

Internal Assessment Test – II

|       |                                       |               |         |
|-------|---------------------------------------|---------------|---------|
| Sub:  | Management and Organisation Behaviour | Code:         | 18MBA11 |
| Date: | Duration: 90 mins                     | Max Marks: 50 | Sem: I  |
|       |                                       | Branch:       | MBA     |

|   |  | OBE  |     |
|---|--|------|-----|
|   |  | CO   | RBT |
| <b>Part A - Answer Any Two Full Questions ( 2* 20 = 40 marks)</b> |  |      |     |
| 1 (a)   | <p>Define Control?</p> <p>Control is a primary goal-oriented function of <a href="#">management</a> in an organisation. It is <b>a process of comparing the actual performance with the set standards of the company</b> to ensure that activities are performed according to the plans and if not then taking corrective action.</p> <p>Every manager needs to monitor and evaluate the activities of his subordinates. It helps in taking corrective actions by the manager in the given timeline to avoid contingency or company’s loss.</p>  | [03] |     |
|   |  | CO1  | L1  |
| (b)   | <p>Discuss the importance of control in a modern organization.</p> <p>Importance of Controlling</p> <ul style="list-style-type: none"> <li>· An effective control system has the following features:</li> <li>· It helps in achieving organizational goals.</li> <li>· Facilitates optimum utilization of resources.</li> <li>· It evaluates the accuracy of the standard.</li> <li>· It also sets discipline and order.</li> <li>· Motivates the employees and boosts employee morale.</li> <li>· Ensures future planning by revising standards.</li> <li>· Improves overall performance of an <a href="#">organization</a>.</li> <li>· It also minimises errors.</li> </ul> <p>Controlling and <a href="#">planning</a> are interrelated for controlling gives an important input into the next planning cycle. Controlling is a <b>backwards-looking function</b> which brings the management cycle</p> | [07] |     |
|   |  | CO2  | L2  |

back to the planning function. Planning is a forward-looking process as it deals with the forecasts about the future conditions.

(c)

What do you think are the basic requirements of a good control System? Explain.

[10]

CO4

L1

**1. Accuracy:**

Effective controls generate accurate data and information.

Accurate information is essential for effective managerial decisions. Inaccurate controls would divert management efforts and energies on problems that do not exist or have a low priority and would fail to alert managers to serious problems that do require attention.

**2. Timeliness:**

There are many problems that require immediate attention. If information about such problems does not reach management in a timely manner, then such information may become useless and damage may occur. Accordingly controls must ensure that information reaches the decision makers when they need it so that a meaningful response can follow.

**3. Flexibility:**

The business and economic environment is highly dynamic in nature. Technological changes occur very fast. A rigid control system would not be suitable for a changing environment. These changes highlight the need for flexibility in planning as well as in control.

Strategic planning must allow for adjustments for unanticipated threats and opportunities. Similarly, managers must make modifications in controlling methods, techniques and systems as

they become necessary. An effective control system is one that can be updated quickly as the need arises.

**4. Acceptability:**

Controls should be such that all people who are affected by it are able to understand them fully and accept them. A control system that is difficult to understand can cause unnecessary mistakes and frustration and may be resented by workers.

Accordingly, employees must agree that such controls are necessary and appropriate and will not have any negative effects on their efforts to achieve their personal as well as organizational goals.

**5. Integration:**

When the controls are consistent with corporate values and culture, they work in harmony with organizational policies and hence are easier to enforce. These controls become an integrated part of the organizational environment and thus become effective.

**6. Economic feasibility:**

The cost of a control system must be balanced against its benefits. The system must be economically feasible and reasonable to operate. For example, a high security system to safeguard nuclear secrets may be justified but the same system to safeguard office supplies in a store would not be economically justified.

Accordingly the benefits received must outweigh the cost of implementing a control system.

**7. Strategic placement:**

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Effective controls should be placed and emphasized at such critical and strategic control points where failures cannot be tolerated and where time and money costs of failures are greatest.

The objective is to apply controls to the essential aspect of a business where a deviation from the expected standards will do the greatest harm. These control areas include production, sales, finance and customer service.

**8. Corrective action:**

An effective control system not only checks for and identifies deviation but also is programmed to suggest solutions to correct such a deviation. For example, a computer keeping a record of inventories can be programmed to establish “if-then” guidelines. For example, if inventory of a particular item drops below five percent of maximum inventory at hand, then the computer will signal for replenishment for such items.

