Business Dynamics & Entrepreneurship

Introduction to Management

The concept of management has acquired special significance in the present competitive and complex business world. Efficient and purposeful management is absolutely essential for the survival of a business unit. In simple words, Management is essential to any kind of organization irrespective of its size and nature of its operations. It coordinates and integrates all the activities of an organization so as to accomplish the objectives.

Management is the science and art of getting people together to accomplish desired goals and objectives by coordinating and integrating all available resources efficiently and effectively.

Management is a distinct process consisting of activities of Planning, organizing, directing and controlling performance to determine and accomplish stated objectives with the use of human being and other resources.

Definitions

According to Harold Koontz**, "Management is the art of getting things done through and with people in formally organised groups."**

According to Henri Fayol**, "To manage is to forecast and to plan, to organise, to command, to co-ordinate and to control."**

According to Peter Drucker, **"Management is a multi-purpose organ that manages business and manages managers and manages workers and work."**

According to Mary Parker Follet**, "Management is the art of getting things done through people."**

The nature, main characteristics or features of management:

1. Continuous and never ending process

Management is a Process. It includes four main functions, viz., Planning, Organising, Directing and Controlling. The manager has to Plan and Organise all the activities. He had to give proper Directions to his subordinates. He also has to Control all the activities. The manager has to perform these functions continuously. Therefore, management is a continuous and never-ending process.

2. Getting things done through people

The managers do not do the work themselves. They get the work done through the workers. The workers should not be treated like slaves. They should not be tricked, threatened or forced to do the work. A favorable work environment should be created and maintained.

3. Result oriented science and art

Management is result oriented because it gives a lot of importance to "Results". Examples of Results like, increase in market share, increase in profits, etc. Management always wants to get the best results at all times.

4. Multidisciplinary in nature

Management has to get the work done through people. It has to manage people. This is a very difficult job because different people have different emotions, feelings, aspirations, etc. Similarly, the same person may have different emotions at different times. So, management is a very complex job. Therefore, management uses knowledge from many different subjects such as Economics, Information Technology, Psychology, Sociology, etc. Therefore, it is multidisciplinary in nature.

5. A group and not an individual activity

Management is not an individual activity. It is a group activity. It uses group (employees) efforts to achieve group (owners) objectives. It tries to satisfy the needs and wants of a group (consumers). Nowadays, importance is given to the team (group) and not to individuals.

6. Follows established principles or rules

Management follows established principles, such as division of work, discipline, unity of command, etc. These principles help to prevent and solve the problems in the organization.

7. Aided but not replaced by computers

Nowadays, all managers use computers. Computers help managers to make accurate decisions. However, computers can only help management. Computers cannot replace management. This is because management takes final responsibility. Thus Management is aided (helped) but not replaced by computers.

8. Situational in nature

Management makes plans, policies, and decisions according to the situation. It changes its style according to the situation. It uses different plans, policies, decisions, and styles for different situations.

The manager first studies the full present situation. Then he draws conclusions about the situation. Then he makes plans, decisions, etc., which are best for the present situation. This is called Situational Management.

9. Need not be an ownership

In small organizations, management and ownership are one and the same. However, in large organizations, management is separate from ownership. The managers are highly qualified professionals who are hired from outside. The owners are the shareholders of the company.

10. Both an art and science

Management is result-oriented. Therefore, it is an Art. Management conducts continuous research. Thus, it is also a Science.

11. Management is all pervasive

Management is necessary for running a business. It is also essential for running a business, educational, charitable and religious institutions. Management is a must for all activities, and therefore, it is all pervasive.

12. Management is intangible

Management is intangible, i.e. it cannot be seen and touched, but it can be felt and realized by its results. The success or failure of management can be judged only by its results. If there is good discipline, good productivity, good profits, etc., then the management is successful and vice-versa.

13. Uses a professional approach in work

Managers use a professional approach to get the work done from their subordinates. They delegate (i.e. give) authority to their subordinates. They ask their subordinates to give suggestions for improving their work. They also encourage subordinates to take the initiative. Initiative means to do the right thing at the right time without being guided or helped by the superior.

14. Dynamic in nature

Management is dynamic in nature. That is, management is creative and innovative. An organization will survive and succeed only if it is dynamic. It must continuously bring in new and creative ideas, new products, new product features, new ads, new marketing techniques, etc.

TYPES OF MANAGERS:

There are three main types of Mangers. **General Managers, Functional Mangers and Front line Managers.** General Managers are responsible for the overall performance of the organization. Functional Managers lead a particular function. They are responsible for a task, activity or operation such as accounting, marketing, sales, R&D, production, Information Technology, or logistics. Front line Managers are those who manage the employees and are found at the lowest level of management hierarchy.

General Managers – Corporate Level GM – The GM at the corporate level is the chief Executive officer, CEO who leads the entire enterprise. He formulates strategies that span business ie whether to enter a new business through acquisition or exit a business area. The CEO decides how the enterprise should be organized into different divisions and signs off on major strategic initiatives proposed by the heads of the divisions. The CEO exercises control over divisions, monitoring performance and deciding what incentives to give divisional heads. The CEO also manages relationships with the people who own the company, -its shareholders. CEO sits on the board and spends time describing company strategy to share holders.

.**Business Level GM**: Business level Managers organize operations within their division, deciding how best divide tasks into functions and departments and how to coordinate those sub units so that strategy can be successfully implemented. Business level managers also control activities within their divisions, monitoring performance against goals, intervening to take corrective action whenever necessary and developing human capital.

Functional Managers: They are responsible for specific business functions that constitute a company or one of its divisions. Thus functional managers sphere of responsibility is generally confined to one organizational activity such as purchasing, marketing, production etc. The head of each function leads that function. Functional managers motivate, influence and direct others within their areas. They develop functional strategies and draft plans in their areas that help fulfill the strategic objectives set by General Managers.

Frontline Managers: They are responsible for managing the employees. (not mangers in the real sense) For instance Front line Sales Manager might manage 10 sales people. Front line managers are critical in maintaining the performance of an organization. They lead their teams and units, plan and organize how best to perform the tasks in their units and monitor the performance of the subordinates and try to develop their skills.

RESPONSIBILITIES & SKILLS OF PROFESSIONAL MANAGER

A professional manager is an expert, trained and experienced enough to smoothly manage any type of organization be it a manufacturing house, a service organization, a hospital or a government agency.

Professional managers:

- Are objective, focussed and performance oriented.
- Help in meeting competitive challenges of business.
- Are creative and dynamic.
- Follow management practices based on worldwide experiences and information.
- Apply theories of management to solve emerging organizational problems.

RESPONSIBILITIES OF PROFESSIONAL MANAGER

1. **Responsibility towards Customers:** A firm's responsibility towards its customer is in terms of ensuring that the desired quality of product at a reasonable price is made easily available to the customers. It is the responsibility of the manager to provide the right match between quality and price.

2. **Responsibility towards Shareholders:** The main responsibility of the manager is to ensure the security of the shareholders' capital. The manager must ensure that the firm does not become bankrupt. In other words, the manager must, at least, ensure the survival of the firm. The manager has to ensure that the shareholders are able to earn profit on their capital.
3. **Responsibility towards Employees:** Employees are the most important resource. The manager has to ensure that employees are getting a fair deal in terms of wages and salaries. The responsibility of a manager is to ensure that all dealings with the employees are fair. Whether it is determining the profit linked bonus that is being calculated or the provident fund of a retired employee, which has to be paid, you must ensure that the employees are not cheated, harassed or embarrassed.
4. **Responsibility towards Suppliers:** Suppliers provide the raw materials, components and parts necessary for the production of products. The manager's responsibility towards suppliers of funds, i.e., banks and other financial institutions, is that not only he has to make the interest payments, but make the repayment on time as per the agreed repayment schedules.
5. **Responsibility towards Distributors and Retailers:** A manager is responsible for ensuring regular supplies to the distributors. The products that are supplied to the distributor must be checked for quality to ensure that second grade or inferior quality goods are not shipped.
6. **Responsibility towards Industry and Competition:** A manager is responsible to register the firm as a member of industry association and comply with all its rules and regulations.
7. **Responsibility towards Union:** A manager should acknowledge employees' union as a friend rather than as an enemy of the firm. Most problems with unions arise because of the assumption of the managers that unions have no constructive contribution. A responsible manager must understand and appreciate the fact that the management and union have a great degree of mutual dependence and the union cannot further its interests at the cost of the firm's interests and vice versa.
8. **Responsibility towards Society:** The manager has responsibility towards his surroundings and the people living in the area of his factory and office. Firms behave irresponsibly when they pollute the environment by releasing harmful gasses, discharging toxic effluents into nearby rivers, lakes or seas, and dumping their waste matter in surrounding lands. A manager should make sure that the operations of the firm do not obstruct, disturb or destroy physical structures (historical buildings, monuments), the flora and fauna, and animal and human life.

SKILLS OF PROFESSIONAL MANAGER

A skill is the learnt capacity or talent to carry out pre-determined results often with the minimum outlay of time, energy, or both1. In other words, a skill is an ability or proficiency that a person possesses that permits him or her to perform a particular task

1. **Analytical Skills**

   These skills are the abilities to identify key factors and understand how they interrelate, and the roles they play in a situation. Analytical skills involve being able to think about how multiple complex variables interact, and to conceive of ways to make them act in desirable manner.

2. **Decision making skills**

   These skills are present in the planning process. A manager's effectiveness lies in making good and timely decisions and is greatly influenced by his or her analytical skills.

3. **Digital Skills**

   These are important because using digital technology substantially increases a manager's productivity. Computers can perform in minutes tasks in financial analysis, HRP, and other areas that otherwise take hours, even days to complete.

4. **Human Skills**

   Human skill involves the ability to interact effectively with people. Managers interact and cooperate with employees. Human skills, therefore, relate to the individual's expertise in interacting with others in a way that will enhance the successful completion of the task at hand.

5. **Communications Skills**

   Effective communication is vital for effective managerial performance. The skill is critical to success in every field. Communication skills involve the ability to communicate in ways that other people understand, and to seek and use feedback from employees to ensure that one is understood.

6. **Conceptual Skills**

   Conceptual skill is the ability to see the "big picture," to recognize significant elements in a situation, and to understand the relationship among the elements. Examples of situations that require conceptual skills include the passage of laws that affect hiring patterns in an organization, a competitor's change in marketing strategy, or the reorganization of one department which ultimately affects the activities of other departments in the organization.

7. **Design Skills**

   It is the ability to solve problems in ways that will benefit the organization. To be effective, particularly at upper levels, mangers must be able to do more than see a problem. They must also be able to design a workable solution to the problem.

FUNCTIONS OF MANAGEMENT

Management has been defined in the form of a process. Under the management process (planning, organising, staffing, directing and controlling), many activities inter-related to each other are included. These activities are known as functions or elements of management.

Important functions of management are:

(1) Planning:

It refers to thinking beforehand. In other words, planning is the determination of a future course of action to achieve a desired result. Under planning, it is ascertained that what should be done, how it should be done and who should do it.

If before the commencement of a job all these points are not contemplated then the objective of a business cannot be achieved.

(2) Organising:

Organising is next to planning. It means to bring the resources (men, materials, machines, etc.) together and use them properly for achieving the objectives. Organisation is a process as well as it is a structure. Organising means arranging ways and means for the execution of a business plan. It provides suitable administrative structure and facilitates execution of proposed plan. Organising involves different aspects such as departmentation, span of control delegation of authority, establishment of superior-subordinate relationship and provision of mechanism for co-ordination of various business activities.

(3)Staffing:

Staffing refers to manpower required for the execution of a business plan. Staffing, as managerial function, involves recruitment, selection, appraisal, remuneration and development of managerial personnel. The need of staffing arises in the initial period and also from time to time for replacement and also along with the expansion and diversification of business activities.

Every business unit needs efficient, stable and cooperative staff for the management of business activities. Manpower is the most important asset of a business unit. In many organisations, manpower planning and development activities are entrusted to personnel manager or HRD manager. 'Right man for the right job' is the basic principle in staffing.

(4) Directing:

It refers to instructing, guiding, communicating and inspiring people in the organisation. Under directing following four activities are included:

(i) Supervision (ii) Communication (iii) Leadership (iv) Motivation

(5) Controlling:

Under this, the manager monitors whether the jobs are being performed in accordance with the set plans or not. He also checks whether the quality and quantity of job performed is in alignment with the pre-determined standards/parameters or not.

Deviations are then checked for by matching actual performance with pre-determined standards. After this corrective action is taken for negative deviations so that the difference between actual result and desired results can be minimised.

PRINCIPLES OF MANAGEMENT

Management Principles developed by Henri Fayol:

1. **Division of work**:
   Work should be divided among individuals and groups to ensure that effort and attention are focused on special portions of the task. Fayol presented work specialization as the best way to use the human resources of the organization.
2. **Authority and responsibility**
   Authority and responsibility must go together. This may seem obvious, but very often, only responsibility is delegated, not authority. Many managers are reluctant to delegate authority to subordinates.
3. **Discipline**:
   A successful organization requires the common effort of workers. Penalties should be applied judiciously to encourage this common effort.
4. **Unity of command**:
   An employee should receive orders from only one supervisor. Yet, because of a number of interacting variables in any job situation, line and staff as authority become opposed to line and staff as function.
5. **Unity of direction**:
   The entire organization should be moving towards a common objective in a common direction. There should be only one plan, and the person should be responsible for supervising it; all activities have the same objective, should be supervised by one person.
6. **Subordination of individual interests to the general interests**:
   The interests of one person should not take priority over the interests of the organization as a whole
7. **Remuneration**:
   Many variables, such as cost of living, supply of qualified personnel, general business conditions, and success of the business, should be considered in determining a worker's rate of pay.

Remuneration for work must be fair and accurate, affording maximum satisfaction for both employee and employer. The manager must examine tasks, identify responsibilities, and decide upon a just level of compensation.

8. **Centralization**:

   Fayol defined centralization as lowering the importance of the subordinate role. Decentralization is increasing the importance. The degree to which centralization or decentralization should be adopted depends on the specific organization in which the manager is working.

9. **Scalar chain**:

   Managers in hierarchies are part of a chain like authority scale. Each manager, from the first line supervisor to the president, possesses certain amounts of authority. The President possesses the most authority; the first line supervisor the least. Lower level managers should always keep upper level managers informed of their work activities. The existence of a scalar chain and adherence to it are necessary if the organization is to be successful.

10. **Order:**

    For the sake of efficiency and coordination, all materials and people related to a specific kind of work should be treated as equally as possible.

11. **Equity**:

    Employees must be seen as persons, not things to be manipulated. If managers hope to create a good working environment, they must treat everyone fairly and with equity.

12. **Stability of tenure of personnel**:

    Retaining productive employees should always be a high priority of management. Recruitment and Selection Costs, as well as increased product-reject rates are usually associated with hiring new workers

13. **Initiative**:

    Management should take steps to encourage worker initiative, which is defined as new or additional work activity undertaken through self-direction.

14. **Espirit de corps**:

    As a good Frenchman, Fayol believed in esprit de corps. This means union is strength or Team Spirit. He felt that all successful organizations survive only when a feeling of unity pervades the group and that viable organizations cleat with crises as a team.

ADMINISTRATION AND MANAGEMENT

Management and administration are generally taken to mean as one and the same and often used interchangeably. But there has been a controversy because of these two terms. There are following three views on the subject of distinction between administration and management.

	Management	Administration
Definition	Art of getting things done through others by directing their efforts towards achievement of pre-determined goals.	Formulation of broad objectives, plans & policies.
Nature	executing function, doing function	decision-making function, thinking function
Scope	Decisions within the framework set by the administration.	Major decisions of an enterprise as a whole.
Level of authority	Middle level activity	Top level activity
Status	Group of managerial personnel who use their specialized knowledge to fulfill the objectives of an enterprise.	Consists of owners who invest capital in and receive profits from an enterprise.
Usage	Used in business enterprises.	Popular with government, military, educational, and religious organizations.
Influence	Decisions are influenced by the values, opinions, beliefs and decisions of the managers.	Influenced by public opinion, government policies, customs etc.
Main functions	Motivating and controlling	Planning and organizing
Abilities	Handles the employees.	Handles the business aspects such as finance.

