**UNIT-1**

**Introduction to Management**

* Concept-Nature of Management Science
* Importance of Management,
* Functions of Management,
* Evaluation of Scientific Management,
* Modern management-
* Motivation Theories
* Leadership Styles-
* Decision Making Process-
* Designing
* Organization Structure-
* Principles and Types of Organization.

**INTRODUCTION**

In the present context, managing has become one of the most important areas of human activity because of increasing role of large and complex organizations in the society. Because of their increasing role, the organizations have attracted the attention of both practitioners and academicians to find out the solutions for business problems

**Concept**

Defining the term management precisely is not so simple because the term management is used in a variety of ways. Being a new discipline, it has drawn concepts and principles from a number of disciplines such as economics, sociology, psychology, anthropology, and statistics and so on.

Each group of contributors has treated management differently. For example, economists have treated management as a factor of production; sociologists have treated it as a class or group of persons; practitioners have treated it as a process comprising different activities

**DEFINITION**

Management is the art of getting things done through and with people in

Formally organized groups‖ --- **Koontz**

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

Management is a process involving planning, organizing, staffing, directing and controlling human efforts to achieve stated objectives in an organization

**Features:**

**1. Organised Activities:**

Management is a process of organized activities. Without organized activities, two groups of people cannot be involved in the performance of activities. Where a group of people are involved in working towards a common objective, management comes into existence.

**2. Existence of objectives:**

The existence of objectives is a basic criterion of e very human organization because all organizations are deliberate and purposive creation and, therefore, they should have some objectives. Without objectives, it becomes difficult to define the direction where organized group of activities would lead to.

**3. Relationship among resources:**

Organised activities meant to achieve common goals are brought about to establish certain relationships about the available resources. Resources include money, machine, material, men and methods. All these resources are made available to those who manage the organization. Managers apply knowledge, experience, principles for getting the desired results. Thus, the essence of management is integration of various organisational resources.

**4. Working with and through people:**

 Management involves working with people and getting organisational objectives achieved through them. The idea of working through people is interpreted in terms of assigning and reassigning of activities to subordinates.

**5. Decision Making:**

Management process involves decision making at various levels for getting things done through people. Decision making basically involves selecting the most appropriate alternative out of the several. If there is only one alternative, there is no question of decision making.

**Nature of Management:** -

The study and application of management techniques in managing the affairs of the organization have changed its nature over a period of time. The following points will describe the nature of management

**1. Multidisciplinary:**

Management has been developed as a separate discipline, but it draws knowledge and concepts from various disciplines like psychology, sociology, anthropology, economics, statistics, operations research etc.,. Management integrates the idea and concepts taken from these disciplines and presents newer concepts which can be put into practice for managing the organizations.

**2. Dynamic nature of Principles**:

 Principle is a fundamental truth which establishes cause and effect relationships of a function. Based on integration and supported by practical evidences, management has framed certain principles. However, these principles are flexible in nature and change with the changes in the environment in which an organization exists.

**3. Relative, Not absolute Principles:**

 Management principles are relative, not absolute, and they should be applied according to the need of the organization. Each organization may be different from others. The difference may exist because of time, place, socio-cultural factors, etc.

**4. Management: Science or Art:**

There is a controversy whether management is science or art. An art is personal skill of business affairs. Art is characterized by practical knowledge, personal creativity and skill.

**5. Management as profession:**

Management has been regarded as a profession by many while many have suggested that it has not achieved the status of a profession.

Profession refers to a vocation or a branch of advanced learning such as engineering or medicine.

**6. Universality of management**:

Management is a universal Phenomenon. However, management principles are not universally applicable but are to be modified according to the needs of the situation.

**Importance of Management**

Management has been important to the daily lives of people and to the organizations. The importance of management may be traces with the following.

**1. Effective utilization of Resources:**

Management tries to make effective utilization of various resources. The resources are scarce in nature and to meet the demand of the society, their contribution should be more for the general interests of the society

**2. Development of Resources:**

Management develops various resources. This is true with human as well as non-human factors. Most of the researchers for resource development are carried on in an organized way and management is involved in these organized activities.

**3. It ensures continuity in the organization:**

Continuity is very important in the organizations. Where there are no proper guidelines for decision making continuity can not be guaranteed. It is quite natural that new people join while some others retire or leave the organization. It is only management that keeps the organization continuing

**4. Integrating various interest groups:**

 In the organized efforts, there are various interest groups and they put pressure over other groups for maximum share in the combined output.

**5) Stability in the society:**

 Management provides stability in the society by changing and modifying the resources in accordance with the changing environment of the society.

**Functions of Management:-**

To achieve the organisational objectives managers at all levels of organization should perform different functions. A function is a group of similar activities.

**1) Planning:**

 Planning is the conscious determination of future course of action. This involves why an action, what action, how to take action, and when to take action. Thus, planning includes determination of specific objectives, determining projects and programs, setting policies and

strategies, setting rules and procedures and preparing budgets.

**2) Organizing:**

Organizing is the process of dividing work into convenient tasks or duties, grouping of such duties in the form of positions, grouping of various positions into departments and sections, assigning duties to individual positions, and delegating authority to each positions so that the work is carried out as planned.

**3) Staffing:**

Staffing involves manning the various positions created by the organizing process. It includes preparing inventory of personal available and identifying the sources of people, selecting people, training and developing them, fixing financial compensation, appraising them periodically etc.

**4) Directing:**

When people are available in the organization, they must know what they are expected to do in the organization. Superior managers fulfill this requirement by communicating to subordinates about their expected behavior.

**5) Controlling:**

Controlling involves identification of actual results, comparison of actual results with expected results as set by planning process, identification of deviations between the two, if any, and taking of corrective action so that actual results match with expected results.

**GENERAL PRINCIPLES OF MANAGEMENT:**

Fayol has given 14 principles of management. He has made distinction between management principles and management elements. While management principles is a fundamental truth and establishes cause effect relationship, elements of management denotes the function performed by a manager.

While giving the management principles, Fayol has emphasized two things.

Principles:-

**1. Division of work:**

It is helpful to take the advantage of specialization. Here, the work is divided among the members of the group based on the employee’s skills and talents. It can be applied at all levels of the Organization.

**2. Authority and Responsibility:**

Fayal finds authority as a continuation of official and personal factors. Official authority is derived from the manager‘s position and personal authority is derived from personal qualities such as intelligence, experience, moral worth, past services, etc., Responsibility arises out of assignment of activity. In order to discharge the responsibility properly, there should be parity between authority and responsibility.

**3. Discipline:**

All the personal serving in an organization should be disciplined. Discipline is obedience, application, behavior and outward mark of respect shown by employees.

**4. Unity of Command:**

Unity of command means that a person should get orders from only one superior. Fayol has considered unity of command as an important aspect in managing an organization. He says that ―should it be violated, authority is undermined, discipline is in jeopardy, order disturbed, and stability threatened.‖

**5. Unity of Direction:**

According to this principle, each group of activities with the same objective must have one head and one plan. It is concerned with functioning of the organization I respect of grouping of activities or planning. Unity of direction provides better coordination among various activities to be undertaken by an organization.

**6. Subordination of individual interest to general interest:**

Individual interest must be subordinate to general interest when there is conflict between the two. However factors like ambition, laziness, weakness, etc., tend to reduce the importance of general interest. Therefore, superiors should set an example in fairness and goodness.

**7. Remuneration to Personnel:**

Remuneration to employees should be fair and provide maximum possible satisfaction to employees and employers. Fayol did not favor profit sharing plan for workers but advocated it for managers. He was also in favor of non-financial benefits.

**8. Centralization:**

Everything which goes to increase the importance of subordinate‘s role is decentralization; every thing which goes to reduce it is centralization. The degree of centralization or decentralization is determined by the needs of the company.

**9. Scalar Chain:**

 There should be a scalar chain of authority and of communication ranging from the highest to the lowest. It suggests that each communication going up or coming down must flow through each position in the line of authority. It can be short-circuited only in special circumstances.

**10. Order:**

 This is a principle relating to the arrangement of things and people. In material order, there should be a place for everything and everything should be in its place. Similarly, in social order, there should be the right man in the right place.

**11. Equity:**

 Equity is the combination of justice and kindness. Equity in treatment and behavior is liked by everyone and it brings loyalty in the organization. The application of equity requires good sense, experience and good nature.

**12. Stability of tenure:**

 No employee should be removed within short time. There should be reasonable security of jobs. Stability of tenure is essential to get an employee accustomed to new work and succeeding in doing it well

**13. Initiative:**

 Within the limits of authority and discipline, managers should encourage their employees for taking initiative. Initiative is concerned with thinking out and execution of a plan. Initiative increases zeal and energy on the part of human beings.

**14. Esprit de corps:**

 It is the principle of ‗union is strength‘and extension of unity of command for establishing team work. The manager should encourage esprit de corps among his employees.

# Scientific Management

Scientific management is a theory of management that analyzes and synthesizes workflows. Its main objective is improving economic efficiency, especially labour productivity. It was one of the earliest attempts to apply science to the engineering of processes and to management.

**Definition**

# According to Taylor, “Scientific Management is an art of knowing exactly what you want your men to do and seeing that they do it in the best and cheapest way”. In Taylors view, if a work is analysed scientifically it will be possible to find *one best way* to do it.

**The features of scientific management are as follows:**

(i) It is a systematic approach to handle management problems.

(ii) It implies scientific techniques in method of work, recruitment, selection and training of workers.

(iii) It rejects the age old method of rule of thumb’ or ‘hit or miss’ approach.

(iv) It attempts to discover the best method of doing the work at the lowest cost.

(v) It attempts to develop each worker to his greatest efficiency.

(vi) It involves a complete change in the mental attitude of the workers as well as of the management.

#### Objectives to Scientific Management:

**(а) Higher Productivity:**

Increase in the rate of production by use of standardized tools, equipment’s, methods and training of the workers.

**(b) Cost Reduction:**

Reduction in the cost of production by rational planning and regulation, and cost control techniques.

**(c) Elimination of Wastes:**

Elimination of wastes in the use of resources and methods of manufacturing.

**(d) Quality Control:**

Improvement in the quality of output by research, quality control inspection devices.

**(e) Right Men for Right Work**:

Placement of right persons on the right jobs through scientific selection and training of workers.

**(f) Incentive Wages:**

Relating wage payments to the efficiency of the workers, i.e., giving wages at the higher rates to the efficient workers.

# Techniques of Scientific Management

**1. Time Study**

It is a technique which enables the manager to ascertain standard time taken for performing a specified job.

* Every job or every part of it is studied in detail.
* This technique is based on the study of an average worker having reasonable skill and ability.
* Average worker is selected and assigned the job and then with the help of a stop watch, time is ascertained for performing that particular job.
* Taylor maintained that Fair day’s work should be determined through observations, experiment and analysis by keeping in view an average worker.

Standard Time × Working Hours = Fair Day’s Work

**2. Motion Study**

* In this study, movement of body and limbs required to perform a job are closely observed.
* In other words, it refers to the study of movement of an operator on machine involved in a particular task.
* The purpose of motion study is to eliminate useless motions and determine the bet way of doing the job.
* By undertaking motion study an attempt is made to know whether some elements of a job can be eliminated combined or their sequence can be changed to achieve necessary rhythm.
* Motion study increases the efficiency and productivity of workers by cutting down all wasteful motions.

**3. Functional Foremanship**



* Taylor advocated functional foremanship for achieving ultimate specification.
* This technique was developed to improve the quality of work as single supervisor may not be an expert in all the aspects of the work.
* Therefore workers are to be supervised by specialist foreman.
* The scheme of functional foremanship is an extension of principle pf specialization at the supervisory level.
* Taylor advocated appointment of 8 foramen, 4 at the planning level & other 4 at implementation level.

**4. Standardization**

* It implies the physical attitude of products should be such that it meets the requirements & needs of customers.
* Taylor advocated that tools & equipments as well as working conditions should be standardized to achieve standard output from workers.
* Standardization is a means of achieving economics of production.

It seems to ensure -

* The line of product is restricted to predetermined type, form, design, size, weight, quality. Etc
* There is manufacture of identical parts and components.
* Quality & standards have been maintained.

Standard of performance are established for workers at all levels.

**5.Differential Piece Wage Plan**

* This tech of wage payment is based on efficiency of worker.
* The efficient workers are paid more wages than inefficient one.
* On the other hand, those workers who produce less than standard no. of pieces are paid wages at lower rate than prevailing rate i.e. worker is penalized for his inefficiency.
* This system is a source of incentive to workers who improving their efficiency in order to get more wages.
* It also encourages inefficient workers to improve their performance and achieve their standards.
* It leads to mass production which minimizes cost and maximizes profits.

**6. Other Techniques**

* Various other techniques have been developed to create ordeal relationship between management and workers and also to create better understanding on part of works.
* Those includes use of instruction cards, strict rules & regulations, graphs, slides, charts etc, so as to increase efficiency of workers.

**Modern management**

 Modern management theory refers to emphasizing the use of systematic mathematical techniques in the system with analyzing and understanding the inter-relationship of management and workers in all aspect.

Modern management theories started after 1950s. Modern management theory focuses the development of each factor of workers and organization. Modern management theory refers to emphasizing the use of systematic mathematical techniques in the system with analyzing and understanding the inter-relationship of management and workers in all aspect.

 It has following three Streams-

* Quantitative Approach
* System Approach
* Contingency Approach

**Quantitative Approach:**

Quantitative approach also called Operation Research.  Quantitative approach is a scientific method. It emphasizes the use of statistical model and systematic mathematical techniques to solving complex management problems. Its helps the management to making decisions in operations. It can only suggest the alternatives based on statistical data. It cannot take final decision.

