

**Internal Assessment Test - 1 – November – 2021**

**ANSWER KEY**

Sub:	Management and Entrepreneurship	Sub Code:	18EE51	Branch:	EEE		
Date:	11-11-2021	Duration:	90 min's	Max Marks:	50		
		Sem/Sec:	V- A & B		OBE		
<u>Answer any FIVE FULL Questions</u>					MARKS	CO	RBT
<b>1 (a)</b>	<p><b>Explain meaning and importance of management.</b></p> <p><b>Meaning:</b> Management is the process of designing and maintaining an environment in which individuals working together in groups efficiently accomplish selected aims. <i>Management is the “art of getting done through others and with formally organized groups” by Harold Koontz</i></p> <p><b>Importance:</b></p> <ol style="list-style-type: none"> <li><b>1. Management is goal oriented:</b> - Management is concern with achievement of specific goals. It is always directed towards achievement of objectives. The success of management is measured by the extent to which objectives are achieved.</li> <li><b>2. Management is associated with group efforts:</b> - The business comes into existence with certain objectives which are to be achieved by a group and not by one person alone. Management gets things done by, with and through the efforts of group members. It co-ordinates the activities and actions of its members towards a common goal.</li> <li><b>3. Management is intangible:</b> - It is an unseen force, its presence can be evidence by the result of its efforts up to date order but they generally remain unnoticed, Whereas mismanagement is quickly noticed.</li> <li><b>4. Management is an activity and not a person or group of person:</b> - Management is not people or not a certain class but it is the activity, it is the process of planning, organizing, directing and controlling to achieve the objectives of the organization.</li> <li><b>5. Management is situational:</b> - Management does not advice best way of doing things. Effective management is always situational. A manager has to apply principles, approaches and techniques of management after taking into consideration the existing situations.</li> <li><b>6. Management is universal:</b> - Most of the principles and techniques of management are universal in nature. They can be applied to government organization, military, educational institutes, religious institutes etc. They provide working guidelines which can be adopted according to situations.</li> <li><b>7. Management is concern with people:</b> - Since management involves getting things done through others only human being performed this activity with the help of planning and control. The element man cannot be separated from the management.</li> <li><b>8. Management is the combination of art, science and profession:-</b> Management makes use of science as well as art. It is science because it collects knowledge with the methods and data, analyzes and measures it and decision is taken with the help of experiment. It is a systematic body of knowledge. Art means application of knowledge for solving various problems. In modern times there is separation of ownership and management, so professional experts are appointed.</li> </ol>	<b>[5]</b>	<b>CO1</b>	<b>L2</b>			
<b>(b)</b>	<p><b>Describe Roles of Manager in Business.</b></p> <p><b>Mintzberg's Management Roles</b></p> <p><b>The Roles</b></p> <p>Mintzberg published his Ten Management Roles in his book, "Mintzberg on Management: Inside our Strange World of Organizations," in 1990.</p> <p><b>Interpersonal Category</b></p> <p>The managerial roles in this category involve providing information and ideas.</p> <ol style="list-style-type: none"> <li><b>1. Figurehead</b> – As a manager, you have social, ceremonial and legal responsibilities. You're expected to be a source of inspiration. People look up to you as a person with authority, and as a figurehead.</li> <li><b>2. Leader</b> – This is where you provide leadership for your team, your department or perhaps your entire organization; and it's where you manage the performance and responsibilities of everyone in the group.</li> <li><b>3. Liaison</b> – Managers must communicate with internal and external contacts. You need to be able</li> </ol>	<b>[5]</b>	<b>CO1</b>	<b>L2</b>			

	<p>to network effectively on behalf of your organization.</p> <p><b>Informational Category</b></p> <p>The managerial roles in this category involve processing information.</p> <p>4. <b>Monitor</b> – In this role, you regularly seek out information related to your organization and industry, looking for relevant changes in the environment. You also monitor your team, in terms of both their productivity, and their well-being.</p> <p>5. <b>Disseminator</b> – This is where you communicate potentially useful information to your colleagues and your team.</p> <p>6. <b>Spokesperson</b> – Managers represent and speak for their organization. In this role, you're responsible for transmitting information about your organization and its goals to the people outside it.</p> <p><b>Decisional Category</b></p> <p>The managerial roles in this category involve using information.</p> <p>7. <b>Entrepreneur</b> – As a manager, you create and control change within the organization. This means solving problems, generating new ideas, and implementing them.</p> <p>8. <b>Disturbance Handler</b> – When an organization or team hits an unexpected roadblock, it's the manager who must take charge. You also need to help mediate disputes within it.</p> <p>9. <b>Resource Allocator</b> – You'll also need to determine where organizational resources are best applied. This involves allocating funding, as well as assigning staff and other organizational resources.</p> <p>10. <b>Negotiator</b> – You may be needed to take part in, and direct, important negotiations within your team, department, or organization.</p>			