**9. Emphasis on exception:**

A good system of control should work on the exception principle, so that only important deviations are brought to the attention of management, In other words, management does not have to bother with activities that are running smoothly. This will ensure that managerial attention is directed towards error and not towards conformity. This would eliminate unnecessary and uneconomic supervision, marginally beneficial reporting and a waste of managerial time.

|       |   |      |     |    |
|-------|---|------|-----|----|
|       | <p>Effective controls should be placed and emphasized at such critical and strategic control points where failures cannot be tolerated and where time and money costs of failures are greatest.</p> <p>The objective is to apply controls to the essential aspect of a business where a deviation from the expected standards will do the greatest harm. These control areas include production, sales, finance and customer service.</p> <p><b>8. Corrective action:</b></p> <p>An effective control system not only checks for and identifies deviation but also is programmed to suggest solutions to correct such a deviation. For example, a computer keeping a record of inventories can be programmed to establish “if-then” guidelines. For example, if inventory of a particular item drops below five percent of maximum inventory at hand, then the computer will signal for replenishment for such items.</p> <p><b>9. Emphasis on exception:</b></p> <p>A good system of control should work on the exception principle, so that only important deviations are brought to the attention of management, In other words, management does not have to bother with activities that are running smoothly. This will ensure that managerial attention is directed towards error and not towards conformity. This would eliminate unnecessary and uneconomic supervision, marginally beneficial reporting and a waste of managerial time.</p> |      |     |    |
| 2 (a) | What is Organizational Behavior?  | [03] | CO2 | L1 |

Organizational Behavior (OB) is the study of human behavior in organizational settings, the interface between human behavior and the organization, and the organization itself.

Organizational Behavior researchers study the behavior of individuals primarily in their organizational roles.

One of the main goals of organizational behavior is to revitalize organizational theory and develop a better conceptualization of organizational life.

(b)

What are the major disciplines that contribute to OB?  
6 Contributing Disciplines to the Organization Behavior Field are:

[07]

CO1

L1

Psychology.

Sociology.

Social Psychology.

Economics.

Anthropology.

Political Sciences.

### **Psychology**

Psychology has perhaps the first influence on the **field of organizational behavior** because it is a science of behavior. A psychologist studies almost all aspects of behavior.

Psychology deals with studying human behavior that seeks to explain and sometimes change the behavior of humans and other animals.

Psychologists are primarily interested in predicting the behavior of individuals to a great extent by observing the dynamics of personal factors.

Those who have contributed and continued to add to the knowledge of OB are teaching theorists, personality theorists, counselling psychologists and primary, industrial and organizational psychologists.

Some of the numerous areas of interest within the disciplines of psychology are:

- General Psychology
- Experimental Psychology
- Clinical Psychology
- Consumer Psychology
- Personality and Social Psychology
- Industrial Psychology
- Counseling Psychology
- Educational Psychology
- Consulting Psychology

Understanding Psychological principles and its models help significantly in gaining the knowledge of determinants of individual behavior such as

- the learning process,
- motivation techniques,
- personality determinants and development,
- perceptual process and its implications,
- training process,
- leadership effectiveness,
- job satisfaction,
- individual decision making,
- performance appraisal,
- attitude measurement,
- employee selection,
- job design and work stress.

### **Sociology**

The major focus of sociologists is on studying the social systems in which individuals fill their roles. The focus is on group dynamics.

They have made their greatest contribution to OB through their study of group behavior in organizations, particularly formal and sophisticated organizations.

Sociological concepts, theories, models, and techniques help significantly to understand better the group dynamics, organizational culture, formal organization theory and structure, corporate technology, bureaucracy, communications, power, conflict, and intergroup behavior.

Psychologists are primarily interested in focusing their attention on individual behavior.

Key concepts of Sociology are;

Most sociologists today identify the discipline by using one of the three statements:

- Sociology deals with human interaction and this communication are the key influencing factor among people in social settings.
- Sociology is a study of plural behavior. Two or more interacting individuals constitute a plurality pattern of behavior
- Sociology is the systematic study of social systems:

A social system is an operational social unit that is structured to serve a purpose.

It consists of two or more persons of different status with various roles playing a part in a pattern that is sustained by a physical and cultural base.

When analysing organizing as a social system, the following elements exist:

- People or actors
- Acts or Behavior
- Ends or Goals
- Norms, rules, or regulation controlling conduct or behavior

- Beliefs held by people as actors
- Status and status relationships
- Authority or power to influence other actors
- Role expectations, role performances, and role relationships.