It helps the management for improving their decision making by increasing the number of alternatives and giving faster decisions on any problem. Management can easily calculate the risk and benefit of various actions.

System approach:

System approach was developed inlate1960s. Herbert A. Simon is the father of system theory. A  System is defined as a set of regularly interacting or inter - dependent components that create as a whole unit. The system concept enables us to see the critical variables and constraints and their interactions with one another.

**Characteristics of system approach**:

* A system must have some specific components, units or sub units.
* A Change in one system affects the other subsystems.
* Every system is influenced by super system.
* All systems along their subsystem must have some common objectives.
* A system is a goal-oriented.
* A system cannot survive in isolation.

**Contingency Approach**:

Contingency Approach also knows as situational approach. In 1980s, it is recognized as a key to effective management. This approach accepts the dynamics and complexities of the organization structure. An organization is affected by its environment and environment is composed by physical resources, climate, persons, culture, economic and market conditions and their laws.

 This approach argues that there is no one universally applicable set of rules by which to manage organization.

**Concepts of Modern Management**

1. Establishing the vision

2. Managing environment

3. Developing a culture

4. Empowering the employees

5. Applying competitive advantage

6. Managing Change

7. Finding competitive advantage

8. Creating Excellence

# Motivation:

The term ‘motivation’ has been derived from the word ‘motive’. Motive may be defined as an inner state of our mind that activates and directs our behaviour. It makes us move to act.

**Definition:**

**According to Stephen P. Robbins** “motivation is the willingness to exert high levels of efforts toward organisational goals, conditioned by the effort ability to satisfy some individual need”.

**(1) Improves Performance Level:**

The ability to do work and willingness to do work both affect the efficiency of a person. The ability to do work is obtained with the help of education and training and willingness to do work is obtained with the help of motivation.

**(2) Helps to Change Negative or Indifferent Attitudes of Employees:**

Some employees of an organisation have a negative attitude. They always think that doing more work will not bring any credit. A manager uses various techniques to change this attitude.

**(3) Reduction in Employee Turnover:**

The reputation of an organisation is affected by the employee turnover. This creates a lot of problems for the managers. A lot of time and money go waste in repeatedly recruiting employees and giving them education and training.

**(4) Helps to Reduce Absenteeism in the Organisation:**

In some of the organisations, the rate of absenteeism is high. There are many causes for this-poor work conditions, poor relations with colleagues and superiors, no recognition in the organisation, insufficient reward, etc.

**(5) Reduction in Resistance to Change:**

New changes continue taking place in the organisation. Normally workers are not prepared to accept any changes in their normal routine. Whereas it becomes essential to bring in some changes because of the demands of time.

**Motivation theories**

* Maslow – hierarchy of needs.
* McClelland – Need for achievement, affiliation and power.
* Herzberg – Two factor theory.

**I. Maslow – hierarchy of needs**

Maslow's hierarchy of needs is a motivational theory in psychology comprising a five-tier model of human needs, often depicted as hierarchical levels within a pyramid.



**1. Physiological needs** –

These are biological requirements for human survival, e.g. air, food, drink, shelter, clothing, warmth, sex, sleep.

If these needs are not satisfied the human body cannot function optimally. Maslow considered physiological needs the most important as all the other needs become secondary until these needs are met.

2. **Safety needs** –

Protection from elements, security, order, law, stability, freedom from fear.

3. **Love and belongingness needs** –

After physiological and safety needs have been fulfilled, the third level of human needs is social and involves feelings of belongingness. The need for interpersonal relationships motivates behavior

Examples include friendship, intimacy, trust, and acceptance, receiving and giving affection and love. Affiliating, being part of a group (family, friends, work).

4. **Esteem needs** –

which Maslow classified into two categories: (i) esteem for oneself (dignity, achievement, mastery, independence) and (ii) the desire for reputation or respect from others (e.g., status, prestige).

Maslow indicated that the need for respect or reputation is most important for children and adolescents and precedes real self-esteem or dignity.

5. **Self-actualization needs** –

realizing personal potential, self-fulfillment, seeking personal growth and peak experiences. A desire “to become everything one is capable of becoming”

# II. Herzberg’s Two-Factor Theory of Motivation

In 1959, Frederick Herzberg, a behavioral scientist proposed a two-factor theory or the motivator-hygiene theory. According to Herzberg, there are some job factors that result in satisfaction while there are other job factors that prevent dissatisfaction.

According to Herzberg, the opposite of “Satisfaction” is “No satisfaction” and the opposite of “Dissatisfaction” is “No Dissatisfaction”.

Herzberg classified these job factors into two categories-

 Satisfaction

Motivators

Increase satisfaction above the netral state

Neutral state

Neither highly nor highly satisfied

Hygiene factors

Change dissatisfaction to a neutral state

Dissatisfaction

Hygiene factors- Hygiene factors are those job factors which are essential for existence of motivation at workplace. These do not lead to positive satisfaction for long-term. But if these factors are absent / if these factors are non-existant at workplace, then they lead to dissatisfaction. In other words, hygiene factors are those factors which when adequate/reasonable in a job, pacify the employees and do not make them dissatisfied. These factors are extrinsic to work. Hygiene factors are also called as dissatisfiers or maintenance factors as they are required to avoid dissatisfaction. These factors describe the job environment/scenario. The hygiene factors symbolized the physiological needs which the individuals wanted and expected to be fulfilled. Hygiene factors include:

|  |
| --- |
| * **Pay -** The pay or salary structure should be appropriate and reasonable. It must be equal and competitive to those in the same industry in the same domain.
* **Company Policies and administrative policies** - The company policies should not be too rigid. They should be fair and clear. It should include flexible working hours, dress code, breaks, vacation, etc.
* **Fringe benefits** - The employees should be offered health care plans (mediclaim), benefits for the family members, employee help programmes, etc.
* **Physical Working conditions** - The working conditions should be safe, clean and hygienic. The work equipments should be updated and well-maintained.
* **Status** - The employees’ status within the organization should be familiar and retained.
* **Interpersonal relations** - The relationship of the employees with his peers, superiors and subordinates should be appropriate and acceptable. There should be no conflict or humiliation element present.
* **Job Security** - The organization must provide job security to the employees.
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Motivational factors- According to Herzberg, the hygiene factors cannot be regarded as motivators. The motivational factors yield positive satisfaction. These factors are inherent to work. These factors motivate the employees for a superior performance. These factors are called satisfiers. These are factors involved in performing the job. Employees find these factors intrinsically rewarding. The motivators symbolized the psychological needs that were perceived as an additional benefit. Motivational factors include:

* **Recognition** - The employees should be praised and recognized for their accomplishments by the managers.
* **Sense of achievement** - The employees must have a sense of achievement. This depends on the job. There must be a fruit of some sort in the job.
* **Growth and promotional opportunities** - There must be growth and advancement opportunities in an organization to motivate the employees to perform well.
* **Responsibility** - The employees must hold themselves responsible for the work. The managers should give them ownership of the work. They should minimize control but retain accountability.
* **Meaningfulness of the work** - The work itself should be meaningful, interesting and challenging for the employee to perform and to get motivated.

**Limitations of Two-Factor Theory**

 The two factor theory is not free from limitations:

1. The two-factor theory overlooks situational variables.
2. Herzberg assumed a correlation between satisfaction and productivity. But the research conducted by Herzberg stressed upon satisfaction and ignored productivity.
3. The theory’s reliability is uncertain. Analysis has to be made by the raters. The raters may spoil the findings by analyzing same response in different manner.
4. No comprehensive measure of satisfaction was used. An employee may find his job acceptable despite the fact that he may hate/object part of his job.
5. The two factor theory is not free from bias as it is based on the natural reaction of employees when they are enquired the sources of satisfaction and dissatisfaction at work. They will blame dissatisfaction on the external factors such as salary structure, company policies and peer relationship. Also, the employees will give credit to themselves for the satisfaction factor at work.
6. The theory ignores blue-collar workers. Despite these limitations, Herzberg’s Two-Factor theory is acceptable broadly.

# III. McClelland’s Theory of Needs (Power, Achievement and Affiliation)

McClelland's Human Motivation Theory states that every person has one of three main driving motivators: the needs for achievement, affiliation, or power. These motivators are not inherent; we develop them through our culture and life experiences.

 [David McClelland](https://www.toolshero.com/toolsheroes/david-mcclelland/) identified four types of motivational need:

1. Need for achievement
2. Need for power
3. Need for affiliation
4. Need for avoidance

**1. Need for achievement**

What motivates them and how can they make a contribution to society? Upon completing his study, he distinguished four characteristics that are consistent with the need for achievement: striving for an average task complexity, responsibility for own performance, the need for feedback and the use of innovation/creativity.

**2. Need for power**

People with a need for power, attach great value to status, reputation and recognition. They have a need to be perceived as important and they have a need to direct and influence others.

**3. Need for affiliation**

People are a gregarious bunch and they want to belong to the group. When the need for affiliation is high, they want to be liked and they will conform to the group’s behaviour and wishes. In this case, they will favour cooperation over competition. Therefore, the need for affiliation does not go well with the need for power.

### 4.Need for avoidance

This needs category was added later by [David McClelland](https://www.toolshero.com/toolsheroes/david-mcclelland/). When people do not wish to perform at the forefront and prefer to avoid unpleasant situations, this need will surface. People have fear of failure, fear of rejection and even fear of success. By avoiding situations that may trigger these fears, they think to have found a safe solution.

**IV. McGregor’s theory X &Y Theory**

The concept of Theory X and Theory Y was developed by social psychologist Douglas McGregor. It describes two contrasting sets of assumptions that managers make about their people: Theory X – people dislike work, have little ambition, and are unwilling to take responsibility.

## Theory X

Theory X managers tend to take a pessimistic view of their people, and assume that they are naturally unmotivated and dislike work. As a result, they think that team members need to be prompted, [rewarded](https://www.mindtools.com/pages/article/newTMM_54.htm)  or punished constantly to make sure that they complete their tasks.

Work in organizations that are managed like this can be repetitive, and people are often motivated with a "carrot and stick" approach. Performance [appraisals](https://www.mindtools.com/pages/article/newTMM_32.htm)  and [remuneration](https://www.mindtools.com/pages/article/manage-commission-team.htm) are usually based on tangible results, such as sales figures or product output, and are used to control staff and "keep tabs" on them.

This style of management assumes that workers:

* Dislike their work.
* Avoid responsibility and need constant direction.
* Have to be controlled, forced and threatened to deliver work.
* Need to be supervised at every step.
* Have no incentive to work or ambition, and therefore need to be enticed by rewards to achieve goals.

## Theory Y

Theory Y managers have an optimistic, positive opinion of their people, and they use a decentralized, participative management style. This encourages a more [collaborative](https://www.mindtools.com/pages/article/newCDV_65.htm) , [trust-based](https://www.mindtools.com/pages/article/building-trust.htm)  relationship between managers and their team members.

People have greater responsibility, and managers encourage them to develop their skills and suggest improvements. Appraisals are regular but, unlike in Theory X organizations, they are used to encourage open communication rather than control staff.

Theory Y organizations also give employees frequent opportunities for promotion.

This style of management assumes that workers are:

* Happy to work on their own initiative.
* More involved in decision making.
* Self-motivated to complete their tasks.
* Enjoy [taking ownership](https://www.mindtools.com/pages/article/holding-people-accountable.htm)  of their work.
* Seek and accept responsibility, and need little direction.
* View work as fulfilling and challenging.
* Solve problems creatively and imaginatively.

**Leadership**

Leadership is a process by which an executive can direct, guide and influence the behavior and work of others towards accomplishment of specific goals in a given situation. Leadership is the ability of a manager to induce the subordinates to work with confidence and zeal.

**Definition**

According to Keith Davis, “Leadership is the ability to persuade others to seek defined objectives enthusiastically. It is the human factor which binds a group together and motivates it towards goals.”

**Characteristics of Leadership**

1. It is a inter-personal process in which a manager is into influencing and guiding workers towards attainment of goals.
2. It denotes a few qualities to be present in a person which includes intelligence, maturity and personality.
3. It is a group process. It involves two or more people interacting with each other.
4. A leader is involved in shaping and moulding the behaviour of the group towards accomplishment of organizational goals.
5. Leadership is situation bound. There is no best style of leadership. It all depends upon tackling with the situations.

# Importance of Leadership

Leadership is an important function of management which helps to maximize efficiency and to achieve organizational goals. The following points justify the importance of leadership in a concern.

1. 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.
2. Motivation- A leader proves to be playing an incentive role in the concern’s working. He motivates the employees with economic and non-economic rewards and thereby gets the work from the subordinates.
3. Providing guidance- A leader has to not only supervise but also play a guiding role for the subordinates. Guidance here means instructing the subordinates the way they have to perform their work effectively and efficiently.
4. Creating confidence- Confidence is an important factor which can be achieved through expressing the work efforts to the subordinates, explaining them clearly their role and giving them guidelines to achieve the goals effectively. It is also important to hear the employees with regards to their complaints and problems.
5. Building morale- Morale denotes willing co-operation of the employees towards their work and getting them into confidence and winning their trust. A leader can be a morale booster by achieving full co-operation so that they perform with best of their abilities as they work to achieve goals.
6. Builds work environment- Management is getting things done from people. An efficient work environment helps in sound and stable growth. Therefore, human relations should be kept into mind by a leader. He should have personal contacts with employees and should listen to their problems and solve them. He should treat employees on humanitarian terms.
7. Co-ordination- Co-ordination can be achieved through reconciling personal interests with organizational goals. This synchronization can be achieved through proper and effective co-ordination which should be primary motive of a leader.