2 (a)	<p><b>Discuss the functions of management.</b></p> <p><b>Planning</b></p> <p>Planning is future-oriented and determines an organization's direction. It is a rational and systematic way of making decisions today that will affect the future of the company. It is a kind of organized foresight as well as corrective hindsight. It involves the predicting of the future as well as attempting to control the events. It involves the ability to foresee the effects of current actions in the long run in the future.</p> <p>The internal factors that affect planning are limited growth opportunities due to saturation requiring diversification, changing patterns of the workforce, more complex organizational structures, decentralization, etc</p> <p><b>Organizing</b></p> <p>Organizing requires a formal structure of authority and the direction and flow of such authority through which work subdivisions are defined, arranged and coordinated so that each part relates to the other part in a united and coherent manner so as to attain the prescribed objectives.</p> <p><b>Staffing</b></p> <p>Staffing is the function of hiring and retaining a suitable work-force for the enterprise both at managerial as well as non-managerial levels. It involves the process of recruiting, training, developing, compensating and evaluating employees and maintaining this workforce with proper incentives and motivations. Since the human element is the most vital factor in the process of management, it is important to recruit the right personnel.</p> <p><b>Directing</b></p> <p>The directing function is concerned with leadership, communication, motivation, and supervision so that the employees perform their activities in the most efficient manner possible, in order to achieve the desired goals.</p> <p>Supervising subordinates would lead to continuous progress reports as well as assure the superiors that the directions are being properly carried out.</p> <p><b>Controlling</b></p> <p>The function of control consists of those activities that are undertaken to ensure that the events do not deviate from the pre-arranged plans. The activities consist of establishing standards for work performance, measuring performance and comparing it to these set standards and taking corrective actions as and when needed, to correct any deviations.</p>	[5]	CO1	L2
(b)	<p><b>Explain characteristics of Management.</b></p> <p>1. <b>Planning Contributes to The Objective</b> - Planning helps in achieving the objective. We cannot think of achieving any objective without any kind of planning. Planning is one of the foremost important primary steps in accomplishing the organisation.</p> <p>2. <b>Planning is The Primary Function of Management</b> - Planning is the first step that any manager or anyone adapts to use it to move towards any goal.</p> <p>3. <b>Pervasive</b> - Planning is universal. Planning is there in every organization, whether it is a</p>	[5]	CO1	L2

	<p>small size, mid-size or large size or at whatever level it is, every manager, every individual employee plans on at his/her level.</p> <p><b>4. Planning is Futuristic</b> - We do planning for the future. Hence it is called a futuristic process. We always stay in the present and plan for the future. Planning is never done for the past.</p> <p><b>5. Planning is Continuous</b> - We plan to achieve any goal. We do the planning, staffing, directing, and then controlling. As soon as one goal is achieved, then we start planning for the next goal or objective. Hence it is called Continuous Process. All the time, planning is done at every level for the future course of action.</p> <p><b>6. Planning Involves Decision Making</b> - In planning, function managers evaluate various alternatives and select the most appropriate way to manage things.</p> <p><b>7. Planning is a Mental Exercise</b> - In planning, assumptions and predictions regarding the future are made by scanning the environment properly. This activity requires a higher level of intelligence.</p>		
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<b>3 (a)</b>	<b>Differentiate between Management &amp; Administration.</b>																																
	<table border="1" style="width: 100%;"> <thead> <tr> <th style="width: 25%;">Basis For Comparison</th> <th style="width: 25%;">Management</th> <th style="width: 25%;">Administration</th> </tr> </thead> <tbody> <tr> <td>Meaning</td> <td>An organized way of managing people and things of a business organization is called the Management.</td> <td>The process of administering an organization by a group of people is known as the Administration.</td> </tr> <tr> <td>Authority</td> <td>Middle and Lower Level</td> <td>Top level</td> </tr> <tr> <td>Role</td> <td>Executive</td> <td>Decisive</td> </tr> <tr> <td>Concerned with</td> <td>Policy Implementation</td> <td>Policy Formulation</td> </tr> <tr> <td>Area of operation</td> <td>It works under administration.</td> <td>It has full control over the activities of the organization.</td> </tr> <tr> <td>Key person</td> <td>Manager</td> <td>Administrator</td> </tr> <tr> <td>Represents</td> <td>Employees, who work for remuneration</td> <td>Owners, who get a return on the capital invested by them.</td> </tr> <tr> <td>Function</td> <td>Executive and Governing</td> <td>Legislative and Determinative</td> </tr> <tr> <td>Focus on</td> <td>Managing work</td> <td>Making best possible allocation of limited resources.</td> </tr> </tbody> </table>	Basis For Comparison	Management	Administration	Meaning	An organized way of managing people and things of a business organization is called the Management.	The process of administering an organization by a group of people is known as the Administration.	Authority	Middle and Lower Level	Top level	Role	Executive	Decisive	Concerned with	Policy Implementation	Policy Formulation	Area of operation	It works under administration.	It has full control over the activities of the organization.	Key person	Manager	Administrator	Represents	Employees, who work for remuneration	Owners, who get a return on the capital invested by them.	Function	Executive and Governing	Legislative and Determinative	Focus on	Managing work	Making best possible allocation of limited resources.	[5]	CO1 L2
