

Introduction to Management

The act of managing something : The management in business and organisations is the function that co-ordinates the effort of people to accomplish goals and objectives using available resources efficiently and effectively.

Before we get more into theoretical meaning of word Management, I would like to explain the concept with a simple example of your room. In case you keep your room organized you shall be able to find your math book or best shirt from the cupboard within no time or without putting in any extra effort.

If that is the case already, you are already a manager of sort and if not so, there is nothing to loose heart by the time, you finish reading and start practicing this book you would be on your way to be a manager.

Starting from organizing your study table to captaining your college football team, you require some sort of management skill.

The managers in the industry manage the production, managers in the sales department manage the sale of products and the human resource managers manage the staff of an organization. In your home, your father manages the money resources while your mother manages the house. So, we all are some sort of managers even if we did not take any basic training for it. The corporate of today fully understands the importance of a good manager and that is why the salaries of managers are much higher than the workers who actually make the product.

1.1. INTRODUCTION TO MANAGEMENT

One of the most human activities is managing. Every human being has several needs and desires. But no individual can satisfy all his wants. Ever since people realized that they could not achieve as individuals, people work together to meet their mutual needs. By working and living together in organized groups and institutions, the people satisfy their economic and social needs. Managing has been essential to ensure the co-ordination of individual efforts. The society has come to rely on increasingly on group efforts. Many organized groups have become large and the task of managers has been rising in importance. The task of getting results through others by co-ordinating their efforts is known as management.

Management is the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims. This basic definition of

management explains that :

1. As managers, people carry out the managerial functions of planning, organizing, staffing, leading and controlling.
2. Management applies to any kind of organization.
3. It applies to managers of all organizational levels.
4. The aim of all managers is the same, to create a surplus.
5. Managing is concerned with productivity ; that implies effectiveness and efficiency.

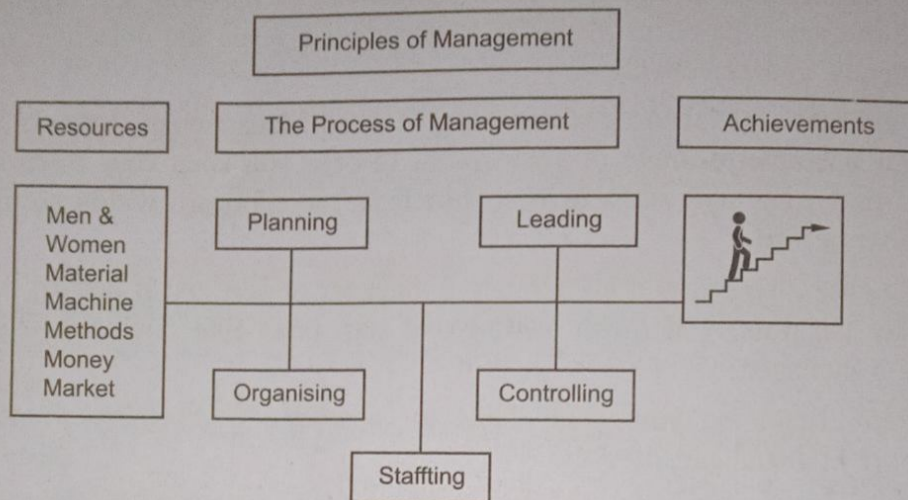


Fig. 1.1. Management Process

Thus, it may be concluded that management plays a key role in improving standard of living of the people in the society through developing an ideal organizational structure and making economic use of available resources.

The knowledge of management theory and practice enables managers to take more realistic view about organizational and social problems and to find out their effective solution.

■ 1.1.1. Definition of Management

It is difficult to give precise definition of the term 'management'. Different authors have interpreted management from their own angles. Some of the leading management thinkers and practitioners have defined as under :

1. **F.W. Taylor** : Management is the art of knowing what you want to do and then seeing that it is done in the best and cheapest way.
2. **American Society of Mechanical Engineers** : Management is the art and science of organizing and directing human efforts applied to control the forces and utilize the materials of nature for the benefit of man.
3. **James L. Lundy** : Management is principally the task of planning, co-ordinating, motivating and controlling the efforts of others towards a specific objective.

4. **Henry L. Sisk** : Management is the co-ordination of all resources through the process of planning, organizing, directing and controlling in order to attain stated objectives.
5. **Peter Drucker** : Management is a multi-purpose organ that manages a business and manages managers, workers and work.
6. **Mary Parker Follett** : The art of getting things done through others is known as management.
7. **Donald J. Clough** : Management is the art and science of decision making and leadership.
8. **Harold Koontz** : Management is the art of creating an environment in which people can perform as individuals and yet co-operate towards attainment of group goals.

■ 1.1.2. Who is a Manager ?

"A manager is someone who gets results through other people."

Harvard Business School

Very simply, a manager is responsible for getting work done through others. Instead of working alone, managers spend most of their time in planning, staffing, directing and organizing the work of others. They focus on resource allocation, goal setting and performance appraisal. Managers may be responsible for the employees in a department or division, they may have direct reports or they may lead a project or a cross-functional team with no direct reporting relationships.

Traditional management theory teaches that to be a manager you must manage people. What is a manager ? A working definition of a manager can be found in The Ultimate Business Dictionary :

"... A person who identifies and achieves organizational objectives through the deployment of appropriate resources. A manager can have responsibilities in one or more of five key areas : managing activities, managing resources, managing information, managing people and managing himself or herself at the same time as working within the context of the organizational, political and economic business environments ... It is the capability to harness resources that largely distinguishes a manager from a non-manager."

A manager's job involves planning for the future by anticipating changes in the external environment, organization of people into groups, allocating resources to them and motivating them to attain organizational goal. Good management is essential for any organization be it a government agency, a non-profit organization or an industrial firm, if it is to achieve its objectives. A manager is an employee who forms part of a management team and is accountable for exercising delegated authority over human and financial resources to accomplish the objectives of the organization. In addition to being responsible for a program delivery, managers lead people, recognize and reward achievement, manage change and promote the corporate values, ethics and culture of the organization.

A manager basically directs resources to complete predetermined goals or projects. For example, a manager may engage in hiring, training and scheduling employees in order to accomplish work in the most efficient and cost effective manner possible. A manager is considered a failure if he/she is not able to complete the project or goals with efficiency or when the cost becomes too high.

Ten things to do today to be a better manager

1. **Select the best people :** As a manager, you are only as good as the people in your team. Give yourself a better chance to succeed by picking the best people from the start.
2. **Be a motivator :** Human beings do things because we want to. Sometimes we want to because the consequences of not wanting to do something are unpleasant. However, most of the time we want to do things because of what we get out of it.

It is not different at work, people do good work for the pay, or the prestige, or the recognition.

They do bad work because they want to take it easy and still get paid. They work really hard because they want to impress someone. To motivate your people better, figure out what they want and how you can give that to them for doing what you want them to do.

3. **Build your team :** It is not enough that people are motivated to succeed at work. They have to work together as a team to accomplish the group's objective. After all, if we just want them all "do their own things" we don't need you as a manager to mould them into a team, do we ?

4. **Be a leader, not only a manager :** You have built the best team from the best employees available. You motivated them to peak performance. What is missing ? Motivating a team is worthless unless you provide direction ; unless you turn that motivation towards a goal and lead the team to it. It is the ability to lead others that truly sets a manager apart from their peers. Remember that leaders are found at all levels of the organization, so be one.

5. **Improve as a communicator :** Communication may be the single most important skill of a manager. After all, all the others depend on it. You can't be a leader if you can't communicate your vision. You can't motivate people if they can't understand what you want. Communication skills can be improved through practice.

6. **Get better at managing money :** To stay in business, a company has to make money. That means bringing money in the door and it means spending less than you bring in. Depending on your function in the organization, you may have more influence on one area or the other, but you need to understand both. You can help your company, your employees and yourself be getting better at managing the company's money.

Don't be put off by the numbers or by the fact that "it's math".

7. **Get better at managing time :** The one thing you will probably have less of at work than money is time. The better you get at managing time, yours and others, the more effective you will be as a manager.

8. Improve yourself : Don't focus so hard on your people that you forget about yourself. Identify the areas in which you are weak and improve them. The fact that you are reading this article shows you understand the concept. You need to put it into practice.

9. Practice ethical management : Enron-like scandals have really driven home the point about how important ethics is in business.

10. Take a break : You are less effective as a manager if you are over-stressed. You are less tolerant. You snap at people more. No one wants to be anywhere near you. Take a break. Give yourself a chance to relax and recharge your batteries. Your increased productivity when you return will be more than the time you take off. Have a good laugh or go lie on a beach somewhere.

Bottom line : Management is a skill that can be learned. You can improve as a manager by working every day to get better.

Concept of management : The concept of management has been interpreted in several ways. The important concepts are as under :

"Management is the process of assembling and using sets of resources in goal-directed manner to accomplish tasks in an organizational setting".

This definition will be sub-divided into its key parts :

1. Management as an activity : It is an activity just like playing, studying and teaching. As a management activity, it has been defined as the art of getting things done through the efforts of other people. It is a group activity to achieve the objectives of the group.

2. Management as a process : Management is a process. It includes planning, controlling, co-ordinating, motivating and staffing. These processes are the series of inter-related sequential functions. Processes refer to accomplish these mentioned activities. Management is the efforts of organizational members to accomplish the organizer's objectives. This concept is very simple because :

(i) It indicates functions of management as a process.

(ii) It recognizes management as a universal process.

3. Management as an economic resource : Management is an important factor of production. It is a process that brings together and puts into use, a variety of resources : man, material, money, machinery and technology. Efficient management is very necessary for the success of organization.

4. Management as a team : It involves acting in a goal-directed manner to accomplish tasks. A team of managers, who have the responsibility of guiding and co-ordinating the efforts of others, operate at different levels. Thus, it does not represent random activity but rather activity with a purpose and direction. It includes efforts to complete activities successfully and to achieve particular levels of desired goals.

5. Management as an academic discipline for an organizational setting : Management has emerged as a specialized branch of knowledge. It comprises principles and practices for effective management of organization. It is a process undertaken in organizations by people with different functions intentionally structured and co-ordinated to achieve common purpose.

6. Management as a group : Management means the group of persons occupying managerial position for managing the company. There are several types of managers :

- (i) Family managers who become managers by virtue of their being owners or relatives of the owners of a company.
- (ii) Professional managers who have been appointed on account of their degree in management.
- (iii) Civil servants who manage public sector undertakings.

Managers have become a very powerful and respected group in modern society since they take decision that affects the lives of a large number of people.

■ 1.1.3. Nature of Management

The following are some of the features or characteristics which highlight the nature of management :

1. Management is goal oriented : Management is a goal-oriented activity. It co-ordinates the efforts of workers to achieve the goals of the organization. The organizational goals must be well defined and properly understood by the managers. The success of management is measured by the extent to which objectives are achieved.

2. Management is universal in nature : Most of the principles and techniques of management are universal in nature. They are equally applicable in the field of business, education, military, govt., manufacturing, marketing, service providing and hospital etc. They provide working guidelines which can be adopted according to situation.

3. Management is intangible : It is an unseen force. It is result-oriented. One may not see with the naked eye the functioning of management but its results are known. People can't observe it during operation.

4. Management is an integrative force : The essence of management lies in the co-ordination of individual efforts into a team. It recognizes the individual goals with organizational goals. It integrates human and other sources.

5. Management is a social process : Management is done by the people for the benefit of people. It is a social process because it is concerned with interpersonal relations. Human factor is the most important element in management. According to **Appley**, "*Management is the development of people not the direction of things.*" A good manager is a leader and not a boss.

6. Management is a multi-disciplinary process : Management has to deal with human behaviour and dynamic conditions. It depends upon the knowledge derived from several disciplines like engineering, sociology, psychology, economics, finance, etc.

7. Management is a continuous process : Management is an on-going process. It involves the continuous handling of problems and issues. It is concerned with identifying the problem and taking appropriate steps to solve it. The cycle of management continues to operate as long as there is organized action for the achievement of goals.

8. Management is an art as well as science : 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.

The perfect definition : On the basis of these characteristics, management may be defined as *"a continuous social process involving the co-ordination of human and material resources in order to accomplish desired objectives. It involves both the determination and the accomplishment of organizational goals."*

■ 1.1.4. Objectives of Management (Concept of Management)

The main objectives of the management are as under :

1. Survival : It is the primary objective of every business unit. In order that a business survives it requires :

- (a) Reasonable profit
- (b) Support from consumers
- (c) Ability to face competition
- (d) Ability to adjust production as per market demand
- (e) Maintenance of adequate liquidity
- (f) Maintenance of reserved financial strength, etc.

2. Growth : A stagnant enterprise is presumed to suffer from an organic defect. Management can decide to go for expansion only when the business shows adequate stability. Growth means

- (a) expansion
- (b) new plants
- (c) adoption of modern technology etc.

3. Profitability : It is the objective to achieve a predetermined return on investment. Profitability enables a firm to grow, ensure a reasonable return to share holder and to fulfil its social obligations. Profit is also an index of efficiency.

4. Social responsibilities : It means duties and obligations of business towards different social groups such as share holders, consumers, employees, local community and the society. Management has to ensure,

- (a) Reasonable dividend.
- (b) Supply of quality goods at reasonable prices.
- (c) Better deal to employees.
- (d) Regular payment of taxes to government etc.

These objectives can be categorized under the following sub-heads :

Organizational Objectives : Management is expected to work for the achievement of the objectives of a particular organization in which it exists. The objectives include :

- (i) To aim at achieving reasonable profits so as to give a fair return on the capital invested in business.
- (ii) Survival of the business i.e. continuity.
- (iii) Growth and expansion of the enterprise.
- (iv) Improving the goodwill or reputation of the enterprises.

Personal Objectives : An organization consists of several persons who have their own objectives.

- (i) Reasonable working conditions.
- (ii) Opportunities for training and development.
- (iii) Participation in management and prosperity of the enterprise.
- (iv) Reasonable security of service.
- (v) Fair remuneration for work performed.

Social Objectives : Management is not only a representative of the owners and workers, but is also responsible to the various groups outside the organization. It is expected to fulfil the objectives of the social group.

- (i) Quality of goods and services at fair price to the customers.
- (ii) Honest and prompt payment of taxes to the government.
- (iii) Conservation of environment and natural resources.
- (iv) Fair dealings with suppliers, dealers and competitors.
- (v) Preservation of ethical values of the society.

■ 1.1.5. Role and Importance of Management

The success of the group depends upon mutual co-operation among the members of the group. Management creates team work and co-ordination among specialized efforts. Management is indispensable in all organizations whether a business, government, hospital, college, club etc. Management is a creative force which helps in the optimum utilization of resources. Competent managerial leadership alone can convert the disorganized resources of men, money, materials and machineries into a productive enterprise. In the absence of management, an organization is merely a collection of men, money, materials and machinery. According to **Drucker**, "*Management is a dynamic life giving element in every business. Without it the resources of production remain mere resources and never become production. Management is a catalyst without which no organization can survive and grow.*"

As an innovative force, management performs the same role in an organization which brain does in the human body. It is a fundamentally co-ordinating mechanism that underlies

organized endeavour. As a brain of an organization, managers take steps to ensure that the organization is meeting the changing needs of societies. The roll of professional managers has increased tremendously in recent years due to increase in the size and complexity of organization, turbulent environment, growing responsibilities of business, growth of capital intensive techniques of production and separation of ownership from the management. Managers take decisions and get them implemented to achieve the goals.

Management is equally important at the national level. It is an agent of change and economic growth. The prosperity, power and prestige of a nation depends upon the competence and dedication of its managers and administrators. A government without good management is like house built on sand. Management makes significant social contribution by supplying goods and services, employment, tax revenue etc.

In a developing country like India the significance of management can be hardly over-emphasized. Higher efficiency and higher productivity is only hope of the people, more than 60% of whom are lying below the poverty line. The root cause of India's lies in the underutilisation and misutilization of countries resources. The most important reason for the poor performance of our development plans has been inadequate and inefficient administrative machinery. It has some crores of rupees in public sector. In the absence of competent and devoted management the investment is not being utilised properly. Poor management is the main cause of sickness in private sector. We are underdeveloped because we are under-managed and mis-managed. Dedicated and professional managers can convert latent energy of people into wealth. The achievement enables us today to promise the abolition of grinding poverty that is mankind's lot though the ages.

Thus, effective management is a key for unlocking the forces of economic growth.

Management is indispensable for the successful functioning of every organization or business. According to **Peter Drucker** :

"Management is a dynamic life-giving element in an organization without it the resources of production remain mere resources and never become production."

The following are some of the highlights of the importance of management :

1. Achievement of group goals : A human group consists of several persons, specialising in different tasks. Each person may be working efficiently, but the group as a whole cannot realize its objectives unless there is mutual co-operation and co-ordination among the members of the group. Management creates teamwork and reconciles the objective for the group and motivate the group to their best contribution towards the accomplishment of group goals. Managers provide inspiring leadership skills towards working hard.

2. Optimum utilisation of resources : Managers forecast the need for materials, machinery, money and manpower. They ensure that the organization has adequate resources and also maintain that they do not have idle resources. Managers ensure that the workers know their jobs well and use the most efficient methods of work. They provide training and guidance to employees so that they can make the best use of available resources.

3. Minimisation of cost : The cut-throat competition in business forces the organization to provide goods and services at the lowest possible cost per unit. Management directs day-to-day operations in such a manner that all wastage and extravagance are avoided. By reducing cost and improving efficiency, it is possible to face competition and earn profits.

4. Survival and growth : Modern business operates in a rapidly changing environment. Management keeps in touch with the existing business environment and plans for the future trends. It takes steps in advance to meet the challenges of changing environment. Changes in business create risks as well as opportunities. Managers enable the organization to minimise the risk and maximise the benefits of opportunities for future growth.

5. Generation of employment : By setting up and expanding business enterprises, managers create employment opportunities for the people. People earn their livelihood by working in these organizations. They also ensure that the employees get job satisfaction and happiness. Indirectly this helps the employees to satisfy the economic and social needs of the society.

6. Development of the nation : Efficient management is equally important at the national level. Management is the most crucial factor in economic and social developments. The development of a country largely depends upon the quality of the management and its resources. Capital investment and import of technical know-how cannot lead to economic growth unless the wealth producing resources are managed efficiently. By producing wealth, management increases the national income and the standard of living of people. Thus, management is regarded as a key to the economic growth of a country.

■ 1.2. FUNCTIONS OF MANAGEMENT

Management has been described as a social process involving responsibility for economical and effective planning and regulation of operation of an enterprise in the fulfillment of given purposes. It is a dynamic process consisting of various elements and activities. These activities are different from operative functions like marketing, finance, purchase etc. Rather these activities are common to each and every manager irrespective of his level and status. Many scholars have discussed the functions of management. But there is no universally accepted classification of managerial functions.

Luther Gullick has given a keyword POSDCoRB where P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for Reporting and B for Budgeting.

Generally, management consists of seven functions :

- | | |
|----------------|------------------|
| 1. Planning | 2. Organizing |
| 3. Leading | 4. Co-ordinating |
| 5. Controlling | 6. Staffing |
| 7. Motivating. | |

■ 1.1.1. Planning

We all have been watching our mother taking out winter clothes from boxes and putting them in sun much before cold weather actually sets in. This is what management guru's term as planning. Planning is deciding what needs to happen in the future and working out a plan of acting for it. Planning is concerned with the future impact of today's decisions. It is the fundamental function of management from which the other four stem. The need for planning is often apparent after the fact that :

"Failing to plan is planning to fail".

The organizing, staffing, leading and controlling functions stem from the planning function. The manager is ready to organise and staff only after goals and plans to reach the goals. Likewise, the leading function, influencing the behaviour of people in the organization, depends on the goals to be achieved. Finally, in the controlling function, the determination of whether or not goals are being accomplished and standards met are based on the planning function. The planning function provides the goals and standards that drive the controlling function. Planning is important at all levels of management. However, its characteristics vary by level of management.

Planning terminology : The order from general to specific is : vision-mission-objectives-goals. The key terms are defined as follows :

(a) **Vision :** Non-specific directional and motivational guidance for the entire organization. Top managers normally provide a vision for the business. It is the most emotional of the four levels in the hierarchy of purposes.

(b) **Mission :** An organization's reason for being. It is concerned with scope of the business and what distinguishes this business from similar businesses. Mission reflects the culture and values of top management.

(c) **Objectives :** Objectives refine the mission and address key issues within the organization such as market standing, innovation, productivity, physical and financial resources, profitability, management and worker performance and efficiency. They are expected to be general, observable, challenging and untimed.

(d) **Goals :** Goals are specific statements of anticipated results that further define the organization's objectives. They are expected to be SMART : Specific, Measurable, Attainable, Rewarding and Timed.

Development of tactics is a fifth level of planning. Tactics, the most specific and narrow plans, describe who, what, when, where and how activities will take place to accomplish a goal.

■ 1.2.2. Organizing

Organizing means understanding the resources in hand and putting these resources to optimum uses for achieving the goal. Organizing is establishing the internal organisational structure of the business. The focus is on division, co-ordination and control of tasks and the flow of information within the organization. Managers distribute responsibility and authority to job holders in this function of management.

Organizational structure : Each organization has an organizational structure. By action and/or inaction, managers structure businesses. Ideally, in developing an organizational structure and distributing authority, managers' decisions reflect the mission, objectives, goals and tactics that grew out of the planning function. Specifically, they decide :

- (a) Division of labour
- (b) Delegation of authority
- (c) Departmentation.

Organizational structure is particularly important in family businesses where each family member has three hats (multiple roles) : family, business and personal. Confusion among these hats complicates organizational structure decisions.

(a) Division of Labour : Division of labour is captured in an organization chart, a pictorial representation of an organization's formal structure. An organization chart is concerned with relationships among tasks and the authority to do the tasks. Three kinds of relationships can be captured in an organization chart.

- (i) The division/specialisation of labour
- (ii) Relative authority
- (iii) Departmentation
- (iv) Span of control
- (v) The levels of management
- (vi) Co-ordination centers
- (vii) Formal communication channels
- (viii) Decision responsibility.

(b) Delegation of authority : Authority is legitimized power. Power is the ability to influence others. Delegation is distribution of authority. Delegation frees the manager from the tyranny of urgency. Delegation frees the manager to use his or her time on high priority activities. Note that delegation of authority does not free the manager from accountability for the actions and decisions of sub-ordinates.

Delegation of authority is guided by several key principles and concepts :

(i) Exception principle : Someone must be in charge. A person higher in the organization handles exceptions to the usual. The most exceptional, rare or unusual decisions end up at the top management level because no one lower in the organization has the authority to handle them.

(ii) Scalar chain of command : The exception principle functions in concert with the concept of scalar chain of command-formal distribution of organizational authority is in a hierarchial fashion. The higher one is in an organization, the more authority one has.

(iii) Decentralization : Decisions are to be pushed down to the lowest feasible level in the organization. The organizational structure goal is to have working managers rather than managed workers.

(c) **Departmentation** : Departmentation is the grouping of jobs under the authority of a single manager, according to some rational basis, for the purposes of planning, co-ordination and control. The number of departments in an organization depends on the number of different jobs, i.e., the size and complexity of the business.

Farm businesses are most likely to have departments reflecting commodities and services. For example, a large dairy farm might be organized into dairy, crop, equipment and office departments. The dairy department might be further divided into milking, mature animal and young stock departments.

■ 1.2.3. Leading

Planning and organizing the resources does not end the responsibility of a manager rather it is just the beginning. As a manager once you have planned and organized, you have to lead the team from front in persual of the goal. Determining what needs to be done in a situation and getting people to do it is leading.

■ 1.2.4. Staffing

Proper management of project is not an individual but a team effort. An important trail of a good management is identifying the manpower requirements of the job and recruiting and hiring individuals for appropriate jobs. Staffing is an organization-wide function, comparable to other functions such as marketing, focused on solving problems and adding value with a company's human, social and intellectual capital. Staffing includes attracting and hiring talented people, as well as developing, appraising and rewarding them through performance management and training programs. Staffing has a heavy legal emphasis, since employment and labour laws significantly impact both employee and employer rights and responsibilities.

Staffing is the process of recruiting, selecting and training of personnel. It means putting the right men on the right jobs.

All business organizations should focus their attention and be concerned about the effectiveness and efficiency of their employees specially their managers. The function of staffing has to do with managing an organization structure so that it can completely operate in the present and in the future. The managerial function of staffing is defined as filling positions in the organization structure through identifying work-force requirements, inventorying the people available, recruitment, selection, placement, promotion, appraisal, compensation and training of needed people. It is clear that staffing must be closely linked with organizing that is, to the setting up of intentional structures of roles and positions, many writers on management theory discuss staffing as a phase of organizing.

The importance of Staffing : The manager's function of planning, organizing and controlling can be viewed as essentially objective tasks which may even have some important mechanistic features. On the other hand, the functions of staffing and leading are concerned almost exclusively with people. Naturally this introduces complexities that do not yield well to logic. Thus, uncertainties in the selection and direction of people may lead to frustration of managers who know the importance of staffing and, at the same time, recognise the limitations of the tools available for carrying out this function effectively.

Few executives would argue with the fact that people are vital for the effective operation of a company. Executives often say that people are their most important asset. Yet the "human assets" are virtually never shown on the balance sheet as a distinct category, although a great deal of money is invested in the recruitment, selection and training of people. It is for this reason that Rensis Likert and his colleagues suggested that we maintain accounts of the value of human assets. They refer to this process as "human resource accounting." There are problems, however, with their approach. Infact, there is conflict among management experts between the proponents of human resource accounting and the financial people who have to develop the system for measuring the human assets. What is important here is the recognition that staffing is a crucial function of managers and one that may well determine the success or failure of an enterprise. It is not surprising, then, that executives of companies become concerned and being to face upto one of their toughest challenges : human resource management.

■ 1.2.5. Co-ordinating

A manager needs to have the capability to co-ordinate the various sections of his project team. As earlier indentified even an ordinary task may require different types of skills being employed. Good management of project implies proper co-ordination among these sections.

Co-ordination is a task of the Manager

Individual often interpret similar interests in different ways and their efforts towards mutual goals do not automatically mesh with the efforts of others. It thus, becomes the central task of the manager to reconcile differences in approach, timing, effort or interest and to harmonise individual goals to contribute to organization goals.

Co-ordination is the orderly synchronization or fitting together of the interdependent efforts of individuals in order to attain a common goal. Co-ordination is an essential part of all the managerial functions of planning, organizing, leading and controlling.

■ 1.2.6. Controlling/Monitoring

Controlling is a four-step process of establishing performance standards based on the firm's objectives, measuring and reporting actual performance, comparing the two and taking corrective or preventive action as necessary. Performance standards come from the planning function. No matter how difficult, standards should be established for every important task. Although the temptation may be great, lowering standards to what has been attained is not a solution to performance problems. On the other hand, a manager does need to lower standards when they are found to be unattainable due to resource limitations and factors external to the business.

Corrective action is necessary when performance is below standards. If performance is anticipated to be below standards, preventive action must be taken to ensure that the problem does not recur. If performance is greater than or equal to standards, then it is useful to reinforce behaviours that led to the acceptable performance.

Characteristics of the Control Process

The control process is cyclical which means it is never finished. Controlling leads to identification of new problems that in turn need to be addressed through establishment of

performance standards, measuring performance etc. Employees often view controlling negatively. By its very nature, controlling often leads to management expecting employee behaviour to change. No matter how positive the changes may be for the organization, employees may still view them negatively. Control is both anticipatory and retrospective. The process anticipates problems and takes preventive action. With corrective action, the process also follows up on problems.

Ideally, each person in the business views control as his or her responsibility. The organizational culture should prevent a person walking away from a small, easily solvable problem because "that isn't my responsibility." In customer driven businesses, each employee cares about each customer. In quality driven dairy farms, for example, each employee cares about the welfare of each animal and the wear and tear on each piece of equipment.

Controlling is related to each of the other functions of management. Controlling builds on planning, organizing and leading.

Management Control Strategies

Managers can use one or a combination of three control strategies or styles : market, bureaucracy and clan. Each serves a different purpose. External forces make up market control. Without external forces to bring about needed control, managers can turn to internal bureaucratic or clan control. The first relies primarily on budgets and rules. The second relies on employees wanting to satisfy their social needs through feeling a valued part of the business.

■ 1.2.7. Motivating

Our history is filled with stories of kings motivating their armies by the way of incentives or motivating speeches and finally succeeding in achieving victories. Motivation is an essential part of good management practices and is the process of simulating and individual to take action that will accomplish a desired goal.

Selection, training, evaluation and discipline cannot guarantee a high level of employee performance. Motivation is the inner force that directs employee behaviour, also plays an important role. Highly motivated people perform better than unmotivated people. Motivation covers up ability and skill deficiencies in employees. Such truisms about motivation leave employers wanting to be surrounded by highly motivated people but unequipped to motivate their employees. Employers and supervisors want easily applied motivation models but such models are unavailable.

Motivation probably tops the list of complex activities with which labour managers deal. Their intuition suggests an easy answer, "I want everyone around here to be motivated." They often blame employees for their lack of motivation and performance problems. Employees on the other hand often blame any performance problems they may have on external factors - their supervisors, equipment, training, co-workers, weather, unrealistic demands made on them, pressures at home, lack of recognition etc. Despite the conflicting perceptions held by employers and employees, employers must deal with employee motivation. Three ways of looking at motivation are : needs, rewards and effort.

The most effective motivation for employees comes from within each employee, *i.e.*, self-motivation. Possible indicators of self-motivation include : past accomplishments in school, sports, organizations and work ; stated career goals and other kinds of goals ; expertise in one or more areas that shows evidence of craftsmanship, pride in knowledge and abilities, and self-confidence ; an evident desire to continue to learn ; and a general enthusiasm for life.

■ 1.3. PRINCIPLES OF MANAGEMENT

Implicit in the preceding discussion are a number of fundamental principles that must be honored in order to deliver business results to customers and to satisfy the needs of the organization's other stakeholders. These principles underlie the methods of business operation and change. Understanding and living according to these principles will get managers and practitioners alike through some tough debates about managing processes. Without the principles, teams can easily get lost and distracted from the intent of the journey.

The 10 principles are

1. Business change must be performance driven.
2. Business change must be stakeholder based.
3. Business change decisions must be traceable to the stakeholder criteria.
4. The business must be segmented along business process lines to synchronize change.
5. Business processes must be managed holistically.
6. Process renewal initiatives must inspire shared insight.
7. Process renewal initiatives must be conducted from the outside in.
8. Process renewal initiatives must be conducted in an iterative, time-boxed approach.
9. Business change is all about people.
10. Business change is a journey, not a destination.

■ 1.4. VARIOUS AREAS OF MANAGEMENT

Following are the various important areas of management :

■ 1.4.1. Human Resource Development (HRD)

HRD concept was first introduced by Leonard Nadler in the year 1969 in a Conference in US. He defined HRD *"as those learning experiences which are organized, for a specific time and designed to bring about the possibility of behavioural change."*

Human Resource Development (HRD) is the framework for helping employees in developing their personal and organizational skills, knowledge and abilities. HRD provides many opportunities to employees like training, performance appraisal, career planning etc.

The focus of all aspects of human resource development is on developing the most superior workforce so that the organization and individual employees can accomplish their work goals in service to customers.

Human Resource Development can be formal such as in classroom training, a college course or an organizational planned change effort or it can be informal as in employee coaching by a manager. Healthy organization believes in HRD and covers all these bases.

Definition : HRD (Human Resource Development) has been defined by various scholars in various ways. Some of the important definitions of HRD are as follows :

1. According to **M.M. Khan**,

"Human resources development is the process of increasing knowledge, capabilities and positive work attitudes of all people working at all levels in a business undertaking."

2. In the words of **Prof. T.V. Rao**,

HRD is a process by which the employees of an organization are helped in a continuous and planned way to

- (i) Acquire or sharpen capabilities required to perform various functions associated with their present or expected future roles.
- (ii) Develop their general capabilities as individual and discover and exploit their own inner potential for their own and/or organizational development purposes.
- (iii) Develop an organizational culture in which superior sub-ordinates relationships, team work and collaboration among sub-units are strong and contribute to the professional well being, motivation and pride of employees.

Objectives of HRD : Following are the objectives of HRD :

- (i) To improve the capabilities of the employees.
- (ii) To provide a comprehensive framework for the all round development of employees in the organization.
- (iii) To make utilisation of manpower by employing right man to right job at the right time.
- (iv) To make the employees willing to accept the change.
- (v) To provide training to the managers to improve their skills and knowledge.
- (vi) To provide opportunities for employees career development.
- (vii) To develop and maintain high level of motivation of employees.
- (viii) To facilitate in salary and increment determination.
- (ix) To focus on welfare of the employees and healthy work culture.
- (x) To develop dynamic relationship between each employee and his supervisors.

► 1.4.1.1. MANPOWER PLANNING

Manpower planning is also called as Human Resource Planning. Manpower planning means deciding the number and type of the human resources required for each job unit and total company for a particular date in order to carry out organizational activities. It is the process of determining manpower requirements. All human resource management activities start with human resource planning. Manpower planning is an important part of staffing.

Various definitions of manpower planning are given below :

1. Stainer : "Manpower planning is the strategy for the acquisition, utilisation, improvement and preservation of an enterprise's human resources. It relates to establish job specifications or the qualitative requirements of jobs determining the number of personnel required and developing sources of manpower".

2. Edwin and Gester : "Manpower planning is a process including forecasting, developing, implementing and controlling by which a firm ensures that it has right number of the people and right kind of a people at a right place and at the right time for things for which they are economically useful".

3. Coleman : "Manpower planning is the process of determining manpower requirements and the means for meeting those requirements in order to carry an integrated plan at the organization".

Need of Manpower Planning : Manpower planning is very necessary in an organization. Manpower planning is a two phased process because it not only analyzes the current human resources but also makes manpower forecasts and thereby draw employment programmes. It is necessary because of following reasons :

- (i) Shortage of human resource can be identified so that quick action can be taken wherever required.
- (ii) Through manpower planning, overstaffing can be avoided.
- (iii) It helps to identify the available talents in the organization.
- (iv) It helps in growth and diversification of business.
- (v) Through manpower planning, human resources can be readily available and they can be utilized in best manner.
- (vi) It helps the organization to realize the importance of manpower management which ultimately helps in the stability of concern.
- (vii) All the recruitment and selection programmes are based on manpower planning.

Importance of Manpower Planning : The importance of manpower planning in an organization is :

- (i) To recruit and retain the manpower of required quality and quantity.
- (ii) To foresee the employee turnover and make the arrangements for minimizing turnover and filling up of consequent vacancies.
- (iii) To meet the needs of programmes of expansion, diversification etc.
- (iv) To foresee the impact of technology on work, existing employees and future human resource requirements.
- (v) To ensure optimum utilisation of available manpower.
- (vi) To estimate the cost of human resources.
- (vii) To improve the standard, skill, knowledge, ability, discipline etc.

- (viii) To assess the shortage of manpower and take measures accordingly.
- (ix) To minimise the imbalances caused due to non-availability of human resources of the right kind, right number in right time and right place.
- (x) To maintain congenial industrial relations by maintaining optimum level and structure of human resources.

► 1.4.1.2. RECRUITMENT

Recruitment is essential and also critical to any management and failure in recruitment can create difficulties for any company including an adverse effect on its profitability.

The purpose is to provide a group of candidates to the managers so that they can select the qualified employees they need.

Recruiting people is a very challenging job especially in knowledge based industry. The recruitment process of most of the organization is designed in a recruitment procedure mentioned below :

1. Identify vacancy
2. Prepare job description
3. Advertise
4. Managing the response
5. Shortlisting
6. Visits
7. References
8. Arrange interviews
9. Conduct interviews
10. Decision making
11. Convey the decision
12. Appointment action (like contract etc).

Normally in large organizations, human resources manager is assigned the responsibility of carrying out the above mentioned activities leading to recruitment.

After getting a demand of manpower from concerned sections of organizations the manager HR in consultation with the concerned manager prepare a job description and identify the qualification and experience required for the post. The posts are then advertised in the relevant sections of the press and applications are received, either via an online application form, a postal form or a CV. Candidates are short listed and invited for interview. The interview format can vary considerably based on the nature of job. The number of interviews can also vary. Some companies are satisfied with just one interview whereas others will want to bring back the further shortlisting of candidates for one or more interviews. Completing the legal formalities of appointment is also left to the HR department.

Large organizations make a huge investment on the recruitment and good recruitments are always expected to deliver in form of performing employees and better profits for the organization.

Information technology again plays a very important role in the recruitment. Management technology has ushered in new ways of thinking about executing talent attraction, selection and acquisition for the companies for most recruiters a basic application tracking system in form of excel spreadsheets or excess database is a key to survival and certainly efficient. Internet brought a great help for the candidates, they find it is easy for them to apply for the jobs. The companies are using internet for correcting talent database throughout the year on their websites without any extra cost.

Estimates of future recruitments should be a basis for a sensible recruitment policy. A good recruitment policy does not involve waiting until shortages have become evident and then hoping that a company can recruit the people if needs at once.

Recruitment policy may involve a commitment to board principle such as filling vacancies with the best qualified and suitable individuals. It may involve issues such as extent of promotion from within, attitude of enterprise in the recruitment of its old employees, women employees, relatives of present employees.

► 1.4.1.3. SELECTION

Selection can be defined as process of choosing the right person for the right job.

Process of selection : The process of selection is different in different companies ; however a general procedure of selection can be framed. This process of selection can be explained with the help of diagram given ahead.

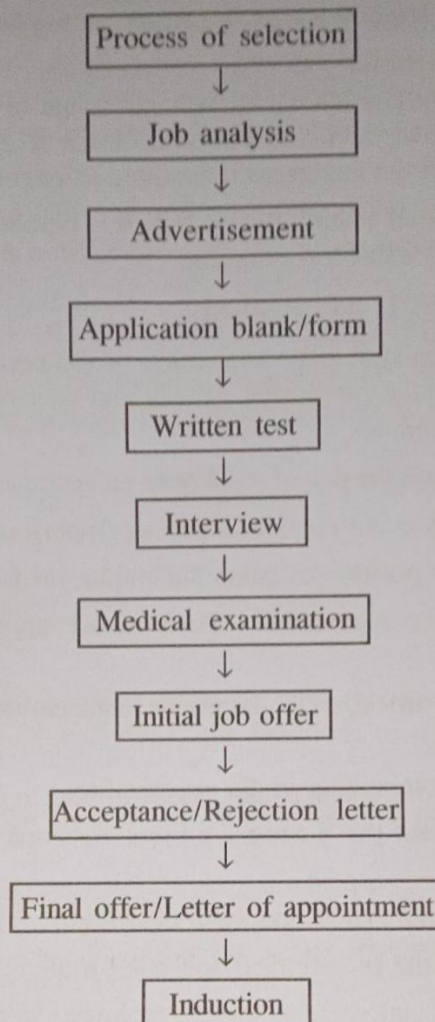
1. Job analysis : It is the first step in the process of selection. The HR department prepares the job description and specification for the jobs which are vacant. This gives details for the jobs which are vacant. This gives details about the name of the job, qualification, qualities required and work conditions etc.

2. Advertisement : It is the second step in the process of selection. Based on the information collected in step 1, the HR department prepares an advertisement and publishes it in leading newspapers and on the internet. The advertisement conveys details about the last date for application, the address to which the application must be sent etc.

3. Application blank/form : It is the third step in the process of selection. Application blank is the application form to be filled by the candidate when he applies for a job in the company. The application blank collects information consisting of four parts : (i) Personal details (ii) Educational details (iii) Work experience (iv) Family background.

4. Written test : The applications which have been received are screened by the HR department and those applications which are incomplete are rejected. The other candidates are called for the written test. Arrangement for the written test is looked after the HR department

i.e., question papers, answer papers, examination centers and hall tickets etc.



5. Interview : Candidates who have successfully cleared the written test are called for an interview. The entire responsibility for conducting the interview lies with the HR department i.e. they look after the panel of interviewers, refreshments, informing candidates etc.

6. Medical examination : The candidates who have successfully cleared the interview are sent for medical examination. Medical examination is done before appointment. This medical examination may be conducted by the organization itself (army). The organization may have a tie up with the hospital or the candidate may be asked to get a certificate from his family doctor.

7. Initial job offer : Candidates who successfully clear the medical examination are given an initial job offer by the company stating the details regarding salary, terms of employment, employment bond if any etc. The candidate is given some time to think over the offer and to accept or reject.

8. Acceptance/Rejection : Candidates who are happy with the offer send their acceptance within a specified time limit to show that they are ready to work with the company.

9. Letter of appointment/Final job offer : Candidates who send their acceptance are given the letter of appointment. The letter will state the name of the job. The salary and other benefits, number of medical leaves and casual leaves, details of employment bond if any etc. It will also state the date on which the employee is required to start duty in the company.

10. Induction : On the date of joining the employee is introduced to the company and other employees through an elaborate induction program.

► 1.4.1.4. PERFORMANCE APPRAISAL

Performance appraisal is the systematic evaluation of the performance of employees and to understand the abilities of a person for further growth and development. It is generally done in systematic ways which are as follows :

- (i) The supervisors measure the pay of employees and compare it with targets and plans.
- (ii) The supervisors analyse the factors behind work performances of employees.
- (iii) The employers are in position to guide the employees for a better performance.

Objectives of Performance Appraisal : Performance appraisal can be done with the following objectives in mind :

- (i) To maintain records in order to determine compensation packages, wage structure and salaries etc.
- (ii) To create a healthy competition in the organization.
- (iii) To maintain and assess the potential present in employees for further growth and development.
- (iv) To help in framing future development programmes.
- (v) To review and retain the promotional and other training programmes.
- (vi) To know the strength and weaknesses of employees so as to identify the training and development needs of the future.
- (vii) To provide a feedback to employees regarding their performance and related status.
- (viii) To improve the working habits of the employees.
- (ix) To judge the gap between the actual and desired performance.
- (x) To help the management in exercising organizational control.

■ 1.4.2. Material and Store Management

Material management is a term used to connote, "Controlling the kind, amount, location, movement and timing of various commodities used in production by industrial enterprises." Material management is one of the basic function of a business that adds value directly to the product itself. It deals with controlling and regulating the flow of material in relation to changes in variables like quality, delivery schedules, prices, demand and availability etc.

Definitions : Various definitions of material management are as the following :

1. Material management can be defined as that function of business that is responsible for the co-ordination of planning, sourcing, purchasing, moving, storing and controlling materials in an optimum manner so as to provide service to the customer, at a pre-decided level at a minimum cost.
2. Material management is the planning, directing, controlling and co-ordinating those activities, which are concerned with materials and inventory requirements.
3. Material management is the basic function of the business that adds value directly to the product itself.

► 1.4.2.1. OBJECTIVES OF MATERIAL MANAGEMENT

The fundamental objectives of the materials management function, often called the famous 5 R's of materials management, are acquisition of materials and services :

- (i) of the Right quality
- (ii) in the Right quantity
- (iii) at the Right time
- (iv) from the Right source
- (v) at the Right time.

Materials management works closely with purchase, production, finance, engineering and quality control in the process of performing the functions to meet the objectives of customer satisfaction.

From the management point of view, the key objectives of materials management are as the following :

- (i) To buy at the lowest price, consistent with desired quality and service.
- (ii) To maintain a high inventory turnover, by reducing excess storage, carrying costs and inventory losses occurring due to deteriorations, obsolescence and pilferage.
- (iii) To maintain continuity of supply, preventing interruption of the flow of materials and services to users.
- (iv) To maintain the specified material quality level and a consistency of quality which permits efficient and effective operation.
- (v) To develop reliable alternate sources of supply to promote a competitive atmosphere in performance and pricing.
- (vi) To minimise the overall cost of acquisition by improving the efficiency of operations and procedures.
- (vii) To hire, develop, motivate and train personnel and to provide a reservoir of talent.
- (viii) To develop and maintain good supplier relationships in order to create a supplier attitude and desire furnish the organization with new ideas, products, and better prices and service.

- (ix) To achieve a high degree of co-operation and co-ordination with user departments.
- (x) To maintain good records and controls that provide an audit trail and ensure efficiency and honesty.
- (xi) To participate in make or buy decisions.

► 1.4.2.2. FUNCTIONS OF MATERIAL MANAGEMENT

Following are the important functions of material management :

1. Material planning and control function
2. Purchasing function
3. Stores management function
4. Inventory control function.

► 1.4.2.3. PURCHASING

Purchasing is one of the basic processes common to all organizations. Purchasing refers to the activity of acquiring goods or services to accomplish the goals of an organization. The object of purchase department is to arrange the supply of material, spare parts and services and some agency or source outside the organization. The purchased items should be of specified quality in desired quantity available at the prescribed time at a competitive price.

Objectives of Purchasing : Following are the main objectives of purchasing :

- (i) To maintain the quality and value of a company's products.
- (ii) To locate new materials or products as required.
- (iii) To ensure that the supply of raw materials and finished goods will remain continuous.
- (iv) To keep inventories as low as is consistent with maintaining production.
- (v) To reduce the losses by theft and wastage.
- (vi) To strengthen the organizations competitive position.
- (vii) To make arrangement for sale of slow moving items.
- (viii) To minimise the production cost.
- (ix) To maintain the flow of inputs to maintain the flow of outputs.
- (x) To ensure the regular and timely supply of materials to various departments.
- (xi) To maximise profitability.
- (xii) To handle materials using handling equipment.
- (xiii) To keep inventory according to product demand.
- (xiv) To establish and build good relations with the suppliers.
- (xv) To achieve a high degree of co-operation and co-ordination with other departments in the organization.

- (xvi) To support organization operations with an uninterrupted flow of materials and services.
- (xvii) To help keep a minimum inventory.

► 1.4.2.4. JUST IN TIME (JIT)

In today's competitive world shorter product life cycles, customers rapid demands and quickly changing business environment is putting lot of pressures on manufacturers for quicker response and shorter cycle times. Now the manufacturers put pressures on their suppliers. One way to ensure quick turnaround is by holding inventory, but inventory costs can easily become prohibitive. A wiser approach is to make your production agile, able to adapt to changing customer demands. This can only be done by JUST IN TIME (JIT) philosophy. JIT is both a philosophy and collection of management methods and techniques used to eliminate waste (particularly inventory).

Waste results from any activity that adds cost without adding value, such as moving and storing.

The "Just in time" (JIT) inventory concept, also called Kanban, asserts that just enough inventories, arriving just in time to replace that which was just used, is all the inventory that is necessary at any given time. Excessive inventory unnecessarily ties up money, adds warehousing costs, increases risk of damage and risks obsolescence, and most of all, can possibly obscure opportunities for operational improvements.

Storing inventory is still the basics of warehousing, but in today's business it constitutes only part of the total. A modern thought on warehousing is that large inventories are really not as necessary as once believed.

To some companies storing large quantities of inventory is detrimental to business because it ties up capital and can also disguise poor management practices. The JIT philosophy emphasizes flow flexibility and developing supply chains to reduce all excess and waste.

The JIT system consists of defining the production flow and setting up the production floor such that the flow of materials as they get manufactured through the line is smooth and unimpeded, thereby reducing material waiting time.

This requires that the capacities of the various workstations that the materials pass through are very evenly matched and balanced, such that bottlenecks in the production line are eliminated. This set-up ensures that the materials will undergo manufacturing without queuing or stoppage.

Another important aspect of JIT is the use of a 'pull' system to move inventories through the production line. Under such a system, the requirements of the next station are what modulate the production of a particular station. It is therefore necessary under JIT to define a process by which the pulling of lots from one station to the next is facilitated.

JIT is most applicable to operations or production flows that do not change, *i.e.*, those that are simply repeated over and over again. An example of this would be an automobile assembly line, wherein every car undergoes the same production process as the one before it.

Mainly JIT focuses to eliminate the waste or the non-value added. Thus there are several types of wastes categorised. JIT usually identifies seven prominent types of waste to be eliminated :

- (i) Waste from overproduction
- (ii) Transportation waste
- (iii) Processing waste
- (iv) Waste from product defects
- (v) Waste of waiting/idle time
- (vi) Inventory waste
- (vii) Waste of motion.

Think of a company as a pipeline with raw materials entering at one end and products emerging at the other (the pipe can be extended conceptually with customer needs or orders going in at one end and products arriving to customers at the other.)

The goal is to minimise the throughput time, that is to move the materials as quickly as possible, shorter throughput time is better but the pipeline varies in size and has obstructions throughout. Output is determined by the narrowest part of the pipeline and the biggest obstruction.

These must be identified and then eliminated to achieve the goal. As each obstruction is eliminated the flow speeds up but only by as much as allowed by the next biggest obstruction elsewhere in the pipeline.

Identification and location of these obstructions, understanding them, and finding ways to eliminate them are the purposes of JIT and TQM. The pipeline analogy may give an impression those barriers to flow/production, once removed is gone forever. This is not true. To identify the obstruction and its precise location in itself is difficult and time consuming.

■ 1.4.3. Marketing and Sales

It is the management process through which goods and services move from concept to the customer. It includes the co-ordination of four elements called 4 Ps of marketing.

- (i) identification, selection and development of a **product**,
- (ii) determination of its **price**,
- (iii) selection of a distribution channel to reach the customer's **place** and
- (iv) development and implementation of a **promotional strategy**.

For example, new Apple products are developed to include improved applications and systems, are set at different prices depending on how much capability the customer desires and are sold in places where other Apple products are sold.

In order to promote the device, the company featured its debut at tech events and is highly advertised on the web and on the television.

Marketing is based on talking about the business in terms of customer needs and their satisfaction. Marketing differs from selling because (in the words of **T. Levitt**) "*Selling merely*

concerns with the tricks and techniques of getting the customers to exchange their cash for the company's product. It does not bother about the values satisfaction that the exchange is all about. On contrary the marketing views the entire business as consisting of a tightly integrated effort to discover, create, arouse and satisfy customer needs".

In simple words, marketing has less to do with getting customers to pay for your product as it does developing a demand for a product and fulfilling the customer's needs.

► 1.4.3.1. FUNCTIONS OF MARKETING

Various functions of marketing are as follows :

1. Marketing Planning : In order to achieve the objectives of an organization with regard to its marketing, the marketer chalks out his marketing plan. For example, a company has a 25% market share for a particular product. The company wants to raise it to 40%. In order to achieve this objective the marketer has to prepare a plan in respect of the level of production and promotion efforts. It will also be decided as to who will do what, when and how. To do this is known as marketing planning.

2. Standardisation and Grading : The other activities that facilitate marketing are standardisation and grading.

Standardisation refers to determining of standards regarding shape, size, colour, quality, quantity and weight etc. in respect of a particular product. It helps in ensuring that product conforms to standards.

Grading refers to the process of classification of products into different categories on the basis of size, quality etc. For example, grading process is mostly used in case of agricultural products like fruits, food grains, cotton, tobacco and vegetables. Graded products are of uniform quality and size. Grading makes self purchase easy.