# Leadership Styles

# Leadership Styles

**The Laissez Faire Leadership Style**

**Democrative/Participative leadership style**

**Autocratic leadership style**

1. **Autocratic leadership style:**

 In this style of leadership, a leader has complete command and hold over their employees/team. The team cannot put forward their views even if they are best for the team’s or organizational interests. They cannot criticize or question the leader’s way of getting things done. The leader himself gets the things done. The advantage of this style is that it leads to speedy decision-making and greater productivity under leader’s supervision. Drawbacks of this leadership style are that it leads to greater employee absenteeism and turnover. This leadership style works only when the leader is the best in performing or when the job is monotonous, unskilled and routine in nature or where the project is short-term and risky.

**2. The Laissez Faire Leadership Style:**

Here, the leader totally trusts their employees/team to perform the job themselves. He just concentrates on the intellectual/rational aspect of his work and does not focus on the management aspect of his work. The team/employees are welcomed to share their views and provide suggestions which are best for organizational interests. This leadership style works only when the employees are skilled, loyal, experienced and intellectual.

**3. Democrative/Participative leadership style:**

The leaders invite and encourage the team members to play an important role in decision-making process, though the ultimate decision-making power rests with the leader. The leader guides the employees on what to perform and how to perform, while the employees communicate to the leader their experience and the suggestions if any. The advantages of this leadership style are that it leads to satisfied, motivated and more skilled employees. It leads to an optimistic work environment and also encourages creativity. This leadership style has the only drawback that it is time-consuming.

# Decision Making

Decision-making is an essential aspect of modern management. It is a primary function of management. A manager's major job is sound/rational decision-making. He takes hundreds of decisions consciously and subconsciously. Decision-making is the key part of manager's activities. Decisions are important as they determine both managerial and organizational actions. A decision may be defined as "a course of action which is consciously chosen from among a set of alternatives to achieve a desired result."

**Definition**

Decision-making is the selection based on some criteria from two or more possible alternatives. “-—George R.Terry

A decision can be defined as a course of action consciously chosen from available alternatives for the purpose of desired result —J.L. Massie

##  Characteristics of Decision Making

**1.Decision making implies choice**:

Decision making is choosing from among two or more alternative courses of action. Thus, it is the process of selection of one solution out of many available. For any business problem, alternative solutions are available.

**2. Continuous activity/process**:

Decision-making is a continuous and dynamic process. It pervades all organizational activity. Managers have to take decisions on various policy and administrative matters. It is a never ending activity in business management.

**3. Mental/intellectual activity:**

Decision-making is a mental as well as intellectual activity/process and requires knowledge, skills, experience and maturity on the part of decision-maker. It is essentially a human activity.

**4.Based on reliable information/feedback:**

Good decisions are always based on reliable information. The quality of decision-making at all levels of the Organisation can be improved with the support of an effective and efficient management information system (MIS).

**5.Goal oriented process**:

Decision-making aims at providing a solution to a given problem/ difficulty before a business enterprise. It is a goal-oriented process and provides solutions to problems faced by a business unit.

**6.Relates to specific problem:**

 Decision-making is not identical with problem solving but it has its roots in a problem itself.

**7.Time-consuming activity:**

Decision-making is a time-consuming activity as various aspects need careful consideration before taking final decision. For decision makers, various steps are required to be completed. This makes decision-making a time consuming activity.

**Decision-making Process** 7

Review your decision

 6

Take action

 5

Choose among alternatives

 4

Weigh the evidence

 3

Identify the alternatives

 2

Gather relevant information

1

Identify the decision

## Step 1: Identify the decision

You realize that you need to make a decision. Try to clearly define the nature of the decision you must make. This first step is very important.

## Step 2: Gather relevant information

Collect some pertinent information before you make your decision: what information is needed, the best sources of information, and how to get it. This step involves both internal and external “work.” Some information is internal: you’ll seek it through a process of self-assessment. Other information is external: you’ll find it online, in books, from other people, and from other sources.

## Step 3: Identify the alternatives

As you collect information, you will probably identify several possible paths of action, or alternatives. You can also use your imagination and additional information to construct new alternatives. In this step, you will list all possible and desirable alternatives.

## Step 4: Weigh the evidence

Draw on your information and emotions to imagine what it would be like if you carried out each of the alternatives to the end. Evaluate whether the need identified in Step 1 would be met or resolved through the use of each alternative. As you go through this difficult internal process, you’ll begin to favor certain alternatives: those that seem to have a higher potential for reaching your goal. Finally, place the alternatives in a priority order, based upon your own value system.

## Step 5: Choose among alternatives

Once you have weighed all the evidence, you are ready to select the alternative that seems to be best one for you. You may even choose a combination of alternatives. Your choice in Step 5 may very likely be the same or similar to the alternative you placed at the top of your list at the end of Step 4.

## Step 6: Take action

You’re now ready to take some positive action by beginning to implement the alternative you chose in Step 5.

## Step 7: Review your decision & its consequences

In this final step, consider the results of your decision and evaluate whether or not it has resolved the need you identified in Step 1. If the decision has not met the identified need, you may want to repeat certain steps of the process to make a new decision. For example, you might want to gather more detailed or somewhat different information or explore additional alternatives.

#  Designing Organizational Structure

Organizational structure is used to develop how groups and individuals are arranged or departmentalized to help meet an organization's goals. It defines a reporting structure, jobs, compensation and responsibilities for each role. Designing an organizational structure requires consideration of an organization's values, financial and business goals. It should allow for growth for the organization and the ability to add additional jobs or departments.

**Organizing**

Organizing is the process of defining and grouping the activities of the entire process and establishing the authority and relationship among them” Organizing in management refers to the relationship between people, work and resources used to achieve the common objectives ORGANISING INMANAGEMENT.

**Organisation**

“Organisation may be defined as a group of individuals, large of small, that is cooperating under the direction of executive leadership in accomplishment of certain common object.”

# Types of Organisation Structure

**1. Line Organization**

**2. Line and Staff Organization**

**3. Functional Organization**

**4. Project Organization**

 **5. Matrix Organization**

#### 1. Line Organisation:

Line organisation is the simplest and oldest form of organisation structure. It is called as military or departmental or scalar type of organization. Under this system, authority flows directly and vertically from the top of the managerial hierarchy ‘down to different levels of managers and subordinates and down to the operative level of workers.

#### 2. Line and Staff Organization:

In the line and staff organisation, staffs assist the line managers in their duties in order to achieve the high performance. So, in an organization which has the production of textiles, the production manger, marketing manager and the finance manager may be treated as line executives, and the department headed by them may be called line departments

#### 3. Functional Organisation:

  “Functional organisation refers to the organisation which is divided into a number of functions such as finance, production, sales, personnel, office and research and development and each of functions are performed by an expert”.

####  4. Project Organisation:

This organisational structure are temporarily formed for specific projects for a specific period of time, for the project of achieving the goal of developing new product, the specialists from different functional departments such as production, engineering, quality control, marketing research etc., will be drawn to work together. These specialists go back to their respective duties as soon as the project is completed.

#### 5. Matrix Organisation:

Matrix organisation is “any organisation that employs a multiple command system that includes not only the multiple command structure, but also related support mechanism and an associated organisational culture and behaviour pattern.”

**Structure of Organization**

Director

Manager

Team Leader

Team Leader

Supervisor

Supervisor

Operatives

Operatives

Supervisor

Supervisor

Operatives

Operatives

**UNIT-2**

**Operations Management:**

* Plant location and Layout
* Methods of production
* Work-Study-Statistical Quality Control through Control Charts
* Objectives of Inventory Management
* Need for Inventory Control
* EOQ&ABC Analysis(Simple Problems)

**Marketing Management:**

* Meaning, Nature
* Functions of Marketing,
* Marketing Mix
* Channels of distribution
* Advertisement and sales promotion
* Marketing strategies- Product Life Cycle.

**OPERATIONS MANAGEMENT:**

Operations management is often used along with production management in literature on the subject. It is therefore, useful to understand the nature of operations management.

 Operations are purposeful actions or activities which are done methodically as part of a plan of work by a process that is designed to achieve the pre-decided objectives.

 Operation management is more frequently used where various inputs are transformed into intangible services like banks, airlines, super bazaars, etc.

Plant location may be understood as the function of determining where the plant should be located for maximum operating economy and effectiveness. The selection of a place for locating a plant is one of the problems, perhaps the most important, which faced by an entrepreneur while launching a new enterprise.

**Plant Location**

**Plant (Factory):** Place where men, material, money, machines are brought for manufacturing a product.

**Location:** The general area or region the location must be optimum, sot that the cost of production and distribution are the lowest.

**Plant Location:** It is the site / place chosen for installing a new plant within the selected area. Therefore it involves the following two 2 major activities.

* Selecting a proper area or region
* Selecting a specific place within the area.

Location decision is based on the organizations long term strategies such as technological, marketing, resource availability and financial strategies. Location decision also affects the efficiency, effectiveness, productivity and profitability. Site selection is not an easy problem because if the selection is not proper the money spent on factory building, machinery and their installation will become waste.

 Ex: Intel selected manufacturing locations in Malaysia and Philippines.

**Reasons for select plant location:**

1. To start new business
2. To expand existing business
3. When the lease period was expired
4. To diversify business activity

**General Factor in Plant Locations:**

1. Availability of land for present & future needs.
2. Cost of land.
3. Availability of inputs such as labor, raw material, natural resources.
4. Closeness to the market places.
5. Availability of infrastructure facilities such as power, water, financial institutions, banks etc.
6. Availability of necessary modes of transportation like road, rail, airport.
7. Disposal of waste water and other waste materials.
8. Government support, grant, subsidy, tax structure.
9. Availability of housing facilities and recreational facilities.
10. Security.
11. Fuel cost.
12. Communication facilities.

**Specific factors in plant location:**

1. The economic stability of the country.
2. Cultural factors, language.
3. Analysis of factors like wage rate, policy, duties.
4. Traditions, religious factors.

**Steps in selecting a plant location:**

1. Selection of with the country / outside.
2. Selection of the region
	* 1. Availability of raw materials.
		2. Nearness to the markets
		3. Availability of power.
		4. Transport facilities
		5. Suitability of climate
		6. Government policy
		7. Competition between states
3. Selection of community / locality
	* 1. availability of labour
		2. civic amenities for workers
		3. Existence of complementary industries.
		4. Finance facilities
		5. Availability of water & fire – fighting facilities
		6. Local taxes & restriction
4. Selection of exact site
	* 1. Soil, size and topography
		2. Dispose of waste.

**Objectives of Plant Location:**

* Minimize investment in equipment.
* Minimize overall production time.
* Utilize existing space most effectively.
* Provide for employee convenience, safety and comfort.
* Maintain flexibility of arrangement and operation.
* Minimize materials-handling cost.
* Facilitate the manufacturing process.

Facilitate the organizational structure

**PLANT LAYOUT:**

 Plant layout is the arrangement of production machinery, machine tools, work centers and additional facilities and activities. Ex: Inspection, handling of material, storage and transport, for the purpose of securing efficiency in manufacturing products or supplying consumer services.

 A bad layout would lead to loss of efficiency, waste of time and energy, inconveniences and botherations in the actual operations and in the process of production. A good layout ensures orderly and efficient arrangement of work facilities and personnel.

**Definition:**

 Plat layout has been defined “A technique of locating machines, processes and plant services with in factory in order to secure the greatest possible output of high quality at the lowest possible total cost production”

**TYPES OF LAYOUTS:**

Layouts can be classified into the following 4 categories.

1. Process layout
2. Product layout
3. Group layout
4. Fixed position layout

**1. Process layout:**

 Under process layout, all machines of the same kind, used in a given labour operation, and grouped together in one place. Thus in an engineering factor all types of lathes are placed together. It is the layout by operation for job lot manufacture. Process layout is generally adopted for job order industries like engineering, printing, etc. in which the requirements of every job are different from every other job, making it impossible for materials to flow uniformly through all processes.

Advantages of Process layout:

1. Machines are better utilized: fewer machines are required.
2. A high degree of flexibility in terms of task allocations to machines exists.
3. Comparatively low investment in machine is required.
4. The diversity of tasks offers a more interesting and satisfying occupation for the operator.

Limitations of Process layout:

1. Material handling cost will be high.
2. Production planning and control systems are more involved.
3. Throughput time is longer.
4. Large amounts of in-process inventory will result.
5. Space and capital are tied up by work in process.
6. Higher grades of skill are required.

**2. Product layout:**

 Under product layout, all the machines of each kind needed for balanced operations on a given production or assembly line are located adjacent to it in labour operation sequence. Product layout is suitable in continuous flow and mass production industries. It involves a continuous flow of materials through the required processes in a definite sequences.

Advantages of Product layout:

1. The flow of product will be smooth and logical in flow lines.
2. In-process inventory is less.
3. Through time takes less.
4. Material handling cost is minimum
5. Operators need not be skilled.
6. Simple production planning and control systems are possible.
7. Less space is occupied by work in transit and for temporary storage.

Limitations of Product layout:

1. A break down of one machine in a product line may cause stoppages of machines in the down stream of the line.
2. A Change in product may require major alterations in the layout.
3. The line output is decided by the bottleneck machine.
4. Comparatively high investment in equipments is required.

**3. Group Layout:**

 A Group layout is a combination of the product layout and process layout. It combines the advantages of both layout systems. If there are M machines and N components, in a group layout, the M machines and N components will be divided into distinct number of machines component cells such that all the components assigned to a cell are almost processed within that cell itself.

Advantages of Group layout:

 Group technology layout can increase the items given in list A and it can decrease the items given in list B.

List A:

1. Component Standardization and rationalization.
2. Reliability of estimates.
3. Effective machine operation
4. Productivity.
5. Costing accuracy.
6. Customer services.