LEVELS OF MANAGEMENT

Meaning of Levels of Management

Many managers work in an organization. However, these managers do not work at the same level. They work and operate at different positions. Hierarchy of these managerial positions is called Levels of Management.

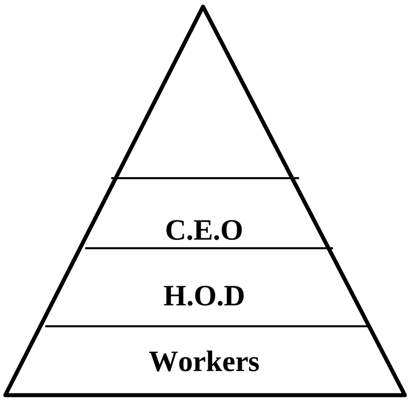
Generally, there are Three Levels of Management, viz.,

A. Administrative or Top Level of Management.
B. Executive or Middle Level of Management.
C. Supervisory or Lower Level of Management.

At each level, individual manager has to carry out different roles and functions.

Square Diagram of Levels of Management

LEVEL	EXEECUTIVE
1. Top- Level Management	Board of Directors / Chief Executive
2. Middle- Level Management	Departmental Heads / Junior
3. Lower- Level Management	Foremen / Supervisors



Top Level of Management

It consists of board of directors, chief executive or managing director. The top management is the ultimate source of authority and it manages goals and policies for an enterprise. It devotes more time on planning and coordinating functions.

The main role of the top level management is summarized as follows:-

- Top management lays down the objectives and broad policies of the enterprise.
- It issues necessary instructions for preparation of department budgets, procedures, schedules etc.
- It prepares strategic plans & policies for the enterprise.
- It appoints the executive for middle level i.e. departmental managers.
- It controls & coordinates the activities of all the departments.
- It is also responsible for maintaining a contact with the outside world.
- It provides guidance and direction.
- The top management is also responsible towards the shareholders for the performance of the enterprise.

Middle Level of Management

The Middle Level Management consists of the Departmental Heads (HOD), Branch Managers, and the Junior Executives. The Departmental heads are Finance Managers, Purchase Managers, etc. The Branch Managers are the head of a branch or local unit. The Junior Executives are Assistant Finance Managers, Assistant Purchase Managers, etc. The Middle level Management is selected by the Top Level Management.

The middle level management emphasize more on following tasks:-

1. Middle level management gives recommendations (advice) to the top level management.
2. It executes (implements) the policies and plans which are made by the top level management.

3. It co-ordinate the activities of all the departments.
4. They also have to communicate with the top level Management and the lower level management.
5. They spend more time in co-ordinating and communicating.
6. They prepare short-term plans of their departments which are generally made for 1 to 5 years.
7. The middle Level Management has limited authority and responsibility. They are intermediary between top and lower management. They are directly responsible to the chief executive officer and board of directors.
8. Require more managerial and technical skills and less conceptual skills.

Lower Level of Management

The lower level management consists of the Foremen and the Supervisors. They are selected by the middle level management. It is also called Operative / Supervisory level or First Line of Management.

The lower level management performs following activities :-

- Assigning of jobs and tasks to various workers.
- They guide and instruct workers for day to day activities.
- They are responsible for the quality as well as quantity of production.
- They communicate workers problems, suggestions, and recommendatory appeals etc to the higher level and higher level goals and objectives to the workers.
- They help to solve the grievances of the workers.
- They supervise & guide the sub-ordinates.
- They are responsible for providing training to the workers.
- They arrange necessary materials, machines, tools etc for getting the things done.
- They prepare periodical reports about the performance of the workers.
- They ensure discipline in the enterprise.
- They motivate workers.
- They are the image builders of the enterprise because they are in direct contact with the workers.

APPROACHES TO MANAGEMENT

When we say “approach” we literally mean the way we approach management and managerial activities at work. So it is the active way or method of seeing and dealing with managing at the workplace.

The main four approaches are:

1. Classical Approach
2. Quantitative Approach
3. Behavioral Approach
4. Contemporary Approaches:
5. A) Systems Approach
6. B) Contingency Approach

1. **The Classical Approach**

This approach is all about managing in classical methods. It is about applying the original studies and researches done on management when it first became an official field of study during times of war, developed in order to improve productivity, efficiency, and output.

Moreover, the goal of Classical Management is cutting costs and achieving results in more efficient ways. As effective theoretically as it may be, and although it has worked in the past, the reason different approaches were created is because people changed. The classical approach does not concern employee satisfaction or anything from the perspective of employees. It is too mechanistic. Employees look for more in a job now. They expect to enjoy their job and to have a reason to do what they do. The classical approach, though is the base of all management, it does not address those needs and is all about achieving the organization's goals.

Several approaches can be integrated in management, and this is the case with the classical approach. It is still in use in almost every company, firm, and organization but in a more complex way as some of the other approaches are integrated with it.

2. **The Quantitative Approach**

This approach is about using mathematics and statistics and other quantitative methods to make better managerial decisions. In other words management can be dealt with in a quantitative manner to get more quality results; using numbers and statistics.

3. **The Behavioral Approach**

The behavioral approach is about being concerned with the individual in an organization. This was developed when managers began to face issues in dealing with varying circumstances as they could not understand employee behavior. The behavioral approach viewed employees as humans with human needs and lead to better treatment and increased motivation. Various contributions were made to this approach over time, expanding the study to a field in itself.

Contemporary Approaches

Systems Approach:

When using the systems approach, you are looking at the organization as a whole system. You count your employees, clients, customers, partners, managers, and every stakeholder as a part of this system, and without any one part, the system would fail. If you fail to take care of one part, the system would collapse. So using this approach, you take actions and make decisions while taking the whole company and any possible effects that would happen to it into consideration.

Contingency Approach:

This approach is based on the concept that there is **'no one best way'** in management. For every situation there is a set of circumstances, which determine how a situation is to be dealt with. This approach is sometimes also called the '**Situational Approach'**. As given by the name, it is all about dealing with a situation by focus on it alone and not comparing with any other. It states that every situation is unique and not one situation is the same as another; and each situation should be dealt with differently.

CHALLENGES OF MANAGING 21ST CENTURY CORPORATIONS/ORGANISATIONS.

The 21st century has been affected by many challenges and its effects have spread comprehensively in various aspects of economic, social and cultural life, etc. Many of the challenges faced by 21st century managers are the same ones that managers have faced for decades. planning and other tasks are important things and these can strengthen the ability of mangers to face the challenges in its different kind cause these challenges may prevent to perform the major tasks in business in a right way and therefore to be a strong competitor in the market place.

In the 21st century, the CEOs have to live up to the demands of better corporate governance, and they need to adopt an approach toward information that will help the organization exploit the enormous potential of information technology and systems for creating and sustaining a competitive advantage

1. Uncertainty about the future

Being able to predict customer trends, market trends, etc. is vital to a changing economic climate, but not every CEO has Warren Buffett-like predictive powers. Bringing in a consultant trained in reading and predicting those all-important trends could be the difference between a bright future and a murky one.

2.Financial management

Many CEOs we know are ideas people; that means they're great at the big picture and disruptive thinking, but less good with things like cash flow, profit margins, reducing costs, financing, etc.

Small and medium businesses may not require a full-time CFO, but would do better to employ a financial consultant who can step into the role as needed.

3. Monitoring performance

Using a meaningful set of rounded performance indicators that provide the business with insights about how well it is performing is key. Most business people are not experts in how to develop KPIs, how to avoid the key pitfalls and how to best communicate metrics so that they inform decision-making. In most cases companies rely on overly simple finance indicators that just clog up the corporate reporting channels.

4. Regulation and compliance

As markets and technologies shift, so do rules and regulations. Depending on your industry, it can make much more sense to bring in a consultant to help with these areas rather than trying to understand the complexities yourself and risk fines or worse for non-compliance.

5. Competencies and recruiting the right talent

Again, a small or medium-sized business might not need full-time human resources or recruiting staff, but during peak growth periods, finding the right people and developing the right skills and competencies is the key to a sustainable future. Bringing in a consultant with the expertise to find exactly the workers you need would be a wise investment.

6. Technology

As technologies change practically at the speed of light, it’s vital for companies to innovate or be left behind but many CEOs started their careers and businesses before many of these technologies even existed! Consultants can be vital for integrating new technologies, in particular mobile, app development, and cloud computing.

7. Exploding data

Grandpa’s generation certainly didn’t have to deal with terabytes of data or worry about what to do with it. 90% of the world’s data was created in the past two years and managing, keeping safe and extracting insights from the ever-increasing amounts of data your company produces needs to be in the hands of a qualified professional who can help you get the most return from that data.

8. Customer service

In a world of instant gratification, customers expect instant customer service and can take to the web to share their displeasure at less than satisfactory service just as quickly. Consultants can find ways to improve customer service and bring it into the 21st century.

9. Maintaining reputation

In a similar vein, because customers can voice any displeasure so much more publicly and loudly than ever before, businesses have to monitor and maintain their online reputations. And while it’s an important task, it's one best suited to a third party who can monitor and mediate with a certain amount of distance.

10. Knowing when to embrace change

Early adopter or late to the game? Consultants can help CEOs determine when to embrace change and when to stay the course. Not everything new is better; yet eschewing every change runs the risk of becoming obsolete. A professional outside opinion can make all the difference in these decisions.

We are living in an era of constant change for the foreseeable future: change is the new normal. Preparing for and embracing that change by investing in the right kind of advice is the best way to meet these challenges head on.

UNIT 2: MANAGERIAL FUNCTIONS

PLANNING

Meaning and Concept of Planning

In simple words, planning is deciding in advance what is to be done, when where, how and by whom it is to be done. Planning bridges the gap from where we are to where we want to reach. It includes the selection of objectives, policies, procedures and programmes from among alternatives.

A plan is a predetermined course of action to achieve a specified goal. It is an intellectual process characterized by thinking before doing. It is an attempt on the part of manager to anticipate the future in order to achieve better performance. Planning is the primary function of management.

Definitions of Planning

Different authors have given different definitions of planning from time to time. The main definitions of planning are as follows:

According to **Alford and Beatt,** "Planning is the thinking process, the organized foresight, the vision based on fact and experience that is required for intelligent action."

According to **Theo Haimann,** "Planning is deciding in advance what is to be done. When a manager plans, he projects a course of action for further attempting to achieve a consistent co-ordinate structure of operations aimed at the desired results.

According to **Billy E. Goetz**, "Planning is fundamentally choosing and a planning problem arises when an alternative course of action is discovered."

According to **Koontz and O' Donnell,** "Planning is an intellectual process, conscious determination of course of action, the basing of decision on purpose, facts and considered estimates."

ROLE, SIGNIFICANCE, IMPORTANCE & ADVANTAGES OF PLANNING

Planning is one of the most important and crucial functions of management. According to Geroge R. Terry, "Planning is the foundation of most successful actions of any enterprise." Planning becomes necessary due to the following reasons:

1. **Reduction of Uncertainty**

Future is always full of uncertainties. A business organisation has to function in these uncertainties. It can operate successfully if it is able to predict the uncertainties. Some of the uncertainties can be predicted by undertaking systematic. Some of the uncertainties can be predicted by undertaking systematic forecasting. Thus, planning helps in foreseeing uncertainties which may be caused by changes in technology, fashion and taste of people, government rules and regulations, etc.

2. **Better Utilization of Resources**

An important advantage of planning is that it makes effective and proper utilization of enterprise resources. It identifies all such available resources and makes optimum use of these resources.

3. **Increases Organizational Effectiveness**

Planning ensures organizational effectiveness. Effectiveness ensures that the organisation is in a position to achieve its objective due to increased efficiency of the organisation.

4. **Reduces the Cost of Performance**

Planning assists in reducing the cost of performance. It includes the selection of only one course of action amongst the different courses of action that would yield the best results at minimum cost. It removes hesitancy, avoids crises and chaos, eliminates false steps and protects against improper deviations.

5. **Concentration on Objectives**

It is a basic characteristic of planning that it is related to the organizational objectives. All the operations are planned to achieve the organizational objectives. Planning facilitates the achievement of objectives by focusing attention on them. It requires the clear definition of objectives so that most appropriate alternative courses of action are chosen.

6. **Helps in Co-ordination**

Good plans unify the interdepartmental activity and clearly lay down the area of freedom in the development of various sub-plans. Various departments work in accordance with the overall plans of the organisation. Thus, there is harmony in the organisation, and duplication of efforts and conflict of jurisdiction are avoided.

7. **Makes Control Effective**

Planning and control are inseparable in the sense that unplanned action cannot be controlled because control involves keeping activities on the predetermined course by rectifying deviations from plans. Planning helps control by furnishing standards of performance.

8. Encouragement to Innovation

Planning helps innovative and creative thinking among the managers because many new ideas come to the mind of a manager when he is planning. It creates a forward-looking attitude among the managers.

9. Increase in Competitive Strength

Effective planning gives a competitive edge to the enterprise over other enterprises that do not have planning or have ineffective planning. This is because planning may involve expansion of capacity, changes in work methods, changes in quality, anticipation of tastes and fashions of people and technological changes etc.

10. Delegation is Facilitated

A good plan always facilitates delegation of authority in a better way to subordinates.

STEPS INVOLVED IN PLANNING

Planning is a process which embraces a number of steps to be taken. Planning is an intellectual exercise and a conscious determination of courses of action. Therefore, it requires courses of action. The planning process is valid for one organisation and for one plan, may not be valid for other organizations or for all types of plans, because various factors that go into planning process may differ from organisation to organisation or from plan to plan.

1. Establishing objectives

The first and primary step in planning process is the establishment of planning objectives or goals. Definite objectives, in fact, speak categorically about what is to be done, where to place the initial emphasis and the things to be accomplished by the network of policies, procedures, budgets and programmes, the lack of which would invariably result in either faulty or ineffective planning.

2. Establishment of Planning Premises

Planning premises are assumptions about the future understanding of the expected situations. These are the conditions under which planning activities are to be undertaken. These premises may be internal or external.

Internal premises are internal variables that affect the planning. These include organizational polices, various resources and the ability of the organisation to withstand the environmental pressure.

External premises include all factors in task environment like political, social technological, competitors' plans and actions, government policies, market conditions.

3. Determining Alternative Courses

The next logical step in planning is to determine and evaluate alternative courses of action. It may be mentioned that there can hardly be any occasion when there are no alternatives. And it is most likely that alternatives properly assessed may prove worthy and meaningful. As a matter of fact, it is imperative that alternative courses of action must be developed before deciding upon the exact plan.

4. Evaluation of Alternatives

Having sought out the available alternatives along with their strong and weak points, planners are required to evaluate the alternatives giving due weight-age to various factors involved, for one alternative may appear to be most profitable involving heavy cash outlay whereas the other less profitable but involve least risk. Evidently, evaluation of alternative is a must to arrive at a decision. Otherwise, it would be difficult to choose the best course of action in the perspective of company needs and resources as well as objectives laid down.

5. Selecting a Course of Action

The fifth step in planning is selecting a course of action from among alternatives. In fact, it is the point of decision-making-deciding upon the plan to be adopted for accomplishing the enterprise objectives.

6. Formulating Derivative Plans

To make any planning process complete the final step is to formulate derivative plans to give effect to and support the basic plan. In other words, plans do not accomplish themselves. They require to be broken down into supporting plans. Each manager and department of the organisation is to contribute to the accomplishment of the master plan on the basis of the derivative plans.