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<b>(b)</b>	<p><b>Is management a science or an art or profession? Examine.</b></p> <p>The meaning of management has been different for different people. Some consider it as a SCIENCE because of its proven and experimented principles, for some it is an ART because of the practice it requires in accomplishing it while others consider it to be just a PROFESSION and a source of income.</p> <p>Well, in reality, Management is a combination of this Trivia. Management is an ART, a Science and a PROFESSION, too.</p> <p><b>Management as an ART</b></p> <p>Ability to apply knowledge &amp; skill in order to attain the desired results is defined as ART. It is a personalized application of basic theoretical principles for achieving best possible results. For example, an ability of a tailor to shape a piece of cloth into a well-stitched dress is an art. Similarly, a sculpturist with his/her art can transform a rock piece into a beautiful idol.</p> <p>The essential features of art include:</p> <ol style="list-style-type: none"> <li>1. <b>Creativity</b></li> <li>2. <b>Practical/Industry Knowledge</b></li> <li>3. <b>Personal skills</b></li> <li>4. <b>Ability to improve through constant practice</b></li> <li>5. <b>Result oriented approach</b></li> </ol> <p>Since management is concerned with implementing the knowledge, skills, principles, and theories of management to attaining the desired goals and to solve certain management problem in an organization, management is considered as an art.</p> <p><b>Management as a SCIENCE</b></p> <p>“Science is a systematic body of knowledge pertaining to a specific field of study that contains general facts which explains a phenomenon.” It ascertains relationship between the cause and effect between two or more variables and emphasizes the principles which govern their relationship. Scientific methods of observation and verification through testing lead to the development of these principles.</p> <p>The essential features of Science are:</p> <ol style="list-style-type: none"> <li>1. <b>Universally Acceptable Principles.</b></li> <li>2. <b>Observation and Experimentation.</b></li> <li>3. <b>Established Cause and Effect Relationship.</b></li> </ol>	[5]	CO1 L4
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	<p><b>4. Verified and Predictable validity.</b></p> <p>Management is a social and behavioral science because it deals with the behaviors of human beings that is ever changing and cannot be predicted precisely.</p> <p>For example, while a tailor can shape a piece of cloth into a dress, he/she has to follow some predefined principles. Thinking of the design is the art of the tailor however, to use that art is science based on various principles. And these principles are accepted and applied universally. So, management is a Science.</p> <p>The ancient saying, “Manager are Born” has been discarded in favor of “Managers are Made”. It has been remarked aptly that management is the oldest of art and youngest of science, which is perfectly true.</p> <p><b>Management as a PROFESSION</b></p> <p><b>Profession</b> is an occupation or a job done by any individual, who is well aware of delivering personal services to the people with expertise. To practice a profession, an individual must have acquired certain academic qualifications and training in the related field. In addition, a professional is required to follow the ethical code of conduct of an organization.</p> <p>The essential features of profession are:</p> <ol style="list-style-type: none"> <li>1. <b>Ability to render personal service with expertise and specialization.</b></li> <li>2. <b>Formal education and training from a recognized institution.</b></li> <li>3. <b>Code of conduct</b></li> <li>4. <b>Representative Association.</b></li> </ol> <p>For instance, to become a financial manager, an individual should be a Graduate in financial management as his/her major field of study from a recognized university. Similarly, in order to become a HR manager, one must have a Diploma with Human Resource Management.</p> <p>So, Management is an Art, Science and Profession.</p>			
<p><b>4 (a)</b></p>	<p><b>Describe Managerial Skills and its importance.</b></p> <p><b>Managerial skills</b></p> <p>Simply, <b>managerial skills are the knowledge and ability of the individuals in a managerial position to fulfill some specific management activities or tasks.</b> This knowledge and ability can be learned and practiced. However, they also can be acquired through practical implementation of required activities and tasks. Therefore, you can develop each skill through learning and practical experience as a manager.</p> <p><b>Robert Katz</b> identifies three types of skills that are essential for a successful management process:</p> <ul style="list-style-type: none"> <li>• <b>Technical skills,</b></li> <li>• <b>Conceptual skills and</b></li> <li>• <b>Human or interpersonal management skills.