows:

1. Co-ordination between sales and other functions becomes difficult because this method can be followed only in marketing division.
2. There may be under-utilization of facilities and manpower in some departments, particularly during the period of low demand.
3. It may lead to duplication of activities and heavy overheads.
4. The managers of customer departments may put pressures for special benefits and facilities.

(E) Departmentation by Process or Equipment:

In such type of departmentation the activities are grouped on the basis of production processes involved or equipment used. This is generally used in manufacturing and distribution enterprises and at lower levels of organisation. For instance, a textile mill may be organised into ginning, spinning, weaving, dyeing and finishing departments. Similarly, a printing press may have composing, proof reading, printing and binding departments. Such departmentation may also be employed in engineering and oil industries.

Advantages:

The basic object of such departmentation is to achieve efficiency and economy of operations. The processes are set in such a way that a series of operations is feasible making operations economic. Efficiency can be achieved if departments are created for each process as each one has its peculiarities.

It provides the advantages of specialization required at each level of the total processes. The maintenance of plant can be done in better way and manpower can be utilized effectively.

Disadvantages:

In such departmentation, there may be difficulty in coordinating the different process-departments, because the work of each process depends fully on the preceding process. So, there are chances of conflicts among the managers looking after the different processes. It cannot be used where manufacturing activity does not involve distinct processes.

(F) Departmentation by Time and Numbers:

Under this method of departmentation the activities are grouped on the basis of the time of their performance. For instance, a factory operating 24 hours may have three departments for three shifts—one for the morning, the second for the day, and the third for the night.

In the case of departmentation by numbers, the activities are grouped on the basis of their performance by a certain number of persons. For instance, in the army, the soldiers are grouped into squads, companies, battalions, regiments and brigades on the basis of the number prescribed for each unit.

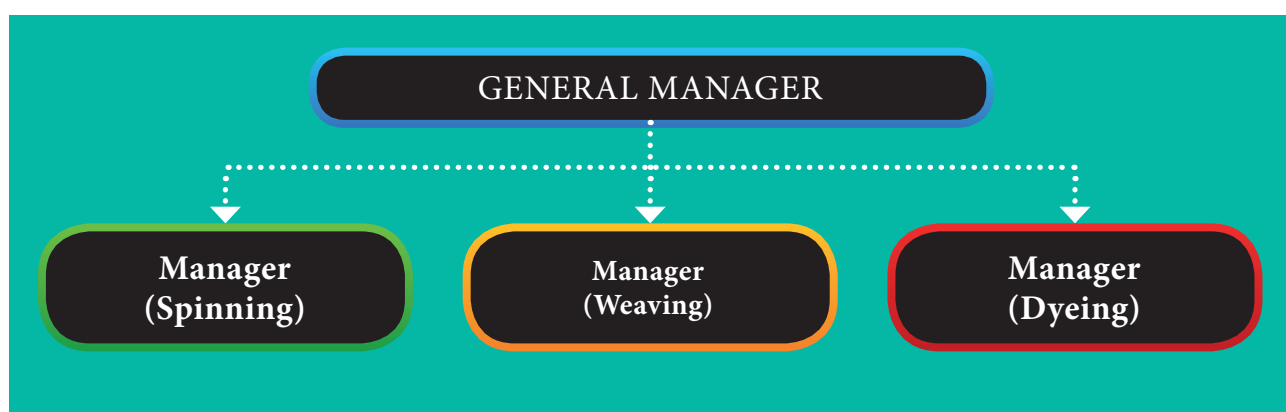


Figure 6.5 Departmentation by Process or Equipment

Such type of departmentation is useful where the work is repetitive, manpower is an important factor, group efforts are more significant than individual efforts, and group performance can be measured. It is used at the lowest level of organisation.



In India the Prime minister is the supreme decision maker. At the same time the decision making authority is divided among various union ministers for several departments such as Finance Minister for finance ministry and Higher Education Minister for education etc.

We have several departments in our Tamil Nadu government which looks after the effective functioning of the state. Every department is independent and also interdependent. At present we have 40 various departments providing various services to the people.

GLOSSARY

Delegation	Delegation is the dispersal of authority by a superior to this subordinate to accomplish the assigned tasks.
Devolution	It is defined as transfer of power from higher to lower units of an administrative system.
Deconcentration	It means assignment of certain functions to agent of central or state government in the field in order to lesser their workload and for better administration.
Decentralization	Means assignment of certain functions to agent of central or state government in the field in order to lesser their worked and for better administration.

QUESTIONS

PART- A

Objective type Questions (1 Mark)

Choose the correct answer:

- _____ refers to the degree to which decision-making process is concentrated at a single point in the organization.
 - Centralization
 - Decentralization
 - Manager
 - Authority.
- Grouping the jobs in some logical way _____.
 - Department
 - Branch
 - Formal
 - Informal.



- The enterprise which divides the department on the basis of functions like production, purchasing, sales, financing, personnel is known as _____.
 - Centralization
 - Decentralization
 - Function Department
 - Personal Department
- Delegation is the act of assigning authority and _____.
 - Responsibility
 - Centralization
 - Span of control
 - Committee.
- A factory operating 24 hours will work for _____ shifts.
 - One
 - Two
 - Three
 - Four



PART – B

Very Short Answer (3 Marks)

Answer in Five lines:

1. Write short note Functional department.
2. What is meant by delegation?
3. Define authority.
4. Define Centralisation.
5. What is meant by Decentralisation?
6. On what basis Department can be classified?

PART- C

Short Answer (5Marks)

Answer in one page:

1. What is departmentalization?
2. What do you mean by delegation of authority?
3. What is mean by Departmentation by Customer? Write its merits and demerits.
4. Write any steps in delegation.

5. What is meant by centralization? Which type of organisation will be beneficial by following Centralization?

PART- D

Essay type Questions (10Marks)

Answer within three pages:

1. Explain the principles of delegation.
2. Explain the difference between centralization and decentralization.
3. Discuss the various types of departmentalization.

Activity

Teachers Activity:

1. Take students to an office and expose them.
2. Must give assignment.

Students Activity:

1. Arrange debate and group discussion about the concept of delegation of authority.

REFERENCE:

1. Principles of Management, Tata McGraw- Hill Publishing Company Ltd.

– New Delhi.



Leadership and Communication



H W W A 6 E



LEARNING OBJECTIVE

Through this chapter the students can learn about the following:

- To acquaint students on leadership and its importance in business success.
- Enable the students to understand the difference between Leader Vs Manager..
- To learn different types of leadership styles.
- To know about the importance and types of communication
- Too gain knowledge regarding the barriers

CONTENT

7.1 Introduction	7.13 Characteristics of Communication
7.2 Meaning	7.14 Purpose of Communication
7.3 Definition	7.15 Principles of Communication
7.4 Charactertistics of Leadership	7.16 Communication Process
7.5 Leader Vs Manager	7.17 Benefits of Communication
7.6 Importance of Leadership	7.18 Types of Communication
7.7 Functions of Leadership	7.19 Difference between Formal and Informal Communication
7.8 Kinds of Leadership Styles	7.20 Forms of Communication
7.9 Qualities of a Successful Leader	7.21 Barriers to Communication
7.10 Business Communication	7.22 How to overcome the Barriers to Communication
7.11 Concept of Communication	
7.12 Definition	



7.1 Introduction

We know in an organisation many people work together in order to achieve a common goal. At the same time we want to understand that there will be a person who should frame these organisational goals and direct all the people's effort towards common goal. So the word direct (or) direction is an act of framing objectives and communicating that to the people (employees) and with motivating them to achieve those objectives with least effort and time.

7.2 Meaning

The behaviour of making other employees to work for a common organisational goal is called as Leadership. It is the art of influencing others to direct their will, abilities and efforts to the achievement of Organisational goals. Leadership is a quality of behaviour of the individuals whereby they guide people (or) their activities in organised effort. It is a capacity of an individual to influence the thought and actions of others in some useful direction.

7.3 Definition

Leadership may be defined in terms of totality of functions performed by executives as individuals and as a group.

According to Davis: "Leadership is the ability to persuade others to seek defined objectives enthusiastically. It is the human factor which binds a group to gather and motivates it towards goals".

According to Koontz and Donnell, "Leadership is the ability of a manager to induce subordinates to work with confidence and zeal".



Figure 7.1 Leadership is followership.

7.4 Characteristics of Leadership

1. Leadership is basically a personal quality. This Quality motivates the individuals to be with leaders.
2. Leader, by exercising his leadership, tries to influence the behaviour of individuals around him to fulfil certain pre-determined objectives.
3. Leader tries to influence the individual to behave in a particular way.
4. There is a relationship between leader and individuals (followers) which arises out of functioning for a common goal.
5. Leadership is a continuous process of influencing behaviour.



Indra Nooyi, is the Chairman of PepsiCo, Inc. The company is an American multinational food, snack, and beverage corporation headquartered in Harrison, New York. She is an Indian born American lady and considered to be world's most 100 powerful women by Forbes magazine.

Indira Priyadarshini Gandhi, was an Indian politician, stateswoman and a central figure of the Indian National Congress. She was the first and, to date, the only female Prime Minister of India. Indira Gandhi was the daughter of Jawaharlal Nehru, the first prime minister of India.

6. Leadership is exercised in a particular situation. The situation variables also affect the effectiveness of leadership.
7. Along with situation leadership is affected by a given point of time under a specific set of circumstances. Thus leadership style will be different under different circumstances.

7.5 Leader Vs Manager

A Manager and Leader sometimes are treated equally. But distinction can be made between these two terms. Leadership is a skill and the person who possesses leadership ability is known as a Leader. On the other hand Management is a discipline and the practitioner of this discipline is known as the manager.

7.6 Importance of Leadership

Without a good leader organisation cannot function efficiently and effectively. Leadership is an important factor for making organisation successful. The importance of good leadership is:

1. **Motivating Employees:** Motivation is necessary for work performance. Higher the motivation better would be the performance. A good leader by exercising his leadership motivates the employees for high performance. Good leadership in the organisation itself is a motivating factor for the individuals.
2. **Creating Confidence:** A good leader may create confidence in

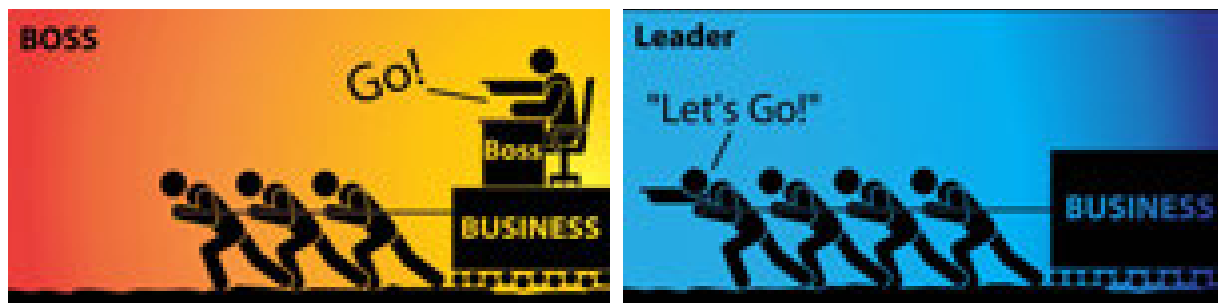


Figure 7.2 Difference between Leader and Boss

LEADER	MANAGER
A leader looks towards the future and future goals of the organisation.	Manager Focuses on the present duty, roles and responsibility.
A leader Appreciates Change.	Manager prefers Stability.
Leader orients himself towards Long term.	Manager Orients towards Short term.
Leader Engages in a Vision.	Manager Focuses on Procedure.
Leader Knows how to delegate.	Manager Prefers to control.
Leader trusts intuition.	Manager uses Rational mind.
Takes social and environmental contexts into consideration.	Manager works within the context of the organisation and business.
Leader investigates reality.	Manager accepts reality and do it.
Leader Focuses on People.	Manager Focuses on systems and Structures.

his followers by directing them, giving them advice and getting through them good results in the organisation. Sometimes, individuals fail to recognise their qualities and capabilities to work in the absence of good direction.

3. **Building Morale:** Morale is expressed as attitudes of employees towards organisation management and voluntary co-operation to offer their ability to the organisation. High morale leads to high productivity.
4. **Initiates Action:** Leader is a person who starts the work by communicating the policies and plans to the subordinates from where the work actually starts.
5. **Builds Work Environment:** Management is getting things done from people. An efficient work environment helps in sound and stable growth. Leader is a person who creates a positive work environment for the subordinates to perform better.
6. **Co-ordination:** Co-Ordination can be achieved through reconciling personal interests with organisational goals. This co-ordination is achieved by proper motivation and zeal of effective leadership only.

7.7 Functions of Leadership



Figure 7.3 Functions of Leader

1. **Defining the task:** Leader should be clear of what task, he and its team want to achieve. Task means the work to be done and this task should be clear, concrete, time bound, realistic, challenging and capable for evaluation.
2. **Planning for the task:** It includes doing a mental thinking of what to do (or) achieve in future. So a leader plans what to achieve, sets standards for achieving and influences his followers to execute the planning.
3. **Briefing:** Here the leader will establish a clear organisational vision for the future.
4. **Controlling:** The leader will also monitor the progress of the plan by the executives. Control means that the leader will watch carefully that the plans are not going out from the established procedures and directions.
5. **Evaluating:** The final results which are obtained after the implementation and execution of plans should be evaluated by the leader. Evaluation is comparing the results with the task which is planned before. Evaluation may be positive, negative or neutral.
6. **Motivation:** All the above said functions can be performed well only when the employees are motivated throughout the project. A leader performs this with the help of a key called motivation. Motivation comes from a Latin word "TO MOVE". So the leader motivates their employees either by rewards or by threats.

7.8 Kinds of Leadership Styles

A leadership style denotes a specific behaviour a person exhibits in order to influence people and achieve organisational objectives. Each style has a peculiar feature.

They are

A. Autocratic or Authoritarian Leadership:

An autocratic leader exercises complete control over the subordinates. He centralises power in himself and takes all decisions without consulting the subordinates. He dominates and drives his group through pressure or force. The leader gives orders and expects the subordinates to follow them without questioning. He uses rewards and holds threat of penalties to direct the subordinates. Autocratic leadership style may be appropriate when subordinates are uneducated, unskilled and submissive.

Advantages:

- Autocratic leadership style permits quick decision making
- It gives strong motivation and satisfaction to the leader who dictates terms.
- Less competent subordinates are needed at lower level.
- This style may yield positive results in prompt situation.

Disadvantages:

- Autocratic style leads to frustration, low morale and conflict among subordinates.
- Full potential of subordinates and their creative ideas are not utilized.
- Organisational continuity is threatened in the absence of the leader because a subordinate gets no opportunity for development.



Figure 7.4 Adolph Hitler Autocratic Leader



Adolph Hitler was an autocratic leader because nobody in his regime had right to interfere or comment on his decision. They just want to obey and follow his orders without questioning.

B. Democratic or Participative Leadership:

A consultative or democratic takes decision in consultation and participate with the subordinates. He decentralises authority and allows the subordinates to share his power. The leader does what the group wants and follows the majority opinion. He keeps the followers informed about matters affecting them. A democratic leader provides freedom of thinking and expression. He listens the suggestion, grievances and opinions of the subordinates.

Advantages:

- Consultative leadership improves the job satisfaction and morale of subordinates.
- It cultivates the decision making ability of subordinates.
- The leader multiplies his ability through the contribution of his followers.
- It develops positive attitude of the leader and reduces resistance to change.
- The quality of decisions is improved.
- Labour absenteeism and Labour turnover is reduced.

Disadvantages:

- Democratic style is time-consuming and may result in delays in decision-making.

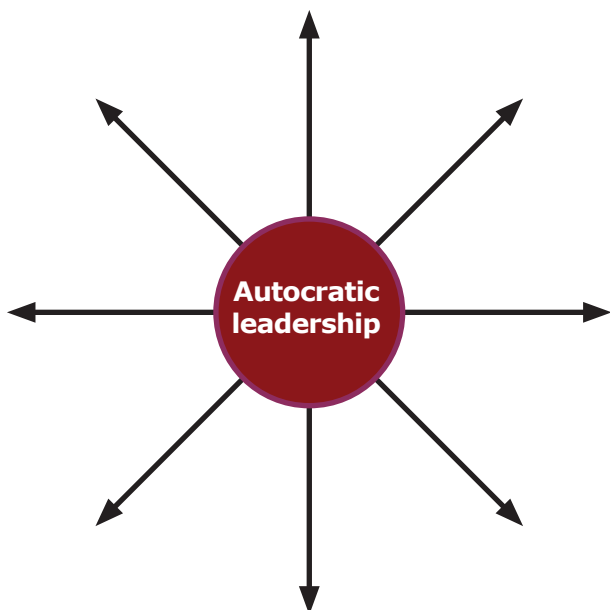


Figure 7.5 Autocratic leader the communication will be flow from the leader in one direction to subordinates.

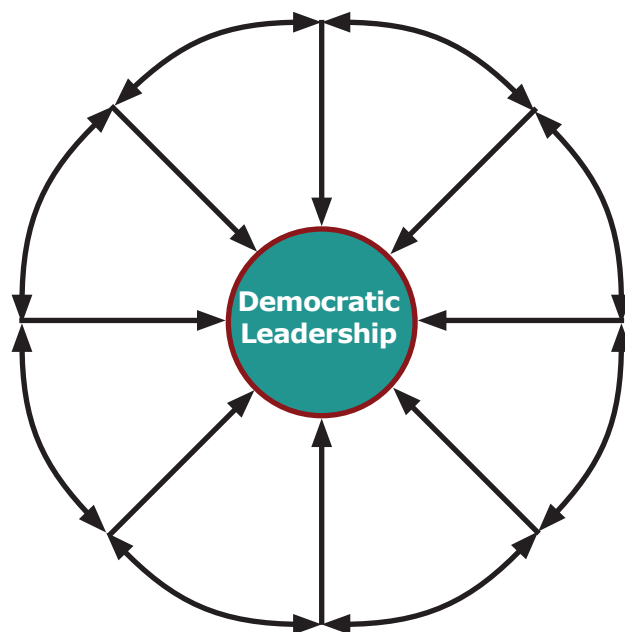


Figure 7.6 Democratic Leadership communication is flow in all direction by which leader informs, directs and also hear subordinate feedback.

- It may not yield positive results when subordinates prefer minimum interaction with the leader.
- Over a period of time subordinates may develop the habit of expecting to be consulted.



Ratan Tata and Barak Obama are democratic leaders because their decision comes from the collective mind of the group. They welcome the group response and appreciate group participation in decision making.

C. Free-Rein or Laissez Fair Leadership:

Free –rein leadership involves complete delegation of authority so that subordinates themselves, can take decisions. A free rein leader avoids power and relinquishes the leadership position. He serves only as a contact/ medium to bring the information and resources needed by the subordinates.

Free rein style may be appropriate when the subordinates are well trained, highly knowledgeable; self motivated and ready to assume responsibility.

Advantages:

- Positive effect on job satisfaction and morale of subordinates
- Maximum possible scope for development of subordinates
- Full utilization of the potential of subordinates

Disadvantages:

- Subordinates do not get the guidance and support of the leader.
- Subordinates may in different directions and may work at cross purposes which may degenerate in to chaos.

D. Functional Leadership:

A functional leader is one who is an expert in a particular field of activity. He has reached to the position of a leader



by virtue of certain special skills that he possesses. Such a leader always thinks of the task he has undertaken and spends most of his time finding out ways and means of doing it better.

Advantages:

- The presence of an expert or a functional leader is beneficial to the followers and the organisation.
- As the functional leader is a specialist in a particular field of activity, the subordinates can certainly enrich their job knowledge and skill, provided they are as committed and sincere as their leader is.

Disadvantages:

- The functional leader concentrates on his work only. An efficient subordinate can only work with him.
- Functional leader cannot go down to the level of an average worker and offer any help.

E. Institutional Leader:

An Institutional leader is one who has become a leader by virtue of his official position in the organisational hierarchy. For Ex: A person appointed as a general manager of the company. An institutional leader may not provide expert guidance to his followers. But he has to secure performance from them.

Advantages:

- He has official authority to act.
- He can demand performance from subordinates irrespective of his own credentials and the subordinates are officially answerable to him.

Disadvantages:

- As the institutional leader may not be an expert in his field of activity, he will not be in a position to offer proper guidance to his followers.
- Although the leader has the official right to demand performance from his followers, he may not have the moral right, as his own credentials are less.

F. Paternalistic Leader:

A Paternalistic leader takes care of his followers in the way the head of the family takes care of the family members. He is mainly concerned with the well being of his followers and is always ready to protect them. He may provide them with all the physical amenities needed. But he will not be able to guide them to perform the job well. Thus, the paternalistic leader is able to be sociable but is not able to offer intellectual help.

Advantages:

- He assumes a paternal role to protect his followers.
- He is always ready to provide the necessary physical amenities to the subordinates.

Disadvantages:

- He is not in a position to offer intellectual help to his followers.
- Those followers, who are capable and achievement-oriented, feel frustrated as the leader is not able to guide them to enrich their job knowledge and skill.

G. Charismatic Leader:

Charismatic leadership is basically the method of encouraging particular behaviors in others by way of effective

communication, persuasion and force of personality. Charismatic leaders motivate followers to get things done or improve the way certain things are done. This is accomplished by stimulating up eagerness in others to achieve a stated goal or vision. In essence, the charismatic leadership style has its basis in a form of heroism. This leadership style is almost of divine origin which means by their birth itself they have some quality (Traits) Character which makes others to admire them.

Advantages:

- They naturally command leadership from their quality, so no formal rules and authority are needed.
- Their presence itself gives energy and motivation to the followers.

Disadvantages:

- These types of Leaders are very few in number to identify.
- In an organisational set up leadership with formal authority can be more effective.

7.9 Qualities of a Successful Leader

A leader must possess certain exemplary qualities by virtue of which he may be able to lead and guide his subordinates. From a holistic (Overall) Perspective, the qualities which are necessary for a successful leader can be stated as follows:

1. Physical Energy and Stamina
2. Intelligence
3. Vision and Foresight:
4. Initiative:
5. Self-confidence:
6. Open mindedness (or) Flexibility:
7. Sense of Responsibility
8. Human Relations
9. Cooperation.

7.10 Business Communication

Introduction:

Humans have communicated with one another in some shape or form ever since time immemorial. Principles of communication are founded on a mixture of ancient oral and written traditions. Business communication is a broad-based concept that describes any kind of communication whose goal is to improve the value of a business. This could be internal communication, such as rules, guidelines and motivational material, or it could be external communication. Communication is the lifeblood of an organisation.

The two words ‘information’ and ‘communication’ are often used interchangeably, but they signify quite different things. Information is giving out; communication is getting through. – Sydney J. Harris.

7.11 Concept of Communication

The word ‘communicate’ has been derived from the Latin word ‘communicate’, which means to ‘share’ and ‘participate’. Communication is a process by which information is exchanged between individuals through a common system of symbols, signs of behaviour. It is the expression of facts, opinions, ideas or feelings. Communication is a two way process. There must be at least two persons to complete the process. One takes up the role of a sender and the other take up the role of receiver. Webster’s dictionary states that “communication is the act of exchanging information and understanding from one person to another”. Whether we communicate through writing or speaking, language continues to play an important role. The increasing use of telephone, mobile,

recording devices, such as dictaphone, answering machines, live broadcasting and telecasting and video conferencing have nowadays, shifted the focus from writing to speaking.

7.12 Definition

“Communication is an intercourse by words, letters, symbols or messages and is a way that one organisation member shares meaning and understanding with another”

- Koontz and o Donnell.

“Communication is the exchange of facts, ideas, opinions or emotions by two or more persons”

- Newman and summer.



Figure 7.7 Business Communication

7.13 Characteristics of Communication

- There must be some message to be sent.
- There must be some purpose for communication.
- It involves more than two persons.
- It deals with transmission of facts and feeling of two persons.
- Transmission of every message is sent through a channel.
- Media or transmission of communication are numerous.

- Communication is a continuous process.
- Channels in communication are systematic and predetermined.
- It is a process of telling, listening and understanding.

7.14 Purpose of Communication

No organisation can function without proper and adequate communication. The ability to communicate effectively with other members of the organisation is considered as one of the most important skills of managers .

1. Flow of information:

The relevant information must flow continuously from top to bottom and vice versa. The staff at all levels must be kept informed about the organisational objectives and other developments taking place in the organisation. The information can be passed in the language which the employees can understand better.

2. Co-ordination:

It is through communication the efforts of all the staff working in the organization can be coordinated for the accomplishment of the organisational goals. The communication facilitates flow of information, ideas, beliefs, perception, advice, opinion, orders and instructions etc., both ways which enable the managers and other supervisory staff to learn managerial skills through the experience of others.

3. Preparing people to Accept change:

The proper and effective communication is an important tool in the hands of management of any organisation to bring about overall change in the



organisational policies, procedures and work style and make the staff to accept and respond positively.

4. Developing Good human relation:

Managers and workers and other staff exchange their ideas, thoughts and perceptions with each other through communication. This helps them to understand each other better. Communication helps to realise the difficulties faced by their colleagues at the workplace.

5. Ideas of subordinates encouraged:

Communication facilitates inviting and encouraging the ideas from subordinates on certain occasions on any task. This will develop creative thinking. Honouring subordinates ideas will further motivate them for work hard and a sense of belonging to the organisation will be developed

should be feedback information from the receiver to know whether he has understood the message in the same sense in which the sender has meant it.

4. Principles of informality:

Formal communication is generally used for transmitting messages and other information. Sometimes formal communication may not achieve the desired results, informal communication may prove effective in such situations.

5. Principles of consistency:

The principle states that communication should always be consistent with the policies, plans, programmes and objectives of the organisation and not in conflict with them.

6. Principle of timeliness

The principle states that communication should be done at proper time so that it helps in implementing plans. Any delay in communication may not serve any purpose.

7. Principles of adequacy:

The information communicated should be adequate and complete in all respects. Inadequate information may delay action and create confusion. Inadequate information also affects efficiency of the receiver. So adequate information is essential for taking proper decisions and making plans.

7.15 Principles of Communication

1. Principles of clarity:

The idea or message to be communicated should be defined. It should be worded in such a way that the receiver understands the same thing which the sender wants to convey.

2. Principles of attention:

In order to make communication effective, the receiver's attention should be drawn towards message. People are different in behaviour, attention, emotions etc. so they may respond differently to the message. For example, if a superior is very punctual in coming to the office then subordinates will also develop such customs/habits. It is said that 'actions speak louder than words.

3. Principles of feedback:

The principles of feedback is very important to make the communication effective. There

7.16 Communication Process

Communication has been defined as a process. The term process refers to identifiable flow of information through interrelated stages of analysis directed towards the achievement of an objective.

i. Sender

The person who intends to make contact with the objective of passing information, ideas to other persons is known as sender.

ii. Ideas

This is the subject matter of communication. This might be opinion, attitude, feelings, views, suggestions, orders etc.

iii. Encoding

Since the subject matter of communication is abstract and intangible, its transmission requires the use of certain symbols such as words, actions, pictures, etc. Conversion of the subject matter into these symbols is the process of encoding.

iv. Channel

These symbols are transmitted through certain channels, e.g. radio, telephone, air, etc., depending upon the situation of the two parties, viz., sender and receiver.

v. Receiver

Receiver is the person to whom message is meant for.

vi. Decoding

Receiver converts the symbols received from the sender to give him the meaning of the message.

vii. Feedback

Feedback is necessary to ensure that the receiver has received the message and understands it in the same sense as sender wants.

7.17 Benefits of Communication

1. Communication is the basis of organisational functioning:

Communication is the basis of organisational functioning. It is only when necessary communications are given to the subordinates about their job, action on their part is possible.