Therefore, organizations are viewed by sociologies as consists of a variety of people with different roles, status, and degrees of authority.

The organization attempts to achieve certain generalized and specific objectives.

To attain some of the abstract ends such as the development of company loyalty, the organization's leaders appeal to the shared cultural base.

### **Social Psychology**

It has been defined as the scientific investigation of how the thoughts, feelings, and behavior of individuals are influenced by the actual, imagined or implied the presence of others.

It deals with how people are affected by other individuals who are physically present or who are imagined to be present or even whose presence is implied.

In general, sociology focuses on how groups, organizations, social categories, and societies are organized, how they function, how they change.

The unit of analysis is the group as a whole rather than the individuals who compose the group.

Social Psychology deals with many of the same phenomena but seeks to explain whole individual human interaction and human cognition influences culture and is influenced by culture.

The unit of analysis is the individual within the group.

In reality, some forms of sociology are closely related to social psychology.

Social Psychologists study an enormous range of topics including conformity, persuasion, power, influence, obedience, prejudice, discrimination, stereotyping, sexism and racism, small groups,



social categories, inter-group behavior, crowd behavior, social conflict, social change, decision making, etc.

Among them, the most important topics relevant to the organizational behavior field are behavioral change, attitude change, communication, group process, and group decision making.

Social psychologists making significant contributions. Social psychologists making significant contributions to measuring, understanding and improving attitudes, communication patterns in how groups can satisfy individual needs and group decision-making processes.

### **Anthropology**

The main aim of anthropology is to acquire a better understanding of the relationship between the human being and the environment.

Adaptations to surroundings constitute culture. The manner in which people view their surroundings is a part of the culture.

Culture includes those ideas shared by groups of individuals and languages by which these ideas are communicated. In essence, culture is a system of learned behaviour.

understandings of organizational culture environments, and differences between national cultures are the results of the work of anthropologists or those using their methodologies.

The world is the laboratory of anthropologists, and human beings must be studied in the natural habitat. Understanding the importance of studying man in natural settings over time enables one to grasp the range of anthropology.

Familiarity within some of the cultural differences of employees can lead to greater managerial objectivity and depth in the interpretation of behavior and performance.

Anthropologists contribute to study some aspects of organizational settings – similar values, comparative attitudes, cross-cultural analysis between or among the employees.

### **Political Sciences**

Contributions of political scientists are significant to the understanding of behavior in organizations. Political scientists

study the behavior of individuals and groups within a political environment.

They contribute to understanding the dynamics of power centres, structuring of conflict and conflict resolution tactics, allocation of power and how people manipulate power for individual self-interest.

In a business field, organizations wanted to attain supremacy in their field and indulge in politicking activities to gain maximum advantages by following certain tasks like Machiavellianism, coalition formation, malpractices, etc.

The knowledge of political science can be utilized in the study the behavior of employees, executives at micro as well as macro level.

### **Economics**

Transaction cost economics influence the organization and its structure.

Transaction costs economics implies cost components to make an exchange on the market.

This transaction cost economics examines the extent to which the organization structure and size of an organization varies in response to attempts to avoid market failures through minimizing production and transaction costs within the constraints of human and environmental factors.

(c)

Write short notes on “Planning is looking ahead and control is looking back”

Planning is Looking Ahead is true because it **contributes** heavily to success and gives us some control over the **future**. By, planning we set aside our tasks and deadlines so we can **enlarge** our mental focus and seeing the bigger picture. By, planning we can set our Personal or organizational goals and for this defiantly we have to look ahead.

But, Planning is not ending with such strategies or guidelines. It has relation with Implementation and controls. Because plans are not always proceed as **conceived**. The **control process** measures progress towards goal attainment and indicate **corrective** action if too much **deviation** is detected.

Controlling investigates whether planning was successful.

Controlling referred to as terminal management function, takes

[10]