</b></li> </ul> <p><b>Technical Skills as One Part of Management Skills</b></p> <p>As the name of these skills tells us, they give the manager’s knowledge and ability to use different techniques to achieve what they want to achieve. Technical skills are not related only for machines, production tools or other equipment, but also they are skills that will be required to increase sales, design different types of products and services, market the products and services, etc.</p> <p><b>Conceptual Skills</b></p> <p><b>Conceptual skills</b> present <u>knowledge</u> or ability of a manager for more abstract thinking. That means he can easily see the whole through analysis and diagnosis of different states. In such a way they can predict the future of the business or department as a whole.</p> <p><b>Human or interpersonal management skills</b></p> <p>Human or interpersonal management skills present a manager’s knowledge and ability to work with people. One of the most critical <u>management tasks</u> is to work with people. Without people, there will not be a need for the existence of management and managers.</p>	<p>[5]</p>	<p>CO1</p>	<p>L2</p>
<p><b>(b)</b></p>	<p><b>What are the Levels of Management? Explain.</b></p> <p><b>levels of management</b></p> <p>Most organizations have three management levels:</p> <ul style="list-style-type: none"> <li>• Low-level managers;</li> <li>• Middle-level managers; and</li> <li>• Top-level managers.</li> </ul> <p>These managers are classified in a hierarchy of authority, and perform different tasks. In many organizations, the number of managers in every level resembles a pyramid.</p> <p><b>Top-level managers</b></p> <p>The board of directors, president, vice-president, and CEO are all examples of top-level managers. These managers are responsible for controlling and overseeing the entire organization. They develop goals, strategic plans, company policies, and make decisions on the direction of the business.</p> <p><b>Middle-level managers</b></p> <p>General managers, branch managers, and department managers are all examples of middle-level managers. They are accountable to the top management for their department’s function.</p>	<p>[5]</p>	<p>CO1</p>	<p>L2</p>

	<p><b>Low-level managers</b> Supervisors, section leads, and foremen are examples of low-level management titles. These managers focus on controlling and directing.</p>			
<p><b>5 (a)</b></p>	<p><b>Describe Nature of Planning.</b></p> <p><b>(1) Primary Function</b> Planning is the primary function of management. It precedes all other management functions. Without setting the goals to be achieved and line of action to be followed there is no meaning of organizing, leading or controlling the activities of an organization. In fact, all other functions of management largely depend upon planning. It sets all other functions into action. Hence, it is the basic function of management.</p> <p><b>(2) Pervasiveness of Planning</b> Planning is a pervasive activity. Managers at all levels of organization perform the planning function. However, the nature and scope of planning may differ at various levels of management Top management looks after strategic planning. The middle and lower management is concerned with administrative planning and operational planning respectively.</p> <p><b>(3) Focus on Objectives</b> A plan must focus on accomplishing certain objectives/goals. It identifies the actions that would lead to the desired objectives quickly and economically. Planning cannot be imagined without objectives.</p> <p><b>(4) Future-Oriented</b> Planning is always future-oriented because it is done for the future. It decides in the present what is to be done in the future. It is based on forecasting and a plan is a synthesis of forecasts. Thus, planning is based on farsightedness, which is forward looking in nature.</p> <p><b>(5) Selective Process</b> In order to achieve a set of objectives, there are a number of alternatives, which are available to an organization. He planning is essentially a process of choosing among alternatives. It is concerned with decision-making relating to</p> <ul style="list-style-type: none"> <li>• hat is to be done,</li> <li>• how it is to be done</li> <li>• when it is to be done, and</li> <li>• by whom it is to be done.</li> </ul>	<p>[5]</p>	<p>CO1</p>	<p>L2</p>
<p><b>(b)</b></p>	<p><b>Explain steps involved in planning.</b></p> <p><b>Step 1. Perception of Opportunities:</b> Perception of opportunities is not strictly a part of the planning process. But this awareness of opportunities in the external environment as well as within the organization is the real starting point for planning. It is important to take a preliminary look at possible future opportunities and see them clearly and completely.</p> <p><b>Step 2. Establishing Objectives:</b> This is the second step in the planning process. The major organizational and unit objectives are set in this stage. This is to be done for the long term as well as for the short range. Objective specify the expected results and indicate the end points of what is to be done, where the primary emphasis is to be placed and what is to be accomplished by the various types of plans.</p> <p><b>Step 3. Planning Premises:</b> After determination of organizational objectives, the next step is establishing planning premises that is the conditions under which planning activities will be undertaken. Planning premises are planning assumptions the expected environmental and internal conditions.</p> <p>Thus planning premises are external and internal. External premises include total factors in task environment like political, social, technological, competitors, plans and actions, government policies. Internal factors include organization’s policies, resources of various types, and the ability of the organization to withstand the environmental pressure. The plans are formulated in the light of both external and internal factors.