2. Communication as an aid to planning:

Communication is an aid to the process of decision making in general and planning, in particular. Any type of decision making (including planning) requires, basic information about the enterprise resources and limitations, and the external environmental factors, which must be supplied i.e. communicated to the management by suitable agencies.

3. Communication as an aid to leadership:

A leader communicates the objectives, policies, rule and procedures of the enterprise to followers and also communicates the necessary work-orders, instructions and guidance to them, for the proper execution of the intended jobs, to be performed by the group.

4. Communication as an aid to co-ordination:

Co-ordination is greatly facilitated when persons doing similar work or related aspects of work, are in perfect mutual understanding with one another – as to the manner and approach to work performance.

5. Communication helps in overcoming resistance:

People, in general resist to changes when changes are either not properly communicated to them or the purpose behind introducing such changes is not explained to them.

6. Communication as the basis of good human relations:

Communication promotes good human relations, in the organisational life. Apparently communication is transfer of messages; while intrinsically it is transmission of understanding among the sender

and the recipients of messages. A free flow of communication, through facilitating transmission of understanding paves the way for the development of good human relations in the organisation.

7.18 Types of Communication

Organisational communication may be either formal or informal in nature.

1. Formal communications

Formal communications are those which flow through formally established channels as depicted in the formal organisational chart, and are concerned with work related matters. All orders, instructions and decisions are communicated to the subordinates through this channel. Formal communications can flow in three different directions – downward, upward, and horizontal or laterally among various departments.



Figure 7.8 Formal Communication

2. Downward communications

Downward communications are those communications that flow from superiors to subordinates. Through downward communication, the superior direct the efforts of his subordinates, defines the goals, and objectives of the organisation to them.

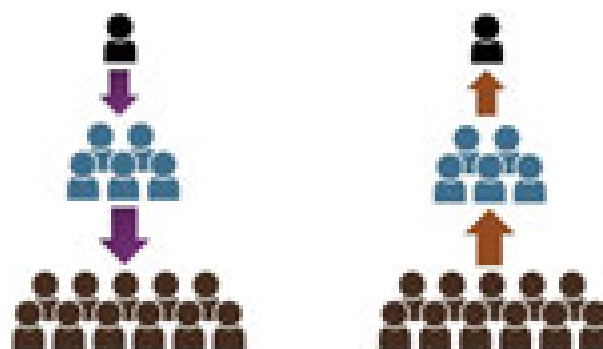


Figure 7.9 Downward and Upward Communication

3. Upward communications

Flow from the subordinates to the superiors, and are usually known as feedback. These enables the management to assess how far the downward communication has reached, understood, accepted, and carried out. These can help the management to know the employee grievances and receive valuable suggestions from the people at lower levels.

4. Horizontal or lateral communications

Refers to the communications across the subordinates who are working at the same level in the organisation. Such communications help coordinate the activities of different departments.



Figure 7.10 Horizontal Communication

5. Informal communication

Informal communication or the 'grapevine' as it is commonly known

flows through the structure less network that develops spontaneously within any organisation. People who know each other are bound to talk and most often they talk about the organisation where they work. Employees want to know what is going on in the organisation and when they lack the information they seek it from others. The grapevine carries two types of information – work related and people related.



Figure 7.11 Informal Communication

7.19 Difference between formal and informal communication

Basis for comparison	Formal communication	Informal communication
Meaning	All type of verbal communication in which the interchange of information is done through the pre-defined channels is known as formal communication	All type of verbal communication in which the interchange of information does not follow any channels i.e. the communication stretches in all directions.
Another Name	Official communication.	Grapevine communication.
Reliability	More	Comparatively
Speed	Slow	Very fast
Evidence	As the communication is generally written, documentary evidence is present.	No documentary evidence.
Time consuming	Yes	No
Advantage	Effective due to timely and systematic flow of information.	Efficient because employees can discuss work related problems, this saves time and cost of the organization.
Disadvantage	Distortion due to long chain of communication.	Spread of rumors
Secrecy	Full secrecy is maintained.	It is difficult to maintain the secrecy.
Flow of information	Only through predefined channels.	Can move freely.

7.20 Forms of Communication

In a general way, communication can be of three broad types- oral, written and nonverbal.

A. Verbal communication

The verbal communication is a type of oral communication when in a message is transmitted through the word spoken.

In oral or verbal communications, information is given directly, either through face-to-face or through telephone, mobile phones or office intercom. Meetings, lectures, seminar, conferences, interviews are example of verbal communication. There are some points for the oral communication which can be summed up as follows:

Advantages:

- Saves time and money
- Provides personal touch
- Tends to be more effective as the feedback can be received immediately

- Doubts can be clarified on the spot
- Chances of understanding are better
- Provides greater flexibility

Disadvantages of Oral Communication:

- Oral communication suffers from some inherent limitations.
- It is not always feasible (as in the case of long distances and sometime beyond the network services).
- Not appropriate for lengthy or complicated conversation.
- Not suitable for keeping records
- It has no legal validity and hence lead to problems in certain situations.
- May have chances of misunderstanding.

B. Non-verbal communication

It refers to the clues we send to others all the time regarding our feelings and emotions, either knowingly or unknowingly through our facial expressions, gestures and body

Difference between Oral and Written Communication

Basis for comparison	Oral communication	Written communication
Meaning	Exchange of ideas, information and message through spoken words is oral communication.	Interchange of message, opinions, and information in written or printed form is written communication.
What is it?	Communication with the help of words of mouth.	Communication with the help of text.
Literacy	Not required at all.	Necessary for communication.
Transmission of message	Speedy	Slow
Proof	No record of communication is there.	Proper records of communication are present.
Feedback	Immediate feedback can be given	Feedback takes time.
Revision before delivering the message	Not possible	Possible
Probability of misunderstanding	Very high	Quite less.

postures, emphasis and intonations on some words, and the physical distance between the sender and receiver.

Advantages:

- The message of non verbal communication reaches very fast and reduces the waste of time.
- Non verbal cues of communication like sign and symbols can be communicated quickly than written or oral messages.
- Helps illiterate people.

Disadvantages:

- Non verbal communication is vague because words or languages are not used.
- Long conversation and necessary explanation are not possible.
- It cannot be used at public tool for communication.
- In some cases it involves huge cost. e.g. neon sign, power point presentation etc. are very much costly compared to the other forms of communication.

C. Written communication

It is a formal method of communication. It can provide more information to the receiver that what is not possible in oral communication. Oral communications may take the forms of reports, circular, memos, note, manual etc. writing is more reliable than speech.

Advantages of written communication:

- Suitable for lengthy matters.
- At times it might be the only available form of communication (as in long distance transactions).
- Can be maintained as a permanent record for later references.

Disadvantages of written communication:

- Time consuming and sometimes costly.
- Has a greater chance of mis-interpretation and misunderstanding.
- Difficult to maintain secrecy.
- Suffer from lack of flexibility.

7.21 Barriers to Communication

As we have mentioned earlier in this chapter, the communication process is hardly a simple one. It surely suffers from a lot of potential problems within the organisation which are called the barriers to communication. In fact, these can take place at each step of the communication process viz. encoding, decoding, etc. The barriers to communication can be listed as follows.

1. Results when the content of communication is not encoded properly. The communicator may be either too fast or too confused in presenting the matter.
2. Distortion in communication can take place particularly, when it has to pass through a number of layers as happens in multi-layered organisations.
3. Distrust of communicator may inhibit the process of communication, as the individual might not open up because of his lack of trust towards the other.
4. The flow of communication may also be restricted at some point of time in the process of communication.
5. Poor retention may be another source of barriers to communication as people tend to forget up to 50% atleast of what they have communicated.
6. Unattention may also be a potential barrier to communication.



7. Different backgrounds of two individuals may result in differences in the interpretation and understanding of a message.
8. In-group language, often used by different occupational or social groups, may be a potential barrier to communication.

7.20 How to overcome the Barriers to Communication

To improve the communication skills a manager should try the following.

1. Use simple and clear language, remember that everyone in the organisation should understand.
2. Be an active, attentive listener, or otherwise you will tend to miss valuable information.
3. Avoid information overload, as people have a limited capacity to process information and a major amount of information gets lost because of that. That is why one should pass only as much information as can be attended to.
4. Give and receive feedback, as soon as possible.
5. Nurture the relationship and create an atmosphere of trust, for open and free communication in the organisation.

Points to Remember

- Leadership is a quality of behaviour of individuals by which they can influence others. Influencing others for the organisational objectives is an important element in leadership.
- Leaders may arise from a formal organisational setup and in an informal setup.
- Leadership characteristics include personal quality, influence, continuous process and situation.
- Importance of leadership includes Motivating employees, Creating confidence, Building Morale, Initiates action, Builds work environment, co-ordination.
- Leader leads the group where else manager manages the group.
- Qualities of Leadership include physical energy and stamina, Intelligence, vision and foresight, Initiative, self-confidence, open mindedness, sense of responsibility and human relations.
- Leadership style denotes a specific behaviour a person exhibits in order to influence people and achieve organisational goals.
- Different types of Leadership styles include Autocratic, Democratic, Laissez fair, functional, Institutional, paternalistic and charismatic styles.
- All leaders can be a manager also but all managers cannot be leader.
- Communication is a process by which information is exchanged between individuals through a common system of symbols, signs of behaviour.
- The term process refers to identifiable flow of information through interrelated stages of analysis directed towards the achievement of an objective.
- Feedback is necessary to ensure that the receiver has received the message and understands it in the same sense as the sender wants, that is, the message has been received, decoded properly accepted and used.
- Formal communications are those which flow through formally established channels as depicted in the formal organizational chart, and are concerned with work related matters.
- Grapevines are mostly oral, though at times an individual may send emails to one of his friends located elsewhere.

- In oral or verbal communications, information is given directly, either through face-to-face or through telephone, mobile phones or office intercom.
- Written communication in an organization is an impersonal process, but it can provide more information to the receiver than what is possible in oral communication.
- The communication process is hardly a simple one. It surely suffers from a lot of potential problems within the organization which are called the barriers to communication.

A-Z GLOSSARY

Charisma	Charisma was used by Weber to describe one of three principal types of political authority. To Weber charisma was a personal quality of attraction and psychological power, capable of inspiring deep political loyalty in large numbers of people.
Authority	The power or right to give orders, make decisions, and enforce obedience.
Power	It is the possession of authority, control, or influence by which a person influences the actions of others, either by direct authority or by possession of some other means.
Leader	The person who leads or commands a group, organization, or country.
Trait	A quality of behavior of a person like hard working, honest person etc.
Autocratic Leader	Also called authoritarian leadership style is exemplified when a leader dictates policies and procedures, decides what goals are to be achieved, and directs and controls all activities without any meaningful participation by the subordinates.
Democratic leadership	Also known as participative leadership or shared leadership, is a type of leadership style in which members of the group take a more participative role in the decision-making process.
Laissez-faire leadership	Leadership style in which leaders are hands-off and allow group members to make the decisions.
Manager	A person responsible for controlling and administering an organization or group of people.
Functional Leadership	A leader who is expertise in one functional specialization department. It is a specific leader behaviors expected to contribute to organizational or unit effectiveness. This theory argues that the leader's main job is to see that whatever is necessary to group needs is to group effectiveness.
Verbal Communication	The sharing of information between individuals by using speech.
Rumour	An unofficial interesting story or piece of news that might be true or invented, and quickly spreads from person to person.
Horizontal Communication	It is the transmission of information between people, divisions, departments or units within the same level of organizational hierarchy.
Non-verbal communication	It is between people is communication through sending and receiving wordless cues.
Message	Message is a discrete unit of communication intended by the source for consumption by some recipient or group of recipients.



Semantic	Semantic is used to describe things that deal with the meanings of words and sentences.
Grapevine communication	Grapevine communication is a form of informal communication. It arises due to the co-existence of people.
Pre-thinking	Pre-thinking about the message is an important quality of effective communication.
Completeness	Effective communication transmits a complete message so that the receiver can understand the full meaning of the message.
Correctness	the effective communication contains only the correct messages.
Persuasiveness	persuasiveness is an important quality of effective communication.
Feedback	Effective communication always keeps the provisions of feedback.
Mutual interest	When communication considers the interest of both sender and receiver, it is treated as effective communication.
Effective Listening	The communicator is also an effective listener.
Concreteness	Business communication becomes effective-when it excludes irrelevant facts.
Conciseness	Another important quality of effective communication is that the message should be concise.
Timeliness	Usefulness of any message depends on its timely transmission.
Communication Gap	Communication Gap is when the meaning intended by the speaker or sender is not what is understood by the recipient.
Mistrust	If there is mistrust between two employees or groups, communication gap emerges, because either of them does not either want to convey proper message or does not convey the message at all.
Body language and tone	Maintaining body language as well as tone in an acceptable manner while communicating is one of the most important things to do in the workplace.
Channel	The means of transmitting information between a sender and receiver is one of the most important factors to affect the communication process.
Physical barriers	open plan building designs are attractive as they allow colleagues to communicate quickly and efficiently.
Perceptual barriers	While physical barriers are easy to see, perceptual barriers are those you erect in your mind.
Emotional barriers	Self-confidence plays an enormous role in breaking down psychological barriers.
Cultural barriers	Modern business is conducted in a global community, whether it's the mix of staff in the workplace, or working with colleagues, suppliers, and retailers in other parts of the world.
Language barriers	Communicating with people whose native language is not English can pose problems.
Gender barriers	men and women are different, and while workplace relations between genders have improved astronomically over recent years, there are times when communications break down for one reason or another.
Interpersonal barriers	poor self-esteem or an inability to make connections with others can prohibit us from actually communicating with our colleagues.
Removing communication barriers	some people are natural communicators while others have to work on their skills.
Sender	A person who sends or transmits a message, letter, email, etc.



QUESTIONS

PART- A

Objective type Questions (1 Mark)

Choose the correct answer:

1. The art of influencing others to direct their will, abilities and efforts to the achievement of goals is _____.
a. Directing
b. Motivating
c. Leadership
d. Staffing
2. "Leadership is the ability of a manager to induce subordinates to work with confidence and zeal".
a. Haimann
b. Koontz and O'Donnell
c. Davis
d. Rensis Likert
3. There can be no Leadership without
a. Managers
b) Subordinates
c) Followers
d) Superiors
4. Leadership process is interplay of three elements.
a. The Leader, the follower and the situation
b. The Leader, the followers and the subordinates
c. The leader the followers and the superiors
d. None of the above.
5. Leadership is a part of _____.
a. Organisation
b. Management
c. Both (a) and (b)
d. None of the above



6. Which one is not the quality of a successful leader?
a. Vision and foresight
b. Human Relations
c. Physical energy and stamina
d. None of the above
7. Autocratic Leadership is also known as _____.
a. Authoritarian leadership
b. Democratic Leadership
c. Free-rein leadership
d. none of the above.
8. _____ is the transfer of information from one person to another person.
a. Communication
b. Exchange
c. Transfer
d. All the above
9. Communication is the _____ way process.
a. Two
b. Three
c. Four
d. One
10. Communication is a _____ process.
a. Continuous
b. Periodic
c. Irregular
d. Non of the above
11. A conversion of the subject matter into these symbols is the process of _____.
a. Encoding
b. Decoding
c. Message
d. All the above

12. Meetings, Lectures, seminars, conferences, and interviews are example of _____ communication.

- a. Verbal
- b. Non-verbal
- c. Formal
- d. Informal

13. _____ Communication may take the forms of reports, circular, memos, note, manual etc.

- a. Oral
- b. Written
- c. Verbal
- d. Grapevine

PART – B

Very Short Answer (3 Marks)

Answer in Five lines:

- 1.** What is communication?
- 2.** Write a note on verbal communication.
- 3.** What is upward communication?
- 4.** List out any two barriers to communication.
- 5.** List out the essentials of good communication.
- 6.** What is encoding?
- 7.** What is Leadership?
- 8.** Write any 4 importance of leadership.
- 9.** Write the advantages of autocratic leadership.
- 10.** Write the types of Leadership.

PART- C

Short Answer (5 Marks)

Answer in one page:

- 1.** State briefly the importance of communication.
- 2.** What are the characteristics of communication?

3. What are the principles of communication?

4. State the types of communication.

5. Bring out the differences between formal and informal communication.

6. How to overcome the barriers of communication?

7. What is the importance of Leadership?

8. Write the difference between manager and leader.

9. Explain the functions of the leadership.

10. What are the advantages and disadvantages of democratic leadership style?

11. Write the problems faced by an organization without a leader.

PART- D

Essay type Questions (10 Marks)

Answer within three pages:

- 1.** Elaborate the communication process.
- 2.** Discuss in detail about types of communication.
- 3.** Explain the importance of communication in the organization.
- 4.** Explain in detail various styles of leadership.
- 5.** What are the qualities of a successful leader in the organisation?
- 6.** Define Leadership. Explain their characteristics.

Activity

Teacher Activity:

- 1.** Ask students to prepare a list of 5 people whom they think as leaders. They want prove why these people are termed as leaders.
- 2.** Conduct some role play events in the class. Ask student to imitate as their favourite leader and do some activity.



3. Ask students to prepare a list of 5 people whom they think as leaders. They want prove why these people are termed as leaders.
4. Conduct some role play events in the class. Ask student to imitate as their favourite leader and do some activity.

Students Activity:

1. Students can be asked to conduct Role play as manager regarding communication.

2. Students should prepare charts on process and types of communication.
3. Go and conduct an interview with any successful business enterprise owner and find out what type of leadership style they followed to make their enterprise a successful one.
4. Try to compare the styles of any three Indian political leaders with American political leaders.

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8

CHAPTER



Motivation



LEARNING OBJECTIVE

Through this chapter the students can learn about the following:

- To gain knowledge and understanding about motivation
- To understand the characteristics, steps and types of motivation
- To acquire knowledge about various theories of motivation
- To apply the learnt concept through case study.

CONTENT

8.1 Introduction	8.7 Types of Motivation
8.2 Meaning of Motivation	8.8 Theories of Motivation
8.3 Definition of Motivation	8.9 Maslow's Hierarchy needs Theory
8.4 Characteristics of Motivation	8.10 McGregor's "x" & "y" Theory
8.5 Steps in Motivation	8.11 Distinction between "x" & "y" Theory
8.6 Merits of Motivation	

8.1 Introduction

Management requires creation and maintenance of an environment in which individuals work together in groups towards the accomplishment of organisational objectives. Management can do its job effectively only through

motivating people and for this the organisation has to recognize the factors that motivates people. Effective motivation succeeds not only in having an accepted order but also in gaining a determination to see that it is executed efficiently and effectively. Hence management must

provide motives to people, in order to make them work for the organisation.

8.2 Meaning of Motivation

Motivation is derived from the word 'motive' which means moving into action. Motivation is the set of forces within a person that affect the direction, intensity and continuous existence of voluntary behaviour.

Motivation is a general term applying to the entire class of drives, desires, needs, wishes and similar forces. Motivation is the process of channeling a person's inner drives, so that he works to accomplish the goals of organisation.



Figure 8.1 Meaning of Motivation

Motivation is the process that account for an individual's intensity, direction and persistence of effort towards attaining the goal. While general motivation is concerned

with effort towards any goal, organisational goals are narrowed down to focus in order to reflect our singular interest in work-related behaviour. Motivated individuals stay with a task for a long period in order to achieve their goal. Motivation in management refers to the ways in which managers promote productivity of their employees.

The process of motivation is represented as:

1. Need:

Motivation process starts from needs or expectation. If employees has no need or expectation they cannot be motivated. Employees run to address or to solve the need or expectation. Need or expectation is a very important process of motivation. Manager of the business organisation must pay proper consideration towards needs and expectation of the employees. Food is a relevant example of it.

2. Drive / Action:

Drive is action oriented. After developing an expectation, people seek a job. The action is needed to address the need or expectation. Without action, employees cannot solve the food problems. Thus, when need occurs the people move for its implementation.

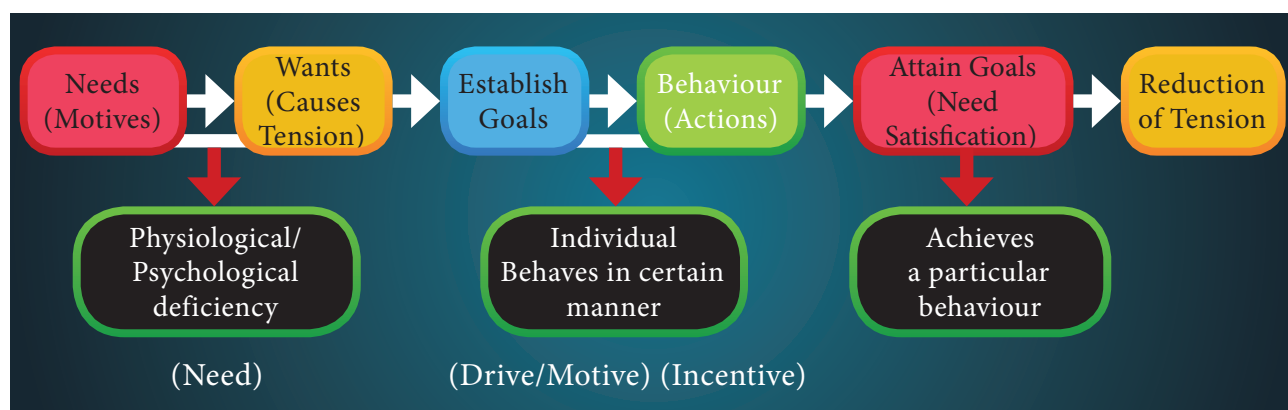


Figure 8.2 Process of Motivation

3. Incentives:

Incentive is the last process of motivation. After having the job, employees should be provided with competitive wages. It supports to solve and address the need or expectation. Employees come into an organisation to sell their knowledge, skill and labour. For such selling of their labour, employees will get incentives.

Special motivational techniques include using money, encouraging participation and improving the Quality of Working Life of an employee.

8.3 Definition of Motivation

“Motivation is a general term applying to the entire class of drives, desires, needs, wishes and similar forces that induce an individual or a group of people to work”.

- Koontz and o' Donnell.

“Motivation means a process of stimulating people to action to accomplish goals”.

- William G. Scott

8.4 Characteristics of Motivation

Characteristics of motivation are described as under:

- 1. Motivation is need based:** If there is no need for an individual, the process of motivation fails.
- 2. Motivation is a continuous process :** Most of the human needs are of recurring nature, some of the needs of individuals shall always be found to be unfulfilled. Thus motivational process can be enforced on a continuous basis.
- 3. Motivation is a planned process:** To produce a desired result by stimulating and influencing human behavior for the best realization of the common objective. Two individuals

could not be motivated in exactly similar manner as people differ in this case of approach to respond to the process of motivation.

4. Motivation may be positive or negative:

A positive motivation promises incentives to people (pay, rewards, bonus, etc), a negative motivation threatens the enforcement of disincentives (penalties, disciplinary action, threat of demotion, fear of loss of job, etc).

- 5. Motivation aims for best attainment of common objectives through best utilization of resources:** Motivated employees make the best utilisation of all resources – materials, machines, technology and other work facilities and put in their best effort towards the attainment of common objectives of the enterprise.

6. Motivation is an internal feeling:

It is a psychological phenomenon, which generates within an individual.



- Motivated People are More Engaged
- Fear Is a Powerful Motivator
- Appreciation and rewards are vital to employee motivation
- An excellent first step to increase self motivation is self behaviour review
- To become an efficient leader, you must be self-motivated

8.5 Steps in Motivation

The Steps in motivation involves the following steps:

- 1. Recognition of an unfulfilled need:** The first step is to recognise or identify the unfulfilled needs of an individual. An individual cannot hope to fulfill all his unfulfilled needs at a time. He must have priorities.



- 2. Identification of strategy to fulfill the need:** After identification of various needs of a person, the next step is to find out the strategy through which it can be fulfilled.
- 3. Action – Fulfillment of the need:** Need fulfillment depends mainly on the credentials and performance of the employee.
- 4. Identification of new / unfulfilled need :** when one need is fulfilled, another will appear in its place. It has to be identified for fulfillment, since motivation is a continuous process.
- 5. Best attainment of common objectives :** Accomplishment of need in turn will lead to the best attainment of common objectives i.e organisational objectives.

8.6 Merits of Motivation

Merits of motivation can be described in the following manner.

- 1. Motivation is the soul of managerial process:** If motivation is removed from the managerial process it becomes meaningless. The higher is the motivation, the higher would be the performance; the lower is the motivation, lesser would be the performance.
- 2. Best utilization of resources:** Motivated employees make the best utilization of all resources leading cost minimization and profit maximization.
- 3. Best attainment of common objectives:** Motivation not only facilitates the attainment of objectives, it also leads to their best realization – in terms of time spent and efforts involved.

- 4. Stability of work force:** The best asset of an organization is stable work force. Motivation directly and indirectly results in the stability of work force; necessitating only the minimum inevitable labour – turnover.
- 5. Morale and job satisfaction:** A persistent state of high motivation builds up the morale (i.e a favorable attitude towards work) of employees. Such employees derive a lot of job – satisfaction which makes them happy.
- 6. Co-ordination facilitated:** Motivated employees develop a better understanding of one another; by appreciating their mutual problems and resolving their differences in an amicable manner. Hence Motivation facilitates co-ordination.
- 7. Reduced needs for supervision:** Motivated employees are self starters. The reduced need for supervision requires less number of managers – leading to reduction in managerial cost. It also widens span of control.

8.7 Types of Motivation

Motivation can be classified as follows:

I. Classification on the basis of Reward:

- 1. Financial:** Financial incentives are the monetary benefits provided to an employee in the form of higher pay, bonus, commission etc.
- 2. Non financial:** Non-financial incentives are the non-monetary benefits such as greater decision-making authority, better designation etc.

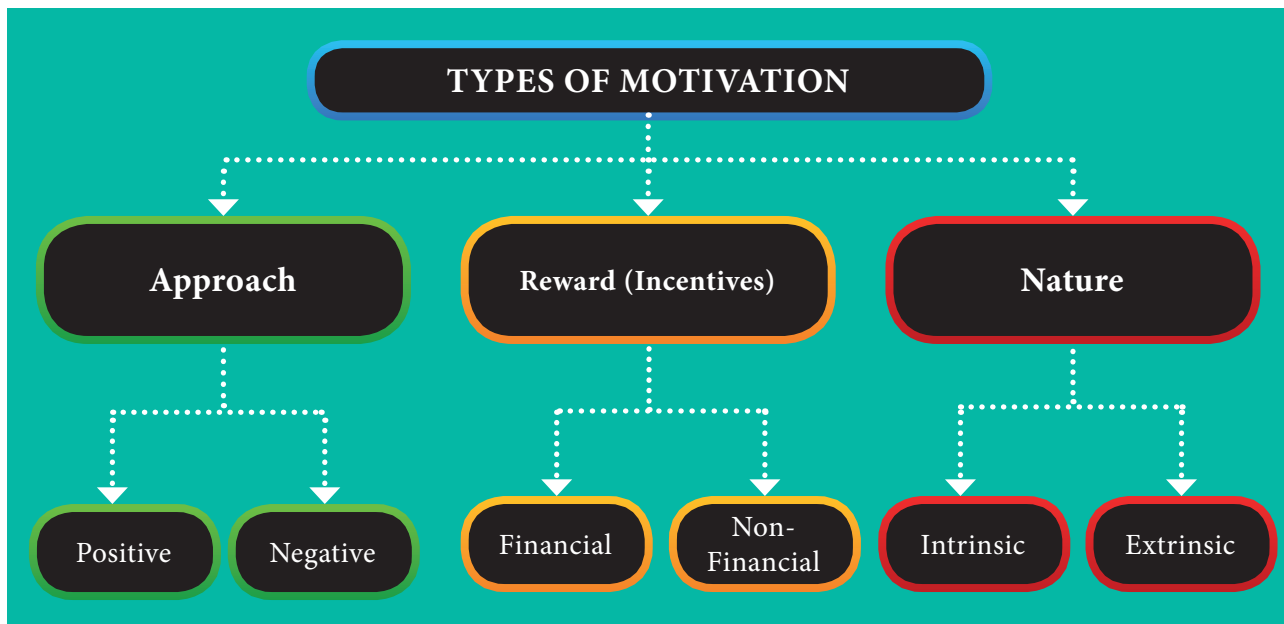


Figure 8.3 Departmental Line Organisation

II. Classification on the basis of Approach:

1. **Positive Motivation:** Positive motivation implies creation of an environment in which an individual can satisfy his needs and aspirations. It can be rewards and appreciation for their best performance.
2. **Negative motivation:** Negative motivation involves creating a sense of fear or unhealthy environment. It can be issue of memo, pay cut, imposing fine or penalty. Negative motivation creates detachment between the individuals and the organisation leads to lack of integrity to the purpose.