7. Establishing Sequence of Activities

Timing a sequence of activities is determined after formulating basic and derivative plans, so that plans may be put into action. Timing is an essential consideration in planning. It gives practical shape and concrete form to the programmes. The starting and finishing times are fixed for each piece of work, so as to indicate when the within what time that work is to be commenced and completed. Bad timing of programmes results in their failure. To maintain a symmetry of performance and a smooth flow of work, the sequence of operation shaped be arranged carefully by giving priorities to some work in preference to others. Under sequence it should be decided as to who will don what and at what time.

8. Feedback or Follow-up Action

Formulating plans and chalking out of programmes are not sufficient, unless follow-up action is provided to see that plans so prepared and programmes chalked out are being carried out in accordance with the plan and to see whether these are not kept in cold storage. It is also required to see whether the plan is working well in the present situation. If conditions have changed, the plan current plan has become outdated or inoperative it should be replaced by another plan. A regular follow-up is necessary and desirable from effective implementation and accomplishment of tasks assigned.

TYPES /METHODS OF PLANS

Plan is a detailed action steps mapped out to reach a future target or end result that an organization wishes to achieve. For these purposes management used different types of plans. In the following lines these are discussed in detail:

I. Standing or repeated use plans

1. Objectives
2. Policies
3. Procedures.
4. Rules
5. Strategies.

II. Single use of plans:

1. Programmes.
2. Budgets

I. STANDING OR REPEATED USE PLANS

Standing Plans are used over and over again because they focus on organizational situations that occur repeatedly.

1. Objectives

It may be defined as the specific goals or targets to be accomplished viz., profit making, cost reduction, increase in productivity goodwill, personnel development. Healthy employee relations, social responsibility.

2. Policies

It may be defined as a guide to thinking and action of those who have to make decisions in the course of accomplishment of the enterprise objectives. They are formulated in broad forms and provide a compressive and flexible course of action to be pursued to attain the given objectives

Factors to be considered while formulation policies are :

1. Values, Beliefs, Ambitions, and Foresight of the owners and members of the top management.
2. Prevalent Technology.
3. Finance availability.
4. Employee reaction.
5. Accomplishment and activities of competitors,
6. Governmental regulation and control.
7. General business environment.
8. Price levels.
9. Public attitudes and behaviour.

3. Procedures

"The process of establishing time sequences for work to be done."

They may be described as plans prescribing the exact chronological sequence of specific tasks required to perform designated work.

- To determine the specific tasks to be performed.
- The time when those tasks will be performed.
- The person who will perform them.

4. Rules

Rule is a statement that spells out specific actions to be taken or not to be taken in a given situation. It is decision made by the management regarding what is to be done and what is not to be done in a given situation. It applies to specific situations. Rules do not leave any scope for decision making nor do they permit any deviation.

5. Strategies:

It means the art of projecting and planning the choice of means by which the enterprises forces may be employed most effectively in order to accomplish it's intended goal. It is said to be formulated only to meet the challenge posed by competitions policies and activity. The following factors may be considered for formulating strategies.

- Correct assessment of reaction of the parties concerned.
- What human and physical resources are available to draw up a strategy.
- Temperamental make-up of the persons to check-mate whom the strategy is being would up.

Single-use plans:

Single Use Plans are used only once, or at most, couple of times, because they focus on unique or rare situations within the organization.

(1) Programmes

A programme means a single-use comprehensive plan laying down the 'what', 'how', 'who' and 'when' of accomplishing a specific job. Through programme the managers are informed in advance about various needs so that there is no problem in future.

The programmes can be of different types, e.g., production programme, training programme, sales promotion programme, management development programme, etc.

In case of sales promotion programme, the 'what', 'how', 'who', 'when' of everything right from the purchase of the raw material to the manufacturing of the product is defined.

The moment a work is completed for which the programme has been designed, its utility ends. In other words, a new programme is designed for every new work.

(2) Budgets

It refers to the quantitative expression of the plan of action.Budgets describe the desired results in numerical terms. A budget is that planning which provides details about estimated money, material, time and other resources for the achievement of pre-determined objectives of various departments.

For example, the sales department's budget gives estimated figures about the type of material that will be purchased, its quantity, the time of purchase and the amount to be spent on it. Similarly, budget of other departments are also prepared.

A budget is related both to planning and controlling. When we prepare a budget it is related to planning and when we use it as a tool to measure the deviations, it gets connected with controlling. In this way the manager compares the actual progress with the figures given in the budget and the information about success and failure is obtained.

ORGANIZING

Organizing is the function of management which follows planning. It is a function in which the synchronization and combination of human, physical and financial resources takes place. All the three resources are important to get results. Therefore, organizational function helps in achievement of results which in fact is important for the functioning of a concern. According to Chester Barnard, "Organizing is a function by which the concern is able to define the role positions, the jobs related and the co- ordination between authority and responsibility. Hence, a manager always has to organize in order to get results.

Definition of Organising

According to Theo Haimann,"Organising is the process of defining and grouping the activities of the enterprise and establishing the authority relationships among them."

According to Louis Allen, "Organising is the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority and establishing relationships for the purpose of enabling people to work most effectively together in accomplishing objectives."

Importance of Organization

1. Facilitates Efficient Management

A good organisation avoids confusion, delays and duplication of work. It increases the promptness and efficiency, and it motivates the employees to do their best. All this results in efficient management. Thus, we can say, good organisation facilitates efficient management.

2. Optimum Utilisation of Human Resources

A good organisation facilitates division of labour and specialisation. It helps in selecting the "Right person for the right Job." It clearly defines the authority and responsibility of each employee. It also motivates them to do their best. All this results in optimum utilisation of human resources.

3. Helps in Growth of Enterprise

A good organisation helps in the growth, diversification and expansion of the enterprise. Today's big and giant enterprises are the results of their best organisation.

4. Utilises Science and Technology

A good organisation utilises the benefits of science and technology. It provides the industries with the latest machines. It provides the consumers with the latest products. This results in cost reduction and maximum satisfaction.

5. Facilitates Co-ordination

A good organisation co-ordinates the activities of different individual, groups and departments in order to achieve the objectives of the business.

6. Encourages Creativity, Initiative and Innovation

A good organisation encourages creativity in the enterprise. This results in brings new ideas, imaginations, visions, methods, etc. It also encourages initiative and innovations.

7. Motivates the Employees

A good organisation provides the employees with a better working environment, good remuneration, reasonable freedom, etc. All this results in job satisfaction for the employees. So a good organisation motivates the employees to give good results.

8. Facilitates Delegation of Authority

A good organisation facilitates delegation of authority. That is, the top executives can keep the important work for themselves, and they can delegate (surrender or give) the less important work to their subordinates. This encourages the subordinates to develop leadership qualities and to achieve the objectives of the business.

PRINCIPLES OF ORGANISATION IN MANAGEMENT

A principle is a rule which is generally accepted by all. It is a guideline for solving problems and difficulties.The most common principles of organisation are Objectives, Specialisation, Co-ordination, Authority and Responsibility, which are often abbreviated as the OSCAR principles.

1. Objectives

The objectives of the organisation should be clearly defined. Every single individual in the organisation should understand these objectives. This will enable them to work efficiently and help the organisation to achieve its objectives.

2. Specialisation

Every single individual in the organisation should be asked to perform only one type of function (work). This function should be related to his educational background, training, work-experience, ability, etc., in other words, there should be a division of work and specialization in the organisation. This will increase the efficiency, productivity and profitability of the organisation.

3. Co-ordination

The efforts of all the individuals, departments, levels, etc. should be co-coordinated towards the common objectives of the organisation. Therefore, managers must try to achieve co-ordination.

4. Authority

Every individual should be given authority (power) to perform his responsibilities (duties). This authority should be clearly defined. Authority should be maximum at the top level and it should decrease as we come to the lower levels. There should be a clear line of authority which joins all the members of the organisation from top to bottom.

5. Responsibility

The responsibility (duties) of every individual should be clearly defined. This responsibility is absolute, i.e. it cannot be delegated. The responsibility given to an individual should be equal to the authority given to him.

6. Span of Control

Span of control means the maximum number of subordinates which one superior can manage effectively. The span of control should be as small as possible. Generally, at the top level, the span of control should be 1:6, while at the lower level, it should be 1:20. Span of control depends on many factors such as nature of job, ability of superior, skill of subordinate, etc.

7. Balance

There should be a proper balance between the different levels, functions and departments of the organisation. Similarly, there should be a proper balance between centralisation and decentralisation, authority and responsibility, etc. If there is no balance between these factors then the organisation will not function smoothly.

8. Chain of Command

The chain of command should be very short. That is, there should be very few levels of management. If not, there will be many communication problems and delays in execution of workflow.

9. Delegation

Authority and responsibility should be delegated to the lowest levels of the organisation. Therefore, the decisions can be made at the lowest competent level. The authority delegated to an individual should be equal to his responsibility.

10. Continuity

The organisation structure should have continuity. That is, the enterprise should be able to use the organisation structure for a long period of time. The organisation structure should be able to achieve not only present objectives but also future objectives of the enterprise.

DISTINGUISH DIFFERENCE BETWEEN FORMAL AND INFORMAL ORGANISATION

BASIS FOR COMPARISON	FORMAL ORGANIZATION	INFORMAL ORGANIZATION
Meaning	An organization type in which the job of each member is clearly defined, whose authority, responsibility and accountability are fixed is formal organization.	An organization formed within the formal organization as a network of interpersonal relationship, when people interact with each other, is known as informal communication.
Creation	Deliberately by top management.	Spontaneously by members.
Purpose	To fulfill, the ultimate objective of the organization.	To satisfy their social and psychological needs.
Nature	Stable, it continues for a long time.	Not stable
Communication	Official communication	Grapevine
Control mechanism	Rules and Regulations	Norms, values and beliefs
Focus on	Work performance	Interpersonal relationship
Authority	Members are bound by hierarchical structure.	All members are equal.
Size	Large	Small

Types of Organisation Structure

Organisation structure is defined as "The logical arrangement of task and the network of relationships and roles among the various positions established to carry out the activities necessary to achieve the predetermined objectives of business". Internal Organisation structure constitutes the arteries and veins through which the blood of work flows in the body of Organisation.

Internal Organisation structures can be broadly classified into the following types/forms:

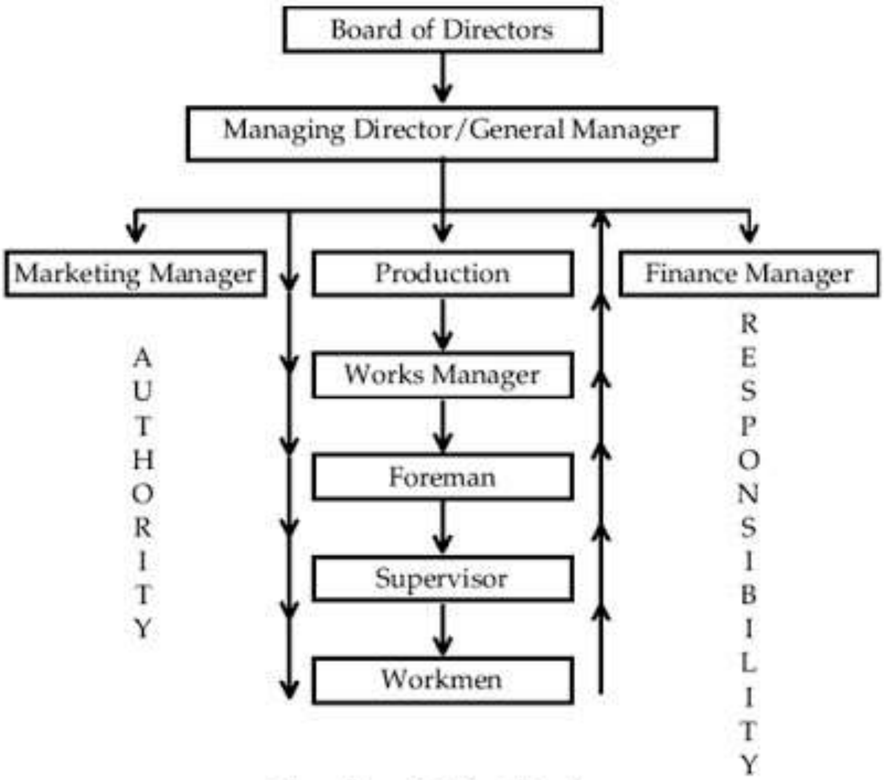
1. Line Organisation structure.
2. Functional Organisation structure.
3. Line and staff Organisation structure.
4. Matrix Organisation structure.

1. LINE ORGANISATION STRUCTURE

Line Organisation (also called Military/Scalar Organisation) is the oldest and the simplest form of internal Organisation structure. It was first developed by the Roman army and later adopted by armies all over the world. Factory owners also used line Organisation structure in its purest form in the nineteenth century in England.

In the line Organisation, the line of authority moves directly from the top level to the lowest level in a step-by-step manner. It is straight and vertical. The top-level management takes all major decisions and issues directions for actual execution. The general manager, for example, issues order to various departmental managers. Thereafter, the departmental manager issues instructions to works manager. The works manager will issue instructions to foreman. In this manner, the orders and instructions will be issued to the workers working at the lowest level. Thus authority moves downward and also step-by-step. The responsibility, on the other hand, moves in the upward direction.

Line Organisation structure is given in the following chart:



Line Organisation Structure

Advantages of Line Organisation Structure

1. **Simplicity:** Line Organisation structure is easy to understand and follow by superiors and subordinates. It is simple and clear as regards authority and accountability.
2. **Prompt decisions:** Line Organisation facilitates prompt decision-making at all levels as the authority given is clear and complete.
3. **Discipline:** It brings discipline in the Organisation due to unity of command, delegation of authority and direct accountability.

4. **Economical:** Line Organisation is economical as experts are not appointed.
5. **Attraction to talented persons:** Line Organisation brings out talented workers and develops in them quality of leadership. It offers opportunities of self-development to employees.
6. Quick communication, high efficiency, flexibility and high employee morale are some more advantages of line Organisation structure.

2 Functional Organisation Structure

F.W.Taylor, founder of scientific management, conceived the functional Organisation structure. According to him, it is unscientific to overload a foramen with the entire responsibility of running a department. He introduced a system of functional foremanship in his Organisation. In his functional foremanship, there will be eight specialists' foremen who will be required to guide, direct and control the work. Workers at the plant level will have to follow the instructions of all these eight specialists called bosses.

In the functional foremanship, there will be eight specialists/functional heads called bosses. Out of eight bosses, four bosses will be at the planning level and the remaining four will be at the shop floor level.

Foremen at Planning Level (Planning Dept.)

Time and Cost Clerk: He is concerned with preparing standard time for the completion of certain piece of work and compiling the cost of that work.

Instruction Card Clerk: He lays down the exact method of doing the work. He specifies the tools to be used for conducting the production and also gives other instructions on the instruction cards prepared by him.

Route Clerk: The route clerk lays down the exact route through which each and every piece of work should move through various stages till completion. He decides the production schedule and the sequence of steps by which the production process is to move.

Shop Disciplinarian: He is concerned with the discipline, insubordination, violation of rules of discipline and absenteeism. All cases relating to these matters will be managed by the shop disciplinarian.