</p> <p><b>Step 4. Identification of Alternatives:</b> The fourth step in planning is to identify the alternatives. Various alternatives can be identified based on the organizational objectives and planning premises. The concept of various alternatives suggests that a particular objective can be achieved through various actions.</p> <p><b>Step 5. Evaluation of Alternatives:</b> The various alternative course of action should be analyzed in the light of premises and goals. There are various techniques available to evaluate alternatives. The evaluation is to be done in the light of various factors. Example, cash inflow and outflow, risks, limited resources, expected pay back etc., the alternatives should give us the best chance of meeting our goals at the lowest cost and highest profit.</p> <p><b>Step 6. Choice of Alternative Plans:</b> This is the real point of decision-making. An analysis and evaluation of alternative courses will disclose that two or more advisable and beneficial. The fit one</p>	<p>[5]</p>	<p>CO1</p>	<p>L2</p>

	<p>is selected.</p> <p><b>Step 7. Formulation of Supporting Plan:</b> After formulating the basic plan, various plan is derived so as to support the main plan. In an organization there can be various derivative plans like planning for buying equipment, buying raw materials, recruiting and training personal, developing new product etc. These derivative plans are formulated out of the basic or main plan and almost invariably required to support the basic plan.</p> <p><b>Step 8. Establishing Sequence of Activities:</b> After formulating basic and derivative plans, the sequence of activities is determined so those plans are put into action. After decisions are made and plans are set, budgets for various periods and divisions can be prepared to give plans more concrete meaning for implementation.</p>			
<p><b>6 (a)</b></p>	<p><b>Describe decision making and its types.</b></p> <p>According to the Oxford Advanced Learner’s Dictionary the term decision making means - the process of deciding about something important, especially in a group of people or in an organization. Trewatha &amp; Newport defines decision making process as follows:, “<b>Decision-making involves the selection of a course of action from among two or more possible alternatives in order to arrive at a solution for a given problem</b>”</p> <p><b>Types of Decision Making</b></p> <p><b>1. Tactical and Strategic Decisions</b></p> <p>Tactical decisions are those which a manager makes over and over again adhering to certain established rules, policies and procedures. They are of repetitive nature and related to general functioning. Authority for taking tactical decisions is usually delegated to lower levels in the organization. Strategic decisions on the other hand are relatively more difficult. They influence the future of the business and involve the entire organization. Decisions pertaining to objective of the business, capital expenditure, plant layout, production etc., are examples of strategic decisions.</p> <p><b>2. Programmed and Non-programmed Decisions</b></p> <p>Prof. Herbert Simon (June 15, 1916 - February 9, 2001), an American economist and psychologist, has used computer terminology in classifying business decisions. These decisions are of a routine and repetitive nature. The programmed decisions are basically of a routine type for which systematic procedures have been devised so that the problem may not be treated as a unique case each time it crops up. The non-programmed decisions are complex and deserve a specific treatment. In the above example, if all the professors in a department stop their teaching work the problem cannot be solved by set procedural rules. It becomes a problem which requires a thorough study of the causes of such a situation and after analysing all factors a solution can be found through problem solving process.</p> <p><b>3. Basic and Routine Decisions</b></p> <p>Prof. Katona has classified decisions as basic and routine. Basic decision are those which require a good deal of deliberation and are of crucial importance. These decisions require the formulation of new norms through deliberate thought provoking process. Examples of basic decisions are plant location, product diversification, selecting channels of distribution etc. Routine decisions are of repetitive nature and hence, require relatively little consideration. It may be seen that basic decisions generally relate to strategic aspects, while routine decisions are related to tactical aspects of a organization.</p> <p><b>4. Organizational and Personal Decisions</b></p> <p>Organizational decisions are those which an executive takes in his official capacity and which can be delegated to others. On the other hand, personal decisions are those which an executive takes in his individual capacity but not as a member of organization.</p> <p><b>5. Off-the-Cuff and Planned Decisions</b></p> <p>Off-the-cuff decisions involve "shooting from the hip". These decisions can be taken easily and may be directed towards the purposes of the enterprise. On the other hand, planned decisions are linked to the objectives of organization. They are based on facts and involve the scientific process in problem solving.</p> <p><b>6. Policy and Operating Decisions</b></p> <p>Policy decisions are those which are taken by top management and which are of a fundamental character affecting the entire business. Operating decisions are those which are taken by lower management for the purpose of executing policy decisions. Operating decisions relate mostly to the decision marker's own work and behavior while policy decisions influence work or behavior pattern of subordinates.