3. Packaging : Packaging means producing the package for a product. It is the act of designing. Package is a wrapper or container in which a product is kept.

Packaging aims at avoiding breakage, damage, destruction, etc. of the goods during transit and storage. It facilitates handling, lifting and conveying of goods. Many a time, customers demand goods in different quantities. It necessitates special packaging. Packing material includes bottles, plastic bags, tin box, jute bags etc.

4. Branding : Giving of distinct name to one's product is called branding. The objective of branding is to show that the products of a given company are different from that of the competitors, so that it has its own identity. For example, LG, Nano, Parle, Parker, Colgate, Lux etc.

Branding performs the following marketing functions :

- (i) It helps in advertising of firm's products.
- (ii) It helps in building image in the market.
- (iii) It helps a firm to charge different prices for its products.
- (iv) It helps in identification of products.
- (v) It helps in product differentiation.

5. Labeling : A label is a slip which is found on the product itself or on the package providing all the informations regarding the product. Labels are attached to the product package. It gives information about the product such as : manufacturing date, expiry date, batch no. and price etc. The slip carrying all these details called label and process of preparing it as labeling.

It helps in grading of the product and supports product promotion.

6. Promotion : Promotion means informing the consumers about the products of the company and encouraging them to buy these products. The various tools of promotion are advertising, publicity, personal selling and sales promotion, etc.

Every decision taken by the marketer in this respect affects the sales. These decisions are taken in view the budget of the company.

7. Physical Distribution : Under this function of marketing the decision about carrying goods from the place of production to the place consumption is taken into account. It includes two important tasks :

(a) Physical Movement : It means physical movement of goods from producer to consumer through transport, storage and inventory control.

(b) Channels of Distribution : It means middle-men. For example, whole seller, retailers and agents which facilitate the movement of goods and services.

Physical distribution by taking goods, at the right place and at the right time creates time and place utility.

8. Customer Support Services : Customer is the king of market. So, it is one of the chief functions of the marketer to offer every possible help to the customers. Customer support services such as after sale services (guarantee, warranty), maintenance services, technical services, credit facilities and handling customers' complaints provide satisfaction to customers. It helps in building firm's image and product loyalty.

■ 1.4.4. Advertisement — Print Media and Electronic Media

Advertising is nothing but a paid form of non-personal presentation or promotion of ideas, goods or services by an identified sponsor with a view to disseminate information concerning an idea, product or service. The message which is presented is called advertisement. In the present day marketing activities hardly is there any business in the modern world which does not advertise. However, the form of advertisement differs from business to business.

Advertisement has been defined differently by different persons. A few definitions are being reproduced below :

1. According to **William J. Standon**, "*Advertising consists of all the activities involved in presenting a group of non-personal, oral or visual, openly sponsored message of a product, service or idea*".

2. According to **American Marketing Association**, marketing is described as "*Any paid form of non-personal presentation or ideas, goods and services by an identified sponsor*."

3. According to **Wheeler**, "*Advertising is any form of paid non-personal presentation of ideas, goods or services for the purpose of inducing people to buy.*"

In simple words, we can say that advertising is the process of persuading the potential customers to buy products and services by promoting them.

The above definitions clearly reveal the nature of advertisement. This is a powerful element of the promotion mix. Essentially advertising means spreading of information about the characteristics of the product to the prospective customers with a view to sell the product or increase the sale volume.

► 1.4.4.1. FEATURES OF ADVERTISEMENT

The main features of advertising are as under :

- (i) Advertising is non-personal. It is directed at a mass audience and not at the individual as is in the case of personal selling.
- (ii) It is a paid form of publicity.
- (iii) It is aimed at a large number of people. Its basic purpose is to persuade people and turn them into customers.
- (iv) It is identifiable with its sponsor or originator which is not always the case with publicity or propaganda.

► 1.4.4.2. OBJECTIVES OF ADVERTISING

The following are the main objectives of advertising :

(i) **Creation of Demand** : The main objective of advertisement is to create a favourable climate for improving sales. Customers are to be reminded about the product and the brand.

Advertising creates demand by making people aware of new products and their benefits. It attracts attention and creates interest among consumers and persuades them to buy the product.

(ii) **Facing the Competition** : Another important objective of advertisement is to face the competition. It helps to attract new customers and win their confidence in the product. With advertisement, the seller can minimise the seasonal fluctuations in demand.

(iii) **Creating Goodwill** : Large scale advertising is often undertaken with the objective of creating the goodwill of the advertising company. This in turn, increases the market receptiveness of company's product and helps the salesmen to win customers easily.

(iv) **Educating the Customers** : Advertising helps to provide useful information about the uses and features of products. It educates consumers in making better buying decisions and after that using the product more frequently.

(v) **Neutralising Competitor's Advertising** : Advertising is unavoidable to compete with or neutralise competitor's advertising. When competitors are adopting intensive advertising as their promotional strategy, it is responsible to follow similar practices to neutralise their effects. In such cases, it is essential for the manufacturer to create a different image of his product.

► 1.4.4.3. TYPES OF ADVERTISING

Advertising gets to people through different forms of communication. Newspapers, magazines and direct mails belong to print media. TV, radio and internet are among the most important electronic media.

(a) Print Media : Print media is one of the oldest and basic forms of mass communication. It is the most popular medium of advertising in the current age. It includes newspapers, magazines, newsletters, trade journals and directories etc. You can always see brochures distributed with the newspapers.

The effectiveness of the printed advertising depends on the popularity of media selected. For getting maximum coverage, we should choose the print media very carefully. We should choose the media which has maximum popularity among our target audience. For example, if our target is young teenagers then we should advertise in movies related to bollywood, magazines and if our target is old persons, then newspapers are best suited.

Types of Print Media : The various types of print media sources of advertising are as the following :

1. Newspapers
2. Magazines
3. Direct Mail.

(b) Electronic Media : The media which is not physically visible based and uses electronic devices for advertising is termed as the electronic media. In these days, electronic media has proved to be a very effective advertising media and thus is very popular among advertisers. Advertisement in electronic media can be audio, visual or audio-visual, colours and visual effects supported by electronic devices makes this media more effective and produce mind blowing performance result. Electronic media includes TV, radio and internet etc.

Types of Electronic Media : The various types of electronic media sources of advertising are as the following :

1. Television
2. Radio advertising
3. Online Advertising.

■ 1.4.5. Sales Promotion

Sales promotion is one of the four aspects of promotional mix (The other three parts of the promotional mix are advertising, personal selling, and publicity/public relations). Media and non-media marketing communications are employed for a pre-determined, limited time to increase consumer demand, stimulate market demand or improve product availability. Examples include :

- (i) contests.
- (ii) point of purchase displays.
- (iii) rebate (marketing).
- (iv) free travel, such as free flights.

Sales promotions can be directed at either the customer, sales staff, or distribution channel members (such as retailers). Sales promotions targeted at the consumer are called consumer sales promotions. Sales promotions targeted at retailers and wholesale are called trade sales promotions. Some sale promotions, particularly ones with unusual methods, are considered gimmick by many.

► 1.4.5.1. SALES PROMOTION TOOLS

Following are some important sales promotional tools :

1. Free Samples : Free samples are normally provided during the introductory stage of the product. Free samples are delivered door to door, sent through direct mail, attached to another product or given along with the purchase of some other product.

2. Coupons : Coupons can be effective in sales promotion. This involves offering price reduction or saving to customers on the purpose of specific product. Generally, coupons may be inserted in a magazine and newspaper advertisement.

3. Price Packs : Sometimes we have to achieve short term sales targets. Price packs are an effective way to boost instant sales. In price packs, two or more related products are bundled together and total price of the pack is reduced. A common example of this scenario can be seen in shopping malls where 'Lays Chips' and 'Kurkure' packets are bundled together and are sold for a lesser price.

4. Discount : It is very popular and a very basic tool for sales promotion. It refers to reduction in price on a particular item during a particular period. It is common during festival season and during off season period. As we know, today, customers are aware of discount savings so, this method works better and instantly boost sales performance. Discounts generally encourage customers to buy larger quantity. This method is useful for short term *i.e.*, immediate profits.

5. Free Goods : Companies offer free goods to those customers who buy a certain quantity. Calendars, key rings and pens are some common items distributed in this method. These goods carry company's advertisement message on them.

6. Exchange Scheme : In this case, the customer exchanges the old product for a new one. The old products exchange value is deducted from the price of new product. This sales promotion tool is used by several companies for consumer durables.

7. Installment Sales : In this case, consumers initially pay smaller amount of the price and the balance amount in monthly installments over a period of time. Many consumer durables such as refrigerators and cars are sold on installment basis.

► 1.4.5.2. OBJECTIVES OF SALES PROMOTION

Sales promotion activities are undertaken to achieve the following objectives :

- (i) To introduce new products.
- (ii) To attract new customers.

- (iii) To meet competition from others effectively.
- (iv) To encourage off season buying.
- (v) To prompt existing customers to buy more.
- (vi) To encourage purchase of large size units.

■ 1.4.6. Market Survey or Research

It is the process of systematic gathering, recording and analyzing of data about customers, competitors and the market. It can also help to create a business plan, launch a new product, fine tune existing products and services, expand into new markets etc. It can be used to determine which portion of the population will purchase the product based on personal correlates such as age, gender, location and income level. It can be found out what market characteristics your target market has. With market research, companies can learn more about existing and potential customers.

Market surveys can be either qualitative or quantitative. Qualitative surveys are used for obtaining information on small scale while quantitative surveys are more predictable across the general population.

► 1.4.6.1. OBJECTIVES OF MARKET SURVEY/RESOURCE

The primary objective of market research or survey is to help companies make better business decisions about the development and marketing of new products or services. It represents the need of the consumer in a company.

The main objectives of market survey are as follows :

- (i) To provide basis for proper planning :** It provides sound basis for the formulation of all marketing plans, policies, programmes and procedures.
- (ii) To reduce marketing costs :** It provides ways and means to reduce marketing costs like selling, advertisement and distribution.
- (iii) To find out new markets for the product :** It aims at exploring new markets for the product and maintaining the existing ones.
- (iv) To know the market competition :** It also aims at knowing the quantum of competition prevalent in the market about product in question. The company may need reliable information about competitor's moves and strategies which are of immense significance for further planning.
- (v) To determine the proper price policy :** It is considered helpful in the formulation of proper price policy with regard to the products.
- (vi) To study the likes and dislikes of the consumers :** It tries to find out what the consumers think and want. It keeps us in touch with the consumers' mind and to study their likes and dislikes.

► 1.4.6.2. NEED AND IMPORTANCE OF MARKET SURVEY

Today, market survey has become necessary for every business. Market surveys are used by government and business to know what people want, need or believe. So, it is a very important tool in business. Business owners conduct market research for many reasons which are given below :

1. Understanding your existing customers : Market survey helps in understanding your existing customers. It provides following information about your existing customers :

- (i) Why do customers select your product or those of your competitors ?
- (ii) Is it quality or service associated with consuming your product ?
- (iii) What factors influence buying decisions ?
- (iv) What value do they perceive in your products ?
- (v) Which magazines and websites do they browse ?

2. Identifying Potential Customers : New customers can be identified by understanding :

- (i) Who are likely to use your products ?
- (ii) What is their gender ?
- (iii) How old are they ?
- (iv) What is their marital status ; single, married or divorced ?
- (v) Where do they reside ?
- (vi) How many children do they have ?
- (vii) What is their level of education, income, size of family, etc. ?

3. Resolving Business Problems : Market survey company can identify the cause of business problems, if any, and suggest possible remedies. For example, if your sales have fallen, you can know the reasons through the market survey such as substitute product has become available or a new competition has entered the market.

4. Develop Business Strategies : Market survey helps in developing effective business strategy regarding product price, distribution and media channels etc.

5. Prepare for Business Expansion : Market survey helps you identify areas for business expansion. For example, you are looking to open a new retail store and you need to find right location, you plan to make changes to your distribution channels. It is very necessary to know how that will affect your customer base.

6. Analysing the Competition : Market survey helps in knowing the valuable information about existing competitors, their brands, customer services, impact on target consumers and other such detail. This information can be used to create better marketing strategy. It brings organizations closer to your customers.

7. Identify Business Opportunities : Market survey helps to identify existing gaps and new business opportunities such as an under-service or un-serviced market. It brings new opportunities for your business.

8. Set Realistic Targets : Through the information of market survey, you will be able to set realistic targets for growth, sales and introduction of new products of business.

► 1.4.6.3. METHODS OF MARKET SURVEY

There are many ways to perform market survey, most businesses use one or more of five basic methods : Surveys, focus groups, personal interviews, observation and field trials. These methods are given as under :

1. Surveys
 - (a) In-person Surveys
 - (b) Telephone Surveys
 - (c) Mail Surveys
 - (d) Online Surveys
2. Focus Groups
3. Personal Interviews
4. Observation
5. Field Trials.

► 1.4.6.4. ADVANTAGES OF MARKET SURVEY

Following are the advantages of market survey :

- (i) It is simple to analyse and inter-relate the data obtained by market survey.
- (ii) It helps to evaluate success by comparing your growth with that of the competitor.
- (iii) It gives strategic advantage to business.
- (iv) It helps to study marketing competition, channel of distribution and prices for suitable changes if necessary.
- (v) It is helpful in assessing the effectiveness of advertising programmes.
- (vi) It is helpful in evaluating selling methods.
- (vii) It reveals the causes of consumer resistance.

■ 1.4.7. Financial Management

The most important component in any business is money. Money is required to start, expand and running of the businesses. The success and failure of companies are measured in terms of the profits they make, hence financial management is very crucial to the success of any business venture. Finance is such an important item that all the important activities of the company including marketing, HR production are dependent upon the availability and proper use of finance. Financial management of any company would start with procurement of funds

for the business which may include :

1. Raising capital through loans from banks.
2. Raising capital through equity sales.
3. Funds from borrowing.
4. Funds from making partnerships.

Once the funds are available with the company, financial management takes charge of efficient utilisation of these funds in the business.

Financial management contains planning for the future of a person or a business to ensure a positive cash flow and profitability, financial management includes :

1. Administration of Financial assets.
2. Maintenance of Financial assets.
3. Identification of Financial risks.
4. Management of Financial risks.

A financial manager looks at available data to judge the performance of the organization so the financial management in a company may refer to :

1. **Managerial Finance** : The branch of finance that concerns itself with the managerial significance of finance techniques.
2. **Corporate Finance** : An area of finance dealing with the corporate financial decision at a bigger level.

► 1.4.7.1. OBJECTIVES OF FINANCIAL MANAGEMENT

The following two are considered as the objectives of financial management :

1. The maximization of profits of the firm.
2. The maximization of shareholder's wealth.

1. The maximization of the profits of the firm : For any business firm, the maximization of the profits is often considered as the implied objective and therefore it is natural to retain the maximization of profit as the prime goal of the financial management.

The profit is regarded as yard stick for the economic efficiency of any form. If all business firms of the society are working towards profit maximization then the economic resources of the society as a whole would have been most efficiently, economically and profitably used. The profit maximization by one firm and if targeted by all, will ensure the maximization of the welfare of the society. So, the profit maximization as objective of financial management will result inefficient allocation of resources not only from the point of view of the firm but also for the society as such.

- (i) It ignores the risk.
- (ii) The profit maximization concentrates on the profitability only and ignores the financing aspect of that decision and the risk associated with that financing.

- (iii) It ignores the timings of costs and returns and thereby ignores the time value of money.
- (iv) The profit maximization as an objective is vague and ambiguous.
- (v) The profit maximization may widen the gap between the perception of the management and that of the shareholders.
- (vi) The profit maximization borrows the concept of profit from the field of accounting and thus tends to concentrate on the immediate effect of a financial decision as reflected in the increase of profit of that year or in near future.

2. Maximization of Shareholder's Wealth : This objective is generally expressed in term of maximization of the value of a share of a firm. It is necessary to know and determine as to how the maximization of shareholders wealth is to be measured.

The measure of wealth which is used in financial management is the concept of economic value. The economic value is defined as the present value of the future cash flows generated by a decision, discounted at appropriate rate of discount which reflects the degree of associated risk. This measure of economic value is based on cash flows rather than profit. The economic value concept is objective in its approach and also takes into account the timing of cash flows and the level of risk through the discounting process.

► 1.4.7.2. FUNCTIONS OF FINANCIAL MANAGEMENT/MANAGER

The financial activities of organizations are carried out by the finance department through their manager who is known by a variety of names like Manager Finance, Controller Finance, Vice President Finance or a Financial Manager.

The important functions of the financial manager in a modern business consists of the following :

- 1. Provision of capital :** To establish and execute programmes for the provision of capital required by the business.
- 2. Investor relations :** To establish and maintain an adequate market for the company securities and to maintain adequate liaison with investment bankers, financial analysis and share holders.
- 3. Short term financing :** To maintain adequate sources for company's current borrowing from commercial banks and other lending institutions.
- 4. Banking and custody :** To maintain banking arrangement, to receive, have custody of the documents taken as security against loans.
- 5. Credit and collections :** To direct the granting of credit and the collection of accounts due to the company including the supervision of required arrangements for financing sales such as time payment and leasing plans.
- 6. Investments :** To achieve the company's funds as required and to establish and co-ordinate policies for investment in pension and other similar trusts.
- 7. Insurance :** To provide insurance coverage as required.

8. Planning for control : To establish, co-ordinate and administer an adequate plan for the control of operations.

9. Reporting and interpreting : To compare information with operating plans and standards and to report and interpret the results of operations to all levels of management and to the owners of the business.

10. Evaluating and consulting : To consult with all the segments of management responsible for policy or action concerning any phase of the operation of the business as it relates to the attainment of objectives and the effectiveness of policies, organization structure and procedures.

11. Tax administration : To establish and administer tax policies and procedures.

12. Government reporting : To supervise or co-ordinate the preparation of reports to government agencies.

13. Protection of assets : To ensure protection of assets for the business through internal control, internal auditing and proper insurance coverage.

■ 1.5. CONCEPT AND STRUCTURE OF AN ORGANIZATION

Modern, complex and large scale enterprises require that various functions be performed on a very large scale in the large scale industries. Therefore, industries have to be organized, very carefully keeping in mind the requirements for the smooth functioning of an industry.

The proper functioning of an industry can be achieved only when proper co-ordination and co-operation between the various systems is made. Different functions like designing, purchasing, testing, production, storage, sales and employees etc. are interlinked in such a manner that a smooth, efficient and quick working process is obtained. To achieve this two or more people make combined efforts to achieve a common desired goal. This is called an organization.

Here are few definitions by different philosophers illustrating the term :

Professor Leaus has defined organization as *"Combining the efforts and capabilities of the individuals or groups for a common desired goal in such a manner so that the desired goals must be achieved with the least possible friction satisfying the persons for whom task is done and for those who are involved in making the efforts."*

Liver Sheldon has defined it as *"A process in which individuals or groups combine together to form a combination which performs a function with the help of available resources and the duties are performed thus resulting in the positive, systematic, efficient and co-ordinated applications"*.

Thus, organization may be defined as a process of :

- (i) identifying and grouping the work to be performed.
- (ii) defining and delegating responsibility and authority.
- (iii) establishing relationships for the purpose of enabling people to work most effectively together in achieving objectives.

■ 1.5.1. Importance of the Structure of an Organization

Function : Organizational structure is particularly important for decision making. Most companies either have a tall or flat organizational structure. Small companies usually use a flat organizational structure. For example, a manager can report directly to the president instead of a director and her assistants are only two levels below the president. Flat structures enable small companies to make quicker decisions, as they are often growing rapidly with new products and need this flexibility. The Business Plan, an online reference website, says small companies should not even worry about organizational structure, unless they have at least 15 employees. The reason is that employees in extremely small organizations have numerous responsibilities, some of which can include multiple functions. For example, a product manager also might be responsible for marketing research and advertising.

Large organizations often have many tiers or echelons of management. As a smaller organization grows, it can decide to add more management levels. Roles become more defined. Therefore, it is important to know which people oversee certain functions.

Communication : The importance of organizational structure is particularly crucial for communication. Organizational structure enables the distribution of authority. When a person starts a job, he knows from day one to whom he will report. Most companies funnel their communication through department leaders. For example, marketing employees will discuss various issues with their director. The director, in turn, will discuss these issues with the vice president or upper management.

Evaluating Employee Performance : Organizational structure is important for evaluating employee performance. The linear structure of functional and product organizational structures allow supervisors to better evaluate the work of their sub-ordinates. Supervisors can evaluate the skills employees demonstrate, how they get along with other workers, and the timeliness in which they complete their work. Consequently, supervisors can more readily complete semiannual or annual performance appraisals, which are usually mandatory in most companies.

Achieving Goals : Organizational structure is particularly important in achieving goals and results. Organizational structure allows for the chain of command. Department leaders are in charge of delegating tasks and projects to sub-ordinates so the department can meet project deadlines. In essence, organizational structure fosters teamwork, where everyone in the department works towards a common goal.

Prevention/Solution : Organizational structure enables companies to better manage change in the marketplace, including consumer needs, government regulation and new technology. Department heads and managers can meet, outline various problem areas and come up with a solution as a group. Change can be expected in any industry. Company leaders always should strive to find the best organizational structure to meet those changes.

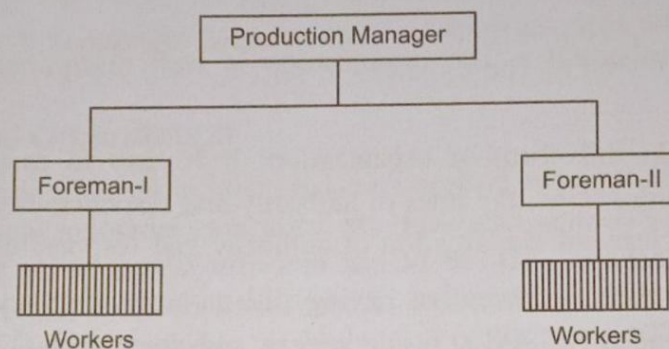
■ 1.6. TYPES AND STRUCTURE OF INDUSTRIAL ORGANIZATION

There are several types of organization formats, each reflecting a particular pattern of authority relationships. These formats may be classified as follows :

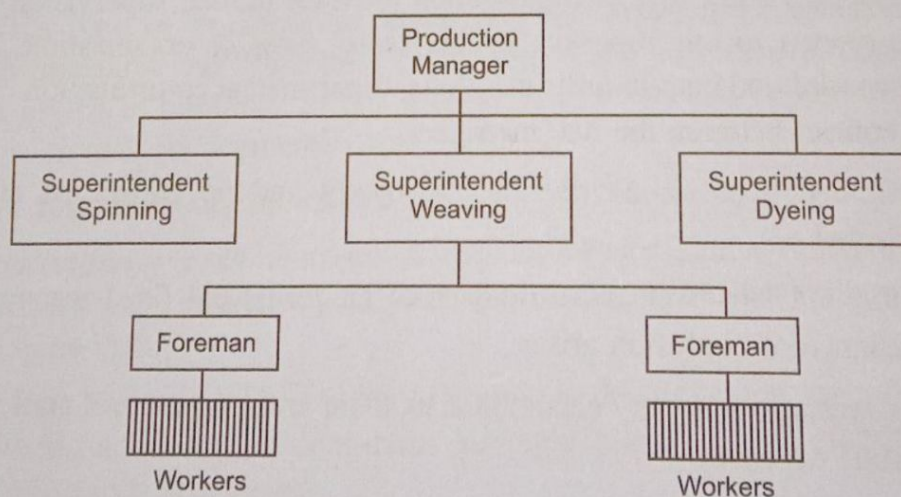
1. Line organization
2. Functional organization
3. Line and staff organization.

1.6.1. Line Organization

The word *line organization* implies a chain of command through which authority flows from top to bottom. There is a one way (scalar) chain and all communication and orders flow down the line. Line organization is also known as 'scalar' or 'hierarchical' organization due to a series of vertical relationships connecting the positions and tasks of each level. Every superior has complete command over his sub-ordinates and every sub-ordinate is directly reporting to only one superior immediately above him. It is thus characterised by the unity of command. Each department is self-contained as the subsidiary functions are under the charge of the departmental head. There are no separate advisory or staff units attached to it. All persons in the same level of authority are independent of each other. In the words of Allen, "Organizationally the line is the chain of command that intends from the board of directors through the various delegations and redelegations of authority and responsibility to the point where the primary activities of the company are performed." The line of authority serves as the avenue of command to operating personnel and provides channel of communication, co-ordination and accountability in the enterprise.



(a) Pure Line Organization



(b) Departmental Line Organization

Fig. 1.2.

Line organization is of two types :

(a) Pure line organization : In this type of organization, activities at a particular level are identical. All persons have to perform the same type of work. The work is divided only for the convenience of control and direction. For example, Fig. 1.2(a) illustrating pure line organization shows the foreman are supervising the same operations. Pure line organization is rarely used in modern industry as nature of work is rarely identical in all cases. It may, however, be found as part of some specialised groups such as inspection.

(b) Departmental line organization : The departmental line organization divides the enterprise into departments. Each supervisor and workers under him perform same work but their work differs from that performed in other departments. This makes for unity of control and differentiation of work. In such an organization, interdepartmental relationships should be clearly defined to develop co-ordination and control. The Fig. 1.2(b) illustrating departmental line organization shows the organization of a textile unit. Each department is a self-sufficient independent unit. One department head cannot give orders directly to sub-ordinates in the other departments.

Merits of line organization : The organization is well disciplined organization having following merits :

(i) Independence : In this form of organization, it is easy to establish and operate the system. Due to direct relationships, the lines of authority and responsibility are easily understood by employees. There is clear-cut demarcation of authority and responsibility.

(ii) Decision making : Each executive having full authority for a job can make decision faster and easier independently. As a result orders and instructions can be communicated directly and the organization becomes stable and wastage of time is avoided.

(iii) Control system : This kind of organization provides unified supervision and control as each sub-ordinate reports to one superior. In this scalar form of organization, there is direct link between the superior and his sub-ordinates. Inter-departmental co-ordination can be achieved through personal contact between the line managers.

(iv) Discipline : As there is no division of loyalty and no danger of clashing orders, discipline is maintained.

(v) Responsibility : There is clear-cut division of authority and fixed responsibility of each member, thus no chance of confusion arises.

(vi) Cost of organizing : It is very economical as there are no personnel staff for consultation thus reducing the staff expenses.

(vii) Co-ordination : As one person controls all the activities related to one department, co-ordination is easy.

Demerits of line organization : Apart from merits following are a few shortcomings of line organization :

(i) **Burden of work :** The chief executive is overloaded with administrative work. There is not much time for reflective thinking. He gets busy in studying the details and cannot pay proper attention to each job.

(ii) **Specialization :** A single manager performs the activities concerning his department there is absence of expert advice. It reduces effectiveness and efficiency of operations.

(iii) **Type of leadership :** Concentration of authority at the top reduces scope for initiative and morale at lower levels. Differences among employees and favouritism are likely to grow, there is lack of team spirit. There is no upward communication. From top, the leadership is forced onto the sub-ordinates.

(iv) **Absence of horizontal relationships :** As a result of pressure on achieving departmental goals, there is lack of co-ordination and co-operation between different departments.

(v) **Instability :** This kind of organization is rigid. As the organization depends upon a few top level executives, there is little scope for expansion.

(vi) **Suitability :** It is suitable only for small enterprises, less number of people and a few levels of authority.

■ 1.6.2. Functional Organization

This system was introduced in industrial organization structure by **F.W. Taylor**. He was of the opinion that in any industrial enterprise, the functions of directing and controlling are very complex. Therefore, all industrial activities should be done and supervised by experts. Taylor contended that a foreman could be specialised in everything, he was expected to do. Therefore, instead of having one single superior, as in the line organization, Taylor, arranged for a group of specialists to boss the workers in various fields of the business. Office work is separated from the shop work. Thus, Taylor separated the mental and clerical functions from the production functions. This type of organization, employing the principle of specialisation, is based on individuals proficiency and specialised knowledge. Each executive is controlling and thus he becomes the expert in his field. In this scheme more scope and opportunities are provided for proper expansion and development.

Merits of functional organization : Following are the merits of functional organization :

(i) **Specialisation :** Each manager is responsible for single function. Therefore, he can perform functions more effectively. Full use is made of special skills and the efficiency of operations is quite high.

(ii) **Reflective thinking :** The burden of operating details on top executives is distributed and they can concentrate better on long-term strategic planning and creative thinking *i.e.*, full utilization of big minds is achieved.

(iii) **Better supervision :** As each supervisor is an expert in his field, supervision and control are better, decisions are quick and implemented effectively for enhanced efficiency.

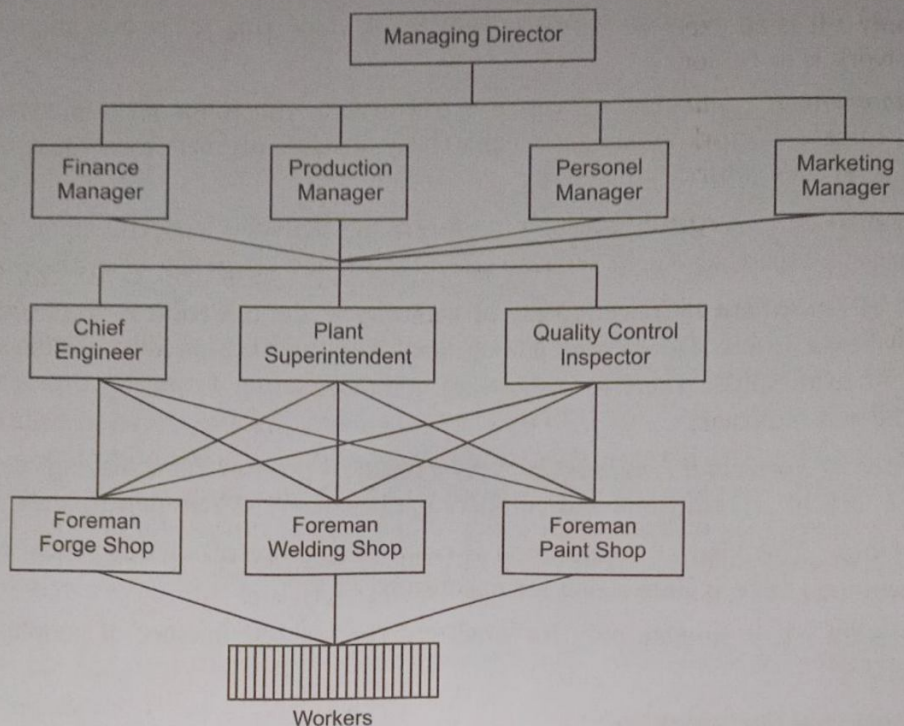


Fig. 1.3. Functional Organization

(iv) **Control** : As there is joint supervision and common control, atmosphere is more democratic thus resulting in high job satisfaction and morale of employees.

(v) **Scope for expansion** : The growth and expansion of the enterprise is not restricted to the limited capabilities of a few line managers.

(vi) **Standardisation** : Every functional head has functional authority whenever his function is performed. It facilitates standardisation of methods, equipment and operations.

Demerits of functional organization : A few demerits of functional organization are as follows :

(i) **Indiscipline** : As there is no unity of command, a person receives orders from more than one boss, multiple lines of command weaken discipline and control. There is diffusion of authority and overlapping of efforts and thus, indiscipline arises.

(ii) **Co-ordination** : Due to independence of operations of functional specialists, thinking in terms of departmental interests and conflicts arise among specialists of the same rank. The result is lack of co-ordination.

(iii) **Responsibility** : As lines of responsibility and authority are not clearly distributed, no one individual can be held responsible for results. To the sub-ordinates it is not well defined as to who to obey. The result is shirking of responsibility.

(iv) **Decision making** : Decisions cannot be made quickly because all functional managers are to be consulted. There may be a delay in decision making due to the differences in opinions.

(v) **Economy** : It is an expensive organization. Many specialists have to be employed and a lot of clerical work is to be done.

(vi) **Development of capabilities** : Narrow specialisation affects the all round development of executives. In case of workers, as not much consideration is given to their ideas, the ability of the worker is not fully utilized.

■ 1.6.3. Line and Staff Organization

The two systems discussed above, give the evolution of a third one, which consists of the merits of both. Today almost all industries in India and abroad are using this form of organization. Individual industry may bring certain changes in the above said organization system depending on the size of the industry and its requirements.

Basically, it is a form of line organization where experts are introduced at different levels in the line organization. The line and staff organization can be divided into two categories *i.e.*, **line** and **staff**. In line, employees work in order to achieve the desired goal of the industry. They owe the responsibility of achieving the desired goal. Line brings into practice the policies and planning. The staff includes experts and specialists who guide the employees in the line how to perform their functions more efficiently, effectively and quickly so that the desired goals may be achieved in an effective manner. In any organization, the staff executives offer four types of services :

- (a) Advice (b) Control (c) Service (d) Co-ordination.

The main advantage of this system is that the specialised work concerned with analysis, research labour, standardising, costing, material, equipment, etc. can be left to experts who can solve the problems of high technical standard and thus, the departmental managers are free to organize, control and supervise the productive activities in an effective manner.

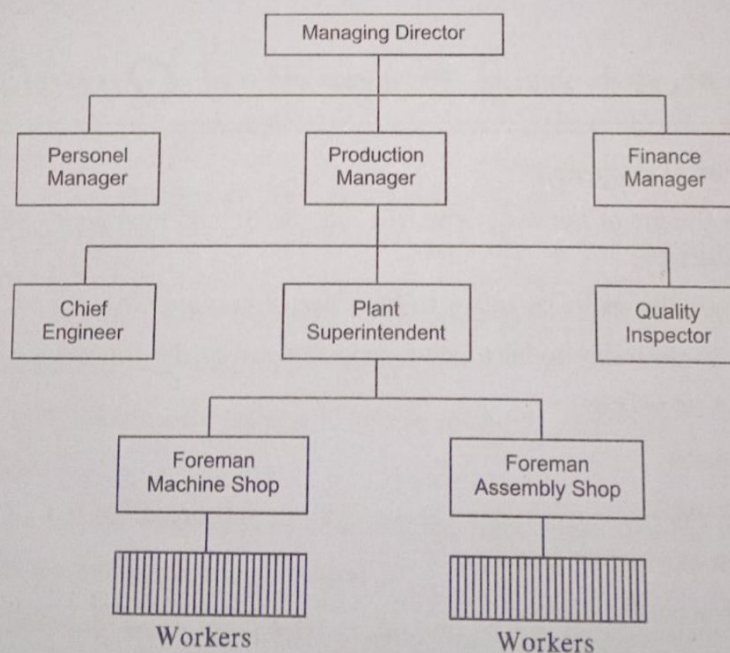


Fig. 1.4. Line and staff organization

Merits of line and staff organization : Following are the merits of line and staff organization :

(i) **Responsibility :** In line and staff organization, the structure of industry is such that there is least possibility of employees being irresponsible.

(ii) **Co-ordination :** Co-ordination between various departments can be achieved in a good manner.

(iii) **Discipline :** Discipline can be well maintained in this sort of organization which results in increased production.

(iv) **Availability of specialists :** The services of specialists are available to solve the complex industrial problems at each and every step.

(v) **Efficiency :** The wastage in terms of effort, wear and tear of machines, materials and time is minimum as the method of utilization of available resources is efficient. Therefore, full utilization of resources results in high efficiency.

(vi) **Reflective thinking :** Being a very systematic type of organization, the division of duties is made in such a manner that departmental managers have enough time to think and solve various problems effectively.

In nut-shell we can say that line and staff organization has the merits of both line and functional organization.

Demerits of line and staff organization : Following are the demerits of line and staff organization.

(i) **Economy :** It is not very economical as high salaries are paid to staff members and number of staff members required are also high.

(ii) **Lack of co-ordination :** There is lack of co-ordination between the line and the staff organization.

■ Important and Expected Questions ■

Q.1. Define the term management.

Ans. Management is the art of knowing what you want to do and then seeing that it is done in the best and cheapest way.

Q.2. What are the ten things to do today to be a better manager ?

Ans. The ten things to do today to be a better manager are as the following :

- (i) Select the best people
- (ii) Be a motivator
- (iii) Build your team
- (iv) Be a leader, not only a manager
- (v) Improve as a communicator
- (vi) Get better at managing money

(vii) Get better at managing time

(viii) Improve yourself

(ix) Practice ethical management

(x) Take a break.

Q.3. Explain the concept of management.

Ans. Management is the process of assembling and using sets of resources in goal-directed manner to accomplish tasks in an organizational setting

Q.4. What are the various objectives of management ?

Ans. The various objectives of management are as the following :

(i) Survival.

(ii) Growth.

(iii) Profitability.

(iv) Social responsibilities.

Q.5. Name the functions of management.

Ans. The management consists of seven functions, which are as the following :

(i) Planning.

(ii) Organizing.

(iii) Leading.

(iv) Co-ordinating.

(v) Controlling.

(vi) Staffing.

(vii) Motivating.

Q.6. What is the meaning of Human Resource Development ?

Ans. Human Resource Development (HRD) is the framework for helping employees in developing their personal and organizational skills, knowledge and abilities. HRD provides many opportunities to employees like training, performance appraisal, career planning etc.

Q.7. What is the other name of manpower planning ?

Ans. The other name of manpower planning is human resource planning.

Q.8. Define selection.

Ans. Selection can be defined as process of choosing the right person for the right job.

Q.9. What is meant by performance appraisal ?

Ans. Performance appraisal is the systematic evaluation of the performance of employees and to understand the abilities of a person for further growth and development.

Q.10. What is the meaning of material management ?

Ans. Material management is a term used to connote, "Controlling the kind, amount, location, movement and timing of various commodities used in production by industrial enterprises." Material management is one of the basic function of a business that adds value directly to the product itself. It deals with controlling and regulating the flow of material in relation to changes in variables like quality, delivery schedules, prices, demand and availability etc.

Q.11. Explain the meaning of purchasing.

Ans. Purchasing is one of the basic processes common to all organizations. Purchasing refers to the activity of acquiring goods or services to accomplish the goals of an organization. The object of purchase department is to arrange the supply of material, spare parts and services and some agency or source outside the organization. The purchased items should be of specified quality in desired quantity available at the prescribed time at a competitive price.

Q.12. Explain the "Just In Time" (JIT) inventory concept.

Ans. The "Just in time" (JIT) inventory concept, also called Kanban, asserts that just enough inventories, arriving just in time to replace that which was just used, is all the inventory that is necessary at any given time. Excessive inventory unnecessarily ties up money, adds warehousing costs, increases risk of damage and risks obsolescence, and most of all, can possibly obscure opportunities for operational improvements.

Q.13. What is advertisement ?

Ans. Advertising is nothing but a paid form of non-personal presentation or promotion of ideas, goods or services by an identified sponsor with a view to disseminate information concerning an idea, product or service. The message which is presented is called advertisement.

Q.14. What is sales promotion ?

Ans. Sales promotion is one of the four aspects of promotional mix (The other three parts of the promotional mix are advertising, personal selling, and publicity/public relations). Media and non-media marketing communications are employed for a pre-determined, limited time to increase consumer demand, stimulate market demand or improve product availability.

Q.15. What are the objectives of sales promotion ?

Ans. Sales promotion activities are undertaken to achieve the following objectives :

- (i) To introduce new products.
- (ii) To attract new customers.
- (iii) To meet competition from others effectively.
- (iv) To encourage off season buying.
- (v) To prompt existing customers to buy more.
- (vi) To encourage purchase of large size units.

Q.16. What is financial management ?

Ans. The most important component in any business is money. Money is required to start, expand and running of the businesses. The success and failure of companies are measured in terms of

the profits they make, hence financial management is very crucial to the success of any business venture. Finance is such an important item that all the important activities of the company including marketing, HR production are dependent upon the availability and proper use of finance.

Financial management is concerned with planning, sourcing, utilizing and controlling of firm's financial resources.

Q.17. What are the objectives of human resource development ?

Ans. Following are the objectives of HRD :

- (i) To improve the capabilities of the employees.
- (ii) To provide a comprehensive framework for the all round development of employees in the organization.
- (iii) To make utilisation of manpower by employing right man to right job at the right time.
- (iv) To make the employees willing to accept the change.
- (v) To provide training to the managers to improve their skills and knowledge.
- (vi) To provide opportunities for employees career development.
- (vii) To develop and maintain high level of motivation of employees.
- (viii) To facilitate in salary and increment determination.

Q.18. Why manpower planning is important in an organization ?

Ans. The importance of manpower planning in an organization is :

- (i) To recruit and retain the manpower of required quality and quantity.
- (ii) To foresee the employee turnover and make the arrangements for minimizing turnover and filling up of consequent vacancies.
- (iii) To meet the needs of programmes of expansion, diversification etc.
- (iv) To foresee the impact of technology on work, existing employees and future human resource requirements.
- (v) To ensure optimum utilisation of available manpower.
- (vi) To estimate the cost of human resources.
- (vii) To improve the standard, skill, knowledge, ability, discipline etc.
- (viii) To assess the shortage of manpower and take measures accordingly.

Q.19. Enlist the objectives of performance appraisal.

Ans. Performance appraisal can be done with the following objectives in mind :

- (i) To maintain records in order to determine compensation packages, wage structure and salaries etc.
- (ii) To create a healthy competition in the organization.
- (iii) To maintain and assess the potential present in employees for further growth and development.

- (iv) To help in framing future development programmes.
- (v) To review and retain the promotional and other training programmes.
- (vi) To know the strength and weaknesses of employees so as to identify the training and development needs of the future.
- (vii) To provide a feedback to employees regarding their performance and related status.

Q.20. What are the functions of material management ?

Ans. Following are the important functions of material management :

1. Material planning and control function
2. Purchasing function
3. Stores management function
4. Inventory control function.

Q.21. Explain in brief the importance of management.

Ans. The following are some of the highlights of the importance of management :

- 1. Achievement of group goals :** A human group consists of several persons, specialising in different tasks. Each person may be working efficiently, but the group as a whole cannot realize its objectives unless there is mutual co-operation and co-ordination among the members of the group. Management creates teamwork and reconciles the objective for the group and motivate the group to their best contribution towards the accomplishment of group goals. Managers provide inspiring leadership skills towards working hard.
- 2. Optimum utilisation of resources :** Managers forecast the need for materials, machinery, money and manpower. They ensure that the organization has adequate resources and also maintain that they do not have idle resources. Managers ensure that the workers know their jobs well and use the most efficient methods of work. They provide training and guidance to employees so that they can make the best use of available resources.
- 3. Minimisation of cost :** The cut-throat competition in business forces the organisation to provide goods and services at the lowest possible cost per unit. Management directs day-to-day operations in such a manner that all wastage and extravagance are avoided. By reducing cost and improving efficiency, it is possible to face competition and earn profits.
- 4. Survival and growth :** Modern business operates in a rapidly changing environment. Management keeps in touch with the existing business environment and plans for the future trends. It takes steps in advance to meet the challenges of changing environment. Changes in business create risks as well as opportunities. Managers enable the organization to minimise the risk and maximise the benefits of opportunities for future growth.
- 5. Generation of employment :** By setting up and expanding business enterprises, managers create employment opportunities for the people. People earn their livelihood by working in these organizations. They also ensure that the employees get job satisfaction and happiness. Indirectly this helps the employees to satisfy the economic and social needs of the society.

Q.22. What are the demerits of line organization ?

Ans. Following are the demerits of line organization :

(i) **Burden of work** : The chief executive is overloaded with administrative work. There is not much time for reflective thinking. He gets busy in studying the details and cannot pay proper attention to each job.

(ii) **Specialization** : A single manager performs the activities concerning his department there is absence of expert advice. It reduces effectiveness and efficiency of operations.

(iii) **Type of leadership** : Concentration of authority at the top reduces scope for initiative and morale at lower levels. Differences among employees and favouritism are likely to grow, there is lack of team spirit. There is no upward communication. From top, the leadership is forced onto the sub-ordinates.

(iv) **Absence of horizontal relationships** : As a result of pressure on achieving departmental goals, there is lack of co-ordination and co-operation between different departments.

(v) **Instability** : This kind of organization is rigid. As the organization depends upon a few top level executives, there is little scope for expansion.

(vi) **Suitability** : It is suitable only for small enterprises, less number of people and a few levels of authority.

Q.23. Write a short note on functional organization.

Ans. This system was introduced in industrial organization structure by **F.W. Taylor**. He was of the opinion that in any industrial enterprise, the functions of directing and controlling are very complex. Therefore, all industrial activities should be done and supervised by experts. Taylor contended that a foreman could be specialised in everything, he was expected to do. Therefore, instead of having one single superior, as in the line organization, Taylor, arranged for a group of specialists to boss the workers in various fields of the business. Office work is separated from the shop work. Thus, Taylor separated the mental and clerical functions from the production functions. This type of organization, employing the principle of specialisation, is based on individuals proficiency and specialised knowledge. Each executive is controlling and thus he becomes the expert in his field. In this scheme more scope and opportunities are provided for proper expansion and development.

Q.24. Write any five merits of line organization.

Ans. The organization is well disciplined organization having following merits :

(i) **Independence** : In this form of organization, it is easy to establish and operate the system. Due to direct relationships, the lines of authority and responsibility are easily understood by employees. There is clear-cut demarcation of authority and responsibility.

(ii) **Decision making** : Each executive having full authority for a job can make decision faster and easier independently. As a result orders and instructions can be communicated directly and the organization becomes stable and wastage of time is avoided.

(iii) **Control system** : This kind of organization provides unified supervision and control as each sub-ordinate reports to one superior. In this scalar form of organization. There is direct

link between the superior and his sub-ordinates. Inter departmental co-ordination can be achieved through personal contact between the line managers.

(iv) **Discipline** : As there is no division of loyalty and no danger of clashing orders, discipline is maintained.

(v) **Responsibility** : There is clear-cut division of authority and fixed responsibility of each member, thus no chance of confusion arises.

■ Objective Type Questions ■

FILL IN THE BLANKS

1. The art of getting things done through others is known as
2. A is someone who gets results through other people.
3. is the process of assembling and using sets of resources in goal-directed manner to accomplish tasks in an organizational setting.
4. is deciding what needs to happen in the future and working out a plan of acting for it.
5. Co-ordination is a task of the
6. Manpower planning is also called as
7. Manpower planning is an important part of
8. Selection can be defined as process of choosing the for the right job.
9. Giving of distinct name to one's product is called
10. The main objective of is to create a favourable climate for improving sales.
11. The media which is not physically visible based and uses electronic devices for advertising is termed as the
12. Line organization is also known as or organization.

Answers

- | | | |
|-------------------|----------------------|----------------------------|
| 1. management | 2. manager | 3. Management |
| 4. Planning | 5. Manager | 6. Human Resource Planning |
| 7. staffing | 8. right person | 9. branding |
| 10. advertisement | 11. electronic media | 12. scalar, hierarchical |

■ Review Questions ■

1. What are the objectives of management ?
2. Discuss the importance of management.

Self Management and Development

■ 2.1. INTRODUCTION TO LLL SKILLS, PERSONALITY, ETHICS AND MORAL VALUES

■ 2.1.1. LLL (Life Long Learning skills)

It is the process of keeping mind and body engaged at any age by activity pursuing experience and knowledge.

Life long learning recognises that learning is not confined to childhood or the classroom, but takes place throughout life and in a range of situations. Life long learning means learning resulting from integration of formal, non-formal and informal learning, so as to create ability for continuous life long development of quality of life. Learning is therefore part of life which takes place at all times and in all places. It is a continuous life long process, going on from birth to the end of our life, beginning with learning from families, communities, schools, religious institutions, workplaces, etc.

Learning of the 6 to 24 age group usually takes place in educational institutions, from primary and secondary to tertiary levels. The objective of learning in this period is the holistic development of learners in four aspects, namely : physical, intellectual, social capacity, emotional and mental development. Learning during the working life of the 25 to 60 age group can learn informally through the use of instructional media, mostly from their occupations, workplaces, colleagues, touring, mass media, information technologies, environment and nature.

Importance of life long learning :

1. To remain competent for the benefit of your employer.
2. To gain knowledge needed to move into a new area of business.
3. To develop a skill needed for promotion, such as management expertise.
4. To learn a new skill such as a new language.
5. To remain up-to-date with new developments in your area of expertise.
6. To keep abreast of new advances in technology.
7. To help to adapt to change.
8. To an enriching life of self fulfillment.
9. To make world a better place.
10. To increase self confidence.

■ 2.1.2. Personality

The word 'personality' is derived from the Latin word 'persona' which means 'mask'. The study of personality can be understood as the study of 'masks' that people wear. These are the personas that people project and display. "*Personality is made up of the characteristic patterns of thoughts, feelings and behaviours that make a person unique*". In addition to this, personality arises from within the individual and remains fairly consistent throughout life which we collectively call our 'self'.

"*Personality is the sum total of our character, emotions, intellect, behaviour, capabilities, qualities etc. which includes conception of ourselves and also the estimate of outside people about us*". In total, personality means what we are, what we think and what we do. Our personality is operational in mainly in five dimensions, say physical, energic, mental, intellectual and blissful. Personality psychology is considered the study of individual differences in behaviour—how individuals behave differently from one another in various situations.

Some of the fundamental characteristics of personality include :

(a) **Consistency** : There is generally a recognizable order and regularity to behaviours. Essentially, people act in the same ways or similar ways in a variety of situations.

(b) **Psychological and Physiological** : Personality is a psychological construct, but research suggests that it is also influenced by biological processes and needs.

(c) **Impact Behaviours and Actions** : Personality does not just influence how we move and respond in our environment ; it also causes us to act in certain ways.

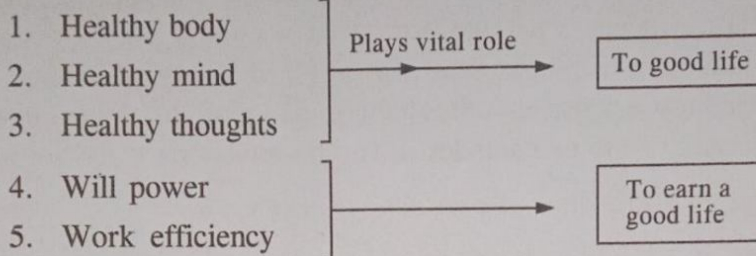
(d) **Multiple Expressions** : Personality is displayed in more than just behaviour. It can also be seen in our thoughts, feelings, close relationships and other social interactions.

Types of Personalities

S. No.	Type of Personality	Description
1.	Reformer	I do everything in the right way.
2.	Helper	I must help others.
3.	Motivator	I need to succeed.
4.	Thinker	I need to understand the world.
5.	Enthusiast	I am happy and open to new things.
6.	Leader	I must be strong.
7.	Peacemaker	I am at peace.
8.	Romantic	I am unique.