III. Classification on the basis of Nature:

1. **Intrinsic motivation:** Intrinsic motivation occurs on job and provides satisfaction while the job is being performed. Intrinsic motivators include status, authority,

preparation, variety in works, greater opportunity for advancement in job.

2. **Extrinsic motivation:** Extrinsic motivators do not occur on the job but around the job. Extrinsic reward may be direct which are linked with performance like pay allowance bonus and indirect compensation like free housing, conveyance etc. Generally direct compensation is more effective motivator than indirect compensation. Extrinsic rewards maintain the employee where as intrinsic rewards motivate him.

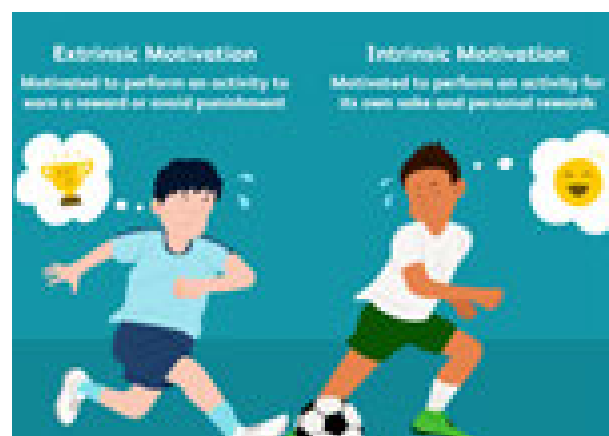


Figure 8.4 Intrinsic & Extrinsic Motivation



- Accounting firm Ernst & Young attract and retain a satisfied, motivated, and loyal work force by encouraging employees to utilize flexible work hours.
- Chung Mong-koo, chairman of Hyundai Motor Company, is well known for articulating difficult and specific goals as a potent motivating force. Challenging employees to reach high goals has helped Hyundai experience tremendous growth in recent years.

8.8 Theories of motivation

Management can do its job effectively only through motivating people to work for the accomplishment of organisational objectives. Major theories of motivation is presented as under.

1. Maslow's Hierarchy of Needs Theory
2. McGregor's X and Y theory
3. Herzberg's Two-factor theory
4. McClelland's Need theory
5. Vroom's Expectancy theory
6. Equity theory

8.9 Maslow's Hierarchy of Needs Theory

Maslow's hierarchy of needs is a description of the needs that motivates human behavior. In 1943, Abraham Maslow proposed five different kinds of human needs, beginning with the most basic: survival.

Physiological needs, such as food and shelter, are followed by needs related to safety. Next, there are needs of love and belonging. Fourth, human have needs

of esteem, such as the need for being respected. The final need in the hierarchy is the need for self-actualisation (fulfilling one's potential). The hierarchy suggests that basic needs must be met prior to less basic needs, for example, a starving person will seek food before self-actualisation.

The well known approach to motivation is Abraham Maslow's Hierarchy of Needs theory. He hypothesized within every human being exists a hierarchy of five needs.



Figure 8.5 Maslow's Hierarchy of Individual Needs

1. **Physiological needs:** Include hunger, thirst, shelter and other bodily needs. At work level, this need can be met through by providing good working conditions, attractive salary, subsidized housing, free food etc.
2. **Safety needs:** Includes security and protection from physical and emotional harm. At work level, this need can be met by providing safe working conditions, private health insurance cover, Attractive pension provisions etc.
3. **Social needs:** Includes affection, a sense of belonging, acceptance and friendship. The following can be provided to take care of these needs, company sports and social clubs, office parties, outings, permission for informal activities and encouraging open communication.

- 4. Esteem needs:** Include internal factors such as self-respect, autonomy and achievement, external factors such as status, recognition and attention. It can be provided through regular positive feedback, prestigious job titles, photographs in company news letter, promotions etc.
- 5. Self actualization needs:** The drive to become what one is capable of becoming; includes growth, achieving one's potential and self fulfillment, Challenging job alignments, Promotion opportunities and encouraging creativity are fulfilling these needs.

According to Maslow, if you want to motivate someone you need to understand at what level of hierarchy that person is currently on and focus on satisfying needs at or above that level to move forward.

Maslow separated the five needs into higher and lower orders.

- **Lower order Needs** – Physiological and safety needs.
- **Higher order Needs** – Social, and self actualisation.

Higher order needs are satisfied internally (within the person) whereas lower order needs are predominantly satisfied externally (by things such as pay).

Hierarchy of Employee Needs in an Organization		
General Factors	Need Level	Organisational Factors
1. Growth 2. Achievement 3. Advancement	Self - Actualization	1. Challenging work 2. Creativity 3. Advancement in organization 4. Achievement in work
1. Recognition 2. Status 3. Self - Esteem 4. Self - respect	Esteem	1. Job title 2. Merit pay increase 3. Peer/Supervisory recognition 4. Work itself 5. Responsibility
1. Companionship 2. Affection 3. Friendship	Social	1. Quality of Supervision 2. Compatible work group 3. Professional Friendship
1. Safety 2. Security 3. Competence 4. Stability	Safety	1. Safe working conditions 2. Fringe Benefits 3. General Salary Increases 4. Job Security
1. Air 2. Food 3. Shelter 4. Sex	Physiological	1. Heat and Conditioning 2. Basic Salary 3. Cafeteria 4. Working Conditions



Figure 8.6 Maslow's Hierarchy of Needs in an Organization

Implications of Maslow's Hierarchy of Needs theory:

This model helps the managers to understand and deal with issues of employees motivation at the workplace. Managers who understand the need patterns of their staffs can help the employees to engage in the kind of work activities and provide the type of work environment that will satisfy their needs at work.

8.10 McGregor's X and Y Theory

Douglas McGregor has proposed his theories of motivation on two distinct assumptions about basic human nature:

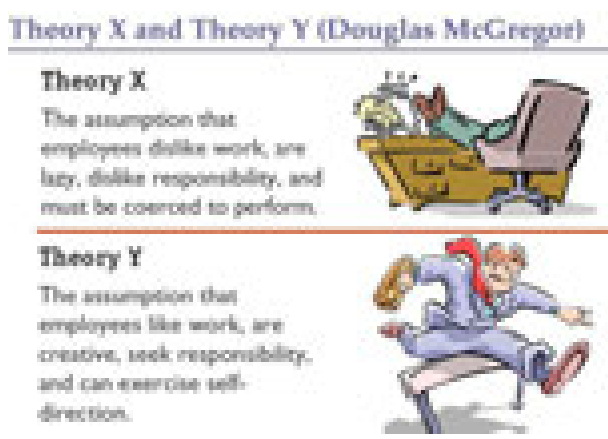


Figure 8.7 Assumptions of X and Y Theory

one is basically negative and labelled as theory X and the other is basically positive, labelled as theory Y.

X Theory:

X theory is traditional in its outlook. It advocates manager knows best attitude. It completely excludes workers from the process of managerial decision-making. Under theory X, four assumptions are being postulated as follows:

1. Employees inherently dislike work and whenever possible will attempt to avoid it.
2. Since employees dislike work, they must be controlled and threatened with punishment to achieve desired goals.



Figure 8.8 X and Y Theory

3. Employees will avoid responsibilities and seek formal direction whenever possible.
4. Employees have least capacity for creativity in solving organisational problems.

Theory X holds a set of assumption of how to manage individuals and get motivate by lower order needs.

Y Theory:

According to Y theory if workers are properly motivated they would willingly accept responsibility and display creativity and imagination in their work performance. Theory Y holds four contrasting assumptions to X theory.

They are:

1. Employees view work factor natural or play.
2. People will exercise self-direction and self-control if they are committed to the objectives.
3. An average person can learn to accept, even seek responsibility.
4. The ability to make innovative decisions is widely dispersed throughout the population and is not necessarily the sole province of those in management positions.

Theory Y holds a set of assumptions of how to manage individual to get motivated by higher order needs.

8.11 Distinction between X and Y theory

The following are the major differences between X and Y theory of motivation.

Theory X	Theory Y
Avoid work – People dislike work and will attempt to avoid it.	Work is natural – People like work if the conditions are favourable.
Must be controlled – people do not take initiative. They like to be directed.	Self – Direction – People like to take initiative. They seek self – direction.
Avoid responsibility. People avoid responsibility whenever possible.	Seeks responsibility – People accept responsibility happily if conditions are favourable.
Seek security – Decisions will be made largely by higher authorities and instructed.	Good decisions widely dispersed – delegate authority for many decision.
People are self – centered and indifferent to organizational goals.	People are not much self- centered and are interested in organizational goals.
Commitment to objectives is a function of punishment associated with their non achievement.	Commitment to objectives is a function of rewards associated with their achievement.
People lack creativity and imagination (Creativity is narrowly distributed among population).	People posses creativity and imagination (Creativity is widely distributed among population).



CASE STUDY

Application of X and Y Theory:

Case Study – 1

Vibrant is a departmental store which works without bosses. It follows decentralisation and employees are held responsible for the work allotted to them. People who enjoy their job take initiative, are self-motivated and creative are only employed whereas people who are lazy need supervision and are laid off.

Discussion:

1. Identify which motivation theory Vibrant follows.
2. Discuss whether assumptions of the identified theory fit to Vibrant.

Case study – 2

Mrs. Shyla, health care professional with 5 years of experience in health centre wants to develop a teenage health education program. Permission was denied from her immediate new supervisor. Her previous supervisor used to encourage such initiatives. She got fed up and demotivated.

Discussion:

1. Discuss the type of motivation theory followed by the two supervisors?
2. How can Mrs. Shyla approach her problem in job?

Situation Analysis:

One fine day, at 7.30. a.m, the secretary of an organization calls the General Manager over phone and says, “Dear Mr. Ashok, you need not come to the office from today. Your account will be settled and you will receive the cheque by today evening.”

Discussion:

1. If you were the secretary, how would you handle the situation in a better way?
2. If you were the General Manager, how would you respond?

Points to Remember

Meaning of Motivation:

Motivation is the process of channeling a person's inner drives so that he works to accomplish the goals of organization.

Definition of Motivation:

Motivation means a process of stimulating people to action to accomplish goals.

- William G. Scott



Characteristics of Motivation:

1. Motivation is need based.
2. Motivation is a continuous process.
3. Motivation is a planned process.
4. Motivation may be positive or negative.
5. Motivation aims for best attainment of common objectives through best utilization of resources.
6. Motivation is an internal feeling.

Steps in Motivation:

1. Recognition of an unfulfilled need.
2. Identification of strategy to fulfill the need.
3. Action – Fulfillment of the need.
4. Identification of new / unfulfilled need.
5. Best attainment of common objectives.

Merits of Motivation:

1. Motivation is the soul of managerial process.
2. Best utilization of resources.
3. Best attainment of common objectives.
4. Stability of work force.
5. Morale and job satisfaction.
6. Co-ordination facilitated.
7. Reduced needs for supervision.

Types of Motivation:

1. Classification on the basis of Reward - Financial and Non financial.
2. Classification on the basis of Approach - Positive and Negative.

3. Classification on the basis of nature - Intrinsic and Extrinsic.

Maslow's Need Hierarchy Theory:

Abraham Maslow's Hierarchy of Needs theory hypothesized within every human being exists a hierarchy of five needs.

1. Physiological Needs - hunger, thirst, shelter and other bodily needs.
2. Safety Needs - security and protection from physical and emotional harm.
3. Social Needs - affection, a sense of belonging, acceptance and friendship.
4. Esteem Needs - internal factors such as self-respect, autonomy and achievement.
External factors such as status, recognition and attention.
5. Self - actualization Needs - achieving one's potential and self fulfillment.

X & Y Theory:

X theory advocates that employees avoid work and responsibility. They must be controlled to achieve the organizational objectives. It completely excludes workers from the process of managerial decision-making and advocates manager knows best attitude.

According to Y theory if workers are properly motivated they would willingly accept responsibility and display creativity and imagination in their work performance.

A-Z GLOSSARY

Motivation	Motivation is to have direction and an effort to achieve a goal.
Need	Expressing necessity or a thing that is wanted or required. Needs would be goods or services that are required which include food, clothing, shelter and health care.
Motive	A reason for doing something - that causes a person to act in certain way or do certain thing.
Incentive	Incentive is a motivating influence that makes a person to do something or work harder. An example of incentive is extra money offered to those employees who work extra hours on a project.
Intrinsic Motivation	Intrinsic motivation is when you do something because you enjoy it or find it interesting. This type of motivation originates inside the individual.
Extrinsic Motivation	Extrinsic motivation refers to behaviour that is driven by external rewards such as money, fame, grades, and praise. This type of motivation arises from outside the individual.
Hierarchy of Needs	Different types of things that people need, from the basic biological needs to safety, love and belonging, esteem, and finally to self-actualization.
Self Actualization	Self-actualization refers to the need for personal growth and development throughout one's life. It is the highest level of Maslow's hierarchy of needs.
Implication	The effect that an action or decision will have on something else in the future. An example of a business implication is how a theory could affect the motivation process of an organization.
Self Direction	The ability to regulate and adapt behaviour to the demands of a situation in order to achieve chosen goals.

QUESTIONS

PART- A

Objective type Questions (1 Mark)

Choose the correct answer:

- Motive means moving into _____.
a. action
b. drive
c. goal
d. objectives
- The process of motivation starts from _____ of an individual.
a. action
b. drive



- need
d. behaviour
- Pay cut is _____ motivation.
a. Non- financial.
b. Negative
c. Extrinsic
d. Drive
- Individual seeks _____ immediate satisfaction in _____ needs.
a. Social
b. Esteem
c. Physiological
d. Safety



5. Employees realize their own potential and self fulfillment in _____ need.
- Self Esteem
 - Self actualization
 - Social
 - Safety
6. Employees are to be controlled in _____ theory.
- X
 - Y
 - Need
 - Z
7. _____ rewards maintain the employee.
- Financial
 - Positive
 - Intrinsic
 - Extrinsic
8. _____ rewards motivate the employee.
- Financial
 - Positive
 - Intrinsic
 - Extrinsic
9. Appreciation is _____ need.
- social
 - safety
 - esteem
 - physiological
10. Employees display creativity in task in _____ theory.
- X
 - Y
 - Z
 - Need

PART – B

Very Short Answer (3 Marks)

Answer in Five lines:

- What are the three key elements of motivation?
- Define Motivation.

- What motivates a person to work?
- List out the types of motivation.
- What are the assumptions of X theory of motivation?
- List out Intrinsic and Extrinsic rewards.
- What is self actualization?

PART- C

Short Answer (5 Marks)

Answer in one page:

- State the process of motivation.
- Explain about the intrinsic and extrinsic rewards.
- List out the characteristics of motivation.
- Explain the steps in motivation.
- Describe the merits of motivation.
- Discuss the higher order and lower order needs.
- Enlist the Hierarchy of employee needs in an organization according to Maslow.
- Enlist the assumptions of McGregor's X and Y theory.
- Discuss the implication of X and Y theory in an organization.
- Distinguish between X and Y theory.

PART- D

Essay type Questions (10 Marks)

Answer within three pages:

- Define motivation. Describe the types of motivation.
- Discuss Maslow's Hierarchy of Needs.
- Illustrate McGregor's X and Y theory with an example.



Activity

Teacher Activity:

1. Organize group discussion and debate on Maslow's hierarchy of needs and make students to distinguish between higher order and Lower order needs.
2. Conduct role play of students based on X and Y theory.
3. Follow motivation techniques in classroom through practice sessions.

Student Activity:

1. Prepare a motivational chart pointing out the factors that motivated in your life.
2. Visit an organization in your area and observe motivational factors influencing the employees.

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9

CHAPTER



Controlling



LEARNING OBJECTIVES

Through this chapter the students can learn about the following:

- To study and understand the definition and characteristics of control function.
- To understand the merits and demerits of control.
- To gain knowledge regarding the various techniques of control.

CONTENT

- | | |
|---------------------------------------|---|
| 9.1 Introduction | 9.5 Process of Controlling |
| 9.2 Meaning | 9.6 Importance of Controlling |
| 9.3 Objectives of Controlling | 9.7 Merits and Demerits of Controlling |
| 9.4 Characteristics of Control | 9.8 Techniques of Controlling |

9.1 Introduction

The word control is commonly used in practice. You must have come across statements, like control your anger, control your expenses, save money and control your kids. In common parlance, word control means to check or verify, to regulate, to curb or restrain, etc., However, in the context of a business it means a process of controlling the activities of an organisation.

9.2 Meaning

Control is the process through which managers assure that actual activities confirm to planned activities. Control is directly related to planning. The process of controlling ensures that the plans are being implemented properly. In the functions management cycle Planning, Organising, directing and controlling, planning stands primarily before all other functions and controlling as the final function.

Definition:

“The managerial control implies the measurement of accomplishment against the standard and the correction of deviation to assure attainment of objectives according to plans”. Koontz and O’Donnell

In the words of G.R. Terry, “Controlling is the determining what is being accomplished that is evaluating the performance and, if necessary, applying corrected measures so that the performance takes place according to plan”.

Concepts of Control:

Control is a fundamental and managerial function that usually follows other functions. But like planning and other functions, control is also a continuing process of management. More than any other functions; control becomes intimately connected to planning and has the same characteristics of unity, continuity, flexibility and pervasiveness as are present in planning. Controlling as a function of management, therefore, means the measurement and correction of performance of activities of subordinates in order to make sure that enterprise objectives, and the plans devised to attain them are accomplished.

9.3 Objectives of Controlling

The main objectives of controlling is to check and ensure the performance of work is in accordance with the plans.

1. **To make the plans more effective:** Managers have to plan properly to measure the progress and get feedback to direct them to do the work effectively.

2. **To make organisations effective:** Any organisation needs control for achieving its goals and objectives.
3. **To help in Decision Making:** The ultimate purpose of control is to help managers for taking better decision. Control gives awareness to the managers regarding the problem and give necessary information for making decisions.
4. **To apply corrective measures:** Control helps to find out the deviations from the actual and help to take corrective actions because of this measures mistakes can be prevented.
5. **To maximize the utilization of resources:** Control helps to utilise the men, material and machinery to the maximum to attain the goal and avoid misuse of resources.
6. **To motivate employees:** Controlling helps to motivate the employees and make the employees to work with dedication.
7. **To fix responsibility:** The objective of control is to determine the authorities and fix the responsibilities of the employees regarding their work performance.
8. **To face the challenging environment:** Business environment changes often and the plans must be changed accordingly. This changes can be known with the help of control and necessary changes are made in plans.

9.4 Characteristics of Control

The following are the important characteristics of Control function

1. **Controlling is an estimation:** A manager can take corrective actions/ steps only about future operations.

Control is usually present and it is based on the previous experiences. Control eliminates wastages, damages and losses.

2. Controlling exists at every managerial level: Controlling is a function of every manager in an organisation. Controlling exists in every levels of management, i.e. Top level, Middle level and Lower level.

i) Top level control – exercising strategic control

ii) Middle level control – exercising tactical control

iii) Lower level – operational control

3. Controlling is a continuous activity: Control is not a one step process but a continuous one. It involves constant revision and analysis of standards from the deviations between actual and planned performance.

4. Purpose of controlling is advantages: Controlling serves as a positive purpose both at the organisational level as well as at the individual level. At the organisational level, the purpose of control is to make things happen to achieve organisational goals within the stated constraints or by means of planned activities. At the individual level, the purpose of control is to make individuals give up a part of their independence so that common goal and objectives may be accomplished.

5. Control is a pervasive function: Controlling function is performed by all the managers to control the activities assigned to them, so control is a pervasive function.

6. Control is forward looking: It is related to future and past cannot be controlled. Controlling helps to minimise wastage, losses and deviations from standards. It also check the performance of individuals.

7. It is Universal: The process of control is same in all the organisation i.e. (Business or Non business Organisation).

8. Linked with other functions of management: Control is connected with other function of management i.e. planning, organising, staffing, directing, communicating and motivating the employees to attain the objectives. Control helps to improve or change on the basis of standards required.



Figure 9.1 Controlling – Strategic Control

9.5 Process of Controlling

1. Establishment of Standards: Establishing Standard is the first step in control and standards are the criteria against which the actual results can be measured. They are derived from the objectives and goals of the organisation. Standards may be fixed for individuals, groups or for whole organisation. It may be expressed quantitatively or qualitatively depending on the type of activity to be measured.

2. Measuring actuals: The Second step is to measure the actual performance of individuals, groups or organisation. The work done is recorded at every stage and measured with the Standards. Comparison of actual performance is made with standards.



- 3. Deriving deviations:** While comparing the actual with standard we can find out deviations. Corrections in deviation should be made. Thus it would be useful for attainment of the goal.
- 4. Take Corrective action:** Managers can correct deviations by modifying their goals. The reason for the deviations should be identified and appropriate corrective action should be taken to rectify the deviations. The corrective actions are generally taken by top management.

9.6 Importance of Controlling

- 1. Helps in achieving the objectives:** Controlling ensures that the results of the operations are closely associated with the pre determined objectives. Every organisation sets a plan and reviews it periodically. Controlling helps to correct the deviations between the standard and actual. Mistakes are located and helps to achieve the objectives laid down in the plan for action.
- 2. Efficient use of resources:** Controlling helps the manager to prevent the wastage of resources and ensure the proper utilization of it.
- 3. Helps in better planning:** Planning and controlling are closely interrelated and they are the important functions of management. Planning provides purpose and direction of activities while controlling shows the process of checking the performance against the standard in the plans.
- 4. Improve Employees Morale:** Controlling helps the employees to know well in advance what is expected to do and the standard fixed for performance. It helps them

to perform well and earn rewards such attitude help the employees morale at high level.

- 5. Helps in Decision making:** Manager have to identify and solve the problems before the situation become worse. Timely reports helps the manager to determine how the activities can be performed and the remedial steps to be taken. In short controlling help the managers to identify the gap between thinking and doing the activities.

Prerequisites of Effective Controlling:

Effective control system must have :

- 1. Feedback:** Feedback is the process of adjusting the future action based on the information regarding past performance. If the management follows feedback practises the control process will be easy.
- 2. Objectives:** Control should be objective i.e. there must be certainty of control.
- 3. Suitability:** The control system should confirm to the nature of deviations. The control techniques can be used if there is any need.
- 4. Reporting:** The deviation from the standard should be informed and action should be taken without any delay.
- 5. Forward looking:** Effective control system must focus on future actions i.e. the control system should help in planning.
- 6. Pointing Out Exceptions:** The control system points out the deviation. All the deviations do not have equal impact. Control system can give more attention to the deviation having high impact. Thus

the management can take corrective actions.

7. **Remedial Action:** The effective control system shows the places of failure, reasons for failure and how it can be rectified.
8. **Motivation:** Control system motivate the employees and direct the employees to do the work effectively instead of punishing them.
9. **Flexible:** It means the control system should be suitable to the environmental changes
10. **Control by Functions and Factors:** Control gives importance to production, marketing, finance, human resource etc. It should also force on quality, quantity, time and cost.

9.7 Merits and Demerits of Controlling

It is a process whereby standards (targets) will be set, analysing the actual performance by comparing standards and actual performance; finally correcting the deviations. It is a mechanism which converts dreams into reality.

Merits:

- **Correcting the deviations:** It reveals the deficiency in the sub-functions of planning such as policy, procedures, objectives, rules and strategy. It gives the management a chance to modify the sub-functions of planning in order to achieve the desired result.
- **Initiating Action:** Action is the essence of control, it enables the management to take remedial action on deviations. Necessary rectification can be done.
- **Facilitates delegation and decentralisation:** A supervisor

delegates authority to his subordinates to get things done. The delegation is made properly and helps control to find out whether the employees are able to attain standard.

- **Activates subordinates:** If proper control mechanism is absent then subordinates in the organisation will be lethargic. This is a human tendency. Subordinates will be actively engaged in their activities only if they have psychological pressure. The management can ensure this by taking proper actions.
- **Increases efficiency:** Generally, skilled workers will not be efficient if there is no proper control mechanism. Therefore, control induces and persuade the workers to increase their efficiency.
- **Optimum Utilisation of resources:** Subordinates in the organisation will use the resources optimally and effectively, if proper control is initiated. Subordinates are responsible for the wrong usage of the resources.
- **Integrating Force:** Control integrates all the department and workers in the organisation in order to achieve the objectives. Control acts as a coordinating force for the management. Coordination is the essence of the management; therefore, this can be made only when there is proper control mechanism.

Demerits:

- **External threats:** Organisation cannot control the external factors such as suppliers, government, technology, customers, and competitor's etc. this pose a major challenges for the management.
- **Impossibility of quantification:** Quantification refers to setting up

of standards in terms of numbers. This is not possible in certain areas i.e., psychological areas such as job satisfaction, morale, motivation of the employees cannot be measured in terms of numbers.

- **Employees resistance:** some employees do not like to check their performances. This is because of their inferiority.
- **Time consuming:** It consumes more time for measuring the actual performance and comparing with standards. In large organisation, this problem exists.
- **Fixation of Wrong standards:** Control becomes futile if standards fixed were wrong. So top management while fixing any standards needs to study the environment both at micro and macro level.
- **Communication barriers:** Barriers to communication may pose a greater challenge for management. Communicating the standards and deviations of the subordinate may irritates them if their performance is not satisfactory.

This can be removed by the superior by selecting appropriate medium of communication.

9.8 Techniques of Controlling

1. Budget and Budgetary Control:

A budget is a tool which helps the management in planning and controlling the business activities. A budget is an estimate of expected results expressed in numerical terms. There are various types of budgets like;

1. Sales budget,
2. Purchase budget,
3. Production budget,
4. Fixed budget,
5. Flexible budget,

6. Cash budget,
7. Zero base budget etc

Budgetary Control is a system of control whereby budgets are prepared for future period and compared with the actual results for finding out the variations. Corrective actions are taken in case of deviations.

2. Break – Even point Analysis (BEP):

It is the tool used to analyse the Cost – Volume – Profit relationships. BEP is the point at which there no profit no loss. In this point the total costs are recovered. If the sales go up beyond the break even point, organisation makes profit. If they come down, it may secure loss.

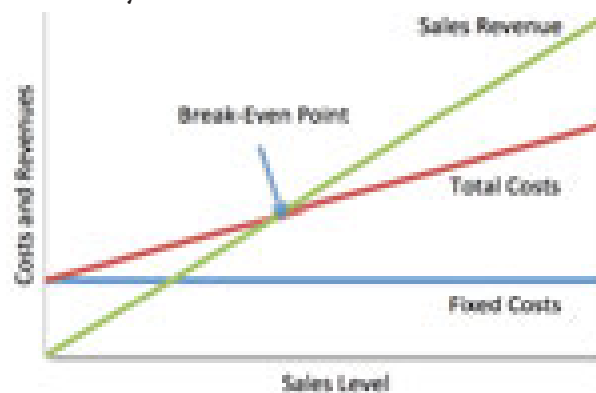


Figure 9.2 Output and Sales

Break Even Point in units

$$= \frac{\text{Fixed cost}}{\text{Price} - \text{Variable cost}}$$

Break even point is used to take decision regarding price for the marketers.