</p> <p><b>7. Policy, Administrative and Executive Decisions</b></p> <p>Ernest Dale (born in Hamburg, Germany and died at the age of 79) has classified decisions in business organization as under.</p> <ul style="list-style-type: none"> <li>(a) Policy decisions,</li> <li>(b) Administrative decisions and</li> <li>(c) Executive decisions.</li> </ul> <p><b>Policy decisions</b> are taken by top management or administration of an organization. They relate to major issues and policies such as the nature of the financial structure, marketing policies, outline of organization structure.</p> <p><b>Administrative decisions</b> are made by middle management and are less important than policy decisions.</p>	<p>[5]</p>	<p>CO1</p>	<p>L2</p>

	<p>According to Ernest Dale the size of the advertising budget is a policy decision but selection of media would be an example of administrative decision.</p> <p><b>Executive decisions</b> are those which are made at the point where the work is carried out. Distinguishing between these three types of decisions Dale writes, "policy decisions set forth goals and general courses of action, administrative decisions determine the means to be used and executive decisions are those made on a day-to-day basis as particular cases come up".</p>			
<p><b>(b) Outline importance of planning.</b></p>	<p>Planning helps an organization chart a course for the achievement of its goals. The process begins with reviewing the current operations of the organization and identifying what needs to be improved operationally in the upcoming year. From there, planning involves envisioning the results the organization wants to achieve, and determining the steps necessary to arrive at the intended destination – success, whether that is measured in financial terms, or goals that include being the highest-rated organization in customer satisfaction.</p> <p><b>Efficient Use of Resources</b></p> <p>All organizations, large and small, have limited resources. The planning process provides the information top management needs to make effective decisions about how to allocate the resources in a way that will enable the organization to reach its objectives. Productivity is maximized and resources are not wasted on projects with little chance of success.</p> <p><b>Establishing Organizational Goals</b></p> <p>Setting goals that challenge everyone in the organization to strive for better performance is one of the key aspects of the planning process. Goals must be aggressive, but realistic. Organizations cannot allow themselves to become too satisfied with how they are currently doing – or they are likely to lose ground to competitors.</p> <p><b>Managing Risk And Uncertainty</b></p> <p>Managing risk is essential to an organization’s success. Even the largest corporations cannot control the economic and competitive environment around them. Unforeseen events occur that must be dealt with quickly, before negative financial consequences from these events become severe.</p> <p><b>Team Building and Cooperation</b></p> <p>Planning promotes team building and a spirit of cooperation. When the plan is completed and communicated to members of the organization, everyone knows what their responsibilities are, and how other areas of the organization need their assistance and expertise in order to complete assigned tasks. They see how their work contributes to the success of the organization as a whole and can take pride in their contributions.</p> <p><b>Creating Competitive Advantages</b></p> <p>Planning helps organizations get a realistic view of their current strengths and weaknesses relative to major competitors. The management team sees areas where competitors may be vulnerable and then crafts marketing strategies to take advantage of these weaknesses.</p>	<p>[5]</p>	<p>CO1</p>	<p>L2</p>
<p><b>7 (a) What is Planning and Explain type of plans?</b></p>	<p><b>Meaning:</b> Planning is the fundamental management function, which involves <b>deciding beforehand</b>, what is to be done, when is it to be done, how it is to be done and who is going to do it. It is an <b>intellectual process</b> which <b>lays down an organisation’s objectives and develops various courses of action</b>, by which the organisation can achieve those objectives. It chalks out exactly, how to attain a specific goal.</p> <p>Plans commit the various resources in an organization to specific outcomes for the fulfillment of future goals. Many different types of plans are adopted by management to monitor and control organizational activities. Three such most commonly used plans are hierarchical, frequency-of-use (repetitiveness) and contingency plans.</p> <p><b>Strategic Plans</b></p> <p>Strategic plans define the framework of the organization’s vision and how the organization intends to make its vision a reality.</p> <ul style="list-style-type: none"> <li>• It is the determination of the long-term objectives of an enterprise, the action plan to be adopted and the resources to be mobilized to achieve these goals.</li> <li>• Since it is planning the direction of the company’s progress, it is done by the top management of an organization.</li> <li>• It essentially focuses on planning for the coming years to take the organization from where it stands today to where it intends to be.</li> <li>• The strategic plan must be forward looking, effective and flexible, with a focus on accommodating future growth.</li> </ul>	<p>[5]</p>	<p>CO1</p>	<p>L2</p>