 7. Order potential

**4. Fixed position layout:**

 Fixed position layout, in which the physical characteristics of the product dictate as to which type of machines and men are to be brought to the product

**WORK STUDY:**

Work study is defined as that body of knowledge concerned with the analysis of the work methods and equipment used in performing a job, the design of an optimum work method and the standardization of proposed methods.

 The work study of human works in all aspects in order to improve works in all aspects in order to improve productivity. It is a systematic and analytical study of work process and work methods with the objective of increasing efficiency and reducing costs. Work study helps to reduce waste through standardization of qualitative and quantitative element of the job.

**Objectives:**

1. To motivate the workers.

2. To Improve process by research and development

3. To improve methods of operations

4. To improve product planning and control.

5. To improve manpower efficiency at all levels.

**Work study procedure:**

Select

Record

Examine

Develop

Evaluate

Define

Install

Maintain

**1. Select:** Select the job or process to be studied.

**2. Record:** Record and collect all relevant data about the job or process, using the most suitable data collection techniques, so that the data will be in the most convenient from to be analyzed.

**3. Examine:** Examine critically the recorded facts and challenge everything that is done, considering in turn, the purpose of the activity, the place where it is performed, the sequence in which it is done.’

**4. Develop:** Develop the most economic method, taking into account all the circumstances and drawing as appropriate on various production management techniques, as well as on the contrinutation of managers, others.

**5. Evaluate:** Evaluate the results attained by the improved method compared with the quantity of the involved and calculate a standard time for it.

**6. Define:** Define the new method and the related time and present it to all those.

**7. Install:** install the new method, training those involved, as an agreed practice with the allotted time of operations.

**8. Maintain:** Maintain the new standard practice by monitoring the results and comparing them with the original targets.

**Importance of Work study:**

1. uniform production flow

2. Production smoothing due to line balancing

3. Minimum inventory in the system due to removal of bottlenecks.

4. Higher productive efficiency

5. Reduced manufacturing cost.

6. Fast and accurate delivery to customer as per commitment

7. Better employee-employer relations

**Benefits of Work Study:**

1. Productivity can be increased and operational efficiency possible

2. Manufacturing cost can be reduced

3. Improved work place layout.

4. Appropriate wage and salaries to employees

5. Better man power planning

6. Better working conditions

7. Reduced material handling costs

8. Job Satisfaction to employees

**Techniques of Work Study:**

There are 2 techniques

 Work Study

Work Measurement

Method Study

**Method Study:**

Method Study is a scientific technique of observing, recording and critically examining the present method of performing a task.

**Objectives:**

1. To study the existing method of doing a job.

2. To Develop an improved method.

3. To improve the productivity

4. To best use of resource

5. To standardize work methods

6. To improve working conditions.

**Work Measurement:**

 It has been defined as the application of techniques designed to determine the time required levels of performance to do a specific job. The time is only a standard time or allowed time.

Objectives:

1. To determine standard cost for preparing budget
2. To determine scheduling and planning works
3. To determine the effectiveness of machines
4. To determine time standards
5. To establish supervisory objectives and measure them

**QUALITY CONTROL:**

 Quality is a measure of how closely a good or service conforms to specified standard. Quality standards may be one or a combination of attributes / variables of the product being manufactured.

 The attributes will include performance, reliability, appearance, commitment to delivery time, etc. Variables may be some measurement variable like length, width, height, diameter, surface finish etc.

 Quality assurance is the system of policies, procedures and guidelines which help in building specified standards of product / service quality.

 There is a simple way to define a quality system in general a quality system is a part of overhead. The system does not add any value of the products it only ensures that the product work, and meet the customer expectations.

**Definition:**

 “Quality control is a corrective measure to know the quality of the finished goods (or) product”. - Alford.

**Objectives of Quality Control**:

* 1. Better utilization of raw material and equipments
	2. To produce quality products rather then defective products.
	3. To measure the quality of a particular product for increasing sales.
	4. To reduce the defectives in a sample.
	5. Process controls useful to measure the quality of the work in process goods.
	6. To reduce faults in a production process

 7. After production process is completed the finished products are also controlled

**Need for Quality Control:**

In the absence of Quality control the following will be the results:

1. No yardstick for comparing the quality of goods / services
2. Difficulty in maintaining consistency in quality.
3. Dissatisfied customers due to increased maintenance and operating costs of products.
4. Increased rework cost while manufacturing products / services.
5. Reduced life time of the products
6. Reduced flexibility with respect to usage of standard spare parts.

**CONTROL CHARTS:**

 A Control chart is a statistical technique for controlling the quality of a product being manufactured. It was first devised by Dr. Walter A.Shewart after whose name these charts are also called she wart charts. In a relatively short period, this technique of quality control as found wide acceptance.

 In other words, control chart is a device which specifies the state of statistical control, second a device for attaining statistical control, and third, a device to judge whether statistical control has been attained. The control limits on the chart are so placed as to disclose the presence or absence of the assignable cause of quality variation.

**Classification of Quality Control:**

 Quality control

 Control Charts Acceptance Sampling

For Variables For Attributes For Variables For Attributes

X Charts P Charts Plan with Alfa Single sampling plan

R Charts C Charts Plan with Alfa Single sampling plan

 And Beta Multiple sample plan

 Six Sigma

Control charts for Variables:

 Control charts based upon measurements of quality characteristic are called as control chart for variables. Control charts for variables are often found to be a more economical means of controlling quality than control charts based on attributes. The variable control charts that are most commonly used.

Control charts for Attributes:

 Where the name of product is such that the quality characteristic cannot be measured quantitatively, the items are classified only defectives and non-defectives at the time of final inspection. There can be a number of factors responsible for defining any item to be defecates and the separate record for each cause may be out of question.

**X Charts:**

 X charts are used to show the variation between the samples of the products. If there is a variation between the one sample and another sample, this X charts shows the variation.

 CL = X

 E X

 X= ------

 K

UCL (Upper control Limit):

 UCL = X + AR

 LCL = X – AR

 E R

 R = -------

 K

 **R Charts:**

 R Charts explain within sample observations and this chart gives idea about the spread of the observation.

 CL= R

 E R

 R= ------

 K

 UCL = B

 LCL = CR

Procedure to X and R charts:

* 1. Identify the process to be controller
	2. Select the variable of interest.
	3. Decide the suitable sample size(n) and no. of samples to be collected(k).
	4. Collect the specified no. of intervals/ samples over a given period or time.
	5. Find the measurement of interest for each peace with in the sample.
	6. Obtain mean (X) of each sample.
	7. Control limits of X chart and R chart.
	8. Incorporate the control limits of X chart and R charts.
	9. Hunt for assignable causes when the process is out of the control.

**Inventory Control:**

 This inventory control includes some analysis of Inventories of the organization, regular inspection of the inventory. Proper usage of inventory and making less usage of inventory like this all came under this inventory control.

 Inventory is essential to provide flexibility in operating a system. The inventory can be classified into raw materials, work in progress, finished goods

**INVENTORY MODELS:**

 The word inventory includes raw materials, work in progress, finished goods and other materials, that are needed to meet any unexpected demand in future.

Inventory Components:

1. Materials
2. Purchased parts
3. Supplies
4. Work-in-progress materials
5. Finished products

**Function of inventory:**

1. Flexibility to manufacturing the product.
2. Efficient utilization of production facilities.
3. Production and purchasing in economic lot sizes.
4. Buffer against fluctuations in demand.
5. Prompt delivery.
6. Advantage of quantity discount.
7. Hedge against shortages and price increases.
8. Inventory control depends on type of production type of industry and volume of production.

**Models:**

1. ABC Analysis (Always Better Control)
2. VED Analysis (Vital Essential Describe)
3. HMC Analysis (High Medium Low)
4. FSN Analysis (Fast Moving Slow Moving Non Moving)
5. SDE Analysis (Scare, Difficult and Easy)
6. EOQ Analysis (Economic order quantity)
7. MRP Analysis (Material requirement planning)
8. JIT Analysis (Just in time)

**1) ABC Analysis (Always Better Control):**

 It means always better control. In this method items are classified into A,B and C group items based on consumption, value of inventory items.

Procedure for ABC Analysis:

Step 1:- List of each item carried in inventory by number or some other designation.

Step 2:- Determine the annual value of usage and rupee value of each item.

Step 3:- Multiple each items annual volume of usage by its rupee.

Step 4:- Arrange items in descending order based on annual consumption.

Step 5:- Calculate cumulative annual consumption value.

Step 6:- Based on given percentages per 3 categories. We have to classify inventory items into

 A,B, and C categories. (Problems here)

 **EOQ Analysis (Economic order quantity):**

 EOQ is the order size at which the total cost. Total cost includes carry cost and ordering cost.

 In this method we determine the economic order size as which both the ordering cost, carrying cost curve will intersect, ordering cost curve downward sloping because the ordering cost decreases with increase in order size. (Problems here)

**Marketing Management**

**Philip Kotler** defines “marketing is about Satisfying needs and wants through an exchange process”. In this context,

Marketing can be defined as "the management process that seeks to maximize returns to shareholders by developing relationships with valued customers and creating a competitive advantage."

**Definition of Marketing**

According to **American Marketing Association (2004)** – “Marketing is an organisational function and set of processes for creating, communicating and delivering value to customers and for managing relationships in a way that benefits both the organisation and the stakeholder.”

According to **Kotler (2000)** – “A societal process by which individuals and groups obtain what they need and want through creating, offering, and freely exchanging products and services of value with others.”

**Nature of Marketing**

**1. Marketing is an Economic Function** Marketing embraces all the business activities involved in getting goods and services , from the hands of producers into the hands of final consumers. The business steps through which goods progress on their way to final consumers is the concern of marketing.

**2. Marketing is a Legal Process by which Ownership Transfers** In the process of marketing the ownership of goods transfers from seller to the purchaser or from producer to the end user.

**3. Marketing is a System of Interacting Business Activities** Marketing is that process through which a business enterprise, institution, or organisation interacts with the customers and stakeholders with the objective to earn profit, satisfy customers, and manage relationship. It is the performance of business activities that direct the flow of goods and services from producer to consumer or user.

**4. Marketing is a Managerial function** According to managerial or systems approach – *“Marketing is the combination of activities designed to produce profit through ascertaining, creating, stimulating, and satisfying the needs and/or wants of a selected segment of the market.”*

According to this approach the emphasis is on how the individual organisation processes marketing and develops the strategic dimensions of marketing activities.
 **5. Marketing is a social process**

 Marketing is the delivery of a standard of living to society. According to Cunningham and Cunningham (1981) societal marketing performs three essential functions:-

1. Knowing and understanding the consumer’s changing needs and wants;
2. Efficiently and effectively managing the supply and demand of products and services; and
3. Efficient provision of distribution and payment processing systems.

# Functions of Marketing

1. Selling

2. Buying and Assembling

3. Transportation

4. Storage

 5. Standardization and Grading

 6. Financing

7. Risk Taking

8. Market Information.

**Marketing Mix:**

**Meaning:**

The process of marketing or distribution of goods requires particular attention of management because production has no relevance unless products are sold. Marketing mix is the process of designing and integrating various elements of marketing in such a way to ensure the achieve­ment of enterprise objectives.

**Definition:**

According to Philip Kotler, ‘marketing mix is the mixture of controllable marketing variable that the firm uses to pursue the sought level of sales in the target market’ (Figure 3.1).

****

**Characteristics/Features/Nature of Marketing Mix:**

1. Marketing mix is the crux of marketing process:

2. Marketing mix has to be reviewed constantly in order to meet the changing requirements.

3. Changes in external environment necessitate alterations in the mix

4. Changes taking place within the firm also necessitate changes in marketing mix

5. Applicable to business and non-business organization.

6. Helps to achieve organizational goals.

7. Concentrates on customers

The **marketing mix is a crucial tool to help understand what the product or service can offer and how to plan for a successful product offering.** The marketing mix is most commonly executed through the [4 P’s of marketing](http://smallbusiness.chron.com/marketing-mix-638.html)**: Price, Product, Promotion,** and**Place.**

**1. Product**

A product is an item that is built or produced to satisfy the needs of a certain group of people. The product can be intangible or tangible as it can be in the form of services or goods.

Developing the right product, you have to answer the following questions:

* What does the client want from the service or product?
* How will the customer use it?
* Where will the client use it?
* What features must the product have to meet the client’s needs?
* Are there any necessary features that you missed out?
* Are you creating features that are not needed by the client?
* What’s the name of the product?

**2. Price**

The price of the product is basically the amount that a customer pays for to enjoy it.

It is also a very important component of a marketing plan as it determines your firm’s profit and survival. Adjusting the price of the product has a big impact on the entire marketing strategy as well as greatly affecting the sales and demand of the product.

When setting the product price, marketers should consider the perceived value that the product offers. There are three major pricing strategies, and these are:

* Market penetration pricing
* Market skimming pricing
* Neutral pricing

**3. Place**

Placement or distribution is a very important part of the product mix definition. You have to position and distribute the product in a place that is accessible to potential buyers.

There are many distribution strategies, including:

* Intensive distribution
* Exclusive distribution
* Selective distribution
* Franchising

**4. Promotion**

Promotion is a very important component of marketing as it can boost brand recognition and sales. Promotion is comprised of various elements like:

* Sales Organization
* Public Relations
* Advertising
* Sales Promotion

**Place:**

* Retail
* Wholesale
* Mail order
* Internet
* Direct sales
* Multi -channel

**PRODUCT:**

* DESIGN
* TECHNOLOGY
* USEFULNESS
* VALUE
* Quality
* Packaging
* Branding
* warranties

**Promotion**

* Special offers
* Advertising
* User trails
* Direct mailing
* Free gifts
* Competitions
* Joint ventures

**Price**

Strategies:

* Skimming
* PENETRATION
* Cost-plus
* Loss leader

# Channels of Distribution

The goods are produced at one place but the customers are scattered over a wide geographical area. Thus, it is very difficult for a producer to distribute his products all over the country. Therefore, he takes the help of some intermediaries to distribute his goods.