3. Return on Investment (ROI):

Return on Investment is one of the ratio used as a tool for measuring the overall efficiency of the firm. It shows the relationship between profits (after interest and tax) and the proprietors fund.

$$\text{ROI} = \frac{\text{Net Profit (after interest and tax)}}{\text{Share holder fund}}$$

It is a powerful managerial technique.

4. Statistical Analysis: Statistical tools such as Percentages, averages, correlation, trend analysis etc are useful for analysis. These Statistical tools are set as standard and to find out the deviations and to find out the persons responsible for such deviations. This helps in controlling.

5. Management information System (MIS): Management Information system can be defined as a systematic procedure to provide relevant information in right time, in right format to all levels of management for taking decision in business regarding inventory level, wage payment etc. The information is useful for planning, decision making and control.

6. External and Internal audit: External audit is done by qualified Chartered Accountant. The object of external audit is to ensure that there is no manipulation in accounts. After examining the accounting statements of the company the auditor certifies it.

Internal audit is done by the company's own staff. The audit ensures that there is no manipulation in accounts.

7. Responsibility Centre: Responsibility centre may be defined as any organisational unit under the charge of a single person who is responsible for its operations. Budgetary control systems are arranged in proper order with the responsibility centre of the organisation. There are four types of Responsibility Centres. They are,

a) Cost Centre – It is responsible for controlling the cost. Generally the manager of cost centre is responsible for salaries, supplies and other costs. Departments like accounting, research and development, human resources and other staff functions come under cost centres.

b) Revenue Centre – The revenue centre may be defined as responsibility centre wherein the managers are responsible for income in the organisation. Marketing and sales department are organised as revenue centre.

c) Profit Centre – A profit centre is usually a self-contained organisational unit. It can control its own cost and revenue. Many large corporations are divided into product divisions with each division servicing as a profit centre for its product.

d) Investment Centre – In this centre the manager is responsible for ascertaining the return on investment of assets.

8. Personal Observation: It is a common technique used in controlling. It cannot be used as a main control technique. In this method the managers are expected to see whether the employees are doing what they are expected to do. This technique is commonly used in small and medium size concerns.

9. (a) Programme Evaluation and Review Techniques (PERT)

It was developed in 1950s by the US Navy's project division. It describes the basic network techniques which include Planning, Monitoring and Controlling the project. It is applied in aerospace and industrial projects. PERT is a statistical tool used to reduce both time and cost required to complete the project.

(b) Critical Path Method (CPM)

It was developed by E.I Dupont de Nemours company in 1956 to aid in the scheduling of routine plant overhaul, maintenance and construction work. Critical path method is determined by identifying the longest stretch of department activities and measuring the time required to complete them from start to finish.

CASE STUDY

Incorporation of appropriate inventory management system plays an important role in determining the financial health of a manufacturing company. In most of the cases, unjustified inventory of raw materials are kept causing certain loss to the company. Keeping the above in mind, in the present work, a task is undertaken to find out relevant items that need stringent inventory management in one manufacturing company. The inventory of raw materials is classified into seven categories of which four categories of raw materials are found to cover around 70% of the total inventory. Since it is difficult to apply proper inventory control model for each item separately because of its huge variety, it is necessary to find out few significant items using 'Selective Control' method. ABC and FSN analysis along with XYZ analysis are done. The analysis shows the state of the present inventory management. Following the desire of the management, AFX study is also undertaken. Rigorous indent control and consumption control are strongly recommended for items that has maximum financial impact and high demand in production shops.

Suggestions for the case study:

1. Inventory is vital to an organisation from financial and operational standpoint. Primarily, it represents a financial investment for any company, and
2. Secondly, it is essential for the provision of goods and services to the customer.
3. Appropriate inventory management is very important to an industry, because of involvement of significant cost regarding raw materials. It was reported that a company may fail due to maintenance of unjustified surplus stocks.
4. Therefore, optimization in inventory management is very important in an organization to regulate its financial. Without proper control, inventory has a tendency to grow beyond economic limits, tie up funds and increase the cost of maintenance or the carrying cost. At the same time, the non-availability involves the cost of stock-outs, re-ordering costs and additional transit costs. Inventory control as an integrated approach is thus essential for determining the time, item(s) and quantity to indent, and amount of stock, so that purchasing and storing costs become minimum without affecting production, distribution, functional effectiveness, etc. Inventory Control Selective control technique is aimed at putting efforts where results are going to be very useful for the management.
5. Different selective control techniques are suitable in different situations. It depends upon the nature of inventories maintained by an organization.

In general, selective control can be broadly divided into eight types:

1. ABC (also known as Always Better Control or Pareto's Law),
2. HML (high, medium, low),
3. VED (Vital, Essential, Desirable),
4. SDE (Scarce, Difficult and Easy to obtain),
5. GOLF (Government, Open market, Local and Foreign source),
6. FSN (Fast moving, Slow moving, Non moving),

7. SOS (Seasonal and Off-Seasonal), and
8. XYZ (based on the value of the inventory stored).

Question

The students can go through the above para and out of the various selective inventory control techniques, he/she can choose any one of the techniques and give suggestion to the management. But he has to give suitable supporting note for his answer.



The Controlling function verifies that all allotted tasks are being performed on time.

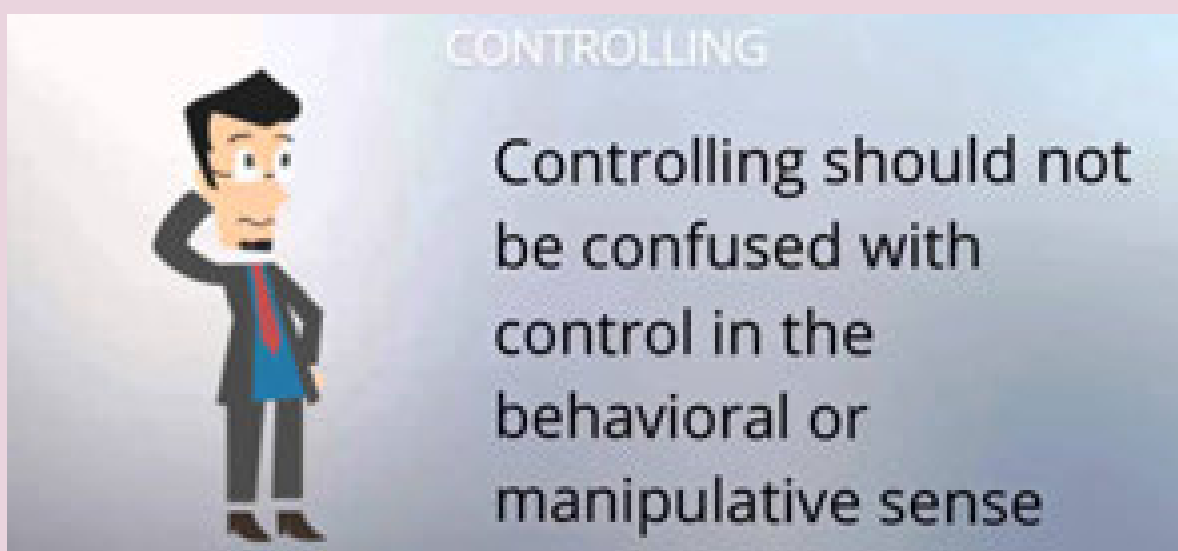


Figure 9.3 Controlling function performed (1) on time (2) Should not be confused one.

Points to Remember

- A good definition of control is that it is a process through which managers assure that actual activities confirm to planned activities.
- Control is a fundamental managerial function that usually follows other functions.
- Controlling has certain characteristics – forward looking, exists at all levels of management, continuous activity, positive.
- Controlling process-Fixing the standards, Measuring the actual, Find out the deviation and Take corrective action.
- Merits and Demerits of control.
- Techniques of Control- Break Even Point, Return on investment, Statistical analysis, Internal and External Audit.
- Case study 2 – Inventory Management system.



Curb	a check or restraint on something.
Restrain	prevent from doing something.
Anger	displeasure.
Exercising	use or apply.
Operational control	authority to perform those functions of command.
Mechanism	a system of parts working together in a machine.
Abdicate	disown, turndown, reject etc.
Lethargic	sluggish or apathetic.
Resistance	the refusal to accept or comply with something.

QUESTIONS

PART- A

Objective type Questions (1 Mark)

Choose the correct answer:

1. A budget is an estimate of expected results expressed in _____.
 - a. Statement
 - b. Numerical terms
 - c. Qualitative
 - d. none of the above.



2. The point at which there is no profit and no loss _____.
 - a. Zero base budget
 - b. Break Even Point
 - c. Cash Budget
 - d. PERT
3. _____ measures the return generated from the funds invested in the business.
 - a. Budget
 - b. Audit
 - c. ROI
 - d. Cost control



4. Control is directly related to _____.
- Planning
 - Motivating
 - Organising
 - Coordinating
5. Abbreviation of BEP.
- Before Earning Profit
 - Break Even Point
 - Business Even Point
 - Balance Even Point.
6. External Audit is done by _____.
- Institute of Cost Accountant
 - Chartered Accountant
 - Company Secretary
 - Manager.
7. Internal Audit is done by _____.
- Companies own Staff
 - Staff from other Companies
 - Chartered Accountant
 - Company Secretary

PART –B

Very Short Answer (3 Marks)

Answer in Five lines:

- Define control.
- What is Budget?
- Control is forward looking. Explain.
- Write short note on BEP.
- Any two merits of controlling.

REFERENCE:

- <https://prezi.com/uky0p0epe5nv/controlling-in-mangment-case-study>.
- https://www.researchgate.net/publication/264971297_A_Case_Study_on_Inventory_Management_Using_Selective_Control_Techniques.

PART- C

Short Answer (5 Marks)

Answer in one page:

- Define control . write in detail about its concept.
- Write the Process of Controlling.
- Write any 4 techniques of controlling.
- Write Merits of Controlling Techniques.
- Explain the Characteristics of Controlling.

PART- D

Essay type Questions (10 Marks)

Answer within three pages:

- Define Controlling. Explain its Merits and Demerits.
- Write in detail Techniques of Controlling.

Activity

Teachers' Activity:

- Two case study has been given in this chapter, which shall be explained to the student and based on the case study class room discussion can be done with the students'.

Students Activity:

- Students are advised to write similar case studies model to acquire more knowledge about controlling techniques.

Secretary



LEARNING OBJECTIVES

Through this chapter the students can learn about the following:

- To Study & Understand Evolution and Definition of Secretary.
- To Study about the nature of work carried out by Private Secretary.
- To understand about the appointment of Company Secretary.
- To know the rights enjoyed by the Company Secretary.

CONTENT

- | | |
|--|--|
| 10.1 Introduction | 10.9 Duties of the Company Secretary |
| 10.2 Meaning of Office Secretary | 10.10 Rights enjoyed by the Company Secretary |
| 10.3 Private Secretary | 10.11 Liabilities of the Company Secretary |
| 10.4 Types of Secretary | 10.12 Restrictions of Company Secretary |
| 10.5 Definition | 10.13 Dismissal of Company Secretary |
| 10.6 Qualification of Company Secretary | |
| 10.7 Process for appointment of Company Secretary | |
| 10.8 Draft format of Board Resolution: Appointment of Company Secretary | |

10.1 Introduction

The word 'Secretary' has been derived from ancient Latin Word 'Secretarius' which means confidential writer or officer or a person who is

entrusted with secrets of his Master/ Employer. In the Old Roman Empire, the officer looking after secretarial duties or doing secretarial practices or job was called as a 'Scribae' which means professional letter writer or the one who

maintains confidential records. Secretary has a reference even in the Ancient Indian History during the Mughal and Maratha Empire. They were known as 'Amatya', 'Sachiva', or 'Chitnis'. The profession of a secretary is considered as one of the oldest professions. It is known to be as old as the human civilizations.

The secretary has been defined as "A person who assists the management in achieving the objectives of the organization. He is entrusted with secrets and confidential matters of his master/ employer. He records all the relevant informations for future reference and vital decision making purposes. The secretary is entrusted with work such as administering the office, and related office work, conducting periodical meetings, co-ordinating departmental work, to have cordial relationship with public in connection with related official work, to develop company image in the society, to write suitable correspondence to various offices/authorities etc.,".



In Rome the scribes worked out of the aerarium, the state treasury and government archive. They received a good salary, but could earn additional commissions for collecting and recording state revenues, and making official copies of government documents and decrees. The roman posting was such a lucrative assignment that the scribes worked in rotations, serving one year in Rome and two in the provinces.

The secretary is an important officer of the company who is appointed to perform the ministerial or administrative duties. In modern times, the secretary has become almost an obliged person in trade, industry and other social institutions. Every organisation thinks it is necessary to appoint a secretary for conducting its affairs properly. The reason for the same

is that the secretary helps in conducting all correspondence, keeping all records and accounts, writing of minutes and acts as public relation officer of the employer between the management, staff and the outsiders. The importance of a secretary is specially felt in the business world since the business organisations have to abide by certain legal requirements. Moreover, the secretary ensures that the affairs of the organisation are conducted in accordance with law.

10.2 Meaning of Office Secretary or Personal Secretary

A person who is employed to take care of records, letters and routine work for another person. An officer of a business corporation or society who is in charge of the letters and records and who keeps minutes of meetings. A secretary has been defined otherwise, as a person who is employed to do office work, such as typing letters, answering phone calls and arranging meetings. The secretary of a company is the person who has the legal duty of keeping the company's records.

An Office Secretary maintains the smooth running of an office through a variety of administrative and clerical duties. They handle office schedules, coordinate meetings and visits, organize files, answer phones and perform a huge array of other essential tasks. Office Secretaries generally work directly for organization and depending on their experience they may also supervise other clerical staffs. Office Secretaries are employed virtually in every industry, particularly business, law, medicine and education. Job growth for Office Secretaries is slow but steady.

Different Meanings have been provided for the term “Secretary”. They are as follows :

According to **The Oxford Dictionary**, a secretary is, “a person whose work is to write for others, especially one who is employed to conduct correspondence, keep records and to transact various other businesses for another person or for a society, corporation or public body”.

According to **Webster’s Dictionary** defines Secretary as, “one who is entrusted with private or secret matters and a confidential clerk, one who attends to correspondence, records of a private and confidential nature”.

According to **Penguin Dictionary of Commerce** defines Secretary as, “the person who deals with the general administration of an organization, particularly with clerical work such as correspondence, taking minutes at meetings and keeping records”.

According to **English Dictionary**, the word secretary has been defined as “a person who handles correspondence, keeps records, and does general clerical work for an individual, organization, etc.”



FIGURE 10.1 Secretary having informal chat with his Official Colleague Member

10.3 Private Secretary

A private secretary is a person employed by a busy and an eminent person to assist him in all possible works including taking decisions from him. He has to represent his employer to do his private and confidential work. In many cases, the employer might not have good knowledge of English and has no idea about writing letters correctly. In such cases the private secretary must be a conscientious worker capable of understanding the full implications of any correspondence and sometimes he may have to alter, improve, rectify or completely rewrite the dictation given by his employer and place it before the employer for his signature.

Of course he will have to do it very tactfully so that his employer would not be offended owing to his lack of knowledge or education. In many occasions, he has to draft letters, reports or speeches himself on behalf of his employer. A private secretary must be a good short-hand typist but at the same time he must have other qualities.

10.4 Types of Secretary

1. Personal or private secretary
2. Secretary of a club
3. Secretary of a co-operative society



FIGURE 10.2 A Personal Secretary, while discharging her official duty at Office.

4. Secretary of an Embassy
5. Secretary of a trade union
6. Secretary of a self-governing body
7. Ministerial secretary
8. Secretary of a political organization
9. Company secretary

Already We have discussed the Qualifications, functions, and types of secretaries in general. Now let us discuss company secretary because it may help you to become a company secretary in future.

In case of companies, the secretaries are appointed to maintain several records and registers, filing several statutory and non-statutory returns, and to have contact with public and statutory authorities. The public are interested to know about company's progress, development and the profit earned by the company, so he have to inform about it. A company secretary will have a senior position in private or public company.



CS Preeti Malhotra: the first female president of the ICSI and now the ED of spice group.

CS Shyam Agarwal: Starting from a small district of Sikar, he has now reached the managing levels of NIRC of ICSI. He is Chief Compliance Officer, Vice President, Treasurer, Secretary of TCS Ltd. He is a First Class B.Com. Graduate from St. Xaviers College, Kolkata. He is a Chartered Accountant, Cost Accountant and is a qualified Company Secretary. He is a rank holder in the Intermediate and Final examinations of the Institute of Cost and Works Accountants of India. He has been with the Tata Group for over nineteen years and has experience in Corporate Finance, Treasury and Company Secretarial functions.

10.5 Definition

According to sec 2(45) of the companies Act 1956, "Secretary means any individual possessing the prescribed qualifications, appointed to perform the duties which may be performed by the secretary under this Act and any other ministerial or administrative duties".

According to sec 2(1)(c) of Company Secretaries Act 1980, "Secretary is a person who is member of the institute of Company Secretaries of India".

10.6 Qualification of Company Secretary

An Individual to become a company secretary must possess the qualifications prescribed by the central Government from time to time.

- A.** In case of companies having a paid up share capital of Rs. 5 crores or more must have whole time secretary. He must be a member of Institute of company Secretaries of India.
- B.** Companies having less than Rs.5 Crores paid up capital can appoint any individual as its whole time secretary if he possess one or more qualifications mentioned below.
 1. Membership of the Institute of company Secretaries of India.
 2. Pass the intermediate Examination conducted by the Institute of Company Secretaries of India.
 3. Post graduate degree in commerce or corporate Secretaryship.
 4. Degree in law by any University.
 5. Membership of Institute of Chartered Accountants Of India.
 6. Membership of Institute of COST AND WORKS Accountants of India.

7. A Post graduate degree or diploma in management by any university or from Indian Institute of Management.
8. A diploma in company law granted by any Indian Law Institute.

Who is required to have company Secretary?

All listed company and all other company having paid-up capital of rs. 5 crore or more shall have whole-time Company secretary.

10.7 Process for appointment of Company Secretary

1. Arrange for board meeting after giving notice to the directors.
2. Discussion must be made in the meeting regarding the terms and conditions at which the company secretary is proposed to be appointed.
3. Obtain a written consent from the person who is going to be appointed as company secretary.
4. Inform the Stock Exchange within 15 days of the Board meeting about the outcome of the meeting by letter or fax.
5. File the relevant form within 30 days from the date of appointment to the Registrar of companies.
6. Make necessary entries in the Register of Directors and Secretary.

10.8 Draft format of Board Resolution: Appointment of Company Secretary

“Resolved that Pursuant to provisions of section 203 of Companies Act 2013 and Rule 8 and Rule 8A of companies appointment and remuneration of Managerial personnel Rules 2014”

Mr. _____ company secretary (ACS| FCS no _____) be

and is hereby appointed as the whole time company secretary of the company with effect from (date) on such terms and conditions as decided and agreed by and between the Board and Company Secretary.

FURTHER RESOLVED THAT Mr. _____ director of the company and is hereby authorized to file necessary eforms and documents with Registrar of the company and to do all other such acts, deeds and things which are necessary to give effect to above resolution”

10.9 Duties of the Company Secretary

Duties of the company secretary may be of two kinds a, Statutory duties b, General duties

A. Some of the statutory duties of a company secretary are

- 1 Under the Companies Act:
 - i. To sign any documents requiring authentication by the company.
 - ii. To give notice to Registrar regarding increase in share capital.
 - iii. To deliver share certificate of allotment within two months after transfer.
 - iv. To send notice of general meeting.
 - v. To sign the annual return.
 - vi. To sign every balance sheet and profit and loss account in case of non-banking financial company
 - vii. To prepare minutes of every meeting (Board meeting, General meeting)
2. According to Income tax Act:
 - i. He has to ensure whether proper Income Tax is deducted from employees salary.

- ii. To see that the Certificate of Tax Deducted at Source (TDS) is issued.
- iii. To confirm the tax deducted is deposited to government treasury.
- iv. To submit and verify various forms and returns.

3. Under Indian Stamp Act: To see that the documents like letter of allotment and share certificate etc are properly stamped.

4. Under other Acts: To comply with other acts such as: The Factories Act, The Industrial dispute Act, The Minimum wages Act, The provident Fund Act etc.

B. General Duties

1. Duties to the directors:

- i. To draft directors report.
- ii. To work as per the instruction given by the directors.
- iii. To issue notice, prepare agenda and arrange board meeting or directors.
- iv. To file and record all Correspondence for the perusal of directors.
- v. To draft directors report (i.e) giving explanation for profit and loss Appropriation Account.

2. Duties towards Shareholders:

- i. To prepare notice for the meeting of shareholders.
- ii. To arrange for the meeting of share holders.
- iii. To send notice for meeting.
- iv. To get the certificate of incorporation and commencement of business.
- v. To issue Prospectus.
- vi. To issue Share Certificates.
- vii. To attend the meeting of shareholders.

3. Duties towards Public:

- i. To deal with all Correspondence between Company and Public and look into their Complaints.
- ii. He can permit any person to verify the documents.
- iii. He has the right to issue testimonials to the outsiders on behalf of the company.

10.10 Rights enjoyed by the Company Secretary

1. Company Secretary is the head of Secretarial functions. He have to maintain all documents, registers, records and to preserve all in the company.
2. He has the right to permit any person to verify the documents, records and registers.
3. He has the right to control, supervise the work at registered office.
4. He has the right to do the work as per the instruction of the Board of directors.
5. He has the right to explain the procedures of the company to employees.
6. He has right to make use of Common Seal as per directions of the directors.
7. He has the right to sign the proceedings of the Company meetings and documents which do not require Common Seal.

10.11 Liabilities of the Company Secretary

Liabilities of a Company Secretary can be classified into two Categories -Statutory Liabilities and Contractual Liabilities.

If the Company Secretary fails to perform his Statutory duties he can be punished or he pay the penalty as prescribed under the Act.

1. He will be liable for damages or any loss caused to the company due to his negligence, fraud or changes in terms of contract.
2. If the Secretary acts beyond his power he is liable.

10.12 Restrictions of Company Secretary

1. Unless authorized by directors of the Company he cannot enter into contract on behalf of the company.
2. He cannot borrow money on behalf of the Company.
3. He cannot acknowledge a debt.
4. He cannot allot or transfer shares without authority of Board of Directors.

10.13 Dismissal of Company Secretary

A Company Secretary has a great role in the formation of the company and he may be dismissed due to the following reasons.

1. Not satisfied with performance: Company Secretary is appointed by the Board of Director, So he is considered as employee of the company. If the directors are not satisfied with the performance they can dismiss with prior written notice.
2. Dismissal due to irregularities: A company Secretary may be fired any time without any prior written notice if he is proved.
 - a. as fraud
 - b. neglect his duties intentionally
 - c. have permanent inability etc.
3. Due to lapse of time: Company Secretary is appointed for a fixed period. If Board of Directors does not renew the Contract then his contract comes to an end.
4. Winding up of the Company: Winding up of a company would result in the termination of service of the Secretary like all other employees.

Points to Remember

- The word 'secretary' has been derived from ancient Latin word 'Secretarius' which means confidential writer or officer.
- The secretary is an important officer of the company who is appointed to perform the ministerial or administrative duties.
- Company secretary means a company secretary within the meaning of clause (c) of sub-section (1) of section 2 of the company secretaries Act, 1980, who is appointed by a company to perform the functions of a company secretary under this Act".
- A person who is employed to take care of records, letters and routine work for another person.
- Nature of work carried out by Private Secretary.
- Types of Secretary.
- Company Secretary and his qualification
- Duties of Company Secretary.
 - a. Statutory duties
 - b. General duties
- Rights enjoyed by Company Secretary.
- Liabilities of Company Secretary.
- Restrictions of Company Secretary.
- Dismissal of Company Secretary.

A-Z GLOSSARY

“Secretarius”	Latin word Secretary.
“Scribae”	In the Old Roman Empire, the officer looking after secretarial duties.
Office Secretary	A person who is employed to do office work, such as typing letters, answering phone calls and arranging meetings.
Household and social duties	The private secretary holds a residential post.
Financial duties	Handling cash/bank accounts, payment of bills, taxes, salaries etc., Employers investments, income-tax returns, making payments for insurance policies.
Personal Assistant	He is merely a routine worker and has to follow the dictation of his employer.
Non-trading organisation	Non-business entity, not for profit organisation, or non-profit institution.
Co-operative society	an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs.
Embassy	the official residence or offices of an ambassador.
Trade union	an organized association of workers in a trade group of trades.

QUESTIONS

PART- A

Objective type Questions (1 Mark)

Choose the correct answer:

- The word ‘Secretary’ has been derived from ancient Latin Word ‘Secretarius’ which means _____.
a. Creator
b. Destroyer
c. Confidential writer
d. New person
- In Ancient History during Mughal and Maratha Empire, Secretary was called as _____.
a. Amatya
b. Sachiva
c. Chitnis
d. All of the above.
- The secretary, who assists the management and also does his/her routine work such as _____.
a. administering office
b. office related work
c. conducting periodical meetings
d. All of the above
- “A person who handles correspondence, keeps records and does general clerical work for an individual, organisation etc.,” _____.
a. Oxford Dictionary
b. Webster’s Dictionary
c. English Dictionary
d. Penguin Dictionary



5. Education Qualification of the Private Secretary is _____.
- Any PG Degree
 - Economics or Commerce, with Degree in Law
 - Any UG Degree
 - Engineering Graduation.
6. The person to become a Company Secretary must possess qualification prescribed by _____.
- State Government
 - Central Government
 - both State and Central Government
 - none of the above
7. Company Secretary is appointed by _____.
- Board of Directors
 - Public
 - Government
 - all the above



PART -B

Very Short Answer (3 Marks)

Answer in Five lines:

- What do you mean by 'Amatya'?
- Define 'Secretary'.
- Write the meaning of Secretary as per The Oxford Dictionary.
- Write the nature of work carried out by Private Secretary.
- Define Company Secretary.
- Write any two rights of Company Secretary.
- Write the liabilities of Company Secretary.
- Write the duty of Company Secretary under India Stamp Act.
- Mention any two types of Secretary.

PART- C

Short Answer (5 Marks)

Answer in one page:

- Explain the rights enjoyed by the Company Secretary.
- Write the restrictions imposed on Company Secretary.
- Write the liabilities of Company Secretary.
- Write the rules regarding dismissal of Company Secretary.

PART- D

Essay type Questions (10 Marks)

Answer within three pages:

- Write the duties of Company Secretary.
- Explain the qualifications of Company Secretary.
- Write the rules regarding appointment and dismissal of Company Secretary.

Activity

Teachers' Activity:

- Teacher can arrange a Seminar by qualified Company Secretary. So that students can get in depth Knowledge about Company Secretary.
- Teacher can prepare a chart regarding the duties of Company Secretary.
- Can have a class room discussion and motivate the students to become Company Secretary.

Students Activity:

- Ask the students to write an Assignment on qualification of the Company Secretary.
- Ask the students to write about some of the famous Company Secretaries in India.



