TUTOR MARKED ASSIGNMENT

Course Code	:	**ECO-03**
CourseTitle	:	**Management Theory**
Assignment Code	:	**ECO-03/TMA/2016-17**
Coverage	:	**All Blocks**

Maximum Marks : 100

Attempt all questions.

1.   a) "Long-range planning is concerned with making today's decisions with a better sense of futurity" .Comment.
     b) "Orders will be obeyed if they make sense". Comment

(10+10)

2.   What is meant by morale? Outline the factors that influence the morale of employees in an organization. What is the significance of leadership vis a vis morale?

(4+8+8)

3.   Distinguish between <u>any four</u> from the following:
     a) Strategic and Tactical Planning
     b) Procedures and Schedules
     c) Autocratic Vs. Authoritative Style
     d) Formal & Informal Communication
     e) PERT Vs CPM

(4×5)

4.   Briefly comment on <u>any four</u> of the following:
     a) Laissez faire leadership style is just the opposite of autocratic style.
     b) Schedules are generally reversive in manufacturing work situations.
     c) Interviews are useful for making sound decision on hiring.
     d) Action should be taken on message on a 'first come first serve' basis.
     e) Coordination helps in resolving the conflict of personal goals and organizational goals.

(4×5)

5.   Write Short Notes on <u>any four</u> of the following:
     a) Span of Control
     b) Recruitment
     c) Process of control
     d) Leadership Effectiveness
     e) Functional Organization

(4×5)

E.C.O.-3

Management Theory

Attempt all questions.

Q. 1. (a) "Long-range planning is concerned with making today's decisions with a better sense of futurity". Comment.

Ans. Planning is the very basic foundation of all organised activities which are goal oriented. Even an individual needs a plan for his day-to-day activities like the time of rising, eating, working, leisure and sleeping. Every human action is the result of a plan, a man when executed to various activities which have to compliment or supplement a work in an integrated manner needs planning, which helps in achieving the desired objectives in a systematic manner within the organisational constraints. Planning is the basis of all activities to be under taken with a specific aim. Planning is a vast subject matter and takes care of all organisational needs.

Long-term or Long Range Planning: Long range planning is process. Whereby long range objectives of an organisation and the ways and means to acheive these objectives. Long range planning is intended to induce awareness to managers so as to enable them to make current major decisions with a fairly good sense of future outlook. Long range planning period is decided by the nature of enterprise, its size, growth rate, the extent of variability of the environment, the time required for converting major decisions into tangible results.

Long range planning is basically aimed at the achievement of long term or absolute objectives of an organisation over a long period of time, but since a plan has to be put in action for achieving the long range objectives the planning has to be done today or at the present for future.

An organisation has many goals which are to be achieved, these goals may be as under:

• Achieving acceptance for its products or services for a long time with in a period of time.
• Achieving a particular percentage of market share.
• Achieving the breakeven point.
• Achieving the profitable position subsequent to achievement of basic goal.

Long range planning takes these aims into consideration with the knowledge of present situation and likely situation for future and devise a plan to meet the future needs.

Today's decisions of management have bearing on futures, so the management has do long range planning keeping in view the objectives to be achieved on long terms and find and ensure tools and other ways and means required for achieving the plans.

Forecasting, conceptualisation of vision is always done in the present or today and forecast is the likely picture emerging in future and long range planning is dependent on today's decision. If decisions are today it is hoped that the future events will unfold themselves in a given perceived manner and hence today's decision are the foundation for long term planning.

(b) "Orders will be obeyed if they make senses". Comment

Ans. Direction is a continuing function of managers and is used for achievement of objectives in a given time and manner.

According to **Koontz** and **O'Donnel,** *"Direction is inter-personal aspect of managing by which subordinates are led to understand and contribute effectively to the attainment of enterprise objectives".*

Direction has three essential components given under:

(1) Issuing of instructions and orders: Direction involves giving orders and clear instruction to carryout certain works in a defined way.

(2) Guiding the people: Direction can be used to direct and guide workers as how best the works can be and should be done.

(3) Supervising the people: Directing is based on the impressions and observation of a supervisor and guide people how improvements can be done.

(4) Motivating the people: Proper and human psychology based directions may help in motivating people to perform still better.

Directions are based on two basic principles:

(A) Principles relating to the purpose of organisation

(i) Principle of individual contribution: It implies that all individuals must make a reasonable contribution towards the achievement of objectives.

(ii) Principle of harmony of objective: An organisation must strike a harmony between the individual motives and organizational objectives.