#### Functions of Distribution Channels:

**Following are the main functions performed by the distribution channels:**

**1. Sorting:**

Middlemen obtain the supplies of goods from various suppliers and sort them out into similar groups on the basis of size, quality etc.

**2. Accumulation:**

In order to ensure a continuous supply of goods, middlemen maintain a large volume of stock.

**3. Allocation:**

It involves packing of the sorted goods into small marketable lots like 1Kg, 500 gms, 250 gms etc.

**4. Assorting:**

Middlemen obtain a variety of goods from different manufacturers and provide them to the customers in the combination desired by them. For example, rice from Dehradun & Punjab.

**5. Product Promotion:**

Sales promotional activities are mostly performed by the producer but sometimes middlemen also participate in these activities like special displays, discounts etc.

**6. Negotiation:**

Middlemen negotiate the price, quality, guarantee and other related matters about a product with the producer as well as customer.

**7. Risk Taking:**

Middlemen have to bear the risk of distribution like risk from damage or spoilage of goods etc. when the goods are transported from one place to another or when they are stored in the god-owns.

#### Types of Distribution Channels:

Broadly, Channel of distribution is of two types viz.,

(1) Direct Channel

(2) Indirect Channel.

**1. Direct Channel or Zero Level Channels:**

When the producer or the manufacturer directly sells the goods to the customers without involving any middlemen, it is known as direct channel or zero level channel. It is the simplest and the shortest mode of distribution. Selling through post, internet or door to door selling etc. are the examples of this channel. For example, Mc Donalds, Bata, Mail order etc.

**Methods of Direct Channel are:**

(a) Door to door selling

(b) Internet selling

(c) Mail order selling

(d) Company owned retail outlets

(e) Telemarketing

**2. Indirect Channels:**

When a manufacturer or a producer employs one or more middlemen to distribute goods, it is known as indirect channel.

Following are the main forms of indirect channels**:**

**(a) Manufacturer-Retailer-Consumer (One Level Channel):**

This channel involves the use of one middleman i.e. retailer who in turn sells them to the ultimate customers. It is usually adopted for speciality goods. For example Tata sells its cars through company approved retailers.

**Manufacturer→ Retailer→ Consumer**

**(b) Manufacturer-Wholesaler-Retailer-Customer (Two level channels):**

Under this channel, wholesaler and retailer act as a link between the manufacturer and the customer. This is the most commonly used channel for distributing goods like soap, rice, wheat, clothes etc.

**Manufacturer→ Wholesaler→ Retailer→ Customer**

**(c) Manufacturer-Agent-Wholesaler-Retailer-Consumer (Three level channels):**

This level comprises of three middlemen i.e. agent, wholesaler and the retailer. The manufacturers supply the goods to their agents who in turn supply them to wholesalers and retailers. This level is usually used when a manufacturer deal in limited products and yet wants to cover a wide market.

**Manufacturer → Agent → Wholesaler → Retailer → Consumer**

**Product Life Cycle**

Product Life Cycle. A new product progresses through a sequence of stages from introduction to growth, maturity, and decline. This sequence is known as the product life cycle and is associated with changes in the marketing situation, thus impacting the marketing strategy and the marketing mix.



The product life cycle has 4 very clearly defined stages, each with its own characteristics that mean different things for business that are trying to manage the life cycle of their particular products.

[**Introduction Stage**](http://productlifecyclestages.com/product-life-cycle-stages/introduction/) – This stage of the cycle could be the most expensive for a company launching a new product. The size of the market for the product is small, which means sales are low, although they will be increasing. On the other hand, the cost of things like research and development, consumer testing, and the marketing needed to launch the product can be very high, especially if it’s a competitive sector.

[**Growth Stage**](http://productlifecyclestages.com/product-life-cycle-stages/growth/) – The growth stage is typically characterized by a strong growth in sales and profits, and because the company can start to benefit from economies of scale in production, the profit margins, as well as the overall amount of profit, will increase. This makes it possible for businesses to invest more money in the promotional activity to maximize the potential of this growth stage.

[**Maturity Stage**](http://productlifecyclestages.com/product-life-cycle-stages/maturity/) – During the maturity stage, the product is established and the aim for the manufacturer is now to maintain the market share they have built up. This is probably the most competitive time for most products and businesses need to invest wisely in any marketing they undertake. They also need to consider any product modifications or improvements to the production process which might give them a competitive advantage.

[**Decline Stage**](http://productlifecyclestages.com/product-life-cycle-stages/decline/) – Eventually, the market for a product will start to shrink, and this is what’s known as the decline stage. This shrinkage could be due to the market becoming saturated (i.e. all the customers who will buy the product have already purchased it), or because the consumers are switching to a different type of product. While this decline may be inevitable, it may still be possible for companies to make some profit by switching to less-expensive production methods and cheaper markets.

**Advertising and Sales promotion:**

**Definition of 'Advertising'**: Advertising is a means of communication with the users of any product or service. Rather, advertisements are also the messages paid for by those who send them and are intended to inform or influence people who receive them.

**Sales Promotion:** And if we talk about the word promotion that drives from the Latin word **‘Promoter’** means **“to move forward”**or to push forward. Basically, sales and promotion are two different words and sales promotion is the combination of these two words.

**Advertising Sales Promotion Defined**

Advertising positions a product or service against that of competitors to convey a brand message to consumers and to enhance its value in the consumer's eyes. A television commercial for a brand new automobile emphasizing the car's new features and styling is an example of advertising.

Advertising is a paid, non-personal sales communication usually directed at a large number of potential buyers.

**Types of advertising include:**

**Informative Advertising**: Advertising approach intended to build initial demand for a good or service in the introductory phase of the product life cycle.

**Persuasive Advertising**: Used in the growth and maturity stages of the product life cycle to improve the competitive status of a product, institution or concept.

**Comparative Advertising**: Persuasive advertising approach in which direct comparisons are made with competing goods or services.

**Reminder-Oriented Advertising**: Method used in the late maturity or decline states of the product life cycle that seeks to reinforce previous promotional activity by keeping the name of the good or service in front of the public.

The following are some of the most popular forms of advertising media:

**Newspapers:** Can be costly so you want to reach the exact audience that will buy your product or service. Avoid using small print if possible. You may be able to place an ad in the more affordable weekly papers where you can run your ad by zip code.

**Television and Radio**: Are typically expensive. The most popular stations are typically expensive. Be sure to know your target audience and study the media kits to determine if the station reaches that audience.

**Direct Mail**: Can be either generated by you individually or can be a part of a co-op program such as Val-Pak.

**Magazines and Trade Journals**: Many have space available regionally.

**Outdoor Advertising:** Including Billboards and Transit Ads or buses, cabs.

**Yellow Pages**: This is possibly the first type of advertising you should purchase. A large ad is not necessary, a listing is sufficient to let your potential customer know you are a valid company, not a fly by night.

The downfall with Yellow Page advertising is that it takes the customer directly to your competition! Have a listing but be careful promoting it.

**Internet**, **Website Or Banner Advertising**

Some lower cost advertising opportunities include co-op advertising programs where there is a cost sharing arrangement between the manufacturer and the retailer, cable TV advertising, and targeted direct mail postcards.

**Sales promotions**

Include a variety of strategies designed to offer purchasers an extra incentive to buy, usually in the short term. Examples of sales promotions include cents off coupons, two for the price of one sale and double coupons at the grocery store, all for a limited period of time.

Meanwhile, **promotion** is another important component of the marketing communications mix. It is essentially a direct and immediate inducement. It adds extra value to the product and hence prompts the dealer-consumer to buy the product.

**According to American Marketing Association**, “These marketing activities, other than personal selling, advertising and publicity that stimulate consumer purchasing and dealer effectiveness such as display shows and exhibitions, demonstrations and various non-recurrent selling efforts not in the ordinary routine”.

**According to Philip Kotler**, “Promotion encompasses all the tools in the marketing mix whose major role is persuasive communication”.

It includes activities other than advertising, personal selling publicity and public relations which are used in promoting sales of the product or in persuading the customer to purchase the product. Distribution of samples, premium coupon, point of purchase display, off-price selling, etc. is the examples of sales promotion techniques.

**Unit -III**

**Human Resource Management (HRM)**

* Significant and Basic functions of HRM
* Human Resource Planning (HRP)
* Job evaluation
* Recruitment and Selection
* Placement and Induction
* Wage and Salary administration
* Employee Training and development
* Methods-Performance Appraisal
* Employee Grievances-techniques of handling Grievances

**Meaning of HR**

Human resources (HR) is the department within a business that is responsible for all things worker-related. That includes recruiting, vetting, selecting, hiring, on boarding, training, promoting, paying, and firing employees and independent contractors. HR is also the department that stays on top of new legislation guiding how workers need to be treated during the hiring, working, and firing process.

HR is considered by many business strategists to be the most important of all company resources. That’s because employees can gain new skills, thereby increasing the size of a company’s competitive advantage over time. Other resources simply don’t have that capacity.

**Definition:**

**“Human resources** (**HR**) is the company department charged with finding, screening, recruiting and training job applicants, as well as administering empppployee-benefit programs.”

“The people that staff and operate an organisaton”as contrasted with the financial and material resources of an organisation. --------‘William R.Tracy ‘

**HR Responsibilities**

The list of tasks the HR department oversees is quite lengthy. Besides hiring and firing, HR professionals also take care of:

* Recruiting
* Background checks
* Drug testing
* Relocation
* Training and professional development
* Compensation plan development
* Employee assistance plan
* Outplacement
* Payroll management
* Benefits administration
* Legal
* Employee relation

**HUMAN RESOURCE MANAGEMENT**

**Introduction:**

Human Resource Management (HRM) is an operation in companies designed to maximize employee performance in order to meet the employer's strategic goals and objectives. More precisely, HRM focuses on management of people within companies, emphasizing on policies and systems.

In short, HRM is the process of recruiting, selecting employees, providing proper orientation and induction, imparting proper training and developing skills.

**Definition:**

**According to Mathis & Jackson**

**“**HRM is the effective use of human resources and organisation through the management of people related activities”.

**Features of HRM**

Human Resource Management as a discipline includes the following features −

* It is pervasive in nature, as it is present in all industries.
* It focuses on outcomes and not on rules.
* It helps employees develop and groom their potential completely.
* It motivates employees to give their best to the company.
* It is all about people at work, as individuals as well as in groups.
* It tries to put people on assigned tasks in order to have good production or results.
* It helps a company achieve its goals in the future by facilitating work for competent and well-motivated employees.
* It approaches to build and maintain cordial relationship among people working at various levels in the company.

**Scope of HRM**

The scope of HRM is very wide:

1. Personnel aspect-This is concerned with manpower planning, recruitment, selection, placement, transfer, promotion, training and development , layoff and retrenchment, remuneration, incentives, productivity etc.
2. Welfare aspect-It deals with working conditions and amenities such as canteens, rest and lunch rooms, [housing](https://th.jobsdb.com/TH/EN/Resources/JobSeekerArticle/th.jobsdb.com/th/en/Search/FindJobs?KeyOpt=COMPLEX&JSRV=1&RLRSF=1&JobCat=118&JSSRC=JSRAS&keepExtended=1), [transport](https://th.jobsdb.com/th/en/Search/FindJobs?KeyOpt=COMPLEX&JSRV=1&RLRSF=1&JobCat=265&JSSRC=JSRSB), [medical](https://th.jobsdb.com/th/jobs/medical-services) assistance, [education](https://th.jobsdb.com/th/jobs/education), [health](https://th.jobsdb.com/th/jobs/beauty-care-health) and safety, recreation facilities, etc.
3. Industrial relations aspect-This covers union-management relations, joint consultation, collective bargaining, grievance and disciplinary procedures, settlement of disputes, etc

**Objectives of HRM**

1. To create and utilize an able and motivated workforce, to accomplish the basic organizational goals.
2. To establish and maintain sound organizational structure and desirable working relationships among all the members of the organization.
3. To secure the integration of individual or groups within the organization by co-ordination of the individual and group goals with those of the organization.
4. To attain an effective utilization of human resources in the achievement of organizational goals.
5. To identify and satisfy individual and group needs by providing adequate and equitable wages, incentives, employee benefits and social security and measures for challenging work, prestige, recognition, security, status.
6. To maintain high employees morale and sound human relations by sustaining and improving the various conditions and facilities.
7. To provide an opportunity for expression and voice management.
8. To provide fair, acceptable and efficient leadership.
9. To provide facilities and conditions of work and creation of favorable atmosphere for maintaining stability of employment.

**Importance of HRM**

1. Attracting and retaining the best people in the organizations.

2. Train the people for challenging roles.

3. Develop the skills and competency

4. Promote team spirit

5. Increase productivity and profits

6. Improve job satisfaction.

7. Enhance the standard of living.

8. Generate employment opportunity.

**Functions of HRM**

**I. Managerial functions:**

**1. Planning:**

Human resource planning is a process that identifies current and future human resources needs for an organization to achieve its goals. Human resource planning should serve as a link between human resource management and the overall strategic plan of an organization.

**2. Organizing:**

Organizing is the process of defining and grouping the activities of the entire process and establishing the authority and relationship among them” organizing in management refers to the relationship between people, work and resources used to achieve the common objectives organizing in management.

3. **Directing**

 Directing is said to be a process in which the managers instruct, guide and oversee the performance of the workers to achieve predetermined goals. **Directing** is said to be the heart of management process.