Foremen At Shop Floor Level (Shop Floor)

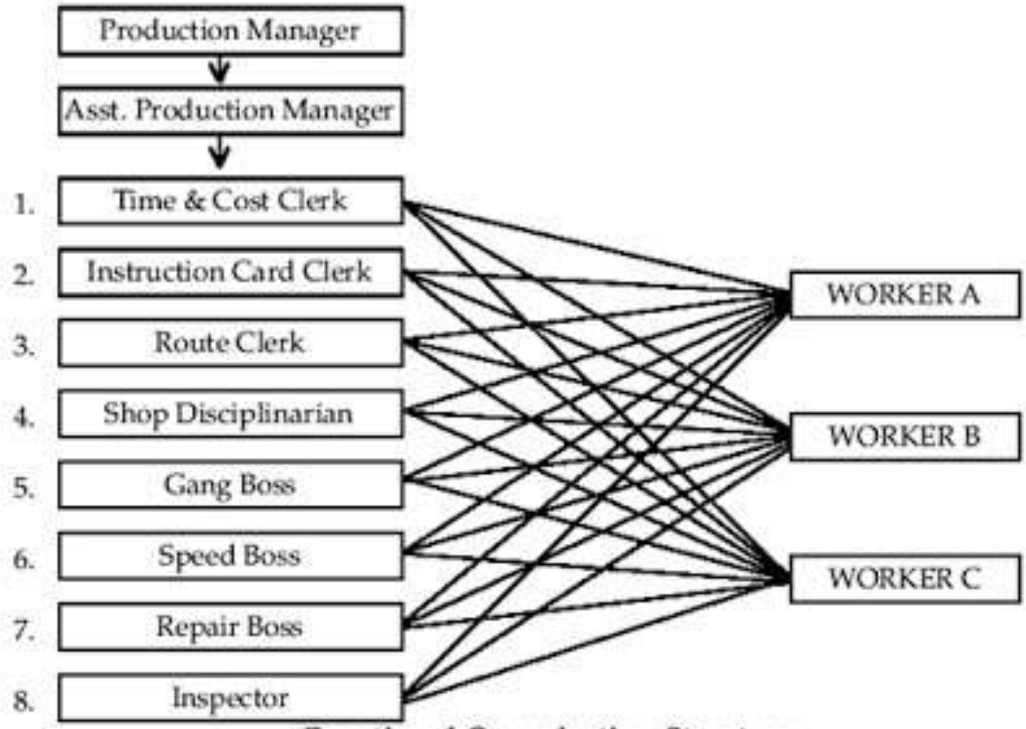
Gang Boss: He assembles and sets up various machines; and tools for a particular piece of work. He is in-charge of assembling line of production.

Speed Boss: He is concerned with the speeding of machines used for production. He keeps proper speed of the machines and see that workers complete the production work as per the schedule time.

Repair Boss: The repair boss looks after the proper maintenance of machines, tools and equipments required during the production process.

Inspector: The inspector controls quality of the products by keeping adequate check/control when the production work is in progress.

The functional Organisation structure is given in the following chart:-



Functional Organisation Structure

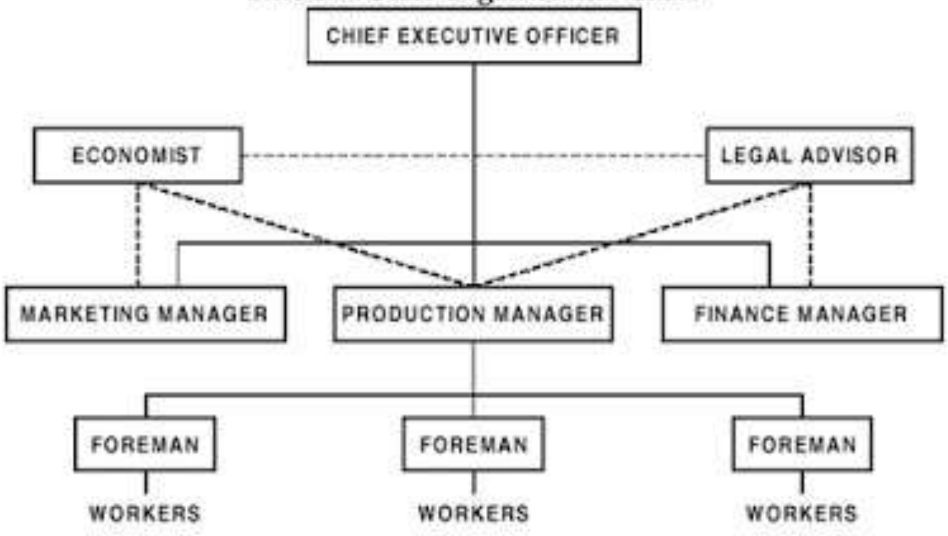
Merits of Functional Organisation Structure

1. **Facilitates specialization:** Functional Organisation structure facilitates division of work and specialization. Each boss has specialized knowledge of his functional area. He is in a better position to guide and help the workers.
2. **Benefits of large-scale operations:** Functional Organisation offers the benefit of economy of large-scale operation. In this Organisation, one administrative unit manufactures all products. The available machinery, equipment and facilities are used fully for large-scale production.
3. **Facilitates effective coordination:** Functional Organisation facilitates effective coordination within the function. This is possible as one boss is in-charge of a particular function and he looks after all activities, which come within that function.
4. **Operational flexibility:** Functional Organisation possesses operational flexibility. Necessary changes can be introduced easily to suit the needs of the situation without any adverse effect on the efficiency.
5. **Ensures effective supervision**: Functional Organisation facilitates effective supervision by the functional heads and foremen. Due to specialization, they concentrate on the specific functional area and also keep effective supervision on their subordinates.

LINE AND STAFF ORGANISATION STRUCTURE

In the line and staff Organisation, line executives and staff (specialists) are combined together. The line executives are 'doers' whereas staff refers to experts and act as 'thinkers'. The following chart shows line and staff Organisation structure:

Line and Staff Organisation Chart



Note: Straight lines represent line and broken lines represent staff.

The line executives are concerned with the execution of plans and Policies. They do their best to achieve the organizational objectives. The staff concentrates their attention on research and planning activities. They are experts and conduct advisory functions.

Staff specialists are regarded as 'thinkers" while execution function is given to line executives who are "doers". The staff is supportive to line. The staff specialists offer guidance and cooperation to line executives for achieving organizational objectives. This reduces the burden of functions on the line executives and raises overall efficiency of the Organisation. For avoiding the conflicts between line and staff, there should be clear demarcation between the line and staff functions. This avoids overlapping of functions and possible conflicts. In short, the line and staff functions are different but are supportive and can give positive results if adjusted properly i.e. by avoiding the conflicts. They suggest/recommend but have no power to command the line executive. However, their advice is normally accepted because of their status in the Organisation.

According to Louis Allen, "Line refers to those positions and elements of the Organisation, which have the responsibility and authority and are accountable for accomplishment of primary objectives. Staff elements are those which have responsibility and authority for providing advice and service to the line in attainment of objectives".

Characteristics of Line and Staff Organisation

1. **Planning and execution:** There are two aspects of administration in this Organisation, viz., planning and execution.
2. **Combining line and staff:** Planning function is entrusted to staff specialists who are 'thinkers' while execution function is given to line executives who are 'doers'. The staff is supportive to line.
3. **Role of authority:** The line managers have authority to take decisions as they are concerned with actual production. The staff officers lack such authority.
4. **Guidance from staff:** The staff provides guidance and advice to line executives when asked for. Moreover, line executives may or may not act as per the guidance offered.
5. **Exercising control:** The staff manager has authority over subordinates working in his department.
6. **Scope for specialization:** There is wide scope for specialization in this Organisation as planning work is given to staff and execution work is given to line executives.
7. **Possibility of conflicts:** Conflicts between line and staff executives are quite common in this Organisation but can be minimized through special measures.
8. **Suitability:** Line and staff Organisation structure is suitable to large-scale business activities.

Merits of Line and Staff Organisation

1. **Less burden on executives:** Line executives get the assistance of staff specialists.This reduces the burden of tine executives. This raises overall efficiency and facilitates the growth and expansion of an enterprise.
2. **Services of experts available:** The benefits of services of experts are provided to line managers. Highly qualified experts are appointed and they offer guidance to line executives.
3. **Sound decision-making:** Line and staff Organisation facilitates sound management decisions because of the services of experts and specialists. The decisions are also taken in a democratic method i.e. in consultation with the experts.
4. **Limited tension on line managers:** The pressure of work of line bosses is brought down as they are concerned only with production management.
5. **Benefits of specialization:** There is division of work and specialization in this Organisation. Naturally, the benefits of division of work and specialization are easily available.
6. **Training opportunities to employees:** Better opportunities of advancement are provided to workers. The scope for learning and training for promotions are available.

Demerits of Line and Staff Organisation

1. **Delay in decision-making:** The process of decision-making is delayed, as line executives have to consult staff experts before finalizing the decisions. The decisions of line managers are likely to be delayed due to this lengthy procedure.
2. **Buck passing among executives:** The line bosses are concerned with actual execution of work. However, they depend on staff experts for guidance. If something goes wrong, the attempt is made to pass on the blame by one party to the other. Thus, there is shifting of responsibility or buck-passing.
3. **Conflicts between line and staff executives:** In this Organisation, quarrels and conflicts between line managers and staff specialists are quite common. The line managers are generally not interested in the advice offered by experts. Secondly, specialists feel that the line bosses lack knowledge of new ideas. Such conflicts lead to bitterness.
4. **Costly Organisation:** Line and staff Organisation is a costly Organisation as the line executives are supported by highly paid staff executives who are experts. All this adds to the overhead expenses and the cost of production increases.
5. **Complicated operation:** This Organisation is too complicated in actual operation because of dual authority, division of functions and too much dependence on staff. The unity of command principle is violated.
6. **Internal discipline is affected adversely:** The internal discipline is likely to be affected adversely due to decentralisation and division of loyalty of subordinates.

MATRIX ORGANISATION

Matrix Organisation was introduced in USA in the early 1960's. It was used to solve management problems in the Aerospace industry.

Matrix Organisation is a combination of two or more organisation structures. For example, Functional Organisation and Project Organisation.

The organisation is divided into different functions, e.g. Purchase, Production, R & D, etc. Each function has a Functional (Departmental) Manager, e.g. Purchase Manager, Production Manager, etc.

The organisation is also divided on the basis of projects e.g. Project A, Project B, etc. Each project has a Project Manager e.g. Project A Manager, Project B Manager, etc.

The employee has to work under two authorities (bosses). The authority of the Functional Manager flows downwards while the authority of the Project Manager flows across (side wards). So, the authority flows downwards and across. Therefore, it is called "Matrix Organisation".

An example of matrix organisation is shown in the following diagram:-

Functions / Projects	Purchase Manager	Production Manager	R & D Manager	Marketing Manager	Finance Manager
Project A Manager					
Project B Manager					
Project C Manager					
Project D Manager					
Project E Manager					

MATRIX ORGANISATION

Features of Matrix Organisation

The pecularities or characteristics or features of a matrix organisation are:-

1. **Hybrid Structure** : Matrix organisation is a hybrid structure. This is so, because it is a combination of two or more organisation structures. It combines functional organisation with a project organisation. Therefore, it has the merits and demerits of both these organisation structures.
2. **Functional Manager :** The Functional Manager has authority over the technical (functional) aspects of the project.
    - The responsibilities of functional manager are:-
    - He decides how to do the work.
    - He distributes the project work among his subordinates.
    - He looks after the operational aspects.
3. **Project Manager :** The Project manager has authority over the administrative aspects of the project. He has full authority over the financial and physical resources which he can use for completing the project.
    - The responsibilities of project manager are:-
    - He decides what to do.
    - He is responsible for scheduling the project work.
    - He co-ordinates the activities of the different functional members.
    - He evaluates the project performance.
4. **Problem of Unity of Command :** In a matrix organisation, there is a problem of the unity of command. This is so, because the subordinates receive orders from two bosses viz., the Project Manager and the Functional Manager. This will result in confusion, disorder, indiscipline, inefficiency, etc. All this will reduce the productivity and profitability of the project.

5. **Specialisation :** In a Matrix organisation, there is a specialisation. The project manager concentrates on the administrative aspects of the project while the functional manager concentrates on the technical aspects of the project.
6. **Suitability** : Matrix organisation is suitable for multi-project organisations. It is mainly used by large construction companies, that construct huge residential and commercial projects in different places at the same time. Each project is looked after (handled) by a project manager. He is supported by many functional managers and employees of the company.

Advantages of Matrix Organisation

The benefits or merits or advantages of a matrix organisation are:-

1. **Sound Decisions :** In a Matrix Organisation, all decisions are taken by experts. Therefore, the decision are very good.
2. **Development of Skills :** It helps the employees to widen their skills. Marketing people can learn about finance, Finance people can learn about marketing, etc.
3. **Top Management can concentrate on Strategic Planning :** The Top Managers can spend more time on strategic planning. They can delegate all the routine, repetitive and less important work to the project managers.
4. **Responds to Changes in Environment :** Matrix Organisation responds to the negative changes in the environment. This is because it takes quick decisions.
5. **Specialisation :** In a matrix organisation, there is a specialization. The functional managers concentrate on the technical matters while the Project Manager concentrates on the administrative matters of the project.
6. **Optimum Utilisation of Resources :** In the matrix organisation, many projects are run at the same time. Therefore, it makes optimum use of the human and physical resources. There is no wastage of resources in a matrix organisation.
7. **Motivation :** In a matrix organisation, the employees work as a team. So, they are motivated to perform better.
8. **Higher Efficiency :** The Matrix organisation results in a higher efficiency. It gives high returns at lower costs.

Limitations of Matrix Organisation

The demerits or disadvantages or limitations of a matrix organisation are:-

1. **Increase in Work Load :** In a matrix organisation, work load is very high. The managers and employees not only have to do their regular work, but also have to manage other additional works like attending numerous meetings, etc.

2. **High Operational Cost :** In a matrix organisation, the operational cost is very high. This is because it involves a lot of paperwork, reports, meetings, etc.
3. **Absence of Unity of Command** : In a matrix organisation, there is no unity of command. This is because, each subordinate has two bosses, viz., Functional Manager and Project Manager.
4. **Difficulty of Balance :** In a matrix organisation, it is not easy to balance the administrative and technical matters. It is also difficult to balance the authority and responsibilities of the project manager and functional manager.
5. **Power Struggle :** In a matrix organisation, there may be a power struggle between the project manager and the functional manager. Each one looks after his own interest, which causes conflicts.
6. **Morale :** In a matrix organisation, the morale of the employees is very low. This is because they work on different projects at different times.
7. **Complexity :** Matrix organisation is very complex and the most difficult type of organisation.
8. **Shifting of Responsibility :** If the project fails, the project manager may shift the responsibility on the functional manager. That is, he will blame the functional manager for the failure.

AUTHORITY:

A manager alone cannot perform all the tasks assigned to him. In order to meet the targets, the manager should delegate authority. Delegation of Authority means division of authority and powers downwards to the subordinate. Delegation is about entrusting someone else to do parts of your job. Delegation of authority can be defined as subdivision and sub-allocation of powers to the subordinates in order to achieve effective results.

Meaning

Authority can be defined as the power and right of a person to use and allocate the resources efficiently, to take decisions and to give orders so as to achieve the organizational objectives. Authority is the right to give commands, orders and get the things done.

The top level management has greatest authority. Authority always flows from top to bottom. It explains how a superior gets work done from his subordinate by clearly explaining what is expected of him and how he should go about it. Authority should be accompanied with an equal amount of responsibility.

Characteristics of Authority:

(i) It is the right given to the managers.
(ii) The right is vested in position and the manger gets it when he occupies the position.
(iii) Authority originates at the top and moves downward.
(iv) Authority can be delegated by a superior to his subordinate.
(v) Authority creates superior – subordinate relationship.
(vi) Manager exercises authority to influence subordinates' behaviour so as to get the things done.

DELEGATION OF AUTHORITY:

Delegation is the process by which a manger assigns or entrusts a part of his workload to his subordinate (s).

Delegation of authority is a process in which the authority and powers are divided and shared amongst the subordinates. When the work of a manager gets beyond his capacity, there should be some system of sharing the work. This is how delegation of authority becomes an important tool in organization function. Through delegation, a manager, in fact, is multiplying himself by dividing/multiplying his work with the subordinates

Characteristics of Delegation of Authority:

1. It involves transfer not surrendering of authority.
2. It is a process of sharing work, granting authority and creating accountability.
3. Delegation takes place at all the levels, where superior – subordinate relationship exists.
4. Delegation is possible only when the delegator has the authority.
5. No delegate is permitted to delegate the granted authority' further.
6. A manger never gets total authority delegated; otherwise he won't be a manger any more.
7. Delegation is not abdication, ultimately the responsibility for proper discharge of authority and completion of task remains of the manager or delegator.
8. Authority once delegated can be withdrawn or revoked by the delegator.