(iii) Principle of efficiency of direction: Direction should be very clear and easily followable so as to be effective.

(B) Principles relating to the process of organisation

(i) Principle of unity of command: The principle implies that all employees will receive command or directions from only one superior.

(ii) Principle of direct supervision: A superior should personally himself supervise and should not direct through a proxy.

(iii) Principles of communication: An effective and efficient communication system needs to be put in place for communicating.

(iv) Principle of comprehensiveness: All directions should be easily comprehensible so as to be carried out.

(v) Principle of information: This principle implies there should be free flow of information in directions.

(vi) Principle of leadership: Directions should be able to command and lead to a voluntary follow up.

(vii) Principle of appropriate technique: Appropriate techniques should be used for giving directions.

(viii) Principle of follow through: All directions should be follow through till carried out as planned.

Q. 2. What is meant by morale? Outline the factors that influence the morale of employees in an organization. What is the significance of leadership vis a vis morale?

Ans. Morale is the resultant of motivation provided by the effective leadership. Boosted morale motivates people to work efficiently.

Meaning and Significance of Morale

Morale is the mental state of attitude of an individual or work group towards the work, seniors, fellow men or the organisation, high moral leads to efficient and productive work, the low morale leads to poor quality of work in discipline.

Morale is significant contributor towards efficient and productive work; it is the result of motivating factors which make the worker happy and makes him work efficiently toward the achievement of organisational goals.

Factors Determining Morale

Following factors determine the morale:

Objectives of the Organisation

Morale is high if the employees view these objectives useful.

Leadership: Effective and participative leadership builds the high morale of employees.

Job Satisfaction: If employee drives job satisfaction from his assignment he feels motivated and his morale is boosted.

Compensation: Satisfying wages and work conditions builds high morale.

Working Environment: If working environment is pleasant and encouraging the employee's morale is very high.

Personal Life and Living Conditions: Living conditions and personal life situations affect the level of morale.

Leadership and Morale: The quality of leadership has a very big influence on the morale of individual and the group of employees working in an organisation.

Participative Leadership: Which let the employee give suggestions and make decisions goes a very long way in morale building.

Leader Manager: Who cares for his subordinates and guides them in their work related and personal problems helps in building high morale. A leader manager who represents the concerns and aspirations of the workers before the higher management is successful in building high morale of his people. Rewards and incentive by leaders for good work help build morale. Morale is inversely proportional to the effectiveness of leadership.

Leadership vis-a-vis Morale

The most primary responsibility of an effective leadership is to build a high morale of its people without which the leadership may not remain effective.

Leadership builds morale through motivation.

Democratic or participative style of leadership help build high morale of its group.

- Leadership which shows and proves its concern for the subordinates concerns and works for the removal of these concerns help build morale.
- Morale of work group is the measure of the effectiveness of leadership.
- Good leadership inspires confidence in the work group and it boost its morale.
- Job satisfaction provided by effective leadership helps build high morale.

Q. 3. Distinguish between any four from the following:

(a) Strategic and Tactical Planning

Ans. Strategic Planning: Strategic planning is aimed at integrated organisation on a wide course of action to believe the major objectives of the organisation.

"Strategic planning consists of formulation of strategies which are in the nature of critical and intelligent courses of action to gain upper hand over competitive and other complex external forces in the environment." Strategic planning is means of improving the enterprise's competitive position.

Tactical Planning: Tactical planning is limited in its scope and is based on detailed decision applicable to lower level so as to encash all opportunities to the advantage of enterprises tactical planning is time bound and provides detailed specifications of various activities.

Strategic planning provides inputs for technical planning and the outcome of technical planning form the basis of changes in strategic planning.

(b) Procedures and Schedules.

Ans. Procedures is the sequence of various steps under taken to perform a specific job:

Procedures are certain steps determined in advance and standardised and to be carried out to carry our an activity in time bound manner.

The characteristics of a good procedures are as follows:

- Procedures should be functional and purposeful.
- Procedure should be laid down and communicated in written format.
- Procedures should be simple, clear and easily understandable.
- Procedures should not be like guidelines for those who have to follow it.
- Procedure should not be unduly rigid.
- Procedures should be open to review and correction.

Uses and Importance of Procedures
- Procedures help and guide in carrying out specific work in a particular manner with in time constraints.
- Procedures tend to help reduction in wasteful activities and materials.
- Procedures help in smooth, effective and orderly flow of activity. Procedures help in suspension, control and coordination of tasks and their timely and accurate performance Procedures provide to proper ways of doing work.
- Procedure safegaurd all those who adhere to procedures.
- Procedures help in correct evolution of results. Relationship and distinction between policies and procedures procedures are part of the policies and are meant to subserve and implement polices.