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MODEL QUESTIONS

THEORY

PART- A

Objective type Questions (1 Mark)

Choose the correct answer:

1. The term POSDCORD is coined by _____.
 - a. Henry fayol
 - b. Koontz and O Donnell
 - c. Luther Gullick
 - d. Urwick
2. _____ is an art of getting things done through others.
 - a. Administration
 - b. Management
 - c. Orientation
 - d. Profession
3. Planning is the first function and --- is the last function of management.
 - a. organising b. coordinating
 - c. directing d. controlling
4. Strategy is the term derived from ---.
 - a. Sports b. politics
 - c. business d. military
5. -----is expressed in numerical terms
 - a. Objectives b. programme
 - c. policy d. budget
6. Every organisation should have a specific and defined.
 - a. objectives b. employers
 - c. employees d. functions
7. -----is the right to give orders and power to get the work done.
 - a. responsibility
 - b. authority
 - c. accountability
 - d. assignment
8. Which decisions are repetitive and routine in nature?
 - a. Basic decisions
 - b. personal decisions
 - c. programmed decisions
 - d. Non-programmed decisions.
9. The word Decision is derived from the word.
 - a. DECIDERE b. DECIDERE
 - c. DECIDAUS d. DECICARE
10. _____ concerned with issuing the orders and instructions to the subordinates.
 - a. Direction b. Cooperation
 - c. Motivation d. Communication
11. Delegation is the act of assigning authority and _____.
 - a) Responsibility
 - b) Centralization
 - c) Span of control
 - d) Committee.
12. "Leadership is the ability of a manager to induce subordinates to work with confidence and zeal".
 - a. Haimann
 - b. Koontz and O'Donnell
 - c. Davis
 - d. Rensis Likert



- 13.** Pay cut is _____ motivation.
- Non- financial
 - Negative
 - Extrinsic
 - Drive
- 14.** Abbreviation of BEP.
- Before Earning Profit
 - Break Even Point
 - Business Even Point
 - Balance Even Point.
- 15.** The secretary, who assists the management and also does his/her routine work such as _____.
- administering office
 - office related work
 - conducting periodical meetings
 - All of the above

PART – B

Very Short Answer (3 Marks)

Answer in Five lines:

- 16.** Write the characteristics of Management.
- 17.** Define planning.
- 18.** What is budget?
- 19.** What are the merits of line organisation?
- 20.** What is an organisation chart?
- 21.** What is Strategic Decision?
- 22.** Define the term co ordination.
- 23.** What is meant by delegation?
- 24.** Define authority.
- 25.** What is upward Communication?

- 26.** List out the types of motivation.
- 27.** Write the nature of work carried out by private Secretary.
- 28.** Write short note on BEP.

PART- C

Short Answer (5 Marks)

Answer in one page:

- 29.** Explain the nature of Planning.
- 30.** Define Management? Explain the importance of Management.
- 31.** Explain the factors affecting decision making process.
- 32.** State the merits of motivation.
- 33.** Define matrix organisation.
- 34.** Explain the rights enjoyed by the company Secretary.
- 35.** Write any four techniques of Controlling.

PART- D

Essay type Questions (10 Marks)

Answer within three pages:

- 36.** Discuss the various Steps involved in Planning.
(Or)
Discuss in detail the various types of decision making.
- 37.** Define motivation. Describe the type of motivation.
(Or)
Explain the qualification of company Secretary.

CONTENTS

PRACTICAL

Exercise No.	Chapter Title	Page No.	Month
1	Typing Practice	141-156	June/July
2	Abbreviation and Symbols	157-158	July/Aug/Sept
3	Page Maker: Page Formatting	159-165	June
4	Page Maker: Creating Notice Board	166-168	June-July
5	Page Maker: Creating Visiting Card	169-175	July-August
6	Page Maker: Creating Label	176-178	August-Sept
7	MySQL: Usage of Commands in Data Base	179-181	September
8	PHP: Basic Programing	182-183	September



Welcome Students !!!

Typing is an art and which is an important of process of writing or expressing text form by pressing keys on a typewriter machine, computer keyboard, cell phone or a modern calculator. It can be distinguished from other means of text inputs, such as handwriting and speech recognition. The typewriting can be in the form of expression of letters, numbers and other symbols. The world's first typist was Lillian Sholes from Wisconsin, daughter of Christopher Sholes, who invented the first Typewriter machine to this world.

This practical typing session will guide you step-by-step from the beginning. You will be typing quickly and accurately, without looking at the keys, in just a few hours. It is important to position your hands on the keyboard correctly. Your fingers must be in the middle row of your keyboard on the "home keys": Starting with your left hand, place your little finger on key A, ring finger on S, middle finger on D and index finger on F. Your thumb must rest on the

Space bar. With your right hand, place your index finger on J, middle finger on K, ring finger on L and your little finger on the next key. Press Enter with the little finger of your right hand. Always put your fingers back on the home keys after pressing any key.

The following picture shows the correct position of the hands with the fingers on the "home keys":



A picture of the key positions will be available during the lessons. It is important not to look at your own keyboard while typing. Look at the keyboard shown on the screen. Click the "Start Button" below if you are ready to begin the first lesson.

Typing Practice

01 EXERCISE



MODEL KEY BOARD

In the below picture it is very clearly given that each hand shows different colors in each fingers, both hand should be used at a time and the finger nail color should be matched with the key board color



FIGURE 1 Specimen Key Board

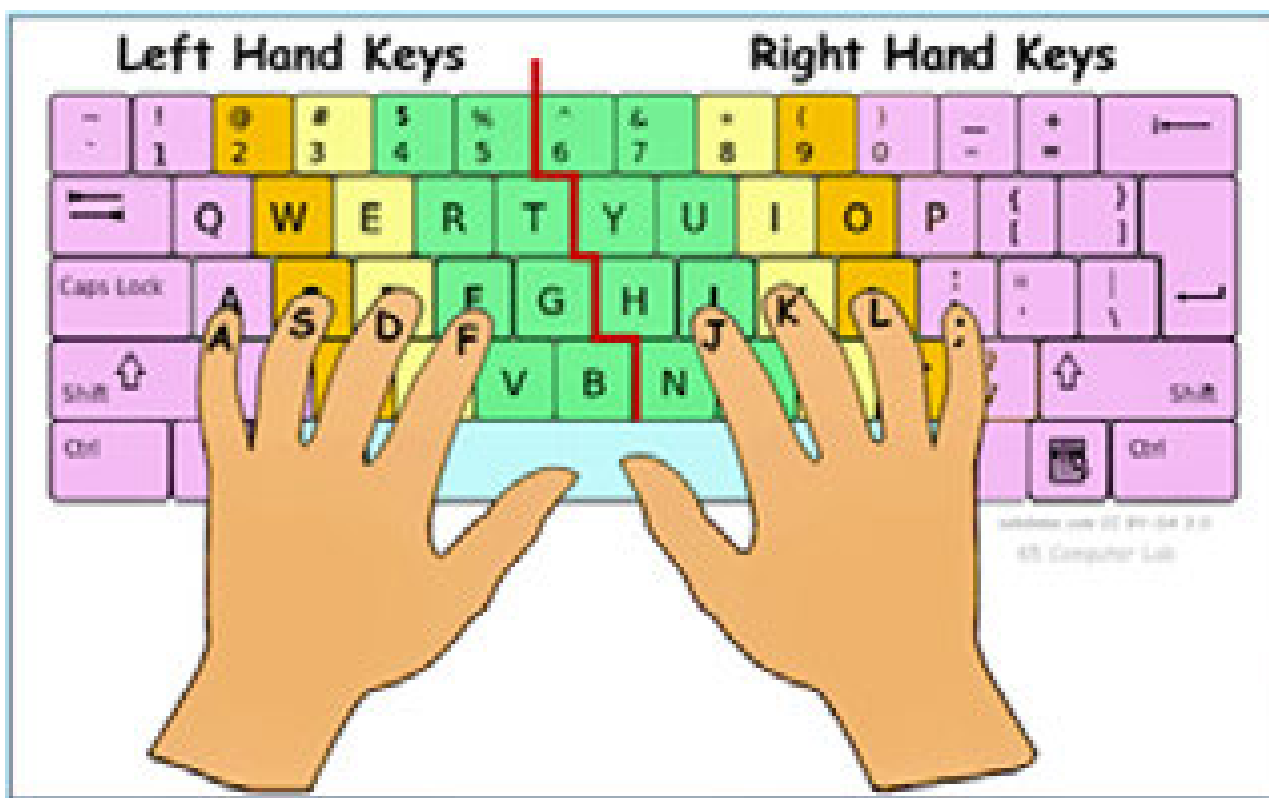


FIGURE 2 Specimen Key Board, Right & Left Hand Side Marked

Note: The Left side keys and Right side keys are separated with Red line

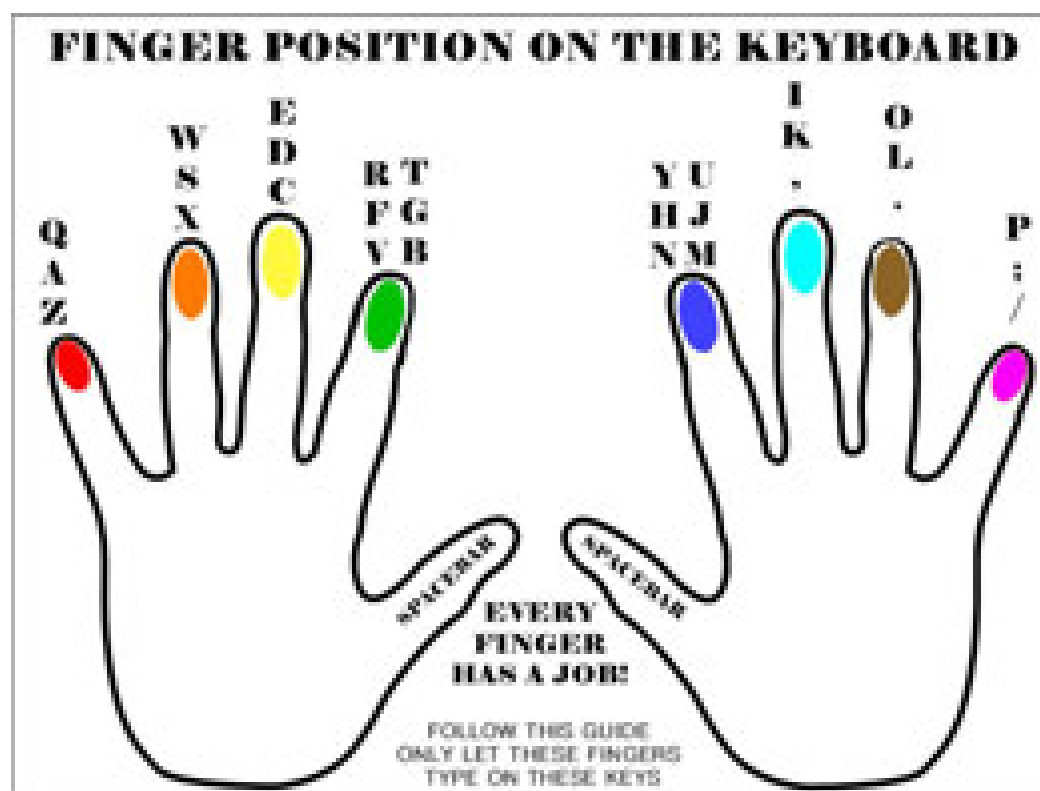


FIGURE 3 The letters of each side is marked in respective fingers



Typing Practice – I

(a) Form Simple sentences, each 5 times:

1. Whatever you are, be a good one.
2. Be the change you wish to see in the world.
3. Try and fail, but never fail to try.
4. Choose death rather than dishonor.
5. Believe you can and you're halfway through.
6. A false friend is worse than a bitter enemy.
7. To travel is to take a journey into yourself.
8. I haven't been everywhere, but it's on my favorite list.
9. Brief words are best on burning matters.
10. June has put a spirit of youth in everything.
11. Lie down and listen to the crabgrass grow.
12. The earth laughs in flowers.
13. Water is the most precious source of all nature.
14. Human beings, must go back to nature for information.
15. Music should strike fire from the heart of human.

(aa) Speed Drills:

1. Hear twice before you speak once.
2. True friendship is a plant of slow growth.
3. I never think of the future it comes soon enough.
4. Hasty resolution seldom speeds well.
5. A poem begins in delight and ends in wisdom.
6. Fear of God is the beginning of wisdom.
7. Long ago I bought a dry gold necklace.
8. Krishna got $\frac{2}{5}$ and Varsha $\frac{3}{5}$ of their shares.
9. Received 5 sets Table(2'6") & Chairs (1'6").
10. Pack my box with five dozen juice mugs.



(b) Typing Practice from Printed Paragraphs 5 times each:

(bb) (small) Paragraph 5 times each:

1. Tracy looked at the flag. The flag is red, white, and blue. It has fifty white stars, seven red stripes, and six white stripes.
2. Donald plays the piano. He loves the piano. He has a big piano in his living room. His piano is shiny and black. It has three legs and a bench.
3. This weekend I went to the zoo. It was great. I went with my mom and dad. My sister came, too. The zoo was in the city. The zoo was very long.
4. When I was playing today at recess, I felt like a kite blown around by the wind. It was hard to stay in one place because the wind was so strong.
5. My teacher is awesome. I think she deserves an award for teaching. I have liked all my teachers, but she is by far the best I've ever had.

(cc) (Regular) Paragraph 5 times each:

1. India is a DEMOCRATIC SOCIALIST country in the World. Infact, DEMOCRATIC SOCIALISM has been offered as a solution to the DEVELOPMENTAL resolution which India has undertaken to break through the barrier of UNDER-DEVELOPMENT of carrying forward the liberation of many millions of people and pushing through the DEVELOPMENT in all spheres of life. The SOCIALIST transformation which India aspires is that of building an independent, economy and comprehensive, including agriculture, on a modern technical basis as early as possible.

“India is my Country. All INDIANS are my Brothers & Sisters. I love my country and I am proud of its rich and varied heritage. I shall always strive to be worth of it.

I shall give respect my parents, teachers and all elders and treat everyone with courtesy. To my Country and My People, I pledge my Devotion. In their well-being and prosperity alone lies my happiness”.

2. The question here is, are all of them entrepreneurs? The answer is both yes and no. If we say that an entrepreneur is a person, then all the above individuals are entrepreneurs. When we add that a person having his own business only is an entrepreneur, excepting Kamath and Prabhudeva, all the others are persons having their own business – small, very small, or large. But we say that an entrepreneur is a person who starts his own business. Chandrasekaran and Narayanan are taking care of the business started by their father; so they are not entrepreneurs. Ramu, whose mother prepares sundal and asks him to go to beach, sell and bring the money and give it to her, is also not an entrepreneur, but only an employee. Also, if shops and businesses are not started by them, then they also cannot be called entrepreneurs.



(c) Typing practice from scripts:

TYPICAL FORMS OF AUDITORS CERTIFICATES

part-B
Typical forms of Auditor's certificates:

To

The Respected Members,
Marrison Co. Ltd.,
Coimbatore,
Tamil Nadu,
India.

Caps → We have audited the attached balance sheet of Marrison Co. Ltd., as at 31st March, 2017 and the profit and loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit. (This paragraph can be included for unqualified report also.)

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used (significant and) estimates made by management; as evaluating the overall financial statement presentation. We believed that our audit provides a reasonable basis for our (own)

small
↳ We did not carry out the counting of physical inventories as at 31st March 2017 as that (felt date) prior to the date of our appointment by the company. Further, due to the nature of the company's records, we were unable to satisfy ourselves as regards inventory quantities by other audit procedures.

In our opinion and to the best of our information and according to the explanations given to us, but subject to the effects of any adjustments that we might have made if we had satisfied ourselves as to physical inventory quantities, the financial statements give a true and fair view in conformity with the accounting principles generally ^{in India} accepted.

(a) In the case of Balance Sheet, of the Statement of affairs of Sparrow Co., Ltd as at 31st March 2017; and.

Small (b) In the case of profit & loss account, and of the profit/loss for the year ended on that date.

Chennai.

22nd July, 2017

Signature →

of auditor

Assets and Liabilities :

2.1

Balance Sheet (M. Murugan) as at 31.12.2019

Liabilities	Rs.	Assets	Rs.
(Creditors Sundry)	60,000	Cash (hand in)	2000
Bank draft over	20,000	Sundry Drs. 92,000	
(Standing out)		Less: Bad debts 800	
apx Rent - 500		91,200	
Wages - 400	900	Less: Provision for P.D 4,560	86,640
apx Capital - 70,000		Stock	9,000
Less: Drawings 28,000		Prepaid Insurance 300	
48,000		Salaries 700	1,000
(+) Add: Net profit 90,000	1,38,000	Plant & Machinery 20,000	
		Less: Depreciation 9,500	10,500
		Business Premises 12,000	
		Less: Depreciation 2,300	9,700
		Furniture & Fixtures 10,000	
		Less: Depreciation 1,000	9,000
		- 10%	
	2,18,900		2,18,900

Q.2 Balance Sheet of Kamal as at 31-12-2017

Liabls.,		Rs.	Assets	Rs.
<u>Standing Crs.</u>			Cash at Bank	2610
Trade Crs.	4700		Bank Debt 11070	
less: Prov. for Disc.	94	4606	less: prov. for B.D. 553	
				<u>10500</u>
<u>Outstanding Crs.</u>			Stock of goods	<u>10517</u>
For expenses	400		Stock of Stationery	200
Advt. Salary	150	550	Prepaid Insurance	300
Capital	<u>8677</u>		Furniture & Fittings	1500
less: Net loss	<u>40000</u>	31321	Add:-	
			wages for furniture 50	<u>10800</u>
			Freehold property	<u>1550</u>
				<u>36477</u>
		<u>36477</u>		

Income & Expenditure

Q.3

In the books of Young Brothers Club

Income and Expenditure A/c for the year
ended 31-12-1999.

Expenditure	Rs.	Rs.	Income	Rs.	Rs.
To Salaries		(1200)	By Subscriptions	(2600)	
To Stationery (1000 + 800 - 1000)		41600	Add: Outstanding	42200	
To Rates	12000		(450 x 100 - 42200)		4500
less: Prepaid in 1999	3000				
	(3000)				
Add prepaid in 1998	9000	12000	By Sports meet profit		31000
To Telephs,	2000		By Dividend on Investments.		20000
Add: Accrued	700	2700			
To Sundry Expenditure - 6/3 in 1998	18500				
	1400	17100			
To Depn. on Building - (200000 x 5%)		10000			
To Surplus - Excess of Income over Expenditure		5400			
		96000			96000

of Sarangapani

Q4. Profit and Loss Account for the year
ending 31st Dec, 2000

	Rs.		Rs.
To Salaries	4500	By Gross Profit b/d	27560
To Rent	1350	By Interest Received	460
To Misc. exps.	1100	By Dividend Recd.	420
To Postage	760		
To Stationery	720		
To Carriage on lorry	1400		
To Repairs	1900		
To Bad debts	290		
To Net profit transferred to Cap A/c	16420		
	<u>28440</u>		<u>28440</u>

of Venkatachalam

Q5. Profit & Loss A/c for the year ending 2011

	Rs.		Rs.
To Taxes & Insurance	4000	By G/P b/d	48520
(less) Payable	1200	By Rent Recd.	1000
	<u>2800</u>	By Discount	1500
To General Exps.	6000		
To Salaries	16000		
To Commission	3800		
To Int on Cap ($50000 \times \frac{5}{100}$)	2500		
To Bad debts	2500		
Add: New provision for d-ds	1200		
	<u>3700</u>		
To Net profit transferred to Cap A/c	16220		
	<u>51020</u>		<u>51020</u>

Q6. Receipts and Payments A/c

Receipts-	Rs.	Payments.	Rs.
To Bal b/d	500	By Books Purchased	28000
To Subscriptions:		By Printing & Stationery	1200
2002 2000		By Salaries for 2003	6000
2003 22000		By Salaries for 2002	1000
2004 1000	25000	By Telephones	750
To Interest (including Rs. 400 for 2002)	2400	By Misc. Exps.	2000
To Donations for specific fund	3000	By Bal c/d.	450
To Rent:			
2003 1500			
2004 1000	2500		
	33400		33400

Q7.

Anna Nagar Sports Club gives you the following Receipts and Payments Account for the year ended 31st March 2012.

Receipts and Payments A/c

Receipts	Rs.	Payments A/c	Rs.
To bal b/d	6560	By Salaries	15000
To Subscriptions	25300	By Rent & Electricity	6350
To Misc. Income	800	By Library books	2550
To Int. on fixed deposit	1850	By Magazines	1530
		By Laundry Exps.	6430
		By Sports Equipment	1240
		By bal c/d	1410
	34510		26510

3. Display:

ADVERTISEMENT - INVITATION

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RUSH! HURRY-UP!
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CONTACT: OFFICE

PLOT NO. 869/24, 6th Avenue,
Sai Baba Colony, Rani Nagar,
AB Block, Rani Nagar,
Chennai - 600 028.

ON

2nd June, 2018 @ 5.00 p.m

Director, Swamy IAS Academy



INVITATION

* * * * *

RECEPTION

Place:

Rani Mariammai Marriage Hall,
No. 79, Krishnappa Nagar,
Kaavangkarai,
Chennai - 72.

Date: 12th June, 2018

Time: Evg 6pm to 9.00 pm.

Music party:

Film Famous Background
Singer
Murali Krishna
presents - 'Subh Raag'

* * * * *

Typing Practice – II

1. Speed Practice from Printed Matter : (15 minutes)

- (a) The present constitution of India was framed by the Constitution Assembly of India set up under the Cabinet Mission Plan of May 16, 1946. The idea of establishing a Constituent Assembly to draw up the Indian Constitution was not a new one. The American Constitution was framed by a Constitution Assembly. In fact, American Constitution has proved to be a model to the democratic world. Till independence, India was governed under the Acts passed by the British Parliament. In 1938 Sri Jawaharlal Lal Nehru declared: “The Indian National Congress stands for independence and a democratic state. It has proposed that the constitution of free India must be framed, without outside interference, by a constituent assembly elected on the basis of adult franchise. That is the democratic way and there is no other way short of revolution, which can bring the needed result. An assembly so elected will represent the people as a whole and will be far more interested in the economic and social problems of the masses than in the petty communal issues which affect small groups .”

The inaugural meeting of the Constituent Assembly of India was held on December 9, 1946. It was presided over by Dr. Sachchidananda Sinha who was the oldest member of the Assembly. On December 11, 1946, Dr. Rajendra Prasad was elected President of the Constituent Assembly.

On December 13, 1946, Shri Jawahar Lal Nehru moved the “objectives resolution” which later became the Preamble of the Constitution.

A number of committees submitted reports to the Constituent Assembly on the different aspects of the constitution. On the basis of these reports the constitution was prepared by Constitutional Adviser, Sri B. N. Rao. The Drafting Committee under the chairmanship of Dr. Ambedkar worked on the draft and produced the Draft Constitution with 315 articles and 8 schedules. The Draft Constitution was considered by the Constituent Assembly. In its progress through the Constituent Assembly, the constitution grew in bulk and took its final shape with 395 articles and 8 schedules. The time taken in accomplishing this task was exactly two years, eleven months and 17 days from the first meeting of Constituent Assembly on 9th December, 1946 till November 26, 1949 when “We, the people of India” gave unto ourselves the new constitution.

There have been over 92 amendments to our Constitution so far.



Procedure of Amendment:

The Indian Constitution is a combination of rigidity and flexibility. It has neither the rigidity of the American Constitution nor the flexibility of the British Constitution. Three different methods of amendment have been provided under the Indian Constitution.

First, certain provisions of the constitution can be amended by Parliament by ordinary legislation. For example, Parliament may, by ordinary law (i.e., a law passed by a simple majority) form a new State out of the existing States, increase or decrease the area of any state, alter the name of any State, etc. Again, for abolition or creation of Legislative Councils in States, Parliament may, by ordinary law, provide for this, provided the Legislative Assembly of the State concerned passes a resolution to that effect by a majority of the total membership and at least a two-thirds majority of the members present and voting before Parliament undertakes to pass such a law.

Secondly, certain specified provisions can be amended by a special procedure.

- (b)** In case of the aforesaid order having been made any of the following persons shall be required to preserve and produce all the books, registers, other documents and records of and relating to the company/intermediary/other person being in its custody or power: (i) every manager, managing director, officer and other employee of the company ; (ii) every intermediary referred to in Section 12; (iii) every person associated with the securities market. The Investigating Authority may also examine any of the aforesaid persons on oath. Further, Investigating Authority may also examine any of the aforesaid persons on oath.

Further, investigating Authority may call for information, books, registers or other documents and records which it considers relevant and necessary for the purpose of its investigation. It may keep the records produced before it in its custody upto 6 months. It may issue certified copies of those documents for use of the person on whose behalf the books and documents have been kept. In case any person referred to above refuses to or fails to furnish the desired books/records/information or refuses or fails to appear or sign the notes of any examination, he shall be punishable with imprisonment for a term which may extend to one year, or with fine, which may extend to one crore rupees, or with both, and also with a further fine which may extend to five lakh rupees for every day after the first during which the failure or refusal continues.

Investigating Authority has also been empowered to secure an order for seizure of books, registers, other documents and record by making an application to the Judicial Magistrate. Such an application can be made where in the course of investigation, the Investigating Authority has reasonable ground to believe that the books, registers, other documents and records of, or relating to, any intermediary or any person associated with securities market in any manner, may be destroyed, mutilated, altered, falsified or secreted.



After considering the application and hearing the Investigating Authority, if necessary, the Magistrate may, by order, authorize the Investigating Authority- (a) to enter, with such assistance, as may be required, the place or places where such books, registers, other documents and record are kept; (b) to search that place or those places in the manner specified in the order; and (c) to seize books, registers, other documents and record it considers necessary for the purpose of the investigation.

However, in case of a company intended to get its securities listed on any recognized stock exchange, order shall be passed only if such company indulges in insider trading or market manipulation. Further, records seized must be returned back to the company/body corporate after the conclusion of the investigation. Search and seizure, as aforesaid, shall be carried out in accordance with the provisions of the Cr.P.C. 1973 relating to searches or seizures made under the Code.

Abbreviation & Symbols

02 EXERCISE



List of standard Abbreviations

SYMBOL	MEANING
w/	with (something)
w/o	without
w/i	within
i.e.	that is
e.g.	for example
etc	et cetera, so forth
bc	because
b4	before
re:	regarding, about
esp	especially
min	minimum
max	maximum
govt	government
ASAP	as soon as possible



SYMBOL	MEANING
wrt	write
rt	right
yr / yrs	year, years
c.	circa, about, around, from the year
vs	versus, as opposed to
ch	chapter
Q A	question answer
ex	example
wd wds	word words
ref	reference
diff	difference
w.r.t	with reference to
w.e.f	with effect from

Beginning words abbreviation

- pol - politics
- gov - government
- subj - subject
- info - information
- intro – introduction

Ignoring vowels

- prblm - problem
- schl - school
- bkgd – background

Beginning words using last letter

- govt - government
- gov't - government
- interl – international
- inter'l – international

Ignoring 'ing'

- ckg - checking
- ckng - checking
- ck'g - checking

PageMaker: Page Formatting

03 EXERCISE

AIM

To create a new document using the default given options.