DECENTRALISATION:

Decentralisation is a conscious process of systematic distribution of authority by the top management down the line to create operative levels and to make them autonomous in there functioning.

In a highly decentralised organisation, the top management restricts itself to major decisions in areas like policy making, coordination and control. The lower level managers have enough decision making authority and support to introduce innovativeness in their work.

Characteristics of Decentralisation of Authority:

1. Decentralisation is both a philosophy of management (to prepare inside people for future positions) and a technique of organising (creating number of centres of initiative).
2. Decentralisation of authority is different from dispersal of activities (dispersal of activities in different geographies is a strategic decision; decentralisation is concerned with distribution of authority, not the activities).
3. Decentralisation is extension of Delegation: There may be delegation without decentralisation, but no decentralisation is possible without delegation.

4. Degree of decentralisation can be measured through number of decisions, more important decisions, the scope of decisions, and lesser the controls on lower-level mangers. The decision making would be situated nearer to the point of execution.
5. Decentralisation is just opposite to centralisation but centralisation and decentralisation are mutually dependent in a large organisation.

Need / Advantages / Importance / of Decentralisation:

1. Improves decision making at the top level to
2. Development of managerial personnel through exposure which provides the opportunity to grow.
3. Increases motivation and morale which is reflected in performance.
4. Quicker and better decisions, since decisions are not to be refreshed.
5. Creates healthy competition between different autonomous operative levels.
6. Adaptation to dynamic change is faster in a decentralised structure.

RESPONSIBILITY

Responsibility indicates the duty assigned to a position. The person holding the position has to perform the duty assigned. It is his responsibility. The term responsibility is often referred to as an obligation to perform a particular task assigned to a subordinate. In an organisation, responsibility is the duty as per the guidelines issued.

Responsibility is the duty of the person to complete the task assigned to him. A person who is given the responsibility should ensure that he accomplishes the tasks assigned to him. If the tasks for which he was held responsible are not completed, then he should not give explanations or excuses.

Definition:

"Responsibility is the obligation of a subordinate to carry out the duties assigned to him."

-Knootz and O'Donnel

"Responsibility is the obligation to carry out assigned activities to the best of his abilities."

-George Terry

Characteristics of Responsibility

1. The essence of responsibility is the obligation of a subordinate to perform the duty assigned.
2. It always originates from the superior-subordinate relationship.
3. Normally, responsibility moves upwards, whereas authority flows downwards.
4. Responsibility is in the form of a continuing obligation.
5. Responsibility cannot be delegated.
6. The person accepting responsibility is accountable for the performance of assigned duties.
7. It is hard to conceive responsibility without authority.

STAFFING

After organising the business operations, staffing involves matching the jobs with people. While organising creates jobs, staffing makes people suitable to jobs. Staffing deals with appointing people and placing them at the appropriate jobs. It is “filling, and keeping filled, positions in the organisation structure.”

Meaning of Staffing:

The term ‘Staffing’ relates to the recruitment, selection, development, training and compensation of the managerial personnel. Staffing, like all other managerial functions, is the duty which the apex management performs at all times. In a newly created enterprise, the staffing would come as a. third step—next to planning and organizing—but in a going enterprise the staffing process is continuous.

According to Theo Haimann, “Staffing pertains to recruitment, selection, development and compensation of subordinates.”

Objectives of Staffing

1. To achieve organisational objectives by recognising its most valuable resource; work force.
2. To increase loyalty and commitment of workers towards individual and organisational goals.
3. To select people with suitable qualifications to fill organisational posts.
4. To increase skills of people on-the-job by providing training facilities.
5. To develop abilities of the staff to assume jobs of higher skill, competence and responsibility.
6. To establish equitable and adequate compensation for people by providing them monetary and non-monetary incentives. This promotes active contribution to organisational objectives.
7. To reconcile individual, organisational and social interests by maintaining efficient system of communication in the organisation.
8. To provide physical working conditions (lighting, ventilation, recreation facilities etc.) to maintain employees’ commitment to jobs.
9. To maintain record of achievements so that managers can make policies with respect to transfers, promotions and demotions.
10. To make optimum use of human resource to achieve organisational objectives.
11. To make people realise their potential at work and develop them for promotion to higher managerial posts.
12. To maintain an environment of teamwork and innovation.

Nature of Staffing Function

1. **Staffing is an important managerial function-** Staffing function is the most important managerial act along with planning, organizing, directing and controlling. The operations of these four functions depend upon the manpower which is available through staffing function.

2. **Staffing is a pervasive activity**- As staffing function is carried out by all mangers and in all types of concerns where business activities are carried out.
3. **Staffing is a continuous activity-** This is because staffing function continues throughout the life of an organization due to the transfers and promotions that take place.
4. **The basis of staffing function is efficient management of personnels**- Human resources can be efficiently managed by a system or proper procedure, that is, recruitment, selection, placement, training and development, providing remuneration, etc.
5. **Staffing helps in placing right men at the right job.** It can be done effectively through proper recruitment procedures and then finally selecting the most suitable candidate as per the job requirements.
6. **Staffing is performed by all managers** depending upon the nature of business, size of the company, qualifications and skills of managers,etc. In small companies, the top management generally performs this function. In medium and small scale enterprise, it is performed especially by the personnel department of that concern.

STAFFING PROCESS - STEPS INVOLVED IN STAFFING

1. **Manpower requirements-** The very first step in staffing is to plan the manpower inventory required by a concern in order to match them with the job requirements and demands. Therefore, it involves forecasting and determining the future manpower needs of the concern.
2. **Recruitment**- Once the requirements are notified, the concern invites and solicits applications according to the invitations made to the desirable candidates.
3. **Selection-** This is the screening step of staffing in which the solicited applications are screened out and suitable candidates are appointed as per the requirements.
4. **Orientation and Placement-** Once screening takes place, the appointed candidates are made familiar to the work units and work environment through the orientation programmes. placement takes place by putting right man on the right job.
5. **Training and Development**- Training is a part of incentives given to the workers in order to develop and grow them within the concern. Training is generally given according to the nature of activities and scope of expansion in it. Along with it, the workers are developed by providing them extra benefits of indepth knowledge of their functional areas. Development also includes giving them key and important jobs as a test or examination in order to analyse their performances.
6. **Remuneration-** It is a kind of compensation provided monetarily to the employees for their work performances. This is given according to the nature of job- skilled or unskilled, physical or mental, etc. Remuneration forms an important monetary incentive for the employees.

7. **Performance Evaluation-** In order to keep a track or record of the behaviour, attitudes as well as opinions of the workers towards their jobs. For this regular assessment is done to evaluate and supervise different work units in a concern. It is basically concerning to know the development cycle and growth patterns of the employees in a concern.
8. **Promotion and transfer-** Promotion is said to be a non- monetary incentive in which the worker is shifted from a higher job demanding bigger responsibilities as well as shifting the workers and transferring them to different work units and branches of the same organization.

DIRECTING

Directing refers to a process or technique of instructing, guiding, inspiring, counselling, overseeing and leading people towards the accomplishment of organizational goals. It is a continuous managerial process that goes on throughout the life of the organization. Main characteristics of Directing are as follows:

1. Initiates Action

A directing function is performed by the managers along with planning, staffing, organizing and controlling in order to discharge their duties in the organization. While other functions prepare a platform for action, directing initiates action.

2. Pervasive Function

Directing takes place at every level of the organization. Wherever there is a superior-subordinate relationship, directing exists as every manager provides guidance and inspiration to his subordinates.

4. Continuous Activity

It is a continuous function as it continues throughout the life of organization irrespective of the changes in the managers or employees.

5. Descending Order of Hierarchy

Directing flows from a top level of management to the bottom level. Every manager exercises this function on his immediate subordinate.

6. Human Factor

Since all employees are different and behave differently in different situations, it becomes important for the managers to tackle the situations appropriately. Thus, directing is a significant function that gets the work done by the employees and increases the growth of the organization.

Importance of Directing

1. Initiates Action

Each and every action in an organization is initiated only through directing. The managers direct the subordinates about what to do, how to do when to do and also see to it that their instructions are properly followed.

2. Ingrates Efforts

Directing integrates the efforts of all the employees and departments through persuasive leadership and effective communication towards the accomplishment of organizational goals.

3. Motivates Employees

A manager identifies the potential and abilities of its subordinates and helps them to give their best. He also motivates them by offering them financial and non-financial incentives to improve their performance.

4. Provides Stability

Stability is significant in the growth of any organization. Effective directing develops co-operation and commitment among the employees and creates a balance among various departments and groups.

5. Coping up with the Changes

Employees have a tendency to resist any kind of change in the organization. But, adapting the environmental changes is necessary for the growth of the organization. A manager through motivation, proper communication and leadership can make the employees understand the nature and contents of change and also the positive aftermaths of the change. This will help in a smooth adaptation of the changes without any friction between the management and employees.

6. Effective Utilization of Resources

It involves defining the duties and responsibilities of every subordinate clearly thereby avoiding wastages, duplication of efforts, etc. and utilizing the resources of men, machine, materials, and money in the maximum possible way. It helps in reducing costs and increasing profits.

PRINCIPLES OF DIRECTING

1. Maximum Individual Contribution

One of the main principles of directing is the contribution of individuals. Management should adopt such directing policies that motivate the employees to contribute their maximum potential for the attainment of organizational goals.

2. Harmony of Objectives

Sometimes there is a conflict between the organizational objectives and individual objectives. For example, the organization wants profits to increase and to retain its major share, whereas, the employees may perceive that they should get a major share as a bonus as they have worked really hard for it.

3. Unity of Command

This principle states that a subordinate should receive instructions from only one superior at a time. If he receives instructions from more than one superior at the same time, it will create confusion, conflict, and disorder in the organization and also he will not be able to prioritize his work.

4. Appropriate Direction Technique

Among the principles of directing, this one states that appropriate direction techniques should be used to supervise, lead, communicate and motivate the employees based on their needs, capabilities, attitudes and other situational variables.

5. Managerial Communication

According to this principle, it should be seen that the instructions are clearly conveyed to the employees and it should be ensured that they have understood the same meaning as was intended to be communicated.

6. Use of Informal Organization

Within every formal organization, there exists an informal group or organization. The manager should identify those groups and use them to communicate information. There should be a free flow of information among the seniors and the subordinates as an effective exchange of information are really important for the growth of an organization.

7. Leadership

Managers should possess a good leadership quality to influence the subordinates and make them work according to their wish. It is one of the important principles of directing.

8. Follow Through

As per this principle, managers are required to monitor the extent to which the policies, procedures, and instructions are followed by the subordinates. If there is any problem in implementation, then the suitable modifications can be made.

TECHNIQUES OR ELEMENTS OF DIRECTION

Direction deals with inter-personal relations. It is the catalyst that makes things happen. It converts plans into performance. It is the 'doing or implementing phase' of management.

Supervision, communication, motivation and leadership are the important elements of direction.

(a) Supervision:

Supervision implies expert overseeing of subor-dinates -at work in order to guide and regulate their efforts. Every manager has to supervise the work of his subordinates to see that they do their work as desired. Supervision is one important element of the pro-cess of directing.

But supervision is particularly important at the operat-ing level of management. The supervisor is in direct personal contact with the workers and he acts as the link between workers and manage-ment. He communicates the policies, plans and orders of management to the workers.

He also brings workers' grievances, suggestions and appeals to the notice of management. Effective supervision is essential for the accomplishment of desired goals.

The purpose of supervision is to ensure that subordinates perform their tasks according to prescribed procedures and as efficiently as possible.

(b) Communication:

Communication involves exchange of ideas and information in order to create mutual understanding. It is a sys- thematic process of telling, listening and understanding. A Manager has to explain the plans and orders to his subordinates and to understand their problems.

He must develop a sound two-way communication system so as to be always in touch with his subordinates. Sound communication fosters mutual understanding and coordination among dif-ferent units of the organisation.

(c) Motivation:

Motivation implies inspiring the subordinates to work with zeal and confidence. No administrative action can succeed unless the subordinates are motivated to contribute their best efforts to the common task.

In order to activate and actuate his subordinates to work in the desired manner, a manager has to make use of appropriate incentives. Various financial and non-financial incentives are available to a manager for this purpose. Motivation is a continuous process of understanding and satisfying human needs.

(d) Leadership:

Leadership is the process of guiding and influencing subordinates for the accomplishment of desired goals. It involves the integration of organizational interests with personal goals. A person can be an effective manager when he possesses the qualities of a good leader.

It is through leadership that a manager can build up confidence and zeal among his subordinates. In order to guide his subordinates in the desired direction, a manager should adopt an appropriate style of leadership. The pattern and quality of leadership determines the level of motivation. Leadership is always related to a particular situation.

CO-ORDINATION

Co-ordination is the unification and integration of the efforts of group members and to provide unity of action in the achievement of common goals. It is a hidden force which binds all the other functions of management. No function of management can be efficiently performed unless the activities under the function are coordinated. Coordination is helpful in achieving the objectives of the organization. Coordination is a process and it is not fixed. Individual activities are not applied in coordination, it prefers group activities. The managers have to make special efforts for coordination. Coordination does not come automatically. Coordination leads to unity of action. It is essential at every level of management in order to achieve the organizational goal

Principles of Co-ordination:

For achieving effective co-ordination, the following fundamental principles are to be followed:

1. Direct Contact:

Co-ordination should be attained by direct contact with the parties concerned. Direct personal communications bring about agreement on methods, actions and ultimate achievement. It also eliminates red-tapeism and ensures prompt action. Direct contact is an effective means of co-ordination.

2. Early Beginning:

Co-ordination can be achieved more readily at the initial stages of planning and policy-making. Therefore, direct contact must begin in the very early stages of the process. If an order for the supply of a particular goods has been booked and the raw materials to produce them are not available, there will be trouble.

Contact among the purchasing manager, production manager and sales manager at art early Stage would have made it possible to know whether the order could be executed.

3. Continuity:

Co-ordination must be maintained as a continuous process. It starts from planning and ends when the objective is accomplished. Whenever there is division and distribution of functions among the managers and departments, co-ordination is necessary. Every time a new situation arises, a fresh effort of co-ordination is needed. So, the manager must constantly work at it until the purpose is served.

4. Reciprocal Relationship:

Co-ordination should be regarded as a reciprocal relating to all factors in a situation, viz. production, sales, finance, men, and management. For example, when 'P' works with 'Q' and 'Q' in turn, works with 'R' and 'S' each of the four finds himself influenced by the others.

5. Pervasiveness:

Co-ordination is an all-embracing activity in every management function. It is required in all the activities at every level of the organisation. It is to be exercised both within and outside the organisation.

6. Leadership:

Leadership is the most effective instrument of co-ordination. A leader in a group is the coordinator of the group activities. He harmonizes all efforts of persons in the group. A manager does not himself produce anything nor does he sell anything in the market.

He gets the commodities produced by the workers and gets them sold in the market by the salesmen. In fact, he provides leadership and co-ordinates various functions.

7. Timing:

Timing is an important element of co-ordination. This principle points out that all functions in the enterprise are to be done at the same time and at the same speed. If the purchase department purchases and supplies materials timely to the production department, and if the production is done timely, then the sales department can deliver the commodities to the customers within the scheduled time.

8. Balancing:

This principle refers to the quantitative element of co-ordination. It means that all works are to be done in right quantity. For instance, if a department produces half, another one-third and the third the full quantity, their activities cannot be balanced. They have to perform their job in right quantity for achieving co-ordination of their jobs.

9. Integrating:

All activities, decisions and opinions are to be integrated to achieve the enterprise objective.

For integration what is necessary is that all men and departments must perform their jobs at the right time. For example, if all the parts of a machine are manufactured by the different departments at the right time, they can be assembled within the specific time. Assembling the parts of the machine is a coordinating function.