CO2

L4

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|      | <p>place after the other functions have been completed. And for this process we have to look back and have to analyze the performance of our planning, organizing and leading. And therefore we have to look back also.</p> <p>So, yes we can say Control is looking back for Investigation, Analysis, and Understandings and for checking our effectiveness and efficiency</p>  |      |        |
| 3(a) | <p>Discuss the significance of OB</p> <p><b>Importance of Organizational Behavior:</b></p> <ol style="list-style-type: none"> <li>1. It builds better relationship by achieving people's, organizational, and social objectives.</li> <li>2. It covers a wide array of human resource like behavior, training and development, change management, leadership, teams etc.</li> <li>3. It brings coordination which is the essence of management.</li> <li>4. It improves goodwill of the organization.</li> <li>5. It helps to achieve objectives quickly.</li> <li>6. It makes optimum utilization of resources.</li> <li>7. It facilitates motivation.</li> <li>8. It leads to higher efficiency.</li> <li>9. It improves relations in the organization.</li> <li>10. It is multidisciplinary, in the sense that applies different techniques, methods, and theories to evaluate the performances.</li> </ol> | [03] | CO2 L2 |
| (b)  | <p>Identify the Challenges and Opportunities managers have in applying OB concepts.</p> <p>Challenges and opportunities of organizational behavior are massive and rapidly changing for improving productivity and meeting business goals.</p> <p>Improving Peoples' Skills.</p> <p>Improving Quality and Productivity.</p> <p>Total Quality Management (TQM).</p> <p>Managing Workforce Diversity.</p> <p>Responding to Globalization.</p> <p>Empowering People.</p>  | [07] | CO2 L1 |

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|     | <p>Coping with Temporariness.</p> <p>Stimulating Innovation and Change.</p> <p>Emergence of E-Organisation &amp; E-Commerce.</p> <p>Improving Ethical Behavior.</p> <p>Improving Customer Service.</p> <p>Helping Employees Balance Work-Life Conflicts.</p> <p>Flattening World.</p>  |      |        |
| (c) | <p>Explain in brief the different types of Controlling techniques.</p> <p><b>The nature and use of managerial control techniques are discussed below:</b></p> <p><b>Technique # 1. Statistical Control Reports:</b><br/> These types of reports are prepared and used in large organisations. Reports are prepared in quantitative terms. Then, the variations from standards are easily measured. In this way, control is exercised by the management. A periodical report of sales volume is an example of statistical control reports.</p> <p><b>Technique # 2. Personal Observation:</b><br/> Using this technique, the manager personally observes the operations in the work place. The manager corrects the operations whenever the need arises. This is the oldest method of control. Employees work cautiously to get better performance. The reason is that they are personally observed by their supervisor.<br/> Personal observation is a time-consuming technique and the supervisor does not have enough time to afford personal observation. Personal observation technique is disliked by the honest and efficient employee. The observer may be biased in performance evaluation.</p> <p><b>Technique # 3. Cost Accounting and Cost Control:</b><br/> Profit of any business depends upon the cost incurred to run a business. Profit is maximised by reducing the cost of operation or production, so, the business concern gives much importance to the cost accounting and cost control. Management uses a number of systems for determining the cost of products and services. The cost accounting procedures and methods differ from one industry</p> | [10] | CO1 L4 |

to another according to the nature of industry. They are used for effective cost control and cost reduction.

**Technique # 4. Break-Even Analysis:**

It is otherwise called as – ‘cost volume profit analysis.’ It analyses relationship among cost of production, volume of production, volume of sales and profits. Here, total costs are divided into two i.e., fixed cost and variable cost. Fixed cost will never change according to the changes in the volume of production. Variable cost varies according to the volume of production. This analysis helps in determining the volume of production or sales and the total cost which is equal to the revenue.

The excess of revenue over total cost is termed as profit. The point at which sales is equal to the total cost is known as ‘Break Even Point’ (BEP). In other words, the break-even point is the point at which there is no profit or loss.

**The break-even point is calculated with the help of the following formulae:**

$$\text{BEP} = \frac{\text{Fixed cost}}{\text{Selling price per unit} - \text{variable cost per unit}}$$

(or)

$$\text{BEP} = \frac{\text{Fixed cost}}{\text{Contribution per unit}}$$

$$\text{Contribution per unit} = \text{Selling price per unit} - \text{variable cost per unit}$$

The break-even point analysis helps in managerial control in several ways.

**Technique # 5. Special Control Reports:**

This report may or may not contain statistical data. Using this technique, a particular operation is investigated at a specified time for a particular purpose. This is done according to the requirements of management but not in regular basis. The deviations from standards are paid additional attention and corrective action is taken. Handling complaints of damage is an example of this type of control technique.

**Technique # 6. Management Audit:**

Management audit is an independent process. It aims at pointing out the inefficiency in the performance of management functions such as planning, organising, staffing, directing, controlling and suggesting possible improvements. It helps the management to handle the operations in an effective manner. Management audit is not a compulsory audit and not enforced by law.

**Technique # 7. Standard Costing:**

Standard costing is used to control the cost.