1. Open Pagemaker 7.0 and create a new document layout which includes the following setup options:
 - Page size – A4.
 - Number of Pages – 4.
 - Margins 1.25 inches- top, and .75 inches - all other sides.
2. Type the following text:

HAPPINESS

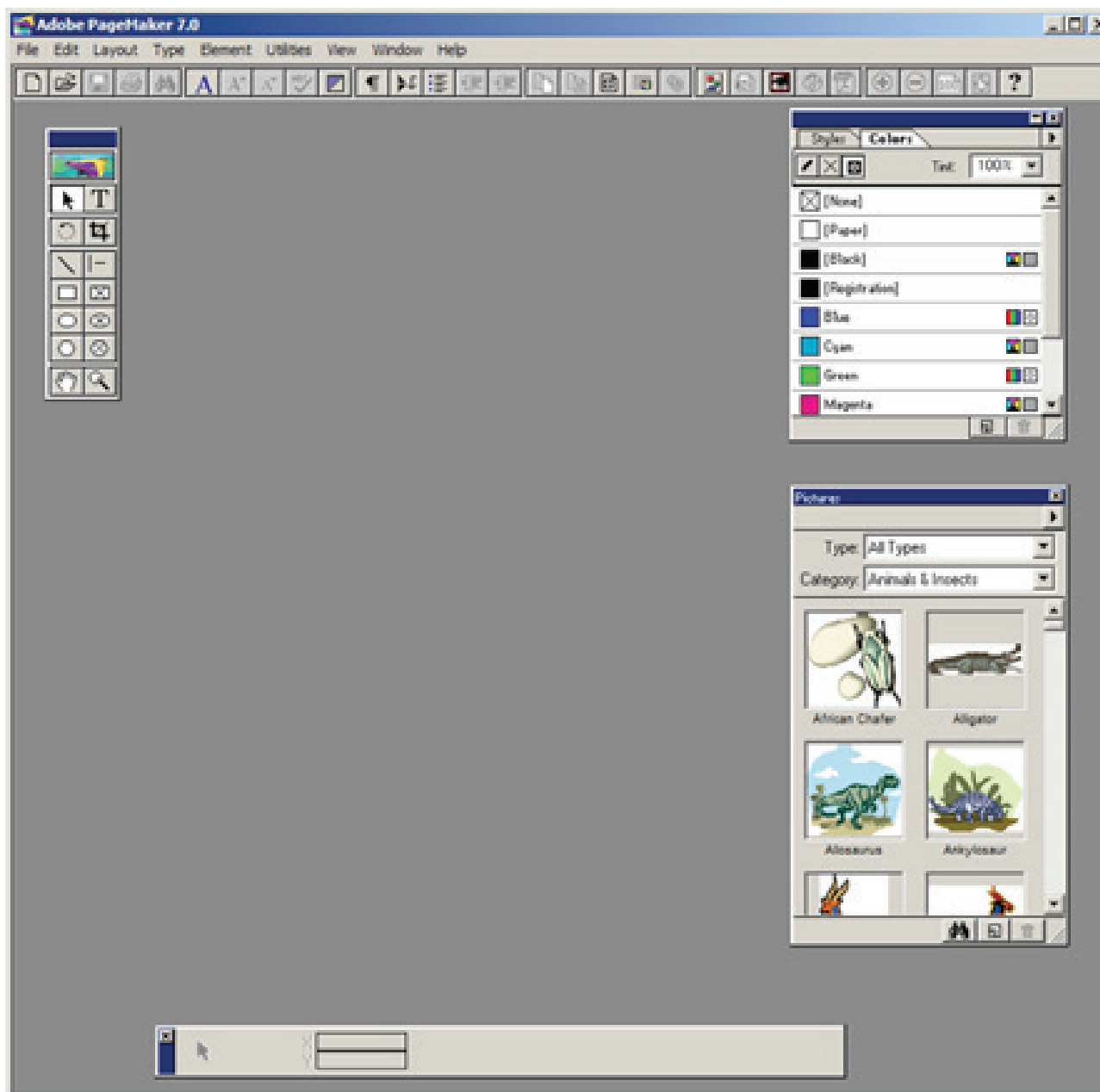
Happiness is often confused with fun, good living, and riches. Sometimes fun is equated with happiness. Fun is what we experience while doing an activity, whereas happiness is a residual and long-lasting feeling. The path to happiness is long and full of challenges. Happiness requires life-long pursuit.
3. Set the heading 'HAPPINESS' in 18 points, Arial font, bold and alignment centre.
4. Format the paragraph as follows:

(a) Font	–	Arial
(b) Font size	–	12
(c) Alignment	–	Justified
(d) Leading	–	20
5. Save the document as 'happiness'.

Procedure:

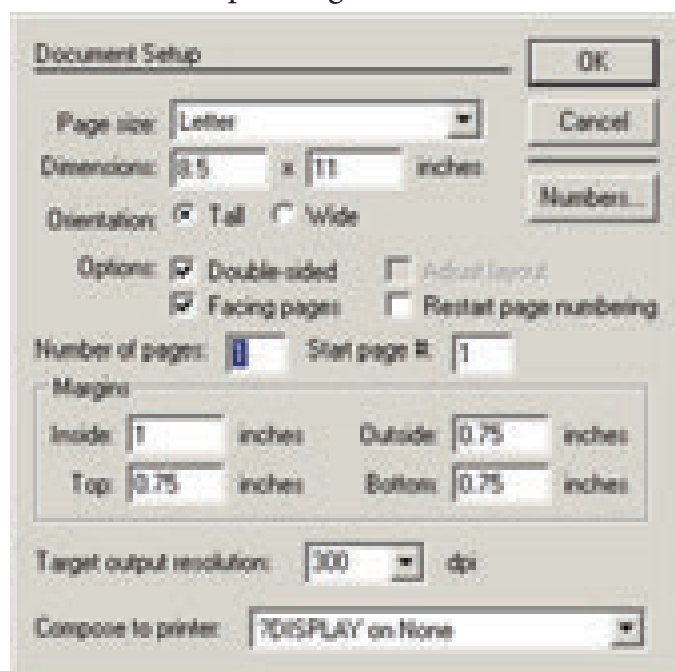
1. Start the PageMaker using the following commands.

Start -> All Programs -> Adobe -> PageMaker 7.0 -> Adobe PageMaker 7.0. The Adobe PageMaker window will be opened as shown in Figure.



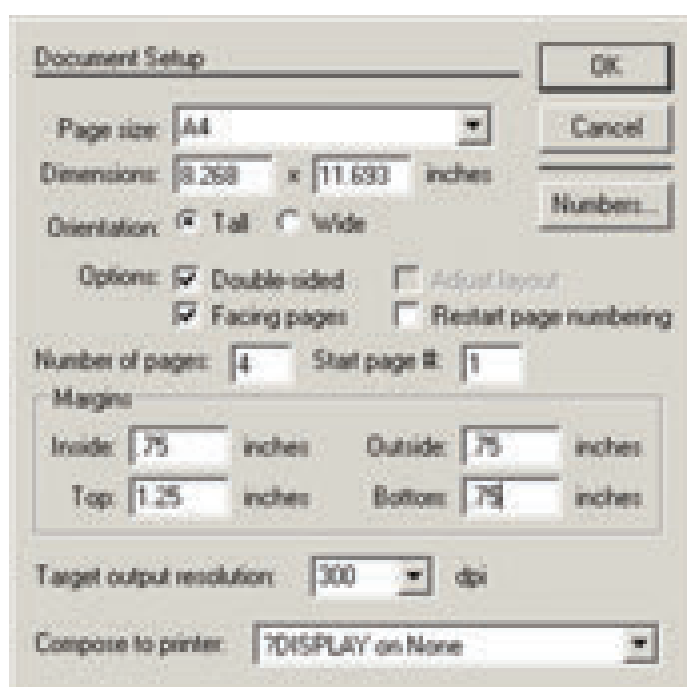
2. Choose File > New in the menu bar. (or) Press Ctrl + N in the keyboard.

This opens the Document Setup dialog box.

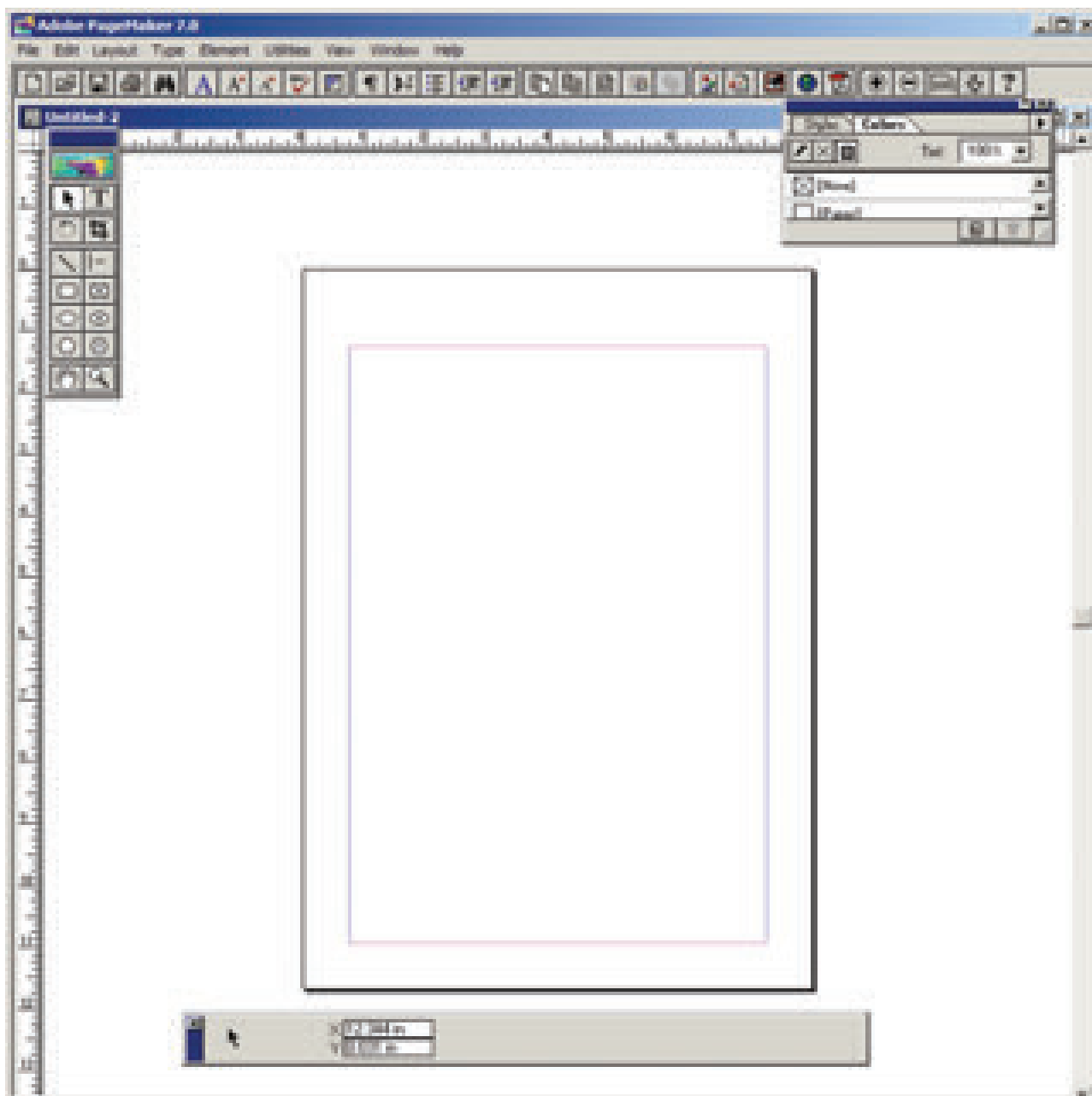


- Click the Page Size drop down list box and select A4 size.
- In the Number of pages text box, type 4.
- Set the values in the Margins sections as follows :

Inside	–	– 0.75 inches
Outside	–	0.75 inches
Top	–	1.25 inches
Bottom	–	0.75 inches



3. Click on OK. Now a new document called Untitled – 1 will appear on the screen as shown in Figure.

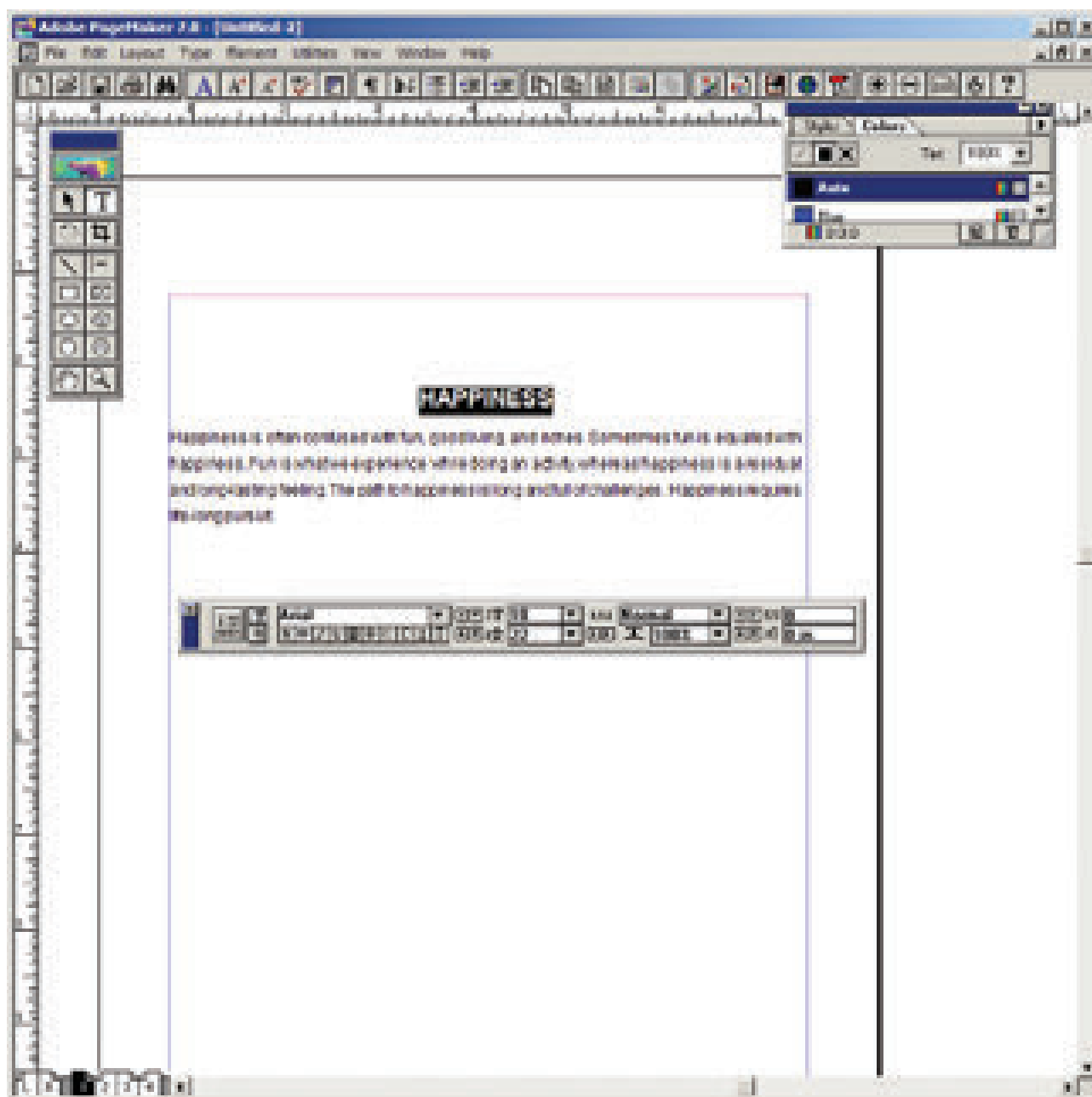


4. Click on the Text tool and create a text block. Then type the following text in the text block.

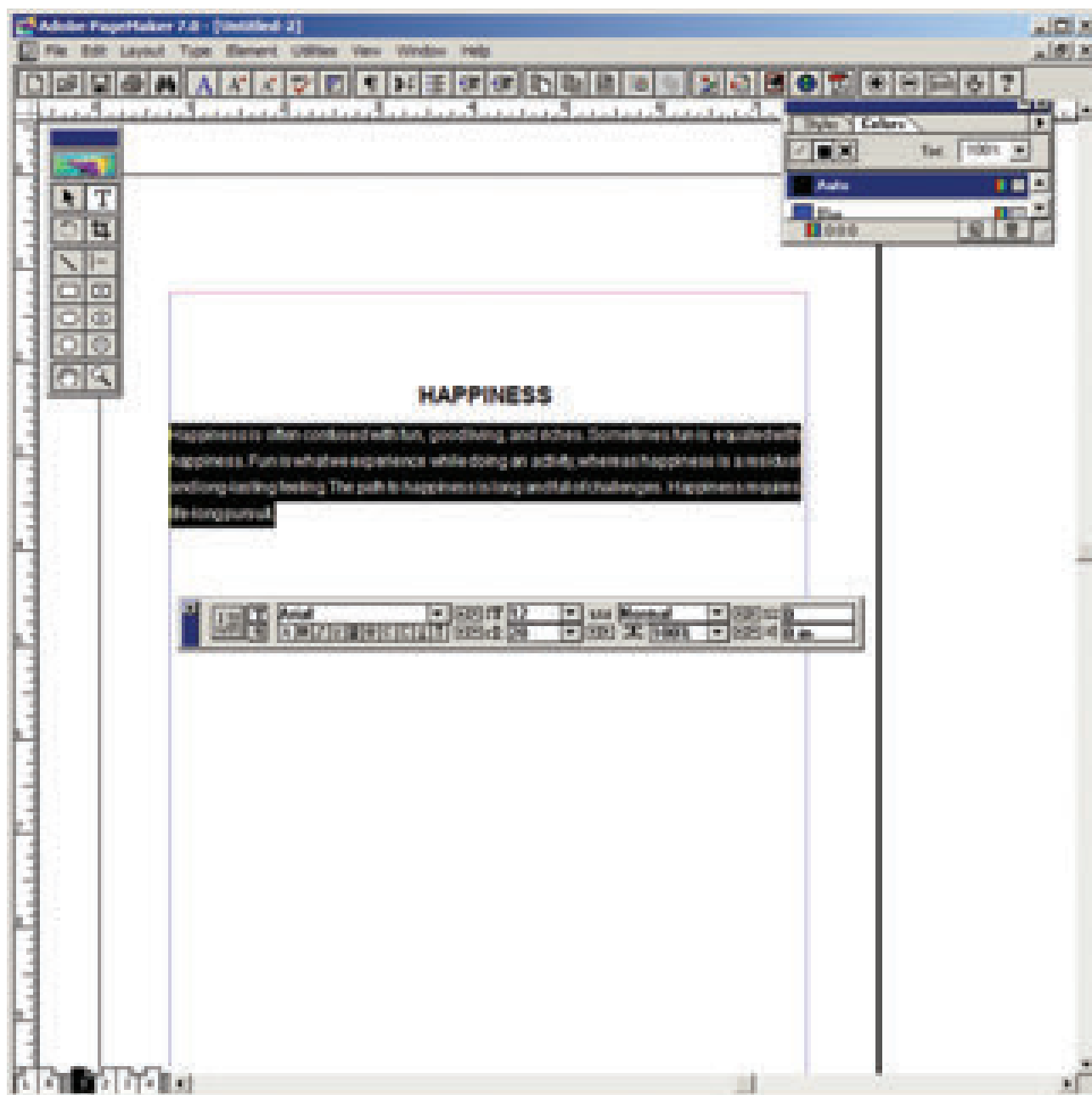
HAPPINESS

Happiness is often confused with fun, good living, and riches. Sometimes fun is equated with happiness. Fun is what we experience while doing an activity, whereas happiness is a residual and long-lasting feeling. The path to happiness is long and full of challenges. Happiness requires life-long pursuit.

5. Select the word 'HAPPINESS' with Text tool. Using Character Control Palette, change the font to Arial, font size to 18, and Leading 22. Then click on Bold button. Then press Shift + Ctrl + C for centre alignment.

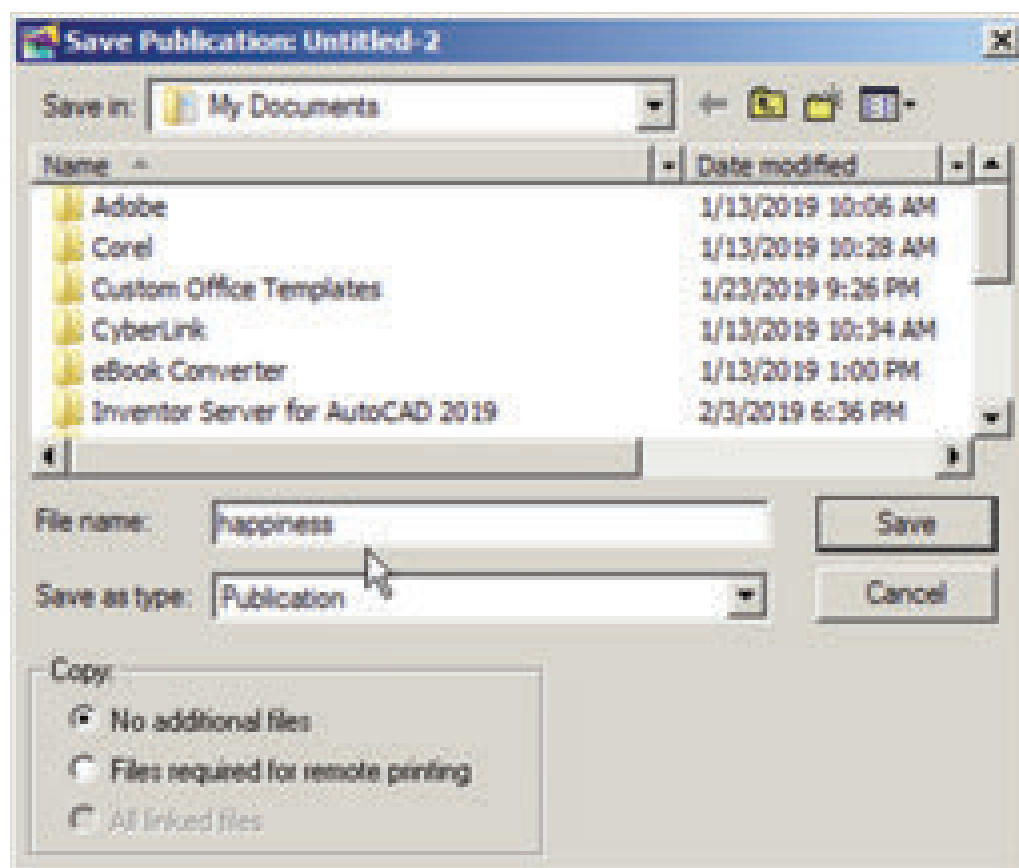


6. Select the paragraph with Text tool. Using Character Control Palette, change the font to Arial, font size to 12, and Leading 20. Then press Shift + Ctrl + J for Justify.



7. To save the document as 'happiness'

(a) Press Ctrl + S (or) Choose File > Save in the menu bar. Save publication dialogue box appears. Type 'happiness' in the File name text box and press Save button.



Output:

HAPPINESS

Happiness is often confused with fun, good living, and riches. Sometimes fun is equated with happiness. Fun is what we experience while doing an activity, whereas happiness is a residual and long-lasting feeling. The path to happiness is long and full of challenges. Happiness requires life-long pursuit.

Conclusion:

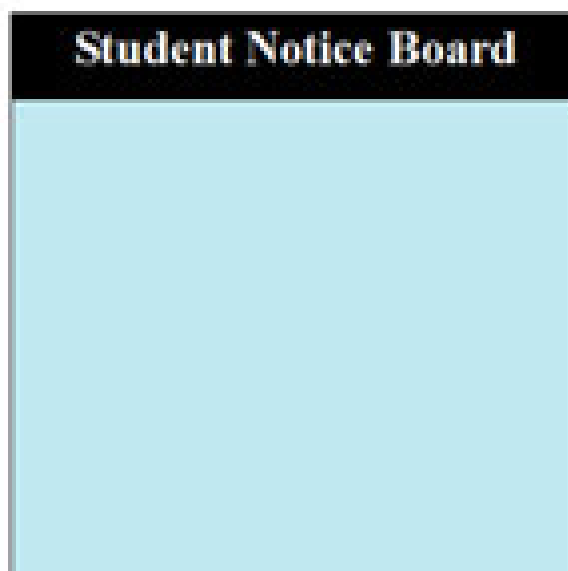
The expected output is achieved.

PageMaker: Creating Notice Board

AIM

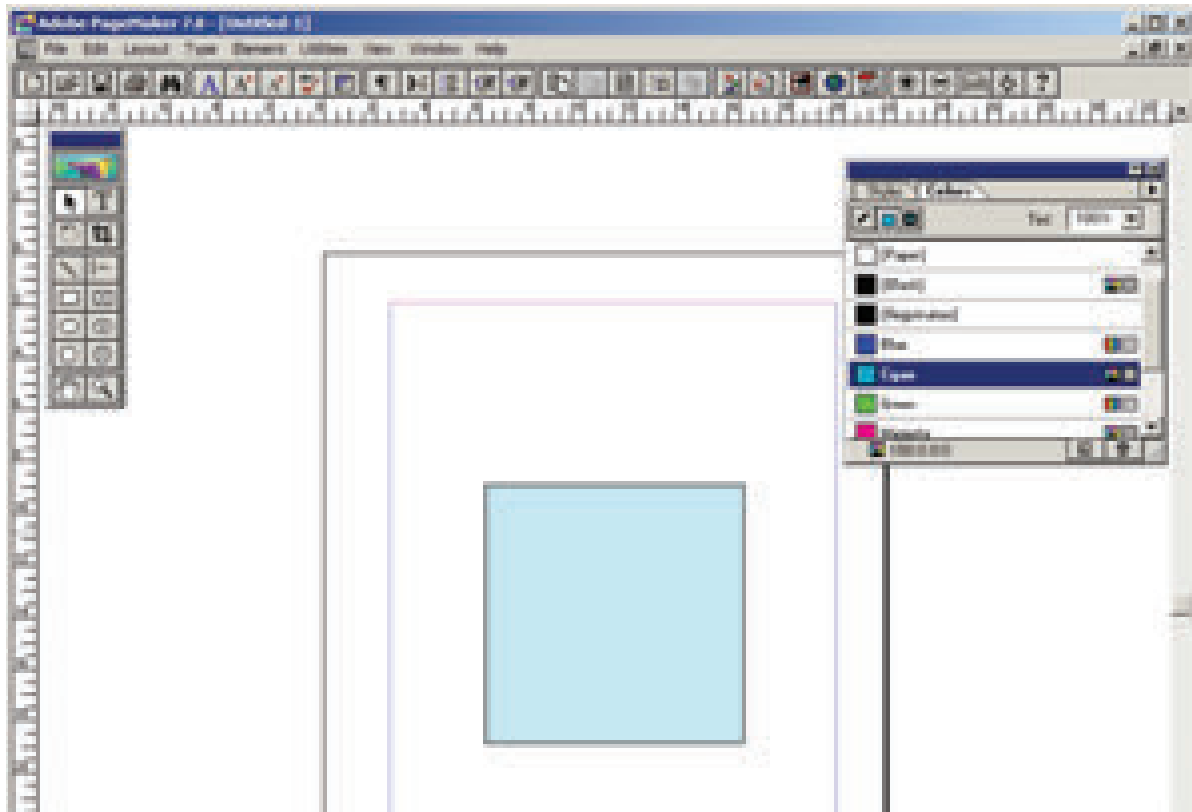
To create a Student Notice Board.

Create a Student Notice Board using PageMaker.