An organisation usually have a policy of safety and provides for procedures to ensure safety. Policies are the reflection of objective, procedures are operational and tactical plans. Policies are the guide posts for supervisors, procedures are for guiding the workman. Polices are broad guide lines and have room for innovation. Procedures are detailed instructions and do not provide for change or innovation.

SCHEDULES

Schedules are basically a time table to be followed in competing a specific job. Schedule is basically of a plan action to be completed in the allocated time and sequence, schedules are drawn for specific action is sequence of priorities depending upon availability of men, material and machinery for undertaking a job.

Distinction between Procedures and Schedules: Procedure lay down the sequence of operations schedules lay down the time for completion of job. Procedures are basically supervisor's aid and tools, schedules are for technical workers. Procedures are detailed while schedules need lot of coordination & balancing synchronisation.

(d) Formal & Informal Communication

Ans. Communication is life line of all actions, directions, and instructions. Communication is exchange of ideas, messages and information with a view to get an action in process. Organisation can not do without communication, and effective communication makes the organisation effective and going. Communication is two way exchange of ideas and views which allows a review.

Formal communication in an organisation is essentially in official communication from a superior to a subordinate as an instruction or order in the form of horizontal downward communication, and upward communication more as a report or information related work. Informal communication is not official, rather it is socio-psychological based on inter relationship and is not in the form of order or instructions or reports or information. This type of communication is horizontal or lateral. It may even exist with in an organisation and between a superior and subordinate on social basis.

Formal communication is through the established channel of command or through proper channel and is liable to distortion at different level. Informal communication has no channel to follow and flows freely, but can give rise to rumors. Formal commu-nication delays information and action.
Informal communication is rapid and spreads very fast.

Grapevine

Informal communication is called grapevine because it does not follow the formal channels and is communicated more as a personal or group related information and flows in unidirectional manner and is supposed to be based on some kind of internal secret knowledge of the communication.

(e) PERT Vs CPM

Ans. PERT is programme Evaluation and Review technique and is also known as Time Event.

Network analysis (TENA) as the techniques is based on network analysis which uses estimated of time required to complete tasks for scheduling and controlling execution of project.

The concept of PERT is basically a technique of project management and helps in the following:

Planning: The Planning of projects needs to ascertain requirement of all resources like men, material and equipment and an estimates of costs and time required to complete the job.

Scheduling: It decided in what sequence of time in which a job can be accomplished and the requirement of resources at each stage.

CPM: Critical Path Method is another modern technique of control and has developed Du Port Company in 1950 for scheduling work that requires estimate of time and performance. It identifies the critical path or event which will take the maximum time will help complete the project in minimum time. In CPM network of events is presented pretorially with help of several circles and arrows. Circles represent an event and arrow activities. Even signify the beginning of one activity and the end of another activity. CPM is used to locate the likely obstacles and delays. CPM focues on the timely completion of the project. CPM helps in maximum use of resources. It helps in the quality of planning and controlling.

Q. 4. Briefly comment on any four of the following:

(a) Laissez faire leadership style is juist the opposite of autocratic style.

Ans. Leadership style of manager leader depends upon his behaviour towards his subordinates. Leadership has the following three styles:

1. Autocratic or Authoritative Style
2. Democratic or Participative Style
3. Laissez-faire or Free-rein Style

Autocratic or Authoritative style: This type of leadership is centered around vested authority and subordinates are compelled to follow orders under threat of penalties and punishments. This type of leadership do not allow suggestions or initiative and thus discourage people which result in low productivity, sense of alienation and a tendency to avoid responsibility. The autocratic manager has no or little concern for the welfare of his subordinates.

Democratic or Participative Style

This style allows and promote effective participation of the employees in goal setting and the leaders consult their subordinates for suggestions. This participation by subordinates satisfy their social and ego needs which in turn leads to their commitment to the efficient achievement of organisation goals.

Benefits of participative leadership are as follows:

1. It helps in developing the potential abilities of the subordinates for future responsibilities.
2. It helps raise the employees morale.
3. It provides job satisfaction.
4. It helps in raising the group performance.

Laissez-faire Leadership Style

Laissez faire leadership style is based on giving up the role of leader, the subordinates are allowed to take all decisions implement them and produce the goals and achieve objectives. But this kind of leadership is possible only when the subordinates are very competent efficient. Sincere and dedicated and self-motivated and self-directed. But this style can lead to chaos if the group does not behave and act in planned manner.