► 2.1.2.1. PERSONALITY DEVELOPMENT

It is nothing but strengthening the capacity of subjective dimensions of personality to interact more and more effectively and efficiently. The personality development is the inner growth contributing to the outer excellence. The development of personality is purely subjective. Any improvement in the objective sense will not result in over all efficiency or excellence, unless there is significant transformation in our personality because the key to objective improvement lies in the subjective growth. Subjective growth is the integrated, well defined and well planned development of all the faculties in which our personality operates. Hence, there are five steps to complete personality.



If a man can interact with another man more cordially or in a more friendly manner than in the past, it means his personality has developed.—**Individual level**

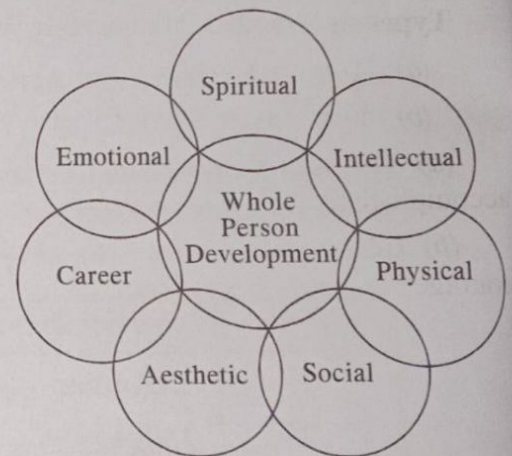
If a man behaves with his family members in more intimate way than in the past, it means his personality has developed.—**Family**

If a worker works more efficiently than in the past, that means his personality is developed to that extent.—**Organization**

If the citizen of a particular society discharges his duty more effectively with more spirit of dedication, then it means his personality is developed to that extent.—**Society**

If a man identifies with his nation, feels for the nation and develops a patriotic spirit, then it means his personality is developed to that extent.—**Nation**

If a man is able to identify himself with every human being in the universe, it means his personality has developed to that extent.—**Universe**



Not only the personality development helps one to grow the working efficiency and behavioural expression, it also helps him to **transcend from one level to another**.

There are a number of different theories about how personality develops. Some of these major perspectives on personality include :

1. Type theories are the early perspectives on personality. These theories suggested that there are a limited number of "personality types", which are related to biological influences.

2. **Trait theories** viewed personality as the result of internal characteristics that are genetically based.

3. **Psychodynamic theories** of personality are heavily influenced by the work of Sigmund Freud and emphasize the influence of the unconsciousness on personality.

4. **Behavioural theories** suggest that personality is a result of interaction between the individual and the environment. Behavioural theorists study observable and measurable behaviours, rejecting theories that take internal thoughts and feelings into account. Behavioural theorists include B.F. Skinner and John Watson.

5. **Humanist theories** emphasize the importance of free will and individual experience in the development of personality. Humanist theorists include Carl Rogers and Abraham Maslow.

■ 2.1.3. Values

Values are the framework of philosophy of an individual on the basis of judgement. What is good or bad, ethical or unethical, desirable or undesirable? That is why, these are important to study for the success of any organisation.

Definition of Values : Molten Rokeach, a noted socio-psychologist, has defined values as “global beliefs that guide actions and judgements across a variety of situations” or “values represent basic convictions that a specific mode of conduct (or end-state of existence) is personally or socially preferable to an opposite mode of conduct (or end-state of existence)”.

Types of Values : The values learnt can be divided into two broad categories :

- (a) Terminal values and
- (b) Instrumental values.

(a) **Terminal values :** It leads to “ends” to be achieved. e.g. comfortable life, sense of accomplishment, family, security, self respect etc.

(b) **Instrumental values :** It leads to “means” of achieving desired ends. e.g. ambition, courage, honesty, helpfulness, independence etc.

Terminal Values (end)	Instrumental Values (means)
Comfortable life	Ambition
Sense of accomplishment	Courage
Family security	Honesty
Self respect	Helpfulness
Wisdom	Independence

■ 2.1.4. Ethics

The word ethics is derived from the Latin word ‘ethos’, which means ‘character’. Ethics is generally regarded as being about the norms of behaviour, people follow, regarding what is good or bad, right or wrong usually ethical issues are about matters of human well-being or welfare.

Definition of Ethics : There are various definitions of ethics :

"Ethics is a set of moral rules and regulations formulated from time immemorial by the society for its members to lead an honest and happy life."

"Ethics indicates the way of life one has to lead, where honesty, discipline and understanding of moral ideals, character and relationship with others are the influencing forces."

"Ethics refers to a particular set of beliefs, attitudes and habits that a person or group displays concerning morality."

Types of Ethics : There are two types of ethics :

- (i) Personal ethics
- (ii) Professional ethics.

(i) Personal ethics : It may be defined as "the rules by which an individual lives his or her personal life is known as personal ethics."

(ii) Professional ethics : It may be defined as "the moral way, the professional should behave in his domain of profession, be it engineering, medical, legal or business, is known as professional ethics".

Ethics in general indicates the moral choices made by each person in relationship with other persons.

Do's and Don't of Professional Ethics

Things to Do

- (i) Return value to the customer (internal and external) in all business decisions.
- (ii) Return value to the community, locally and globally.
- (iii) Deliver quality in a timely fashion.
- (iv) Be honest in the work by telling the client, customer or boss that the task or project under consideration will meet the target date.
- (v) If the employer wants respect from employees, he/she should treat all employees as professionals in their own right. Remember, treating someone as a professional, they will (hopefully) treat you like one too.
- (vi) Promote your profession.
- (vii) Do things for the good of yourself, the customer and the profession. You are not a true professional if you don't deliver outcomes that satisfy all three of these areas.
- (viii) Do provide respect to others. This means truly thinking of their beliefs and desires and the contribution they make to the organization, however small.

Things Not to Do

- (i) Do not tell the client, customer or boss that you can do something which you cannot.
- (ii) When you accept an assignment, **do not** use words like *me, mine, you and yours*.
- (iii) Do not steal from your employer.
- (iv) Do not underestimate your capabilities.

Need for Professional Ethics or Ethical Principles

- (i) **Treat people with respect**, valuing each individual and avoiding **negative discrimination**.
- (ii) **Respect and promote people's right to make their own decisions and choices**, unless the welfare or others are seriously threatened.
- (iii) **Promote and ensure the welfare and safety of people**, while permitting them to learn through undertaking challenging educational activities.
- (iv) Contribute towards **the promotion of social justice for people** and in society generally through encouraging respect for difference and diversity and challenging discrimination.
- (v) **Recognise the boundaries between personal and professional life** and be aware of the need to balance a caring and supportive relationship with people with appropriate professional distance.
- (vi) **Recognise the need to be accountable** to people, their parents or guardians, colleagues, wider society and others with a relevant interest in the work and that these accountabilities may be in conflict.
- (vii) **Develop and maintain the required skills and competence** to do the job.

Development of Professional Ethics

The professional ethics can be developed :

- (a) By providing education.
- (b) Training and presentation.
- (c) Paper writing and books publication.
- (d) Workshops with focus on professional ethics.
- (e) Codes and standards.
- (f) Conferences, symposia etc.

■ 2.1.5. Concept of Intelligence

The word intelligence is derived from the Latin word "intellegere", which means "to understand". Intelligence is arguably different from being "smart" (able to adapt to one's environment) or being "clever" (able to creatively adapt).

Intelligence (also called **intellect**) is an term used to describe a property of the mind that may relate many abilities, such as the capacities to reason, to plan, to solve problems, to think abstractly, to comprehend ideas, to use language and to learn. There are several ways to define intelligence. Intelligence may include traits such as creativity, personality, character, knowledge or wisdom.

In 1983, Dr. Howard Gardner developed the theory of multiple intelligence. Dr. Gardner proposes eight different ways to demonstrate intellectual ability.

1. Linguistic Intelligence ("word smart") : The "word smart" people learn best through language including speaking, writing, reading and listening. They use language to express what is on their minds and to understand other people. They are able to explain, convince and express themselves verbally or in writing. They enjoy writing and creating with words. This intelligence is high in writers, lawyers, philosophers, journalists, politicians and teachers.

The ability to use language is a very important part of human life. It is the ability which distinguishes us from other animals.

2. Logical-Mathematical Intelligence ("number/reasoning smart") : The "number/reasoning smart" people learn best through numbers, reasoning and problem solving. They are able to create and manipulate visuals and mental pictures from various perspectives. They like to weigh, measure, calculate and organise data. They are good at making an analogy or debating an issue. This area has to do with logic, abstractions, reasoning and numbers.

Many scientists, mathematicians, engineers, doctors and economists function in this level of intelligence. This probably is the most useable intelligence that can compare with the artificial intelligence. The military has used this intelligence in war, with the aim of finding enemy targets with mathematical calculations. Engineers have used computer programs and robots to build and construct projects. Doctors have used robots to operate on patients. Economists have used computers to forecast the economy in the future.

3. Spatial Intelligence ("picture smart") : The "picture smart" people have the ability to learn best visually and tend to organise their thinking spatially. They like to think and create pictures. They are also drawn to information that is presented in a visual form. These learners tends to think in pictures and need to create vivid mental images to retain information. They enjoy looking at maps, charts, pictures, videos and movies. People with strong visual-spatial intelligence are typically very good at visualizing and mentally manipulating objects. They also have a very good sense of direction and good hand-eye co-ordination, although this is normally seen as a characteristic of the bodily-kinesthetic intelligence.

4. Bodily-Kinesthetic Intelligence : The "body smart" people use their whole body or parts of their body to solve a problem. They learn best through physical activity such as dance, hand-on tasks, construction models and any kind of movement. They are able to manipulate and control objects, as well as express their ideas through movement. This area has to do with movement and doing. People are generally good at physical activities such as sports or dance. People who have this intelligence usually learn better by physically doing something, rather than reading or hearing about it. Careers which suit those with this intelligence include athletes, dancers, actors, surgeons, builders and soldiers.

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5. Musical Intelligence ("music smart") : The "music smart" people think in music, hearing patterns, recognising, remembering and manipulating them. They learn best through sounds including listening and making sounds such as songs, rhythms, patterns and other types of auditory expressions. Those who have a high level of musical-rhythmic intelligence display greater sensitivity to sounds, rhythms, tones and music. They normally have good pitch and may even have absolute pitch and are able to sing, play musical instruments and compose music. Careers which suit those with this intelligence include instrumentalists, singers, conductors, disc-jockeys and composers.

6. Interpersonal Intelligence ("social smart") : The "social smart" people learn best through interaction with other people through discussions, co-operative work or social activities. They can be excellent leaders because they enjoy being part of a group. This area has to do with interaction with others. People in this category are usually extroverts and are characterized by their sensitivity to others' moods, feelings, temperaments and motivations, and their ability to co-operate in order to work as part of a group. They communicate effectively and empathize easily with others and may be either leaders or followers. Careers which suit those with this intelligence include politicians, managers, teachers and social workers.

7. Intrapersonal Intelligence ("self smart") : The "self smart" people have a good understanding of themselves. Because they know who they are, what they can do and what they want to do, they tend not to screw up. They learn best through getting in touch with their feelings and self motivation. They are able to concentrate and be mindful. They prefer solitary activities. Those who are strongest in this intelligence are typically introverts and prefer to work alone. They are usually highly self-aware and capable of understanding their own emotions, goals and motivations. Careers which suit those with this intelligence include philosophers, psychologists, theologians, writers and scientists.

8. Naturalist Intelligence ("nature smart") : The "nature smart" people have sensitivity to other features of the natural world. So, they learn best through the interactions with the environment including outdoor activities, field trips and involvement with plants and animals. They see the subtle meanings and patterns in nature and the world around them. This is the eighth and newest of the intelligences, added to the theory in 1999. This type of intelligence was not part of Gardner's original theory of multiple intelligences.

"Naturalists" learn best when the subject involves collecting and analyzing or is closely related to something prominent in nature ; they also don't enjoy learning unfamiliar or seemingly useless subjects with little or no connections to nature. It is advised that naturalistic learners would learn more through being outside or in a kinesthetic way.

■ 2.2. CONCEPT OF PHYSICAL DEVELOPMENT

Physical development is how a human body grows and develops over a length of time. Physical development is also monitored closely in young children. Physical development is broken into two categories ; gross motor skills and fine motor skills.

Gross motor skills are larger movements that make with arms, legs or feet or entire body. So crawling, running and jumping are gross motor skills.

Fine motor skills are smaller actions. Picks things up between finger and thumb are fine motor skills.

Physical development in children follows a directional pattern. Larger muscle groups develop before smaller muscle groups. Muscles which control larger body parts, such as the arms and legs, develop before muscles which control smaller body parts, such as the fingers and toes. Children learn to control larger muscles before they learn to control smaller muscles. This is why children learn to crawl and walk before they learn to feed themselves and hold a crayon.

Better health is central to human happiness and well being. It also makes an important contribution to economic progress, as healthy population lives longer, are more productive and save more. Many factors influence health status and a country's ability to provide quality health services to its people. Ministries of health are important actors, but so are other government departments, donor organizations, civil society groups and communities themselves.

■ 2.2.1. Health and its Significance

Health is a dynamic process because it is always changing. We all have times of good health, times of sickness and may be even times of serious illness. As our lifestyles change, so does our level of health. Those who participate in regular physical activities, do so partly to improve the current and future level of our health. As our lifestyle improves, our health also improves and we experience less disease and sickness. Physical health is only one aspect of our overall health. The other components of health (Greenberg, 2004) that are just as important as physical health include the following :

1. **Social health** : The ability to interact well with people and the environment and to have satisfying personal relationships.
2. **Mental health** : The ability to learn and grow intellectually. Life experiences as well as more formal structures (*e.g.*, school) enhance mental health.
3. **Emotional health** : The ability to control emotions, so that you feel comfortable in expressing them and can express them appropriately.
4. **Spiritual health** : A belief in some unifying force. It varies from person to person but has the concept of faith at its core.

■ 2.2.2. Hygiene

Hygiene is a set of practices performed for the preservation of health. Keeping a good standard of hygiene helps to prevent the development and spread of infections, illnesses and bad odours. While, in modern medical sciences there is a set of standards of hygiene recommended for different situations, what is considered hygienic or not can vary between different cultures, genders and etarian groups.

Different types of Hygienes

1. Medical hygiene
2. Home and everyday life hygiene
 - (i) Hand hygiene
 - (ii) Respiratory hygiene
 - (iii) Food hygiene at home
 - (iv) Household water treatment and safe storage
 - (v) Hygiene in the kitchen, bathroom and toilet
 - (vi) Laundry hygiene
 - (vii) Medical hygiene at home
 - (viii) Home hygiene in low-income communities
 - (ix) Disinfectants and antibacterial in home hygiene
3. Personal hygiene
4. Culinary (food) hygiene
5. Personal service hygiene.

Importance of Hygiene

1. Keeping a good standard of hygiene helps to prevent the development and spread of infections, illnesses and bad odours.
2. Keeping body clean is vital in combating and preventing illness — both for yourself and for those around you.
3. Flossing and brushing teeth can reduce the likelihood of oral and other diseases.
4. Good hand hygiene will reduce the risk of things like flu, food poisoning and healthcare associated infections being passed from person to person.

Teaching the correct principles of hygiene should begin at an early age as possible. It will help to prevent the spreading of infections and diseases that can damage the digestive tract, respiratory tract and the external features of the body.

■ 2.2.3. Body Gestures

Gestures can be some of the most direct and obvious body language signals. Waving, pointing and using the fingers to indicate numerical amounts are all very common and easy to understand gestures.

Significance of Body Gestures

1. **Clarify and support your words :** Gestures strengthen the audience's understanding of verbal message.

2. Dramatize your ideas : Together with what you say, gestures help paint vivid pictures in listeners' minds.

3. Lend emphasis and vitality to the spoken word : Gestures convey feelings and attitudes more clearly than what you say.

4. Help dissipate nervous tension : Purposeful gestures are a good outlet for the nervous energy inherent in a speaking situation.

5. Function as visual aids : Gestures enhance audience attentiveness and retention.

6. Stimulate audience participation : Gestures help to indicate the response you seek from your listeners.

7. Are highly visible : Gestures provide visual support when you address a large number of people and the entire audience may not see your eyes.

■ 2.2.4. Kinesics

Kinesics is the non-verbal behaviour related to movement, either of any part of the body or the body as a whole. In short all communicative body movements are generally classified as kinesics.

Ekman and Friesen (1969) identified five types of kinesics :

- (i) **Emblems :** Direct replacements for words.
- (ii) **Illustrators :** Shaping what is being said.
- (iii) **Affect displays :** Shows of emotion.
- (iv) **Regulators :** For controlling the flow of conversation.
- (v) **Adaptors :** Self-oriented tension relievers and other forms.

Significance of Kinesics

Kinesics is important in a number of situations. In a job interview, the proper kinesics can drastically improve an interviewee's chances of being hired, while the wrong kinesics can seriously hamper an otherwise a successful meeting. Some interviewers are trained to detect body language indicative of dishonesty. Police also uses this technique during interrogations. Fortin asserted that the affects of non-verbal communication can be mimicked in print advertising to maximum effect by the strategic use of tools such as italics, colours, font variations and emboldened lettering.

■ 2.3. TIME MANAGEMENT

We all have heard the saying "time is money" and that phrase is essentially true. Unfortunately time doesn't always equal money. Time is continually passing but that doesn't mean you continually making money, this depends on how you manage your time and what you do with

Time management is a broad subject taking control over many different areas, from day to day actions to our long term goals.

Time management refers to increase in productivity, effectiveness and efficiency.

Time management is a set of skills and use tools and techniques to aid you when accomplishing tasks, projects or are working towards goals and deadlines.

Time management is about effective scheduling of time, goal setting, prioritizing and choosing what to do and what not to do, delegating tasks, analyzing and reviewing spent time, organizing workspace, keeping concentration and focus at work, motivating self to work towards a goal.

■ 2.3.1. Importance of Time Management

Time management is not optional. It is something that everyone who wants to work virtually, practices time management to some degree ; the question is how well they do it and how it affects what they do. Time management must be seen as synonymous with self management ; it demands discipline, but discipline is reinforced by habit. Here are eight reasons, which explains why time management is important :

1. Time is limited. Everyone gets the same amount of time each day and it's limited, therefore, it's important to manage the most of the time effectively, if someone wants to be more than average at the workplace.

2. Accomplish more with less effort. By taking control of time, one can able to stay focused on the task at hand. This leads to higher efficiency.

3. Make better decisions. There are many choices in life and often-times we are faced with many choices to choose from at the same time. When practicing good time management, we have more time to breathe ; this allows to determine which choices are the best to make. When we feel pressed for time and have to make a decision, we are more likely to jump to conclusions and not fully consider the different options ; this leads to poor decision making.

4. Be more successful. Time management is the key to success ; it allows to take control of life rather than follow the flow of others. One can accomplish more, make better decisions and work more efficiently ; this leads to a more successful life.

5. Learn more. When one can control time and work more efficiently, he will be able to learn more and increase his experience faster. This the reason why some students graduate earlier than others.

6. Reduce stress. One of the main causes of stress is due to people feeling rushed. The phrase "I have so much to do and so little time to do it" is generally spoken with frustration, which leads to stress. With good time management, one knows how much time he has, how long it will take to get his task done, he accomplishes more and has more free time. This gives him more breathing room, which reduces the feeling of being rushed, which in turn leads to less frustration and stress.

7. Higher quality work. We all need some free time to relax and unwind but, unfortunately, many of us do not get much free time because we are too busy trying to keep up with our daily activities and work load. By implementing time management skills, we are able to get more done in a shorter period of time leading to more free time.

8. Creates discipline. Time management leads to higher productivity and leads to a disciplined life.

Time itself cannot be managed. It is constant and it always goes forward, never backwards. Everyone has the same amount of time in a day. Therefore, if you are managing time, you are not trying to manipulate time, you are trying to make the best use of your time.

■ 2.3.2. Seven Suggestions for Effectively Managing Your Time

1. Be Organized

- (i) Use time saving tools : appointment calendars, "to do" lists, e-mail, answering machines, file folders, etc.
- (ii) Have an organized workplace (don't waste time constantly looking for your work).
- (iii) Use "to do" lists for both long-term and for each day/week.

2. Plan Ahead (Schedule it and it will happen !)

- (i) Determine how long your tasks will take.
- (ii) Consider whether any activities can be combined.
- (iii) Determine if big tasks can be broken down into smaller tasks that may be easier to.

3. Prioritize Your Tasks

- (i) Use an A-B-C rating system for items on "to do" lists, with A item being given the highest priority.
- (ii) Set goals for both the short term and long term, as to what you want to accomplish.
- (iii) Look at "to do" to gauge the time requirement and whether additional resources will be needed to accomplish them (if yes, schedule time to obtain those resources). Don't postpone the small tasks (a sense of accomplishment is good and overlooked small tasks can become larger tasks).

4. Avoid Overload

- (i) Include time for rest, relaxation, sleep, eating, exercise and socializing in your schedule.
- (ii) Take short breaks during study and work periods.
- (iii) Don't put everything off until the last minute (for example, don't cram for exams).

5. Practice Effective Study Techniques

- (i) Have an appropriate environment.
- (ii) Split large tasks into more manageable tasks.
- (iii) Do the most difficult work first, perhaps breaking it up with some easier tasks.
- (iv) Don't wait until the last minute to complete your projects.

6. Be Able to be Flexible

- (i) The unexpected happenings (sickness, car troubles, etc.) ; need to be able to fit it into schedule.
- (ii) Know how to rearrange schedule when necessary.
- (iii) Know whom to ask for help when needed.

7. Have a Vision (why are you doing all of this ?)

- (i) Don't forget the "big picture" – why are you doing the task - is it important to your long-term personal goals ?
- (ii) Have and follow a personal mission statement (personal and career).
- (iii) Know what is important to you (What do you value most ?).
- (iv) Have a positive attitude !

■ 2.4. INTELLECTUAL DEVELOPMENT

Intellectual is defined as the ability to think, question and evaluate ; to acquire knowledge ; to process and use information ; to be creative and open to new ideas. These enable one to learn from life experience, make judgement, solve problem and cope with difficulties.

■ 2.4.1. Reading Skills

Reading is a tool of learning. It is the one of the most important skills. It makes a relation between writer and reader.

"The way of increasing the knowledge base is called reading".

"Reading is also a means of communication and of sharing information and ideas".

Readers use variety of reading strategies to assist with decoding (to translate symbols into sounds or visual representation of language) and comprehension.

1. Systematic Reading : The systematic reading method is completed in the following steps :

(a) Survey (Simple View) : This is not actually the reading of whole chapter. It involves reading only the chapter title, sub-titles, italicized terms, boldface type and introductory or summary sections.

(b) Question : Go to the first major heading. Anticipate what will be in that section. Using the interrogatives who, what, where, when and why, turn heading into a question. Then, write the question down.

(c) Read : Read the chapter section by section for the purpose of answering the question.

There are different types of reading skills.

(i) Skimming : Reading rapidly for the main points.

(ii) Scanning : Reading rapidly to find a specific piece of information.

(iii) Extensive Reading : Reading a longer text, often for pleasure with emphasis on overall meaning.

(iv) **Intensive Reading** : Reading a short text for detailed information.

(d) **Record** : In the reader's own words and without looking at the text, write down very short cue phrases. Think about the meaning, making certain what you write is noteworthy. Use key words, key phrases or numbering systems for parts of your answer.

(e) **Recite** : Cover your answer and recite it from memory.

(f) **Repeat** : Repeat steps 2, 3, 4 and 5 for each section in the entire chapter.

(g) **Review** : Recite all answers from memory. If you can't recite all of the answers from memory, keep studying until you can. Then, go to question number two.

2. Skimming : Skimming is a method used to quickly gather the most important information or gist. An individual that is skimming is not actually reading the material very carefully. It is just searching for the main idea of each paragraph. It is not essential to understand each word, when skimming.

Examples of skimming :

- (a) The newspaper (quickly to get the general news of the day).
- (b) Magazines (quickly to discover which articles you would like to read in more detail).
- (c) Business and travel brochures (quickly to get information).

3. Scanning : Scanning is a method used to find a particular piece of information. Scanning is not reading the material, it is just searching the material for a particular information quickly. Use scanning on schedules, meeting plans etc. in order to find the specific details that are required.

Examples of scanning :

- (a) "What's on TV" section of the newspaper.
- (b) Train/Airplane schedule.
- (c) A conference guide.

4. Extensive Reading : Extensive reading is used to obtain a general understanding of a subject and includes reading longer texts for pleasure, as well as business books. Use extensive reading skills to improve your general knowledge of business procedures.

Examples of extensive reading :

- (a) The latest marketing strategy book.
- (b) A novel you read before going to bed.
- (c) Magazine articles that interest you.

5. Intensive Reading : Intensive reading is used on shorter texts in order to extract specific information. It includes very close and accurate reading for details. Use intensive reading skills to grasp the details of a specific situation. In this case, it is important that you understand each word, number or fact.

Examples of intensive reading :

- (a) A book-keeping report.
- (b) An insurance claim.
- (c) A contract.

■ 2.4.2. Speaking Skills

Tarigan (1990) defines that speaking is a language skill that is developed in the life, which is produced by listening skill and at that period speaking skill is learned. It has an important role in communication. In carrying out speaking, students face some difficulties one of them is about language itself. Infact, most of the students get difficulties to speak, even though they have a lot of vocabularies and have written them well. The problems are afraid for students to make mistakes. Speaking is the productive skill. It could not be separated from listening. When we speak we produce the text and it should be meaningful.

The Importance of Speaking Skills

A person who communicates well and has good speaking skills does not necessarily use big words and elaborate jargon. In fact those things can serve to turn a listener off. They feel inadequate and frustrated if someone is using fancy language.

1. Communicating, to whatever size of audience, requires the speaker to encourage people to listen, engage, take on board what is being said and process that information with a view to do something with it. People will only listen if they feel that the speaker is talking to them, interested in them, is speaking their language. Using the type of language they feel comfortable with, is the key.
2. Giving something away is important. Giving them insights, an advantage, information is an important part of speaking skills. Establishing what the audience wants to hear is crucial.
3. Encouraging people to communicate back is equally important. Good speaking skills are about encouraging people to share, to give information that will enable the relationship to progress. If only one person speaks it is a one-way exchange. In a smaller environment it is often important to have feedback so that the conversation progresses in a satisfactory manner.
4. Humour is a good tool in speaking skills. It keeps the situation light and helps everyone relax a little. Also, not being too perfect in delivery can be a skill. If someone seems very polished and smooth he seems to be removed from audience. But if he seems to be unpolished he can be regarded as unprofessional and disrespectful. Getting the balance right is a skill in itself.
5. The use of inclusive language is important. Talking about 'us' and 'our' rather than giving instructions and directives demonstrates respect and teamwork.
6. Demonstrating interest in the listener is key. A good salesperson will talk to a potential customer first to establish what he is looking for. Building a connection with customer enables

a relationship to be established to offer alternatives, discuss requirements in more detail and begin to trust each other.

Speaking skills are important whether it be communicating one on one or to a larger audience. Building rapport, a connection with the audience allows them to feel part of the relationship, valued and considered. When that occurs they engage and respond, it allows positive two-way communication to begin to develop.

■ 2.4.3. Listening Skills

People probably spend more time in listening than any other kind of skill. Like other skills, listening takes practice. Listening is so important that many top employers provide listening skills training to their employees. This is not surprising when you consider that good listening skills can lead to better customer satisfaction, greater productivity with fewer mistakes, increased sharing of information that in turn can lead to more creative and innovative work. Many successful leaders and entrepreneurs credit their success to effective listening skills.

What does listening means ?

Real listening is an active process that has three basic steps :

- (a) Hearing
- (b) Understanding
- (c) Judging.

(a) Hearing : Hearing means listening enough to catch what the speaker is saying. For example, listening a report on leopards and the speaker mentioned that no two are alike.

(b) Understanding : The next part of listening happens when you take what you have heard and understand it in your own way. Let's go back to that report on leopards. When you hear that no two are alike, think about what that might mean. You might think, "Maybe this means that the pattern of stripes is different for each leopard."

(c) Judging : After you are sure you understand what the speaker has said, think about whether it makes sense. Do you believe what you have heard ? You might think, "How could the stripes be different for every leopard ? But then again, the fingerprints are different for every person. I think this seems believable."

Tips for being a Good Listener

- (a) Give your full attention on the person who is speaking. Don't look out and in the room.
- (b) Make sure listeners mind is focused, too. It can be easy to let the mind wander, if listener thinks that he knows what the person is going to say next, but he might be wrong ! If listener feels his mind wandering, change the position of the body and try to concentrate on the speaker's words.
- (c) Let the speaker finish before you begin to talk. Speakers appreciate having the chance to say everything they would like to say without being interrupted.

- (d) Listen for main ideas. The main ideas are the most important points the speaker wants to get across. They may be mentioned at the start or end of a talk and repeated a number of times. Pay special attention to statements that begin with phrases such as "My point is" or "The thing to remember is".
- (e) Ask questions. If you are not sure you understand what the speaker has said, just ask. It is a good idea to repeat in your own words what the speaker said, so that you can be sure your understanding is correct.
- (f) Give feedback. Sit up straight and look directly at the speaker. Now and then, nod to show that you understand. At appropriate points you may also smile, laugh or be silent. These are all ways to let the speaker know that you are really listening.

Note Taking : It is the practice of writing pieces of information, often in an informal or unstructured manner. One major specific type of note taking is the practice of writing in shorthand, which can allow large amounts of information to be put on paper very quickly. Notes are frequently written in notebooks, though any available piece of paper can suffice in many circumstances. Note taking is an important skill for students, especially at the college level. Computers, particularly tablet PCs and personal digital assistants (PDAs) are used as note taking devices.

Importance of Note Taking

Taking notes will help you to extend your attention. When reading or listening, your mind may tend to wander off. Taking notes helps to keep focussed on your subject area and to the task at hand.

Taking notes will help you to remember what you have heard or read and learn more effectively when we use multiple senses and multiple activities. When note taking, we are using listening and writing skills and also using our brain and muscles. Also, by writing down notes or reading material into your own words and into a format that you are more likely to understand when review the notes. The notes you produce are your own work and are a visible reminder of the effort you have put into the course.

Note taking helps you to organise the ideas you are learning about. Good notes should arrange topics into easy-to-review chunks of information that are clear and well referenced. This is important if you are using your notes to review for an examination or for as a starting point in an assignment.

Important Tips

- (a) When reading or listening do not write out notes, word for word. Notes should not be an exact copy of the lecture or reading. They should be a summary of the main ideas.
- (b) Use shortcuts which are understandable and that will make the writing process quicker.

Abbreviations ('e.g.' instead of for example), symbols ('=' instead of equal) and drawings can sometimes help to take notes more quickly.

- (c) Use font, colour and size to draw attention to important points.
- (d) When making notes, print clearly where possible. If handwriting is poor, use a word process or when reviewing notes, leaving spaces for handwritten diagrams and mind maps.
- (e) Be critical of the material that we are listening or reading.

■ 2.4.4. Writing Skills

Writing is the representation of language in a textual medium through the use of a set of signs or symbols.

The art of explaining ideas, thoughts, feelings on a plain paper is called writing.

It is distinguished from illustration, such as cave drawing and painting and the recording of language via a non-textual medium such as magnetic tape audio.

Difference between Writing and Speech

S. No.	Writing	Speech
1.	It is permanent.	It is transient.
2.	It can be used to communicate across time.	It is used for immediate interactions.
3.	It receives no immediate feedback.	It receives immediate feedback.
4.	Punctuation, headings layout, colour in their written text.	Punctuation, headings layout and colour are not available in speech.
5.	Written material can be read repeatedly.	Written material cannot be used repeatedly.

Writing Process

There are five steps of writing process as discussed below :

- (a) Prewriting
- (b) Drafting
- (c) Revising
- (d) Editing
- (e) Publishing.

(a) **Pre-write** : Before starting the pre-write it is important that students should know what exactly you will be looking for when assessing their writing. For this reason, it is better to use self assessment before you even begin writing the pre-write.

When students complete a pre-write they are simply preparing a plan-of-action before actually writing a draft. Pre-writes can be basic or they can be complex. The amount of detail required is upto that person who is writing and will depend on the type of writing.

It should be clear that there is no need for pre-writes to be perfect and they are plans that can be changed. Pre-writes assist writers in organizing and planning a piece of writing. They do not have to contain perfect grammar (that is for the final draft) and should be viewed as a tool for improvement.

One should take this part of the writing process seriously. As always, be sure to model what you expect from your students. One should have clear idea of pre-writing if you want to be successful. However, the opposite is also true. With specific guidelines and expectations, you can flourish.

(b) Rough Draft : It is probably the easiest step to study, because it is the step with which you are most familiar. You have been writing rough drafts since you were in kindergarten ; the problem is that many of them have only been writing rough drafts. They have not been pre-writing, revising and editing. That is where your challenges will lie.

Make drafts, take suggestions from here and there, but be positive, revise and edit it. When you start your rough drafts, make sure to use your pre-writes to improve writing.

Rough drafts are not used for perfection. You are simply making sure the pre-write was followed, the amount of work required was finished.

Given below are some important points to remember, while writing rough draft.

- (i) Gather all the materials that you will need. Collect all the notes, books and partial drafts. Set out your word processor or pens that work and plenty of paper. Other valuable items ; a dictionary and/or a thesaurus, a stylebook, a grammar book.
- (ii) Set aside a substantial period of time *i.e.*, 2 or 3 hours to get started and take your phone off.
- (iii) Develop the notes. Read over your notes, lay them aside and write one or two paragraphs in your own words explaining the main point, the essential message you have learned and are trying to communicate. This may become your introduction or conclusion.
- (iv) Make an outline. The outline may be a list of topics, of sentences or of questions you intend to answer. Put in a group similar ideas ; consider in what order you want to present it to the reader. Then, arrange all your notes in order according to this outline.
- (v) Pause and relax for a moment. Visualize the reader in your mind's eye : a professor, a fellow classmate, one person to whom you are addressing the ideas. Imagine his or her culture and life style, vocabulary and knowledge of your topic. Imagine that he or she is friendly towards your ideas but does not want to be bored. As you write and speak to the person.

- (vi) **Tell your story quickly :** Don't feel you have to start with introduction. Pick up the first one or two note cards and read them. Speak naturally and honestly in your own words through your computer or pen. Write quickly, using whatever words come easily to you. Don't worry about grammar or spelling or finding a "best" word. Don't try to impress. Don't censor your thoughts. Just be yourself on paper. If you get stuck, stop and take a break. Consider talking your ideas into a tape recorder if that is easier for you and then transcribing them. You might ask a friend to listen your ideas and write them down as you talk.
- (vii) Work for short periods of time. Finish a paragraph or section, then **take a break** and relax for a few minutes. Give yourself credit for what you are accomplishing.
- (viii) **Include all your ideas** and information in this first draft. If some of it is irrelevant, remove it later.
- (ix) **Double or triple space**, whether typing or handwriting, so always have room to make changes later and whatever else you assigned was completed.

(c) **Revise :** It is critical evaluation of a text, events and objects. It is the most important part of writing process like pulling teeth. Revision is totally necessary and arguably. There is no definite method of revision. Some critical thinking is necessary before beginning revision.

Remember though, that revising is not the same as editing. In revision, you are looking for way to improve wording and sentence structure. In editing, you are simply correcting grammar mistakes.

If you have time, you may want to break-up the revision process into a few days. One day you can work on your vocabulary. For example, getting rid of the word "very" and replacing it with a better word or just dropping it altogether. Another day, you can add introductory phrases to some of the sentences. It is upto you what is required. Just be specific. If you require introductory phrases, use in each paragraph. The more specific you are the more successful you will be, because you know what is expected.

(d) **Edit :** By this point, pre-writes and rough draft have been completed and revision has been made. They are now at the last step in the process. They are ready to edit.

Many people get this step confused with revision. Both are done after the rough draft has been written and both involve checking the draft for errors and seeing what corrections can be made to improve the draft. The difference is that editing is only about grammar, punctuation and spelling. Everything else is done.

Just like with revision, it is important to be very specific when editing. It may help to give a checklist of items to look for. Like revision, editing can be broken up into a few days. This will not only allow you to spend more time on a specific skill, it will also keep you engaged.

Editing is a great time to learn mini-lessons related to grammar, punctuation and spelling. A mini-lesson is a 5 - 10 minutes lesson that teaches one specific skill.

It is found that editing is a great time to learn sentence structure. Many students write in a short and choppy manner. During editing, you can learn a mini-lesson about complex and compound sentences and require you to go back into papers and add at least one of each type of sentence. As with revision, the best way to learn grammar lessons is by modeling.

(e) Final Draft : The fifth and final stage of the writing process. If you typed the rough drafts, which is recommended due to all the revisions and editing, it is now time to go back and retype them, adding all the changes and corrections that have been made.

After you retype the matter, make sure to use spell check to catch any spelling errors which may have been accidentally missed. Then, reread the matter before printing. It saves paper and ink. Proofreading the paper to catch mistakes is also used that you may have missed in your own writing. This really depends on the age and skill level of the students.

There is one more step that you may choose to take, depending on the amount of time available, share matter with the class. This can be very time consuming. So, one way around it is to have pick their best sentences or paragraphs and share those instead of whole matter.

■ 2.4.5. Critical Thinking and Problem Solving

Concept and Definitions

Everyone experiences problems from time to time. Some of our problems are big and complicated, while others may be more easily solved. There is no shortage of challenges and issues that can arise on the job. Whether in an office or on a construction site, experiencing difficulties with the tasks at hand or with co-workers, the workplace presents ongoing challenges on a daily basis. Whether these problems are large or small, they need to be dealt constructively and fairly. Having the necessary skills to identify solutions to problems is one of the skills, that employers look for in employees.

“Problem solving and critical thinking refers to the ability to use knowledge, facts and data to effectively solve problems. This doesn’t mean to have an immediate answer, it means to be able to think on your feet, assess problems and find solutions. The ability to develop a well thought out solution within a reasonable time frame, however, is a skill that employers value greatly”.

“The process of actively and skillfully conceptualizing, applying, analyzing, synthesizing and evaluating information to reach an answer or conclusion”.

“Reasonable reflective thinking focused on deciding what to believe or do”.

Steps in Critical Thinking : Critical thinking calls for the ability to :
Recognize problems, to find workable means for meeting those problems

↓
Understand the importance of prioritization and order of precedence in problem solving

↓
Gather relevant information

↓
Recognize unstated assumptions and values

↓
Comprehend and use language with accuracy, clarity and discernment

↓
Interpret data, to appraise evidence and evaluate arguments

↓
Recognize the existence (or non-existence) of logical relationships between propositions

↓
Draw warranted conclusions and generalizations

↓
Put to test the conclusions and generalizations at which one arrives

↓
Reconstruct one's patterns of beliefs on the basis of wider experience

↓
Render accurate judgements about specific things and qualities in everyday life

In sum :

"A persistent effort to examine any belief or supposed form of knowledge in the light of the evidence."

Steps in Problem Solving

An organization needs to define some standards of problem solving, so that leadership can effectively direct others in the research and resolution of issues.

Finding the right problem to solve



Defining the problem



Analyzing the problem



Developing possibilities



Selecting the best solution



Implementing



Evaluating and learning

Approaches of Problem Solving

As problem solving is a key managerial function, attention is focused on performing the function effectively as possible. We may very briefly discuss some of the major approaches, which are available to managers to aid them in problem solving activities. We classify them as traditional and modern approaches for problem solving.

Traditional Approaches for Problem Solving

- (a) Habits
- (b) Standard operating procedures
- (c) Organizational structure.

Modern Approaches for Problem Solving

- (a) Creative approach
- (b) Participative approach
- (c) Heuristic approach.

Traditional Approaches for Problem Solving

(a) **Habits** : When faced with repetitive, routine problems, managers try to solve them through established habits. They are from experience and learning and are internalized or programmed in the form of certain set responses to problem. No conscious thinking is needed for applying the approach of habit for problem solving.

(b) **Standard Operating Procedures** : They are slightly above habits. They are also known as organizational habit pattern. They are in the nature of standing plans to ensure consistency in problem solving. They are more formal and are also amendable for modification, unlike habits.

(c) **Organizational Structure** : Organizational structure is the systematic traditional means for problem solving. It is the web of authority and activity relationships.

Modern Approaches for Problem Solving

(a) **Creative Approach** : Creative thinking is needed for solving novel and non-routine problems. Creativity refers to ability to generate new ways of doing things. Brainstorming is the one of the creative technique, involves use of the brain to find different ideas which can solve a critical problem. It is a group based technique. Members of a group are encouraged to throw up a light on all possible solutions to a problem.

(b) **Participative Approach** : Employee participation in management and problem solving is often hailed as industrial democracy. The participative approach has several possible attributes for problem solving purpose. Involvement of individual and group improves the quality and enhance employee motivation and morale.

(c) **Heuristic Approach** : It is a sophisticated type of trial and error approach to find the solution of complex problems on a step by step basis. It recognizes the reality that complex and strategic problems cannot be too rational and systematic. There is a great possibilities for using computers to employ heuristic technique for solving major strategic problems.

Presentation Skills

Presentation skills are valuable both in personal life and career. Even if you don't regularly engage in public speaking, developing skills in this area will increase the confidence and reduce anxiety. Below are some key skills held by good public speakers :

1. **Be well prepared** : Practice the speech in front of the mirror and keep the little notes with just in case get stuck. After all, it's better to have to look down at paper quickly rather than stand there completely tongue-tied.
2. **Before beginning, breathe deeply** : Take a deep breath. It isn't as hard as it seems.
3. **Organize thoughts and draw a mental picture of what comes after what** : Stuttering occurs if run out of things to say, so it's important to have a mental outline. With the help of practice, someone can remember the order of the topics at home.
4. **Be sure to make a thesis or to have a point** : There is nothing worse than getting nervous about a speech that wasn't worth it.

5. Start the speech by making that point and then give a brief outline of the examples and other evidences that will plan to use to prove the thesis. Sometimes a bit of comedy can help to settle the nerves. Be creative !

6. Slowly, visualize examples and tell them one by one : Don't be afraid to add more examples on the go or add little details, since they make the presentation much more personal. Make sure to walk around a little but not too much, make eye contact with the audience and use facial and hand expressions. Speeches get very boring very fast if you stand in front of people like a deer in headlights.

7. Have fun and be ready to answer questions.

Use of IT Tools for Good and Impressive Presentation

Giving a presentation is a huge and noble responsibility. After all, only presenter can prevent death by powerpoint for the audience. Thankfully, several tips, tools and other resources can help to take presenter slides up a notch and make them more professional. The focusing on powerpoint for most of the add-ins and templates below, simply because that's the most widely used business presentation software, but many of the other principles and tricks here apply to other presentation applications.

Seth Godin's five rules for avoiding really bad PowerPoints are a good guide :

- (a) No more than six words on a slide, Ever. There is no presentation so complex that this rule needs to be broken.
- (b) No bullets. Use a separate slide for each sentence or idea.
- (c) No cheesy images. Use professional stock photo images.
- (d) No dissolves, spins or other transitions.
- (e) Sound effects can be used a few times per presentation, but never use the sound effects that are built into the program.
- (f) Don't hand out print-outs of the slides.

To make your presentation stand out visually, use and choose these carefully.

(a) Fonts : Use your own font instead of the default fonts on the computer. Godin likes this to "dressing better or having a nicer business card. It's subtle, but it works".

(b) Images : Professional quality images, rather than cheesy clipart, will make the presentation stand out.

(c) Diagrams and shapes : Simple graphics and diagrams can illustrate or highlight the information better than text can, but using them effectively can be tricky.

(d) Templates : Even if presenter don't want to use a cookie-cutter approach to the presentation, a template could be a good starting point for later customization. Microsoft offers a collection of PowerPoint templates, many of them professionally designed. Even better, Microsoft's picture and text effects templates (over 150 of them) include bold and captivating slides that combine graphics with simple or animated text, and the instructions for how to create them.

(e) **Add-ins** : PowerPoint Tools offer several, including this starter set, with tools to help you zoom in and out easier, import pictures faster and more (it's an old add-in, but still available). Previously mentioned pptPlex, now part of Microsoft Office Labs, gives the ability to jump directly to specific slides and zoom in and out of slide sections.

(f) **Other presentation helpers/tricks** : Work your presentation like a pro with a few shortcuts. PowerPoint keyboard shortcuts help to create and advance slides with just a few keystrokes.

Techniques of Note Taking

(a) **Cornell Notes** : The Cornell method provides a systematic format for condensing and organizing notes without laborious recopying. After writing the notes in the main space, use the left hand space to label questions or key words based on the notes. The Cornell method requires no rewriting and yet results in systematic notes. 97% of people who actually write notes instead of printing them out are more likely to remember them.

After the notes have been taken, the student writes a brief summary at the bottom of the page. This helps to increase understanding of the topic. When studying for either a test or quiz, study both sections of your notes.

Rule the paper with a 2½ inch margin on the left leaving a six-inch area on the right in which to make notes. During class, take down information in the six-inch area. When the teacher moves to a new point, skip a few lines. After class, complete phrases and sentences as much as possible. For every significant bit of information, write a cue in the left margin.

Advantages :

- (i) Organized and systematic for recording and reviewing notes.
- (ii) Easy format for pulling out major concepts and ideas.
- (iii) Simple and efficient.
- (iv) Saves time and effort.
- (v) "Do-it-right-in-the-first-place system."
- (vi) It can be used in any lecture situation.

(b) Five R's of Note Taking

(i) **Record** : During the lecture, record in the main column as many meaningful facts and ideas as you can. Write legibly.

(ii) **Reduce** : Summarize these ideas and facts concisely in the recall column. Summarizing clarifies meanings and relationships, reinforces continuity and strengthens memory. Also, it is a way of preparing for examinations gradually and well ahead of time.

(iii) **Recite** : Jottings in the recall column as cues or "flags" to help you recall. Write in your own words. Then, uncovering the notes, verify what you have said. This procedure helps to transfer the facts and ideas to your long term memory.

(iv) **Reflect** : Reflective students continually label and index their experiences and ideas, put them into structures, outlines, summaries and frames of reference. They rearrange and file them. They have an eye for the vital for the essential. Unless ideas are placed in categories, unless they are taken up from time to time for re-examination, they will become inert and soon forgotten.

(v) **Review** : If you will spend 10 minutes every week or so in a quick review of these notes, you will retain most of what have been learnt and will be able to use current knowledge more effectively.

(c) **Outlining** : While notes can be written freely, many people structure their writing in an outline. A common system consists of headings that use Roman numerals, letters of the alphabet and the common Arabic numeral system at different levels.

Advantages :

- (i) Well organized system if done right. Outlining records content as well as relationships.
- (ii) It also reduces editing and is easy to review by turning main points into questions.

Disadvantages :

- (i) Requires more thought in class for accurate organization.
- (ii) This system may not show relationships by sequence when needed.
- (iii) This system cannot be used if the lecture is too fast.

(d) **'SQ3R'** : 'SQ3R' approach to reading and note taking from text suggests that students should use the following activities in order to get the most from a reading in the most efficient way.

(i) **Survey** : Flip through the chapter or book and note the layout, first and last chapters or paragraphs, look at the headings used, familiarise with the reading.

(ii) **Question** : Think about the questions that you will need to keep in mind, while reading. Think about whether or not you think the book is relevant or it suits the purpose of your study or not.

(iii) **Read** : Read actively but quickly, looking for the main points of the reading—don't take any notes, that you might want to read through twice quickly.

(iv) **Recall** : Write down the main points of the reading and any really important facts and opinions that help to support the main points. Also, record the bibliographic details.

(v) **Review** : Repeat the first three steps over and make sure that you haven't missed anything. At this point finalise and reread notes or write down how the material relates to your question or task.

(e) **The Mapping Method** : Mapping is a method that uses comprehension/concentration skills and evolves in a note taking form which relates each fact or idea to every other fact or idea. Mapping is a graphic representation of the content of a lecture. It is a method that maximizes active participation, affords immediate knowledge as to its understanding and emphasizes critical thinking.

Advantages :

- (i) This format helps to visually track the lecture regardless of conditions.
- (ii) Little thinking is needed and relationships can easily be seen.
- (iii) It is also easy to edit the notes by adding numbers, marks and colour coding.
- (iv) Review will call for you to restructure thought processes which will force you to check understanding.
- (v) Review by covering lines for memory drill and relationships.
- (vi) Main points can be written on flash or note cards and pieced together into a table or larger structure at a later date.
- (vii) Use when the lecture content is heavy and well organized.
- (viii) May also be used effectively when you have a guest lecturer and have no idea how the lecture is going to be presented.

Disadvantage : Not making changes in content from major points to facts.

(f) The Charting Method : If the lecture format is distinct (such as chronological), you may set up the paper by drawing columns and labelling appropriate headings in a table.

Determine the categories to be covered in lecture. Set up the paper in advance by columns headed by these categories. As you listen to the lecture, record information (words, phrases, main ideas, etc.) into the appropriate category.

Test will focus on both facts and relationships. Content is heavy and presented fast. If you want to reduce the amount of time you spent on editing and reviewing at test time, get an overview of the whole course on one big paper sequence.

Advantages :

- (i) Helps you track conversation and dialogues where you would normally be confused and lose out on relevant content.
- (ii) Reduces amount of necessary writing.
- (iii) Provides easy review mechanism for both memorization of facts and study of comparisons and relationships.

Disadvantage : One must be able to understand what's happening in the lecture.

(g) The 2 - 6 Method : The 2 - 6 refers to the way to divide the space on the notepaper. Make two columns, use the red line on the left of the page as border. Then, when you take notes in class, use the 6 column for the notes and the smaller 2 column on the left as a highlighting system. Write main headings and important points on the left, including material you think will be tested on. When you are finished, you should have a comprehensive page of information that you can quickly scan for important points.

(h) Split Page Method : Class lectures and your textbook—they are the primary sources of course content and you need to learn both. So, combine them with the split page method of taking notes. Just divide your notebook page in half lengthwise. Draw a line down the middle of the page. Take class notes on one side of the page and outline the text on the other side. When you study you'll have both. Class notes and text together, integrated.

(i) Group Notes : Form a group with some of your classmates, concentrate on what is being said in class. You might want to note down a few particularly important points, but mostly try to participate in class. Ask questions when you can't understand the point the teacher is trying to get across. After class you can photocopy the notes from your classmate.

■ 2.5. PSYCHOLOGICAL MANAGEMENT

■ 2.5.1. Stress

Although stress has been defined in many ways, a common ground of most definitions is that stress is caused by a stimulus, that the stimulus can be either physical or psychological and that individual respond to the stimulus in some way. Here, then we define stress as a person's adaptive response to a stimulus that places excessive psychological or physical demands on that person. That is, a stressor is anything that induces stress. Some of us can tolerate a great deal of stress, while others can handle much less, but everyone has a basic threshold at which stress starts to affect us. The first stage is called alarm. At this point, the person may feel some degree of panic. For example, suppose a manager is assigned a lengthy report to write overnight. His first reaction may be, "How will I ever get this done by tomorrow?" If the stressor is too extreme, the person may simply be unable to cope with it at first. In most cases, however, the individual gathers his or her strength (physical or emotional) and resists the negative effects of the stressor.