Techniques of Effective Co-ordination:

The following measures or techniques have to be adopted in practice as tools for securing better co-ordination in the working of an organisation:

1. Simplified Organisation:

In large organisations, there is a tendency towards over- specialisation. The organisation gets divided into a whole series of units each one of which concentrates just on its own task. In fact, each unit tends to be bureaucratic and its activities become ends in themselves instead of being means to the overall ends of the organisation.This creates problems of co-ordination.

Furthermore, clear-cut organisation structure and procedures that are well-known to all concerned will ensure co-ordination. Organisational procedures should cover all activities and each person must be given to understand what he is responsible for and how his work is related to that of other individuals.

2. Harmonized Programmes and Policies:

The ideal time to bring about co-ordination is at the planning stage. The plans prepared by different individuals or divisions should be checked up to ensure that they all fit together into an integrated and balanced whole. The coordinating executive must ensure that all the plans add up to a unified programme.

3. Well-designed Methods of Communication:

Good communication brings about proper co-ordination and helps the members of a business organisation to work together. Flow of communication in all directions will facilitate co-ordination and smooth working of the enterprise. The use of formal tools like orders, reports and working papers, and informal devices like the grapevine will provide adequate information to all concerned.

Continuous, clear and meaningful communication provides every member with a clear understanding of the nature and scope of his work as well as that of other persons whose responsibilities are related to him. This aids the executives in coordinating the efforts of the members of their teams.

4. Special Coordinators:

Generally, in big organisations, special coordinators are appointed. They normally work in staff capacity to facilitate the working of the main managers. A co-ordination cell may also be created. The basic responsibility of the cell is to collect the relevant information and to send this to various heads of sections or departments so that inter-departmental work and relationship are co-ordinated.

5. Co-ordination by Committees:

Co-ordination in management by committees is achieved through meetings and conferences. Sometimes different committees are appointed to look after different areas of management, namely, Purchase Committee, Production Committee, Sales Committee, Finance Committee, etc. These committees take the group decision by exchanging their views and ideas and so it has coordinating elements.

6. Group Discussion:

Group discussion is the other tool for co-ordination. It provides opportunities for free and opens exchange of views and inter-change of ideas, problems, proposals and solutions. Face-to-face communication enables the members to attain improved understanding of organisation-wide matters and leads to better co-ordination.

7. Voluntary Co-ordination:

In ideal conditions, co-ordination should take place through voluntary co-operation of the members. The basic principle of voluntary co-ordination is the modification of functioning of a department in such a way that each department co-ordinates with other departments.

8. Co-ordination through Supervision:

The supervising executives have an important part to play in coordinating the work of their subordinates. Where the work-load of an executive is so heavy that he cannot find adequate time for co-ordination, staff assistants may be employed. They may recommend to the senior official the action that he may take for ensuring co-ordination.

HUMAN RESOURCE MANAGEMENT

Human: refers to the skilled workforce in an organization.

Resource: refers to limited availability or scarce.

Management: refers how to optimize and make best use of such limited or scarce resource so as to meet the organization goals and objectives.

Therefore, human resource management is meant for proper utilisation of available skilled workforce and also to make efficient use of existing human resource in the organisation.

Today many experts claim that machines and technology are replacing human resource and minimizing their role or effort. However, machines and technology are built by the humans only and they need to be operated or at least monitored by humans and this is the reason why companies are always in hunt for talented, skilled and qualified professionals for continuous development of the organization.

Therefore humans are crucial assets for any organisation, although today many tasks have been handing over to the artificial intelligence but they lack judgement skills which cannot be matched with human mind.

Meaning of Human Resources

The term human resources can be defined as "the total knowledge, skills, creative abilities, talents and aptitudes of an organisation‟s work force, as well as the value and beliefs of the individuals involved in the affairs of the organization.

It is the sum total or aggregate of inherent abilities, acquired knowledge and skills represented by the talents and aptitudes of the persons employed in the organization. In short, people with required skills to make an organization are generally referred to as human resources.

What is Human Resource Development?

Human Resource Development (HRD) means to develop available manpower through suitable methods such as training, promotions, transfers and opportunities for career development. HRD programmes create a team of well-trained, efficient and capable managers and subordinates. Such team constitutes an important asset of an enterprise.

Meaning of Human Resource Management (H R M)

HRM is concerned with the human beings in an organization. "The management of man" is a very important and challenging job because of the dynamic nature of the people. No two people are similar in mental abilities, tacticians, sentiments, and behaviors; they differ widely also as a group and are subject to many varied influences. People are responsive, they feel, think and act therefore they cannot be operated like a machine or shifted and altered like template in a room layout. They therefore need a tactful handing by management personnel.

Human resource management means management of people at work. HRM is the process which binds people with organizations and helps both people and organization to achieve each other's goal. Various policies, processes and practices are designed to help both employees and organization's to achieve their goal.

Human Resource Management can be defined as managing the function of employing, developing and compensating human resources resulting in the creation and development of human relations with a view to contribute proportionately to the Organization, Individual and Social goals.

In simple words, Human resource management is management function that helps manager to recruit, select, train and develop organization members. Or HRM is a process of making the efficient and effective use of human resources so that the set goals are achieved.

Definitions

According to Flippo "Personnel management, or say, human resource management is the planning, organising, directing and controlling of the procurement development compensation integration, 4intenance, and separation of human resources to the end that individual, organisational and social objectives are accomplished".

The National Institute of Personnel Management (NIPM) of India has defined human resource/personnel management as "that part of management which is concerned with people at work and with their relationship within an enterprise. Its aim is to bring together and develop into an effective organisation of the men and women who make up an enterprise and having regard for the well-being of the individuals and of working groups, to enable them to make their best contribution to its success".

Objectives:

The primary objective of HRM is to ensure the availability of right people for right jobs so as the organisational goals are achieved effectively.

This primary objective can further be divided into the following sub-objectives:

1. To help the organisation to attain its goals effectively and efficiently by providing competent and motivated employees.
2. To utilize the available human resources effectively.
3. To increase to the fullest the employee's job satisfaction and self-actualisation.

4. To develop and maintain the quality of work life (QWL) which makes employment in the organisation a desirable personal and social situation.
5. To help maintain ethical policies and behaviour inside and outside the organisation.
6. To establish and maintain cordial relations between employees and management.
7. To reconcile individual/group goals with organisational goals.

Functions of Human Resource Management

Human Resource Management functions can be classified in following three categories.

Managerial Functions	Operative Functions	Advisory Functions
• Planning • Organizing • Staffing • Directing • Controlling	• Recruitment and Selection • Job Analysis & Design • Performance Appraisal • Training & Development • Wage & Salary Administration • Employee Welfare • Maintenance • Labour Relations • Personal Research • Personal Record	• Advise to Management • Advise to Departmental Heads

The Managerial Functions of Human Resource Management are as follows:

1. **Human Resource Planning**

   In this function of HRM, the number and type of employees needed to accomplish organisational goals is determined. Research is an important part of this function, information is collected and analysed to identify current and future human resource needs and to forecast changing values, attitude, and behaviour of employees and their impact on organisation.

2. **Organising**

   In an organisation tasks are allocated among its members, relationships are identified, and activities are integrated towards a common objective. Relationships are established among the employees so that they can collectively contribute to the attainment of organisation goal.

3. **Staffing**

   The organization can become effective when it possess the qualified persons, who are designated for specific position along with the proper place & timing. This would make an organization to achieve its organizational objectives. Organization gets such qualified employees on time when its HR department performs effective staffing function.

4. **Directing**

   Activating employees at different level and making them contribute maximum to the organisation is possible through proper direction and motivation. Taping the maximum potentialities of the employees is possible through motivation and command.

5. **Controlling**

   Controlling is the process of checking whether or not proper progress is being made towards the objectives and goals and acting if necessary, to correct any deviation. Controlling is the measurement & correction of performance activities of subordinates in order to make sure that the enterprise objectives and plans desired to obtain them as being accomplished.

The Operative Functions of Human Resource Management are as follows:

1. **Recruitment and Selection**

   Recruitment of candidates is the function preceding the selection, which brings the pool of prospective candidates for the organisation so that the management can select the right candidate from this pool.

2. **Job Analysis and Design**

   Job analysis is the process of describing the nature of a job and specifying the human requirements like qualification, skills, and work experience to perform that job. Job design aims at outlining and organising tasks, duties, and responsibilities into a single unit of work for the achievement of certain objectives.

3. **Performance Appraisal**

   Human resource professionals are required to perform this function to ensure that the performance of employee is at acceptable level.

4. **Training and Development**

   This function of human resource management helps the employees to acquire skills and knowledge to perform their jobs effectively. Training an development programs are organised for both new and existing employees. Employees are prepared for higher level responsibilities through training and development.

5. **Wage and Salary Administration**

   Human resource management determines what is to be paid for different type of jobs. Human resource management decides employees compensation which includes - wage administration, salary administration, incentives, bonuses, fringe benefits, and etc,.

6. **Employee Welfare**

   This function refers to various services, benefits, and facilities that are provided to employees for their well being.

7. **Maintenance**

   Human resource is considered as asset for the organisation. Employee turnover is not considered good for the organisation. Human resource management always try to keep their best performing employees with the organisation.

8. **Labour Relations**

   This function refers to the interaction of human resource management with employees who are represented by a trade union. Employees comes together and forms an union to obtain more voice in decisions affecting wage, benefits, working condition, etc,.

9. **Personnel Research**

   Personnel researches are done by human resource management to gather employees' opinions on wages and salaries, promotions, working conditions, welfare activities, leadership, etc,. Such researches helps in understanding employees satisfaction, employees turnover, employee termination, etc,.

10. **Personnel Record**

    This function involves recording, maintaining, and retrieving employee related information like - application forms, employment history, working hours, earnings, employee absents and presents, employee turnover and other other data related to employees.

The Advisory Functions of Human Resource Management are as follows:

Human Resource Management is expert in managing human resources and so can give advice on matters related to human resources of the organisation. Human Resource Management can offer advice to:

1. **Advised to Top Management**

   Personnel manager advises the top management in formulation and evaluation of personnel programs, policies, and procedures.

2. **2. Advised to Departmental Heads**

   Personnel manager advises the the heads of various departments on matters such as manpower planning, job analysis, job design, recruitment, selection, placement, training, performance appraisal, etc.

Human Resource Management Process

Each organization works towards the realization of one vision. The same is achieved by formulation of certain strategies and execution of the same, which is done by the HR department. At the base of this strategy formulation lie various processes and the effectiveness of the former lies in the meticulous design of these processes.

The following are the various HR processes:

1. **Human Resource Planning:**

Generally, we consider Human Resource Planning as the process of people forecasting. Right but incomplete! It also involves the processes of Evaluation, Promotion and Layoff.

- **Recruitment:** It aims at attracting applicants that match a certain Job criteria. Candidates are usually located through news Papers, Journals, Advertisements, employment agencies, word of mouth and visit to college and university campuses.
- **Selection:** The next level of filtration. Aims at short listing candidates who are the nearest match in terms qualifications, expertise and potential for a certain job.
- **Hiring:** Deciding upon the final candidate who gets the job.
- **Training and Development:** Those processes that work on an employee onboard for his skills and abilities upgradation.

2. **Employee Remuneration and Benefits Administration:**

The process involves deciding upon salaries and wages, Incentives, Fringe Benefits and Perquisites etc. Money is the prime motivator in any job and therefore the importance of this process. Performing employees seek raises, better salaries and bonuses.

3. **Performance Management:**

It is meant to help the organization train, motivate and reward workers. It is also meant to ensure that the organizational goals are met with efficiency. The process not only includes the employees but can also be for a department, product, service or customer process; all towards enhancing or adding value to them.

4. Promotions, Transfer, demotions and Separations

High performers may be promoted or transferred to help them develop their skills, while low performers may be demoted, transferred to less important positions or even separated.

5. **Employee Relations:**

Employee retention is a nuisance with organizations especially in industries that are hugely competitive in nature. Though there are many factors that motivate an individual to stick to or leave an organization, but certainly few are under our control.

Employee relations include Labor Law and Relations, Working Environment, Employee heath and safety, Employee- Employee conflict management, Employee- Employee Conflict Management, Quality of Work Life, Workers Compensation, Employee Wellness and assistance programs, Counseling for occupational stress. All these are critical to employee retention apart from the money which is only a hygiene factor.

JOB ANALYSIS

JOB- "Job is a group of tasks to be performed every day."

Meaning of Job Analysis

Job Analysis is a process of collecting information about a job. The process of job analysis results into two sets of data.

- Job Description
- Job Specification

According to Jones and Decothis "Job analysis is the process of getting information about jobs: specially, what the worker does; how he gets it done; why he does it; skill, education and training required; relationship to other jobs, physical demands; environmental conditions".

Edwin B. Flippo has defined job analysis as the process of studying and collecting information relating to the operations and responsibilities of a specific job. The immediate products of this analysis are job descriptions and job specifications".

Steps of Job Analysis

1. Collecting and recording job information
2. Checking the job information for accuracy
3. Writing job description based on information collected to determine the skills, knowledge, abilities and activities required
4. Updating and upgrading this information

JOB DESCRIPTION

Job description is prepared on the basis of data collected through job analysis. Job description is a functional description of the contents what the job entails. It is a narration of the contents of a job. It is a description of the activities and duties to be performed in a job, the relationship of the job with other jobs, the equipment and tools involved, the nature of supervision, working conditions and hazards of the job and so on.

FORMAT OF JOB DESCRIPTION

- Job Title
- Region/Location
- Department
- Reporting to (Operational and Managerial)
- Objective
- Principal duties and responsibilities

JOB SPECIFICATIONS

While job description focuses on the job, job specification focuses on the person i.e, the job holder.

"Job Specification involves listing of employee qualifications, skills and abilities required to meet the job description. These specifications are needed to do job satisfactorily."

Job specification is a statement of the minimum levels of qualifications, skills, physical and other abilities, experience, judgment and attributes required for performing job effectively.

CONTENTS OF JOB SPECIFICATIONS

1. Physical Characteristics
2. Psychological characteristics
3. Personal characteristics
4. Responsibilities
5. Demographic features

JOB DESIGN

In a very simple sense, job design means the ways that decision-makers choose to organize work responsibilities, duties, activities, and tasks.

Job design is the process of Work arrangement (or rearrangement) aimed at reducing or overcoming job dissatisfaction and employee alienation arising from repetitive and mechanistic tasks. Through job design, organizations try to raise productivity levels by offering non-monetary rewards such as greater satisfaction from a sense of personal achievement in meeting the increased challenge and responsibility of one's work. Job enlargement, job enrichment, job rotation, and job simplification are the various techniques used in a job design exercise.

Job design is the process of

a) Deciding the contents of the job.

b) Deciding methods & processes to carry out the job.

c) Making optimize use of job/work-time so that job/work-time should not be wasted as time is money and time cannot be earned, but can be saved by making efficient use of it.

d) Avoiding manual task if can be handled by machines or automated.

e) Synchronization of work, and no conflict with other jobs

f) Deciding the relationship which exists in the organization.

Job design gives framework to job analysis as it tries to figure out what qualities, skills and other requirements are needed to perform the given job by a job holder.

RECRUITMENT

Whenever there is a vacancy in the organization, generally it is to be filled. To make the candidate avail-able for filling those vacancies, their selection procedure and placement on a proper job comes under the purview of recruitment.

It is the process to discover sources of manpower to meet the requirement of staffing schedule and to employ effective measures for attracting that manpower in adequate numbers to facilitate effective selection of an efficient working force. Usually, the recruitment process starts when a manger initiates an employee requisition for a specific vacancy or an anticipated vacancy.

In short, it involves attracting and obtaining as many applications as possible from eligible job seekers.

In the words of Edwin Flippo, ‘recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organisation’.