	<ul style="list-style-type: none"> <li>• These plans provide the framework and direction for lower level planning.</li> </ul> <p><b>Tactical Plans</b> Tactical plans describe the tactics that the managers plan to adopt to achieve the objectives set in the strategic plan.</p> <ul style="list-style-type: none"> <li>• Tactical plans span a short time frame (usually less than 3 years) and are usually developed by middle level managers.</li> <li>• It details specific means or action plans to implement the strategic plan by units within each division.</li> <li>• Tactical plans entail detailing resource and work allocation among the subunits within each division.</li> </ul> <p><b>Operational Plans</b> Operational plans are short-term (less than a year) plans developed to create specific action steps that support the strategic and tactical plans.</p> <ul style="list-style-type: none"> <li>• They are usually developed by the manager to fulfill his or her job responsibilities.</li> <li>• They are developed by supervisors, team leaders, and facilitators to support tactical plans.</li> <li>• They govern the day-to-day operations of an organization.</li> <li>• Operational plans can be – <ul style="list-style-type: none"> <li>○ <b>Standing plans</b> – Drawn to cover issues that managers face repeatedly, e.g. policies, procedures, rules.</li> <li>○ <b>Ongoing plans</b> – Prepared for single or exceptional situations or problems and are normally discarded or replaced after one use, e.g. programs, projects, and budgets.</li> </ul> </li> </ul>			
<p><b>(b)</b></p>	<p><b>Explain Limitations of Planning with examples.</b></p> <p>The limitations of Planning are furnished below:</p> <p><b>(1) Planning Leads to Rigidity</b></p> <ul style="list-style-type: none"> <li>• The plans are rigid in nature and have to be complied with throughout the organisation.</li> <li>• Such rigidity of plans may be internal as well as external.</li> <li>• Internal rigidity relates to plans, policies, programs, rules, and methods, etc.</li> <li>• External rigidity relates to political, industrial, technological, legal and economic changes, etc.</li> <li>• Example: <i>A super speciality hospital has fine branches in a city. Whatever the top management of the hospital decides the head of the branch of the hospital and their subordinates have to follow. Though on occasions they know they could have done better on their own but the plan laid out provides rigidity to their approach.</i></li> </ul> <p><b>(2) Planning May Not Work in Dynamic Environment</b></p> <ul style="list-style-type: none"> <li>• The environment in which a business survives is dynamic as it keeps on changing.</li> <li>• It is difficult for an organisation to access future trends, the taste of customers, natural calamity, competitors’ policies and effects of changes in the different components of the environment.</li> <li>• The organisation has to constantly adapt itself to changes because it is difficult to forecast the future changes with absolute accuracy.</li> <li>• The dynamic environment may sometimes lead to failure of plans.</li> <li>• Example: <i>Nestle, a very successful producer was very proactive in deciding strategies for Maggi noodles. Maggi noodles were in a lot of demand but they were off the shelf due to political and legal dimensions. This was due to the high content of lead in Maggi noodles.</i></li> </ul> <p><b>(3) Planning Reduces Creativity</b></p> <ul style="list-style-type: none"> <li>• Planning is mostly done by the top management and other members like middle and lower levels of management have to follow these plans.</li> <li>• They can’t deviate or change the plans made by their seniors.</li> <li>• Under such circumstances, employees become orders following machines and don’t involve creative thinking from their side.</li> <li>• Such rigidity to comply with the laid plans kills the creativity of some talented persons.</li> <li>• Example: <i>The need for a branch of a renowned shoe manufacturing company sees a lot of scope in customized shoes. The top management is not interested in this idea as the company manufactures standardised shoes.</i></li> </ul> <p><b>(4) Planning Involves Huge Cost</b></p> <ul style="list-style-type: none"> <li>• Formulation of plans can be too much costly because there is a lot of time and money is involved.</li> <li>• Some costs are incidental in nature like- expenses on boardroom meetings, discussions with professional experts and preliminary investigations to find out the feasibility of the plan.</li> <li>• Checking the accuracy of facts and scientific calculations may involve lots of time.</li> <li>• Sometimes, cost incurred may not justify the benefits derived from the plans; it may leave a</li> </ul>	<p>[5]</p>	<p>CO1</p>	<p>L2</p>



	<p>harmful effect on the enterprise.</p> <ul style="list-style-type: none"> <li>Example: <i>Companies like IBM spend a lot of research. Many world-class levels give their advice to this company and change their fee. However, without so much of painstaking such a huge company won't be able to sustain itself. So planning in case of IBM becomes necessary.</i></li> </ul> <p><b>(5) Planning is a Time-consuming Process</b></p> <ul style="list-style-type: none"> <li>Planning is a very lengthy process as it consumes a lot of time for collection, analysis, and interpretation of data.</li> <li>Due to such a lengthy process, sometimes decisions get delayed, opportunities are lost and there is not much time left for the implementation of plans.</li> <li>Example: <i>Health is wealth Ltd. plans to organise 25 health checkup camps on the World Health Day and send a requisition to the top management but management could send its approval just a day before and the sales manager could organise only 5 camps and thus huge opportunity is lost. Here the implementation was delayed.</i></li> </ul>			