Leadership styles can vary from authoritative to participative and end at Laissez faire style and this is known as Continuous of Leader Behaviour.

(b) Schedules are generally reversive in manufacturing work situations.

Ans. Scheuling is the process of arrangeing controlling and optimizing work and work loads in a production process or many acturing process. Scheduling is used to allocate plant and machinery, resources, plan human resources, plan production processes and purchase material.

It is an important tool for manufacturing and engineering, where it can have a major impact on the productivity of a process. In manufacturing, the purpose of scheduling is to minimise the production time and costs, by telling a production facility when to make which staff and on which equippment. Production scheduling aims to maximise the efficiency of the operation and reducue costs. The benefits of production scheduling includes.

- Process change over reduction.
- Inventory reduction, leveling.
- Reduced scheduling effort.
- Increased production efficiency.
- Accurate delivery date quotes. Real time information.
- Production scheduling tools greatly outer form older manual scheduling method.

(c) Interviews are useful for making sound decision on hiring.

Ans. Interviews is a selection Procedure designed to predict future job performance on the basis of applicants oral responses to oral inquires. Interviews are useful for making sound decision on hiring because.

(i) Useful for determining if the applicant has requirisite communicative or social skills which may be necessary for the job, interviewer can obtain supplementary information.

(ii) Used to appraise candidate verbal fluency.

(iii) Can assess the applicant's job know ledge can be used for selection among equally qualified applicants.

(iv) The interview may be modified as needed to gather important information.

(v) Enables the supervison and / or co-workers to determine if there is a compatability between the applicant and the employees.

The face to face interview: By the team of selectors observed and interface with the candidate and forms its opinion to the seniroity or the candidate vis-a-vis other candidate and arrive at a final decision.

(e) Coordination helps in resolving the conflict of personal goals and organizational goals.

Ans. As organisation grows they have to divided and sub-divided so as to achieve efficient working and ensure achievement of organisational goals. All the activities of divisions and sub-division has to be coordinated in a manner that there is a synchronisation of working of all the divisions and the resultant in achievement of organisational goals. Coordination is the key to a systematic organisation in one direction by harmonising all the activities towards desired goals.

OBJECTIVES OF COORDINATION

Following are the major objectives of coordination:

Re-concilliation of goals

There can be conflict between the goals of an organisation and individual goals. Co-ordination aims at minimizing these conflicts and brings about the recorreliation between the individual and organizational goals.

Total accomplishment of goals

Clear objectives, commitment of all people in an organisation and their individual and collective efforts are well coordinated to achieve total accomplishment of goals.

Harmonious relationship

Harmonious relationship between all organs of the organisation and all employees is very vital for the success of an organisation. Coordination tries to build harmonious relationship by removing all conflicts which in turn help the organisation to realize its goals.

Economy and efficiency

Well coordinated activities help increase the efficiency of operations at most economical cost.

Q. 5. Write Short Notes on any four of the following:

(a) Span of Control

Ans. Span is the distance between two points, so the span of control refers of effective control a supervisor can undertake span of control is also known as span of supervision or span of authority. Span of control should be limited to effective control. Narrow span of control allows a close supervision where as wide span allows only general control, but the span depends on the type of activities being undertaken.

Factors affecting Span of Control

The following factors affect the span of control:

(a) **Nature of work:** Nature of work its continuity and repetition of the function decide the span of control.

(b) **Ability of the manager:** A manager who has proper leadership qualities and effective communication ability may be able to supervise more people.

(c) **Efficiency of the organisation:** An organisation which has efficient work terms and systems can have large span of control.

(d) **Staff assistants:** It the managers have staff assistants, they can handle a wide span of control.

(e) **Term available for supervision:** Since the time available for supervision is very less with the top management, it should have narrow span to control.

(f) **Ability of the subordinates:** More able and skilled staff do not need close supervision where as fresh or skilled workers need more supervisory control.

(g) **Degree of decentralisation:** More decentralised activity needs a narrow span of control, an executive who has to take many decisions is not able to supervise many people.

(b) Recruitment

Ans. Once the human resource plan is ready the next step is recruitment of competent personnel to meet the objectives.

Recruitment is a long drawn affair and involves securing applications, securing the applicants and their placement in the organization as per its needs.