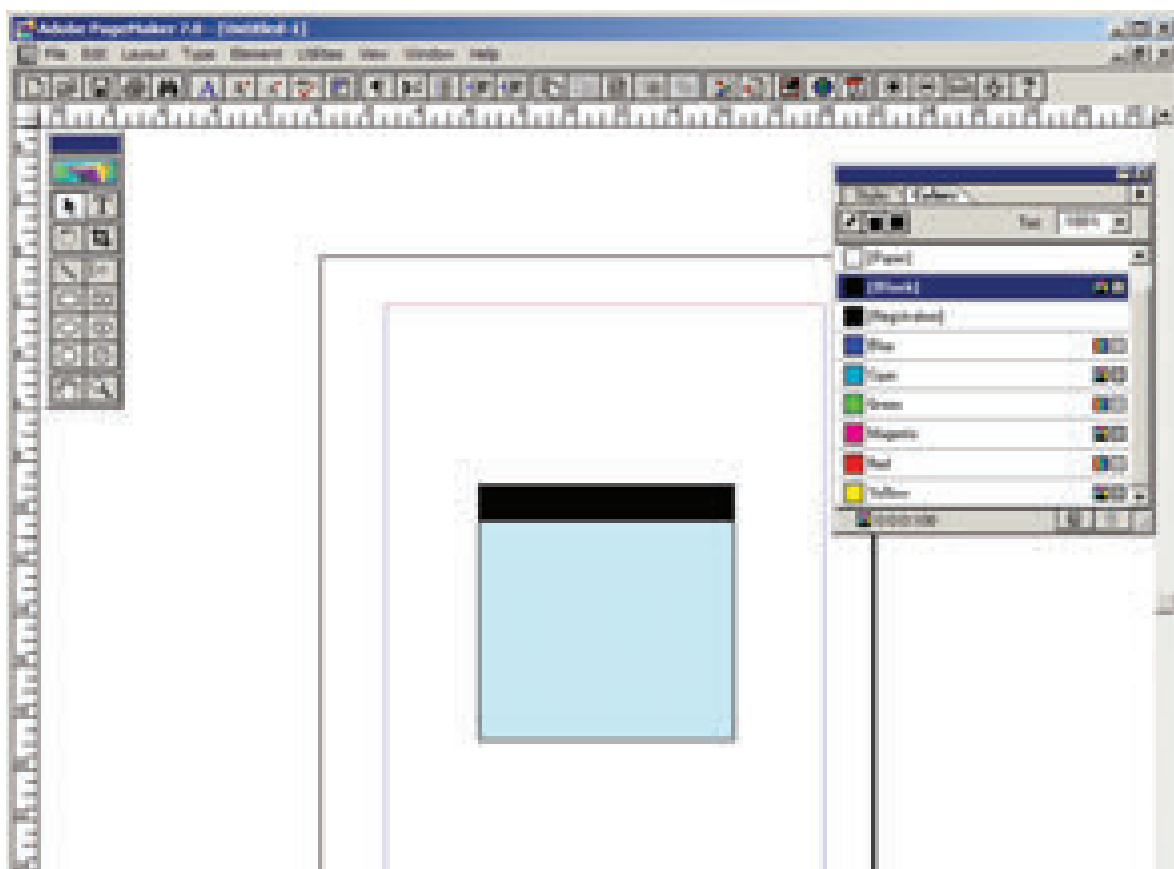


Procedure:

1. Start the PageMaker using the following commands.
Start -> All Programs -> Adobe -> PageMaker 7.0 -> Adobe PageMaker 7.0. The Adobe PageMaker window will be opened.
2. Choose File > New in the menu bar (or) Press Ctrl + N in the keyboard.
This opens the Document Setup dialog box.
3. Click on OK button.
Now a new document called Untitled – 1 will appear on the screen.
4. Create a box with dimension 100 mm x 100 mm using the Rectangle tool. Fill it with cyan colour and change the percentage value of tint to 25%. The resulting box is as shown in Figure.



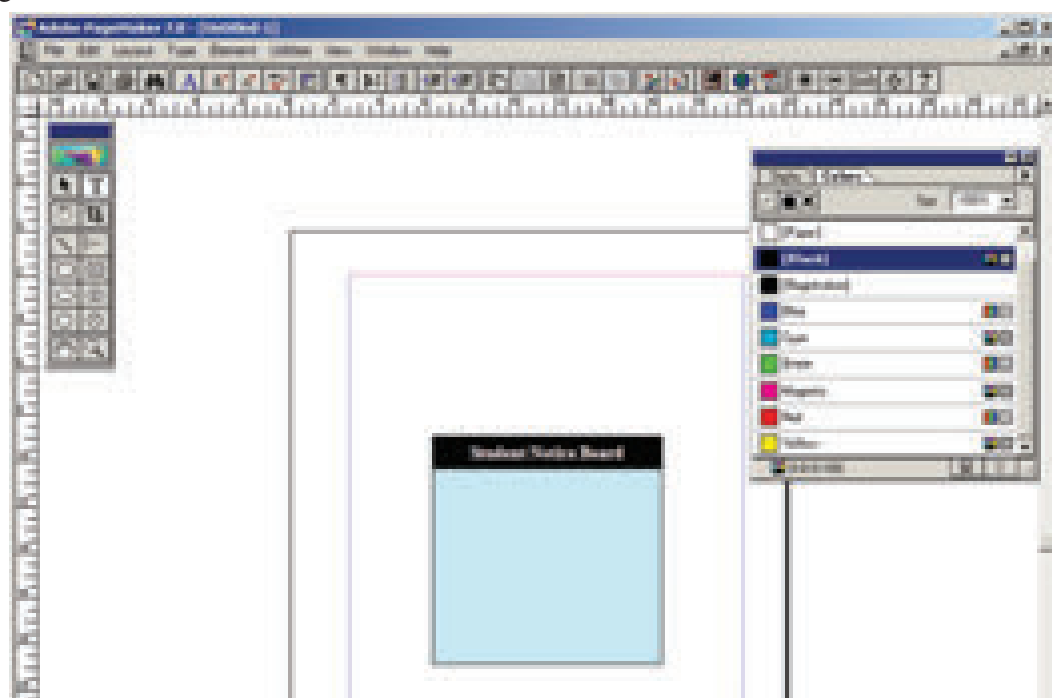
5. Similarly create another box with dimension 100 mm x 15 mm. Fill it with black colour and place it on the top portion of the cyan filled box as shown in figure.



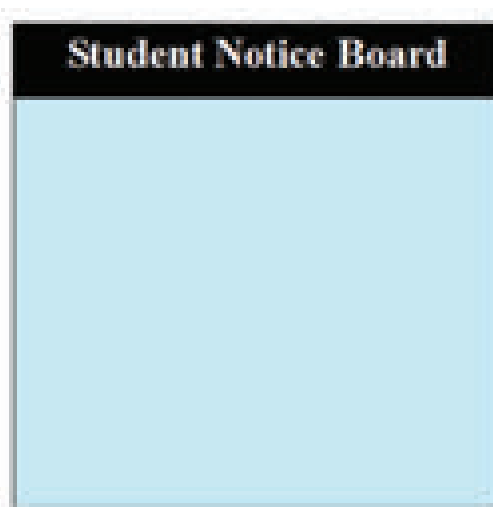
6. With the text tool click and drag the mouse from the left corner to the right corner of the black filled box and type the following words “Student Notice Board”.

The colour of the text and the colour of the box will be same black colour. As soon as you finish typing press Ctrl + A in the keyboard which will select the entire text.

Using Character Control palette change the font size to 20 points and click on the Bold button. Then click on the Reverse button which will change the colour of the text to white and press Shift + Ctrl + C for centre alignment. The result is as shown in Figure.



Output



Conclusion

The expected output is achieved.

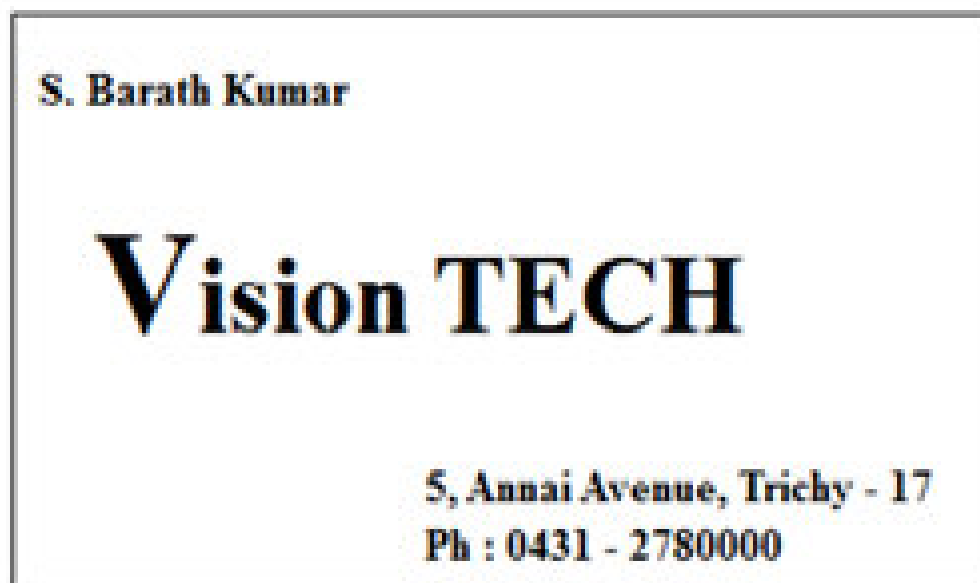
PageMaker: Creating Visiting Card

05 EXERCISE

AIM

To create a Visiting Card using PageMaker software.

Create the following Visiting Card using PageMaker.



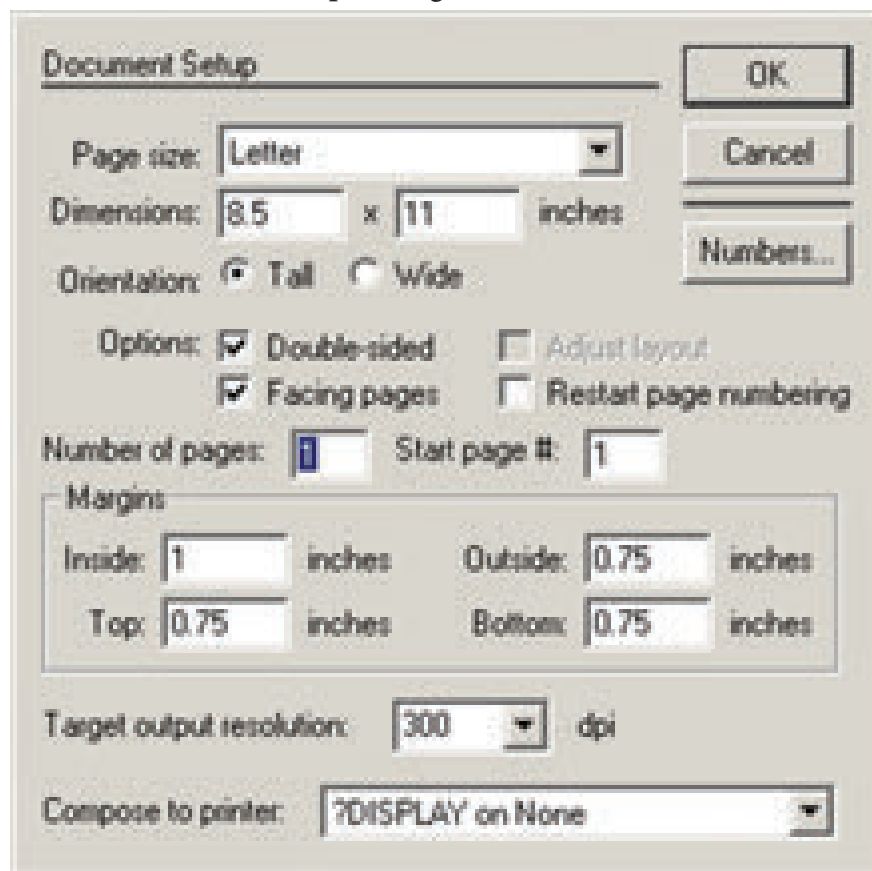
Procedure:

1. Start the PageMaker using the following commands.

Start -> All Programs -> Adobe -> Pagemaker 7.0 -> Adobe PageMaker 7.0. The Adobe PageMaker window will be opened as shown in Figure 1.1.

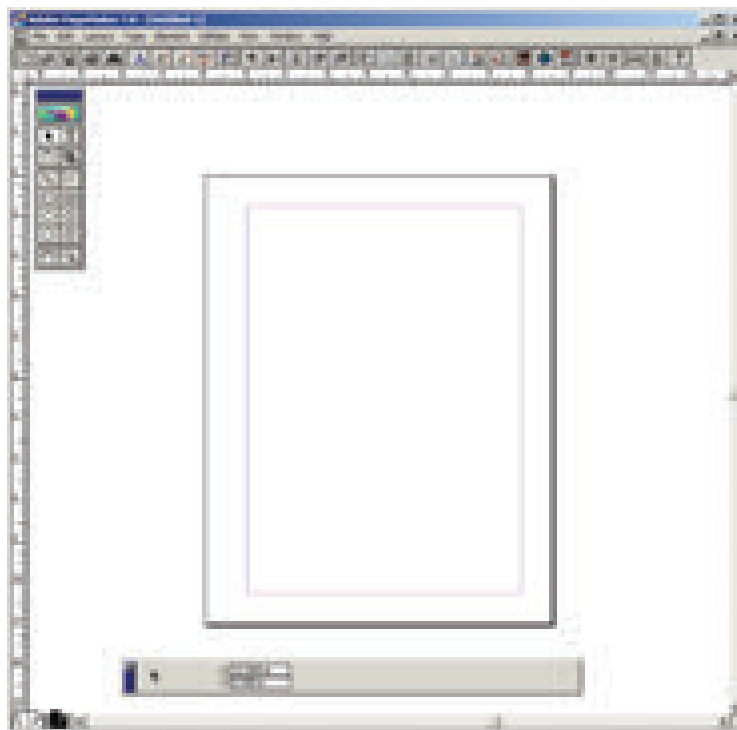


2. Choose File > New in the menu bar (or) Press Ctrl + N in the keyboard.
This opens the Document Setup dialog box.



3. Click on OK.

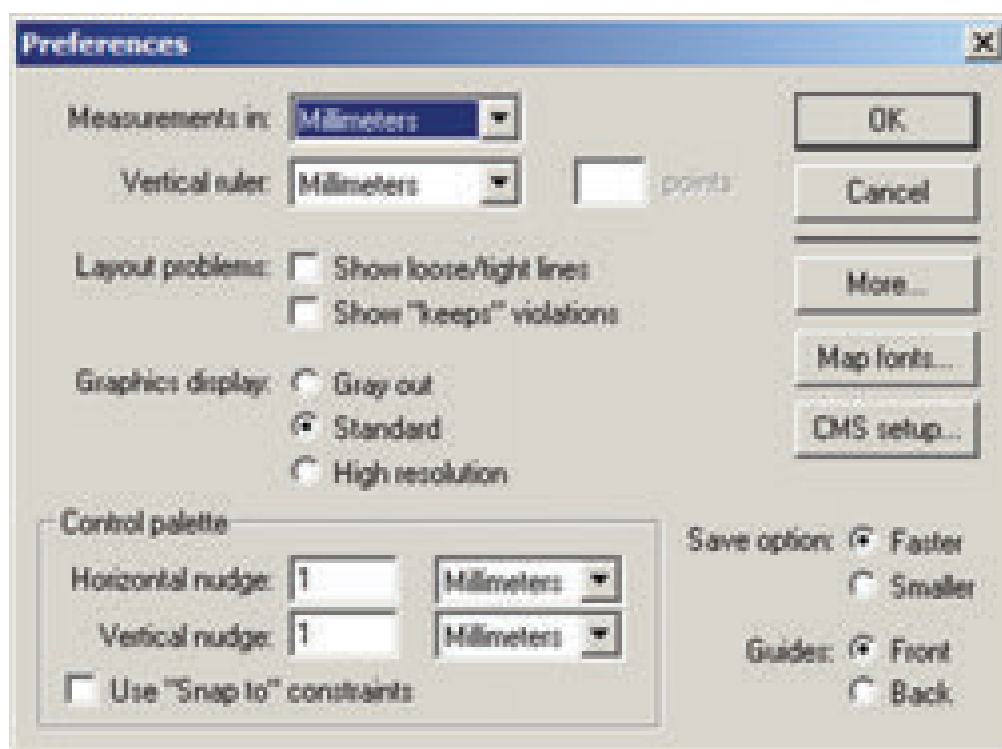
Now a new document called Untitled – 1 will appear on the screen as shown in Figure.



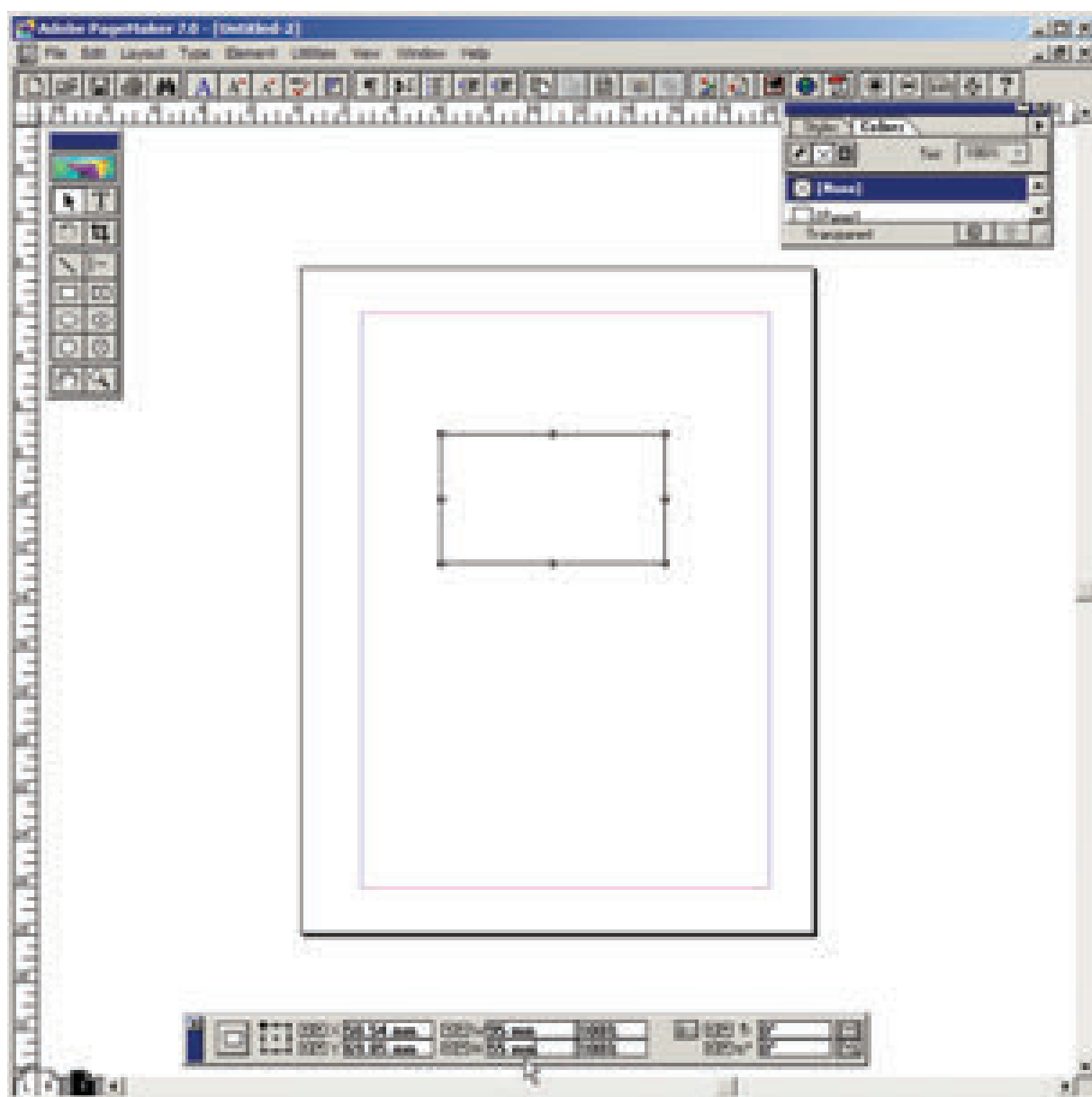
4. Now you can change Measuring Units from Inches to Millimeters.

Choose File > Preferences > general (or) Press Ctrl + K. Now Preferences dialogue box appears.

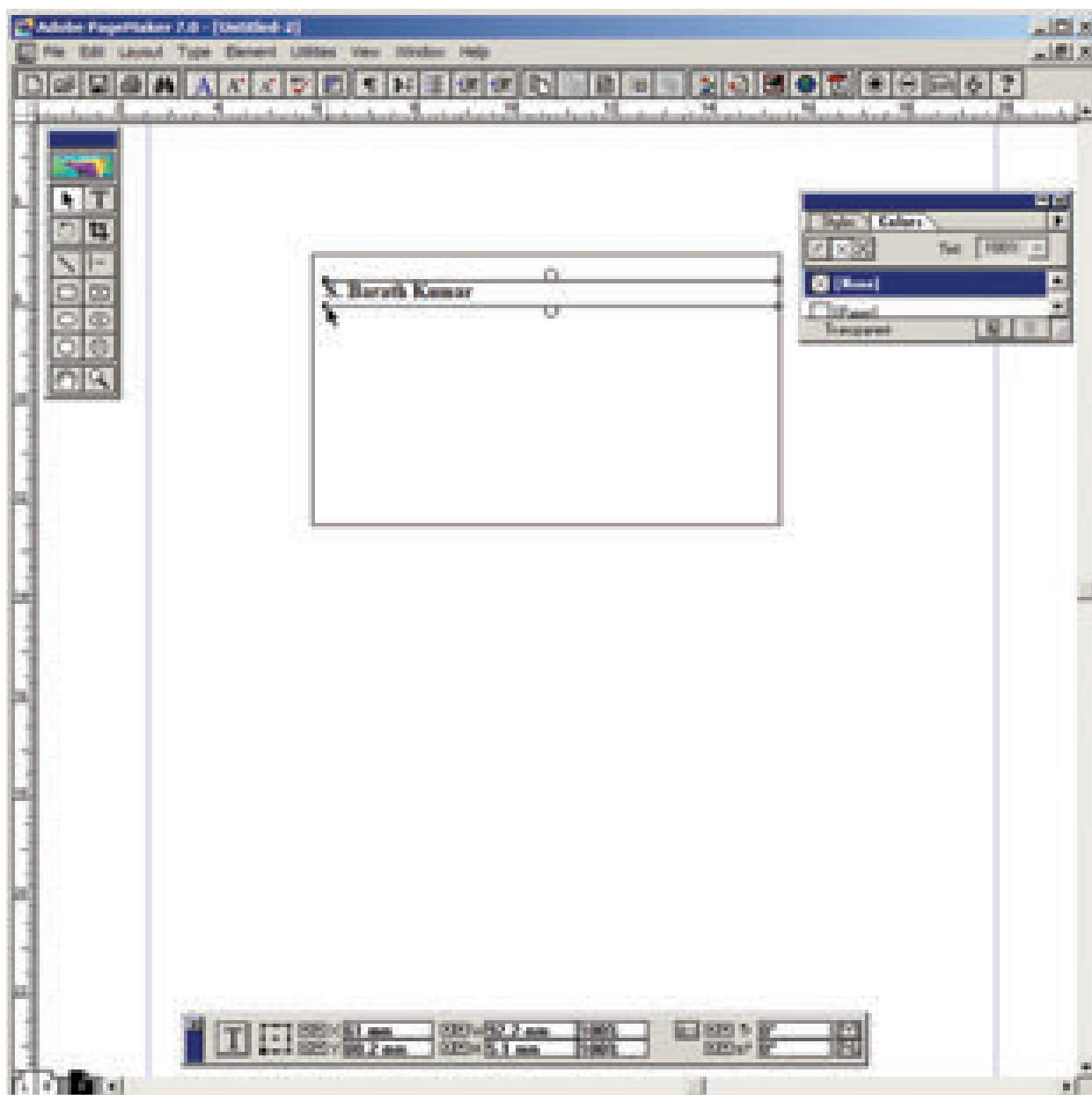
Change the unit of Measurements and Vertical ruler to Millimeters.



5. Select the Rectangle Tool from the Tool box and draw a rectangle.
6. Using Control Palette, the width and height value of the rectangle has to be set to 95 mm and 55 mm respectively.

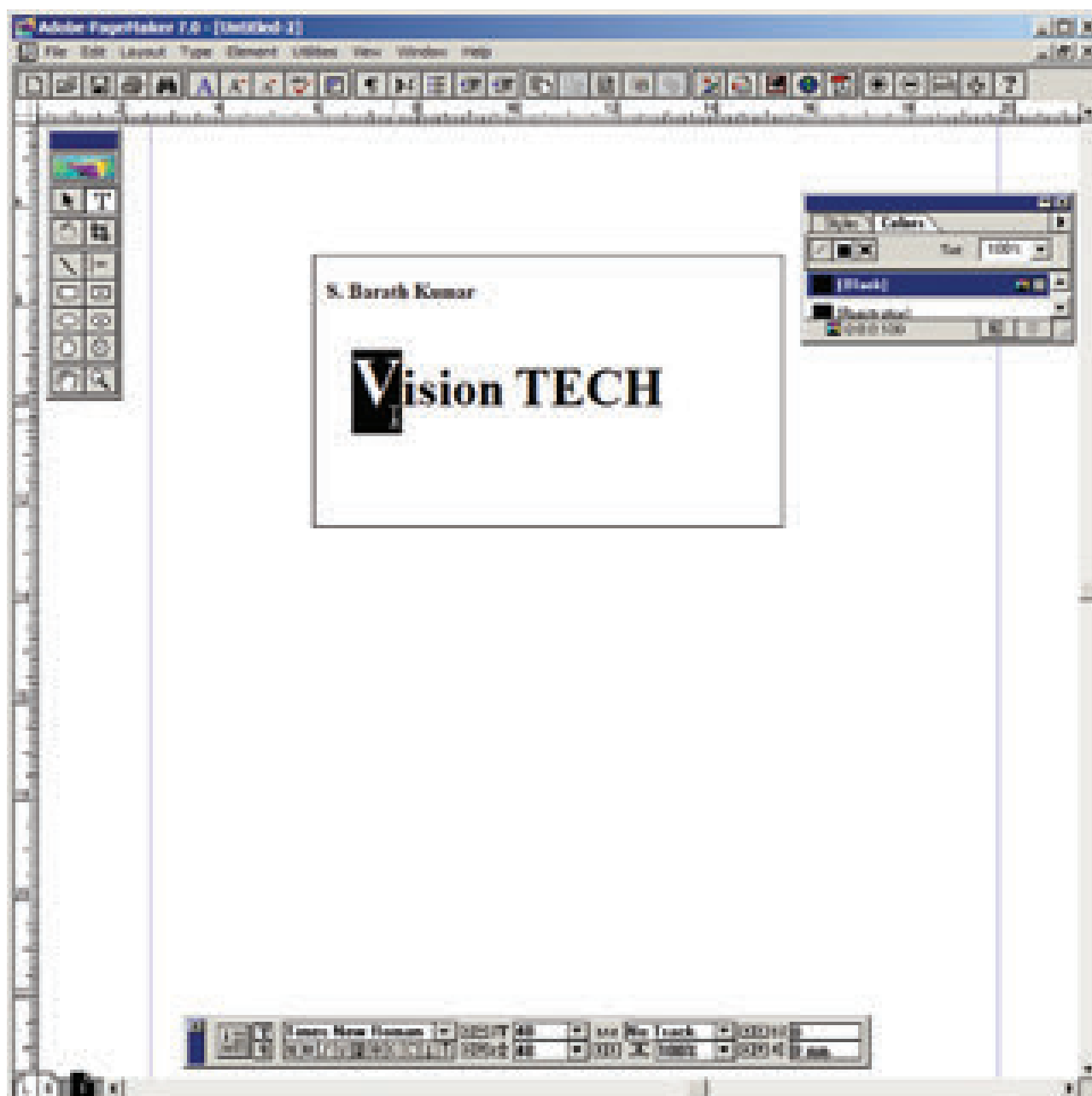


7. Select the Text Tool in the Tool box. Then drag from the left corner of the rectangle box to the right corner to specify the boundary of the text that is to be typed.
8. Type the Name of the person and select it using Text tool. Choose suitable Font and Font Size from the Control Palette. Then move it a little bit towards right side.