**4. Controlling:**

The Human Resource Controlling includes planning, assessment and control of both, the performance of the employees, as well as the staff working in Human Resources.

**II .Operation functions:**

**Procurement:**

Procurement refers to a string of activities undertaken by the HR managers for filling the present and future vacancies of the organization.

* **Job analysis**

Job analysis is the process of studying and collecting information relating to the operations and responsibilities of a specific job.

* **HR Planning**

Human resource planning is a process that identifies current and future human resources needs for an organization to achieve its goals.

* **Recruitment**

Recruitment (hiring) is a core function of human resource management. It is the first step of appointment. Recruitment refers to the overall process of attracting, shortlisting, selecting and appointing suitable candidates for jobs (either permanent or temporary) within an organization.

* **Selection**

The process of interviewing and evaluating candidates for a specific job and selecting an individual for employment based on certain criteria. Employee selection can range from a very simple process to a very complicated process depending on the firm hiring and the position.

* **Placement**

Placement is a process of assigning a specific job to each of the selected candidates. It involves assigning a specific rank and responsibility to an individual. It implies matching the requirements of a job with the qualifications of the candidate.

* **Induction**

An induction programme is an important process for bringing staff into an organisation. It provides an introduction to the working environment and the set-up of the employee within the organisation. The process will cover the employer and employee rights and the terms and conditions of employment.

* **Internal mobility:**

Internal Mobility is necessary to match the employee’s skill and requirements with the requirements of the job and those of the organization continuously. hanges in job structure, job design, job grouping changes in technology, mechanization etc, resulting in encasement of job demand.

**Development:**

* **Training** & **Development**

 is any attempt to improve current or future employee performance by increasing an employee's ability to perform through learning, usually by changing the employee's attitude or increasing his or her skills and knowledge.”

* **Executive Development**

Executive development or management development is a systematic process of growth and development by which the managers develop their abilities to manage.

* **Career planning**

Career planning is the ongoing process where you: Explore your interests and abilities; Strategically plan your career goals; and. Create your future work success by designing learning and action plans to help you achieve your goals.

* **Succession planning:**

Succession planning is a process for identifying and developing new leaders who can replace old leaders when they leave, retire or die. ... In business.

* **HRD Strategies:**

Human Resource Development (HRD) is the framework for helping employees develop their personal and organizational skills, knowledge and abilities.

**Motivation and compensation**

* **Job design**

it is related to the specification of contents, methods and relationship of **jobs** in order to satisfy and organizational requirements as well as the social and personal requirements of the **job** ...

* **Work Scheduling**

Signing an appropriate number of workers to the jobs during each day of work.

* **Motivation**

Motivation can be defined as a process which energizes, directs and sustains human behavior. In HRM the term refers to person's desire to do the best possible job or to exert the maximum effort to perform assigned tasks.

* **Job evaluation**

A job evaluation is a systematic way of determining thevalue/worth of a job in relation to other jobs in an organization.

* **Performance appraisal**

An annual review of an employee's overall contributions to the company by his/her manager. Performance appraisals, also called annual reviews, evaluate an employee's skills, achievements and growth, or lack thereof.

* **Incentives, benefits, Services**

Incentives refer to rewards given to employees in monetary on non-monetary form in order to motivate them to work more efficiently.

**MAINTENANCE**

Maintenance function Activities in HRM concerned with maintaining employees commitment and loyalty to the organization.

* **Heath & safety**

Human resources professionals play an important role in ensuring employee health and safety, as they know the workplace, the employees and their job demands.

* **Welfare**

Employee welfare is a comprehensive term including various services, facilities and amenities provided to employees for their betterment.

* **Social security**

A United States federal program of social insurance and benefits developed in 1935. The Social Security program's benefits include retirement income, disability income, Medicare and Medicaid, and death and survivorship benefits.

**Integration**:

Integration between human resource management and businesses strategy is amongst the most important demands that are put forward by modern day organisations.

* **Grievances**

A grievance is defined as a dispute between the employee and the employer (which may be the specific manager or the University at large) about the interpretation or application of the collective agreement.

* **Discipline**

Discipline is defined as the regulations or conditions that are imposed on employees by management in order to either correct or prevent behaviors that are detrimental to an organization.

* **Collective bargaining**

Collective Bargaining is the process by which a group of employees negotiate with the employer in order to bring about an agreement that regulates working conditions.

* **Participation**

Employee participation is defined in this way that it is a process of employee involvement designed to provide employees with the opportunity to influence and where appropriate, take part in decision making on matters which affect them.

* **Empowerment**

Employee empowerment is a management strategy that aims to give employees the tools and resources necessary to make confident decisions in the workplace without supervision.

* **Trade unions**

**Trade unions** are associations of workers or organization formed together by labour, workers or employees to achieve their demands for better conditions at their work atmosphere.

* **Industrial Relations**

Industrial Relations (IR) refers to a dynamic and complex relationship between employers and employees which is a web of much more complex than the simple concept of handling labour-capital conflict. • IR also referred as 'Employee

**Emerging Issues**

* **Personnel record**

**Personnel Records** are **records** pertaining to **employees** of an organization. ... All information with effect to **human resources** in the organization are kept in a systematic order. Such **records** are helpful to a manager in various decision -making areas.

* **Personnel audit**

Personnel audit is a term used for a case study of human resources in the organization. This is a kind of audit, its subject is an objective and independent review and assessment of the condition and suggestion of solutions to increase the effectiveness of individuals, organizational units and whole organization.

* **Human resource accounting**

Human resource accounting is the process of identifying and reporting investments made in the human resources of an organization that are presently unaccounted for in the conventional accounting practices. ... Measuring the value of human resources can assist organizations in accurately documenting their assets.

* **HRIS(Huamn Resource Information System)**

A HRIS, which is also known as a human resource information system or human resource management system (HRMS), is basically an intersection of human resources and information technology through HR software. This allows HR activities and processes to occur electronically.

* **Job Stress**

Job stress can be defined as the harmful physical and emotional responses that occur when the requirements of the job do not match the capabilities, resources, or needs of the worker. Job stress can lead to poor health and even injury.

* **Counselling**

Counselling is a method of understanding and helping people who have technical, personal and emotional or adjustment problems that usually has emotional contents that an employee with the objective of reducing it so that performance is maintained at adequate level or even improved upon. Features of Counseling.

* **Mentor**

Employee training system under which a senior or more experienced individual (the mentor) is assigned to act as an advisor, counselor, or guide to a junior or trainee. The mentor is responsible for providing support to, and feedback on, the individual in his or her charge.

**Human Resource Planning**

Human resource planning, or HRP, is the ongoing, continuous process of systematic planning to achieve optimum use of an organization's most valuable asset its human resources. The objective of human resource planning is to ensure the best fit between employees and jobs while avoiding manpower shortages or surpluses.

**Definition:**

According to **Coleman,** "Manpower planning is the process of determining manpower requirements and the means for meeting those requirements in order to carry out the integrated plan of the organisation".

**Process of Human Resource Planning**

**1. Objectives of human resource planning:**human resource planning must be matched with overall organizational plans.  It should be concerned with filling future vacancies rather than matching existing personnel with existing jobs.

**2. Current manpower stock:** Current manpower stock must be continuously maintained by every department. Manpower inventory must have the detailed bio data of each individual. This record not only helps in employee development but also in the finding out the surplus/ shortage of manpower.



**3. Demand/ supply forecasting:** firstly the organization must check the demand of manpower after every one year, two-year so on. For this purpose **employment trends** to show the number of employees on payroll during last say three years to show the trend.

**4. Determining net requirement:** human resource manager must check the demand and supply of the manpower before deriving at any conclusion.

**5. Redeployment and redundancy:**in redeployment the surplus employees in one department can be transferred to another department where deficit of employees estimated and in case of redundancy where surplus employees can not be redeployed they can be offered voluntary retirement scheme.

**6. Employment programme:** here it is required to prepare programmes of recruitment, selection, transfer and promotion to achieve organization goal.

**7. Training and development:**it is very necessary for the employees to keep them updated in the job they are doing.

**8. Evaluation of Human resource planning:**after doing all the above steps it is necessary to evaluate the effectiveness of human resource planning.

Thus, the above mentioned steps are important steps for the process of human resource planning.

**OBJECTIVES OF HUMAN RESOURCE PLANNING**

 The following are the objectives of human resource planning:

1. Assessing manpower needs for future and making plans for recruitment and selection.

2. Assessing skill requirement in future for the organization.

3. Determining training and the development needs of the organization.

4. Anticipating surplus or shortage of staff and avoiding unnecessary detentions or dismissals.

 5. Controlling wage and salary costs.

 6. Ensuring optimum use of human resources in the organization.

 7. Helping the organization to cope with the technological development and modernization.

 8. Ensuring career planning of every employee of the organization and making succession programmes. 9. Ensuring higher labor productivity

**DETERMINANTS OF HRP**

 There are several factors that affect HRP. These factors or determinants can be classified into external factors and internal factors.

  **Factors affecting HRP**

**External Factors**

* Government policies
* Business environment
* Level of technology
* International factors

**Internal Factors**

* Strategies of the company
* HR policy
* Formal and informal groups
* Job analysis
* Time horizon
* Trade unions

**External Factors**

1. **Government Policies**: Policies of the government like labour policy, industrial relations policy, policy towards reserving certain jobs for different communities and sons-of-the soils, etc. affect the HRP.
2. **Level of Economic Development :** Level of economic development determines the level of HRD in the country and thereby the supply of human resources in future in the country
3. **Business Environment:** External business environmental factors influence the volume and mix of production and thereby the future demand for human resources.
4. **Level of Technology:**  Level of technology determines the kind of human resources required.
5. **International factors**

International factors like the demand for the resources and supply of human resources in various countries.

 **Internal Factors**

**1. Company Policies and Strategies:** Company’s policies and strategies relating to expansion diversification, alliances, etc. determines the human resource demand in terms of quality and quantity.

 **2. Human Resource Policies:** Human resources policies of the company regarding quality of human resource, compensation level, quality of work life, etc. influences human resource plan.

**3. Job Analysis:** Fundamentally, human resource plan is based on job analysis. Job description and job specification determines the kind of employees required.

**4. Time Horizons:** Companies with stable competitive environment can plan for the long run whereas the firms with unstable competitive environment can plan for only short-term range.

**Job evaluation**

Job evaluation is the process of analyzing and assessing various jobs systematically to ascertain their relative worth in an organisation.

 Job evaluation is an assessment of the relative worth of various jobs on the basis of a consistent set of job and personal factors, such as qualifications and skills required.

**Definition:**

*"*Job evaluation is a systematic and orderly process of determining the worth of a job in relation to other jobs." -------------- Edwin B. Flippo.

**THE JOB EVALUATION PROCESS**

Job Analysis

Compensable factors

Developing the Method

Job structure

Wage structure

**1. Job Analysis.**

The first step is a study of the jobs in the organization. Through job analysis, information on job content is obtained, together with an appreciation of worker requirements for successful performance of the job. This information is recorded in the precise, consistent language of a job description

2. **Compensable Factors.**

The next step is deciding what the organization "is paying for" -- that is, what factor or factors place one job at a higher level in the job hierarchy than another. These compensable factors are the yardsticks used to determine the relative position of jobs

3. **Developing the Method.**

The third step in job evaluation is to select a method of appraising the organization's jobs according to the factor(s) chosen. The method should permit consistent placement of the organization's jobs containing more of the factors higher in the job hierarchy, than those jobs lower in the hierarchy.

**4. Job Structure.**

The fourth step is comparing jobs to develop a job structure. This involves choosing and assigning decision makers, reaching and recording decisions, and setting up the job hierarchy.

**5. Wage Structure.**

The final step is pricing the job structure to arrive at a wage structure.

**Objectives of Job Evaluation:**

(i) To determine equitable wage differentials between different jobs in the organisation.

(ii) To eliminate wage inequities.

(iii) To develop a consistent wage policy.

(iv) To establish a rational basis for incentive and bonus schemes.

(v) To provide a frame work for periodic review and revision of wage rates.

(vi) To provide a basis for wage negotiation with Trade Unions.

(vii) To minimize wage discrimination on the basis of age, sex, caste, region etc.

**Methods of Job evaluation**

 **Job evaluation methods**

Quantitative Methods Qualitative Methods

1. Job ranking 1. Factor comparison
2. Job classification or Grading 2. Point rating

**1. Job ranking**

Jobs are compared to each other based on the overall worth of the job to the organization. The 'worth' of a job is usually based on judgments of skill, effort (physical and mental), responsibility (supervisory and fiscal), and working conditions.

**2. Job classification/Grading**

 Job classification or job grading is a process of scientific study of all the facts about a job, so as to reveal the content of it. Job-grading refers to the classification and analysis of jobs which are performed in an organisation and to their relative levels.

**3.  Point Method**

 This method is most widely used system of job evaluation. It involves a more detailed, quantitative and analytical evaluation of jobs. It requires identifying a number of compensable factors i.e. various characteristics of jobs and the determining degree to which each of these factors is present in the job. A different number of points is usually assigned for each degree, of each factor.

**(4) Factor Comparison Method:**

 This method determines the relative rank of the jobs to be evaluated in relation to monetary scale. It is often used in evaluating, the managing administrative and white-collared jobs.

The most widely used factors are (a) mental requirements (b) skill requirements, © physical requirements (d) responsibilities and (e) working conditions.

**Recruitment**

**Meaning:**

Recruitment is concerned with reaching out, attracting, and ensuring a supply of qualified personnel and making out selection of requisite manpower both in their quantitative and qualitative aspect. It is the development and maintenance of adequate man- power resources. This is the first stage of the process of selection and is completed with placement.