<p><b>8(a)</b></p>	<p><b>Discuss the Purpose of Planning.</b></p> <p>The following are some of the important purpose of planning in an organization.</p> <ol style="list-style-type: none"> <li><b>Facilitates Accomplishment of Objectives:</b> The aim of planning is to facilitate the attainment of objectives. It focuses its attention on the objectives of the organization. It states the objectives of each department in the organization and of the enterprise as a whole. This helps personnel to see the enterprise in its entirety and see how their actions contribute to its ultimate goals. Planning forces the managers to consider the future and revise its plans if necessary for achieving the objectives.</li> <li><b>Ensures Economy in Operations:</b> Since planning emphasizes efficient operation and consistency, it minimizes costs and gains economical operation. Coordinated group effort, even flow of work and deliberate decisions are due to planning.</li> <li><b>Precedes Control:</b> Control involves those activities which are carried out to force events to conform to plans. Plans serves as standards of performance. Control seeks to compare actual performance with set standards. So control cannot be exercised without plans.</li> <li><b>Provides for Future Contingency:</b> Planning is required because future is uncertain. Planning enables the management to look into the future and discover suitable alternative course of action. Planning helps the management to have a clear-cut idea about the future and to frame a suitable programme for action. Even when the future is highly certain, planning is essential to decide the best course of action.</li> <li><b>Facilitates Optimum Utilization of Resources:</b> Various resources that are relevant to an organization namely, funds, physical resources, manpower, technological know-how, etc., are by and large inadequate due to demand from competing organizations and have alternative uses. This necessitate the organization to make the best possible use of resources. Planning facilitates optimum use of available resources.</li> </ol>	<p>[5]</p>	<p>CO1</p>	<p>L2</p>
<p><b>(b)</b></p>	<p><b>Explain steps in decision making.</b></p> <p><b>Steps of the Decision-Making Process</b></p> <p>The following are the seven key steps of the decision-making process.</p> <ol style="list-style-type: none"> <li><b>Identify the decision.</b> The first step in making the right decision is recognizing the problem or opportunity and deciding to address it. Determine why this decision will make a difference to your customers or fellow employees.</li> <li><b>Gather information.</b> Next, it's time to gather information so that you can make a decision based on facts and data. This requires making a value judgment, determining what information is relevant to the decision at hand, along with how you can get it. Ask yourself what you need to know in order to make the right decision, then actively seek out anyone who needs to be involved.  <b>Managers seek out a range of information to clarify their options</b> once they have identified an issue that requires a decision. Managers may seek to determine potential causes of a problem, the people and processes involved in the issue and any constraints placed on the decision-making process," <i>Chron Small Business</i> says.</li> <li><b>Identify alternatives.</b> Once you have a clear understanding of the issue, it's time to identify the various solutions at your disposal. It's likely that you have many different options when it comes to making your decision, so it is important to come up with a range of options. This helps you determine which course of action is the best way to achieve your objective.</li> <li><b>Weigh the evidence.</b> In this step, you'll need to <b>evaluate for feasibility, acceptability and desirability</b> to know which alternative is best, according to management experts Phil Higson and Anthony Sturgess. Managers need to be able to weigh pros and cons, and then select the option that has the highest chances of success. It may be helpful to seek out a trusted second opinion to gain a new perspective on the issue at hand.</li> <li><b>Choose among alternatives.</b> When it's time to make your decision, be sure that you understand the risks involved with your chosen route. You may also choose a combination of alternatives now</li> </ol>	<p>[5]</p>	<p>CO1</p>	<p>L2</p>

<p>that you fully grasp all relevant information and potential risks.</p> <p><b>6. Take action.</b> Next, you'll need to create a plan for implementation. This involves identifying what resources are required and gaining support from employees and stakeholders. Getting others onboard with your decision is a key component of executing your plan effectively, so be prepared to address any questions or concerns that may arise.</p> <p><b>7. Review your decision.</b> An often-overlooked but important step in the decision-making process is evaluating your decision for effectiveness. Ask yourself what you did well and what can be improved next time.</p> <p>“Even the most experienced business owners can learn from their mistakes ... be ready to adapt your plan as necessary, or to switch to another potential solution,” <i>Chron Small Business</i> explains. If you find your decision didn't work out the way you planned, you may want to revisit some of the previous steps to identify a better choice.</p>			
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