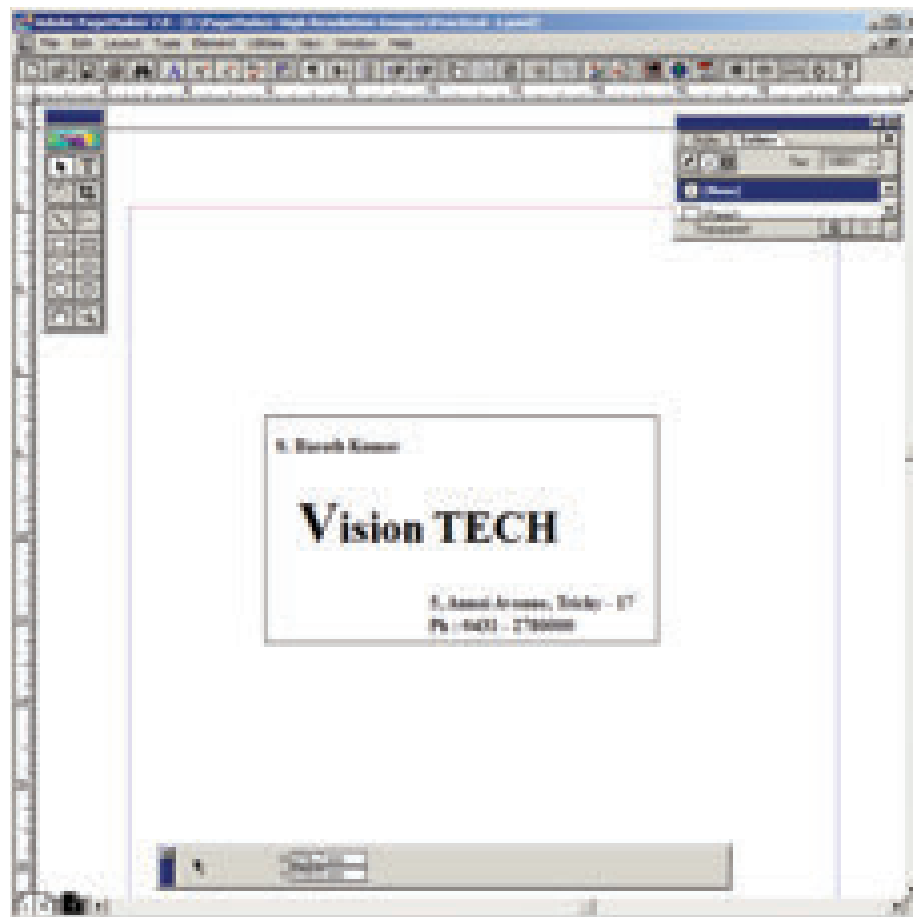


9. Repeat the step 7. Then type the Company name and select it using Text tool. Choose suitable Font and Font Size from the Control Palette. Then move it a little bit towards right side.

Select the First character using the Text tool and increase the font size.



10. Repeat the step 7. Then type the Company Address and select it using Text tool. Choose suitable Font and Font Size from the Control Palette. Then move it towards right side.



Output:



Conclusion

The expected output is achieved.

AIM

To create a Label using PageMaker software.

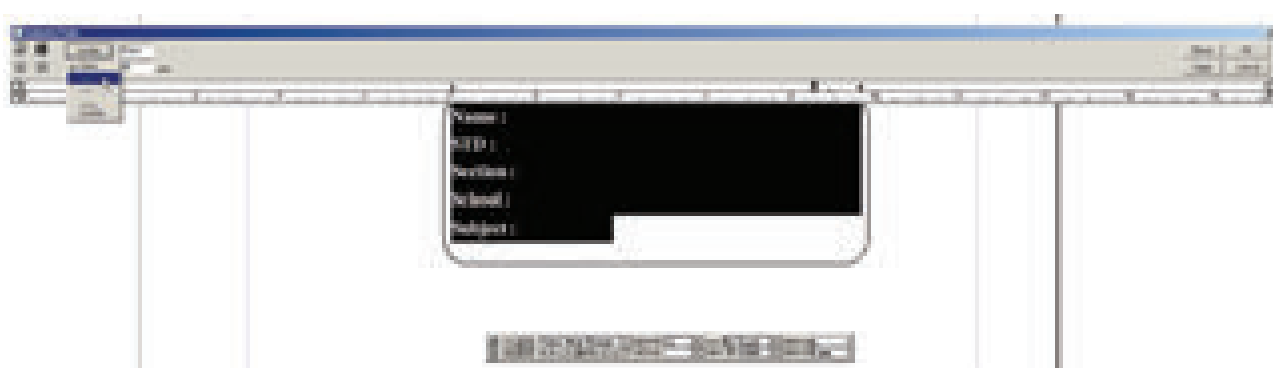
Create the following Label using PageMaker.

Name :
STD :
Section :
School :
Subject :

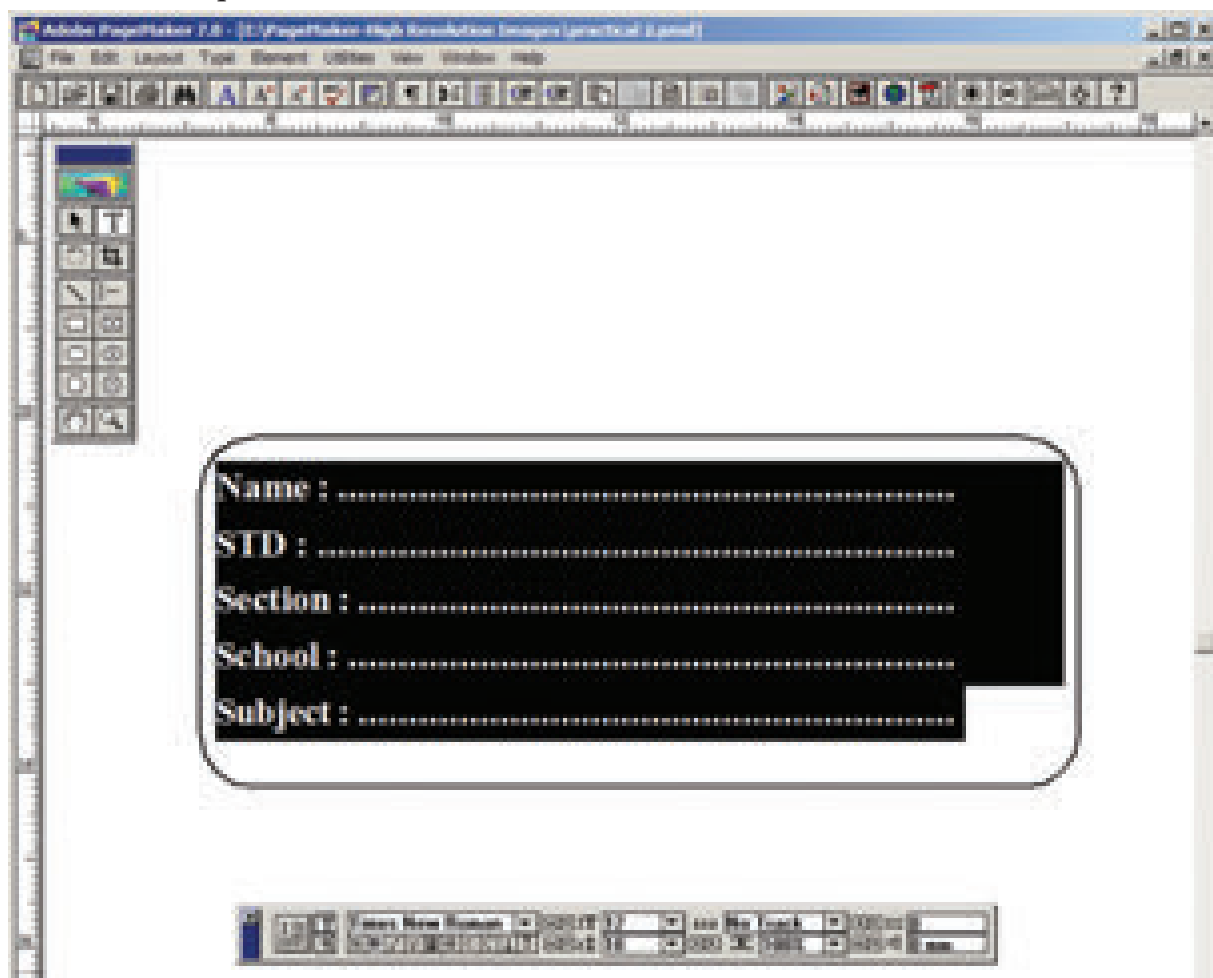
Procedure:

1. Start the PageMaker using the following commands.
Start -> All Programs -> Adobe -> Pagemaker 7.0 -> Adobe PageMaker 7.0.
2. Choose File > New in the menu bar (or) Press Ctrl + N in the keyboard.
This opens the Document Setup dialog box.
3. Click on OK.
Now a new document called Untitled – 1 will appear on the screen.
4. Now you can change Measuring Units from Inches to Millimeters.
Choose File > Preferences > general (or) Press Ctrl + K. Now Preferences dialogue box appears.
Change the unit of Measurements and Vertical ruler to Millimeters.

5. Select the Rectangle Tool from the Tool box and draw a rectangle.
6. Using Control Palette, the width and height value of the rectangle has to be set to 100 mm and 40 mm respectively.
7. Choose Element > Rounded corners from the menu bar.
8. Choose the required shape from the rounded corners dialog box. Now the rectangle appears with the rounded corners.
9. Select the Text Tool in the Tool box and create a text block within the rectangle.
10. Type Name : and press a Tab key and then press Enter key.
Type STD : and press a Tab key and then press Enter key.
Type Section : and press a Tab key and then press Enter key.
Type School : and press a Tab key and then press Enter key.
Type Subject : and press a Tab key.
11. Select all the text using Text tool.
12. Choose Type > Indents / Tabs (or) press Ctrl + I.
13. Set a right tab at the value 90 mm and choose the dotted line style from the leader option and then press Apply button.



14. Now the required label is created.



Output:

Name :

STD :

Section :

School :

Subject :

Conclusion:

The expected output is achieved.

MySQL: Usage of Commands in Data Base

07 EXERCISE

AIM

To execute following DDL [Data definition Language] and DML [Data manipulating Language] MySQL queries

1. CREATE - to create a database and its objects like (table, index, views, store procedure, function, and triggers)
2. ALTER - alters the structure of the existing database.
3. DROP - delete objects from the database.
4. SELECT - retrieve data from a database.
5. INSERT - insert data into a table.
6. UPDATE - updates existing data within a table.
7. DELETE - Delete all records from a database table.

Procedure:

1. Open MySQL command prompt from XAMPP Control panel.
2. To login in to your Database using User name and password.
3. Execute and get the output of given DDL MySQL queries.

SYNTAX:

Based on the below syntax queries are built and executed.

- * CREATE DATABASE testDB;
- * CREATE TABLE table_name (column1datatype,column2datatype,column3datatype,);
- * ALTER TABLE `table_name` ADD COLUMN `column_name` `data_type`;
- * DROP DATABASE databasename;
- * SELECT * FROM TABLE NAME
- * INSERT INTO table_name(field1, field2,...fieldN) VALUES (value1, value2,...valueN);
- * UPDATE table_name SET field1 = new-value1, field2 = new-value2 [WHERE Clause]
- * DROP TABLE table_name ;

PROGRAM:

```
CREATE DATABASE SchoolDB;
```

```
CREATE TABLE student(  
    studentID int,  
    LastName varchar(255),  
    FirstName varchar(255),  
    Address varchar(255),  
    City varchar(255)  
);
```

```
ALTER TABLE `members` ADD COLUMN `credit_card_number` VARCHAR(25);
```

```
DROP DATABASE SchoolDB
```

```
SELECT * FROM student
```

```
INSERT INTO student (studentID ,LastName , FirstName,Address,City ) VALUES  
    ("002", "Ram","Kumar", "ROJA NAGAR","CHENNAI");
```

```
SELECT * FROM student
```

```
UPDATE student SET LastName = 'SRI' WHERE studentID = 003;
```

```
SELECT * FROM student
```

```
DROP TABLE student ;
```

```
SELECT * FROM student
```

OUTPUT:

Database created

Table created:

studentID	LastName	FirstName	Address	City
------------------	-----------------	------------------	----------------	-------------

Table Altered

Database dropped

StudentID	LastName	FirstName	Address	City
101	C	Priya	1, new street	Trichy
202	S	Ramu	5, North garden St	Madurai

One row inserted.

StudentID	LastName	FirstName	Address	City
101	C	Priya	1, new street	Trichy
202	S	Ramu	5, North garden St	Madurai

002	Ram	Kumar	ROJA NAGAR	CHENNAI
003	R	Krishna	Park Street	Coimbatore

StudentID	LastName	FirstName	Address	City
101	C	Priya	1, new street	Trichy
202	S	Ramu	5, North garden St	Madurai

002	Ram	Kumar	ROJA NAGAR	CHENNAI
003	SRI	Krishna	Park Street	Coimbatore

Table dropped.

Table not found.

AIM

To create and execute a basic PHP programing

Procedure:

1. Start Xampp server (Apache)
2. Goto virtual path folder (C:\xampp\htdocs)
3. Create test.php file and type the program
4. Execute the program on your Web browser using by this URL link (<http://localhost/test.php>)

PROGRAM:

```
<html>
<body>
<?php
echo "Welcome to Our School";
$color = "blue";
echo "My car is " . $color . "<br>";
echo "My dress is " . $COLOR . "<br>";
echo "My box is " . $coLOR . "<br>";
// test whether a number is greater than 30, 20 or 10 using ternary operator
functiontrinary_Test($n){
```



```
$r = $n > 30
? "greater than 30"
: ($n > 20
? "greater than 20"
: ($n > 10
? "greater than 10"
: "Input a number atleast greater than 10!"));
echo $n." : ".$r."\n";
}
trinary_Test(32);
trinary_Test(21);
trinary_Test(12);
trinary_Test(4);
?>
</body>
</html>
```

OUTPUT:

Welcome to Our School

My car is blue

My dress is

My box is

32 : greater than 30

21 : greater than 20

12 : greater than 10

4 : Input a number atleast greater than 10!

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GLOSSARY

Abdicate	Disown, turndown, reject etc.
Accomplishment	Something remarkable that has been done or achieved.
Afford	Able to spare enough money , time etc.
Alternative	Necessitating a choice between mutually exclusive possibilities.
Anger	Displeasure.
Authority	<ul style="list-style-type: none"> • People who have power to make decisions. • The power or right to give orders, make decisions, and enforce obedience.
Autocratic Leader	Also called authoritarian leadership style is exemplified when a leader dictates policies and procedures, decides what goals are to be achieved, and directs and controls all activities without any meaningful participation by the subordinates.
Barrier	A barrier is a physical structure which blocks.
Body language and tone	Maintaining body language as well as tone in an acceptable manner while communicating is one of the most important things to do in the workplace.
Budget	An estimate of income and expenditure for a set period time.
Channel	The means of transmitting information between a sender and receiver is one of the most important factors to affect the communication process.



Charisma	Charisma was used by Weber to describe one of three principal types of political authority. To Weber charisma was a personal quality of attraction and psychological power, capable of inspiring deep political loyalty in large numbers of people.
Cognitive Thinking	Thinking through mind.
Communication Gap	Communication Gap is when the meaning intended by the speaker or sender is not what is understood by the recipient.
Completeness	Effective communication transmits a complete message so that the receiver can understand the full meaning of the message.
Component	Part that it is made of.
Conciseness	Another important quality of effective communication is that the message should be concise.
Concreteness	Business communication becomes effective-when it excludes irrelevant facts.
Conflict	State of mind in which it is impossible to make a decision.
Consciously	State or quality of awareness.
Contingency	A chance, accident or possibility conditional on something uncertain.
Conversant	It means to be familiar by use or study.
Cooperation	Cooperation can usually be preserved when a new member is introduced.
Co-operative Society	An autonomous association of persons united voluntarily to meet their common economic, social and cultural needs.
Coordination	It is concerned with the objective of harmonizing the activities of the different departments of an enterprise in order to achieve the common goal.
Correctness	The effective communication contains only the correct messages.





Creative Thinking	Thought for inventing and making of new kinds of things.
Cultural Barriers	Modern business is conducted in a global community, whether it's the mix of staff in the workplace, or working with colleagues, suppliers, and retailers in other parts of the world.
Curb	A check or restraint on something.
Decentralization	Means assignment of certain functions to agent of central or state government in the field in order to lesser their worked and for better administration.
Decidere	To cut off.
Deconcentration	It means assignment of certain functions to agent of central or state government in the field in order to lesser their workload and for better administration.
Delegation	Delegation is the dispersal of authority by a superior to this subordinate to accomplish the assigned tasks.
Delegation	Delegation is the assignment or obligation of any responsibility or authority to another person to carry out specific activities.
Deliberately	Consciously and intentionally doing something
Democratic Leadership	Also known as participative leadership or shared leadership, is a type of leadership style in which members of the group take a more participative role in the decision-making process.
Description	A description of someone or something is an account which explains what they are or what they look like.
Determination	Quality shown by a person while doing a job.
Devolution	It is defined as transfer of power from higher to lower units of an administrative system.
Direction	It is concerned with issuing the orders and instructions to the subordinates.





Echelons	A level of worthiness, achievement or reputation.
Effective Listening	The communicator is also an effective listener.
Embassy	The official residence or offices of an ambassador.
Emotional Barriers	Self-confidence plays an enormous role in breaking down psychological barriers.
Emphasis	Extra or special importance that is given to an activity.
Evaluation	It is a systematic determination of a subject's merit, worth and significance using criteria governed by set of standards.
Executive	Senior level employee who makes decision in a business.
Exercising	Use or apply.
Expansion	Process of becoming greater in size, number or amount.
Experimentation	Analysis of a fact scientifically.
Expertise	Knowledge that is acquired by training study or practice.
Extrinsic Motivation	Extrinsic motivation refers to behaviour that is driven by external rewards such as money, fame, grades, and praise. This type of motivation arises from outside the individual.
Feedback	Effective communication always keeps the provisions of feedback.
Financial Duties	Handling cash/bank accounts, payment of bills, taxes, salaries etc., Employers investments, income-tax returns, making payments for insurance policies.
Fluctuated	Having unpredictable ups and downs.
Formulated	Set out in detail.
Frustrate	Make ineffective.





Functional Leadership	A leader who is expertise in one functional specialization department. It is a specific leader behaviors expected to contribute to organizational or unit effectiveness. This theory argues that the leader's main job is to see that whatever is necessary to group needs is to group effectiveness.
Functional Organization	A functional organization is a common type of organizational structure in which the organization is divided into smaller groups based on specialized functional areas, such as production, finance, or marketing.
Gender Barriers	Men and women are different, and while workplace relations between genders have improved astronomically over recent years, there are times when communications break down for one reason or another.
Grapevine Communication	Grapevine communication is a form of informal communication. It arises due to the co-existence of people.
Hidden Opportunities	Unseen favourable chance.
Hierarchy of Needs	Different types of things that people need, from the basic biological needs to safety, love and belonging, esteem, and finally to self-actualization.
Horizontal Communication	It is the transmission of information between people, divisions, departments or units within the same level of organizational hierarchy.
Household and social duties	The private secretary holds a residential post.
Ignoring	Fail to notice / ignorance is a state of being uninformed.
Implication	The effect that an action or decision will have on something else in the future. An example of a business implication is how a theory could affect the motivation process of an organization.



Incentive	Incentive is a motivating influence that makes a person to do something or work harder. An example of incentive is extra money offered to those employees who work extra hours on a project.
Indoctrinating	Indoctrinating refers to training the organizational members with the goals and mission of the organization can transform a neutral body into a committed body.
Influence	The power to make other people agree with your opinions.
Integrative Force	It is mainly concentrated about what, when, where and who to do the work.
Intellectual	Involving a person's ability to think and to understand ideas and information.
Interpersonal bBarriers	Poor self-esteem or an inability to make connections with others can prohibit us from actually communicating with our colleagues.
Intrinsic Motivation	Intrinsic motivation is when you do something because you enjoy it or find it interesting. This type of motivation originates inside the individual.
Laissez-faire Leadership	Leadership style in which leaders are hands-off and allow group members to make the decisions.
Language Barriers	Communicating with people whose native language is not English can pose problems.
Leader	The person who leads or commands a group, organization, or country.
Lethargic	Sluggish or apathetic.
Limiting Factor	Things which are preventing effective decision making.
Line and Staff Organization	Line function directs and staff function supports organization with specialized advisory and support functions. Authorities establish goals and directives that are then fulfilled by staff.



Line Organization	Superior delegates authority to another subordinate and so on, forming a line from the very top to the bottom of the organization structure.
Manager	A person responsible for controlling and administering a organization or group of people.
Mechanism	A system of parts working together in a machine.
Message	Message is a discrete unit of communication intended by the source for consumption by some recipient or group of recipients.
Mistrust	If there is mistrust between two employees or groups, communication gap emerges, because either of them does not either want to convey proper message or does not convey the message at all.
Motivation	Motivation is to have direction and an effort to achieve a goal.
Motive	A reason for doing something - that causes a person to act in certain way or do certain thing.
Mutual Interest	When communication considers the interest of both sender and receiver, it is treated as effective communication.
Need	Expressing necessity or a thing that is wanted or required. Needs would be goods or services that are required which include food, clothing, shelter and health care.
Nomos	It is a Greek word which means management.
Non-trading Organisation	Non-business entity, not for profit organisation, or non-profit institution.
Non-verbal Communication	It is between people is communication through sending and receiving wordless cues.
Objectives	A thing aimed at or sought, a goal.
Office Secretary	A person who is employed to do office work, such as typing letters, answering phone calls and arranging meetings.



Operational control	Authority to perform those functions of command.
Organizational Chart	An organizational chart is a diagram that outlines the internal structure of a company. An organizational chart is the most common visual depiction of how an organization is structured. It outlines the roles, responsibilities and relationships between individuals within an organization.
Organizational Structure	Organizational structure determines how information flows from level to level within the company. It identifies each job, its function and where it reports to within the organization. The structure is illustrated using an organizational chart.
Overlapping	A part of first thing which occupies the same area as a part of other thing.
Perceptual barriers	While physical barriers are easy to see, perceptual barriers are those you erect in your mind.
Perennially	Lasting for an indefinitely long time.
Personal Assistant	He is merely a routine worker and has to follow the dictation of his employer.
Persuasiveness	Persuasiveness is an important quality of effective communication.
Pervasive	Spread throughout or widespread.
Physical barriers	Open plan building designs are attractive as they allow colleagues to communicate quickly and efficiently.
Pioneering	Work done for the first time which has not done before.
Planning premises	Anticipated environment in which plans are expected to operate.
Policies	A course or principle of action adopted.
Policy Decision	Taken by top management.



Power	It is the possession of authority, control, or influence by which a person influences the actions of others, either by direct authority or by possession of some other means.
Predetermined	Its form or nature was decided by previous events.
Predicted	Expected.
Pre-disposition	The fact or condition of being predisposed.
Pre-thinking	Pre-thinking about the message is an important quality of effective communication.
Primary function	First and foremost function.
Procedures	An established or official way of doing something.
Programmed Decision	Routine and Repetitive action.
Programmes	A planned series of future events or performances.
Qualitative factors	Which can be felt (or) Opinion (Example) Good will or Happiness.
Quantitative factors	Which can be measured like wages paid.
Rationale	A statement of reasons or a reasoned exposition of principles.
Realistic	Facing facts, based on facts rather than ideals.
Reciprocity	Reciprocity refers to Mutuality among the employees working in the organisation.
Reliable	Consistently good in quality or performance.
Removing communication barriers	Some people are natural communicators while others have to work on their skills.
Resistance	The refusal to accept or comply with something.





Responsibility	Duties to be performed out of the job.
Restrain	Prevent from doing something.
Review	To look back once again.
Rules	One of a set of explicit.
Rumour	Information that may or may not be true which people discuss about widely.
Rumour	An unofficial interesting story or piece of news that might be true or invented, and quickly spreads from person to person.
“Scribae”	In the Old Roman Empire, the officer looking after secretarial duties.
“Secretarius”	Latin word Secretary.
Self Actualization	Self-actualization refers to the need for personal growth and development throughout one’s life. It is the highest level of Maslow’s hierarchy of needs.
Self Direction	The ability to regulate and adapt behaviour to the demands of a situation in order to achieve chosen goals.
Semantic	Semantic is used to describe things that deal with the meanings of words and sentences.
Sender	A person who sends or transmits a message, letter, email, etc.
Spontaneous	All of sudden without any preparation.
Strategic Decision	A mix of long term and short term planning.
Strategies	A plan of action designed to achieve a long term or overall aim.
Sub-plans	Plans which helps the main plan.
Supervision	Supervision refers to a cooperative relationship between the leader and one or more person to accomplish a particular job.





Timeliness	Usefulness of any message depends on its timely transmission.
Trade union	An organized association of workers in a trade group of trades.
Trait	A quality of behavior of a person like hard working, honest person etc.
Verbal Communication	The sharing of information between individuals by using speech.
Whims	An odd or capricious notion or desire or a sudden or freakish fancy.



Higher Secondary Class XII Office Management and Secretary Ship &

Typography and Computer Applications - Theory & Practicals List of Authors and Reviewers

Adviser & Expert

Dr. P. Kumar

Joint Director (Syllabus)
State Council of Education Research and Training Tamilnadu,
Chennai.

Domain Expert

Dr. T. Shalini Rani

Asst. Professor & HOD.,
Department of Corporate Secretaryship,
Queen Mary's College, Chennai.

Academic Co-ordinator

A. Ilangovan

Assistant Professor,
(Dr. Radhakrishnan Awardee-2018)
SCERT, Chennai.

P. Malarvizhi

BT Assistant, (Mathematics),
SCERT, Chennai.

D. Vimala

Lecturer, DIET,
Chennai.

Authors

Dr. C. Renuga Devi

Asst. Professor,
Department of Education,
Mother Teresa Women's University,
Kodaikanal.

Dr. P. Sathyanarayanan

Asst. Professor, Dept. of Commerce,
D. G. Vaishnav College, Arumbakkam, Chennai.

Mr. R. Narasimhan

Asst. Professor,
Marg Gregorios College of Arts and Science,
Chennai.

Dr. K. Veeraragavan

Asst. Professor, Dept. of Commerce,
D.G. Vaishnav College, Arumbakkam, Chennai.

Dr. K.B. Manikandan

Assistant Professor, Dept. of Commerce,
D.G. Vaishnav College, Arumbakkam, Chennai.

Art and Design Team

Layout and Illustration

Arockiam Felix
Chennai.

Wrapper Design

Kathir Arumugam

QC

Manohar Radhakrishnan

Coordination

Ramesh Munisamy

QR Code Management Team

J.F. Paul Edwin Roy

B.T. Asst., PUMS.,
Rakkipatty, Veerapandi, Salem.

M. Murugesan

B.T. Asst., PUMS.,
Pethavelankottagam, Muttupettai, Thiruvavur.

V. Padmavathi

B.T. Asst., GHS,
Vetriyur, Ariyalur.

This book has been printed on 80 G.S.M.
Elegant Maplitho paper.

Printed by offset at:



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