**Definition:**

According to Edwin B. Flippo,

“It is a process of searching for prospective employees and stimulating and encouraging them to apply for jobs in an organisation.” He further elaborates it, terming it both negative and positive.

According to Bergmann and Taylor “Recruitment is the process of locating, identifying, and attracting capable applicants”.

**Sources of Recruitment**

There are two main methods / [sources of recruitment](http://www.businessstudynotes.com/hrm/define-recruitment-and-the-sources-of-recruitment-in-detail/)which are as follow.

* Internal Recruitment
* External Recruitment

 Internal Sources

 External Sources

Third party Method

Indirect Method

Direct Method

* Promotions
* Transfers
* Job posting
* Employee referrals
* Previous applicants

* Private &Public employment agencies
* Data banks
* Colleges/universities
* Trade unions
* Voluntary organizations
* Advertisement
* Employee trade association
* Professional Association
* Reputed other firms
* Campus Recruiter
* Scouting
* Casual calls

**Internal sources**

The **Internal Sources of Recruitment** mean hiring people from within the organization. In other words, seeking applicants for the job positions from those who are currently employed with the firm.

**Promotions:**

Promotions refer to shifting of persons to positions carrying better prestige, higher responsibilities and more pay. The higher positions falling vacant may be filled up from within the organisation. A promotion does not increase the number of persons in the organisation.

* **Transfers:**

Transfer involves shifting of persons from present jobs to other similar jobs. These do not involve any change in rank, responsibility or prestige. The numbers of persons do not increase with transfers.

* **Job posting**

 job posting that is opened to internal candidates only for consideration. When a position is posted internally only, any external candidate who may have inadvertently made it into the pool cannot be considered for selection.

* **Employee Referrals:**

The present employees can refer their friends and family to the job. They are well aware of the organizational culture, working conditions and job requirements. If they find their friends or family suitable for such position can recommend their names to the management for recruitment.

* **Previous Applicants:**

This is considered as internal source in the sense that applications from the potential candidates are already lying with the organisation. Sometimes, the organizations contact through mail or messenger these applicants to fill up the vacancies particularly for unskilled or semi- skilled jobs.

**Direct Method**

* **Campus Recruitment:**

These candidates are directly recruited by the Co; from their college/educational institution. They are inexperienced as far as work experience is concerned

* **Military Personnel**

This source seems to be attractive to many organizations because military people have proved a record of motivated, flexible & drug free work

* **Casual Applicants:**

 Depending on the image of the organization its prompt response participation of the organization in the local activities, level of unemployment, candidates apply casually for jobs through mail or handover the application in the Personnel dept. This would be a suitable

**Indirect Method**

* **Advertising**

One effective method to communicate about the vacant posts of the organization is through advertising in which newspaper, television, radio, internet & industry publication media are used to inform the general public.

* Professional Associations

Professional associations provide a bridge that connects professional with their related jobs. Most professional associations post the jobs through the advertisement on newsletters, trade publications & annual general meeting. The annual general meeting of these associations provides a chance for professional to know the opened posts of jobs & also the employers of the posted jobs to interview the professionals.

* **Trade Unions:**

Generally unemployed or underemployed persons or employees seeking change in employment put a word to the trade union leaders with a view to getting suitable employment due to latter rapport with the management.

**Third party Method**

* **Public**[**Employment Exchanges**](http://www.bms.co.in/employment-exchanges/)**:**

The Government set up Public Employment Exchanges in the country to provide information about vacancies to the candidates and to help the organization in finding out suitable candidates. As per the Employment Exchange act 1959, makes it obligatory for public sector and private sector enterprises inIndia to fill certain types of vacancies through public employment exchanges.

* **Private**[**Employment Agencies**](http://www.bms.co.in/employment-agencies/)**/Consultants**:

Public employment agencies or consultants like ABC Consultants inIndia perform recruitment functions on behalf of a client company by charging fees. Line managers are relieved from recruitment functions and can concentrate on operational activities.

* **Data Banks:**

The management can collect the bio-data of the candidates from different sources like Employment Exchange, Educational Training Institutes, candidates etc and feed them in the computer. It will become another source and the co can get the particulars as and when required.

* **Colleges & Universities**

Many organizations contact colleges & universities for search of potential new employees related to the technical & managerial areas. Many universities publish their booklets that contain information about qualification & potential level of their students so that the organizations searching for fresh employees are facilitated.

* **Professional Organizations:**

 Professional organizations or associations maintain complete bio-data of their members and provide the same to various organizations on requisition. They act as an exchange between their members and recruiting firm.

**SELECTION: –**

**MEANING OF SELECTION:**

Selection is the process of picking up individuals (out of the pool of job applicants) with requisite qualifications and competence to fill jobs in the organization. A formal definition of Selection is as under

**Definition of Selection:** Process of differentiating

“Selection is the process of differentiating between applicants in order to identify and hire those with a greater likelihood of success in a job.”

**DIFFERENCE BETWEEN RECRUITMENT AND SELECTION:**

|  |  |
| --- | --- |
| **Recruitment** | **Selection** |
| 1.    Recruitment refers to the process of identifying and encouraging prospective employees to apply for jobs.2.    Recruitment is said to be positive in its approach as it seeks to attract as many candidates as possible. | 1.    Selection is concerned with picking up the right candidates from a pool of applicants.2.    Selection on the other hand is negative in its application in as much as it seeks to eliminate as many unqualified applicants as possible in order to identify the right candidates. |

**PROCESS / STEPS IN SELECTION**

**Final selection Step 8**

**Job Offer Step 7**

**Physical Examination Step 6**

**Selection Decision Step 5**

**Reference & Background Checks Step 4**

**Employment Interview** **Step 3**

**Selection Tests Step2**

**Preliminary Interview Step 1**

1.    **Preliminary Interview:** The purpose of preliminary interviews is basically to eliminate unqualified applications based on information supplied in application forms. The basic objective is to reject misfits. On the other hands preliminary interviews is often called a courtesy interview and is a good public relations exercise.

2.    **Selection Tests:** Jobseekers who past the preliminary interviews are called for tests. There are various types of tests conducted depending upon the jobs and the company. These tests can be Aptitude Tests, Personality Tests, and Ability Tests and are conducted to judge how well an individual can perform tasks related to the job. Besides this there are some other tests also like Interest Tests (activity preferences), Graphology Test (Handwriting), Medical Tests, Psychometric Tests etc.

3.    **Employment Interview:** The next step in selection is employment interview. Here interview is a formal and in-depth conversation between applicant’s acceptability. It is considered to be an excellent selection device. Interviews can be One-to-One, Panel Interview, or Sequential Interviews. Besides there can be Structured and Unstructured interviews, Behavioral Interviews, Stress Interviews.

4.    **Reference & Background Checks:** Reference checks and background checks are conducted to verify the information provided by the candidates. Reference checks can be through formal letters, telephone conversations. However it is merely a formality and selections decisions are seldom affected by it.

5.    **Selection Decision:**After obtaining all the information, the most critical step is the selection decision is to be made. The final decision has to be made out of applicants who have passed preliminary interviews, tests, final interviews and reference checks. The views of line managers are considered generally because it is the line manager who is responsible for the performance of the new employee.

6.    **Physical Examination:** After the selection decision is made, the candidate is required to undergo a physical fitness test. A job offer is often contingent upon the candidate passing the physical examination.

7.    **Job Offer:** The next step in selection process is job offer to those applicants who have crossed all the previous hurdles. It is made by way of letter of appointment.

8. **Final Selection:** Finally, the candidate who qualifies all the rounds of a selection process is given the appointment letter to join the firm.

**Advantages of Selection:**

A good selection process offers the following advantages−

1. It is cost-effective and reduces a lot of time and effort.

2. It helps avoid any biasing while recruiting the right candidate.

3. It helps eliminate the candidates who are lacking in knowledge, ability, and proficiency.

4. It provides a guideline to evaluate the candidates further through strict verification and reference-checking.

5. It helps in comparing the different candidates in terms of their capabilities, knowledge, skills, experience, work attitude, etc.

**Placement**

Placement is a process of assigning a specific job to each of the selected candidates. It involves assigning a specific rank and responsibility to an individual. It implies matching the requirements of a job with the qualifications of the candidate.

**Significance of placement**

1. It improves employee morale.

2. It helps in reducing employee turnover.

3. It helps in reducing absenteeism.

4. It helps in reducing accident rates.

5. It avoids misfit between the candidate and the job.

6. It helps the candidate to work as per predetermined objectives of the organisation.

**EMPLOYEE PLACEMENT PROCESS**

Collect details about the employee

Construct the employee’s profile

Match between sub-group profile and individual’s profile

Compare sub-group profile to job family profile

Match between job family profiles and sub-group profiles

Assign the individual to the job family

Assign the individual to specific job after further counseling and assessment.

**Induction Meaning:**

Induction of Employee is the first step towards gaining an employees' commitment, Induction is aimed at introducing the job and organization to the recruit and him or her to the organization. Induction involves [orientation](http://www.whatishumanresource.com/orientation-of-employee) and training of the employee in the organizational culture, and showing how he or she is interconnected to (and interdependent on) everyone else in the organization. . ------Business Dictionary.com

Induction Programme

* The company, its history and products, process of production and major operations involved in his job.
* The significance of the job with all necessary information about it including job training and job hazards.
* Structure of the organization and the functions of various departments.
* Employee’s own department and job, and how he fits into the organization.
* Personnel policy and sources of information.
* Company policies, practices, objectives and regulations.
* Terms and conditions of service, amenities and welfare facilities.
* Rules and regulations governing hours of work and over-time, safety and accident prevention, holidays and vacations, methods of reporting, tardiness and, absenteeism.
* Grievances procedure and discipline handling.
* Social benefits and recreation services.
* Opportunities, promotions, transfer, suggestion schemes and job satisfaction.

**An induction programme consists primarily of three steps:**

 **General orientation by the staff:** It gives necessary general information about the history and the operations of the firm. The purpose is to help an employee to build up some pride and interest in the organization.

 **Specific orientation by the job supervisor:** The employee is shown the department and his place of work; the location of facilities and is told about the organization’s specific practices and customs. The purpose is to enable the employee to adjust with his work and environment.

 **Follow-up orientation by either the personnel department or the supervisor:** This is conducted within one week to six months of the initial induction and by a foreman or a specialist. The purpose is to find out whether the employee is reasonably well satisfied with him. Through personal talks, guidance and counselling efforts are made to remove the difficulties experienced by the newcomer.

**Wage and Salary Administration**

Wage and salary administration affect levels of employee commitment to the organisation. However, fascinating the individual’s job assignment is, the employee must be paid. Pay affects the way people work-how much and how well. A large part of the [compensation](https://www.mbaknol.com/human-resource-management/concepts-of-compensation-and-compensation-management/) that people receive from work is monetary.

The wage and salary administration aims to establish and maintain an equitable wage and salary structure and an equitable labor cost structure.

**Objectives of Wage and Salary Administration:**

A [sound plan of wage and salary administration](https://www.mbaknol.com/human-resource-management/process-of-salary-and-wage-fixation/) seeks to achieve the following objectives :

* To establish a fair and equitable compensation offering similar pay for similar work.
* To attract competent and qualified personnel.
* To retain the present employees by keeping wage levels in tune with competitive units.
* To keep labor and administrative costs in line with the ability of the organization to pay.
* To improve [motivation](https://www.mbaknol.com/management-concepts/motivation/) and [morale of employees](https://www.mbaknol.com/human-resource-management/the-concept-of-morale/) and to improve union management relations.
* To project a good image of the company and to comply with legal needs relating to wages and salaries.
* To establish job sequences and lines of promotion wherever applicable.
* To minimize the chances of favoritism while assigning the wage rates.

**Principles of Wage and Salary Administration:**

* Wage policy should be developed keeping in view the interests of all concerned parties viz., employer, employees, the consumers and the society.
* Wage and salary plans should be sufficiently flexible or responsive to changes in internal and external conditions of the organization.
* Efforts should be made to ensure that differences in pay for jobs are based on variations in job requirements such as skill, responsibility, efforts and mental and physical requirements.
* Wage and salary administration plans must always be consistent with overall organizational plans and programmes.
* Wage and Salary administration plans must always be in conformity with the social and economic objectives of the country like attainment of equality in income distribution and controlling inflation, etc.
* These plans and programmes should be responsive to the changing local and national conditions.
* Wage and salary plans should expedite and simplify administrative process.
* Workers should be associated, as far as possible, in formulation and implementation of wage policy.
* An adequate data base and a proper organizational set up should be developed for compensation determination and administration.
* The general level of wages and salaries should be reasonably in line with that prevailing in the labor market.
* There should be a clearly established procedure for hearing and adjusting wage complaints. This may be integrated with the regular grievance procedure, if it exists.
* The workers should receive a guaranteed [minimum wage](https://www.mbaknol.com/human-resource-management/concepts-of-minimum-wage-fair-wage-and-living-wage/) to protect them against conditions beyond their control.

**Training and development**

Training and development is a subsystem of an organization and core function of human resource management. It ensures continuous skill development of employees working in organisation and habituates process of learning for developing knowledge to work. Training and Development is the foundation for obtaining quality output from employees.

**Objectives of Training and development**

The principal objective of training and development division is to make sure the availability of a skilled and willing workforce to an organization. In addition to that, there are four other objectives: Individual, Organizational, Functional, and Societal.

* **Individual Objectives** – help employees in achieving their personal goals, which in turn, enhances the individual contribution to an organization.
* **Organizational Objectives**– assist the organization with its primary objective by bringing individual effectiveness.
* **Functional Objectives –** maintain the department’s contribution at a level suitable to the organization’s needs.
* **Societal Objectives** – ensure that an organization is ethically and socially responsible to the needs and challenges of the society.