According to Cooper

"Everything that deprives the person of purpose and zest, that leaves him with negative feelings about himself, with anxieties, tensions, a sense of lostness, emptiness and futility."

Types of stresses

Stress is highly individualistic in nature. It varies from person to person. Some people have high tolerance for stress and some people have low tolerance of stress and it creates problem if there routine was interfared with undesirable factors. Stress can be broadly divided into two types :

(a) Positive stress (Eustress)

(b) Negative stress (Distress).

(a) Positive Stress (Eustress) : Receiving a bonus and then having to decide what to do with the money can be stressful. So, too can getting a promotion, gaining recognition, getting married and similar "good" things. This type of stress is called Eustress.

(b) Negative Stress (Distress) : There is also a negative stress, called distress, this is what most people think of when they hear the word stress. Excessive pressure, unreasonable demands on our time, bad news, so on and so forth, all fall into this category.

Stressor can be either positive or negative. It can motivate and stimulate us or it can lead to any number of dangerous side effects.

Symptoms of Stress

The symptoms of stress are many and varied, such as :

- (i) Irritability
- (ii) Headaches
- (iii) Illness (particularly at weekends or during holidays)
- (iv) Insomnia
- (v) Tiredness/lethargy
- (vi) And many more

Sometimes, you can be experiencing stress but without any effect on mind and body. In such cases the symptoms might be more subtle and therefore, difficult to recognise, such as :

- (i) Working endlessly without tiring
- (ii) Little feeling or emotion (except the occasional outburst of anger)
- (iii) Increased use of alcohol, caffeine, cigarettes or other drugs (which may suppress feelings of stress)
- (iv) Behaviour that is 'out of character'
- (v) An inability to relax.

If you are under a lot of stress for a prolonged period of time, but do not feel stressed, eventually it may catch up with you and cause more serious symptoms, such as :

- (i) Stomach ulcers
- (ii) Heart problems
- (iii) Minor illness (allergies, skin disorders, migraine)
- (iv) Serious illness (*e.g.*, arthritis, cancer, diabetes)
- (v) Mental problems (*e.g.*, depression).

Effects of Stress

Most people experience a significant period of stress or depression during their lives. To feel stressed at various times is to be normal. If you think the stress may be excessive and you need help, then consult a suitably qualified professional (such as your doctor or a counsellor).

The impact of excessive stress on teamwork is also harmful and it can damage :

- (i) Individual's work performance
- (ii) Team performance

- (iii) Working relationships
- (iv) Co-operation between team members
- (v) Team spirit.

Causes of Stress

There are six main prospectives on the causes of stress. These are given below :

(a) Biological : The causes of some stresses lie in the biological make up of the body or the interaction of body with the food, we eat or environment we live in. Some examples of the biological causes of stress include :

- (i) Lack of fitness.
- (ii) Poor diet (*e.g.*, deficiency of vitamins ; too much caffeine).
- (iii) Allergic reaction to chemicals in food.
- (iv) Genetic disorder resulting in chemical imbalances in the body.
- (v) Changes in bodily functions, such as pregnancy, puberty, menopause, PMT or ageing.

(b) Social/Cultural : Stress can be caused by a whole range of social and cultural pressures, such as :

- (i) Change of social circumstances (*e.g.*, moving job, marriage, holidays).
- (ii) Pressure to conform to social or employment patterns of behaviour, especially where these behaviours are not the preferred behaviours of the individual (*e.g.*, demands on an introvert to behave in an extrovert manner).
- (iii) Conflict in relationships or an absence of praise and being valued by others.
- (iv) Lack of support, time to be listened to and time for relaxation.
- (v) Having a high pressure job, being unemployed or only having a small range of social circumstances (*e.g.*, rarely leaving the house, few hobbies).

(c) Psychodynamic : The term 'psychodynamic' refers to subconscious thoughts and feelings, which often arise from childhood experiences. Examples of psychodynamic causes of stress include :

- (i) Inner conflicts that have not been addressed, but repressed.
- (ii) Encountering situations that evoke stressful feelings that were experienced in childhood.
- (iii) Expanding effort to maintain defences in situations that threaten self esteem.
- (iv) Lack of self awareness.
- (v) Increasing self awareness and personal growth.

(d) Rational : The rational processes in our minds constantly interpret and evaluate the world around. Events can be interpreted in many ways and the way in which this is done can

influence the level of stress that is felt. Some examples of rational causes of stress include :

- (i) Perceiving the consequences of actions as being dangerous or threatening. These perceptions may or may not be accurate *i.e.*, the stress might be beneficial, in preparing for a real danger or harmful, in creating unnecessary stress.
- (ii) Having an inaccurate perception of self.
- (iii) Believing one is capable of achieving far too much-setting standards and expectations too high (and therefore, falling short of them).
- (iv) Misinterpreting the actions of others, so as to discount the love and support that is given.
- (v) Not having the skill or knowledge to cope with certain situations, such as not having a rational approach to problem solving or conflict resolution and therefore, being unable to cope with problems as they arise.

(e) Experiential : The way in which each individual experiences each snapshot in time, even in very similar situations, is very different. One person may find a situation highly stressful, whilst another may find it stimulating or enjoyable—every reaction is unique. There may be many instant pressures that cause an individual to experience stress, such as :

- (i) Too many simultaneous demands from different people.
- (ii) Environmental stress, such as noise, cramped conditions or cluttered surroundings.
- (iii) Needs that are being unmet or frustrated.
- (iv) The appearance of a threat to survival, self esteem or identity.
- (v) Change in patterns of eating, sleeping, time zone, relationships etc.

(f) Spiritual : The need for individual spiritual development has long been recognised by religion. It is only during the last 30 years that psychology has acknowledged the existence of a spiritual side to the individual. Some spiritual causes of stress include :

- (i) Lack of spiritual development.
- (ii) An absence of truth (*e.g.*, self deception and deception of others).
- (iii) The lack of a sense of personal agency *i.e.*, that one can influence events or the failure to recognise and exercise choice.
- (iv) Absence of a relationship with God and lack of forgiveness.

► 2.5.1.1. TECHNIQUES TO MANAGE STRESS

Stress management is an important part of daily living for everyone. We all need stress in order to survive. Teams need it to perform well and in the right doses, it can be very healthy or even enjoyable.

Stress management involves, at the simplest level :

1. Recognising the symptoms of stress.

2. Identifying the causes.
3. Taking action to address the causes and thereby reduce the symptoms.
4. Where necessary, taking interim steps to relieve the symptoms until the underlying causes have been addressed.

It is important to recognise and address the underlying causes of stress or else the experience of stress will never go away. For example, suppose 'overwork' is causing stress, which is resulting in headache. If you only address the symptoms (*e.g.*, by taking pain killer to reduce the headache), the stress remains and the headache will return. However, if restructuring the work demands. One cannot be overworked, the headache will then disappear without the need for pain killer.

Employees can decrease stress by directly changing their own work habits or the work environments they are in. One can successfully manage stress by identifying stressful events and learning how to control them. Incorporate tension-relieving techniques into your daily routine with the following strategies.

1. Role Clarification : Probably the most direct way in which individuals can cope with stress is by trying to clarify the role expectations of others. If employees feel their job assignments are unclear, they can ask their supervisors for clarification of what is expected.

2. Time Management : Another way of coping with stress is to manage time more effectively. For example, managers often waste time by answering all calls and letters as they come in. Instead, they could put off unimportant activities until slack periods and try to do their most important work in the morning, when they are feeling fresh.

Making priorities and managing your time wisely may help to reduce stress throughout the day. Try these techniques to set priorities and help to manage time better :

- (i) Ask yourself what's important.
- (ii) Identify what doesn't really matter.
- (iii) Write down daily tasks and cross them off the list when completed.
- (iv) Learn to say "no" sometimes.
- (v) Complete tougher tasks when you have the most energy or when you have help.

3. Delegation : A third way of coping with stress is to delegate some responsibilities to others. Managers can let sub-ordinates gather some of the data they need or represent them at some meetings. Secretaries can take care of many of the bureaucratic details, managers don't need to attend personally.

4. Co-operative Work Strategies : Sometimes an effective way of dealing with too much work is to co-operate with other people in the same situation. For instance, in preparing major reports, dividing the work and sharing information can help employees complete their projects faster and with much less effort. However, more often than not, people will realize it is in their own best interest to share the load and will co-operate enthusiastically.

5. Reduced Perfectionism : One of the biggest sources of stress in people lives is the attempt to live upto the impossible standards they set for themselves. People expect themselves to perform consistently at high levels, even when they are trying to get too much done in too little time. Learning to live with a little less is not compromising standards. It is dealing with the job more realistically. Know your limits and stick to them. Whether in your personal or professional life, refuse to accept added responsibilities when you are close to reaching them. Taking on more than you can handle is a surefire recipe for stress.

6. Increased Social Support : A very effective way of coping with stress is to seek out social support from others. When people feel stressed, it helps to have friends and colleagues who are supportive. Friends can provide an outlet for blowing off steam ; they can support lagging self confidence or self esteem ; they can be confided in about personal and work-related problems. If someone consistently causes stress in your life and you can't turn the relationship around, limit the amount of time you spend with that person or end the relationship entirely.

7. Relaxation Techniques : Relaxation techniques are another type of emotion-focused coping device. Some researchers have found that people experience a "relaxation response" if : (i) they are in a quiet environment ; (ii) they close their eyes ; (iii) they get into a comfortable position and (iv) they keep on repeating a simple sound to block out work related thoughts. While, the research in this area is still relatively new and sketchy, there is some evidence that such a "relaxation response" can decrease muscle tension, heart rate, blood pressure and rate of breathing.

8. Health Maintenance : Researchers in the area of stress have advocated increased health maintenance for those in high stress jobs. Proper diet, proper exercise and enough sleep can keep the body in better shape for dealing with stress. When employees are tired and run down, they are much more likely to let their jobs get on their nerves. They eat too much junk food, drink coffee to keep them going and consider walking to the vending machine as sufficient exercise. People are much more likely to get physically sick or emotionally depressed if they are out of shape, over tired or poorly nourished.

9. Alter the Situation : If you can't avoid a stressful situation, try to alter it. Figure out what you can do to change things so the problem is avoided in the future.

10. Accept the things you can't change : Some sources of stress are unavoidable. You can't prevent or change stressors such as the death of a loved one, a serious illness or national recession. In such cases, the best way to cope with stress is to accept things as they are. Acceptance may be difficult, but in the long run, it's easier than railing against a situation that can't change.

(i) Don't try to control the uncontrollable : Many things in life are beyond our control—particularly the behaviour of other people. Rather than stressing out over them, focus on the things you can control, such as the way you choose to react to problems.

(ii) **Learn to forgive** : Accept the fact that we live in an imperfect world and that people make mistakes. Let go of anger and resentments. Free yourself from negative energy by forgiving and moving on.

■ 2.5.2. Emotions

The word "Emotion" is derived from the Latin word "Emovere". Where, *e*-means 'out' and *movere* means 'move'.

An emotion is a mental and physiological state associated with a wide variety of feelings, thoughts and behaviour, our emotions control how we feel, our behaviours, thoughts and affect our bodies. Emotions are the feelings that are experienced from the interpretation.

Types of Emotions

Researchers on emotions mostly agree on the existence of **two types of human emotions** :

1. Primary emotions
2. Secondary emotions.

Primary human emotion is the one triggered in response to an event, for example, anger.

Secondary human emotions are the group of emotions that follow that type of emotion. If we experience fear, the secondary emotions would be : feel threatened or feel anger, depending on the situation we are experiencing.

William James for example considers primary human emotions types such as love, fear, grief and rage. On the other hand Robert Plutchik considers types of human emotions such as fear, anger, disgust, sadness, surprise, acceptance and joy in this category.

List of Human Emotions

List of negative human emotions :

- | | |
|-----------------|---------------|
| 1. Fear | 2. Anger |
| 3. Guilt | 4. Depression |
| 5. Pride | 6. Jealousy |
| 7. Self-pity | 8. Anxiety |
| 9. Resentment | 10. Envy |
| 11. Frustration | 12. Shame |
| 13. Denial | 14. Offended |
| 15. Negative | 16. Regret |
| 17. Resentful | 18. Sad |
| 19. Worried | 20. Grief. |

List of positive human emotions :

- | | |
|------------------|-----------------|
| 1. Love | 2. Appreciation |
| 3. Happiness | 4. Hope |
| 5. Enthusiasm | 6. Vitality |
| 7. Confidence | 8. Gratitude |
| 9. Patient | 10. Trust |
| 11. Vulnerable | 12. Optimistic |
| 13. Appreciative | 14. Ashamed |
| 15. Astonished. | |

► 2.5.2.1. TECHNIQUES TO MANAGE EMOTIONS

The following techniques were used to manage emotions :

(a) Use Humour : You have heard that humour is the best medicine. You have undoubtedly experienced humour's decent effects on such negative emotions as anger, depression, sadness and anxiety. There's actually a scientific explanation for this phenomenon. Laughter, a byproduct of humour, stimulates the release of protein substances called endorphins. As the level of endorphins in the brain increases, the perception of pain-whether physical or emotional decreases. Essentially, laughter causes the body to produce its own pain killer.

(b) Redirect Your Emotional Energy : As you experience an intense emotional, energy is being expanded. You tend to tense muscles and move your body more. Your circulatory and respiratory systems work much faster. Your mind goes at a quicker pace, with those automatic thoughts.

(c) Take Time Out : In the same way that relaxation techniques can calm down your excitement level, taking a break from an emotionally difficult situation can slow down your emotional responses. Sometimes the time out can be almost momentary : You take three deep breaths before responding to your angry boss. A brief time-out gives you the moment you need to keep yourself from saying something you might regret. Deep breaths are the first form of time-out you should practice.

In order to create the healthy, happy and harmonious reality we all desire, we will need to create emotional harmony. This process can be divided into six basic steps :

- (i) Recognize our emotions.
- (ii) Accept them as they are.
- (iii) Release them when necessary.
- (iv) Understand how they are created.
- (v) Transform the negative ones through understanding and create more positive ones.
- (vi) Transcend them.

(d) Identify how you feel : Sit quietly for a moment ; close your eyes and then wait and see what you notice from inside. Notice how different areas of your body feel.

Focus on the areas of tension, breathe and see if anything comes to your awareness. You don't have to think about it. Notice whether any thoughts, images, feelings, memories, sounds come to you. If nothing comes, that's okay. You may still want to continue. Ask yourself how you are feeling and be aware of what comes up.

(e) Express or release your feelings : Focus on how you feel. Open your mouth and let a sound come from that feeling. Move with the feeling. You can dance, stomp around, kick and hit something. Scream ; if you are worried about the sound, you can scream into a pillow. Cry ; if you feel like crying, give yourself permission to do this. Write or draw from this feeling place. Don't censor yourself, let the feelings do the writing or drawing. Say out loud what you need to say to someone. Tell someone supportive how you are feeling.

■ 2.5.3. Anxiety

Anxiety is usually generated by an unconscious response to the 'misuse' of the imagination. Basically, the 'back part' of the mind is getting the message from the imagination that something bad is going to happen and so creates a state of readiness in the mind and body ; anxiety. This can partly be due to experiences in the past, lack of an ability to tolerate uncertainty. And this is how this anxiety session works. Anxiety consists of two components ; worry and emotionality. Emotionality refers to physiological symptoms such as sweating, increased heart beat and raised blood pressure. Worry refers to negative self-talk that often distracts the mind from focusing on solutions to the problem at hand. For example, when students become anxious during a test, they may repeatedly tell themselves they are going to fail or they cannot remember the material or that their teacher will become angry with them if they perform poorly. This thinking interferes with focusing on the test as the speech areas of the brain that are needed to complete test questions are being used for worrying.

Anxiety is a physiological and psychological state characterized by cognitive, somatic, emotional and behavioural components. These components combine to create an uncomfortable feeling that is typically associated with uneasiness, apprehension or worry. It is a generalized mood state that occurs without an identifiable triggering stimulus. It is a normal reaction to stress. It may help a person to overcome a difficult situation, for example at work or at school, by prompting one to cope with it. But when anxiety is excessive it becomes a disorder, it falls under the classification of an anxiety disorder.

People who suffer from anxiety disorder are always expecting the worst and can't stop worrying about health, money, family, work, problems or daily issues. Anxiety often concerns the factors of time and results. Anxiety problems affects the way a person think because of the way they view their problems. People with anxiety problems suffer irritability, tension and sleeping problems. They can also be paralyzed because they are constantly worrying and can't think clearly.

It is normal to feel anxiety in unfamiliar or challenging situations. The gift of anxiety is to make a person alert and focused to face problems but when this emotion is so strong that it interferes the performance, it becomes a negative emotion that is no longer serving anybody.

► 2.5.3.1 TECHNIQUES TO MANAGE ANXIETY

There are several ways to manage anxiety. Some of them are as the following :

- (a) Start doing physical activities, go to a gym, go for a walk or play any sport you like.
- (b) Write a daily journal to discover the unrealistic expectations of problems. Practice faith and surrender.
- (c) Engage in an alternative therapy such as Emotional Freedom Techniques or Self-Hypnosis Techniques to overcome these problems.
- (d) Monitor your inner-talk. Be aware of your thoughts and negativity. When you are in an anxious state, problems seem to be tenfold, everything magnifies and a little problem becomes massive and hard to overcome. Be alert about your inner-dialogue and try to surround yourself with positive and supportive friends.
- (e) Be patient with yourself.
- (f) Look for professional help if needed.
- (g) Faith in divine wisdom and justice ; that all will occur as is necessary and beneficial for our growth process. This belief allows us to surrender to the wisdom of the universe and feel secure even when externally we are being challenged by difficult situations.
- (h) Realizing that we are worthy of love and acceptance as we are. Much of our anxiety has to do with our doubts about our self-worth which we tend to measure by what others think and by the results of our efforts. Accepting ourselves as we have removed much anxiety.
- (i) Living in and enjoying the present moment.
- (j) Our fears, regrets, anxiety and worry seldom have to do with the present, but rather with the past and future. But neither actually exists. The past exists only to the degree that we carry it in our minds. The future is equally an illusion. Focusing on what we are doing in the present moment releases us from anxiety and worry.

■ 2.6. USE OF IT TOOLS FOR GOOD AND IMPRESSIVE PRESENTATIONS

While traditional tools such as PowerPoint, Google Slides and Keynote can all be used to create presentations, you can break the conventional method – basic points on simple slides – by including images, creating movement, and limiting each slide or section to only a couple key points. Following are some tools which can be used to improve the presentation skills and deliver a presentation which is different from the regular ones.

1. Visme : It is a cloud-based presentation tool that allows you to create highly visual presentations to engage viewers and communicate your ideas. It features an intuitive, drag-and-drop design method for creating presentations. The business version also prioritizes brand consistency and company-wide image storage. When you or your employees create a presentation, it will feature colours, logos and images that are on brand for your organization. This promotes consistency

across presentations among your employees. Visme also offers a built-in analytics system, so you can see who has viewed your presentation and who finished it.

2. Haiku Deck : It is a platform that prioritizes simplicity. Business owners can create elegant, basic presentations with high-quality images. The spartan approach allows for connecting with audiences instead of losing them in information overload due to text-heavy slides. What separates Haiku Deck from traditional presentation tools is its library of images and array of fonts. It makes it easy to craft simple, powerful presentations that are accessible on any device.

3. Pitcherific : It is not only a presentation solution, but also a platform for building and practicing your presentation. It's a template-based program that guides you through the presentation creation process. Instead of drafting a few slides, Pitcherific prompts you to write out the areas of each part of your speech. The outline for an elevator pitch, for example, includes a hook, problem, solution and closing. There are various templates for different kinds of pitches and presentations, so you'll have guidance on many kinds of speeches and presentations. Pitcherific also recommends a character count for each section and a timeclock, allowing you to track how long your speech or presentation is and stay within a desired range.

4. Canva : It is an online platform that provides templates for a wide range of business-related publications, like resumes, newsletters, business cards, media kits, brochures and infographics. You can also use it to construct presentations. There are hundreds of design layouts and templates to start with, and you can upload your own images or choose from more than 1 million of Canva's stock images. As you build your presentation, you can adjust text and fonts, add filters to images, and drag and drop different elements for design. You can also upload and save your company logo.

5. SlideCamp : It provides slide templates for creating company presentations. You can adjust colour schemes, add company logos, import charts and data, build infographics, and organize presentations into sections with SlideCamp. This is a great solution for maintaining presentation consistency across multiple presentations from your organization. After you set up branding details, employees will be able to work with predesigned slides to easily craft professional presentations. It's geared for larger businesses, so if you are a startup or one-person company, this may not be an ideal solution for you.

6. Microsoft Events : While PowerPoint may be a tired way to handle a business presentation at times, Microsoft has other tools that can introduce a new level of practicality to the standard presentation. It recently introduced the ability to create live and on-demand events in Microsoft 365. These events can be viewed in real time or on demand by remote co-workers or even workers who were present in the meeting but want to reference what was said. It combines HD video with machine learning to create a speaker timeline, speech-to-text transcriptions and time coding, and closed captioning.

7. Powtoon : It is an animated presentation and video platform for creating short informational videos and presentations about your brand or product. Explainer videos are an important part of a brand's message, and Powtoon is an affordable tool for creating animated videos and presentations to educate consumers and clients about your business. You can easily edit presentations and videos, add voiceover, and build a professional experience for your customers.

8. VideoScribe : It is a whiteboard video presentation platform that allows small businesses to customize their presentations to fit their needs. These videos, which feature a whiteboard and hand that "draws" different objects and slides in the presentation, are ideal for quick explainers and marketing videos on your business or product. You can easily place objects, insert text and even draw your own objects or text with VideoScribe's platform.

9. Prezi : It is another template-based presentation solution that you can use to create persuasive and engaging presentations with unique movement between "slides" and key points. Prezi maps out your whole presentation on an overall track that you decide. When you switch slides, it doesn't simply advance to the next one ; it takes the viewer through the track to the point that needs to be made. This allows your audience to visualize the progression of your presentation. You can arrange content under different sections and create an overview so your audience can see your entire presentation plan. This method keeps the presentation organized and your audience engaged. You can also navigate freely through your presentation – your track is not locked in and you can adjust when you address which points as you are presenting.

■ Important and Expected Questions ■

Q.1. Write a short note on life long learning.

Ans. It is the process of keeping mind and body engaged at any age by activity pursuing experience and knowledge.

Life long learning recognises that learning is not confined to childhood or the classroom, but takes place throughout life and in a range of situations. Life long learning means learning resulting from integration of formal, non-formal and informal learning, so as to create ability for continuous life long development of quality of life. Learning is therefore part of life which takes place at all times and in all places. It is a continuous life long process, going on from birth to the end of our life, beginning with learning from families, communities, schools, religious institutions, workplaces, etc.

Learning of the 6 to 24 age group usually takes place in educational institutions, from primary and secondary to tertiary levels. The objective of learning in this period is the holistic development of learners in four aspects, namely : physical, intellectual, social capacity, emotional and mental development. Learning during the working life of the 25 to 60 age group can learn informally through the use of instructional media, mostly from their occupations, workplaces, colleagues, touring, mass media, information technologies, environment and nature.

Q.2. What is the importance of life long learning ?

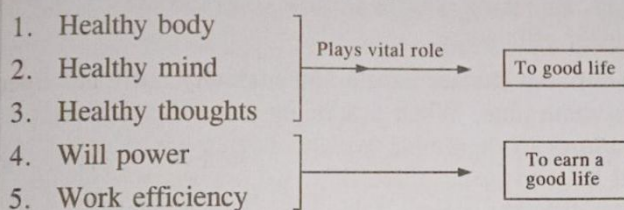
Ans. Importance of life long learning :

1. To remain competent for the benefit of your employer.
2. To gain knowledge needed to move into a new area of business.
3. To develop a skill needed for promotion, such as management expertise.

4. To learn a new skill such as a new language.
5. To remain up-to-date with new developments in your area of expertise.
6. To keep abreast of new advances in technology.
7. To help to adapt to change.
8. To an enriching life of self fulfillment.
9. To make world a better place.
10. To increase self confidence.

Q.3. What contributes most to the personality development ?

Ans. It is nothing but strengthening the capacity of subjective dimensions of personality to interact more and more effectively and efficiently. The personality development is the inner growth contributing to the outer excellence. The development of personality is purely subjective. Any improvement in the objective sense will not result in over all efficiency or excellence, unless there is significant transformation in our personality because the key to objective improvement lies in the subjective growth. Subjective growth is the integrated, well defined and well planned development of all the faculties in which our personality operates. Hence, there are five steps to complete personality.



Q.4. Explain the concept of physical development.

Ans. Physical development is how a human body grows and develops over a length of time. Physical development is also monitored closely in young children. Physical development is broken into two categories ; gross motor skills and fine motor skills.

Gross motor skills are larger movements that makes with arms, legs or feet or entire body. So crawling, running and jumping are gross motor skills.

Fine motor skills are smaller actions. Picks things up between finger and thumb are fine motor skills.

Physical development in children follows a directional pattern. Larger muscle groups develop before smaller muscle groups. Muscles which control larger body parts, such as the arms and legs, develop before muscles which control smaller body parts, such as the fingers and toes. Children learn to control larger muscles before they learn to control smaller muscles. This is why children learn to crawl and walk before they learn to feed themselves and hold a crayon.

Better health is central to human happiness and well being. It also makes an important contribution to economic progress, as healthy population lives longer, are more productive and save more. Many factors influence health status and a country's ability to provide quality health services to its people. Ministries of health are important actors, but so are other government departments, donor organizations, civil society groups and communities themselves.

Q.5. Write a short note on linguistic intelligence.

Ans. The "word smart" people learn best through language including speaking, writing, reading and listening. They use language to express what is on their minds and to understand other people. They are able to explain, convince and express themselves verbally or in writing. They enjoy writing and creating with words. This intelligence is high in writers, lawyers, philosophers, journalists, politicians and teachers.

The ability to use language is a very important part of human life. It is the ability which distinguishes us from other animals.

Q.6. Discuss the importance of time management.

Ans. Time management is not optional. It is something that everyone who wants to work virtually, practices time management to some degree ; the question is how well they do it and how it affects what they do. Time management must be seen as synonymous with self management ; it demands discipline, but discipline is reinforced by habit. Here are eight reasons, which explains why time management is important :

1. Time is limited. Everyone gets the same amount of time each day and it's limited, therefore, it's important to manage the most of the time effectively, if someone wants to be more than average at the workplace.

2. Accomplish more with less effort. By taking control of time, one can able to stay focused on the task at hand. This leads to higher efficiency.

3. Make better decisions. There are many choices in life and often-times we are faced with many choices to choose from at the same time. When practicing good time management, we have more time to breathe ; this allows to determine which choices are the best to make. When we feel pressed for time and have to make a decision, we are more likely to jump to conclusions and not fully consider the different options ; this leads to poor decision making.

4. Be more successful. Time management is the key to success ; it allows to take control of life rather than follow the flow of others. One can accomplish more, make better decisions and work more efficiently ; this leads to a more successful life.

5. Learn more. When one can control time and work more efficiently, he will be able to learn more and increase his experience faster. This the reason why some students graduate earlier than others.

Q.7. Discuss different styles of reading.

Ans. Following are the different styles of reading :

1. Systematic Reading : The systematic reading method is completed in the following steps :

(a) Survey (Simple View) : This is not actually the reading of whole chapter. It involves reading only the chapter title, sub-titles, italicized terms, boldface type and introductory or summary sections.

(b) Question : Go to the first major heading. Anticipate what will be in that section. Using the interrogatives who, what, where, when and why, turn heading into a question. Then, write the question down.

(c) Read : Read the chapter section by section for the purpose of answering the question.

There are different types of reading skills.

Q.8

Ans

(i) **Skimming** : Reading rapidly for the main points.

(ii) **Scanning** : Reading rapidly to find a specific piece of information.

(iii) **Extensive Reading** : Reading a longer text, often for pleasure with emphasis on overall meaning.

(iv) **Intensive Reading** : Reading a short text for detailed information.

(d) **Record** : In the reader's own words and without looking at the text, write down very short cue phrases. Think about the meaning, making certain what you write is noteworthy. Use key words, key phrases or numbering systems for parts of your answer.

(e) **Recite** : Cover your answer and recite it from memory.

(f) **Repeat** : Repeat steps 2, 3, 4 and 5 for each section in the entire chapter.

(g) **Review** : Recite all answers from memory. If you can't recite all of the answers from memory, keep studying until you can. Then, go to question number two.

2. Skimming : Skimming is a method used to quickly gather the most important information or gist. An individual that is skimming is not actually reading the material very carefully. It is just searching for the main idea of each paragraph. It is not essential to understand each word, when skimming.

3. Scanning : Scanning is a method used to find a particular piece of information. Scanning is not reading the material, it is just searching the material for a particular information quickly. Use scanning on schedules, meeting plans etc. in order to find the specific details that are required.

4. Extensive Reading : Extensive reading is used to obtain a general understanding of a subject and includes reading longer texts for pleasure, as well as business books. Use extensive reading skills to improve your general knowledge of business procedures.

5. Intensive Reading : Intensive reading is used on shorter texts in order to extract specific information. It includes very close and accurate reading for details. Use intensive reading skills to grasp the details of a specific situation. In this case, it is important that you understand each word, number or fact.

Q.8. Explain the concept of stress.

Ans. Although stress has been defined in many ways, a common ground of most definitions is that stress is caused by a stimulus, that the stimulus can be either physical or psychological and that individual respond to the stimulus in some way. Here, then we define stress as a person's adaptive response to a stimulus that places excessive psychological or physical demands on that person. That is, a stressor is anything that induces stress. Some of us can tolerate a great deal of stress, while others can handle much less, but everyone has a basic threshold at which stress starts to affect us. The first stage is called alarm. At this point, the person may feel some degree of panic. For example, suppose a manager is assigned a lengthy report to write overnight. His first reaction may be, "How will I ever get this done by tomorrow ?" If the stressor is too extreme, the person may simply be unable to cope with it at first. In most cases, however, the individual gathers his or her strength (physical or emotional) and resists the negative effects of the stressor.

Q.9. Write down the various steps of problem solving.

Ans. Steps in Problem Solving : An organization needs to define some standards of problem solving, so that leadership can effectively direct others in the research and resolution of issues.

Finding the right problem to solve



Defining the problem



Analyzing the problem



Developing possibilities



Selecting the best solution



Implementing



Evaluating and learning

Q.10. What are the effects of stress ?

Ans. Most people experience a significant period of stress or depression during their lives. To feel stressed at various times is to be normal. If you think the stress may be excessive and you need help, then consult a suitably qualified professional (such as your doctor or a counsellor).

The impact of excessive stress on teamwork is also harmful and it can damage :

- (i) Individual's work performance
- (ii) Team performance
- (iii) Working relationships
- (iv) Co-operation between team members
- (v) Team spirit.

Q.11. Explain the various techniques to manage emotions.

Ans. The following techniques were used to manage emotions :

- (a) **Use Humour :** You have heard that humour is the best medicine. You have undoubtedly

experienced humour's decent effects on such negative emotions as anger, depression, sadness and anxiety. There's actually a scientific explanation for this phenomenon. Laughter, a byproduct of humour, stimulates the release of protein substances called endorphins. As the level of endorphins in the brain increases, the perception of pain-whether physical or emotional decreases. Essentially, laughter causes the body to produce its own pain killer.

(b) Redirect Your Emotional Energy : As you experience an intense emotional, energy is being expanded. You tend to tense muscles and move your body more. Your circulatory and respiratory systems work much faster. Your mind goes at a quicker pace, with those automatic thoughts.

(c) Take Time Out : In the same way that relaxation techniques can calm down your excitement level, taking a break from an emotionally difficult situation can slow down your emotional responses. Sometimes the time out can be almost momentary : You take three deep breaths before responding to your angry boss. A brief time-out gives you the moment you need to keep yourself from saying something you might regret. Deep breaths are the first form of time-out you should practice.

In order to create the healthy, happy and harmonious reality we all desire, we will need to create emotional harmony. This process can be divided into six basic steps :

- (i) Recognize our emotions.
- (ii) Accept them as they are.
- (iii) Release them when necessary.
- (iv) Understand how they are created.
- (v) Transform the negative ones through understanding and create more positive ones.
- (vi) Transcend them.

Q.12. Write a short note on Anxiety.

Ans. Anxiety is usually generated by an unconscious response to the 'misuse' of the imagination. Basically, the 'back part' of the mind is getting the message from the imagination that something bad is going to happen and so creates a state of readiness in the mind and body ; anxiety. This can partly be due to experiences in the past, lack of an ability to tolerate uncertainty. And this is how this anxiety session works. Anxiety consists of two components ; worry and emotionality. Emotionality refers to physiological symptoms such as sweating, increased heart beat and raised blood pressure. Worry refers to negative self-talk that often distracts the mind from focusing on solutions to the problem at hand. For example, when students become anxious during a test, they may repeatedly tell themselves they are going to fail or they cannot remember the material or that their teacher will become angry with them if they perform poorly. This thinking interferes with focusing on the test as the speech areas of the brain that are needed to complete test questions are being used for worrying.

Anxiety is a physiological and psychological state characterized by cognitive, somatic, emotional and behavioural components. These components combine to create an uncomfortable feeling that is typically associated with uneasiness, apprehension or worry. It is a generalized mood state that occurs without an identifiable triggering stimulus. It is a normal reaction to stress. It may help a person to overcome a difficult situation, for example at work or at school, by prompting one to cope with it. But when anxiety is excessive it becomes a disorder, it falls under the classification of an anxiety disorder.

People who suffer from anxiety disorder are always expecting the worst and can't stop worrying about health, money, family, work, problems or daily issues. Anxiety often concerns the factors of time and results. Anxiety problems affects the way a person think because of the way they view their problems. People with anxiety problems suffer irritability, tension and sleeping problems. They can also be paralyzed because they are constantly worrying and can't think clearly.

■ Objective Type Questions ■

FILL IN THE BLANKS

1. LLL stands for
2. is achieved when a person develops his/her talents, abilities, capacities and faculties.
3. is the way in which one perceives oneself.
4. A person's may change with time, possibly going through turbulent periods of identity crisis and reassessment.
5. are distinguishing qualities or characteristics of a person.
6. Traits are labels for broad reaction tendencies and express relatively permanent patterns of
7. Our is the sum total of our character, emotions, intellect, behaviour, capabilities and qualities.
8. Our is operational in mainly in five dimensions, say physical, energic, mental, intellectual and blissful.
9. is the inner growth contributing to the outer excellence.
10. suggest that personality is a result of interaction between the individual and the environment.
11. is an term used to describe a property of the mind that may relate many abilities.
12. The people learn best through interaction with other people through discussions, co-operative work or social activities.
13. The people think in music, hearing patterns, recognising, remembering and manipulating them.
14. The people have a good understanding of themselves.
15. The people have sensitivity to other features of the natural world.
16. is the key factor that influences everything, our attitude, perception and even reactions.
17. Any real progress with needs a plan.
18. is used to quickly gather the most important information.
19. is used to find a particular piece of information.
20. Intensive is used on shorter texts in order to extract specific information.

Self Management and Development

21. is the practice of writing pieces of information, often in an informal or unstructured manner.
22. is the representation of language in a textual medium through the use of a set of signs or symbols.
23. management starts with identifying the sources of stress in your life.
24. Organizations and businesses use to motivate employees to perform and customers to buy.
25. is usually generated by an unconscious response to the 'misuse' of the imagination.

Answers

FILL IN THE BLANKS

- | | | | |
|----------------------------|---------------------|--------------------------|------------------|
| 1. Life Long Learning | 2. Self development | 3. Self concept | 4. self concept |
| 5. Traits | 6. behaviour | 7. personality | 8. personality |
| 9. Personality development | | 10. Behavioural theories | 11. Intelligence |
| 12. social smart | 13. music smart | 14. self smart | 15. nature |
| 16. Physical fitness | 17. time management | 18. Skimming | 19. Scanning |
| 20. reading | 21. Note taking | 22. Writing | 23. Stress |
| 24. emotions | 25. Anxiety. | | |

Review Questions

1. What is the importance of life long learning ?
2. What is self development ? Explain.
3. What is the importance of ethics and values ?
4. What are the do's and does not of professional ethics ?
5. What do you understand by the personality ?
6. Explain different types of multiple intelligences.
7. Explain managing self-physical.
8. What is time management ? Why it is important ?
9. Explain different techniques to manage time.
10. Explain different types of reading methods.
11. Explain reading skill improvement method.
12. Explain different types of note taking methods.
13. What are the effects of stress ?

Team Management

■ INTRODUCTION

According to **Katzenbach and Smith**, a team is a small number of people with complementary skills who are committed to a common purpose, performance goals and approach for which they are mutually accountable.

According to **Kyle Lewis-McClear**, a group in which members work together intensively to achieve a common group goal.

Teams are created for both long term and short term interactions. A product development team, an executive leadership team and a departmental team are long lasting planning and operational groups. Short term teams might include a team to develop an employee on boarding process, a team to plan the annual company party or a team to respond to a specific customer problem or complaint.

Three common types of teams include functional or departmental, cross-functional and self-managing teams.

- (a) **Functional or departmental teams** : Groups of people from the same work area or department who meet on a regular basis to analyze customer needs, solve problems, provide members with support, promote continuous improvement and share information.
- (b) **Cross-functional teams** : Groups of people who are pulled together from across departments or job functions to deal with a specific product, issue, customer, problem or to improve a particular process.
- (c) **Self-managing teams** : Groups of people who gradually assume responsibility for self-direction in all aspects of work.

Characteristics of Effective Teams :

- (a) There is a clear unity of purpose.
- (b) The group is self-conscious about its own operations.
- (c) The group has set clear and demanding performance goals.
- (d) The atmosphere tends to be informal, comfortable and relaxed.
- (e) There is a lot of discussion in which virtually everyone participates.

- (f) People are free in expressing their feelings as well as their ideas.
- (g) There is disagreement and this is viewed as good.
- (h) Most decisions are made at a point where there is general agreement.
- (i) Each individual carries his or her own weight.
- (j) Criticism is frequent, frank and relatively comfortable.
- (k) The leadership of the group shifts from time to time.

Roles and Responsibilities of Team Members

- (a) Attend all meetings and actively participate in them.
- (b) Take active responsibility for achieving the team's mission and goals.
- (c) Work to build effective teamwork and communications.
- (d) Share responsibility for all team decisions.
- (e) Share knowledge and expertise with the team.
- (f) Support the team chair and provide leadership when appropriate.
- (g) Represent appropriate stakeholder groups.
- (h) Participate in training sessions as necessary.

■ 3.1. TEAM DYNAMICS

Team dynamics are the unseen forces that operate in a team between different people or groups. Team dynamics can strongly influence how a team reacts, behaves or performs. Suppose in a small team of six people working in one office there are two people who have a particularly strong friendship. This friendship is a "natural force" that may have an influence on the rest of the team and can be manifest in various ways, either positively or negatively. Sometimes, an "absence" of a natural force can also be a team dynamic. For example, if the leader or manager is permanently removed from the office, the group may be drawn into a change of behaviour.

■ 3.1.1. Functions of a Team station

The various functions of a team are as given below :

- (a) Planning (annual, monthly, adhoc, ASAP).
- (b) Resourcing (planning, analysing, training etc.), limited human resources.
- (c) Decision-making, dead lines.
- (d) Leading.
- (e) Motivating, supporting.
- (f) Solving problems and conflicts.

- (g) Creating good atmosphere.
- (h) Contacts inside and outside, relations with the formal organisation.
- (i) Controlling.
- (j) Developing.

■ 3.1.2. Benefits of Teams

- (a) Productivity increases.
- (b) Quality improvements.
- (c) Cost reductions.
- (d) Earlier commercialization.
- (e) Improved supplier relationships.
- (f) Enhanced customer satisfaction.
- (g) Changed management systems.
- (h) Cultural enhancements.
- (i) Employee satisfaction.
- (j) Creativity and innovation.
- (k) Strategic initiatives.
- (l) Stakeholder image.
- (m) After-sales service improvements.
- (n) Development of management potential.
- (o) Development of leadership potential.
- (p) Reduction of parochialism and provincialism.
- (q) Improved product, service and process development.
- (r) Greater use of knowledge, skills and attitudes.
- (s) Organizational design changes.
- (t) Profitability increases.
- (u) Ability of teams to make and execute managerial decisions.

■ 3.1.3. Team Related Skills

Various team related skills are as the following :

- (a) Sympathy
- (b) Empathy

- (c) Co-operation
- (d) Leadership
- (e) Negotiation
- (f) Synergy.

(a) Sympathy : The simple meaning of sympathy is "the relation of brotherhood". It is derived from the Greek word "Sympatheia". Syn-together + Pathos - feeling.

Sympathy means to share the same feeling as another. Apathy is the absence of feeling, so one cannot relate to or care about the suffering of another person. To illustrate, if there is a man drowning in a pond and an apathetic man happens to pass by, he would simply notice and then continue on his way. A sympathetic person would immediately feel as panicked and desperate as the victim and rush in to save him, probably drowning along with him.

(b) Empathy : The ability to co-experience and relate to the thoughts, emotions or experience of another without them being communicated directly by the individual. Empathy is the ability to imagine being in another person's situation and therefore understand his/her feelings. This way of relating allows one to know the essence of suffering without taking it on as one's own. Empathy can be employed as a communication skill. A lack of empathy involves a poor sense of communication that fails to understand. To illustrate, if there is a man drowning in a pond and an apathetic man happens to pass by, he would simply notice and then continue on his way. A sympathetic person would immediately feel as panicked and desperate as the victim and rush in to save him, probably drowning along with him. An empathetic passerby would neither ignore the man nor lose his own footing, but instead would come close enough to hand something (a rope, stick, etc.) to the man and together with the man's efforts, return to dry land. In the last scenario, there is just the right amount of distance between the two people, so that they can talk. They are separated but connected to one another through a tool.

(c) Co-operation : Co-operation is the process of working or acting together, which can be accomplished by both intentional and non-intentional agents. In its simplest form it involves things working in harmony, side by side. People form families, gangs, cities and nations are the examples of co-operation.

(d) Leadership : It is the ability to motivate a group of people towards a common objective. It is a critical management skill and will help to develop skills as a leader.

(e) Negotiation : The dictionary meaning of negotiation is "bringing something about by discussion".

According to Neals and Bazerman, "Negotiation is a decision making process among interdependent parties, who do not share identical preference. It is through negotiation that the parties decide what each will give and take in this relationship."

Negotiation is a method by which people settle differences. It is a process by which compromise or agreement is reached, while avoiding argument.

It involves three basic elements – process, behaviour and substance.

(f) **Synergy** : The term synergy comes from the Greek word synergia from synergos meaning “working together”. It is the interaction of multiple elements in a system to produce an effect different from or greater than the sum of individual effects.

■ 3.1.4. Managing Cultural, Social and Ethnic Diversities

Globalization means movement. People, images, symbols, information, capital and so on increasingly move from one corner of the world to another and people communicate with other people many miles away. Diversity in the workplace means bringing together people of different ethnic backgrounds, religions and age groups into a cohesive and productive unit. Advances in communication technology, such as the Internet and cellular phones, have made the marketplace a more global concept. In order to survive, a company needs to be able to manage and utilize its diverse workplace effectively. Managing diversity in the workplace should be a part of the culture of the entire organization.

Steps to Manage Cultural, Social and Ethnic Diversities

Step 1 : Confirm that all of the personnel policies from hiring to promotions and raises are based on employee performance. Avoid allowing tenure, ethnic background or any other kind of category into human resources policies. Managing a diverse workplace begins with strong policies of equality from the company. Once these policies are in place, the company can begin implementing diversity measures throughout the entire organization.

Step 2 : Rate the qualifications of the candidate based on the quality of his experience, not age or any other category, when hiring. When hiring a diverse but qualified workforce, you are on the right track towards being able to manage the diversity in your company.

Step 3 : Encourage diversity when creating teams and special work groups within the company. If a co-ordinator creates a work group that does not utilize the skills of the most qualified employees, then insist that the group be changed to include all qualified staff members.

Step 4 : Treat complaints of favouritism or discrimination seriously. Encourage employees to report all instances of discriminatory behaviour and have a definitive process in place for investigating and dealing with these issues.

Step 5 : Hold regular trainings for the entire staff on the benefits of diversity in the workplace. Encourage discussions at these meetings on how the company can better manage workplace diversity.

Competencies Required for Working with Others

The following outlines the competencies you should develop to ensure effective group working.

1. Influencing Others

- (a) Motivate others to achieve desired outcomes by directing, coaching and delegating as the situation requires.

- (b) Recognise the importance of building professional relationships.
- (c) Develop networks of contacts and colleagues.
- (d) Establish rapport with key players.
- (e) Empower others by delegating power and responsibility and hold them accountable.
- (f) Gain co-operation and commitment from others.

2. Respect for Others

- (a) Understand and support the commitment to respect every individual in the workplace.
- (b) Recognise and promote the value of diversity.
- (c) Foster an environment that supports diverse individuals and perspectives, fairness, dignity, compassion and creativity in the workplace.

3. Looking out for Others

- (a) Recognise the needs and abilities of others, particularly subordinates.
- (b) Ensure fair and equitable treatment.
- (c) Provide opportunities for professional development.
- (d) Recognise and reward performance.
- (e) Support and assist others in professional and personal situations.

4. Effective Communication

- (a) Learn to express facts and ideas succinctly and logically.
- (b) Be an active and supportive listener.
- (c) Encourage open exchange of ideas.
- (d) Communicate face-to-face when possible.
- (e) Write clearly and concisely.
- (f) Speak effectively before an audience.
- (g) Distinguish between personal and official communication situations and act accordingly.

5. Group Dynamics

- (a) Build commitment, pride, team spirit and strong relationships.
- (b) Recognise and contribute to group efforts.
- (c) Foster group identity and co-operation.
- (d) Motivate and guide others towards goal accomplishment.
- (e) Consider and respond to others' needs and capabilities.

6. Leadership Theory

- (a) Study and understand different leadership theories and styles.
- (b) Work with subordinates to develop their leadership knowledge and skills.

- (c) Adapt leadership approaches to meet varying situations including crises.

7. Mentoring

- (a) Assist others in their development by sharing your experience and knowledge.
- (b) Provide feedback to others on their leadership and career development.
- (c) Help others identify professional goals, strengths and areas for improvement.

■ 3.1.5. Differences between Workgroups and Teams

Following are specific differences between workgroups and teams :

1. The workgroup has a strong, clearly focused leader, the team has shared leadership roles.
2. The workgroup has individual accountability ; the team has individual and mutual accountability.
3. The workgroup's purpose is the same as the organization's, the team has a specific purpose.
4. The workgroup has individual workproducts ; the team has collective workproducts.
5. The workgroup runs efficient meetings ; the team encourages open-ended, active problem-solving meetings.
6. The workgroup measures effectiveness indirectly (for example, financial performance of the overall business) ; the team measures performance directly by assessing collective workproducts.
7. The workgroup discusses, decides and delegates ; the team discusses, decides and does real work. The point is that teams do go beyond traditional formal workgroups by having collective, synergistic (the whole is greater than the sum of its parts) effect.

■ 3.2. EFFECTIVE GROUP COMMUNICATION AND CONVERSATIONS

Group communication is both science and art. It refers to the interaction between members of a small group of individuals. Quality communication leads to effective group decision making and project completion.

Group communication applies to groups containing 3 – 20 people. Communication skill is very important for managers or co-ordinators because without this they cannot take work from other people. It is expected that the head of any organisation may spend more than 80% of his/her time on some form of communication or the other. What this means is that how effectively, efficiently, creatively and productively that person communicates will decide his overall performance to a corresponding extent. The communication process in any organization is so vital for the achievement of its objectives. How a communication system is managed in an organization *i.e.*, how effective it is, has a profound impact on the ultimate effectiveness of the total organization.

For effective communication few factors are as the following :

- (a) Take part in a one-to-one discussion and a group discussion.
- (b) Respond appropriately to others.
- (c) Adapt what you say to suit different situations.
- (d) Listen carefully to what others say.
- (e) Develop points and ideas, with an awareness of others' feelings, beliefs and opinions.
- (f) Encourage others to contribute.
- (g) Listen and respond sensitively.
- (h) Respond perceptively to contributions from others.
- (i) Evaluate how effective you were in the group and the roles you adopted.

■ 3.2.1. Conversation

A **conversation** is communication by two or more people or by one's self. Conversations are the ideal form of communication in some respects, since they allow people with different views on a topic to learn from each other. A speech, on the other hand, is an oral presentation by one person directed at a group.

For a successful conversation, the partners must achieve a workable balance of contributions. A successful conversation includes mutually interesting connections between the speakers or things that the speakers know. For this to happen, those engaging in conversation must find a topic on which they both can relate to in some sense.

How to Have a Great Conversation

(a) Be a good listener : This is the most important part of any conversation. You might think a conversation is all about talking, but it will not go anywhere if the listener is too busy thinking of something to say next. Pay attention to what is being said. One can even do some research in advance when you know you will have an opportunity to talk with a specific person. Complimenting them is a great place to start. Everyone likes sincere compliments and that can be a great ice-breaker.

(b) Ask questions : What do they like to do ? What sort of things have they done in their lives ? What is happening to them now ? What did they do today or last weekend ? Identify things about them that you might be interested in hearing about and politely ask questions. There was a reason that you wanted to talk to them, so obviously there was something about them that you found interesting. However, try to space out your questions or they'll feel like you are interrogating them which is very bad and closes off friendships.

(c) Forget yourself : Dale Carnegie once said, "It's much easier to become interested in others than it is to convince them to be interested in you". If you are too busy thinking about yourself, what you look like or what the other person might be thinking, you will never be able to relax. Introduce yourself, shake hands, then forget yourself and focus on them instead.

(d) **Ask clarifying questions** : If the topic seems to be one they are interested in, ask them to clarify what they think or feel about it. If they are talking about an occupation or activity, you do not understand, take the opportunity to learn from them. Everyone loves having a chance to teach another willing and interested person about their hobby or subject of expertise.

(e) **Consider your response before disagreeing** : If the point was not important, ignore it rather than risk appearing argumentative. If you consider it important then politely point out your difference of opinion. Do not disagree merely to set yourself apart, but remember these points.

(f) **Know when the conversation is over** : Even the best conversations will eventually run out of steam or be ended by an interruption. Shake hands with the other person and be sure to tell them you enjoyed talking with them. Ending on a positive note will leave a good impression and likely bring them back later for more.