**The following are the steps involved in standard costing:**

- i. Determination of cost standards for various components such as material, labour and overhead.
- ii. Measurement of actual performance.
- iii. Comparison of actual cost with standard cost to find variations.
- iv. Finding the causes of variations.
- v. Taking measures to avoid the variations in future.

**Technique # 8. Return on Investments:**

Return on investment is also known as return on the capital employed. Using this technique, the rate of profitability is identified by the management. The amount of profits earned by the company is different from the rate of profitability of the company.

The difference between the cost and revenue is profit. The rate of profitability is the earning capacity of the company. Return on investments is calculated by dividing the net profit with the total investment or capital employed in the business organisation.

**Technique # 9. Internal Audit:**

Internal audit report is prepared at regular intervals, normally by months. It covers all the area of operations. This report is sent to the top management. The management takes steps to control the performance on the basis of the report. Internal audit report emphasises the degree of deviations from the expectations. It is very useful to attain the objectives on timely basis.

**Technique # 10. Responsibility Accounting:**

The performance of various people is judged by assessing how far they have achieved pre-determined objectives. The objectives are framed section-wise, department-wise and division-wise and assessed similarly. Costs are allocated department-wise rather than product-wise. Each department, section or division, is fixed as responsible centres. An individual is responsible for his area of operation in a particular section, department or division.

**Technique # 11. Managerial Statistics:**

Using the managerial statistics technique, the manager compares the past results with current results in order to know the causes for changes. These are very useful to the management in planning and decision-making for the future. According to Kenit O. Hauson, "Managerial statistics deal with data and methods which are

useful to management executives in planning and controlling of organisation activities.”

**Technique # 12. Performance Evaluation and Review Technique (PERT):**

This technique is used to solve the problem which crops up once or a few times. It is not useful in tackling the problems which come up continuously. The PERT was developed by Booz, Allen and Hamilton. They used this technique in Polaris Submarine Project under the sponsorship of U.S. Navy. The PERT technique is very useful for construction projects, publication of books etc.

**Technique # 13. Critical Path Method (CPM):**

This technique also follows the principle of PERT. The technique concentrates on cost rather than duration. CPM assumes that duration of every activity is constant. Time estimate is made for each activity. CPM technique was developed by a group of employees of DU de Nemours Company.

**Part B - Compulsory (02\*5=10 marks)**

4

(a) Explain the following statement: “People Influence Organizations, and organization influence people”

[05]

CO4

L4

(b) Your friend suggest that OB courses are only useful to people who enter management careers. Do you agree with your friend? Why?

[05]

CO4

L4

| Course Outcomes |  | P01              | P02 | P03 | P04 | P05 | P06       | P07 |
|-----------------|--|------------------|-----|-----|-----|-----|-----------|-----|
| CO1:            | Comprehend and correlate all the management functions which are happening around with fundamental concepts and principles of management. | 1a,              | 2b, |     |     | 3c  |           |     |
| CO2:            | Understand the overview of management, theory of management and practical applications of the same.                                      | 1b,<br>2a,<br>3b | 3a  |     |     | 2c  |           |     |
| CO3:            | Effectively use their skills for self-grooming, working in groups and to achieve organisational goals.                                   |                  |     |     |     |     |           |     |
| CO4:            | Demonstrate their acumen in applying managerial and behavioural concept in real world/situations   |                  | 1c  |     |     |     | 4a,<br>4b |     |
| CO5:            | Understand and demonstrate their exposure on recent trends in management.  |                  |     |     |     |     |           |     |

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| CO6: |  |  |  |  |  |  |  |  |  |
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| Cognitive level | KEYWORDS  |
|-----------------|---|
| L1              | List, define, tell, describe, identify, show, label, collect, examine, tabulate, quote, name, who, when, where, etc.                          |
| L2              | summarize, describe, interpret, contrast, predict, associate, distinguish, estimate, differentiate, discuss, extend                           |
| L3              | Apply, demonstrate, calculate, complete, illustrate, show, solve, examine, modify, relate, change, classify, experiment, discover.            |
| L4              | Analyze, separate, order, explain, connect, classify, arrange, divide, compare, select, explain, infer.                                       |
| L5              | Assess, decide, rank, grade, test, measure, recommend, convince, select, judge, explain, discriminate, support, conclude, compare, summarize. |

PO1 - *Knowledge application*; PO2 - *Analytical and logical thinking*; PO3 - *Team work*; PO4 - *Leadership*; PO5 - *life-long learning*; PO6 - *Analyze and practice aspects of business*; PO7- *Personal and Societal growth*;