RECRUITMENT PROCESS

The recruitment and selection is the major function of the human resource department and recruitment process is the first step towards creating the competitive strength and the strategic advantage for the organisations. Recruitment process involves a systematic procedure from sourcing the candidates to arranging and conducting the interviews and requires many resources and time. A general recruitment process is as follows:

- Identify vacancy
- Prepare job description and person specification
- Advertising the vacancy
- Managing the response
- Short-listing
- Arrange interviews
- Conducting interview and decision making

SOURSES OF RECRUITMENT

Every organisation has the option of choosing the candidates for its recruitment processes from two kinds of sources: internal and external sources. The sources within the organisation itself (like transfer of employees from one department to other, promotions) to fill a position are known as the internal sources of recruitment. Recruitment candidates from all the other sources (like outsourcing agencies etc.) are known as the external sources of recruitment.

SOURCES / METHODS OF RECRUITMENT

Traditional Sources

Internal
-Transfers
-Promotions
-Upgrading and Demotion
-Retired and Retrenched employees
-Dependents and relatives of Deceased employees and Disabled employees

External
-Press & Advertisement
-Campus Recruitment
-Placement Agencies
-Employment Exchange
-Labour Contractors
-Employee Referrals

Modern Sources

*Walk in
*Consult in
*Head Hunting
*Body Shopping
*Tele Recruitment
*Out sourcing

INTERNAL SOURCES OF RECRUITMENT

Internal sources of recruitment refer to obtaining people for job from inside the company. There are different methods of internal recruitment

1.Transfers: The employees are transferred from one department to another according to their efficiency and experience.

2.Promotions : The employees are promoted from one department to another with more benefits and greater responsibility based on efficiency and experience.

3.Others are Upgrading and Demotion of present employees according to their performance.

4.Retired and Retrenched employees may also be recruited once again in case of shortage of qualified personnel or increase in load of work. Recruitment such people save time and costs of the organisations as the people are already aware of the organisational culture and the policies and procedures.

5.**The dependents and relatives of Deceased employees and Disabled employees** are also done by many companies so that the members of the family do not become dependent on the mercy of others.

EXTERNAL SOURCES OF RECRUITMENT

External sources of recruitment refer to methods of recruitment to obtain people from outside the company. These methods are

1.Press Advertisements

A wide choice for selecting the appropriate candidate for the post is avail-able through this source. It gives publicity to the vacant posts and the details about the job in the form of job description and job specification are made available to public in general. The main advantage of this method is that it has a wide reach.

2.Educational Institutes

It is the best possible method for companies to select students from various educational institutions. It is easy and economical. The company officials personally visit various institutes and select students eligible for a particular post through interviews. Students get a good opportunity to prove themselves and get selected for a good job.

3.Placement Agencies

Several private consultancy firms perform recruitment functions on behalf of client companies by charging a fee. These agencies are particularly suitable for recruitment of executives and specialists. It is also known as RPO (Recruitment Process Outsourcing)

4.Employment Exchanges

Government establishes public employment exchanges throughout the country. These exchanges provide job information to job seekers and help employers in identifying suitable candidates.

5.Labour Contractors

Manual workers can be recruited through contractors who maintain close contacts with the sources of such workers. This source is used to recruit labour for construction jobs.

6.Employee Referrals / Recommendations

Many organisations have structured system where the current employees of the organisation can refer their friends and relatives for some position in their organisation. Also, the office bearers of trade unions are often aware of the suitability of candidates.

Management can inquire these leaders for suitable jobs. In some organizations these are formal agreements to give priority in recruitment to the candidates recommended by the trade union.

MODERN SOURCES OF RECRUITMENT

1.Walk –in

In this method an advertisement about the location and time of walk in interview is given in the newspaper. Candidates require to directly appearing for the interview and have to bring a copy of their C.V. with them. This method is very popular among B.P.O and call centers.

2.Consult -in

The busy and dynamic companies encourage the potential job seekers to approach them personally and consult them regarding the jobs. The companies select the suitable candidates through the selection process.

3.Head Hunting

The companies request the professional organisations to search for the best candidates particularly for the senior executive positions. The professional organisations search for the most suitable candidates and advise the company regarding the filling up of the positions. Head hunders are also called „Search Consultant‟.

4.Body Shoping

Body shopping is the practice of consultancy firms recruiting Information Technology workers in order to contract their services out on short-term bases. Regarded as legitimate consultancy by both the companies that practice it and by the people employed, body shopping is disparaged by those IT services companies that assert that they provide real services (such as software development) rather than the "sham" of merely farming out professionals to overseas companies.

5.E-Recruitment

Various sites such as jobs.com, naukri.com, and monster.com are the available electronic sites on which candidates upload their resume and seek the jobs.

SELECTION

Finding the interested candidates who have submitted their profiles for a particular job is the process of recruitment, and choosing the best and most suitable candidates among them is the process of selection. It results in elimination of unsuitable candidates.

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

Definition of Selection: *Process of differentiating*

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

DIFFERENCE BETWEEN RECRUITMENT AND SELECTION

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

Steps Involved in Selection Procedure:

A scientific and logical selection procedure leads to scientific selection of candidates. The criterion finalized for selecting a candidate for a particular job varies from company to company.

1. Inviting applications:

The prospective candidates from within the organization or outside the organization are called for applying for the post. Detailed job description and job specification are provided in the advertisement for the job. It attracts a large number of candidates from vari-ous areas.

2. Receiving applications:

Detailed applications are collected from the candidates which provide the necessary information about personal and professional details of a person. These applications facilitate analysis and comparison of the candidates.

3. Scrutiny of applications:

As the limit of the period within which the company is supposed to receive applications ends, the applications are sorted out. Incomplete applications get rejected; applicants with un-matching job specifications are also rejected.

4. Written tests:

As the final list of candidates becomes ready after the scrutiny of applications, the written test is conducted. This test is conducted for understanding the technical knowledge, atti-tude and interest of the candidates. This process is useful when the number of applicants is large.

Many times, a second chance is given to candidates to prove themselves by conducting another written test.

5. Psychological tests:

These tests are conducted individually and they help for finding out the indi-vidual quality and skill of a person. The types of psychological tests are aptitude test, intelligence test, synthetic test and personality test

6. Personal interview:

Candidates proving themselves successful through tests are interviewed per-sonally. The interviewers may be individual or a panel. It generally involves officers from the top management.

The candidates are asked several questions about their experience on another job, their family background, their interests, etc. They are supposed to describe their expectations from the said job. Their strengths and weaknesses are identified and noted by the interviewers which help them to take the final decision of selection.

7. Reference check:

Generally, at least two references are asked for by the company from the can-didate. Reference check is a type of crosscheck for the information provided by the candidate through their application form and during the interviews.

8. Medical examination:

Physical strength and fitness of a candidate is must before they takes up the job. In-spite of good performance in tests and interviews, candidates can be rejected on the basis of their ill health.

9. Final selection:

At this step, the candidate is given the appointment letter to join the organization on a particular date. The appointment letter specifies the post, title, salary and terms of employment. Generally, initial appointment is on probation and after specific time period it becomes permanent.

10. Placement:

This is a final step. A suitable job is allocated to the appointed candidate so that they can get the whole idea about the nature of the job. They can get adjusted to the job and perform well in future with all capacities and strengths.

PLACEMENT:

The selection procedure ends with the placement of a worker to the job. Placement is the process of assigning a specific job to each one of the selected candidates.

In very simple words placement means sending the newly employed person to some department for work. It also implies assigning a specific rank and responsibility to an individual. Matching the requirements of the job with the qualifications of a candidate is the essence of placement.

Problems in Placement

1.Employee Expectations

Employee expectations from the job are the main source for the problems in placement. If the employee expects high salary, Independent and challenging work and the job offers low salary, dependent and routine work, the employee finds himself misfit to the job.

2.Job Expectations

Sometimes, the expectations from the employee are more than the employee"s abilities or skills. Then the HR Manager finds the mismatch between the job and the employee.

3.Change in Technology

The technological changes bring radical changes in job description and specification. These changes result in mismatch between the job and the employee.

4.Changes in Organisational Structure

The business grand strategies like mergers, downsizing, delayering etc., result in changes in Organisational Structure thereby changes in the jobs.

5.Social and Psychological Factors

The Social and Psychological Factors involved in team work group formation sometimes results in mismatch.

TRAINING:

Training constitutes a basic concept in human resource development. It is concerned with developing a particular skill to a desired standard by instruction and practice. Training is a highly useful tool that can bring an employee into a position where they can do their job correctly, effectively, and conscientiously. Training is the act of increasing the knowledge and skill of an employee for doing a particular job.

According to Edwin Flippo, 'training is the act of increasing the skills of an employee for doing a particular job'.

Development:

Development means those learning opportunities designed to help employees to grow. Development is not primarily skills oriented. Instead it provides the general knowledge and attitudes, which will be helpful to employers in higher positions. Efforts towards development often depend on personal drive and ambition. Development activities such as those supplied by management development programs are generally voluntary in nature. Development provides knowledge about business environment, management principles and techniques, human relations, specific industry analysis and the like is useful for better management of a company.

Need / Purpose of Training & Development:

The purpose of training and development can be explained as follows.

1.Improving quality of work force:

Training and development help companies to improve the quality of work done by their employees. Training programs concentrate on specific areas. There by improving the quality of work in that area.

2.Enhance employee growth:-

Every employee who takes development program becomes better at his job. Training provides perfection and required practice, therefore employee‟s area able to develop them professionally.

3.Prevents oldness:-

Through training and development the employee is up to date with new technology and the fear of being thrown out of the job is reduced.

4.Assisting new comer:-

Training and development programs greatly help new employees to get accustomed to new methods of working, new technology, the work culture of the company etc.

5.Bridging the gap between planning and implementation:-

Plans made by companies expect people to achieve certain targets within certain time limit with certain quality for this employee performance has to be accurate and perfect. Training helps in achieving accuracy and perfection.

6.Health and safety measures:-

Training and development program clearly identifies and teaches employees about the different risk involved in their job, the different problems that can arise and how to prevent such problems. This helps to improve the health and safety measures in the company.

METHODS OF TRAINING

On the Job Trainings: These methods are generally applied on the workplace while employees is actually working. Following are the on-the-job methods.

On the Job Training Methods

1.Job Rotation:

In this method, usually employees are put on different jobs turn by turn where they learn all sorts of jobs of various departments. The objective is to give a comprehensive awareness about the jobs of different departments. Advantage – employee gets to know how his own and other departments also function. Interdepartmental coordination can be improved, instills team spirit. Disadvantage – It may become too much for an employee to learn. It is not focused on employees own job responsibilities. Employees basic talents may remain underutilized.

2.Job Coaching:

An experienced employee can give a verbal presentation to explain the nitty-gritt's of the job.

3.Job Instruction:

It may consist of an instruction or directions to perform a particular task or a function. It may be in the form of orders or steps to perform a task.

4.Apprenticeships:

Generally fresh graduates are put under the experienced employee to learn the functions of job.

5.Internships and Assistantships:

An intern or assistants are recruited to perform a specific time-bound jobs or projects during their education. It may consist of a part of their educational courses.

OFF THE JOB TRAININGS

These are used away from work places while employees are not working like classroom trainings, seminars etc. Following are the off-the-job methods;

Off the Job Training Methods

1.Classroom Lectures:

It is a verbal lecture presentation by an instructor to a large audience. Advantage – It can be used for large groups. Cost per trainee is low. Disadvantages – Low popularity. It is not learning by practice. It is One-way communication. No authentic feedback mechanism. Likely to boredom.

2.Audio-Visual:

It can be done using Films, Televisions, Video, and Presentations etc. Advantages – Wide range of realistic examples, quality control possible,. Disadvantages – One-way communication, No feedback mechanism. No flexibility for different audience.

3.Simulation:

Creating a real life situation for decision-making and understanding the actual job conditions give it. Eg.Case stydy

4.Programmed Instructions:

Provided in the form of blocks either in book or a teaching machine using questions and Feedbacks without the intervention of trainer. Advantages – Self paced, trainees can progress at their own speed, strong motivation for repeat learning, material is structured and self-contained. Disadvantages – Scope for learning is less; cost of books, manuals or machinery is expensive.

5.Computer Aided Instructions:

It is extension of PI method, by using computers. Advantages – Provides accountabilities, modifiable to technological innovations, flexible to time. Disadvantages – High cost.

EMPLOYEE RETENTION:

Employee Retention refers to the techniques employed by the management to help the employees stay with the organization for a longer period of time. Employee retention strategies go a long way in motivating the employees so that they stick to the organization for the maximum time and contribute effectively. Sincere efforts must be taken to ensure growth and learning for the employees in their current assignments and for them to enjoy their work.

Employee retention refers to the various policies and practices which let the employees stick to an organization for a longer period of time.

Employee retention has become a major concern for corporates in the current scenario. Individuals once being trained have a tendency to move to other organizations for better prospects. Lucrative salary, comfortable timings, better ambience, growth prospects are some of the factors which prompt an employee to look for a change. Whenever a talented employee expresses his willingness to move on, it is the responsibility of the management and the human resource team to intervene immediately and find out the exact reasons leading to the decision.

Need & Importance of Employee Retention

1. **Hiring is not an easy process:** The HR Professional shortlists few individuals from a large pool of talent, conducts preliminary interviews and eventually forwards it to the respective line managers who further grill them to judge whether they are fit for the organization or not. Recruiting the right candidate is a time consuming process.
2. **An organization invests time and money in grooming an individual and make him ready to work and understand the corporate culture:** A new joinee is completely raw and the management really has to work hard to train him for his overall development. It is a complete

wastage of time and money when an individual leaves an organization all of a sudden. The HR has to start the recruitment process all over again for the same vacancy; a mere duplication of work. Finding a right employee for an organization is a tedious job and all efforts simply go waste when the employee leaves.

3. **When an individual resigns from his present organization, it is more likely that he would join the competitors:** In such cases, employees tend to take all the strategies, policies from the current organization to the new one. Individuals take all the important data, information and statistics to their new organization and in some cases even leak the secrets of the previous organization. To avoid such cases, it is essential that the new joinee is made to sign a document which stops him from passing on any information even if he leaves the organization. Strict policy should be made which prevents the employees to join the competitors. This is an effective way to retain the employees.
4. **The employees working for a longer period of time are more familiar with the company's policies, guidelines and thus they adjust better:** They perform better than individuals who change jobs frequently. Employees who spend a considerable time in an organization know the organization in and out and thus are in a position to contribute effectively.
5. **Every individual needs time to adjust with others:** One needs time to know his team members well, be friendly with them and eventually trust them. Organizations are always benefited when the employees are compatible with each other and discuss things among themselves to come out with something beneficial for all. When a new individual replaces an existing employee, adjustment problems crop up. Individuals find it really difficult to establish a comfort level with the other person. After striking a rapport with an existing employee, it is a challenge for the employees to adjust with someone new and most importantly trust him. It is a human tendency to compare a new joinee with the previous employees and always find faults in him.
6. **It has been observed that individuals sticking to an organization for a longer span are more loyal towards the management and the organization:** They enjoy all kinds of benefits from the organization and as a result are more attached to it. They hardly badmouth their organization and always think in favour of the management. For them the organization comes first and all other things later.
7. **It is essential for the organization to retain the valuable employees showing potential:** Every organization needs hardworking and talented employees who can really come out with something creative and different. No organization can survive if all the top performers quit. It

is essential for the organization to retain those employees who really work hard and are indispensable for the system.

The management must understand the difference between a valuable employee and an employee who doesn't contribute much to the organization. Sincere efforts must be made to encourage the employees so that they stay happy in the current organization and do not look for a change.

PERFORMANCE APPRAISAL:

Performance appraisal is the process of evaluation of an employee at higher levels. In order to know whether the selection of an employee is right or wrong, performance appraisal is resorted to. Promotion, transfer, salary increase etc. are some of the matters that are dependent upon the evaluation of the performance of an employee.