(g) **Make a good first impression** : Smile, ask questions that require more than a yes/no answer and really listen. Maintain eye contact and keep as friendly and polite as possible can begin the steps again. Viewing problem solving as a cycle may help you recognize that problem. Problem solving is a way of searching for a solution which will lead to different possible solutions, which you can evaluate. If you have solved the problem you have found an effective solution. If you judge the problem has not been solved you can look for and try, alternative possibilities by beginning the problem solving cycle again.

■ 3.3. TEAM BUILDING

Ability to identify and motivate individual employees to form a team that stays together, works together and achieves together.

A team is a group of people working towards a common goal. *'Team Building' is the process of enabling that group of people to reach their goal.* It is therefore a management issue and the most effective form of team building is that undertaken as a form of management consultancy, rather than as pure training (though there is a role for training within a programme of team building).

The primary skills in this process are recognizing the right issues and tackling them in an appropriate way and an appropriate order. Team building can also take a different form depending on the size and nature of the team.

Team building can lead to :

- (a) Good communications with participants as an individual and team members.
- (b) Increased department productivity and creativity.
- (c) Motivated members to achieve goals.
- (d) A climate of co-operation and collaborative problem solving.
- (e) Higher levels of job satisfaction and commitment.

- (f) Higher levels of trust and support.
- (g) Diverse co-workers working well together.
- (h) Clear work objectives.
- (i) Better operating policies and procedures.

Symptoms that Shows a Need for Team Building

- (a) Complaints of discrimination or favouritism.
- (b) Ineffective staff meetings, low participation and minimally effective decisions.
- (c) Negative reactions to the manager.
- (d) Decreased productivity.
- (e) Conflicts or hostility among staff members.
- (f) Confusion about assignments, missed signals and unclear relationships.
- (g) Decisions misunderstood or not carried through properly.
- (h) Lack of initiation, imagination, innovation ; routine actions taken for solving complex problems.
- (i) Complaints about quality of service.
- (j) Apathy and lack of involvement.

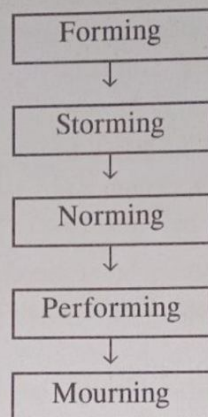
■ 3.3.1. Steps to Build an Effective Team

The first rule of team building is an obvious one : to lead a team effectively, one must first establish the leadership with each team member. Remember that the most effective team leaders build their relationships of trust and loyalty, rather than fear or the power of their positions.

- (a) Consider each employee's ideas as valuable.
- (b) Be aware of employees unspoken feelings.
- (c) Act as a harmonizing influence.
- (d) Be clear when communicating.
- (e) Encourage trust and co-operation among employees in team.
- (f) Encourage team members to share information.
- (g) Delegate problem solving tasks to the team.
- (h) Facilitate communication.
- (i) Establish team values and goals ; evaluate team performance.
- (j) Objective must be clear.

- (k) Use consensus (Set objectives, solve problems and plan for action. While it takes much longer to establish consensus, this method ultimately provides better decisions and greater productivity because it secures every employee's commitment to all phases of the work).
- (l) Set ground rules for the team.
- (m) Establish a method for arriving at a consensus.
- (n) Encourage listening and brainstorming.
- (o) Establish the parameters of consensus building sessions.

■ 3.3.2 Stages of Team Development



1. Forming : In the **forming** stage, personal relations are characterised by dependence. Group members rely on safe, patterned behaviour and look to the group leader for guidance and direction. Group members have a desire for acceptance by the group and a need to know that the group is safe. Serious topics and feelings are avoided. It occurs when the team first comes together. When a team is forming, they are focused on answering the following questions :

- (a) Why are we here ?
- (b) What is my role in this endeavour ?
- (c) Who are these other people and how will we get along ?
- (d) What's the project leader like and how will he or she run this project ?

In the forming stage, team members are polite. They are waiting to see what will happen. What you will hear during forming is, "Why ? What ? Who ? When ?"

2. Storming : As the group members attempt to organise for the task, conflict inevitably affects personal relations. Individuals have to bend and mold their feelings, ideas, attitudes and beliefs to suit the group organisation. These reflect conflicts over leadership, structure, power and authority.

To progress to the next stage, group members must move to a problem solving mentality. The most important trait in helping groups to move on to the next stage seems to be the ability to listen. Right after the kick-off process, when people are feeling a little more comfortable with each other and the realization of the actual challenges of the work sets in, the storming stage erupts and destroys the artificial tranquility of the group. Disagreements arise about what needs to be done and who will do it. Groups may divide into opposing factions.

3. Norming : In the **norming** stage, interpersonal relations are characterised by cohesion. Group members are engaged in active acknowledgment of all members contributions, community building and maintenance and solving of group issues. It is during this stage of development that people begin to experience a sense of growth. If the team resolves its conflicts, it moves on to the next stage of development called norming. By this stage the project's goals, roles and boundaries have been clarified and accepted by team members up belonging and a feeling of relief as a result of resolving interpersonal conflicts.

The major task function of stage three is the data flow between group members. They share feelings and ideas, solicit and give feedback to one another, and explore actions related to the task. The major drawback of the norming stage is that members may begin to fear the inevitable future breakup of the group ; they may resist change of any sort.

In this stage, you'll need to hold regular team meetings so that team members can monitor progress and solve problems as they arise. You'll also want to focus on your team skills, such as :

- (a) Holding effective meetings
- (b) Practicing active listening
- (c) Providing constructive feedback
- (d) Resolving conflicts
- (e) Making team decisions.

The more team-based skills you have in your toolbox, the better you'll be at working through the norming stage.

4. Performing : The **performing** stage is not reached by all groups. If group members are able to evolve to stage four, their capacity, range and depth of personal relations expand to true interdependence. In this stage, people can work independently, in subgroups or as a total unit with equal facility. There is support for experimentation in solving problems and an emphasis on achievement. The overall goal is productivity through problem solving and work. The team, not the leader, manages the project. Team members make adjustments to keep the deliverables on track ; they monitor progress and manage change. The team takes full ownership and accountability, not only for the project, but for the team dynamics as well. Don't relax too much during the performing stage.

5. Mourning : The **mourning** stage involves the termination of task behaviours and disengagement from relationships. A planned conclusion usually includes recognition for participation and achievement and an opportunity for members to say personal goodbyes.

People don't like to leave a high-performing team because they feel good about themselves and what they have accomplished together. They have enjoyed being a member of a team and contributing to something larger than themselves. For most people, this is an infrequent experience that makes it difficult to let go. However, all projects by definition are temporary and so inevitably the peak experience must come to an end. At that point the team hits the mourning stage. In the mourning stage, it's important to both celebrate and to mourn. Celebration should have been a theme throughout the team process ; otherwise you are unlikely to be in the mourning stage at all, but this is the time for a final celebration of the overall achievements of the team. Also, it's time for closure on the team process — saying goodbye to friends and associates. A closing ritual can be helpful to help bring a close to the project.

■ 3.4. LEADERSHIP

Leadership is an abstract quality in a human being to induce his followers to do whatever they are directed to do with zeal and confidence.

Leaders are known by different names in different organizations. For example, in a family as a head, in tribe as a chief, in army as a commander, in cricket as a captain and in department as a H.O.D. etc. But leadership is not passive, it is active. It inspires and creates confidence in sub-ordinates. It helps the team-mates to give their maximum for the attainment of the objectives.

The concept of leadership has not been exactly defined by anybody. Literally, the term 'leadership' means 'to lead'. The verb 'to lead' has two meanings ;

- (i) to excel or to be in advance and
- (ii) to guide, govern and command others or to lead an organization.

The first meaning hints qualities of a leader while the second hints at the qualities of leadership. Leadership is the personal quality of an individual which organizes the efforts of the followers.

"Leadership is generally defined as influence, the art or process of influencing people so that they will strive willingly towards the achievement of group goals".

or

"Leadership is the ability to secure desirable actions from a group of followers voluntarily without the use of coercion."

■ 3.4.1. Characteristics of Leadership

Following are the some important characteristics of the leadership :

- (i) It is a group process. It involves two or more people interacting with each other.
- (ii) It denotes a few qualities to be present in a person which includes intelligence, maturity and personality.

- (iii) It is a process of influence. A leader must be able to influence the behaviour, attitude and beliefs of his sub-ordinates.
- (iv) It is situation bound. There is no best style of leadership. It all depends upon tackling with the situation.
- (v) It is the realization of common goals.
- (vi) It exists only with followers. If there are no followers, there is no leadership.

Difference Between Leader and Manager :

A leader is the one who influences the behaviour and work of others in group efforts towards achievement of specified goals in a given situation. On the other hand, manager can be a true manager only if he has got traits of a leader in him. Managers at all levels are expected to be the leaders of work groups so that sub-ordinates willingly carry instructions and accept their guidance. A person can be a leader by virtue of all qualities in him. The points of difference between leader and manager are as the following :

S.No.	Leader	Manager
1.	A leader is required to create cordial relation between person working in an organization.	A manager is very essential to a concern.
2.	Leader focuses on the top level.	Manager focuses on the lower level.
3.	Leader has followers. The group of employees whom leaders lead are his followers.	The sub-ordinates are the followers of managers.
4.	The aim of leader is to fulfil follower's need.	The aim of manager is to meet organizational goals.
5.	Leader focuses on the transformational aspects.	Manager focuses on transactional aspects.
6.	The leader develops the goal achieving process.	The manager maintains the goal achieving process.
7.	All leaders are not managers.	All managers are leaders.

■ 3.4.2. Functions of Leadership

Proper leadership is essential to effective management. The wheels of an organization do not go around themselves but must be propelled by leadership. Leader is the fulcrum on which needs of the organization and demands of the individuals are balanced.

The important functions of a leader are listed and explained below :

1. Motivating employees
2. Morale building

Team Management

3. Creating confidence
4. Co-ordination
5. Facilitates change
6. Goal setting
7. Representation.

1. Motivating employees : A good leader breathes life into the group and makes people eager to work towards the achievement of group goals. He gives character to the group and sets the tone of the organization. Proper leadership creates an urge for accomplishment and transform potential into performance. A good leader improves the loyalty and commitment of employees towards the industry. A good leader creates and maintains an environment conducive to high performance. Good leadership is itself a motivating force for the individuals which inspires people to work hard.

2. Morale building : Good leadership is indispensable to high employee morale. The leader lifts a man's vision to higher sights, raises his performance and builds up his personality. He shapes the thinking and attitudes of the group for maintaining discipline. He develops good human relations and facilitates interactions between the members of the group.

3. Creating confidence : A dynamic leader creates and sustains self-confidence and enthusiasm among his sub-ordinates. He provides advice and guidance by which sub-ordinates can recognise their qualities and capacity. A good leader acts as a coach to his followers.

4. Co-ordination : A good leader is the top co-ordinator of various activities of the group. He is responsible for the execution of policies.

5. Facilitates change : Leadership is the mechanism to convince people about the need for change. Effective leadership is the corner stone of organizational change and development.

6. Goal setting : An effective leader provides guidance to the group by setting and interpreting the goals. A leader outlines the operations of the organization. He moulds the internal relationships within the group.

7. Representation : An dynamic leader is representative of his sub-ordinates. He serves as the personal embodiment of the group and as the true guardian of its interests. He defends the integrity of the group.

■ 3.4.3. Need/Importance of Leadership

Leadership is an important function of management which helps to maximize efficiency and to achieve organizational goals. The success of an organization depends upon effective leadership. The following points justify the need of leadership in a concern.

1. Initiates action : Leader is a person who starts the work by communicating the policies and plan to the sub-ordinates from where the work actually starts.

2. Improves motivation : A leader proves to be playing an incentive role in the concern's working. Through leadership managers can improve motivation and morale of their sub-ordinates. A good leader improves the loyalty and commitment of an individual in such a way that he willingly works towards the achievement of organization goals.

3. Builds work environment : Management is getting things done from people. An efficient work environment helps in sound and stable growth. So, 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.

4. Providing guidance : A leader has to not only supervise but also play a guiding role for the sub-ordinates. Here guidance means instructing the sub-ordinates the way they have to perform their work effectively and efficiently.

5. Serve as a motive power : Leadership serves as a motive power for group members. It leads the group to a higher level of performance through its impact on human relations. He motivates the employees with monetary and non-monetary rewards.

6. Works as an authority : Authority alone cannot achieve the desired results. Leadership acts as an authority by influencing, inspiring and effective communication.

7. Creating confidence : Confidence is an important factor which can be achieved through expressing the work efforts to the sub-ordinates, 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.

8. Co-ordination : Co-ordination can be achieved through reconciling personal interests with organization goals. The synchronization can be achieved through proper and effective co-ordination which should be primary motive of a leader.

3.4.4. Styles (Types) of Leadership

The term '*styles of leadership*' refers to the behavioural pattern which a leader adopts in influencing the behaviour of group of peoples, leadership style reflects the degree of decision-making and freedom allowed to sub-ordinates. Leadership style differs according to the relative proportions of authority and persuasion used to influence followers. Leaders behave differently and therefore, there exist different leadership styles in different situations. The main styles of leadership are ;

1. Autocratic leadership
2. Democratic leadership
3. Free-rein leadership.

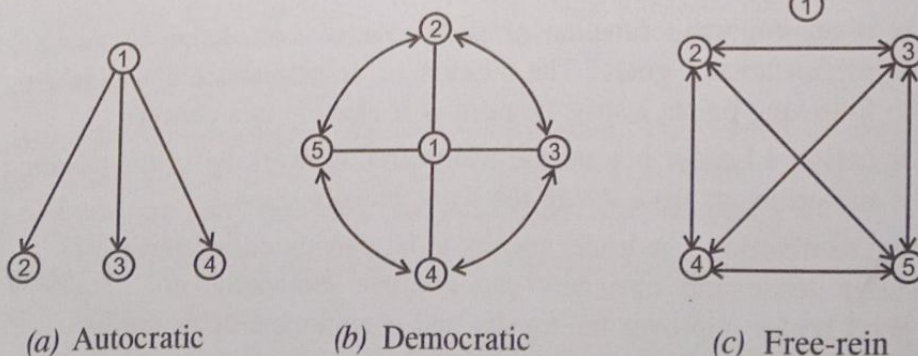


Fig. 3.1. Types of leadership.

1. Autocratic Leadership : An autocratic leader is the one who takes all the decisions himself without consulting his sub-ordinates. He forces the sub-ordinates to obey him without any questioning. An autocratic leadership is characterised by centralisation of authority, close supervision, unilateral (one sided) decision making, one way communication and rigid controls. It is directed or boss centred leadership. Followers are mere puppets in the hands of autocratic leader. It is a one-man show. An autocratic is also known as leader centred style.

Autocratic leadership is of three types based on the manner in which the leader adopts different methods to manage the things.

(a) **Strict autocrat** uses negative motivation (penalties, criticism of sub-ordinates, coercion etc.) to influence the behaviour of sub-ordinates. Sub-ordinates are insecure, uninformed and afraid of leader's authority.

(b) **Benevolent autocrat** has centralised decision-making power in him but he uses positive motivation (takes into account feeling and needs of sub-ordinates) style. Benevolent autocrat can be effective in achieving high performance and harmonious human relations in many situations. He uses his power to give rewards to the group.

(c) **Incompetent autocrat** adopts an autocratic style just to hide his incompetence. But this cannot be used for a long time.

Advantages of autocratic leadership : Following are the advantages of autocratic leadership :

- (i) It provides strong motivation and rewards to the self centred leader.
- (ii) It permits very much quick decisions and as no approval is required.
- (iii) In it, responsibility lies on a single person.
- (iv) Incompetent sub-ordinates can work as their role in decision making is negligible. Some people get satisfaction by working under centralised authority and strict discipline.

Disadvantages of autocratic leadership : Following are the disadvantages of autocratic leadership :

- (i) Members dislike autocratic leadership because there is no scope for self development.
- (ii) Behaviour of sub-ordinates become defensive and attention is focused upon pleasing the leader. There arises frustration, low motivation, low morale, low production and conflict among workers.
- (iii) There is lack of co-operation between leader and followers.
- (iv) There is more dependence and less individuality in the organization resulting in non-development of future leaders.
- (v) In the absence of feedback, decision may be poor and more errors may take place.

An autocratic leadership is effective during crisis. It is also useful when sub-ordinates are illiterate and incompetent. Such a style may be used when maximum attention is paid to efficiency, profits and other task-oriented activities. It may be good for achieving urgent deadlines in the short run and for confidential matters which do not allow participation. Incompetent and self centred leaders prefer autocratic style.

2. Democratic Leadership : It is also known as participative leadership. A democratic leader permits his sub-ordinates to participate actively in the decision making process. The final decision is the end product of combined efforts of all. A democratic leader leads by mutual consent rather than by using authority. He has a genuine respect for the individual. Decentralisation of authority, group decision making and two way communication play very important role in democratic leadership. A democratic leader does not dominate and he allows sufficient freedom to sub-ordinates to communicate with him.

Advantages of democratic leadership : Following are the advantages of democratic leadership :

- (i) It improves decision making as a number of people contribute to the decision making process.
- (ii) The leader consistently receives useful ideas, suggestions and feedback from the sub-ordinates.
- (iii) It develops a positive relationship between leaders and sub-ordinates.
- (iv) The job satisfaction, motivation and morale of sub-ordinates tends to go high.
- (v) Democratic leadership reduces resistance to change and acceptance of managements' ideas.
- (vi) It improves employees attitudes towards the job and the organization.
- (vii) There is scope for the development of future leaders which helps to improve organizational stability.
- (viii) In case of competent and motivated sub-ordinates, democratic leadership results in higher productivity and organizational development and reduction in number of employee grievances.

Disadvantages of democratic leadership : Following are the disadvantages of democratic leadership :

- (i) It requires complete understanding of the organizational problems on the part of employees.
- (ii) Some members want minimum interaction with superiors.
- (iii) This system takes more time for decision making because the leader needs informal approval of followers.

(iv) In this system, disputes are increased among the sub-ordinates due to different opinions.

(v) Moreover, participation can be secret to manipulate employees.

3. Free-rein Leadership : In this type of leadership, the leader allows the group to establish its own goals and work out its own problems. The entire decision making authority is entrusted to sub-ordinates and the leader does not direct them at all. This is also known as permissive style of leadership where there is least intervention by the leader, abdication of authority and letting the group to operate entirely on its own. The leader is a passive observer and he interferes only during crisis. This type of leadership may not work under all situations. Such leaders may be successful where workers are trained, sincere, skillfull and self disciplined.

Advantages of free-rein leadership : Following are the advantages of free-rein leadership :

- (i) This leadership is successful where sub-ordinates are highly competent and fully dedicated to the organization.
- (ii) In this leadership, sub-ordinates must be duty conscious and so highly motivated that they can perform without a leader.
- (iii) In this leadership, freedom is provided to the sub-ordinates. The leader does not interfere in any type of decisions taken by them. This increases their motivation level and high job satisfaction is there.

Disadvantages of free-rein leadership : Following are the disadvantages of free-rein leadership :

- (i) Under normal situations, such a leadership may result in chaos, confusion and total disorganization in the absence of a centralised authority.
- (ii) Such a leadership helps sub-ordinates to develop independent personality but contribution of the leader is negligible.

Note : *The type of leadership to be used in a particular case depends upon the leader, nature of sub-ordinates and the nature of environment.*

■ 3.4.5. Qualities of a Good Leader

The qualities that are required from a leader for effective leadership, by modern psychologists are as the following :

1. Physical appearance : A leader must have a pleasing appearance. Physique and health are very important for a good leader.

2. High intelligence : He should have high intelligence to grasp facts, figures and to understand people. But his mind should be flexible enough to come down to the level of his sub-ordinates when he is working with them.

3. Education : His formal education should be as far as possible be in accordance with his profession. He should be competent in his field. In addition, he should have formal as well as informal training in a wide range of general subjects and a thorough understanding of human behaviour.

4. **Maturity** : He should be emotionally stable and unlikely to break down with frustration while handling situations and making decisions.
5. **Acuteness** : A leader remains mentally alert. He readily comprehends instructions, explanations and unusual circumstances. By virtue of his acuteness and inquisitive nature, he is well aware of the happenings and developments in his profession.
6. **Analysis and judgement** : A leader performs critical evaluation of potential current problem areas. He possesses wisdom and foresight to look into the future.
7. **Constructive, creative and independent thinking** : He possesses the ability to originate and develop ideas intelligently and to make constructive suggestions and improvements.
8. **Knowledge of industrial psychology and human relations** : A leader understands personal interactions with fellow human beings, can feel and understand their problems, is considerate towards others, can motivate and get people to work together.
9. **Job competence** : A leader is competent in supervising his job.
10. **Open mindedness** : A leader has an open-mind to facts that are true. He is least affected by the influence of personal or emotional interests.
11. **Vision and foresight** : A leader cannot maintain influence unless he exhibits that he is forward looking. He has to visualize situations and thereby has to frame logical programmes.
12. **Verbal ability and communication** : A leader should be articulate, communicative and what he wants to convey is usually easily comprehended and appreciated by people at different organizational levels.
13. **Good poise and bearing** : These qualities are also among the essential features of a good leader.
14. **Attitude** : His attitude is of optimistic, enthusiastic and loyalty towards the organization.
15. **Initiative and drive** : He is self starting to achieve both personal and company objectives.
16. **Flexibility** : An essential quality of a good leader is the ability to adopt himself and quickly adjust to changing situations.
17. **Self confidence** : Self assurance, self reliance, inner security and a strong will power makes him a confident person.
18. **Cheerful and social** : A leader is habitually cheerful, always in good spirits, not easily depressed. He has an amicable nature and has a genuine interest in others.
19. **Group spirit** : He has a spirit to carry others along with him while performing tasks and also to think about the whole group while taking decisions.
20. **Accomplishment** : Efficient management of time, materials and space in meeting company goals and objectives makes a leader successful.

21. Acceptability : He should be acceptable to his sub-ordinates, respected by them and be worthy of their confidence.

22. Self-denial : He has a willingness go for self-indulgence and the ability to bear the headaches of job with responsibility.

23. Administrative quality : He is able to plan and organize the work, delegate responsibility and authority and control position activities effectively.

24. Personal compliance : To a very high degree he does what is expected of him setting good examples for all in terms of punctuality, honesty, deduction, awareness, hardwork etc.

25. Dependability : A leader meets schedules and dead lines and adheres to the policies of the company.

26. Approachability : He is approachable in the sense that he is willing to listen, to talk to and sincerely attend the problems, queries and suggestions of his sub-ordinates.

27. Good character : He is reputed to have an excellent character in the sense that he is honest, sincere and has the courage to face hard facts, unpleasant situations etc.

28. Communication skills : A leader must be able to communicate the policies and procedures clearly, precisely and effectively. This can be helpful in persuasion and stimulation.

From the above qualities present in a leader, one can understand the scope of leadership and its importance for scope of business. A leader cannot have all traits at one time. But few of them helps in achieving effective results.

■ 3.5. MOTIVATION AND ITS APPLICATION IN INDUSTRY

“Press the right button, but convincingly to get a desired reaction”

The term ‘*motivation*’ has been derived from the Latin word ‘*emovere*’ which means *to move* or *to activate*. For motivating an individual, there has to be some motive. A motive is that desire which directs a person’s energy and efforts towards goals. It reflects an impulse, drive or urge to move in a specific direction to reduce a need. Motives and needs are initiating and supporting. Desires are what move an individual to satisfy needs while goals are the ends towards which behaviour is directed.

An organization becomes effective when each of its members makes an optimum contribution towards the organizational objectives. The performance of a group depends upon the ability and willingness of its members to work and the technology used by them. Ability is the function of education, training and experience, while willingness depends upon the level of motivation. Symbolically ;

$$\text{Performance} = \text{Ability} \times \text{Motivation} \times \text{Technology}.$$

Human behaviour is governed by a great number of needs which stem from human motives. Needs give rise to wants and give tensions. Tensions give rise to actions. Needs,

therefore cause actions. Actions are to be motivated in order to give satisfaction. Motivation is the art of understanding motives and satisfying them to direct and sustain behaviour towards the accomplishment of organizational goals. **Beralson and Steiner** have defined motive as "*an inner state that energises, activates or moves*".

In industry, motivation is used as a means or influence which inspires or impels a person to behave in a certain manner and intensify his willingness to use his capabilities for achieving goals of the organization for which he works. The secret of motivation lies in understanding human needs, which stem from human motives. It needs to be understood how these needs affect behaviour.

Performance of a group of individuals depends on the needs of the group as well as of the individual who form the group. The needs of the group may not be the same as that of the individuals but given a common goal, the individuals forming a group may come to identify themselves with the group needs. The sole responsibility of the manager is to recognise the group's needs without unduly and unimaginatively compromising the needs of individuals who as a group have extended their helping hand for the accomplishment of a given task. The manager creates and then maintains the necessary environment for the accomplishment of the objectives. This is done by motivating ; encouraging the people to work for the attainment of objectives. If workers are properly motivated, work is done at the right time, in right quantity and of the right quality.

The concept of motivation and group motivation is illuminated in the following statements :

According to **Carroll Shartle**, "*Motivation is the reported urge or tension to move in a given direction or to achieve a certain goal*".

According to **Edwin B. Flippo**, "*Motivation is the process of attempting to influence others to do your will through the possibility of gain or rewards*".

According to **Encyclopedia of management**, "*Motivation refers to the degree of readiness of an organism to pursue some destined goal and implies the determination of the nature and locus of the forces inducing the degree of readiness*".

According to **Brech**, "*Motivation is the inspirational process which impels the members of the team to pull their weight effectively, to give their loyalty to the group, to carry out properly the tasks that they have accepted and generally to play an effective part in the job that the group has undertaken.*"

From the above definitions, it is clear that motivation is a process consisting of :

1. The motive.
2. The needs, drives, desires, aspirations etc.
3. Attainment of objectives – the conditions under which to attain objectives and a particular goal.

■ 3.5.1. Nature of Motivation or Characteristics of Motivation

Following are the main characteristics of motivation :

1. Motivation is a psychological concept : Psychological concept of motivation is inherent in each individual. There are two desiring factors in motivation.

(a) Primary needs : These include food, clothes, shelter etc. These are known as basic needs.

(b) Ego-satisfaction needs : These include self esteem, recognition, opportunity for achievement, self development and self actualisation. These needs are different from individual to individual.

These inner desires which are unconscious are more effective in influencing behaviour than any external influence.

2. Human beings are motivated as a whole, not in parts : It is the inner needs of a person which determine the extend and direction of motivation. Since, these needs are integrated into a whole, they influence the whole individual.

3. Motivation is an unending process : Man being a social animal has unending needs. When one basic need is adequately satisfied, its power as a motivator gets withered. Another need, usually a higher one emerges as a strong force. Since, needs are unending therefore motivation is also an unending process.

4. Aims are motivators : Aims and motives cannot be separated. Man works to achieve the aims. As soon as, aim is achieved, he loses interest in work. It is important for the management to know what a person is aiming at a particular time, what is his level of aspiration (next goal) so that he may be motivated to work for the next goal.

5. Non-attainment of needs causes frustration : If the needs are not fulfilled, one feels mentally ill and frustrated. Such a person cannot be further motivated easily.

6. Motivation is the potential to work : It is that strength which directs a person to do a job or not to do a job and instigates him to work in a specific direction.

7. The self-concept as a unifying force : Gellerman, a psychologist stated that *unifying forces run through each individual's history*. Unifying forces means the drive to actualise his own image out of himself. The outline of a person's self-image are fairly well-checked in early life.

8. Motivation is a complex and difficult function : In order to motivate people, it should be understood that human beings have multiplicity of needs and that these needs are mental feelings which cannot be described and measured accurately. They are vague and have to be deduced from external behaviour of human beings. Moreover, needs are basically subjective. Every person adopts a different approach to satisfy his needs and one particular need may cause different behaviour on the part of different people. Similarly one particular behaviour may be the outcome of different needs. As a result, it is not possible to make exact generalisations in the field of motivation.

9. Motivation is a circular process : Feeling of an unsatisfied need causes tension and an individual takes action (drive) to reduce this tension. When the need is satisfied, tension is removed and the person feels inspired to work in a particular direction. This in turn results in revaluation of the situation and a new need arises. Motivation is the result of an interaction between human needs and the incentives offered to satisfy them.

10. Motivation is different from satisfaction : Motivation is the process of stimulating an individual or a group to take desired action. On the other hand, satisfaction implies contentment arising from the satisfaction of a need.

■ 3.5.2. Need of Motivation

Motivation is required on account of the following reasons :

1. Higher efficiency
2. Low absenteeism and labour turn over
3. Facilitates change
4. Human relations
5. Corporate image.

1. Higher efficiency : A good motivational system releases the immense talents and abilities of employees. It converts ability to work into desire to work. Motivated employees put maximum efforts for achieving organizational goals. On the other hand, poorly motivated people can nullify even the soundest organization. Infact, motivation is an effective instrument in the hands of management for maximising the efficiency and effectiveness of an organization and for securing the optimum utilisation of resources.

2. Low absenteeism and labour turnover : Motivation leads to job satisfaction and high morale due to which labour unrest, labour absenteeism and labour turnover are reduced. Motivated workers have higher commitment and loyalty to the organization. All those factors ensure stability in the work force. Thus, a team of motivated workers is the most valuable asset of an organization. Motivation also promotes self discipline.

3. Facilitates change : Effective motivation helps to overcome resistance to change and negative attitudes on the part of workers. Motivated workers are receptive to new developments. They learn better and they themselves suggest appropriate changes. Motivation adjusts the tone of an industry.

4. Human relations : A high level of motivation results in harmonious relations between workers and employer. Sound industrial relations ensure industrial harmony and peace. Employee's morale and discipline are likely to be high. Motivation improves acceptance of orders and instructions.

5. Corporate image : An organization that provides adequate opportunities to its workers for the satisfaction of physical and psychological needs has a better image in the public. People prefer to join and work in such an enterprise. This helps in recruiting dedicated personnel and simplifies the staffing function.

■ 3.5.3. Factors Affecting Motivation

Motivation is a very important factor that catalyzes the success of an organization. Those organizations are blessed which have motivated employees that work hard in the work place to achieve the goals and objectives of the organization. People think that pay is the only motivational tool that affects the performance of an employee but there are many factors that motivate employees. Various factors which affect motivation are as follows :

1. Environmental Conditions : Environmental conditions like temperature, lighting, cleanliness, ventilation, sitting arrangements and equipment etc. affect employee's motivation. Good environmental conditions motivate employees and promote efficiency. Organizations that invest in these factors are getting motivated employees.

2. Organizational Culture : Organizational culture dictates the norms and behaviour that employees depict while at work. Work culture is shown in every thing at work from the way people enter the office, the way they leave, the way they dress, the way they eat etc. Culture looks very simple thing but it impacts deeply on the organization and the employees. A culture of knowledge sharing, helping each other, respect, communication and one that has the flexibility to absorb mistakes will have more motivated staff than where mistakes are not tolerated, hindered communication and knowledge sharing.

3. Education or Learning : Learning at work place is beneficial to both the person and the organization. On the one hand, where it gives strength to individual and similarly on the other hand, the business benefits from the skills, attitudes and behaviour of the person. In order to motivate the employees, organization should provide enough opportunities where staff can learn more and more about skills that add value to the firm.

4. Relation between Co-workers : People work together in an organization to achieve a uniform goal. Thus, it is very important that all the co-workers respect each other and never show disrespect towards each other. If employees have good understanding then it is easier to create a workplace where respect and responsibility prevails. Good relationship between employees also decreases the stress level and employees feel more relaxed at workplace.

5. Leadership Factor : Leader plays a key role in maintaining a motivated work environment. The leader should understand how to deal different employees. It is imperative on the leader that he should respect the employees. It will help in a culture of mutual respect and honour.

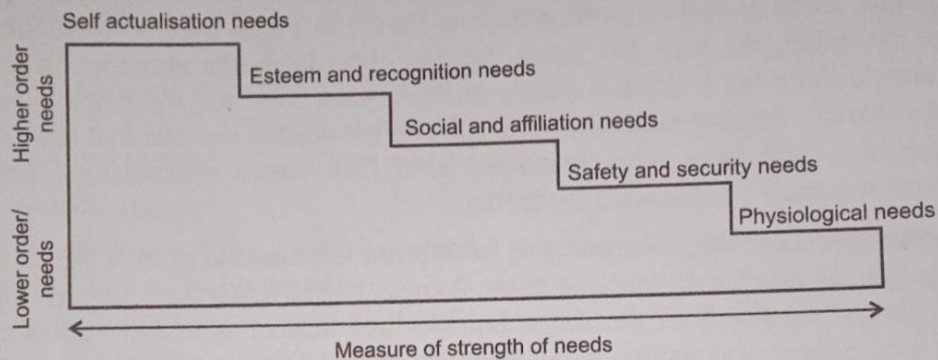
■ 3.5.4. Abraham Maslow's Theory of Motivation

Abraham H. Maslow, an American psychologist developed a theory of motivation which tells and explains which of the needs are important at a particular time and place and why. According to him needs are arranged in a series of levels called hierarchy of needs. The main postulates of his theory are as follows :

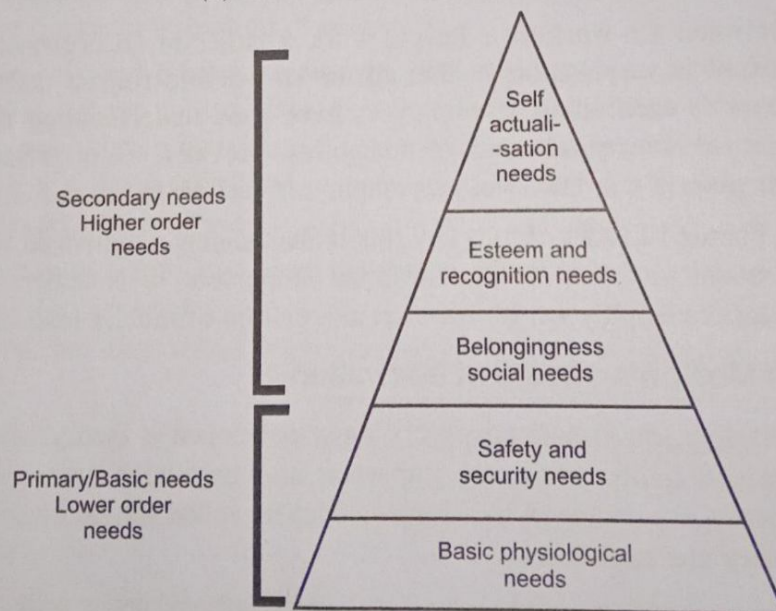
- (i) Man is a perpetually wanting animal and his needs are never fully satisfied. As soon as one need is satisfied, another need takes its place. This process continues from birth till the death of a person.

- (ii) Human needs differ in importance and can, therefore be arranged in a series of levels – a hierarchy or pyramid. Some needs are more significant than the others.
- (iii) An individual needs at a particular level on the hierarchy emerge only when the lower-level needs are reasonably well satisfied.
- (iv) Satisfied needs do not motivate behaviour. Once a certain need is satisfied, it ceases to be a motivating factor.
- (v) The lower order needs (*physiological and safety*) are more finite than the higher level needs. Ego and self-actualisation needs are likely to be dominant among persons at higher levels of management.

According to Maslow, human needs can be classified into five categories as shown in the figure below :



(a) *Maslow's need hierarchy*



(b) *Maslow's order of Priority of Needs*

Fig. 3.2.

1. Physiological needs : As we see in the above diagram, physiological needs are at the bottom. These include the need for food, drink, air, sex, sleep, clothing, shelter and other necessities of human life etc. These needs relate to the survival and maintenance of human life. These are the most fundamental of all needs and are required to be satisfied before all other needs. An organization can help individuals satisfy these primary needs by providing good pay, proper working conditions and other benefits.

2. Safety needs : Once the physiological needs are reasonably well satisfied, security needs become significant. These needs consist of physical safety or protection against murder, fire, accident etc. and economic security against unemployment, theft, old age, sickness, disability etc. An organization can influence safety either positively by providing job security, pension plans, insurance plans, safe and healthy working conditions or negatively by arousing fear of being fired or laid off, arbitrary management actions, etc. Every person seeks protection from danger and deprivation.

3. Social needs : Once the safety needs are satisfied, human beings try to satisfy the social needs. Man being a social animal, has a need to belong to and be accepted by others. Social needs include need for love, affection, association with and acceptance by various social groups, friendship etc. Every human being wants to build meaningful relationship with others.

4. Ego or Esteem needs : Ego or esteem needs are of two types :

(a) *Self esteem* : It implies needs for self respect, self confidence, feeling of personal worth and independence.

(b) *Need of esteem, power, prestige, achievement etc.* : An organization can help satisfy such needs through job title, praise, promotions etc.

5. Self actualisation needs : These are the needs to accomplish or achieve something in life e.g. the need to be creative, to develop new ideas, to meet challenges etc. In other words, these refer to the need for becoming everything what one is capable of becoming, for accomplishing what one is capable of accomplishing. The need is also called *self fulfilment* or *self development*. It requires continuous self development. This need lies at the top rung of the ladder of human needs. This need is completely achieved in very rare cases.

According to Maslow, people seek satisfaction of physical needs first. As long as these needs remain unsatisfied, they dominate behaviour. Once they are satisfied to a reasonable degree, the security needs become dominant. However, these categories of needs are not mutually exclusive. They are interdependent and overlapping.

A higher level need arises before a lower level need is completely satisfied. Therefore, a person may be operating at more than one need level simultaneously. Still this theory, given by Maslow holds good when dealing with human beings in an organization. Human beings are not as predictable as machines, but still this theory is most nearer to truth than others. Maslow's theory helps us to understand human needs – the determiners of human behaviour.

■ 3.5.5. Types of Motivation

Motivation can be classified into two basic types :

- (i) Internal
- (ii) External.

(i) **Internal motives** motivate people internally. Internal motivation starts from the ego needs of an individual *e.g.*

- (a) The need to get the job of one's choice.
- (b) The illusion of self-determination and freedom.
- (c) A sense of accomplishment in doing a job well.

(ii) **External motives** include :

- (a) Salary
- (b) Incentives
- (c) Praise or Punishment.

1. Positive motivation : In the real sense, motivation means positive motivation. Positive motivation induces the people to do their work in the best possible manner and to improve their performance. Under this better facilities and rewards are provided for their better performance. Such rewards and facilities may be financial or non-financial. Thus, both ways, positive motivation leads to individual's existing set of satisfactions.

Financial or monetary motivation includes different incentives, wage plans, productive bonus schemes etc. Non-financial or non-monetary motivation includes social recognition etc. Monetary incentives provide the worker a better standard of life while the non-monetary motivation satisfies the ego of the man. Needless to say, positive motivation seeks to create a brighter, more cheerful and optimistic atmosphere in the enterprise.

2. Negative motivation : Negative motivation aims to control the negative efforts of the workers and seeks to create a sense of fear or an unhelpful environment for the worker where he has to suffer for lack of good performance. So, the management induces him to work positively in the interest of the organization. It is based on the concept that if man fails in achieving the desired results, he should be punished. Punishments, fear of loss of job are some of the methods which are usually taken as a means to direct the man in the desired direction.

Negative motivation may also be classified into monetary and non-monetary motivations. In case a worker produces below the standard fixed, keeps himself away from work, or creates indiscipline in the organization, his wages may be cut, he may be reprimanded, the facilities provided to him may be cut and he may be asked to get every bit of work done by him examined. Negative motivation is based on the presumption that man works out of a threatened loss of something.

■ 3.5.6. Methods for Improving Motivation

The ability to work and the desire to work are separate elements. A person may have the necessary knowledge, experience and skills to work but lack the desire to work. Such people need to be induced to work.

These inducements may be in the form of incentives, pay and promotion policies or rewards etc.

Incentives are of two types :

(i) **Financial incentives** : Financial incentives imply monetary rewards for good or extra work to the workers. It is only by virtue of monetary incentives that the workers can satisfy their fundamental requirements of food, clothing and shelter according to their sweet will. Cash provides a sense of security in workers. In the light of need hierarchy concept, the people operating at the lower level can be potentially motivated because their physiological needs are not fully satisfied.

Financial incentives may be meant for the group or for the individual. For the individual, incentives may be in the form of payment or increase in wage, bonus, salary, prize or return on investment.

To keep the whole group motivated following incentives are usually given :

- (a) Equal wage rate for equal work
- (b) Annual increment based on special skill and ability
- (c) Pensions
- (d) Dividends and bonus
- (e) Compulsory bonus
- (f) Profit-sharing plan
- (g) Participation in management.

Financial incentives may be positive or negative. If a worker is induced to do a work against monetary reward, it is a positive incentive. Examples of such incentives are efficiency bonus given to a worker for higher production. **Employees may be abstained from doing an act and offered cash incentive for not doing an act.** This is called negative incentive. Such incentives may be introduced to reduce absenteeism or minimising wastage of time, labour, material and machines.

(ii) **Non-financial incentives** : After physiological needs come the psychological needs for safety and security. These can be satisfied by the psychological climate or environment of the work place. These include all other influences, planned or unplanned which stimulate exertion. The employee is made to feel that the owner has achieved something through his contributions. Such a feeling of achievement motivates him to do extra work. Still achievement should be

recognised. It is a weakness of human beings that they enjoy it if their accomplishments are known to others. Non-financial incentives can be awarded to individual or planned for the whole group of workers.

For the individuals these include ;

- (a) Teaching him dignity of work.
- (b) Impressing upon him that low productivity and inefficiency are shameful.
- (c) Promotion to a position of higher status.
- (d) Security and stability of job.
- (e) Motivation and praise for constructive work.
- (f) Creating a sense of achievement.
- (g) Giving opportunity to voice one's opinion.

At the level of the group, non-financial incentives that can be given include :

- (a) Policy which ensures security of job.
- (b) Providing opportunity for participation in management.
- (c) A sincere interest in the sub-ordinates.
- (d) Providing a work atmosphere facilities and opportunities so that employees take pride in their jobs.
- (e) Delegation of authority and responsibility through job enlargement.
- (f) Promoting patriotism and loyalty.
- (g) Inviting suggestions from the groups of workers.
- (h) Giving a considerate hearing.
- (i) Promoting healthy competition.
- (j) Promoting team spirit among workers.
- (k) Encouraging honest and sincere work for attainment of an objective.
- (l) Promotion and growth as a result of effective performance.
- (m) Provision of *on the job* training facilities.
- (n) Labour welfare and other security measures.
- (o) Creating sense of achievement for group efforts to achieve a goal.
- (p) Appreciating and making public the contribution of workers for the growth of the firm.

Like financial incentives, non-financial incentives are also positive and negative. Positive non-financial incentives include promotion and other benefits while negative non-financial

incentives include demotion or penalty or withholding of some positive incentive for the purpose of discouraging unethical behaviour.

At the level of the organization, some efforts can be made which affect the motivation of employees. It is worthwhile to mention that these steps can be taken at the organizational level only. These are ;

- (i) Maintaining good relations between the management and workers.
- (ii) Good and effective communication from top to the lower levels.
- (iii) Providing opportunities to workers to participate in management.
- (iv) Building the morale of the workers.
- (v) Maintaining discipline and observing professional ethics at the managerial level.
- (vi) Being honest in showing the profits of the firm and giving a share of it to the workers.

► 3.5.6.1. PROMOTION POLICIES AS MOTIVATORS

Promotion means assigning of a greater responsibility or greater authority to an employee. Normally, it involves ascending in the management hierarchy or atleast an increase in the pay or status or both for the employee concerned.

Sufficient policies should be laid down regarding promotion to generate continued motivation of the employees. An appropriate promotion policy giving effective motivation would be one which offers the employee a career within the organization itself. Provision should be there for promotion based on seniority as well as merit.

Promotion systems are based on the following factors :

(i) **Promotion based on seniority :** In this system, those who have served the organization for a specified number of years are considered for promotion in the order of their seniority.

(ii) **Merit system :** Some organizations fix job requirements for their posts, may be for some higher posts or for all the posts. When a post falls vacant, all persons qualified for it, whether inside or outside the organization are allowed to compete for it so that the fittest candidate may be selected and appointed.

(iii) **Promotion through reports :** When an organization is more concerned with results, all workers, whether senior or junior, with proper qualification and experience are given promotion, if their work has been found to be upto the mark.

(iv) **Head of office as the promoting authority :** In some cases it is left to the head of the office in the organization to consider cases for promotion. It is believed that the head is most knowledgeable about the people working in his office as well as the requirements of the job. So, his decision should be acceptable to the workers.

■ Important and Expected Questions ■

Q.1. What is leadership ?

Ans. Leadership is an abstract quality in a human being to induce his followers to do whatever they are directed to do with zeal and confidence.

Q.2. Who is leader ?

Ans. A leader is the one who influences the behaviour and work of others in group efforts towards achievement of specified goals in a given situation.

Q.3. Name the main styles of leadership.

Ans. The main styles of leadership are as the following :

- (i) Autocratic leadership.
- (ii) Democratic leadership.
- (iii) Free-rein leadership.

Q.4. Who is an autocratic leader ?

Ans. An autocratic leader is the one who takes all the decisions himself without consulting his subordinates. He forces the subordinates to obey him without any questioning.

Q.5. What is a free-rein leadership ?

Ans. In this type of leadership, the leader allows the group to establish its own goals and work out its own problems. The entire decision making authority is entrusted to subordinates and the leader does not direct them at all.

Q.6. Explain the meaning of term motivation.

Ans. The term '*motivation*' has been derived from the Latin word '*emovere*' which means *to move* or *to activate*.

Q.7. On which factor, performance of a human being depends ?

Ans. Performance of a human being depends on motivation.

Q.8. Who was the developer of Need Hierarchy Theory ?

Ans. 'Abraham Maslow' was the developer of Need Hierarchy Theory.

Q.9. What is the advantage of Maslow's Theory ?

Ans. Maslow's theory offers managers a good understanding of the needs of individuals. This helps them in deciding how to motivate organization workers.

Q.10. What is positive motivation ?

Ans. In the real sense, motivation means positive motivation. Positive motivation induces the people to do their work in the best possible manner and to improve their performance. Under this better facilities and rewards are provided for their better performance.

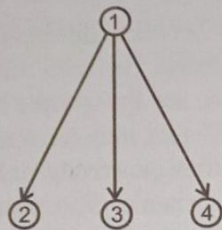
Q.11. What is the difference between a manager and a leader ?

Ans. As per job profile and duties there is not much difference between a manager and a leader. In the industry manager can be considered as leader of the industry.

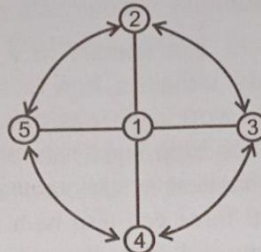
Q.12. Write a short note on styles of leadership.

Ans. The term '*styles of leadership*' refers to the behavioural pattern which a leader adopts in influencing the behaviour of group of peoples, leadership style reflects the degree of decision-making and freedom allowed to sub-ordinates. Leadership style differs according to the relative proportions of authority and persuasion used to influence followers. Leaders behave differently and therefore, there exist different leadership styles in different situations. The main styles of leadership are ;

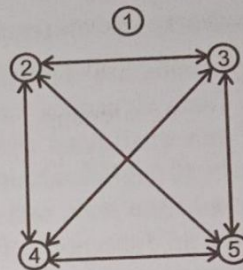
1. Autocratic leadership
2. Democratic leadership
3. Free-rein leadership.



(a) Autocratic



(b) Democratic



(c) Free-rein

Q.13. What are the characteristics of autocratic leader ?

Ans. The characteristics of autocratic leader are as the following :

- (i) He is hungry for power.
- (ii) The leader is aggressive.
- (iii) He takes all decisions himself.
- (iv) He expects complete obedience from his sub-ordinates.
- (v) He achieves the goal through the use of authority and punishment.

Q.14. Explain the concept of motivation.

Ans. The term '*motivation*' has been derived from the Latin word '*emovere*' which means *to move* or *to activate*. For motivating an individual, there has to be some motive. A motive is that desire which directs a person's energy and efforts towards goals. It reflects an impulse, drive or urge to move in a specific direction to reduce a need. Motives and needs are initiating and supporting. Desires are what move an individual to satisfy needs while goals are the ends towards which behaviour is directed.

Q.15. What symptoms show the need of team building ?

Ans. Symptoms that shows a Need for Team Building :

- (a) Complaints of discrimination or favouritism.

- (b) Ineffective staff meetings, low participation and minimally effective decisions.
- (c) Negative reactions to the manager.
- (d) Decreased productivity.
- (e) Conflicts or hostility among staff members.
- (f) Confusion about assignments, missed signals and unclear relationships.
- (g) Decisions misunderstood or not carried through properly.
- (h) Lack of initiation, imagination, innovation ; routine actions taken for solving complex problems.
- (i) Complaints about quality of service.
- (j) Apathy and lack of involvement.

Q.16. Write a short note on team dynamics.

Ans. Team dynamics are the unseen forces that operate in a team between different people or groups. Team dynamics can strongly influence how a team reacts, behaves or performs. Suppose in a small team of six people working in one office there are two people who have a particularly strong friendship. This friendship is a "natural force" that may have an influence on the rest of the team and can be manifest in various ways, either positively or negatively. Sometimes, an "absence" of a natural force can also be a team dynamic. For example, if the leader or manager is permanently removed from the office, the group may be drawn into a change of behaviour.

Q.17. Why is it necessary to work as a team ?

- Ans.**
- (a) Productivity increases.
 - (b) Quality improvements.
 - (c) Cost reductions.
 - (d) Earlier commercialization.
 - (e) Improved supplier relationships.
 - (f) Enhanced customer satisfaction.
 - (g) Changed management systems.
 - (h) Cultural enhancements.
 - (i) Employee satisfaction.
 - (j) Creativity and innovation.
 - (k) Strategic initiatives.
 - (l) Stakeholder image.
 - (m) After-sales service improvements.
 - (n) Development of management potential.

Q.18. What are the differences between workgroups and teams ?

Ans. Following are specific differences between workgroups and teams :

1. The workgroup has a strong, clearly focused leader, the team has shared leadership roles.
2. The workgroup has individual accountability ; the team has individual and mutual accountability.
3. The workgroup's purpose is the same as the organization's, the team has a specific purpose.
4. The workgroup has individual workproducts ; the team has collective workproducts.
5. The workgroup runs efficient meetings ; the team encourages open-ended, active problem-solving meetings.
6. The workgroup measures effectiveness indirectly (for example, financial performance of the overall business) ; the team measures performance directly by assessing collective workproducts.
7. The workgroup discusses, decides and delegates ; the team discusses, decides and does real work. The point is that teams do go beyond traditional formal workgroups by having collective, synergistic (the whole is greater than the sum of its parts) effect.