The Two Main Sources of Recruitment:

Internal source

External source

Internal Source of Recruitment: Every organisation have with in it potential candidates who can either be groomed or already developed to undertake the challenge of new job and duties. The manpower department has always the basic data of all its employee and line manager have a definite feel of the potential of his subordinates.

Advantages of Internal Sources

(1) Familiarity with own employees: An organization is familiar with skills, expertise and attitude and aptitude of an internal employee and have knowledge of his potential and suitability.

(2) Better use of talent: It provides for better use of available internal talent.

(3) Inexpensive recruitment: It is the most inexpensive system of recruitment.

(4) Improve the morale: It helps in improving the morale of all employees.

(5) A source of Motivation: Internal recruitment provide motivation to employees.

Limitations of Internal Source

Internal source of recruitment suffers from following limitations:

(i) Restricts the options

(ii) Lack of suitable candidates

(iii) Discourage comptetion

(iv) May create controversies

(v) May set in stagnation of skills.

External Sources of Recruitment: External sources of recruitment can be as follows:

Professional Institutes – for fresh talent.

Private Consultants – for skilled professionals.

Professional Association – for senior professionals.

Govt Employment Agencies – for unskilled work force Labour Unions – for various types of workers.

Advantage of External Sources of Recruitment

(1) Availability of large number of candidates.

(2) Open Process.

(3) Opportunity of find best kind of people.

(4) Promotes health competition.

Limitations of External Recruitment

(i) Expensive system

(ii) Time consuming

(iv) Unfamiliar candidates with unfamiliarrs apptitude

(iv) Effect organisation morale adversely.

(c) Process of control

Ans. The process of control may be split into some well defined stages through which it must to be successful.

(1) Defining the objectives and goals: Objectives and goals must be well defined and realistic so as to be achievable with the help of little control.

(2) Setting standards: Standards of performance should be established and should be made known to every individual and group involved in performance of work.

(3) Measurement of performance: Performance should be measured against standards and any deviation noted and pointed.

(4) Comparison of actual performance in regard to plan: Actual performance have not only to meet the standards of performance, it must all should conform to plan.

(5) Correction of deviations: All deviations observed during evaluation should be corrected through necessary corrective remedial action.

(6) Review of control system: Franklin Folk has suggested that after a fixed interval the whole process and procedure of control should be reviewed and necessary modifications made in control system.

(7) Strengthening the organization: After review of control system it may be necessary to strengthen the organisation through manpower, machines, manpower practices and other environment so as to make the organisation strong enough to meet the challenges from within and outside.

(e) Functional Organization

Ans. In this form of organization, all activities of the enterprise are grouped and divided according to functions like production, marketing, finance and others. Each department is in the charge of a specialist who is called functional manager. The functional manager has a control over the functions in his charge and no matter on those functions found in other part of the organization. Functional organization was advocated by F.W. Taylor. In this organization activities of foreman are classified into eight sub-divisions, which are again included in two broad groups.

At planning level, the specialists are known as route clerk, time and cost clerk, instruction card clerk and a shop disciplinarian. A route clerk is meant to lay down steps, time, cost clerk calculates time, cost, instruction card clerk prepares instructions, and the shop disciplinarian is in the charge of observing rules.

At the shop level, the specialists are called gang boss, speed boss, repair boss and the inspector. The gang boss is the in charge of tools, speed boss cares for the speed of the machines, repair boss attends break down of the machines and inspector checks the quality of the products.

Advantages

There are some definite advantages to grouping all staff by function:

● Staff is managed by a person with experience in their same specialty who can adequately understand and review their work.

● Staffers have the opportunity to move up within their functional areas, which gives a reason for them to stay long term. The company gets the advantage of their expertise and company knowledge over time.

● Staffers work with others in their field, which allows for knowledge sharing and lateral job moves to learn new skills.

Disadvantages

The functional structure also has some disadvantages, including:

● Functional areas may have difficulties working with other functional areas. There is often a perception that they are competing with other functional areas for resources and a lack of understanding of what other areas do for the company. So, the accounting department may be upset that its request for an additional headcount is denied, but the company financial results point to a need for additional sales people rather than accountants.

● As the company grows larger, the functional areas can become difficult to manage due to their size. They can become almost like small companies on their own, with their own cultures, facilities and management methods.

● Functional areas may become distracted by their own goals and focus on them, rather than on overall company objectives. For instance, there may be a desire by the I.T. department to implement a new, state of the art computer system, but the overall company objectives support investment in new products instead. Since the unit doesn't have an overview of the entire company, it may focus attention on goals that it believes are important but which are not priorities for top management.

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