**Relation between Training and Development**

There is a relation between training and development, and there is clear difference between the two based on goals to be achieved. Development is made to answer the **training problems:**

|  |  |
| --- | --- |
| **TRAINING** | **DEVELOPMENT** |
| Training is meant for operatives | Development is meant for executives |
| It is reactive process | It is pro- active process |
| AIM: To develop additional skills | AIM: To develop the total personality |
| It is short term process | It is continuous process |
| OBJECTIVE: To meet the present need of an employee | OBJECTIVE: To meet the future need of an employee |
| Initiative is taken by the management | Initiative is taken by an individual. |

**Importance of Training and Development**

Optimum utilization of Human resources

• Development of skills

• To increase the productivity

• To provide the zeal of team spirit

• For improvement of organization culture

• To improve quality, safety

**Training Methods:**

**A. On-the-job Training Methods: B. Off-the-Job Training Methods**:

 1. Lectures and Conferences . 1. Coaching

 2. Mentoring 2.Vestibule Training

3. Job Rotation 3. Simulation Exercises

 4. Job Instruction Technology 4. Sensitivity Training

5. Apprenticeship 6. Understudy 5. Transactional Training

**A. Off-the-job training Methods**:

Under these methods new or inexperienced employees learn through observing peers or managers performing the job and trying to imitate their behaviour. These methods do not cost much and are less disruptive as employees are always on the job, training is given on the same machines and experience would be on already approved standards, and above all the trainee is learning while earning. Some of the commonly used methods are:

**1. Lectures and Conferences:**

Lectures and conferences are the traditional and direct method of instruction. Every training programme starts with lecture and conference. It’s a verbal presentation for a large audience. However, the lectures have to be motivating and creating interest among trainees. The speaker must have considerable depth in the subject. In the colleges and universities, lectures and seminars are the most common methods used for training **2. Mentoring**:

The focus in this training is on the development of attitude. It is used for managerial employees. Mentoring is always done by a senior inside person. It is also one-to- one interaction, like coaching.

**3. Job Rotation:**

 It is the process of training employees by rotating them through a series of related jobs. Rotation not only makes a person well acquainted with different jobs, but it also alleviates boredom and allows to develop rapport with a number of people. Rotation must be logical.

**4. Job Instructional Technique (JIT):**

It is a Step by step (structured) on the job training method in which a suitable trainer (a) prepares a trainee with an overview of the job, its purpose, and the results desired, (b) demonstrates the task or the skill to the trainee, (c) allows the trainee to show the demonstration on his or her own.

**5. Apprenticeship:**

Apprenticeship is a system of training a new generation of practitioners of a skill. This method of training is in vogue in those trades, crafts and technical fields in which a long period is required for gaining proficiency. The trainees serve as apprentices to experts for long periods. They have to work in direct association with and also under the direct supervision of their masters.

**6. Understudy:**

In this method, a superior gives training to a subordinate as his understudy like an assistant to a manager or director (in a film). The subordinate learns through experience and observation by participating in handling day to day problems. Basic purpose is to prepare subordinate for assuming the full responsibilities and duties.

**B. Off-the-job Training Methods:**

Off-the-job training methods are conducted in separate from the job environment, study material is supplied, there is full concentration on learning rather than performing, and there is freedom of expression. Important methods include:

**1. Coaching**:

Coaching is a one-to-one training. It helps in quickly identifying the weak areas and tries to focus on them. It also offers the benefit of transferring theory learning to practice. The biggest problem is that it perpetrates the existing practices and styles. In India most of the scooter mechanics are trained only through this method.

**2. Vestibule Training:**

Vestibule Training is a term for near-the-job training, as it offers access to something new (learning). In vestibule training, the workers are trained in a prototype environment on specific jobs in a special part of the plant. An attempt is made to create working condition similar to the actual workshop conditions. After training workers in such condition, the trained workers may be put on similar jobs in the actual workshop.

**3. Simulation Exercises**:

Simulation is any artificial environment exactly similar to the actual situation. There are four basic simulation techniques used for imparting training: management games, case study, role playing, and in-basket training.

**a) Management Games**:

Properly designed games help to ingrain thinking habits, analytical, logical and reasoning capabilities, importance of team work, time management, to make decisions lacking complete information, communication and leadership capabilities. Use of management games can encourage novel, innovative mechanisms for coping with stress.

**(b) Case Study:**

Case studies are complex examples which give an insight into the context of a problem as well as illustrating the main point. Case Studies are trainee centered activities based on topics that demonstrate theoretical concepts in an applied setting.

**(c) Role Playing:**

Each trainee takes the role of a person affected by an issue and studies the impacts of the issues on human life and/or the effects of human activities on the world around us from the perspective of that person.

**(d) In-basket training:**

In-basket exercise, also known as in-tray training, consists of a set of business papers which may include e-mail SMSs, reports, memos, and other items. Now the trainer is asked to prioritize the decisions to be made immediately and the ones that can be delayed.

**4. Sensitivity Training:**

 Sensitivity training is also known as laboratory or T-group training. This training is about making people understand about themselves and others reasonably, which is done by developing in them social sensitivity and behavioral flexibility. It is ability of an individual to sense what others feel and think from their own point of view.

**Performance appraisal**

The performance appraisal is the process of assessing  employee performance  by way of comparing present performance with already established standards which have been already communicated to employees, subsequently providing feedback to employees about their performance level for the purpose of improving their performance as needed by the organisation.

**Definition:**

 “It is a systematic evaluation of an individual with respect to performance on the job and individual’s potential for development.”

**Techniques /Methods of Performance Appraisal**

Numerous methods have been devised to measure the quantity and quality of performance appraisals. Each of the methods is effective for some purposes for some organizations only. None should be dismissed or accepted as appropriate except as they relate to the particular needs of the organization or an employee.

Broadly all methods of appraisals can be divided into two different categories.

I. Past Oriented Methods

II.Future Oriented Methods

I. Past Oriented Methods II. Future Oriented Methods

1. **Rating Scales**
2. **Checklist**
3. 3.    **Forced Choice Method**
4. **Forced Distribution Method**
5. **Critical Incidents Method**
6. **Behaviorally Anchored Rating Scales**
7. **Field Review Method**
8. **Performance Tests & Observations**
9. **Confidential Records**
10. **Essay Method**
11. **Cost Accounting Method**
12. **Management by Objectives**
13. **Psychological Appraisals**
14. **Assessment Centers**
15. **360-Degree Feedback**

**Past Oriented Methods**

1.    **Rating Scales:**

Rating scales consists of several numerical scales representing job related performance criterions such as dependability, initiative, output, attendance, attitude etc. Each scales ranges from excellent to poor. The total numerical scores are computed and final conclusions are derived. Advantages – Adaptability, easy to use, low cost, every type of job can be evaluated, large number of employees covered, no formal training required. Disadvantages – Rater’s biases

2.    **Checklist:**

Under this method, checklist of statements of traits of employee in the form of Yes or No based questions is prepared. Here the rater only does the reporting or checking and HR department does the actual evaluation. Advantages – economy, ease of administration, limited training required, standardization. Disadvantages – Raters biases, use of improper weighs by HR, does not allow rater to give relative ratings

3.    **Forced Choice Method:**

The series of statements arranged in the blocks of two or more are given and the rater indicates which statement is true or false. The rater is forced to make a choice. HR department does actual assessment.

**4. Forced Distribution Method:**

Here employees are clustered around a high point on a rating scale. Rater is compelled to distribute the employees on all points on the scale. It is assumed that the performance is conformed to normal distribution.

**5. Critical Incidents Method:**

The approach is focused on certain critical behaviors of employee that makes all the difference in the performance. Supervisors as and when they occur record such incidents.

6.    **Behaviorally Anchored Rating Scales:**

 Statements of effective and ineffective behaviors determine the points. They are said to be behaviorally anchored. The rater is supposed to say, which behavior describes the employee performance. Advantages – helps overcome rating errors. Disadvantages – Suffers from distortions inherent in most rating techniques.

7.    **Field Review Method:**

 This is an appraisal done by someone outside employees’ own department usually from corporate or HR department. Advantages – Useful for managerial level promotions, when comparable information is needed, Disadvantages – Outsider is generally not familiar with employees work environment, Observation of actual behaviors not possible.

8.    **Performance Tests & Observations:**

This is based on the test of knowledge or skills. The tests may be written or an actual presentation of skills. Tests must be reliable and validated to be useful.

9.    **Confidential Records:**

Mostly used by government departments, however its application in industry is not ruled out. Here the report is given in the form of Annual Confidentiality Report (ACR) and may record ratings with respect to following items; attendance, self expression, team work, leadership, initiative, technical ability, reasoning ability, originality and resourcefulness etc.

 10.  **Essay Method:**

In this method the rater writes down the employee description in detail within a number of broad categories like, overall impression of performance, promoteability of employee, existing capabilities and qualifications of performing jobs, strengths and weaknesses and training needs of the employee.

11.  **Cost Accounting Method:**

Here performance is evaluated from the monetary returns yields to his or her organization. Cost to keep employee, and benefit the organization derives is ascertained. Hence it is more dependent upon cost and benefit analysis.

12.  **Comparative Evaluation Method (Ranking & Paired Comparisons):**

These are collection of different methods that compare performance with that of other co-workers. The usual techniques used may be ranking methods and paired comparison method.

* **Ranking Methods:**Superior ranks his worker based on merit, from best to worst. However how best and why best are not elaborated in this method. It is easy to administer and explanation.
* **Paired Comparison Methods:**In this method each employee is rated with another employee in the form of pairs. The number of comparisons may be calculated with the help of a formula as under x (N-1) / 2

**Future Oriented Methods**

**1. Management by Objectives:**

It means management by objectives and the performance is rated against the achievement of objectives stated by the management. MBO process goes as under.

* Establish goals and desired outcomes for each subordinate
* Setting performance standards
* Comparison of actual goals with goals attained by the employee
* Establish new goals and new strategies for goals not achieved in previous year.

2.    **Psychological Appraisals:**

These appraisals are more directed to assess employees potential for future performance rather than the past one. It is done in the form of in-depth interviews, psychological tests, and discussion with supervisors and review of other evaluations. It is more focused on employees emotional, intellectual, and motivational and other personal characteristics affecting his performance.

3.    **Assessment Centers:**

This technique was first developed in USA and UK in 1943. An assessment center is a central location where managers may come together to have their participation in job related exercises evaluated by trained observers. It is more focused on observation of behaviors across a series of select exercises or work samples. Assesses are requested to participate in in-basket exercises, work groups, computer simulations, role playing and other similar activities which require same attributes for successful performance in actual job.

4.    **360-Degree Feedback:**It is a technique which is systematic collection of performance data on an individual group, derived from a number of stakeholders like immediate supervisors, team members, customers, peers and self. In fact anyone who has useful information on how an employee does a job may be one of the appraisers. This technique is highly useful in terms of broader perspective, greater self-development and multi-source feedback is useful. 360-degree appraisals are useful to measure inter-personal skills, customer satisfaction and team building skills.

**Employee Grievance**

**Definition: Employee Grievance**

Employee grievance refers to the dissatisfaction of an employee with what he expects from the company and its management. A company or employer is expected to provide an employee with a safe working environment, realistic job preview, adequate compensation, respect etc. However, employee grievance is caused when there is a gap between what the employee expects and what he receives from the employer.

**Typical Steps in Employee Grievance Handling:**

1. Employee grievance should be submitted in a proper channel

2. The supervisor of the employee should be informed and spoken to

3. A review committee should examine the grievance for its validity and against the company's policy

4. Resolution should be provided if the grievance is valid

5. If the employee grievance is not resolved there should be a further body where it can be appealed.

**Methods of Identifying Grievances**

The following methods can help the employer to identify the grievances:

**1. Directive observation:**

Knowledge of human behaviour is requisite quality of every good manager. From the changed behaviour of employees, he should be able to snuff the causes of grievances. This he can do without its knowledge to the employee. This method will give general pattern of grievances. In addition to normal routine, periodic interviews with the employees, group meetings and collective bargaining are the specific occasions where direct observation can help in unfolding the grievances.

**2. Grip boxes:**

The boxes (like suggestion boxes) are placed at easily accessible spots to most employees in the organisation. The employees can file anonymous complaints about their dissatisfaction in these boxes. Due to anonymity, the fear of managerial action is avoided. Moreover management’s interest is also limited to the free and fair views of employees.

**3. Open door policy:**

Most democratic by nature, the policy is preached most but practiced very rarely in Indian organizations. But this method will be more useful in absence of an effective grievance procedure, otherwise the organisation will do well to have a grievance procedure. Open door policy demands that the employees, even at the lowest rank, should have easy access to the chief executive to get his grievances redressed.

**4. Exit interview:**

Higher employee turnover is a problem of every organisation. Employees leave the organisation either due to dissatisfaction or for better prospects. Exit interviews may be conducted to know the reasons for leaving the job. Properly conducted exit interviews can provide significant information about the strengths and weaknesses of the organisation and can pave way for further improving the management policies for its labour force.

**Principles or Guidelines for Grievance Handling**

In handling grievances, a considerable amount of time must be spent in talking to employees; gathering data from them and passing on various types of information. Such talks to be most effective, should conform to definite patterns and adhere to well tested rules.

* The manager must seek to develop an attitude towards employees that should be helpful in gaining their confidence. The management should also display a sincere interest in the problems of employees and their constructive willingness to be to help to them with a view to gain not only their confidence but also their utmost loyal by and genuine cooperation.
* The procedure adopt by the management in handling the grievances must be apparent.
* Grievances should be handled in terms of their total effect on the organisation and not solely their immediate or individual effect.