Q.19. Discuss the various steps to manage cultural, social and ethnic diversities.

Ans. Steps to Manage Cultural, Social and Ethnic Diversities :

Step 1 : Confirm that all of the personnel policies from hiring to promotions and raises are based on employee performance. Avoid allowing tenure, ethnic background or any other kind of category into human resources policies. Managing a diverse workplace begins with strong policies of equality from the company. Once these policies are in place, the company can begin implementing diversity measures throughout the entire organization.

Step 2 : Rate the qualifications of the candidate based on the quality of his experience, not age or any other category, when hiring. When hiring a diverse but qualified workforce, you are on the right track towards being able to manage the diversity in your company.

Step 3 : Encourage diversity when creating teams and special work groups within the company. If a co-ordinator creates a work group that does not utilize the skills of the most qualified employees, then insist that the group be changed to include all qualified staff members.

Step 4 : Treat complaints of favouritism or discrimination seriously. Encourage employees to report all instances of discriminatory behaviour and have a definitive process in place for investigating and dealing with these issues.

Step 5 : Hold regular trainings for the entire staff on the benefits of diversity in the workplace. Encourage discussions at these meetings on how the company can better manage workplace diversity.

Q.20. Discuss how to have a great conversation.

Ans. (a) Be a good listener : This is the most important part of any conversation. You might think a conversation is all about talking, but it will not go anywhere if the listener is too busy thinking of something to say next. Pay attention to what is being said. One can even do some research in advance when you know you will have an opportunity to talk with a specific person. Complimenting them is a great place to start. Everyone likes sincere compliments and that can be a great ice-breaker.

(b) Ask questions : What do they like to do ? What sort of things have they done in their lives ? What is happening to them now ? What did they do today or last weekend ? Identify things about them that you might be interested in hearing about and politely ask questions. There was a reason that you wanted to talk to them, so obviously there was something about them that you found interesting. However, try to space out your questions or they'll feel like you are interrogating them which is very bad and closes off friendships.

(c) Forget yourself : Dale Carnegie once said, "It's much easier to become interested in others than it is to convince them to be interested in you". If you are too busy thinking about yourself, what you look like or what the other person might be thinking, you will never be able to relax. Introduce yourself, shake hands, then forget yourself and focus on them instead.

(d) Ask clarifying questions : If the topic seems to be one they are interested in, ask them to clarify what they think or feel about it. If they are talking about an occupation or activity, you do not understand, take the opportunity to learn from them. Everyone loves having a chance to teach another willing and interested person about their hobby or subject of expertise.

(e) Consider your response before disagreeing : If the point was not important, ignore it rather than risk appearing argumentative. If you consider it important then politely point out your difference of opinion. Do not disagree merely to set yourself apart, but remember these points.

Q.21. What are the essentials of team management ?

Ans. The following outlines the competencies you should develop to ensure effective group working :

1. Influencing Others

- (a) Motivate others to achieve desired outcomes by directing, coaching and delegating as the situation requires.
- (b) Recognise the importance of building professional relationships.
- (c) Develop networks of contacts and colleagues.
- (d) Establish rapport with key players.
- (e) Empower others by delegating power and responsibility and hold them accountable.
- (f) Gain co-operation and commitment from others.

2. Respect for Others

- (a) Understand and support the commitment to respect every individual in the workplace.
- (b) Recognise and promote the value of diversity.

- (c) Foster an environment that supports diverse individuals and perspectives, fairness, dignity, compassion and creativity in the workplace.

3. Looking out for Others

- (a) Recognise the needs and abilities of others, particularly subordinates.
(b) Ensure fair and equitable treatment.
(c) Provide opportunities for professional development.
(d) Recognise and reward performance.
(e) Support and assist others in professional and personal situations.

4. Effective Communication

- (a) Learn to express facts and ideas succinctly and logically.
(b) Be an active and supportive listener.
(c) Encourage open exchange of ideas.
(d) Communicate face-to-face when possible.
(e) Write clearly and concisely.
(f) Speak effectively before an audience.
(g) Distinguish between personal and official communication situations and act accordingly.

■ Objective Type Questions ■

FILL IN THE BLANKS

1. A comprises a group of people linked in a common purpose.
2. are the unseen forces that operate in a team between different people or groups.
3. The is a very significant element in the phenomenon of organizational behaviour.
4. In the stage, personal relations are characterised by dependence.
5. In the stage, interpersonal relations are characterised by cohesion.
6. Team members who understand the are more committed to make the project successful.
7. To build a, you must build and maintain an environment of mutual trust and respect.
8. An team is one in which decision making and responsibility have been pushed down as far as possible.
9. is the ability to imagine being in another person's situation and therefore, understand his/her feelings.
10. A is communication by two or more people or by one's self.
11. is the ability to persuade others to seek and define goals enthusiastically.
12. An effective leader is one who can make ordinary men do..... .

13. Leadership is a quality to people in order to achieve a fixed desired goal.
14. The goal of a leader and his follower should be.....
15. The disputes among the followers in autocratic leadership.
16. Autocratic leadership often results into efficiency of an industry.
17. Motivation is a concept.
18. Creating interest among the workers for their work is called
19. Usually workers and employer do not belong to the same group.
20. The treatment of workers by the management should never be partial, it should be
21. The interest of work among the workers of an industry is by motivating.
22. Motivation is for efficiency.

Answers

FILL IN THE BLANKS

- | | | |
|------------------|-------------------|-------------------------|
| 1. team | 2. Team dynamics | 3. group |
| 4. forming | 5. norming | 6. project |
| 7. team | 8. empowered | 9. Empathy |
| 10. conversation | 11. Leadership | 12. extraordinary thing |
| 13. lead | 14. same | 15. reduced |
| 16. increased | 17. physiological | 18. Motivation |
| 19. social | 20. impartial | 21. increased |
| 22. necessary | | |

Review Questions

1. What are the characteristics of effective teams ?
2. Explain team dynamics and benefits of a team.
3. What are the stages of team development ? Explain.
4. Write the steps to manage cultural, social and ethnic diversities.
5. Explain the team related skills.
6. Explain the competencies required for working with others.
7. What is difference between workgroups and teams ?
8. What symptoms show the need of team building ?
9. What is conversation ? Explain.

Project Management

Project is a temporary group activity designed to produce a unique product, service or result. A project is **temporary** in that it has a defined beginning and end in time, and therefore defined scope and resources. A project is unique in that it is not a routine operation, but a specific set of operations designed to accomplish a singular goal. So, a project team often includes people who don't usually work together—sometimes from different organizations and across multiple geographies.

Project management, then is the application of knowledge, skills and techniques to execute projects effectively and efficiently. It's a strategic competency for organizations, enabling them to tie project results to business goals and thus, better compete in their markets.

Features : Project management has the following features :

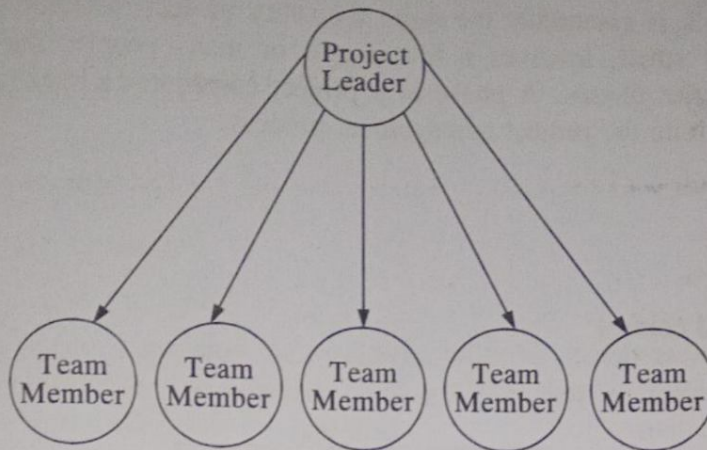
- (a) Performed in a definite time period, in order to meet a specific set of objectives.
- (b) It is likely to be a one time program.
- (c) It has a life cycle, with a specific start and end.
- (d) It has a work scope that can be categorized into definable tasks.
- (e) It has a budget.
- (f) It is likely to require the use of multiple resources. Many of these resources may be scarce and have to be shared with others.
- (g) It may require the establishment of a specific organization, or the crossing of traditional organizational boundaries.

Project management methods : The following are the task/project management methods :

- (a) Directive project management
- (b) Participatory project management.

(a) Directive Project Management : The directive approach represents old management technology. It assumes that the project manager is the person who can do the best job of planning and controlling the project. The project manager does the planning and then delegates tasks to the team members. He or she then follows up with individual team members to make sure they are completing their tasks on time. Communication flow is primarily between the team member and the project leader. If a problem is encountered, it's upto the leader to solve it.

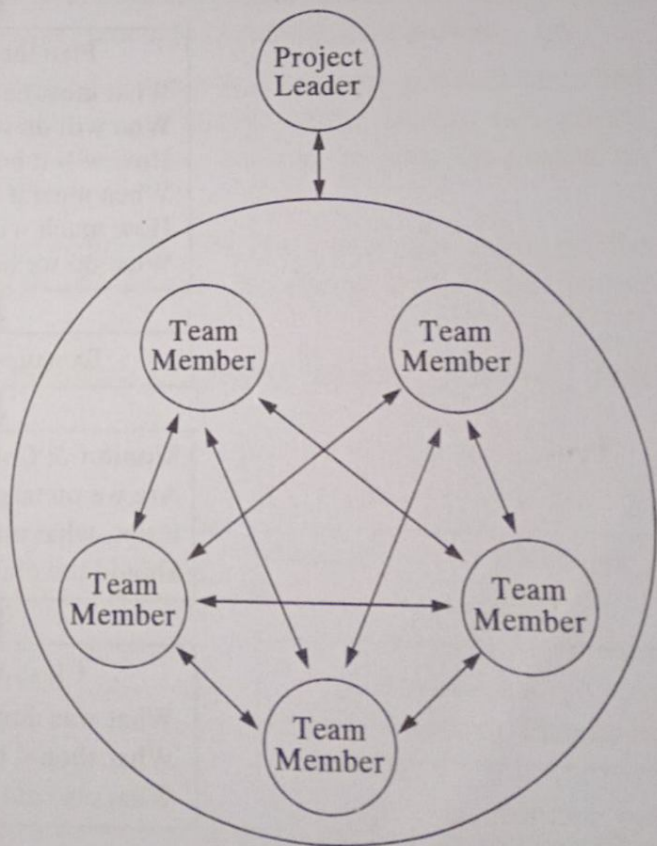
Team members have little understanding of the project as a whole or how their work fits into the big picture. There is little team ownership or commitment to the project.



Directive Project Management

(b) Participatory Project Management : Participative project management represents the newer management technology for projects. The project leader facilitates the project management process, leading the team through the steps of planning. The team, under the direction of the project leader, monitors the progress of the project as the work is completed. Decisions about the work are made with the involvement of the team and communication flow is not only up and down from team members to the project leader, but across the team as well. Each member of the team understands how his or her individual piece of the project fits into the big picture. More ideas are generated.

Better decisions are made when everyone participates. Participation creates ownership, which strengthens commitment and accountability. Team morale is usually higher. There is less rework. Individual and team performance is increased.

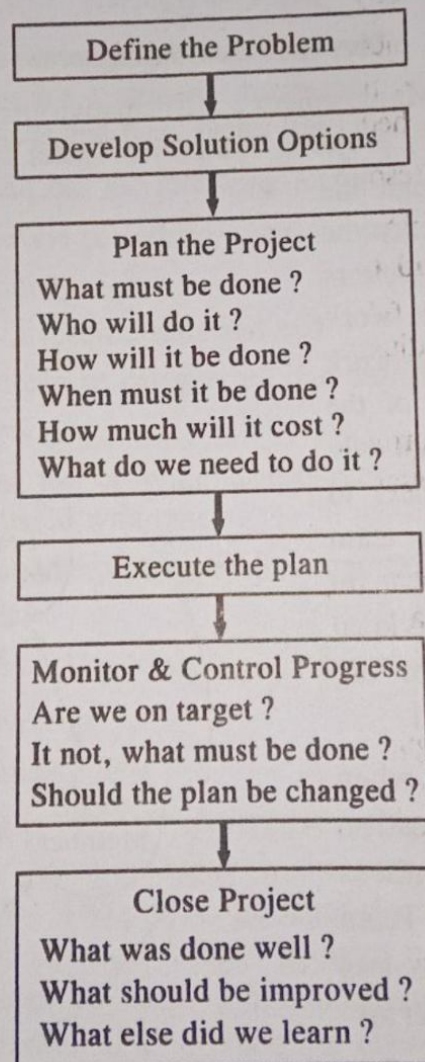


Participative Style of Communication

4.1. STAGES OF PROJECT MANAGEMENT

The sequence of activities that each team must complete, from commissioning the project through its completion, is essentially the same for every project, whether the project is simple or complex, large or small, involves a few people or many people. These activities can be grouped into five project phases. A phase of a project constitutes a major set of activities that must be performed within the project management process.

- (a) Initiating
- (b) Planning
- (c) Executing
- (d) Monitor and control
- (e) Closing.



The steps in managing a project

The seven keys for creating a successful project focus on things that individual project teams can and should do to make their projects more successful. The seven keys to success are :

- (a) Use an effective method.
- (b) Invest in planning.
- (c) Involve the customer.
- (d) Make it manageable.
- (e) Develop the team.
- (f) Communicate effectively.
- (g) Learn from your mistakes.

(a) **Project Initiation** : An idea for a project will be carefully examined to determine whether or not it benefits the organization. During this phase, a decision making team will identify if the project can realistically be completed.

(b) **Project Planning** : A project plan, project charter and/or project scope may be put in writing, outlining the work to be performed. During this phase, a team should prioritize the project, calculate a budget and schedule and determine what resources are needed.

(c) **Project Execution** : Resources' tasks are distributed and teams are informed of responsibilities. This is a good time to bring up important project related information.

(d) **Project Performance and Control** : Project managers will compare project status and progress to the actual plan, as resources perform the scheduled work. During this phase, project managers may need to adjust schedules or do what is necessary to keep the project on track.

(e) **Project Close** : After project tasks are completed and the client has approved the outcome, an evaluation is necessary to highlight project success and/or learn from project history.

Projects and project management processes vary from industry to industry ; however, these are more traditional elements of a project.

■ 4.1.1. SWOT Analysis

A tool that identifies the strengths, weaknesses, opportunities and threats of an organization. Specifically, SWOT is a basic, straightforward model that assesses what an organization can and cannot do as well as its potential opportunities and threats. The method of SWOT analysis is to take the information from an environmental analysis and separate it into internal (strengths and weaknesses) and external issues (opportunities and threats).

Strength	Weakness	
	S	W
	O	T
Opportunities	Threats	

Once this is completed, SWOT analysis determines what may assist the firm in accomplishing its objectives and what obstacles must be overcome or minimized to achieve desired results.

1. Strengths : A firm's strength are its resources and capabilities that can be used as a basis for developing a competitive advantage. Examples of such strengths include :

- (a) Patents
- (b) Strong brand names
- (c) Good reputation among customers
- (d) Cost advantages from proprietary know-how
- (e) Favourable access to distribution networks.

2. Weaknesses : The absence of certain strengths may be viewed as weakness. Examples of such weaknesses include :

- (a) Lack of patent protection
- (b) Weak brand names
- (c) Poor reputation among customers
- (d) High cost structure
- (e) Lack of access to distribution networks.

3. Opportunities : The external environment analysis may reveal certain new opportunities for profit and growth. Examples of such opportunities include :

- (a) An unfulfilled customer need
- (b) Arrival of new technologies
- (c) Loosening of regulations.

4. Threats : Change in external environment, may also present threats to a firm. Examples of such threats include :

- (a) Emergence of substitute products
- (b) New regulations
- (c) Increases trade barriers.

► 4.1.1.1. APPLICATIONS OF SWOT ANALYSIS

The SWOT tool is not just for business and marketing. Here, are some examples of what a SWOT analysis can be used to assess :

1. A company (its position in the market, commercial viability, etc.)
2. A method of sales distribution
3. A product or brand
4. A business idea
5. A strategic option, such as entering a new market or launching a new product
6. A potential partnership
7. Changing a supplier
8. Outsourcing a service, activity or resource

9. Project planning and project management
10. An investment opportunity
11. Personal financial planning
12. Personal career development – direction, choice, change, etc.
13. Education and qualifications planning and decision making.

■ Important and Expected Questions ■

Q.1. Explain project management.

Ans. **Project** is a temporary group activity designed to produce a unique product, service or result. A project is **temporary** in that it has a defined beginning and end in time, and therefore defined scope and resources. A project is unique in that it is not a routine operation, but a specific set of operations designed to accomplish a singular goal. So, a project team often includes people who don't usually work together — sometimes from different organizations and across multiple geographies.

Project management, then is the application of knowledge, skills and techniques to execute projects effectively and efficiently. It's a strategic competency for organizations, enabling them to tie project results to business goals and thus, better complete in their markets.

Q.2. What are the features of Project Management ?

Ans. Project management has the following features :

- (a) Performed in a definite time period, in order to meet a specific set of objectives.
- (b) It is likely to be a one time program.
- (c) It has a life cycle, with a specific start and end.
- (d) It has a work scope that can be categorized into definable tasks.
- (e) It has a budget.
- (f) It is likely to require the use of multiple resources. Many of these resources may be scarce and have to be shared with others.
- (g) It may require the establishment of a specific organization, or the crossing of traditional organizational boundaries.

Q.3. Describe the stages of project management.

Ans. The various stages of project management are as the following :

(a) **Project Initiation** : An idea for a project will be carefully examined to determine whether or not it benefits the organization. During this phase, a decision making team will identify if the project can realistically be completed.

(b) **Project Planning** : A project plan, project charter and/or project scope may be put in writing, outlining the work to be performed. During this phase, a team should prioritize the project, calculate a budget and schedule and determine what resources are needed.

(c) **Project Execution** : Resources' tasks are distributed and teams are informed of responsibilities. This is a good time to bring up important project related information.

(d) **Project Performance and Control** : Project managers will compare project status and progress to the actual plan, as resources perform the scheduled work. During this phase, project managers may need to adjust schedules or do what is necessary to keep the project on track.

(e) **Project Close** : After project tasks are completed and the client has approved the outcome, an evaluation is necessary to highlight project success and/or learn from project history.

Projects and project management processes vary from industry to industry ; however, these are more traditional elements of a project.

Q.4. Explain the concept of SWOT Analysis.

Ans. A tool that identifies the strengths, weaknesses, opportunities and threats of an organization. Specifically, SWOT is a basic, straightforward model that assesses what an organization can and cannot do as well as its potential opportunities and threats. The method of SWOT analysis is to take the information from an environmental analysis and separate it into internal (strengths and weaknesses) and external issues (opportunities and threats).

Strength	Weakness	
	S	W
	O	T
Opportunities	Threats	

Once this is completed, SWOT analysis determines what may assist the firm in accomplishing its objectives and what obstacles must be overcome or minimized to achieve desired results.

Q.5. What are the applications of SWOT Analysis.

Ans. The SWOT tool is not just for business and marketing. Here, are some examples of what a SWOT analysis can be used to assess :

1. A company (its position in the market, commercial viability, etc.)
2. A method of sales distribution
3. A product or brand
4. A business idea
5. A strategic option, such as entering a new market or launching a new product
6. A potential partnership
7. Changing a supplier.

■ Objective Type Questions ■

FILL IN THE BLANKS

1. A is performed in a definable time period, in order to meet a specific set of objectives.
2. is a set of tools, techniques and knowledge that, when applied, helps you produce better results for your project.

3. The approach represents old management technology.
4. project management represents the newer management technology for projects.
5. The first phase, begins after the task is selected by the management team.
6. The plan addresses the questions "who", "how", "when" and "how much."
7. In phase the customer evaluates his or her satisfaction with the project.

Answers

FILL IN THE BLANKS

- | | | | |
|---------------|-----------------------|---------------|------------------|
| 1. project | 2. Project management | 3. directive | 4. Participative |
| 5. initiation | 6. project | 7. close out. | |

Review Questions

1. Explain project and project management.
2. What are the project management methods ? Explain.
3. Explain different types of steps to manage a project.
4. Explain the close out phase of project management.
5. Explain SWOT analysis.



5.1. ENTREPRENEURSHIP AND ITS CONCEPT

Entrepreneurship plays an important role in the growth and development of an economy. It is the ability to start a new enterprise to earn profits by producing or marketing of goods or services.

In recent years, the role of entrepreneurship in the process of industrialisation and economic development has been recognised in both developed and developing countries.

Different philosophers have given their views on entrepreneurship.

According to **Higgins**, "*Entrepreneurship means the function of seeking investment and production opportunity, organising an enterprise to undertake a new production process, raising capital, hiring site, introducing a new technique and commodities, discovering new sources of raw materials and selecting top managers for day-to-day operations of the enterprise.*"

In simple words, this definition describes entrepreneurship as :

- (i) *an effective function of handing economic activity*
- (ii) *undertaking calculated risk*
- (iii) *creating something new*
- (iv) *organising and co-ordinating useful resources.*

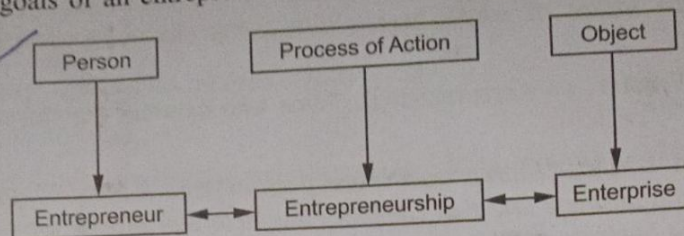
According to **Diamond**, entrepreneurship is equivalent to 'enterprise' which "*involves the willingness to assume risks in undertaking an economic activity particularly a new one It may involve an innovation but not necessarily so. It always involves risk taking and decision making, although neither risk nor decision making may be of great significance.*"

This definition of entrepreneurship gives the following qualities of an entrepreneur :

- (i) Start a new enterprise.
- (ii) Accept the challenge and bear risk.

According to **A.H. Cole**, "*Entrepreneurship is the purposeful activity of an individual or a group associated individuals, undertaken to initiate, maintain or aggrandise profit by production or distribution of economic goods and services.*"

Thus entrepreneurship is the process, methodology and qualities, which make possible the achievements and goals of an entrepreneur.



Concept of Entrepreneurship

5.1.1. Need of Entrepreneurship

The need of entrepreneurship arises for the following purposes :

- (a) Entrepreneurship promotes small business in the society. Government has accepted the fact that small firms have a crucial role to play in the economic development of the country. Most economists today agree that entrepreneurship is necessary for stimulating economic growth and employment opportunities in all societies.
- (b) Entrepreneurial development is looked at as a vehicle for employment generation through promotion of small business. In this way, entrepreneur plays a very important role to reduce the unemployment problem in the country.
- (c) An entrepreneur is a creator of wealth. He generates a capital at a rapid pace. This increases capital formation which is very necessary for the industrial development and enhancing national wealth.
- (d) New products and services would be made available to suit the requirements of market. The entrepreneur offers goods at a reasonable price to consumers. In this way, helps in increasing the standard of living.

5.1.2. Entrepreneur

The entrepreneur is a French word and literally translated, means "between taker" or "go between". Usually, any one who runs a business is called entrepreneur. The more precise meaning of entrepreneur is, one who creates his own business, i.e., a person who organises, operates and assumes the risk of a business venture. The word entrepreneur has been defined by many experts giving the characteristics and functions of an entrepreneur.

Oxford English Dictionary (1933) defines entrepreneur as, "One who undertakes an enterprise, especially a contractor acting as intermediary between capital and labour".

Richard Cantillon was the first to introduce the term 'entrepreneur'. He defined an entrepreneur as, "The agent who buys means of production at certain prices in order to combine them into a product that he is going to sell at prices that are uncertain at the moment at which he commits himself to his costs."

Peter F. Drucker defines an entrepreneur as, *"One who always searches for change, responds to it and exploits it as an opportunity"*. He says that innovation is the specific tool of an entrepreneur, by the means of which he exploits change as an opportunity for a different business or service.

According to **Webster**, an entrepreneur is, *"One who assumes the risk and management of business"*.

In the words of **Evans**, *"Entrepreneurs are persons who initiate, organise, manage and control the affairs of a business unit that combines the factors of production to supply goods and services, whether the business pertains to agriculture, industry, trade or profession."*

■ 5.1.3. Characteristics of an Entrepreneur

An entrepreneur is highly achievement oriented, enthusiastic and energetic individual, who has the following characteristics :

- (i) Entrepreneur should have analytical ability to analyse the various problems and anticipate the problems that can arise in the future. Analytical ability helps him to tackle problems peacefully and intelligently.
- (ii) Objectives should be clear in the mind. There should be no confusion regarding nature of product, its procedure and its quantity. Entrepreneur should be clear about the policies to be adopted and should have a clear idea about the amount of risk involved.
- (iii) Business and dealings with people involve some secrets. Entrepreneur should be able to keep these secrets.
- (iv) Entrepreneur should be able to communicate with his customers, employees, suppliers and creditors in an effective manner.
- (v) Entrepreneur should have fair working knowledge of the techniques employed in the plant.
- (vi) Entrepreneur should have the managerial skills to manage all sections in his concern and co-ordinate them properly. He should have the ability to motivate his employees and satisfy his customers. He should have good relations with his suppliers.
- (vii) Entrepreneur should follow professional ethics for the betterment of society and his/her own progress in the business.
- (viii) Entrepreneur accepts responsibilities with enthusiasm and endurance.

■ 5.1.4. Competencies/Qualities of an Entrepreneur

Some people believe that entrepreneurs are born and cannot be made. In other words, business family background is essential to become a successful entrepreneur. Other people believe that entrepreneurs are made not born. According to them, persons with proper knowledge and skills acquired through education and experience can become successful entrepreneurs.

In order to resolve the controversy on what makes successful entrepreneurs, different studies have been conducted and on the basis of these studies, following common points have emerged which are essential for a successful entrepreneur.

1. The capacity to take risk, provided it is calculated one.
2. The capacity to work hard.
3. Should have high intelligence and a reasonable level of technical knowledge.
4. Inner motivation. *Positive in motivation.*
5. Vision and foresight.
6. Willingness to defer consumption.
7. Imagination, initiative and rivalry.
8. Ability to invent and sound judgement.
9. Flexible attitude and sociability.
10. Ability to shoulder personal responsibility.
11. Interest in seeking and using feedback.
12. Innovative, progressive and future oriented attitude.
13. Courage to face the adverse situations with courage.
14. Mobility.
15. Ability to think creatively.
16. High need for achievement.
17. Ability to marshal resources.
18. Ambitious.
19. Will to conquer and impulse to fight.
20. Will to surge ahead of others.
21. The ability to guard business secrets.
22. Realistic approach to planning.
23. Independence of thought and action.
24. Self confidence and positive self concept.
25. Business sharpness/acumen.
26. Ability to solve problems.

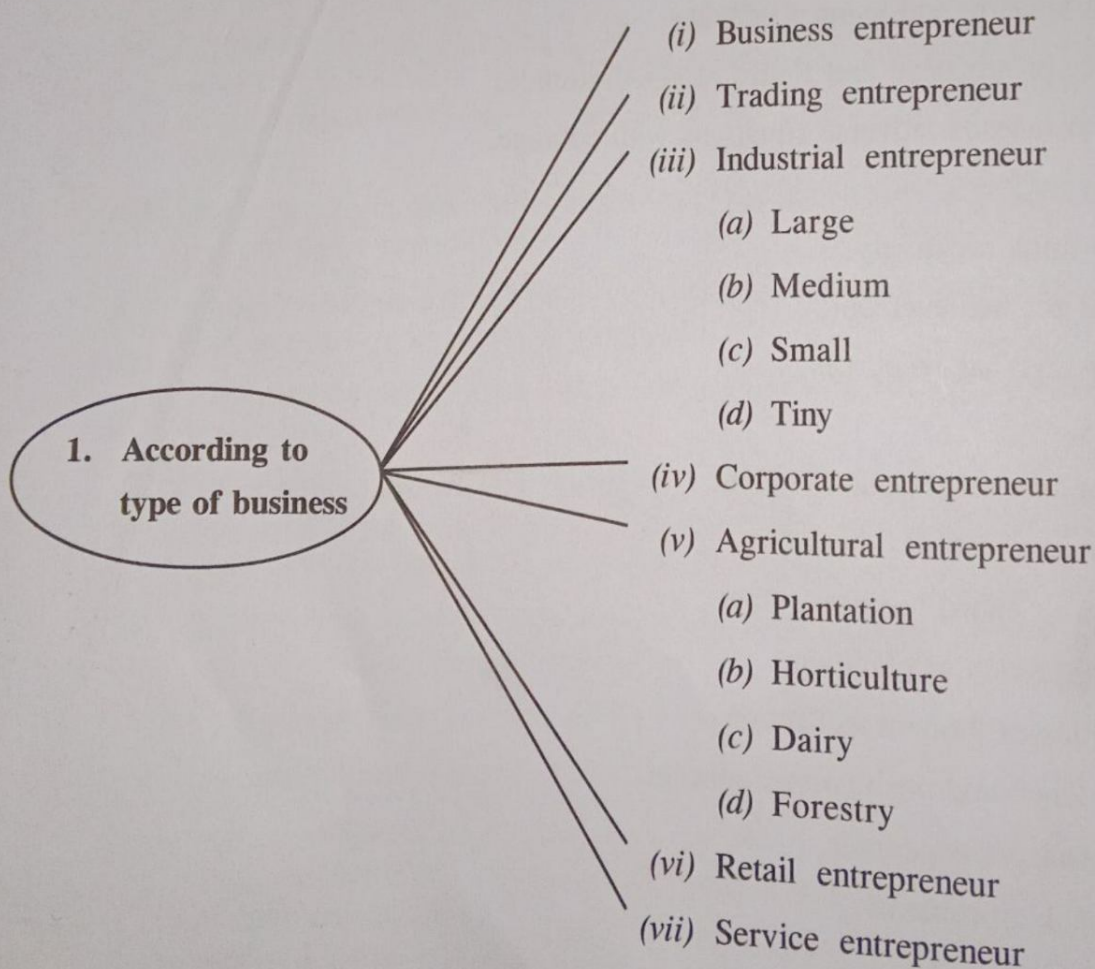
■ 5.1.5. Entrepreneur Philosophy

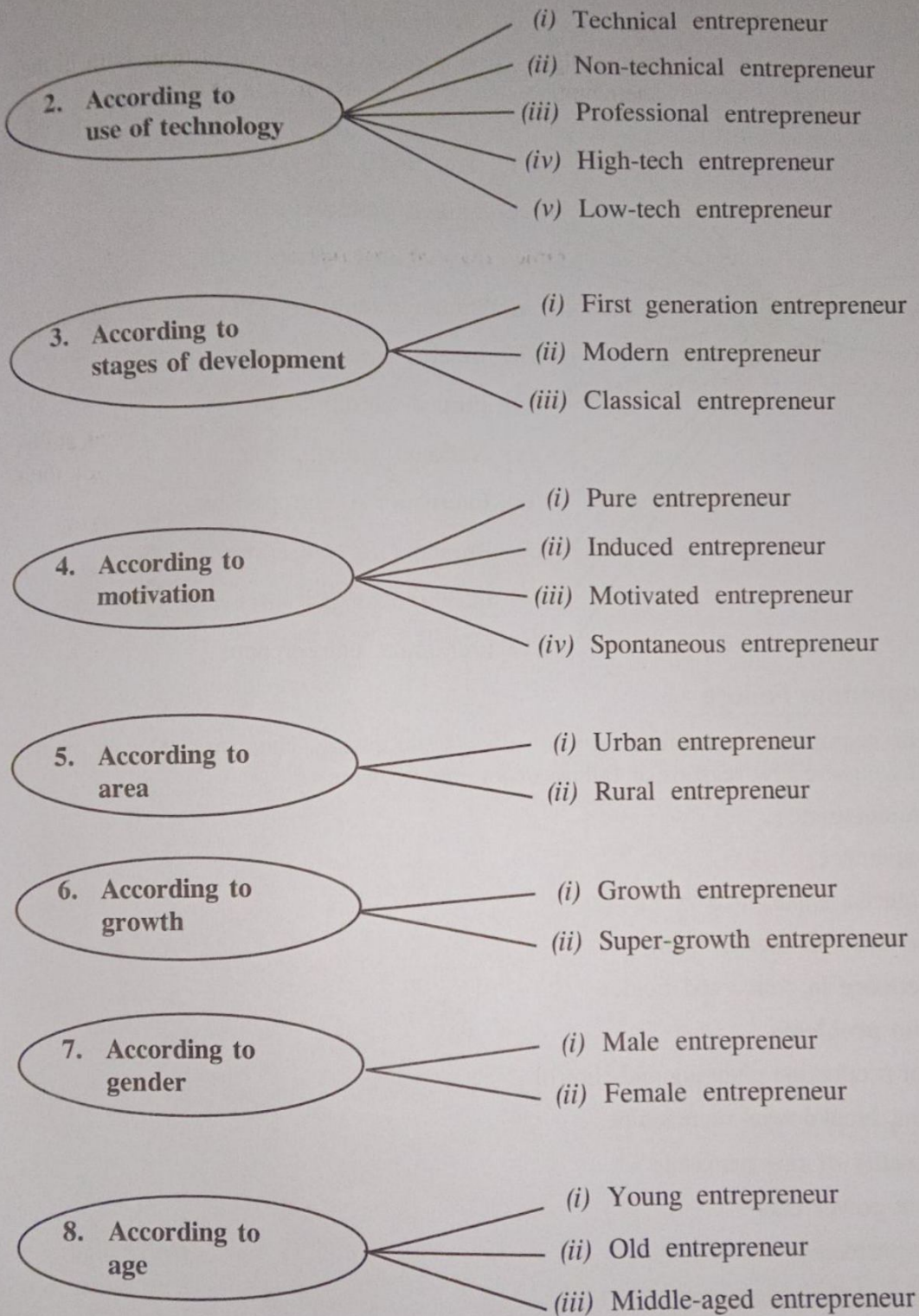
Entrepreneurs go by their philosophy religiously. It has been the secret of their faith in their work, desire to excel and success in their motives. They go by the principles of :

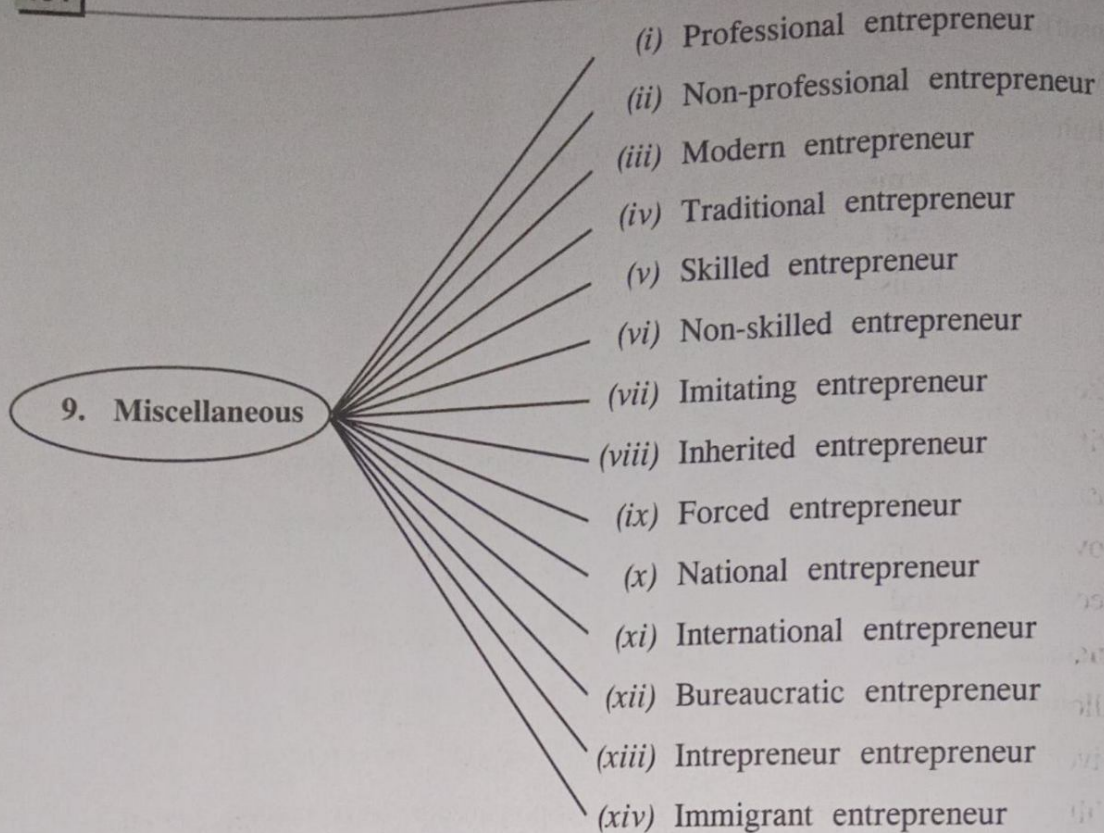
- (i) Taking calculated risks.
- (ii) Willingness to accept responsibility for one's own work.
- (iii) Being goal oriented.
- (iv) Being ready for acceptable results rather than perfect results.
- (v) Always making efforts for personal growth.
- (vi) Accepting failure as a learning experience.

■ 5.1.6. Classification of Entrepreneurs

Entrepreneurs are classified according to the type of business, use of professional skills, growth, motivation and various stages of development. The different criteria adopted for their classification are :







■ 5.1.7. Entrepreneur Failure

Entrepreneur ventures as in business are not always successful. There are chances of their failure and following are few reasons of failure of an entrepreneur :

1. Poor Management :

- (i) Incompetence
- (ii) Unbalanced experience
- (iii) Inexperience in management
- (iv) Inexperience in concerned field.

2. Production problems :

- (i) Lack of production planning and control
- (ii) Frequent breakdowns of machines
- (iii) Poor quality of raw material
- (iv) Frequent power cuts
- (v) Labour problems
- (vi) Lack of technical competence

- (vii) Insufficient quality control
- (viii) Wastage of material
- (ix) High rate of rejection of finished products.

3. Heavy fixed investments :

- (i) Heavy investment in land and building
- (ii) Increased administrative and other overheads
- (iii) Market borrowing at high interest rates.

4. Marketing problems :

- (i) Stiff competition from larger and already established companies
- (ii) Insufficient staff for sales
- (iii) Low quality of products
- (iv) Recession period.

5. Financial problems :

- (i) Allowing long credits to the purchasers of finished goods
- (ii) Diversion of short term funds into long term uses
- (iii) Willful diversion of funds for investments in assets not related to production.

6. Negligent attitude towards business :

- (i) Reckless attitude
- (ii) Being more busy in some other venture.

7. Fraud :

- (i) Partners being dishonest
- (ii) Legal fraud concerning materials, land or machinery.

8. Disaster :

- (i) Natural
- (ii) Man-made.

5.2. BUSINESS OWNERSHIPS

Business ownerships means having the control over a business enterprise and being able to dictate its functioning and operations.

Or

Individual or entity who owns a business entity in an attempt to profit from the successful operations of the company. Generally, has decision making abilities and first right to profit.

Ownership may be corporeal (title to a tangible object such as a shop) or incorporeal (title to an intangible object, such as a copyright).

Advantages of Business Ownership

Being a business owner can be extremely rewarding. Advantages of small business ownership are as the following :

(a) Independence : As a business owner, you are your own boss. One can't get fired. More importantly, there is a freedom to make the decisions that are crucial for the business success.

(b) Lifestyle : Owning a small business gives the certain lifestyle advantages. One don't have to ask for the time off, to spend it with family members. Because charge is with you, you can decide when and where you want to work. One can run the business from the home also with today's given technology, it's relatively easy to do. Moreover, it eliminates commuting time.

(c) Financial rewards : Inspite of high financial risk, running the own business gives a chance to make more money than employed by someone else. One can get benefit from his own hard work.

(d) Learning opportunities : As a business owner, you'll be involved in all aspects of the business. This situation creates numerous opportunities to gain a thorough understanding of the various business functions.

(e) Creative freedom and Personal satisfaction : As a business owner, you'll be able to work in a field that you really enjoy. One can put his skills and knowledge to use, and gain personal satisfaction, working directly with customers and watching business succeed.

Disadvantages of Business Ownership

As the little boy said when he got off his first roller-coaster ride, "I like the ups but not the downs !". Here are some of the risks if one want to start a small business.

(a) Financial risk : The financial resources needed to start and grow a business can be extensive. It requires a huge amount to get started. If things don't go well, one may face substantial financial loss. In addition, there's no guaranteed income. There might be times, especially in the first few years, when the business isn't generating enough cash to live on.

(b) Stress : There are a number of things to worry about—competition, employees, bills, equipment breakdowns and customer problems. As the owner, you are also responsible for the well being of your employees.

(c) Time commitment : People often start businesses so that they will have more time to spend with their families. Unfortunately, running a business is extremely time-consuming. For many entrepreneurs and small business owners, a forty-hour workweek is a myth. Vacations will be difficult to take and will often be interrupted. In recent years, the difficulty of getting away from the job has been compounded by cell phones, Wi-Fi laptops and personal digital assistants (PDAs), and many small business owners have come to regret that they are always reachable.

(d) **Undesirable duties** : When you start up, you will undoubtedly be responsible for either doing or overseeing just about everything that needs to be done. One can get bogged down in detail work that they don't enjoy. As a business owner one will probably have to perform some unpleasant tasks, like firing people.

■ 5.2.1. Features of Business Ownerships

As a small business owner one will wear many hats and play many roles in the business. There is need to evaluate the strengths and weaknesses to improve on those skills or hire someone else for those roles.

(a) **Flexible** : Striking out to put together a small business takes time, energy and knowledge or atleast a willingness to learn. During the process of getting a business off the ground and even after, problems and issues tend to appear. Small business owners are flexible in handling these obstacles and finding workarounds as needed.

(b) **Collaborative** : Small business owners know how to effectively delegate tasks to people within their organization. They also know how to build successful relationships with everyone they contact through their business. This includes partners, their management team, employees, vendors, consultants and customers. The ability of managers to collaborate and delegate gives a small business the opportunity to experience growth.

(c) **Proactive** : Entrepreneurs are proactive. They have initiative and they are ready to use it to further their business. They look for opportunities to improve their company, such as implementing services or marketing products that allow their business to stand out from the competition. They are also open to opportunities that can help them expand their current business into new areas.

(d) **Technically Aware** : With all of the technology available to business owners, most are atleast technically aware, if not adept. The use of software, e-mail, websites and smartphones can make running a small business more efficient and effective. Successful small business owners choose to use technology solutions that can help them and avoid wasting time and money on options they don't need.

(e) **Self Reliant** : Part of the reason people start a business is because of their desire to be self reliant. Rather than work for someone else, they want to have control of their future. They don't look to others to make decisions. Instead, they make decisions on their own.

(f) **Accessible** : While, running a small business offers owners the ability to set their own schedule, it's important to ensure products, services and knowledge are accessible to customers. Customers want things as quickly as possible. If a business owner doesn't deliver the accessibility customers have been conditioned by society to expect, he won't achieve success.

(g) **Energetic** : With all of the responsibilities of running a small business, owners must have a high level of energy. Typically, the hours are longer and the responsibilities are greater as an entrepreneur when compared to serving as an employee for someone else. Small business owners must be willing and able to give an extra effort at all times, since it's their own money and reputation on the line.

(h) Daring : Launching a small business is risky. Even if the business owner has carefully examined all angles of the venture to give himself some assurance of success, nothing is certain. Small business owners have to be willing to take a certain amount of risk in the face of a possible loss.

Basic forms of Business Ownership

Forms of business ownership vary by jurisdiction, but several common forms exist :

- (a) Sole proprietorship
- (b) Partnership
- (c) Joint stock companies
- (d) Corporation (for-profit)
- (e) Non-profit corporation (not-for-profit)
- (f) Co-operative private limited
- (g) Co-operative public limited
- (h) PPP mode.

■ 5.2.2. Sole Proprietorship

The sole proprietorship is the simplest business form under which one can operate a business. The sole proprietorship is not a legal entity. It simply refers to a person who owns the business and is personally responsible for its debts. A sole proprietorship can operate under the name of its owner or it can do business under a fictitious name. The fictitious name is simply a trade name-it does not create a legal entity separate from the sole proprietor owner. Sole proprietorship is also known as "proprietorship". A sole proprietorship is the most common type of business. There are sole proprietorships everywhere. Small grocery stores and STD booths are mostly proprietorship businesses.

Definition : A business that legally has no separate existence from its owner. Income and losses are taxed on the individual's personal income tax return.

A "Sole Proprietorship" business means that there is only ONE owner. There may be employees or helpers hired under the owner, but there is only one "head" who administers and runs the show.

Advantages of a Sole Proprietorship

There are many reasons why a person would choose to start their business up using a sole proprietorship structure. Some of the main advantages of sole proprietorships include :

- (a) Owners can establish a sole proprietorship instantly, easily and inexpensively.
- (b) The sole proprietor has total control and full decision making power over policies, profits and capital investment.
- (c) It is easy to close down the business.

- (d) Starting a sole proprietorship is much less complicated than starting a formal corporation and also much cheaper.
- (e) The owner of a sole proprietorship is not required to file a separate business tax report. Instead, they will list business information and figures within their individual tax return. This can save additional costs on accounting and tax filing. The business will be taxed at the rates applied to personal income, not corporate tax rates.
- (f) Sole proprietorships can hire employees. This can lead to many of the benefits associated with job creation, such as tax breaks. Also, spouses of the business owner can be employed without having to be formally declared as an employee. Married couples can also start a sole proprietorship, though liability can only be assumed by one individual.

Disadvantages of a Sole Proprietorship

Forming a sole proprietorship does involve some risks, mainly to the owner of the business, as legally speaking they are not treated separately from the business. Some disadvantages of sole proprietorships are :

- (a) The business owner will be held directly responsible for any losses, debts or violations coming from the business.
- (b) Owner must pay self employment taxes. Also, some tax benefits may not be deductible, such as health insurance premiums for employees.
- (c) Since the initial funds are usually provided by the owner, it can be difficult to generate capital. Sole proprietorships do not issue stocks or other money-generating investments like corporations does.
- (d) Sole proprietorships rarely survive the death or incapacity of their owners and so do not retain value.
- (e) Risks that are taken by the sole proprietor may result in personal bankruptcy.
- (f) The death or prolonged illness of the sole proprietor will lead to the end of the business.
- (g) Due to the limitations of a one-person business, the sole proprietor may not be able to raise additional capital from outside sources to expand the business.

Characteristics of a Sole Proprietorship

The main characteristics of sole proprietorship are as under :

- (a) The business is owned by a single individual.
- (b) Being small in size, it is managed by the owner himself. However, he may have some paid workers to assist him. In any case, the ultimate control rests in owners hands.
- (c) The necessary capital to run the business is provided by the sole owner. However, he may borrow from other sources such as friends or bank as need arises.

- (d) The proprietor himself bears all the risks. Nobody else has any stake in the business.
- (e) In law, the sole trader and his business are considered as one. In other words, all the assets and liabilities of the business are the personal assets and liabilities of the proprietor. We can say that the owner and the business exist together. In other words, the two are considered as one in the eyes of law.
- (f) The entire profit out of the sole proprietorship business goes to the sole proprietor. If there is any loss, it is also borne by the sole proprietor alone. Nobody else shares any of the profit and loss of the business.
- (g) The sole trader tries to keep good relationship with his customers. The customers are generally personally known to the proprietor and their orders are higher valued.
- (h) The sole trading business is as easy to end or dissolve as is its formation. The decision of the proprietor alone ends the business.
- (i) The formation and operation of a sole proprietorship requires almost no legal formalities. However, the owner may be required to obtain a license from the local administration or from the health department of the government, whatever is necessary depending on the nature of the business.

5.2.3. Partnership

A legal form of business operation between two or more individuals who share management and profits. Both owners are equally and personally liable for the debts from the business. The two most prevalent types of partnerships are ; limited partnerships and general partnerships.

Limited and General Partnerships

Limited partnerships are costly and complicated to set up and run and are not recommended for the average small business owner. Limited partnerships are usually created by one person or company (the "general partner"). In many cases, the limited partners are merely investors who do not wish to participate in the partnership other than to provide an investment and to receive a share of the profits.

Limited partners have minimal control over daily business decisions or operations and in return, they are not personally liable for business debts or claims.

Unless one expects to have many passive investors, limited partnerships are generally not the best choice for a new business because of all the required filings and administrative complexities. If one have two or more partners who want to be actively involved, a general partnership would be much easier to form.

The general partner controls the limited partnership's day-to-day operations and is personally liable for business debts (unless the general partner is a corporation or an LLC). If one partner is sued, all partners are held liable. General partnerships are the least desirable for this reason.

Types of Partners

There can be the following types of partners :

(a) **Active or Working partner** : Such a partner contributes capital and also takes active part in the management of the firm. He bears an unlimited liability for the firm's debts and shares profits of the firm. He is a full-fledged partner and known to the outside world.

(b) **Sleeping or Dormant partner** : A sleeping or inactive partner simply contributes capital and does not take active part in the management of the firm. A sleeping or inactive partner shares in the profits or losses of the firm. His liability for the firm's debts is unlimited. He is not known to the outside world.

(c) **Secret partner** : This type of partner contributes capital and takes active part in the management of the firm's business. He shares in the profits and losses of firm and his liability is unlimited. However, his connection with the firm is not known to the outside world.

(d) **Limited partner** : The liability of such a partner is limited to the extent of his share in the capital and profits of the firm. These partners are not entitled to take active part in the management of the firm's business. The firm is not dissolved in the event of his death or bankruptcy.

(e) **Partner in profits only** : This type of partners share in the profits of the firm but not in the losses. But his liability for the firm's debts is unlimited. He is not allowed to take part in the management of the firm. Such a partner is associated for his money and goodwill.

(f) **Nominal or Ostensible or Quasi partner** : Such a partner neither contributes capital nor takes part in the management of business. He does not share in the profits or losses of the firm. He only lends his name and reputation for the benefit of the firm. He represents himself or knowingly allows himself to be represented as a partner.

(g) **Minor as a partner** : A minor is a person who has not completed 18 years of age. A minor cannot become a partner because he is not qualified to enter into a contract. But he may be admitted to the benefits of partnership with the mutual consent of all the partners.

On being so admitted, a minor becomes entitled to a share in the profits of the firm. He can inspect and copy the books of account of the firm but he cannot take active part in the firm's management. His liability is limited to the extent of his share in the capital and profits of the firm. He cannot file a suit against the firm or its partners to get his share except when he wants to disassociate himself from the firm.

(h) **Sub-partner** : Sub-partner is a third person with whom a partner agrees to share his profits desired from the firm. He does not take part in the management of the firm. He is not liable for the firm's debts.

Rights and Obligations of Partners

The rights and obligations of partners are generally laid down in the partnership deed. In case the partnership deed does not specify them, then the partners will have rights and obligations prescribed in the Partnership Act. These are given below.

Rights of Partners

- (a) Every partner has a right to take part in the conduct and management of the firm's business.
- (b) Every partner has a right to be consulted and express his opinion on any matter related to the firm. In case of difference of opinion, the decision has ordinarily to be taken by a majority.
- (c) Every partner has a right to have access to, inspect and copy any books of accounts and records of the firm.
- (d) Every partner has the right to an equal share in the profits of the firm, unless otherwise agreed by the partners.
- (e) Every partner has the right to receive interest on loans and advances made by him to the firm.
- (f) Every partner has a right to continue in the firm unless expelled in accordance with the terms of the partnership agreement.
- (g) Every partner has a right to retire in accordance with the terms of the partnership agreement or with the consent of other partners.

Advantages of Partnership

Advantages of a partnership include that :

- (a) Due to the nature of the business, the partners will fund the business with startup capital. This means that the more partners there are, the more money they can put into the business, which will allow better flexibility and more potential for growth.
- (b) There is opportunity for income splitting, an advantage of particular importance due to resultant tax savings.
- (c) A partnership may benefit from the combination of complementary skills of two or more people. There is a wider pool of knowledge, skills and contacts.
- (d) Partnerships can be cost-effective as each partner specializes in certain aspects of their business.
- (e) Partnerships provide moral support and will allow for more creative brainstorming.
- (f) Two heads (or more) are better than one. Partners share the decision making and can help each other out when they need to. More partners means more brains that can be picked for business ideas and for the solving of problems that the business encounters.

Disadvantages of Partnership

- (a) Each partner is 'jointly and severally' liable for the partnership's debts ; that is, each partner is liable for their share of the partnership debts as well as being liable for all the debts.
- (b) One of the most obvious disadvantages of partnership is the danger of disagreements between the partners. Obviously, people are likely to have different ideas on how the business should be run, who should be doing what and what the best interests of the business are. This can lead to disagreements and disputes which might not only harm the business, but also the relationship of those involved.
- (c) If partners join or leave, you will probably have to value all the partnership assets and this can be costly.
- (d) One of the major disadvantages of partnership, taxation laws means that partners must pay tax in the same way as sole traders, each submitting self assessment tax return each year.
- (e) Partners share the profits equally. This can lead to inconsistency where one or more partners aren't putting a fair share of effort into the running or management of the business, but still reaping the rewards.
- (f) Business partners are jointly and individually liable for the actions of the other partners.

5.2.4. Joint Stock Companies (Private & Public Limited)

In a partnership, there can be a maximum of 20 people. Because of this limit, the amount of capital, that can be generated is limited. Also, because of the unlimited liability of partnerships, the partners may be discouraged from taking huge risks and further expanding their business. To overcome these problems a public or a private company may be formed.

Private and public companies are much better investments because of "Limited liability". This means that if an investor has invested Rs. 5000/- in a ABC Company and the company goes bankrupt, the investor only loses the money he has invested. To pay of the debt, the investor's property, bank accounts etc. are "not" used.

Because of this limited liability, many investors are interested in investing in these private or public companies. Hence, a large capital can be generated and a huge business can be run. The major disadvantage of Private and Public companies, is that they have a costly and elaborate process of setting up. They are also closely regulated by the government.

Public or Private companies are also known as "Joint Stock Companies". The companies in India are governed by the Indian Companies Act, 1956.

The Act defines a company as an artificial person created by law, having a separate legal entity, with perpetual succession and a common seal. Its meaning is that, the company "is different" from the investors. The investors put in money and capital is raised. But the company is treated as a virtual person. The company is treated as a person who is different from its investors. The company has an identity of its own. If someone sues the company, it does not sue the investors, it sues the virtual person that is the company.

Characteristics of Private Limited Companies

Few important characteristics of private limited companies are :

- (a) These companies can be formed by atleast two individuals having minimum paid-up capital of not less than Rupees 1 lakh.
- (b) As per the Companies Act, 1956 the total membership of these companies cannot exceed fifty.
- (c) The shares allotted to its members are also not freely transferable between them i.e. the shareholders cannot sell their shares on the stock exchange to the public.
- (d) These companies are not allowed to raise money from the public through open invitation.
- (e) They are required to use "Private Limited" after their names.
- (f) The examples of such companies are Indian Oil Corporation Limited, Reliance Industries Limited, Hindustan Petroleum Corporation Limited etc.

Characteristics of Public Limited Companies

Few important characteristics of public limited companies are :

- (a) A minimum of seven members are required to form a public limited company.
- (b) It must have minimum paid-up capital of Rs. 5 lakhs.
- (c) There is no restriction on the maximum number of members.
- (d) The shares allotted to the members are freely transferable.
- (e) These companies can raise funds from general public through open invitations by selling its shares or accepting fixed deposits.
- (f) These companies are required to write either 'public limited' or 'limited' after their names.
- (g) Examples of such companies are Bharat Heavy Electricals Limited (BHEL), Gas Authority of India Limited (GAIL), Steel Authority of India Limited (SAIL), National Fertilizers Limited (NFL), Air India etc.

Public Sector Company is a company where the Central Government or State Government or both of them combined together holds the majority of shares. But in Private Sector companies, the private individuals or business houses holds the majority of shares.

■ 5.2.5. PPP Mode

A **Public Private Partnership (PPP)** is a government service and private business venture which is specially targeted towards financing, designing, implementing and operating infrastructure facilities services through a partnership of government and one or more private sector companies. These schemes are sometimes referred to as PPP, P₃ or P³.

In a PPP, each partner, usually through legally binding contract(s) or some other mechanism, agrees to share responsibilities related to implementation and/or operation and management of a project. This collaboration or partnership is built on the expertise of each partner that meets clearly defined public needs through appropriate allocation of : Resources, Risks, Rewards and Responsibilities.

The allocations of these elements and other aspects of PPP projects such as, details of implementation, termination, obligations, dispute resolution and payment arrangements are negotiated between the parties involved and are documented in written contract agreement(s) signed by them.

Characteristics of PPPs

- (a) A significance level of responsibility and risk that is transformed from the public sector to the private sector.
- (b) Risk sharing between public and private sectors.
- (c) Long term relationship between parties.
- (d) Public service and ultimate regulatory responsibility remains in public sector.

Public Private Partnership Benefits

The advantages of Public Private Partnerships (PPP's) include the following :

- (a) Speedy, efficient and cost effective delivery of projects.
- (b) It will offer faster project completion and reduced delays on infrastructure projects.
- (c) Risks are weighed from initial conceptual stages to determine the feasibility of a certain project.
- (d) The operational and project execution risk is transferred totally to the private sector, leaving the public component on a win-win situation.
- (e) P_3 allows government funds to be re-directed to other important socio-economic areas.
- (f) Reduces government budget and budget deficits.
- (g) High quality standards should be obtained and maintained through expected life-cycle of the project.
- (h) Public private partnership allows a reduced tax payment from users.
- (i) Effective utilization of state assets for the benefit of all users of public services.
- (j) Creation of added value through synergies between public authorities and private sector companies, in particular, through the integration and cross transfer of public and private sector skills, knowledge and expertise.
- (k) Accountability for the provision and delivery of quality public services through an performance incentive management/regulatory regime.
- (l) Innovation and diversity in the provision of public services.

Public Private Partnership Disadvantages

The disadvantages of Public Private Partnerships (PPP's) include the following :

- (a) Government representative must be highly specialized personnel and contracting experts.
- (b) Poor value of money.
- (c) High transaction cost.
- (d) High capital cost.
- (e) There is a slight risk that the proposed contracting alternative being offered is not the best suited option.

5.3. INDUSTRY

The term industry refers to a field or an organization involved in the production of goods or extraction of natural resources. The economy of a country depends on the industries it has. The more industries a country has the more economically rich and stable it is.

Industries are classified into different types and there are three bases for its classifications.

1. Firstly, on the basis of economic sectors there are three types of industries :

- (a) Primary industries
- (b) Secondary industries
- (c) Tertiary industries.

(a) Primary industry : The primary industry or the primary sector of industry is involved in the extraction of raw material from the earth. The raw material extracted via. this industry is the basis for the production of other goods ; hence other industries depend on this industry. However, few countries today entirely depend on the primary industry for its economy. The primary industry includes :

- (i) Agricultural industry which is responsible for the production of raw vegetables, fruits, grains and animals for meat. Agricultural industry is a vast industry which includes : poultry industry and farming.
- (ii) Mining industry which is responsible for the mining of coal, minerals, stones and metals from the earth's surface.
- (iii) Fishing industry which is responsible for gathering fish from seas, lakes and rivers.
- (iv) Forestry industry which is involved in the production of trees for raw wood and plants.

(b) Secondary industry : The secondary industry is responsible for covering the raw material obtained by the primary industry into finished goods. The secondary industry grew rapidly after the industrial revolution, new tools and methods were invented and work increased. Now, it was the secondary industry which had more chances of employment and slowly it took place of the primary industry. Majority of countries are depended on their secondary industry.

The secondary industry includes :

- (i) Food industry which converts raw vegetables and meat into food. A bakery where wheat is converted into bread is involved in the secondary industry.
- (ii) Textile industry
- (iii) Automobile industry
- (iv) Building industry
- (v) Sports goods industry.

(c) Tertiary industry : The tertiary industry is involved in public service. It was the least popular industry until the 18th century, but with the advent of industrial revolution the tertiary sector too revolutionized along with the secondary sector and today it is the tertiary industry which is the most important industry of any country. It plays the major role in the employment structure and the economy of any country mostly depends on the tertiary industry.

The tertiary industry includes :

- (i) Banking
- (ii) Health services
- (iii) Education
- (iv) Civil defense forces
- (v) Delivery services
- (vi) Insurance.

2. Secondly, industries can be named according to the products produced in it. For example fish industry, petroleum industry, electronic industry, mechanical industry, dairy products industry, software industry, meat packing industry, agricultural industry and many more.

3. Thirdly, industries can be named according to the size ; micro, small, medium and large scale industries.

(a) Micro Industry : A micro industry will usually operate with fewer than 10 people and is started with a small amount of capital. Most micro industries specialize in providing goods or services for their local areas. Examples of micro industries are auto repair service, carpentry business, cleaning services, computer consulting, courier services etc.

(b) Small Industry : A small-scale industry is a business that employs a small number of workers and does not have a high volume of sales. Such industries are generally privately owned and operated sole proprietorships, corporations or partnerships. The legal definition of a small-scale industry varies by industry and country. A small industry usually only shares a tiny segment of the market it operates in.

(c) Medium Industry : A medium-scale business/industry has an asset of more than five crore rupees but does not exceed ten crore rupees. It is owned and operated by a single person, two business partners or a corporation. It hires a specialized staff to run the business. Examples of this are garment factories and supermarkets.

(d) **Large Industry** : A large-scale business/industry has an asset of more than ten crore rupees. It is owned and operated by a single person, two business partners or a corporation. For example, multinationals with production facilities in many countries or big retail chains, such as Wal-Mart. In 2008, there were only 18,000 large companies in the United States, according to the U.S. Office of Advocacy.

Manufacturing Sector

Industries	Investment in plant machinery	Number of Employees
Micro industries	Does not exceed twenty five lakh rupees	Less than 10
Small industries	More than twenty five lakh rupees but does not exceed five crore rupees	Less than 50
Medium industries	More than five crore rupees but does not exceed ten crore rupees	Less than 250
Large industries	More than ten crore rupees	More than 250

Service Sector

Industries	Investment in Equipment's	Number of Employees
Micro industries	Does not exceed ten lakh rupees	Less than 10
Small industries	More than ten lakh rupees but does not exceed two crore rupees	Less than 50
Medium industries	More than two crore rupees but does not exceed five crore rupees	Less than 250
Large industries	More than five crore rupees	More than 250

■ Important and Expected Questions ■

Q.1. What is the need of entrepreneurship ?

Ans. The need of entrepreneurship arises for the following purposes :

- (a) Entrepreneurship promotes small business in the society. Government has accepted the fact that small firms have a crucial role to play in the economic development of the

country. Most economists today agree that entrepreneurship is necessary for stimulating economic growth and employment opportunities in all societies.

- (b) Entrepreneurial development is looked at as a vehicle for employment generation through promotion of small business. In this way, entrepreneur plays a very important role to reduce the unemployment problem in the country.
- (c) An entrepreneur is a creator of wealth. He generates a capital at a rapid pace. This increases capital formation which is very necessary for the industrial development and enhancing national wealth.
- (d) New products and services would be made available to suit the requirements of market. The entrepreneur offers goods at a reasonable price to consumers. In this way, helps in increasing the standard of living.

Q.2. Define the entrepreneur. Explain characteristics of entrepreneur.

Ans. In the words of **Evans**, "*Entrepreneurs are persons who initiate, organise, manage and control the affairs of a business unit that combines the factors of production to supply goods and services, whether the business pertains to agriculture, industry, trade or profession.*"

Characteristics of an Entrepreneur : An entrepreneur is highly achievement oriented, enthusiastic and energetic individual, who has the following characteristics :

- (i) Entrepreneur should have analytical ability to analyse the various problems and anticipate the problems that can arise in the future. Analytical ability helps him to tackle problems peacefully and intelligently.
- (ii) Objectives should be clear in the mind. There should be no confusion regarding nature of product, its procedure and its quantity. Entrepreneur should be clear about the policies to be adopted and should have a clear idea about the amount of risk involved.
- (iii) Business and dealings with people involve some secrets. Entrepreneur should be able to keep these secrets.
- (iv) Entrepreneur should be able to communicate with his customers, employees, suppliers and creditors in an effective manner.
- (v) Entrepreneur should have fair working knowledge of the techniques employed in the plant.

Q.3. What are the qualities of a good entrepreneur ?

Ans. In order to resolve the controversy on what makes successful entrepreneurs, different studies have been conducted and on the basis of these studies, following common points have emerged which are essential for a successful entrepreneur.

1. The capacity to take risk, provided it is calculated one.
2. The capacity to work hard.
3. Should have high intelligence and a reasonable level of technical knowledge.
4. Inner motivation.
5. Vision and foresight.

6. Willingness to defer consumption.
7. Imagination, initiative and rivalry.
8. Ability to invent and sound judgement.
9. Flexible attitude and sociability.
10. Ability to shoulder personal responsibility.
11. Interest in seeking and using feedback.
12. Innovative, progressive and future oriented attitude.
13. Courage to face the adverse situations with courage.
14. Mobility.
15. Ability to think creatively.

Q.4. What are the features of business ownership ?

Ans. As a small business owner one will wear many hats and play many roles in the business. There is need to evaluate the strengths and weaknesses to improve on those skills or hire someone else for those roles.

(a) Flexible : Striking out to put together a small business takes time, energy and knowledge or atleast a willingness to learn. During the process of getting a business off the ground and even after, problems and issues tend to appear. Small business owners are flexible in handling these obstacles and finding workarounds as needed.

(b) Collaborative : Small business owners know how to effectively delegate tasks to people within their organization. They also know how to build successful relationships with everyone they contact through their business. This includes partners, their management team, employees, vendors, consultants and customers. The ability of managers to collaborate and delegate gives a small business the opportunity to experience growth.

(c) Proactive : Entrepreneurs are proactive. They have initiative and they are ready to use it to further their business. They look for opportunities to improve their company, such as implementing services or marketing products that allow their business to stand out from the competition. They are also open to opportunities that can help them expand their current business into new areas.

(d) Technically Aware : With all of the technology available to business owners, most are atleast technically aware, if not adept. The use of software, e-mail, websites and smartphones can make running a small business more efficient and effective. Successful small business owners choose to use technology solutions that can help them and avoid wasting time and money on options they don't need.

Q.5. Write a short note on limited and general partnerships.

Ans. Limited partnerships are costly and complicated to set up and run and are not recommended for the average small business owner. Limited partnerships are usually created by one person or company (the "general partner"). In many cases, the limited partners are merely investors who do not wish to participate in the partnership other than to provide an investment and to receive a share of the profits.

Limited partners have minimal control over daily business decisions or operations and in return, they are not personally liable for business debts or claims.

Unless one expects to have many passive investors, limited partnerships are generally not the best choice for a new business because of all the required filings and administrative complexities. If one have two or more partners who want to be actively involved, a general partnership would be much easier to form.

The general partner controls the limited partnership's day-to-day operations and is personally liable for business debts (unless the general partner is a corporation or an LLC). If one partner is sued, all partners are held liable. General partnerships are the least desirable for this reason.

Q.6. Explain classification of industries in detail.

Ans. Industries can be named according to the size ; micro, small, medium and large scale industries.

(a) Micro Industry : A micro industry will usually operate with fewer than 10 people and is started with a small amount of capital. Most micro industries specialize in providing goods or services for their local areas. Examples of micro industries are auto repair service, carpentry business, cleaning services, computer consulting, courier services etc.

(b) Small Industry : A small-scale industry is a business that employs a small number of workers and does not have a high volume of sales. Such industries are generally privately owned and operated sole proprietorships, corporations or partnerships. The legal definition of a small-scale industry varies by industry and country. A small industry usually only shares a tiny segment of the market it operates in.

(c) Medium Industry : A medium-scale business/industry has an asset of more than five crore rupees but does not exceed ten crore rupees. It is owned and operated by a single person, two business partners or a corporation. It hires a specialized staff to run the business. Examples of this are garment factories and supermarkets.

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■ Objective Type Questions ■

FILL IN THE BLANKS

1. Entrepreneurship is the, and, which make possible the achievements and goals of an entrepreneur.
2. The person who runs his own business is called
3. Entrepreneur accepts with enthusiasm and endurance.
4. According to area, entrepreneurs are classified as and type.

5. Sole proprietorship business means that there is only owner.
6. The companies in India are governed by the
7. BHEL is a
8. PPP means, and
9. In a micro enterprise there are people, with small amount of capital.
10. Large enterprises comes under the investment in plant and machinery.

Answers

FILL IN THE BLANKS

- | | | |
|------------------------------------|---------------------------------|-------------------------------|
| 1. process, methodology, qualities | 2. Entrepreneur | 3. responsibility |
| 4. urban, rural | 5. one | 6. Indian Companies Act, 1956 |
| 7. public limited company | 8. Public, Private, Partnership | |
| 9. less than 10 | 10. more than 10 crore rupees. | |

Review Questions

1. What do you understand by entrepreneurship ?
2. What is the need of entrepreneurship ?
3. Who is entrepreneur ? What are its characteristics ?
4. What qualities are demanded of an entrepreneur ?
5. What is entrepreneurial philosophy ?
6. How do you classify entrepreneurs ?
7. What are the reasons of entrepreneur failure ?
8. What do you understand by the term 'Business Ownership' ?
9. Describe the features of business ownership.
10. Define sole proprietorship. What are its characteristics, advantages and disadvantages.
11. Differentiate between limited and general partnerships.
12. Explain different types of partners.
13. Describe the rights of a partner in context to partnership.
14. Explain PPP mode of partnership.
15. What is industry ? Classify it and explain it in detail.



6

Entrepreneurial Support System

6.1. ENTREPRENEURIAL SUPPORT SYSTEM

An entrepreneur interested to start new enterprise may be totally raw and face a number of problems as may not have much knowledge of various trends in market *i.e.*, production, packaging, marketing etc. Such entrepreneurs need to consult with various experts to get considerable knowledge of the project. Several institutions also have been set up by the Government of India at the National, State and District levels to provide necessary services to the existing and new entrepreneurs. Some of these institutions and their services are discussed here.

6.1.1. Need of Entrepreneur Support System

The assistance is provided in the areas :

- (a) Selection of project
- (b) Implementation of project
- (c) Sources of raw material
- (d) Financial assistance
- (e) Technical assistance
- (f) Marketing techniques
- (g) Training
- (h) Preparation of project report.

6.2. DISTRICT INDUSTRIES CENTRES (DIC'S)

The concept of District Industries Centre came during the year 1977, when Government of India announced the new industrial policy on 23.12.1977. It laid special stress on the development of small scale, village and cottage industries and indicated that the "District Industries Centre" would be the main focus agency for the promotion of small scale, village and cottage industries. In each district, one agency was created to deal with all the requirements of small and village industries.

To facilitate the process of small enterprise development, DICs have been entrusted with most of the administrative and financial powers. For the purpose of allotment of land, work sheds, raw materials etc., DICs function under the 'Directorate of Industries'. Each DIC is

headed by a General Manager who is assisted by four functional managers and three project managers.

The DICs are funded by State and Centre jointly. The schemes has now been transferred to the state from the year 1993 – 1994, funds not be provided by central government to state for running the DICs.

Activities of District Industries Centres (DIC's) :

- (a) Economic investigation
- (b) Plant and machinery
- (c) Research, education and training
- (d) Raw materials
- (e) Credit facilities
- (f) Marketing assistance
- (g) Cottage industries.

Objectives of District Industries Centres (DIC's) :

The important objectives of DICs are as follows :

- (a) Accelerate the overall efforts for industrialization of the district.
- (b) Rural development of rural industries and handicrafts.
- (c) Providing the benefit of the government schemes to the new entrepreneurs.
- (d) Centralization of procedures required to start a new industrial unit and minimization of the efforts and time required to obtain various permissions, licenses, registrations, subsidies etc.
- (e) Attainment of economic equality in various regions of the district.

Functions of DICs

- (a) Technical support for the preparation of project report.
- (b) Information on sources of machinery and equipment.
- (c) Priority in power supply/telephone connection.
- (d) Promotion of new industrial estates/growth centres.
- (e) Land/Shed in industrial estate.
- (f) Approval of project reports of special types.
- (g) Training through entrepreneurship development programme.
- (h) Assistance under state incentives scheme.
- (i) Allotment of raw materials.
- (j) Financial assistance under self employment schemes and through commercial banks.
- (k) Assistance under equipment leasing scheme through NSIC.

- (l) Ancillary industry tie-up with government undertakings.
- (m) Marketing information and assistance.
- (n) Attending problems related to SSI Registration/Bank loan/Marketing of production etc.
- (o) Linkage with research institutes for technological upgradation and innovation.
- (p) Skill development training through own workshop/organization like SISI.
- (q) Managerial capability improvement through training, workshop and seminars. Export assistance.
- (r) Standardisation of products.
- (s) Sick unit revitalisation.

■ 6.3. STATE FINANCIAL CORPORATION'S (SFC'S)

State Financial Corporations were set up under the State Financial Corporation Act, 1951 for making a significant contribution to the industrial advancement of their respective states.

The main objective of SFCs is to provide medium and long term financial assistance to small and medium enterprises, particularly when normal banking accommodation is not available.

The SFCs do not normally lend more than Rs. 60 lakhs to a single concern. The prohibition is intended to ensure that the SFCs do not deviate from the main objective of their creation, namely, catering to the requirements of the small and medium-scale sectors. The large concerns can approach the all India financial institutions- IFC, IDBI and ICICI.

Loans or advances are granted primarily for the establishment of new industries or for expansion and development of existing industrial concerns. Loans to the new industrial concerns will be considered where a feasible scheme has been prepared and the initial capital has been collected by the prospective industrial unit. In case of existing industrial concerns loans are granted for the purpose of expansion or renovation of units. In both the cases, loans are granted for the purpose of acquiring tangible assets in the form of land, building, plant and machinery and other accessories. Foreign currency loans are granted for importing plant and machinery, other accessories and machine tools and technical know-how in special cases. With the exception of shipping, SFCs are now empowered to assist all industrial activities including mining, transport by ropeways and development of industrial areas.

Functions of State Financial Corporations (SFCs)

- (a) To provide loans for a period not exceeding 20 years to industrial units.
- (b) To underwrite the issue of stocks, shares, bonds or debentures by industrial concerns.
- (c) To make payment of capital goods purchased in India by these industrial units.
- (d) To subscribe to the share capital of the industrial units, in case they wish to raise additional capital.
- (e) To do all such acts as may be incidental of its duties under this Act.

State Financial Corporations (SFCs)

There are 18 State Financial Corporations (SFCs) in India. These are :

- (a) Andhra Pradesh State Financial Corporation
- (b) Assam Financial Corporation
- (c) Bihar State Financial Corporation
- (d) Delhi Financial Corporation
- (e) Gujarat State Financial Corporation
- (f) Maharashtra State Financial Corporation
- (g) Haryana State Financial Corporation
- (h) Himachal Pradesh Financial Corporation
- (i) Jammu and Kashmir State Financial Corporation
- (j) Karnataka State Financial Corporation
- (k) Kerala Financial Corporation
- (l) Madhya Pradesh Financial Corporation
- (m) Orissa State Financial Corporation
- (n) Punjab Financial Corporation
- (o) Rajasthan Financial Corporation
- (p) Tamil Nadu Industrial Investment Corporation Limited
- (q) Uttar Pradesh Financial Corporation
- (r) West Bengal Financial Corporation.

■ 6.4. SMALL INDUSTRIES SERVICE INSTITUTES (SISIs)

Small Industries Service Institutes, a constituent of small industries development organization within Ministry of Small Scale Industry, Government of India, has been playing a key role for the development of small scale industries through counselling, consultancy and training. It was originally known as Central Small Industries Organization (CSIO).

The small industries service institutes (SISI's) are set-up one in each state to provide consultancy and training to small and prospective entrepreneurs. The activities of SISIs are co-ordinated by the industrial management training division of the DC, SSI office (New Delhi). In all there are 28 SISI's and 30 Branch SISI's set up in state capitals and other places all over the country.

SISI has wide spectrum of technological, management and administrative tasks to perform.

Functions of SISIs

The main functions of SISIs include the following :

- (a) To advise the Central and State governments on policy matters relating to small industry development.
- (b) To provide assistance to District Industries Centre/State Govt./Various developmental agencies in the state.
- (c) To provide technical assistance to various Central Government agencies like Director General of Foreign Trade, National Small Industries Corporation, Central Excise, Bureau of Indian Standards, CSIR etc.
- (d) To provide assistance to rehabilitation of sick units.
- (e) Entrepreneurial Development Programme, Scheme for Educated Unemployed Youth/Prime Minister's Rojgar Yojana.
- (f) Conduct economic and technical surveys and prepare techno-economic feasible reports for selected areas and industries.
- (g) Identify the potential for ancillary development through sub-contract exchanges.
- (h) To provide marketing assistance.
- (i) Organize seminars, workshops and industries clinics for the benefit of entrepreneurs.

■ 6.5. COMMERCIAL BANKS

Commercial banks are a very important source of finance for the industry. The industrial sector is getting around 50 percent of the total banks credit. Particularly since the major bank nationalisation, there has been a substantial expansion of the bank branch network and a substantial growth of the bank deposits and credits.

In order to ensure proper co-ordination between commercial banks and state level financial institutions, banks were advised to take certain measures which, inter alia, include joint or simultaneous project appraisal, in principle commitment by banks at an early stage to provide working capital finance and sanction of working capital limits by banks atleast three months before the units are due to commence production.

Commercial banks especially State Bank of India and Punjab National Bank helped the entrepreneurial development programmes just like a development bank. They formulate an elaborated plan to conduct the entrepreneur development programmes particularly in the backward areas. Under this an intensive training of one month in behavioural sciences, management theory and principles and field surveys is provided. This consists of identifying persons with a potential for development, training and motivation supported with adequate management and technical knowledge follow-up and counselling, infrastructural support for establishing and running the enterprise.

■ 6.6. MICRO FINANCING INSTITUTIONS (MFIs)

Micro finance is a type of banking service that is provided to unemployed or low-income individuals or groups who would otherwise have no other means of gaining financial services.

Ultimately, the goal of micro finance is to give low income people an opportunity to become self sufficient by providing a means of saving money, borrowing money and insurance.

Micro finance institutions, also known as MFIs, offer financial services to underprivileged and impoverished communities. MFIN is the first Self-Regulatory Organization (SRO) in the financial services sector recognized by the RBI and regulates NBFC-MFIs to ensure responsible lending and client protection.

In India, most micro finance loans are in the range of Rs. 5000/- to Rs. 20000/- (The Development and Regulation Bill, 2007 defines micro finance loans as loans with amounts not exceeding Rs. 50,000 in aggregate per individual/small enterprise). The World Bank estimates that there are more than 500 million people who have directly or indirectly benefited from micro finance-related operations.

The two main mechanisms for the delivery of financial services to such clients are :

- (a) Relationship-based banking for individual entrepreneurs and small business ; and
- (b) Group-based models, where several entrepreneurs come together to apply for loans and other services as a group.

■ 6.7. SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA (SIDBI)

Small Industries Development Bank of India is a non-independent financial institution. Development Bank of India (SIDBI), set up on April 2, 1990 with its head office at Lucknow under an Act of Indian Parliament, is the Principal Financial Institution for the Promotion, Financing and Development of the Micro, Small and Medium Enterprise (MSME) sector and for co-ordination of the functions of the institutions engaged in similar activities.

As per the May 2001 SIDBI retained its position in the top 30 Development Banks of the World (25th both in terms of Capital and Assets) in the issue of The Banker, London, SIDBI ranked.

SIDBI is headed by the Chairman and Managing Director. In Himachal Pradesh SIDBI has an office in Shimla.

Functions of SIDBI

Over the years, the scope of promotional and developmental activities of SIDBI has been enlarged to encompass several new activities. It performs a series of functions in collaboration with non-governmental organisations, consultancy firms and multinational agencies to enhance the overall performance of the small scale sector. The important functions of SIDBI are discussed as follows :

- (a) Refinances loans and advances provided by the existing lending institutions to the small-scale units.
- (b) Initiates steps for technology adoption, technology exchange, transfer and upgradation and modernisation of existing units.
- (c) SIDBI directly discounts and rediscounts bills arising from sale of machinery to and manufactured by small-scale industrial units.

- (d) SIDBI facilitates timely flow of credit for both term loans and working capital to SSI in collaboration with commercial banks.
- (e) SIDBI extends seed capital/soft loan assistance under National Equity Fund, Mahila Udyam Nidhi and Mahila Vikas Nidhi and seed capital schemes.
- (f) SIDBI promotes employment oriented industries especially in semi-urban areas to create more employment opportunities so that rural-urban migration of people can be checked.

Scope of SIDBI

The number of industries fall under the scope of SIDBI. The list of few are :

- (a) Hospitality and tourism related activities (including health tourism)
- (b) Health care (diagnostic and pathology centres/clinics, hospitals, etc.)
- (c) IT and IT enabled services
- (d) Business Process Outsourcing (BPO), Knowledge Process Outsourcing (KPO) and other knowledge based activities.
- (e) Advertisement and promotion services.
- (f) Infrastructure support services including activities relating to telecom
- (g) Transport services
- (h) Logistics
- (i) Warehousing and cold storage
- (j) Retail outlets
- (k) Restaurants
- (l) Franchisees/Franchisors
- (m) Auto workshops/Repairs/Auto Dealers
- (n) Telecommunication services
- (o) Setting up of mobile/radio frequency transmission/receiver towers, cabling, network installation, systems integration, service centres, dealerships, etc.
- (p) Setting up of service stations (petrol and gas filling stations, auto workshops, etc.), health and fitness centres, events management and establishment of design houses/studios etc.

■ 6.8. NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT (NABARD)

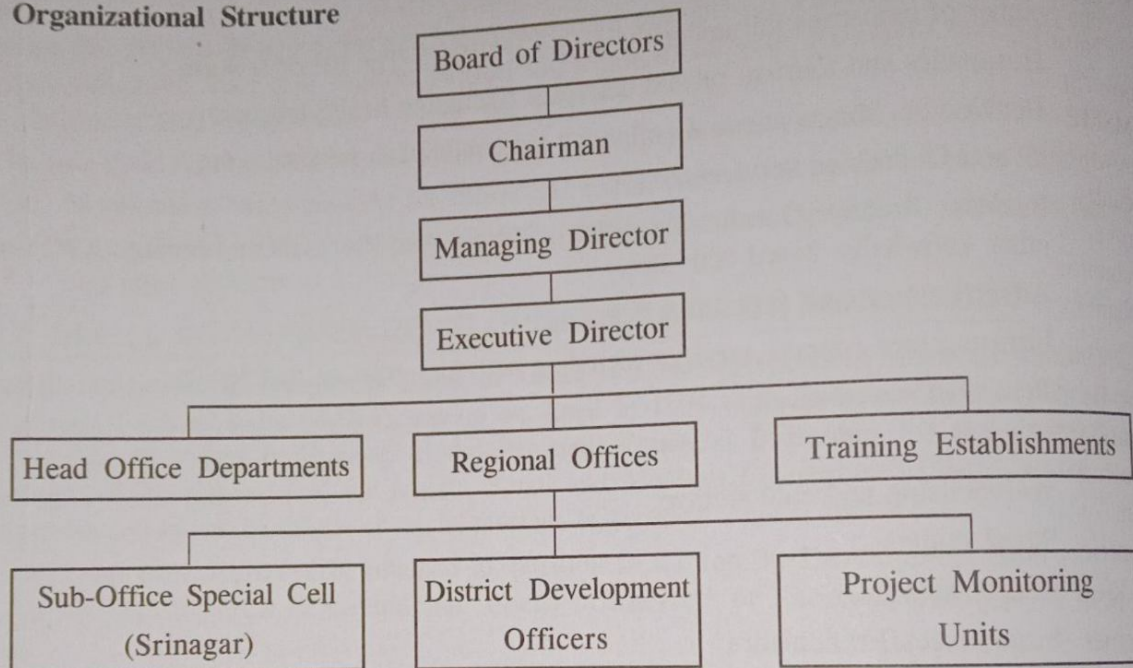
National Bank for Agriculture and Rural Development is an apex development bank in India having headquarters based in Mumbai and other branches are all over the country. The NABARD was established in 1982.

NABARD operates throughout the country through its 28 Regional Offices and one Sub-

Each Regional Office [RO] has an office, located in the capitals of all the states/union territories. Each Regional Office has a Chief General Manager [CGM] as its head, and the head office has several top executives like the Executive Directors [EDs], Managing Directors [MDs], and the Chairperson. It has 336 district offices across the country, one sub-office at Port Blair and one special cell at Srinagar. It also has 6 training establishments.

NABARD's affairs are governed by a Board of Directors. The Board of Directors are appointed by the Government of India in consonance with NABARD Act.

Organizational Structure



Functions of NABARD

NABARD is the apex institution in the country which looks after the development of the cottage industry, small industry and village industry, and other rural industries. NABARD also reaches out to allied economies and supports and promotes integrated development. It has been given certain roles as follows :

- Serves as an apex financing agency for the institutions providing investment and production credit for promoting the various developmental activities in rural areas.
- Takes measures towards institution building for improving absorptive capacity of the credit delivery system, including monitoring, formulation of rehabilitation schemes, restructuring of credit institutions, training of personnel, etc.
- Co-ordinate the rural financing activities of all institutions engaged in developmental work at the field level and maintains liaison with Government of India, State Governments, Reserve Bank of India (RBI) and other national level institutions concerned with policy formulation.

Entrepreneurial Support System

- (d) Undertakes monitoring and evaluation of projects refinanced by it.
- (e) NABARD refinances the financial institutions which finances the rural sector.
- (f) The institutions which help the rural economy, NABARD helps to develop.
- (g) NABARD also keeps a check on its client institutes.
- (h) It regulates the institution which provides financial help to the rural economy.
- (i) It provides training facilities to the institutions working in the field of rural upliftment.

6.9. NATIONAL SMALL INDUSTRIES CORPORATION (NSIC)

National Small Industries Corporation Ltd. (NSIC), is an ISO 9001 – 2008 certified Government of India Enterprise under Ministry of Micro, Small and Medium Enterprises (MSME). NSIC has been working to fulfill its mission of promoting, aiding and fostering the growth of small industries and industry related micro, small and medium enterprises in the country. Over a period of five decades of transition, growth and development, NSIC has proved its strength within the country and abroad by promoting modernization, upgradation of technology, quality consciousness, strengthening linkages with large medium enterprises and enhancing exports-projects and products from small enterprises.

NSIC operates through countrywide network of offices and technical centres in the country. The head office of NSIC is situated at New Delhi with four regional offices at New Delhi, Mumbai, Kolkata and Chennai and 6 zonal offices, 26 branch offices, 15 sub offices, 5 technical service centres, 3 extension centres and 2 software technology parks supported by a team of over 500 professionals spread over the country. To manage operations in African countries, NSIC operates from its office in Johannesburg, South Africa.

NSIC carries forward its mission to assist small enterprises with a set of specially tailored schemes designed to put them in a competitive and advantageous position. The schemes comprise of facilitating marketing support, credit support, technology support and other support services.

NSIC technical service centres are located at the following places :

S. No.	Name of the Centre	Focus area
1.	Chennai	Leather and footwear
2.	Howrah	General engineering
3.	Hyderabad	Electronics and computer application
4.	New Delhi	Machine tools and related activities
5.	Rajkot	Energy audit and energy conservation activities

Functions of National Small Industries Corporation (NSIC)

They provide a wide range of services mostly promotional in character to small scale industries. The important functions NSIC performs are grouped as under :

- (a) To develop small scale units are ancillary units to large scale industries.
- (b) To provide machines and equipment's to SISIs on hire-purchase basis.
- (c) To help enterprises to participate in the stores purchase programme of the Central government.
- (d) To assist small industries in marketing their products.
- (e) Provides training to workers of SISIs in various trades.
- (f) To import and meet the requirement of components and parts to actual small scale users in specific industries.
- (g) Undertakes construction of industrial estates.
- (h) Purchases huge quantity of important raw materials and distribute the same to SISIs at reasonable rates.
- (i) Develops prototype machines and equipment's to pass on to SISIs for commercial production.

So, in the above way NSIC plays a prominent role for the development of entrepreneurship as well as industrialization in the country.

■ 6.10. CO-OPERATIVE SOCIETY

A co-operative society is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise.

A co-operative society is another means for forming a legal entity to conduct business besides forming a company. It pools together human resources in the spirit of self and mutual help with the object of providing services and support to members.

Broadly speaking there are three sectors operating in the Union of India.

- (a) Public sector wherein the State *i.e.* The Union of India and the respective State Governments undertake development projects which are wholly owned by either the Central Government or the State Government.
- (b) Private sector which is a sector where private enterprises are permitted in certain fields of economic activities.
- (c) Co-operative sector which is beautifully blended in between a public sector and the private sector. It has benefits of both the sectors and disadvantages of neither of them.

Principles under Which Co-operative Society Operates

The co-operative principles under which a co-operative society operates and carries out its business are :

- (a) Voluntary and open membership.

- (b) Autonomy and independence.
- (c) Promoting education and information technology.
- (d) Co-operation among co-operatives.
- (e) Democratic control, one member one vote.
- (f) Promoting economic activities.
- (g) Concern for the social and ecological environment.

List of Co-operative Enterprises in India

- (a) Adarsh Co-operative Bank
- (b) Amul
- (c) Anyonya Co-operative Bank Limited
- (d) Indian Coffee House
- (e) Indian Farmers Fertilizers Co-operative Limited
- (f) Mother Dairy
- (g) Pratibha Mahila Sahakari Bank
- (h) Sant Muktabai Sahakari Sakhar Karkhana
- (i) Shri Mahila Griha Udyog Lijjat Papad
- (j) Vasudhara Dairy.

Functions of Co-operative Society

The co-operative society has large number of functions to discharge. As the name indicates its responsibility for different purposes for which it has been set up. Normally, it discharges the following functions :

(a) Making Arrangement for Credit : The main task of these co-operative societies is to arrange for short term credit for its members.

(b) Encouraging the Improved Method of Agriculture : These societies arrange supply of seeds, fertilizers, agriculture implements etc. to the members. They also arrange for irrigation facilities, so that the members may be able to have higher agricultural yields.

(c) Marketing and Business : These societies not only help the farmers to improve their agriculture but also help them for marketing of the goods. Through such facilities they get proper price for the agricultural products and other goods produced by its members.

(d) Set up of Subsidiary Cottage and Small Scale Industries : These societies help their members to set up other trades and industries. Though in these cottage industries and small scale industries, the economic condition of the members is improved and they are able to improve their standard of living.

(e) **Helping Members to Increase Their Standard of Living :** These co-operative societies by providing various types of facilities for their members, improve their standard of living. They also carry out the programme of health, education and social education. They make arrangements for health and economic facilities, education and recreation for their members.

(f) **Encouraging the Members for Saving :** These societies act as saving agencies and encourage their members to save a part of their income for their future needs. Through these savings, the members of such co-operative societies are able to get loans and also solve their problems.

(g) Purchase various things for their members at a reasonable price and supply them.

(h) In order to convert the un-economic holding into economic, these societies take a consolidation of holdings and co-operative farming.

(i) Try to solve the disputes between members through arbitration and adjudication.

Advantages of Co-operative Societies

- (a) Easy formation
- (b) Open membership
- (c) Democratic control
- (d) Limited liability
- (e) Elimination of middleman's profit
- (f) State assistance.

Disadvantages of Co-operative Societies

- (a) Limited capital
- (b) Problems in management
- (c) Lack of motivation
- (d) Lack of co-operation
- (e) Dependence on government.

6.11. VENTURE CAPITALIST

An investor who either provides capital to startup ventures or supports small companies that wish to expand but do not have access to public funding. Venture capitalists are willing to invest in such companies because they can earn a massive return on their investments if these companies are a success.

Venture capitalists also experience major losses when their picks fail, but these investors are typically wealthy enough that they can afford to take the risks associated with funding young, unproven companies that appear to have a great idea and a great management team.

The venture capital companies in India are as the following :

- (a) Accel Partners India
- (b) August Capital Partners
- (c) DFJ India
- (d) IFCI Venture Capital Funds
- (e) In cube Connect Fund
- (f) India Innovation Investors
- (g) Inventus (India) Advisory Company
- (h) Nexus India Capital
- (i) Nirvana Venture Advisors
- (j) Reliance Venture
- (k) Srijan Capital
- (l) Lambtech Ventures.

Advantages of Venture Capitalist funding

Venture capital funding is one such way of borrowing money from investors. But why is it a more attractive option over other funding sources ? Below are some benefits of venture capital funding :

- (a) It provides the capital without selling equity.
- (b) Since venture capital funding is not a loan scheme, there is no repay schedule ; which means you don't have to repay debt as a cost of doing business.
- (c) Many venture capitals have consultants and professionals on their staff that have deep knowledge of specific markets. These experts can help the business avoid many of the pitfalls that are usually associated with start-ups.
- (d) Because they are obligated to make profit from their investment in the business, venture capitals often provide human resource (HR) consultants (*who are specialists in hiring talents*) to hire the best staff for the business. This can help you avoid hiring the wrong people.

Disadvantages of Venture Capitalist funding

Below are some disadvantages of venture capital funding :

- (a) Usually, venture capital firms will want to add a member of their team to the company's management team. While this is generally to ensure the success of the business, it can create internal problems.
- (b) Though they generally treat information confidentially, venture capital firms usually refuse to sign a non-disclosure agreement due to the legal ramifications of doing so. This can put your ideas at risk, especially when it's new.

- (c) Usually, venture capital firms want to close the deal and get their investment back within three to five years. If your business plan contemplates a longer timetable before providing liquidity, venture capital funding may not be suitable for the business.
- (d) Because they are keen on making profit and they invest huge funds (*which means they take large risks*), venture capitalists take too long to decide whether to invest in the business or not.

■ 6.12. VARIOUS CONSULTANCY ORGANIZATIONS

■ 6.12.1. Himachal Consultancy Organization Limited (HIMCON)

The main objective of **HIMCON**, as initially envisaged, was to provide quality advice and consultancy services at an affordable price mainly to the small entrepreneurs for identifying, planning and formulating their projects as well as to the financial institutions and banks for systematic appraisal of industrial finance proposals.

Some of the areas where HIMCON has made a mark are mentioned below :

- (a) Human resource development Skill development, management development, entrepreneurship development etc.
- (b) Asset valuation for financial institutions, banks as well as for government departments and undertakings.
- (c) Rehabilitation of sick units for financial institutions and banks.
- (d) Techno economic and socio economic studies for small and big projects for national as well as for international agencies.
- (e) Micro enterprise development and rural industries programmes.
- (f) Consultancy support services to financial institutions for the recovery of non-performing assets under the securitization act, 2002.

■ 6.12.2. KVIC (Khadi and Village Industries Commission)

The Khadi and Village Industries Commission, established as a statutory organization under the Khadi and Village Industries Commission, Act, 1956, provides various schemes of assistance which cover extension of finance right from the stage of procurement of raw materials, tools and implements to the production of goods and their marketing.

The objectives that the KVIC has set before it are as the following :

- (a) The social objective of providing employment
- (b) The economic objective of producing saleable articles
- (c) The wider objective of creating self – reliance amongst the people and building up a strong rural community spirit.

Industrial Development Bank of India : The IDBI was established on July 1, 1964 under the Industrial Development Bank of India Act, 1964, as a wholly owned subsidiary of the Reserve Bank of India. In terms of the Public Financial Institutions Laws (Amendment) Act, 1975, the ownership of IDBI has been transferred to the Central Government with effect from February 16, 1976.

The most distinguishing feature of the IDBI statute is that it has been assigned the role of the principal financial institutions for co-coordinating, in conformity with the national priorities, the activities of the institutions engaged in financing, promoting or developing industry. IDBI has been assigned a special role to play in the matter of :

- (a) Planning, promoting and developing industries to fill vital gaps in industrial structure
- (b) Providing technical and administrative assistance for promotion, in management or expansion of industry
- (c) Undertaking market and investment research and surveys as also techno-economic studies in connection with the development of industry.

IDBI is also expected to co-ordinate, guide and monitor the entire range of credit facilities offered by the other institutions for the small and cottage sectors.

Industrial Finance Corporation of India (IFCI) : The Industrial Finance Corporation of India was established in 1948 under the IFCI Act, with the object of making medium and long term credit more readily available to industrial concerns in India. Later on, IFCI's role extends to the entire industrial spectrum of the country. While, it continues to be one of the important purveyors of direct financial assistance to eligible industrial concerns. No less important is its promotional role whereby it has been helping and developing the small and medium scale industrial entrepreneurs by providing them much needed guidance through its specialized agencies in project identification, formulation and implementation, development of ancillary and small scale industries, encouraging the adoption of indigenous technology, etc.

■ 6.13. MICRO, SMALL AND MEDIUM ENTERPRISES (MSME)

In accordance with the provision of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small and Medium Enterprises (MSME) are classified in two classes :

1. Manufacturing Enterprises : The enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the industries (Development and regulation Act, 1951) or employing plant and machinery in the process of value addition to the final product having a distinct name or character or use. The manufacturing enterprises are defined in terms of investment in plant and machinery.

2. Service Enterprises : The enterprises engaged in providing or rendering of services are defined in terms of investment in equipment.

The limit for investment in plant and machinery/equipment for manufacturing/service enterprises, as notified, vide S.O. 1642(E) dtd. 29-09-2006 are as under ;

Manufacturing Sector :

Enterprises	Investment in plant and machinery
Micro Enterprises	Does not exceed twenty five lakh rupees.
Small Enterprises	More than twenty five lakh rupees but does not exceed five crore rupees.
Medium Enterprises	More than five crore rupees but does not exceed ten crore rupees.

Service Sector :

Enterprises	Investment in equipment
Micro Enterprises	Does not exceed ten lakh rupees.
Small Enterprises	More than ten lakh rupees but does not exceed two crore rupees.
Medium Enterprises	More than two crore rupees but does not exceed five crore rupees.

Mission of MSME is to promote e-Governance for empowering citizens, promoting the inclusive and sustainable growth of the Electronics, IT & ITeS industries, enhancing India's role in Internet Governance, adopting a multi-pronged approach that includes development of human resources, promoting R&D and innovation, enhancing efficiency through digital services and ensuring a secure cyber space.

Following are the objectives of MSME :

1. **e-Government** : Providing e-infrastructure for delivery of e-services.
2. **e-Industry** : Promotion of electronics hardware manufacturing and IT – ITeS industry.
3. **e-Innovation/R&D** : Implementation of R&D Framework – Enabling creation of Innovation/R&D Infrastructure in emerging.
4. Areas of ICT&E/Establishment of mechanism for R&D translation.
5. **e-Learning** : Providing support for development of e-Skills and Knowledge network.
6. **e-Security** : Securing India's cyber space.
7. **e-Inclusion** : Promoting the use of ICT for more inclusive growth.
8. **Internet Governance** : Enhancing India's role in Global Platforms of Internet Governance.

All the major schemes which come under MSME provided by the government are listed below :

1. Prime Minister Employment Generation Programme and Other Credit Support Schemes
2. Development of Khadi, Village and Coir Industries
3. Technology Upgradation and Quality Certification

4. Marketing Promotion Schemes
5. Entrepreneurship and Skill Development Programme
6. Infrastructure Development Programme
7. Scheme of Surveys, Studies and Policy Research
8. National SC-ST-HUB.

■ Important and Expected Questions ■

Q.1. What are the functions of DICs ?

Ans. Functions of DICs :

- (a) Technical support for the preparation of project report.
- (b) Information on sources of machinery and equipment.
- (c) Priority in power supply/telephone connection.
- (d) Promotion of new industrial estates/growth centres.
- (e) Land/Shed in industrial estate.
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- (k) Assistance under equipment leasing scheme through NSIC.

Q.2. Write a short note on SFCs.

Ans. State Financial Corporations were set up under the State Financial Corporation Act, 1951 for making a significant contribution to the industrial advancement of their respective states.

The main objective of SFCs is to provide medium and long term financial assistance to small and medium enterprises, particularly when normal banking accommodation is not available.

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Loans or advances are granted primarily for the establishment of new industries or for expansion and development of existing industrial concerns. Loans to the new industrial concerns will be considered where a feasible scheme has been prepared and the initial capital has been collected by the prospective industrial unit. In case of existing industrial concerns loans are granted for the purpose of expansion or renovation of units. In both the cases, loans are granted for the purpose of acquiring tangible assets in the form of land, building, plant

and machinery and other accessories. Foreign currency loans are granted for importing plant and machinery, other accessories and machine tools and technical know-how in special cases. With the exception of shipping, SFCs are now empowered to assist all industrial activities including mining, transport by ropeways and development of industrial areas.

Q.3. What do you mean by SIDBI ? Describe its functions.

Ans. Small Industries Development Bank of India is a non-independent financial institution. Development Bank of India (SIDBI), set up on April 2, 1990 with its head office at Lucknow, under an Act of Indian Parliament, is the Principal Financial Institution for the Promotion, Financing and Development of the Micro, Small and Medium Enterprise (MSME) sector and for co-ordination of the functions of the institutions engaged in similar activities.

Functions of SIDBI : Over the years, the scope of promotional and developmental activities of SIDBI has been enlarged to encompass several new activities. It performs a series of functions in collaboration with non-governmental organisations, consultancy firms and multinational agencies to enhance the overall performance of the small scale sector. The important functions of SIDBI are discussed as follows :

- (a) Refinances loans and advances provided by the existing lending institutions to the small-scale units.
- (b) Initiates steps for technology adoption, technology exchange, transfer and upgradation and modernisation of existing units.
- (c) SIDBI directly discounts and rediscounts bills arising from sale of machinery to and manufactured by small-scale industrial units.

Q.4. What are the functions of NABARD ?

Ans. NABARD is the apex institution in the country which looks after the development of the cottage industry, small industry and village industry, and other rural industries. NABARD also reaches out to allied economies and supports and promotes integrated development. It has been given certain roles as follows :

- (a) Serves as an apex financing agency for the institutions providing investment and production credit for promoting the various developmental activities in rural areas.
- (b) Takes measures towards institution building for improving absorptive capacity of the credit delivery system, including monitoring, formulation of rehabilitation schemes, restructuring of credit institutions, training of personnel, etc.
- (c) Co-ordinate the rural financing activities of all institutions engaged in developmental work at the field level and maintains liaison with Government of India, State Governments, Reserve Bank of India (RBI) and other national level institutions concerned with policy formulation.
- (d) Undertakes monitoring and evaluation of projects refinanced by it.
- (e) NABARD refinances the financial institutions which finances the rural sector.
- (f) The institutions which help the rural economy, NABARD helps to develop.

Q.5. Give the list of co-operative enterprises in India.

Ans. List of Co-operative Enterprises in India :

- (a) Adarsh Co-operative Bank
- (b) Amul
- (c) Anyonya Co-operative Bank Limited
- (d) Indian Coffee House
- (e) Indian Farmers Fertilizers Co-operative Limited
- (f) Mother Dairy
- (g) Pratibha Mahila Sahakari Bank
- (h) Sant Muktabai Sahakari Sakhar Karkhana
- (i) Shri Mahila Griha Udyog Lijjat Papad
- (j) Vasudhara Dairy.

Q.6. Write a short note on KVIC.

Ans. The Khadi and Village Industries Commission, established as a statutory organization under the Khadi and Village Industries Commission, Act, 1956, provides various schemes of assistance which cover extension of finance right from the stage of procurement of raw materials, tools and implements to the production of goods and their marketing.

The objectives that the KVIC has set before it are as the following :

- (a) The social objective of providing employment
- (b) The economic objective of producing saleable articles
- (c) The wider objective of creating self - reliance amongst the people and building up a strong rural community spirit.

■ Objective Type Questions ■

FILL IN THE BLANKS

1. To develop and promote cottage and small scale industries in the district is the main activity of
2. SFCs stands for
3. SFCs provide loans for a period not exceeding to industrial units.
4. Small Industries Service Institutes (SISIs) originally known as
5. The head office of SIDBI in Himachal Pradesh is at
6. The NABARD was established in
7. NABARD being an apex development bank promotes and development.

8. NSIC was established in
9. To manage offices in African countries, NSIC operates from,
10. Co-operative society is and
11. HIMCON stands for
12. KVIC stands for

Answers

FILL IN THE BLANKS

- | | |
|---|--|
| 1. District Industries Centre | 2. State Financial Corporations |
| 3. 20 years | 4. CSIO (Central Small Industries Organisation) 5. Lucknow |
| 6. 1982 | 7. agricultural and rural 8. 1956 |
| 9. Johannesburg, South Africa | 10. autonomous and independent |
| 11. Himachal Consultancy Organisation Limited | 12. Khadi and Village Industries Commission. |

Review Questions

1. What is the need of entrepreneurial support system ?
2. Describe the functions of district industries centres (DICs).
3. Describe the role of SFCs in the development of SISIs.
4. Write short notes on the following :
 - (a) SISIs
 - (b) Commercial banks
 - (c) MFIs.
5. Write the scope of SIDBI.
6. What is the organisational structure of NABARD ?
7. Explain the features of the financial services offered by NSIC.
8. List the co-operative societies in India.
9. What are the advantages and disadvantages of venture capitalists.
10. Write short notes on the following :
 - (a) HIMCON
 - (b) KVIC.





Market Study and Opportunity Identification

7.1. MARKET STUDY

Accurate information is the foundation of all successful business ventures. Market study allows business owners to determine the feasibility of a business before committing substantial resources to the venture.

The process of gathering, analyzing and interpreting information about a market, about a product or service to be offered for sale in that market and about the past, present and potential customers for the product or service ; research into the characteristics, spending habits, location and needs of the business's target market, the industry as a whole and the particular competitors.

Market study provides relevant data to solve marketing challenges that a small and medium enterprises will most likely face an integral part of the business planning process. In fact, strategies such as market segmentation (identifying specific groups within a market) and product differentiation (creating an identity for a product or service that separates it from those of the competitors) are impossible to develop without market study.

7.1.1. Types of Market Study

1. Primary information : Primary information is collected from a first-hand experience and is reliable and authentic.

Sources of Collecting Primary Information

- (i) Interview
- (ii) Observation
- (iii) Action research
- (iv) Case studies
- (v) Questionnaires.

Advantages of Primary Information

- (i) Quick and cheap if sample is small
- (ii) The investigator collects information specific to the problem under study
- (iii) There is no doubt about the quality of the information collected (for the investigator).

Disadvantages of Primary Information

- (i) Cost of obtaining information is high
- (ii) Using a large sample can be time-consuming
- (iii) The investigator has to contend with all the hassles of information collection.
 - (a) Deciding why, what, how and when to collect
 - (b) Getting the information collected (personally or through others)
 - (c) Getting funding and dealing with funding agencies
 - (d) Ethical considerations.

2. Secondary information : Secondary information comes from resources that have already been published.

Sources of Collecting Secondary Information

- (i) Previous research
- (ii) Official statistics
- (iii) Mass media products
- (iv) Government reports
- (v) Web information
- (vi) Historical data and information.

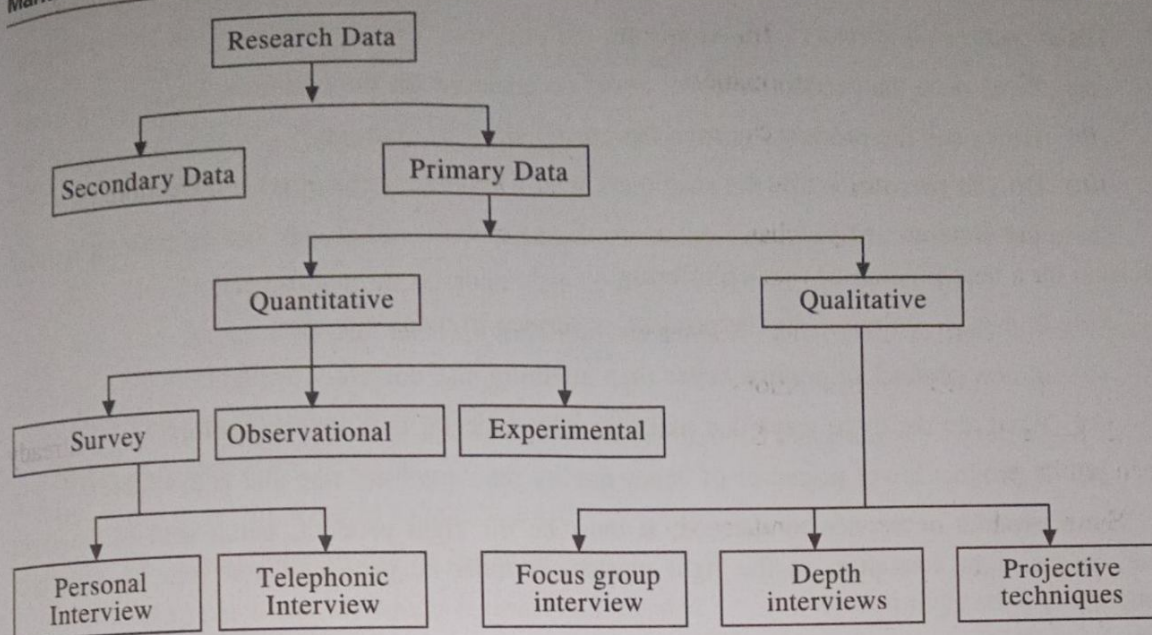
Advantages of Secondary Information

- (i) The information is already there—no hassles of collection
- (ii) It is less expensive
- (iii) The investigator is not personally responsible for the quality of information.

Disadvantages of Secondary Information

- (i) Lack of consistency of perspective
- (ii) Biases and inaccuracies cannot be checked
- (iii) Published statistics often raise more questions than they answer.

Marketing study is usually the first step in the marketing process, after ideas for products are conceived. Small companies conduct marketing research to obtain information from the marketplace. They use it to solve problems, obtain information on competitors and determine the needs and wants of non-paying consumers and customers. Marketers then analyze the data and develop various marketing strategies.



7.2. PRODUCT OR SERVICE IDENTIFICATION

To succeed as an entrepreneur, one must develop the ability to select and offer the right products or services to the customers in a competitive market. More than any other factor, entrepreneur must have an ability to make this choice, whether this will determine the success or failure.

Fully 80 percent of the products and services being consumed today are different from those that were being consumed five years ago and five years from today, fully 80 percent of the products being used will be new and different from those being used today.

There are thousands of products and services available to consumers today and there are unlimited opportunities for entrepreneurs to enter the marketplace and compete effectively with a new product or service that's better in some way than what's already being offered by the competitors. Entrepreneur's skill at choosing that product or service is critical to the success. The most important thing entrepreneur can do before deciding what to sell is to think and the more he think about a product or service, the better decisions will be.

Once entrepreneur has got a product or service in mind, he need to begin with a self-analysis :

- (a) What kind of products do you like, enjoy, consume and benefit from ?
- (b) Do you like the product or service you are planning to sell ?
- (c) Can you see yourself getting excited about this product or service ?
- (d) Would you buy it and use it yourself ?
- (e) Can you see yourself selling this product or service for the next five to 10 years ?

Then, analyze the product or service from the customer's point of view :

- (a) What does the product achieve, avoid or preserve for the customer ?
- (b) How does the product improve the customer's life or work ?
- (c) Do you personally like the customers who'll be buying this product or service ?

There are a series of additional questions entrepreneur need to ask before making a final decision on a new product or service offering.

- (a) Is there a real need for the product or service in today's market ?
- (b) Is new product or service better than anything else currently available ?
- (c) What are the three ways that make product superior then its competitors ?
- (d) Is product lower priced or of better quality than anything else that is available ?

For a product or service to succeed, it must be the right product, being sold at the right time, to the right customer, in the right market. It must be produced and sold by the right company and the right people.

■ 7.3. DEMAND AND SUPPLY

Demand refers to how much (quantity) of a product or service is desired by buyers. The quantity demanded is the amount of a product people are willing to buy at a certain price ; the relationship between price and quantity demanded is known as the demand relationship.

Supply represents how much the market can offer. The quantity supplied refers to the amount of a certain good producers are willing to supply when receiving a certain price. The correlation between price and how much of a good or service is supplied to the market is known as the supply relationship.

The principle of supply and demand states that when a particular good or service has limited supply and increased demand, the price of the good or service increases. Conversely when a particular good or service has an abundant supply and little demand, the price of the good or service decreases.

An understanding of markets (supply and demand) is critical to maximize potential and minimize risk for clients. A wide range of tools identify market demand for goods, services and facilities.

■ 7.3.1. Assessment of Demand and Supply in Potential Areas (Sales Forecasting)

Assessment of demand and supply is the major competence area for the success of an enterprise. So, entrepreneur must have the knowledge about forecasting.

Forecasting is the first step in planning. It is defined as estimating the future demand for products and services and the resources necessary to produce these outputs. It is the intellectual

act of estimating the sales-potential for a company including the assessment efforts of competitors and an appraisal of the trends of industry concerned and general economic conditions that have bearing on demand.

Requirements of a Good Forecast

- (a) The forecast should be timely.
- (b) The forecast should be accurate and degree of accuracy should be known.
- (c) The forecast should be reliable.
- (d) The forecast should be expressed in meaningful units such as units of products, machines etc.
- (e) It should be simple to understand and use.

Steps in Forecasting Process

The basic steps involved in forecasting are :

- (a) Determine the purpose of the forecast.
- (b) Select the items for which forecasts are needed.
- (c) Determine the time horizon for the forecast.
- (d) Select the forecasting model.
- (e) Gather the data.
- (f) Analyse the data for the forecast.
- (g) Prepare the forecast.
- (h) Monitor the forecast.

■ 7.3.2. Methods of Sales Forecasting

The most commonly used methods are given below :

(a) Jury of Executive Opinion : It is also known as 'Delphi' method which is opinion based method. A small number of top executives are requested to register their individual opinions relating to the probable amount of future sales. Then, a forecast is derived from the average from these averages so registered. The advantage of this method is that it uses experience and knowledge of two managers to arrive at a single forecast. The disadvantage is that it can be costly because it takes valuable executive time.

(b) Poll of Sales-Force Opinion Method : Like the earlier method, it is also based on opinion. It is popularly called as 'grass-root approach'. Under this method, the individual salesman are to give their forecasts of his or her territory. Then, they are combined at the district and national level to arrive at overall forecast.

(c) Projection of Past Sales Method : This method believes in past as the base for future sales. In simple words, the sales forecast for the coming year may be set at the same figure as the current year's sales or forecast may be made by adding a set percentage to the last year's

sales. It can make use of 'exponential smoothening' and 'time series analysis' depending on the range of forecast.

(d) Survey of Consumer's Buying Plans : Under the method, the firm prefers to study the individual buying plans of consumers for consumer goods or industrial goods. This is possible and profitable when the number of consumers is small. Based on these plans the company experts project the sales.

(e) Market Factors Analysis Method : This method works on the presumption that the firm's sale depend on the behaviour of certain market factors influencing the consumer demand. It involves identification and measurement of these market factors and their relationship with sales. These factors are say, consumer price index and change in population, gross national product, substitutes and the like.

(f) Economic Model Building and Simulation Method : This method makes use of mathematical equation or equations to represent a set of relationships among different demand determining independent variables and sales. This method has been used more in forecasting sales of durables and determining industry sales than company sales.

■ 7.4. SURVEY RESEARCH

A method of investigation that uses question based or statistical surveys to collect information about how people think and act. For example, how effective mass media is in helping form and shift public opinion.

■ 7.4.1. Types of Surveys

There are various types of surveys. Basically, the types of surveys are broadly categorized into two :

(a) According to Instrumentation : The types of surveys according to instrumentation include the questionnaire, schedules and the interview.

(b) According to the Span of Time Involved : The types of surveys according to the span of time used to conduct the survey are comprised of cross-sectional surveys and longitudinal surveys.

► 7.4.4.1. QUESTIONNAIRE

A questionnaire is a research instrument consisting of a series of questions and other prompts for the purpose of gathering information from respondents. Although they are often designed for statistical analysis of the responses, this is not always the case. By making the right choices on the type of survey questions, one will be able to extract only data that are related to the purpose or goal of the survey.

Advantages of Questionnaire

- (a) They are cheap, do not require as much effort.
- (b) Large amounts of information can be collected from a large number of people in a short period of time.

- (c) The results of the questionnaires can usually be quickly and easily quantified by either a researcher or through the use of a software package.
- (d) Can be analyzed more 'scientifically' and 'objectively' than other forms of research.
- (e) Positivists believe that quantitative data can be used to create new theories and/or test existing hypotheses.

Disadvantages of Questionnaire

- (a) Questionnaires cannot tell the context and meaning behind a response.
- (b) There is no way to tell how truthful a respondent is being.
- (c) The respondent may be forgetful or not thinking within the full context of the situation.
- (d) There is a level of researcher imposition, meaning that when developing the questionnaire, the researcher is making his own decisions and assumptions as to what is and is not important, therefore he may be missing something that is of importance.

Characteristics of a Good Questionnaire

- (a) **Questions should not be ambiguous :** The question must be capable of only one interpretation. *e.g.*, 'Which types of liquid do you purchase weekly ?' Does this mean alcohol, soft drinks or bleach !
- (b) **Questions must be easily understood :** Technical terms must be avoided, except when the questionnaire is addressed to specialists.
- (c) **Questions must not contain words of vague meaning :** To ask if a product is 'small' or if a person is 'unskilled' are examples of such questions. 'Small' and 'unskilled' are relative terms that are open to different interpretations.
- (d) **Questions must not be in such a form that the answers will be biased :** The questions should not contain emotionally coloured words or be leading questions that is they should not put answers into respondents' mouths. *e.g.*, 'As there are already so many washing powders in the market, do you really think another one will make a difference ?'
- (e) **The questionnaire must not be too long :** If it is too long the respondent will not co-operate and this may result in inaccurate answers.

Difference between Questionnaire and Survey

A questionnaire is a tool which can be used by anyone, a person or an organization for personal or research purposes and can be answered by only one person. On the other hand, a survey is always on a larger scale, as the opinions of a group of people belonging to a particular section is sought through a questionnaire. Thus, a questionnaire is more like a tool whereas a survey is more part of a methodology and contains more than a questionnaire as it also includes deduction, analysis, graphics etc.

Questionnaire Design

The two most common types of survey questions are closed-ended questions and open-ended questions.

Before constructing questions, one must have knowledge about each type of question used in survey research. These basically include :

(a) Closed-Ended Questions

Closed-ended questions limit the answers of the respondents to response options provided on the questionnaire. Some examples of closed-ended questions are :

- (i) **Dichotomous or two-point questions** (e.g., Yes or No, Unsatisfied or Satisfied)
- (ii) **Multiple choice questions** (e.g., A, B, C or D)
- (iii) **Scaled questions** that are making use of rating scales such as the Likert scale (i.e., a type of five-point scale), three-point scales, semantic differential scales and seven-point scales.

Advantages : Time-efficient ; responses are easy to code and interpret ; ideal for quantitative type of research.

Disadvantages : Respondents are required to choose a response that does not exactly reflect their answer ; the researcher cannot further explore the meaning of the responses.

(b) Open-Ended Questions

In open-ended questions, there are no predefined options or categories included. The participants should supply their own answers. Some examples of open-ended questions include :

- (i) **Completely Unstructured Questions**— openly ask the opinion of the respondent
- (ii) **Thematic Apperception Test**— a picture is presented to the respondent which he explains on his own point-of-view.
- (iii) **Sentence, Story or Picture completion**— the respondent continues an incomplete sentence or story, or writes on empty conversation balloons in a picture.

Advantages : Participants can respond to the questions exactly as how they would like to answer them ; the researcher can investigate the meaning of the responses ; ideal for qualitative type of research.

Disadvantages : Time-consuming ; responses are difficult to code and interpret.

► 7.4.4.2. INTERVIEW METHOD

An interview is a direct facts-to-face attempt to obtain reliable and valid measures in the form of verbal responses from one or more respondents. It is a conversation in which the roles of the interviewer and the respondent change continually. This method can be used through personal interviews and if possible through telephonic interviews.

A. Personal Interview

This method requires a person for asking questions generally in face to face contact known as interviewer. In this interviewer has to be on the place to collect the information personally. This method is suitable for intensive investigation.

Personal interviews can be

(a) Structured

1. The interviewer asks the respondent the same questions in the same way
2. A tightly structured schedule is used
3. The questions may be phrased in order that a limited range of responses may be given *i.e.*, 'Do you rate our services as very good, good or poor'
4. A researcher needs to consider whether a questionnaire or structured interview is more appropriate.

(b) Unstructured

1. Can be referred to as 'depth' or 'in depth' interviews
2. The interviews may just go with the aim of discussing a limited number of topics, sometimes as few as just one or two
3. The interviewer may frame the interview questions based on the interviewee and his/her previous response
4. This allows the discussion to cover areas in detail.

(c) Semi-structured

1. Semi-structured interviews are sometimes also called focused interviews
2. A series of open ended questions based on the topic areas, the researcher wants to cover
3. A series of broad questions to ask and may have some prompts to help the interviewee
4. 'The open ended nature of the question defines the topic under investigation but provides opportunities for both interviewer and interviewee to discuss some topics in more detail'.

Advantages of Personal Interview

- (a) Allows the interviewer to clarify questions.
- (b) Opportunity for feedback.
- (c) Can be used with all age groups *i.e.* young children and illiterates.
- (d) Allows the informants to respond in any manner they see fit.
- (e) Allows the interviewers to observe verbal and non-verbal behaviours of the respondents.
- (f) Yields a good percentage of returns.

- (g) Yields perfect sample of the general population.
- (h) Data collected by this method is likely to be more correct as compared to the other methods that are used for the data collection.

Disadvantages of Personal Interview

- (a) Training interviewers, sending them to meet and interview their informants and evaluating their effectiveness all adding to the cost of the study.
- (b) Time consuming process.
- (c) Involves high cost.
- (d) Requires highly skilled interviewer.
- (e) Requires more energy.
- (f) May sometimes involve systematic errors.
- (g) More confusing and a very complicated method.

B. Telephonic Interview

This method of collecting information consists of contacting respondents on telephone itself.

Advantages of Telephonic Interview

- (a) It is more flexible in comparison to mailing method.
- (b) It is faster than other method.
- (c) Economical than personal interview.
- (d) No field staff is required.
- (e) Replies can be recorded without causing embarrassment to respondents.
- (f) Wider distribution of sample is possible.

Disadvantages of Telephonic Interview

- (a) Surveys are restricted to respondents who have telephone facility.
- (b) Little time is given to respondents for considered answers.
- (c) Bias of the interview is relatively more.
- (d) Questions have to be short and to the point.
- (e) Not suitable for intensive surveys.

► 7.4.4.3. SCHEDULES

This method is same as a method of data collection through questionnaire with a difference that schedules are being filled in by the enumerators, who are specially appointed for the purpose. The enumerator must be honest, sincere and hardworking. Investigator must explain the aims and objective of investigation to the enumerator before conducting the research.

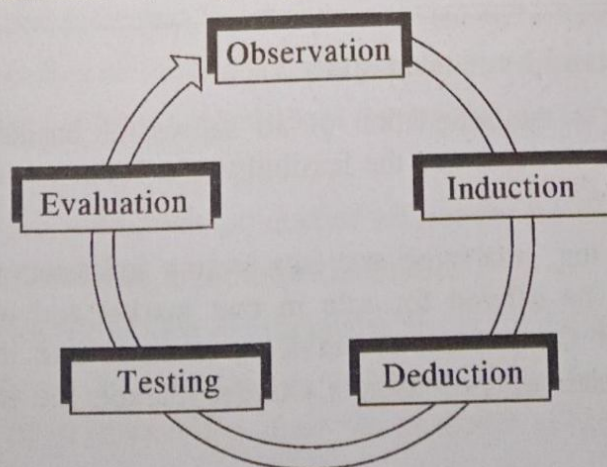
Difference between Questionnaire and Schedule

S.No.	Questionnaire	Schedule
1.	It is generally sent through mails.	The schedules are filled by researchers or enumerators.
2.	To collect information it is relatively economical.	To collect information through schedules is relatively more expensive.
3.	Non-response is usually high.	Non-response is usually low.
4.	Identity of replier is not identified in case of questionnaire.	Identity of replier is identified in case of schedules as enumerator conducts the interview.
5.	Its a slow method.	Its a fast method.
6.	Personal contact is not possible.	Personal contact is established with respondents.
7.	It is used when respondents are literate and co-operative.	It is used when respondents are illiterate and co-operative.
8.	Wider distribution of sample is possible.	It is not possible to send the enumerator everywhere.
9.	Less accurate as incomplete and wrong information is more.	More accurate as compared to questionnaire.
10.	Success lies on quality of questionnaire.	Success depends upon honesty and competence of enumerator.

► 7.4.4.4. EMPIRICAL STUDY AND QUALITATIVE STUDY

(a) Empirical Study

Empirical studies are those based on actual and objective observation or experimentation. It starts with a hypothesis, then tests it, analyzing the resultant data and reporting the findings.



(b) Qualitative Study

Qualitative research is aimed at gaining a deep understanding of a specific organization or event, rather than surface description of a larger sample of a population. It aims to provide an explicit rendering of the structure, order and broad patterns found among a group of participants. It is also called ethnomethodology or field research. It is especially important in the behavioural sciences, where the aim is to discover and underlying the motives of the human behaviour.

Objectives of Qualitative Analysis

- (a) To gain an understanding of underlying reasons and motivations.
- (b) To provide insights into the setting of a problem, generating ideas and/or hypotheses for later quantitative research.
- (c) To uncover prevalent trends in thought and opinion.

Data Collection : Common data collection methods used in qualitative research are focus groups, triads, dyads, in-depth interviews, uninterrupted observation, bulletin boards and ethnographic participation/observation.

When to Use : Qualitative research is by definition exploratory and it is used when we don't know what to expect, to define the problem or develop an approach to the problem. It's also used to go deeper into issues of interest and explore nuances related to the problem at hand.

Problems with Qualitative Studies

- (a) More time consuming
- (b) More difficult to code data
- (c) Not applicable to widely dispersed social settings
- (d) Generally, only a case study with limited applicability to other situations
- (e) Difficult to control for researcher bias.

■ Important and Expected Questions ■

Q.1. What do you understand by market study ?

Ans. Accurate information is the foundation of all successful business ventures. Market study allows business owners to determine the feasibility of a business before committing substantial resources to the venture.

The process of gathering, analyzing and interpreting information about a market, about a product or service to be offered for sale in that market and about the past, present and habits, location and needs of the business's target market, the industry as a whole and the particular competitors.

Market study provides relevant data to solve marketing challenges that a small and medium enterprises will most likely face an integral part of the business planning process. In fact, strategies such as market segmentation (identifying specific groups within a market) and product differentiation (creating an identity for a product or service that separates it from those of the competitors) are impossible to develop without market study.

Q.2. What are the advantages and disadvantages of secondary information ?

Ans. Advantages of Secondary Information :

- (i) The information is already there—no hassles of collection
- (ii) It is less expensive
- (iii) The investigator is not personally responsible for the quality of information.

Disadvantages of Secondary Information :

- (i) Lack of consistency of perspective
- (ii) Biases and inaccuracies cannot be checked
- (iii) Published statistics often raise more questions than they answer.

Q.3. Write a short note on product or service identification.

Ans. To succeed as an entrepreneur, one must develop the ability to select and offer the right products or services to the customers in a competitive market. More than any other factor, entrepreneur must have an ability to make this choice, whether this will determine the success or failure.

Fully 80 percent of the products and services being consumed today are different from those that were being consumed five years ago and five years from today, fully 80 percent of the products being used will be new and different from those being used today.

There are thousands of products and services available to consumers today and there are unlimited opportunities for entrepreneurs to enter the marketplace and compete effectively with a new product or service that's better in some way than what's already being offered by the competitors. Entrepreneur's skill at choosing that product or service is critical to the success. The most important thing entrepreneur can do before deciding what to sell is to think and the more he think about a product or service, the better decisions will be.

Once entrepreneur has got a product or service in mind, he need to begin with a self-analysis :

- (a) What kind of products do you like, enjoy, consume and benefit from ?
- (b) Do you like the product or service you are planning to sell ?
- (c) Can you see yourself getting excited about this product or service ?
- (d) Would you buy it and use it yourself ?
- (e) Can you see yourself selling this product or service for the next five to 10 years ?

Q.4. What are the characteristics of a good questionnaire ?

Ans. The various characteristics of a good questionnaire are as the following :

- (a) **Questions should not be ambiguous :** The question must be capable of only one interpretation. *e.g.*, 'Which types of liquid do you purchase weekly ?' Does this mean alcohol, soft drinks or bleach !

- (b) **Questions must be easily understood** : Technical terms must be avoided, except when the questionnaire is addressed to specialists.
- (c) **Questions must not contain words of vague meaning** : To ask if a product is 'small' or if a person is 'unskilled' are examples of such questions. 'Small' and 'unskilled' are relative terms that are open to different interpretations.
- (d) **Questions must not be in such a form that the answers will be biased** : The questions should not contain emotionally coloured words or be leading questions that is they should not put answers into respondents' mouths. e.g., 'As there are already so many washing powders in the market, do you really think another one will make a difference ?'
- (e) **The questionnaire must not be too long** : If it is too long the respondent will not co-operate and this may result in inaccurate answers.

Q.5. Give points of distinction between questionnaire and schedule.

Ans.

S. No.	Questionnaire	Schedule
1.	It is generally sent through mails.	The schedules are filled by researchers or enumerators.
2.	To collect information it is relatively economical.	To collect information through schedules is relatively more expensive.
3.	Non-response is usually high.	Non-response is usually low.
4.	Identity of replier is not identified in case of questionnaire.	Identity of replier is identified in case of schedules as enumerator conducts the interview.
5.	Its a slow method.	Its a fast method.
6.	Personal contact is not possible.	Personal contact is established with respondents.

■ Objective Type Questions ■

FILL IN THE BLANKS

- is collected from a first hand experience and is reliable and authentic.
- information comes from resources that have already been published.
- Small companies conduct to obtain from the market place.
- The relationship between price and quantity demanded is known as
- Forecasting is the first step in
- Jury of executive opinion is also known as

Answers

FILL IN THE BLANKS

1. Primary information
2. Secondary
3. market survey
4. demand relationship
5. planning
6. Delphi method.

Review Questions

1. What is the necessity of market study ?
2. What are the advantages and disadvantages of primary and secondary informations ?
3. What factors should be analyzed for product or service from customer's point of view ?
4. What do you understand by the term demand and supply ?
5. What are the requirements of a good forecast ?
6. Briefly explain various methods of sale forecasting.
7. What are the various characteristics of a good questionnaire ?
8. Differentiate between ;
 - (a) Questionnaire and Survey
 - (b) Questionnaire and Schedule.
9. What are open ended and closed ended questions ?
10. Explain various interview methods along with advantages and disadvantages.



Project Report Preparation

■ 8.1. PROJECT REPORT

Having decided upon the product and organization, the entrepreneur has to put his ideas and other information sought in black and white. This should be done so efficiently that it provides all the required information in reference to the project. The details gathered from feasibility studies are presented in various tables ; reports and statements are consolidated into one master report, which is called as 'Project report'. This report contains the background information about the industry to which the project belongs and the enterprise submitting the report. The main objective of preparing the report is to provide information for the project appraisal.

The project report preparation encompasses information under various heads. Necessary documents, quotations and enquiry should be attached with the details under the given heads to form a project report. The project report should be prepared by the entrepreneur himself, as it saves his money and clarifies many doubts and makes him more optimistic of the success of the project. However, a detailed project report may be commissioned with the help of well known consultants in the field.

Project report is also compulsory for the registration of small scale industry. This is formed at two levels.

(a) Preliminary Project Report (PPR) : Preliminary project report is a simple data sheet made for registration before the starting of project, which gives the brief outline of the project that tells about the viability of the project so as to help the entrepreneur to decide whether it is worth pursuing further or not.

(b) Detailed Project Report (DPR) : Once the project is approved by requisite authorities, detailed project report is prepared by the entrepreneur with the help of experts like economist, marketing personnel, techno-engineers etc.

■ 8.1.1. Preliminary Project Report

Preliminary project report is a simple data sheet that gives an insight into the following :

- (a) How much manpower, material and money would be required to set up the project ?
- (b) What types of machines would be required ?

- (c) What are the sources of technology that would be required ?
- (d) What would be the economic gains from the project ?

So, preliminary project report is a brief outline of the project that quickly tells about the viability of the project, so as to help entrepreneur to decide whether the project is worth pursuing or not.

■ 8.1.2. Significance of a Project Report

An objective without plan is just a dream. The preparation of a project report is of great significance for an entrepreneur. The project report serves the following purposes :

- (a) The project report is similar to a road map. It describes the direction in which enterprise is going, what its goals are, where it wants to be and the way it is going to get there. It also enables the entrepreneur to know whether he is proceeding in the right direction.
- (b) It facilitates the entrepreneur in getting provisional/permanent registration of the project from the District Industries Centre.
- (c) It facilitates in the allotment of industrial plot of shed for the project from State Industrial Development Corporation.
- (d) It facilitates the entrepreneur in obtaining working capital loan or term loan from Banks/State Financial Corporation/other financial institutions.
- (e) It facilitates in securing supply of raw materials required for the product to be manufactured.
- (f) It facilitates the entrepreneur in establishing techno-economic viability of the project.

Therefore, project report is of great importance. It highlights the practicability of a project in terms of different factors like economy, finance, technology and social desirability. An important aspect of the project report is determining the profitability of the project and minimizing the risks in execution of the project.

■ 8.1.3. Contents of a Project Report

A well prepared project report is necessary for the success of the proposed project. Therefore, the project report needs to be prepared with great care and consideration. A good project report should contain the following :

- (a) **Objective and Scope of the Report** : It contains main objectives and the scope of the project undertaken.
- (b) **Promoter's Profile** : It contains family background, educational qualification, past experience of service, business or industry, project related experience etc.
- (c) **Location** : It shows exact location of the project, lease or freehold, locational advantages etc.

(d) **Land and Building** : It indicates land area, constructed area, type of construction, cost of construction, detailed plans and estimates along with plant layout.

(e) **Plant and Machinery** : It contains details of machinery and equipments required, electric loads, capacity, suppliers, cost, various alternatives available, laboratory equipments and other infrastructure etc.

(f) **Production Process** : It contains details of production process, process chart, technical knowhow, technology used, alternatives available, production schedule etc.

(g) **Other Utilities** : Requirement of water, power, steam, compressed air requirements, sources of these utilities and their cost estimates etc. comes under this head.

(h) **Raw Materials** : Requirement of raw materials, sources, prices, properties of raw materials, alternative raw materials, if any. Tie-up arrangements, if any, for procurement of raw materials is also well clarified.

(i) **Market Potential** : It contains market position and trends, installed capacity, present production and anticipated demand, end-users of product, sales promotion devices, proposed market research.

(j) **Personnel** : It contains manpower requirements (managerial, skilled and semi-skilled), sources of manpower supply, wage structure, requirements of training, if required and its total cost etc.

(k) **Financial Implications** : It contains fixed and working capital investment, break-up of project cost in terms of cost of land, building, machinery, miscellaneous assets, preliminary expenses, contingencies etc.

(l) **Sources of Finances** : It contains contributions of the promoters, funds raised from banks or other financial institutions and their terms and conditions.

(m) **Financial Viability of the Project** : In order to assess the profitability of the project to be set up, a projected profit and loss account showing likely sales revenue, cost of production, allied cost and profit should be prepared. A projected balance sheet and cash flow statement should also be prepared to highlight the financial position and requirements at various stages of the project.

In addition, the break-even analysis should also be presented in the project report. Break-even point is the level of production/sales, where the industrial enterprise shall be at par.

(n) **Schedule of Project Implementation** : Every entrepreneur should work out an implementation schedule or a time-table for his project to make sure the timely completion of all activities involved in setting up an enterprise.

■ 8.2. TECHNO-ECONOMIC FEASIBILITY REPORT

A project report is prepared with the purpose of analyzing all the opportunities for the implementation of the project. It requires the combination of relevant data of a project to serve the management as a guide. It is useful in analyzing the merits and demerits before allocating

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resources to specific goods. For the preparation of project report ; economic, technical, managerial, production and financial inputs and their output are considered.

(a) Economic Aspect : The report clearly shows the latest position of the firm. It indicates how much investment should be made in the project under consideration. Complete market analysis is provided in the report, which deals with the life cycle of the product *i.e.* ;

- (i) Introduction of the product
- (ii) Establishment
- (iii) Growth
- (iv) Maturity
- (v) Decline.

(b) Financial Aspect : The analysis of financial aspects before preparation of a project report includes determining the amount to be invested, from where to get finance, production cost and idea of the net profit.

(c) Managerial Aspects : The project report sets the terms and conditions of eligibility for the post of managers and executives.

(d) Production Aspects : The report provides specifications regarding selection of the product, its design, its purpose etc.

(e) Technical Aspects : The report also specifies regarding technology, equipment, tools, machinery and plant to be used.

■ 8.3. DETAILED PROJECT REPORT (D.P.R.)

Detailed project report is nothing but a complete document for investment decision making, approval, planning, whereas feasibility study report is a base document for investment decision making. Detailed project report is a base document for planning the project and implementing the project. While, preparing detailed project report, an entrepreneur may take the help of experts to do the job. Preparation of detailed project report requires a lot of time. Detailed analysis of each and every item is necessary in a detailed project report. Detailed project reports are also available with the consultants and can be purchased by an entrepreneur.

A detailed project generally covers the following aspects :

1. **Introduction :** Brief introduction of the proposed project :

- (a) Objective of report
- (b) Scope of report.

2. **Need :** Need for deciding the setup of the project.

3. **Unit :** Constitution of the unit indicating proprietorship, partnership, corporate body etc.

4. **Promoters :** The details of promoters and other key personnel should be furnished. The bio-data must give details on their
 - (a) Education
 - (b) Jobs held
 - (c) Business activities undertaken.
5. **Product :** This should contain information on the following :
 - (a) Description of the product to be manufactured
 - (b) Types of products to be manufactured
 - (c) Specifications (design, shape and size)
 - (d) Standards (dimensional, raw material, performance and symbols, code of practices)
 - (e) Chemistry of product
 - (f) Quality
 - (g) Applications and uses of final products.
6. **Market potential :** This should disclose information on general :
 - (a) Market trends
 - (b) Predicted demand of product
 - (c) Market segments proposed to be covered
 - (d) Projected sales for first three years
 - (e) Extent of competition prevailing in the market
 - (f) Details of own showrooms
 - (g) Sales force, middlemen and terms and conditions offered to them
 - (h) Pricing policy
 - (i) Prospects for export
 - (j) Information regarding import of raw material (if required).
7. **Manufacturing process and know-how :** This should provide details about the following
 - (a) Process flow chart
 - (b) Sequence of the operations
 - (c) Time taken for each operation
 - (d) Input-output ratios between material and finished products
 - (e) Selection of suitable know-how for the project
 - (f) Prospective collaborator and terms and conditions.

8. **Plant, Machinery and Equipments :** This should disclose details of the following :

- (a) Machinery required for the project
- (b) Capacity of each machine and power required for them, technical details and specifications
- (c) Details of suppliers
- (d) Price of each machine
- (e) Procurement time and availability in the market
- (f) Spare parts required and their availability
- (g) Lists of imported machinery if required
- (h) Instruments for inspection
- (i) Various equipments for laboratories
- (j) Arrangements for water supply
- (k) Machinery if not available, other options are considered.

9. **Location :** Actual site selected for the project, overall plot plan along with the building plan should be devised. This should also provide information regarding :

- (a) The total area and cost of the land required
- (b) Covered and uncovered areas
- (c) Estimate of building including utilities such as water, electricity and other infrastructure facilities
- (d) Schedule of construction.

10. **Raw materials :** This should give details of :

- (a) Various raw materials required
- (b) Specifications, availability, names of suppliers, source, whether quota, non-quota or imported items
- (c) Price at which they are available
- (d) Procurement time
- (e) Minimum order quantity
- (f) Terms and conditions offered by suppliers.

11. **General management and technical staff :** This should provide information on :

- (a) Management
- (b) Staff requirements (skilled, semi-skilled or unskilled)
- (c) Salary or wages
- (d) Incentives, bonus etc.,
- (e) Organisational structure.

12. **Cost of the project :** It should give information on project cost, which includes :
- (a) Cost of land
 - (b) Building, plant and machinery
 - (c) Working capital requirements etc.
13. **Mode of finance :** This includes information on :
- (a) Term loan from banks
 - (b) Government subsidy
 - (c) Deferred payments
 - (d) Promoter's contribution
 - (e) Loans from friends and relatives
 - (f) Equity capital and loans from other financial institutions.
14. **Working capital :** This contains the details on requirements of working capital and loans. It includes :
- (a) Anticipated monthly sales
 - (b) Cost of raw material consumed per month
 - (c) Total monthly production cost
 - (d) Stock levels of materials
 - (e) Average period of processing
 - (f) Sales like cash or credit sales
 - (g) Period of bill realization
 - (h) Average credit available from market etc.
15. **Manufacturing cost and profitability :** This includes information regarding :
- (a) Raw material content for each item
 - (b) Monthly expenses and their bifurcation into fixed and variable expenses
 - (c) Item wise cost of production and total annual cost of production
 - (d) Item wise annual sales turnover
 - (e) Total annual profit
 - (f) Projected cost of production for 10 years.
16. **Financial analysis :** This contains information on :
- (a) Profitability statement for 10 years
 - (b) Break even analysis
 - (c) Repayment schedule as desired by promoters

(d) Internal rate of return

(e) Projected balance sheet for 10 years and security offered to promoters etc.

17. **Implementation schedule** : This gives details on the time schedule for the implementation of the project.

Thus, the project report covers wide areas, which gives total information to the entrepreneurs for implementation of the proposed project.

Preliminary Project Report versus Detailed Project Report

S. No.	Preliminary Project Report	Detailed Project Report
1.	It is a brief summary of project describing the expected inputs and outputs.	It is detailed and voluminous work on project.
2.	It is prepared in pre-investment phase.	It is carried out after investment phase.
3.	It is restricted to 10 – 15 pages.	It is in a book form.
4.	It is to make initial investigations and comparisons between various options available for products, production, finance etc.	It is prepared to get all the guidelines and schedules for the implementation of project.
5.	It is required for registration purposes from DICs and financial institutions.	It is required more for an entrepreneur himself and his team.
6.	It is generally prepared by the entrepreneur himself.	It is prepared with the help of experts of different fields.
7.	It considers just two phases of project viability <i>i.e.</i> technical and economical.	It considers all the phases of project viability.

FORMAT OF FEASIBILITY REPORT

Ministry of Industry

Small Industries Service Institute Okhla, New Delhi-110020

I. The Enterprises and the Entrepreneurs

Project report for the manufacture of

- (i) Name of the item/items
- (ii) Name of the Unit and Address
- (iii) Telephone No. : Office Factory

- (iv) Name(s) and Address of the promoters in Block Letters

- (v) Constitution of the firm
 (Proprietary/Partnership)/.....
 Pvt. Ltd., Co-op. Society
- (vi) Qualifications both academic/professional of the entrepreneur(s)
 Name :
 Qualification :
- (vii) Production/working experience of the entrepreneur(s)
 Name of the organization
 Items manufactured
 Period
- (viii) Family background (Please give details of your five close relations who are in industry and business)
 Name and address of the unit

 Items manufactured
- (ix) Location/Proposed Location
- (x) Name and address of the bank with which you want to deal with

II. Economic Viability and Marketability

- (i) Introduction
 (Basic & Presumption)
- (ii) Scope
- (iii) Marketability.

(Please give proposed selling arrangements and list of the places where the products will be mainly sold and likely buyers).

III. Technical Feasibility

- (i) Manufacturing process (Please give process flow chart).
- (ii) Please indicate the processes which will be got done from outside.

(iii) Specifications (whether proposed to adopt ISI specifications or some other).

(iv) Components to be purchased from outside.

Name of the Component	No.	Specifications
-----------------------	-----	----------------

(v) Installed capacity	Qty.....	Value.....
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(vi) Proposed capacity to be utilized	Qty.....	Value.....
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(vii) Motive power requirements (HP) approx.

IV. Financial Projections

(A) Fixed Capital

(i) (a) Land, area and value

(b) Building area, value owned/rented or leased

(c) Please mention if some arrangements have been made in this respect.

(Please append the proposed layout plan)

(ii) Machinery and equipment

S. No.	Description & Specification	Indigenous/ imported	Qty.	Price	Sale tax	Int.	Total	Name & Address of supplier
1	2	3	4	5	6	7	8	9

(iii) Testing equipment (with details as above)

(iv) Electrification and installation charges

(v) Cost of tools/fixtures/mould/working tables etc.

(vi) Cost of office equipments

(vii) Pre-operative expenses (cost of project preparation, technical know-how expenses, royalties etc.)

(viii) Total non-recurring expenditure.

(B) Working Capital (per month)

Staff & Labour	Designation	No.	Salary	Total
Technical				
Office				
Sales				
Others				
Salaries P.M.				
(Technical + Office + Sales + Others)				
Pre-requisites (20 to 25% of salaries)				
Total salaries				

V. Financial Projections**(A) Fixed Capital**

- (i) (a) Land, area and value
 (b) Building area, value owned/rented or leased
 (c) Please mention if some arrangements have been made in this respect.
(Please append the proposed layout plan)
- (ii) Machinery and equipment

S. No.	Description & Specification	Indigenous/ imported	Qty.	Price	Sale tax	Int.	Total	Name & Address of supplier
1	2	3	4	5	6	7	8	9

- (iii) Testing equipment (with details as above)
 (iv) Electrification and installation charges
 (v) Cost of tools/fixtures/mould/working tables etc.
 (vi) Cost of office equipments
 (vii) Pre-operative expenses (cost of project preparation, technical know-how expenses royalties etc.)
 (viii) Total non-recurring expenditure.

Project Report Preparation

(B) Working Capital (per month)

Staff & Labour	Designation	No.	Salary	Total
Technical				
Office				
Sales				
Others				
Salaries P.M.				
(Technical + Office + Sales + Others)				
Pre-requisites (20 to 25% of salaries)				
Total salaries				

(C) Total Investment

(i) Fixed capital

(ii) Working capital

Total.....

(D) Cost of Production (per year)

(i) Total recurring expenditure (per year)

(ii) Depreciation on building

(iii) Depreciation on machinery and equipment

(iv) Depreciation on fixtures/jigs/tools/moulds

(v) Depreciation on office equipment

(vi) Depreciation on furnaces

(vii) Interest on total investment.

■ 8.4. PROJECT VIABILITY

In the life cycle of the project, there is a decision element at the end of concept phase *i.e.* whether to go ahead with the project or not. So, project viability is considered to be an important task for the entrepreneur. Project viability is studied with the following objectives :

1. To get necessary information to determine the success or failure of a project.

2. To identify the expected costs and benefits of the projects.

For project viability, we should consider some of the following factors :

(a) **Financial viability** : A detailed coverage of financial aspects such as cost estimates, production costs, profitability analysis and profitability indices is required to examine the financial viability of the project.

(b) **Social viability** : The project should be socially acceptable by the society. Social viability is useful to make estimation of social costs and benefits and to compute the social profitability of the project.

(c) **Environment ecological viability** : Project should be ecologically balance because environmental clearance for all the major projects on the basis of their environmental impact statement has become legally mandatory.

(d) **Technical viability** : Technical viability is the most important aspect which includes demand forecasting, market analysis, production capacities, process of manufacture, engineering know-how and technical collaboration etc.

(e) **Resources viability** : A particular project may require many resources like power, transportation, water, labour, raw material and selling expenses based on market. An entrepreneur must check if the project is viable in terms of all the resources or not.

■ Important and Expected Questions ■

Q.1. Write a short note on preliminary project report.

Ans. Preliminary project report is a simple data sheet that gives an insight into the following :

- (a) How much manpower, material and money would be required to set up the project ?
- (b) What types of machines would be required ?
- (c) What are the sources of technology that would be required ?
- (d) What would be the economic gains from the project ?

So, preliminary project report is a brief outline of the project that quickly tells about the viability of the project, so as to help entrepreneur to decide whether the project is worth pursuing or not.

Q.2. Explain the contents of a project report.

Ans. A well prepared project report is necessary for the success of the proposed project. Therefore, the project report needs to be prepared with great care and consideration. A good project report should contain the following :

(a) **Objective and Scope of the Report** : It contains main objectives and the scope of the project undertaken.

(b) **Promoter's Profile** : It contains family background, educational qualification, past experience of service, business or industry, project related experience etc.

(c) **Location** : It shows exact location of the project, lease or freehold, locational advantages etc.

(d) **Land and Building** : It indicates land area, constructed area, type of construction, cost of construction, detailed plans and estimates along with plant layout.

(e) **Plant and Machinery** : It contains details of machinery and equipments required, electric loads, capacity, suppliers, cost, various alternatives available, laboratory equipments and other infrastructure etc.

(f) **Production Process** : It contains details of production process, process chart, technical knowhow, technology used, alternatives available, production schedule etc.

(g) **Other Utilities** : Requirement of water, power, steam, compressed air requirements, sources of these utilities and their cost estimates etc. comes under this head.

(h) **Raw Materials** : Requirement of raw materials, sources, prices, properties of raw materials, alternative raw materials, if any. Tie-up arrangements, if any, for procurement of raw materials is also well clarified.

Q.3. Discuss techno-economic feasibility report.

Ans. A project report is prepared with the purpose of analyzing all the opportunities for the implementation of the project. It requires the combination of relevant data of a project to serve the management as a guide. It is useful in analyzing the merits and demerits before allocating resources to specific goods. For the preparation of project report ; economic, technical, managerial, production and financial inputs and their output are considered.

(a) **Economic Aspect** : The report clearly shows the latest position of the firm. It indicates how much investment should be made in the project under consideration. Complete market analysis is provided in the report, which deals with the life cycle of the product *i.e.* ;

(i) Introduction of the product

(ii) Establishment

(iii) Growth

(iv) Maturity

(v) Decline.

(b) **Financial Aspect** : The analysis of financial aspects before preparation of a project report includes determining the amount to be invested, from where to get finance, production cost and idea of the net profit.

(c) **Managerial Aspects** : The project report sets the terms and conditions of eligibility for the post of managers and executives.

(d) **Production Aspects** : The report provides specifications regarding selection of the product, its design, its purpose etc.

(e) **Technical Aspects** : The report also specifies regarding technology, equipment, tools, machinery and plant to be used.

Q.4. What do you mean by the term project viability ?

Ans. In the life cycle of the project, there is a decision element at the end of concept phase *i.e.* whether to go ahead with the project or not. So, project viability is considered to be an

important task for the entrepreneur. Project viability is studied with the following objectives :

- (a) To get necessary information to determine the success or failure of a project.
- (b) To identify the expected costs and benefits of the projects.

For project viability, we should consider some of the following factors :

(a) **Financial viability** : A detailed coverage of financial aspects such as cost estimates, production costs, profitability analysis and profitability indices is required to examine the financial viability of the project.

(b) **Social viability** : The project should be socially acceptable by the society. Social viability is useful to make estimation of social costs and benefits and to compute the social profitability of the project.

(c) **Environment ecological viability** : Project should be ecologically balance because environmental clearance for all the major projects on the basis of their environmental impact statement has become legally mandatory.

■ Objective Type Questions ■

FILL IN THE BLANKS

1. Project report is of two types ; and
2. For registration at SISI, a is must.
3. The registration of a small scale industry can be and
4. A project report should contain,,, and aspects regarding industry.
5. Project report quickly tells about the of project.

Answers

FILL IN THE BLANKS

1. Preliminary project report, Detailed project report
2. preliminary project report
3. permanent, provisional
4. economical, financial, managerial, production, technological
5. viability.