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

Definition:

Performance appraisal is a systematic, periodic and so far as humanly possible, the impartial rating of an employee's excellence in matters pertaining to his present job and to his potentialities for a better job. " **- Edwin B, Flippo**

"Performance apparisal is a process of evaluating an employee's performance of a job in terms of its requirements." - **Scot, Clotheir & Spriegel**

Objectives of Performance Appraisal

1. Performance Appraisal can be done with following objectives in mind:
2. To maintain records in order to determine compensation packages, wage structure, salaries raises, etc.
3. To identify the strengths and weaknesses of employees to place right men on right job.
4. To maintain and assess the potential present in a person for further growth and development.
5. To provide a feedback to employees regarding their performance and related status.
6. To provide a feedback to employees regarding their performance and related status.
7. It serves as a basis for influencing working habits of the employees.
8. To review and retain the promotional and other training programmes.

TECHNIQUES / METHODS OF PERFORMANCE APPRAISALS

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

- **Past Oriented Methods**
- **Future Oriented Methods**

Past Oriented Methods

1. **Rating Scales:**

Rating scales consists of several numerical scales representing job related performance criterions such as dependability, initiative, output, attendance, attitude etc. Each scales ranges from excellent to poor. The total numerical scores are computed and final conclusions are derived.

2. **Checklist:**

Under this method, checklist of statements of traits of employee in the form of Yes or No based questions is prepared. Here the rater only does the reporting or checking and HR department does the actual evaluation

3. **Forced Choice Method:**

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

4. **Forced Distribution Method:**

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

5. **Critical Incidents Method:**

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

6. **Behaviorally Anchored Rating Scales:**

Statements of effective and ineffective behaviors determine the points. They are said to be behaviorally anchored. The rater is supposed to say, which behavior describes the employee performance.

7. **Field Review Method:**

This is an appraisal done by someone outside employees" own department usually from corporate or HR department.

8. **Performance Tests & Observations:**

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

9. **Confidential Records:**

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

10. Essay Method:

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

11. Cost Accounting Method:

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

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

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

• **Ranking Methods:** Superior ranks his worker based on merit, from best to worst. However how best and why best are not elaborated in this method. It is easy to administer and explanation.

• Paired Comparison Methods: In this method each employee is rated with another employee in the form of pairs. The number of comparisons may be calculated with the help of a formula as under.

FUTURE ORIENTED METHODS

1. **Management By Objectives (MBO)**

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

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

2. **Psychological Appraisals:**

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

3. Assessment Centers:

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

The characteristics assessed in assessment center can be assertiveness, persuasive ability, communicating ability, planning and organizational ability, self-confidence, resistance to stress, energy level, decision making, sensitivity to feelings, administrative ability, creativity and mental alertness etc.

4. 360-Degree Feedback:

It is a technique which is systematic collection of performance data on an individual group, derived from a number of stakeholders like immediate supervisors, team members, customers, peers and self. In fact anyone who has useful information on how an employee does a job may be one of the appraisers. This technique is highly useful in terms of broader perspective, greater self-development and multi-source feedback is useful. 360-degree appraisals are useful to measure inter-personal skills, customer satisfaction and team building skills. However on the negative side, receiving feedback from multiple sources can be intimidating, threatening etc. Multiple raters may be less adept at providing balanced and objective feedback.

INTRODUCTION TO ENTREPRENEURSHIP

CONCEPTS

An enterprise is an already formed business organization that offers some goods or services, etc. The enterprise is some business structure/object that usually carries out some commercial activity, creates new job positions, gains some profits.

An entrepreneur is a person who establishes and manages the enterprise. He/she is often the founder and owner of the business.

An entrepreneur is an individual who conceives the idea of starting a new venture, take all types of risks, not only to put the product or service into reality but also to make it an extremely demanding one. He is someone who:

- Initiates and innovates a new concept,
- Recognises and utilises opportunity,
- Arranges and coordinates resources such as man, material, machine and capital,
- Take suitable actions,
- Faces risks and uncertainties,
- Establishes a startup company,
- Adds value to the product or service,
- Takes decisions to make the product or service a profitable one,
- Is responsible for the profits or losses of the company.
- Entrepreneurs are always the market leader regardless of the number of competitors because they bring a relatively new concept in the market and introduce change.

Entrepreneurship is the process of establishing new business enterprise along with the capacity to identify the opportunities and threats and to undertake all the risks to gain profits in results.

Entrepreneurship is the attempt to create value through recognition of business opportunity, the management of risk-taking appropriate to the opportunity, and through the communicative and management skills to mobilize human, financial and material resources necessary to bring a project to fruition

Thus entrepreneurship refers to the functions performed by an entrepreneur in establishing an enterprise. Just as management is regarded as what managers do, entrepreneurship may be regarded as what entrepreneurs do.

ENTREPRENEUR Vs ENTREPRENEURSHIP

The relationship between entrepreneur and entrepreneurship are discussed below:

Entrepreneur	Entrepreneurship
Entrepreneur is a person.	Entrepreneurship is a process.
Entrepreneur is an organizer.	Entrepreneurship is an organization.
Entrepreneur is an innovator.	Entrepreneurship is an innovation.
Entrepreneur is a risk bearer.	Entrepreneur is a risk bearing.
Entrepreneur is a motivator.	Entrepreneur is a motivation
Entrepreneur is a creator.	Entrepreneur is a creation.
Entrepreneur is an Administrator.	Entrepreneur is the Administration

ENTREPRENEUR Vs INTRAPRENEUR

BASIS FOR COMPARISON	ENTREPRENEUR	INTRAPRENEUR
Meaning	Entrepreneur refers to a person who set up his own business with a new idea or concept.	Intrapreneur refers to an employee of the organization who is in charge of undertaking innovations in product, service, process etc.
Approach	Intuitive	Restorative
Resources	Uses own resources.	Use resources provided by the company.
Capital	Raised by him.	Financed by the company.
Enterprise	Newly established	An existing one
Dependency	Independent	Dependent
Risk	Borne by the entrepreneur himself.	Taken by the company.
Works for	Creating a leading position in the market.	Change and renew the existing organizational system and culture.

Characteristics of an Entrepreneur:

An entrepreneur is a person who initiates a business venture. There are some essential features of an entrepreneur which are describe below.

1) Risk taking capability: Every business involves risk. So an entrepreneur must have the risk taking capability, he must be having risk bearing capacity.

2) Creativity and innovation: Of caurse an entrepreneur has an initiator possesses creativity and innovative power. His mind should be innovative and creative so that he can create such an idea to chnage the world.

3) Need for achievement: The entrepreneur has strong desire to achieve the goal of business. He should be motivated to achieve his goals. He is always driven by the needs for achievement.

4) Need for autonomy: An entrepreneur does not like to be under anybody. It is the need for autonomy which drives a person to be an entrepreneur.

5) Internal locus of control: An entrepreneur believes in him his work.

6) External locus of control: he also believes in fate for ultimate result.

7) Self confident: An entrepreneur has confidence in him.

8) Leadership capability: An entrepreneur must have leadership capability to lead workers under him so that he can guide them to the right direction.

9) Decision making capability: The entrepreneur has capability to take quick decision in any kind of environment and pressure.

10) Adaptability: He has the capacity to adapt with any kind of situation that arise in the enterprise.

11) Foresightness: The entrepreneurs have a good foresight to know about future business environment.

12) Others: The other feature are dynamism, ambition, education and training, long term involvement, future orientation.

Classifications of Entrepreneur

Entrepreneurs are classified into different types based on different classifications as mentioned below:

BASED ON THE TYPE OF BUSINESS:

1. Trading Entrepreneur:

As the name itself suggests, the trading entrepreneur undertake the trading activities. They procure the finished products from the manufacturers and sell these to the customers directly or through a retailer. These serve as the middlemen as wholesalers, dealers, and retailers between the manufacturers and customers.

2. Manufacturing Entrepreneur:

The manufacturing entrepreneurs manufacture products. They identify the needs of the customers and, then, explore the resources and technology to be used to manufacture the products to satisfy the customers' needs. In other words, the manufacturing entrepreneurs convert raw materials into finished products.

3. Agricultural Entrepreneur:

The entrepreneurs who undertake agricultural pursuits are called agricultural entrepreneurs. They cover a wide spectrum of agricultural activities like cultivation, marketing of agricultural produce, irrigation, mechanization, and technology.

BASED ON THE USE OF TECHNOLOGY:

1. Technical Entrepreneur:

The entrepreneurs who establish and run science and technology-based industries are called 'technical entrepreneurs.' Speaking alternatively, these are the entrepreneurs who make use of science and technology in their enterprises. Expectedly, they use new and innovative methods of production in their enterprises.

2. Non-Technical Entrepreneur:

Based on the use of technology, the entrepreneurs who are not technical entrepreneurs are non-technical entrepreneurs. The forte of their enterprises is not science and technology. They are concerned with the use of alternative and imitative methods of marketing and distribution strategies to make their business survive and thrive in the competitive market.

BASED ON OWNERSHIP:

1. Private Entrepreneur:

A private entrepreneur is one who as an individual sets up a business enterprise. He / she it's the sole owner of the enterprise and bears the entire risk involved in it.

2. State Entrepreneur:

When the trading or industrial venture is undertaken by the State or the Government, it is called 'state entrepreneur.'

3. Joint Entrepreneurs:

When a private entrepreneur and the Government jointly run a business enterprise, it is called 'joint entrepreneurs.'

BASED ON GENDER:

1. Men Entrepreneurs:

When business enterprises are owned, managed, and controlled by men, these are called 'men entrepreneurs.'

2. Women Entrepreneurs:

Women entrepreneurs are defined as the enterprises owned and controlled by a woman or women having a minimum financial interest of 51 per cent of the capital and giving at least 51 per cent of employment generated in the enterprises to women.

BASED ON THE SIZE OF ENTERPRISE:

1. Small-Scale Entrepreneur:

An entrepreneur who has made investment in plant and machinery up to Rs 1.00 crore is called 'small-scale entrepreneur.'

2. Medium-Scale Entrepreneur:

The entrepreneur who has made investment in plant and machinery above Rs 1.00 crore but below Rs 5.00 crore is called 'medium-scale entrepreneur.'

3. Large-Scale entrepreneur:

The entrepreneur who has made investment in plant and machinery more than Rs 5.00 crore is called 'large-scale entrepreneur.'

BASED ON CLARENCE DANHOF CLASSIFICATION:

Clarence Danhof (1949), on the basis of his study of the American Agriculture, classified entrepreneurs in the manner that at the initial stage of economic development, entrepreneurs have less initiative and drive and as economic development proceeds, they become more innovating and enthusiastic.

Based on this, he classified entrepreneurs into four types:

1. Innovating Entrepreneurs:

Innovating entrepreneurs are one who introduce new goods, inaugurate new method of production, discover new market and reorganise the enterprise. It is important to note that such entrepreneurs can work only when a certain level of development is already achieved, and people look forward to change and improvement.

2. Imitative Entrepreneurs:

These are characterised by readiness to adopt successful innovations inaugurated by innovating entrepreneurs. Imitative entrepreneurs do not innovate the changes themselves, they only imitate techniques and technology innovated by others. Such types of entrepreneurs are particularly suitable for the underdeveloped regions for bringing a mushroom drive of imitation of new combinations of factors of production already available in developed regions.

3. Fabian Entrepreneurs:

Fabian entrepreneurs are characterized by very great caution and skepticism in experimenting any change in their enterprises. They imitate only when it becomes perfectly clear that failure to do so would result in a loss of the relative position in the enterprise.

4. Drone Entrepreneurs:

These are characterized by a refusal to adopt opportunities to make changes in production formulae even at the cost of severely reduced returns relative to other like producers. Such entrepreneurs may even suffer from losses but they are not ready to make changes in their existing production methods.

WOMEN ENTREPRENEURS:

Women entrepreneur may be defined as a woman or group of women who initiate, organize, and run a business enterprise. In terms of Schumpeterian concept of innovative entrepreneurs, women who innovate, imitate or adopt a business activity are called "women entrepreneurs".

Kamal Singh who is a woman entrepreneur from Rajasthan, has defined woman entrepreneur as "a confident, innovative and creative woman capable of achieving self-economic independence individually or in collaboration, generates employment opportunities for others through initiating, establishing and running the enterprise by keeping pace with her personal, family and social life."

Problems Faced by Women Entrepreneurs

Some of the problems faced by women entrepreneurs are as follows:

1. Problem of Finance:

Finance is regarded as "life-blood" for any enterprise, be it big or small. However, women entrepreneurs suffer from shortage of finance on two counts.

Firstly, women do not generally have property on their names to use them as collateral for obtaining funds from external sources. Thus, their access to the external sources of funds is limited.

Secondly, the banks also consider women less credit-worthy and discourage women borrowers on the belief that they can at any time leave their business. Given such situation, women entrepreneurs are bound to rely on their own savings, if any and loans from friends and relatives who are expectedly meager and negligible. Thus, women enterprises fail due to the shortage of finance.

2. Scarcity of Raw Material:

Most of the women enterprises are plagued by the scarcity of raw material and necessary inputs. Added to this are the high prices of raw material, on the one hand, and getting raw material at the minimum of discount, on the other.

3. Stiff Competition:

Women entrepreneurs do not have organizational set-up to pump in a lot of money for canvassing and advertisement. Thus, they have to face a stiff competition for marketing their products with both organized sector and their male counterparts. Such a competition ultimately results in the liquidation of women enterprises.

4. Limited Mobility:

Unlike men, women mobility in India is highly limited due to various reasons. A single woman asking for room is still looked upon suspicion. Cumbersome exercise involved in starting an enterprise coupled with the officials humiliating attitude towards women compels them to give up idea of starting an enterprise.

5. Family Ties:

In India, it is mainly a women's duty to look after the children and other members of the family. Man plays a secondary role only. In case of married women, she has to strike a fine balance between her business and family. Her total involvement in family leaves little or no energy and time to devote for business.

Women are expected to spend more time with their family members. They do not encourage women to travel extensively for exploiting business opportunities.

6. Lack of Education:

In India, around three-fifths (60%) of women are still illiterate. Illiteracy is the root cause of socio-economic problems. Due to the lack of education and that too qualitative education, women are not aware of business, technology and market knowledge. Also, lack of education causes low achievement motivation among women. Thus, lack of education creates one type or other problems for women in the setting up and running of business enterprises.

7. Unfavorable Environment:

The society is dominated by males. Many business men are not interested to have business relationship with women entrepreneurs. Male generally do not encourage women entrepreneurs.

8. Low Risk-Bearing Ability:

Women in India lead a protected life. They are less educated and economically not self-dependent. All these reduce their ability to bear risk involved in running an enterprise. Risk-bearing is an essential requisite of a successful entrepreneur.

9. Role Conflict

Marriage and family life are given more importance than career and social life in Indian society.

10. Lack of persistent Nature

Women generally have sympathy for others. They are very emotional. This nature should not allow them to get easily cheated in business.

11. Lack of Mental strength

Business involves risk. Women entrepreneurs get upset very easily when loss arises in business.

12. Lack of Information

Women entrepreneurs are not generally aware of the subsidies and incentives available for them. Lack of knowledge may prevent them from availing the special schemes.

In addition to above problems, inadequate infrastructural facilities, shortage of power, high cost of production, social attitude, low need for achievement and socio-economic constraints also hold the women back from entering into business.

REMEDIAL MEASURES

Some of the remedial measures that can be undertaken to promote women entrepreneurship in India, are as follows.

1. Promotional Help

Government and NGOs must provide assistance to entrepreneurs, both in financial and non financial areas.

2. Training

Women entrepreneurs must be given training to operate and run a business successfully. Training has to be given to women who are still reluctant to take up the entrepreneurial task.

3. Selection of Machinery and Technology

Women require assistance in selection of machinery and technology. Assistance must be provided to them in technical areas so that the business unit become successful.

4. Finance

Finance is one of the major problems faced by women entrepreneurs. Both family and government organizations should be liberal in providing financial assistance to them.

5. Marketing Assistance

Due to limited mobility, women are unable to market their goods. Assistance must be provided to help them to market their goods successfully in the economic environment.

6. Family support

Family should support women entrepreneurs and encourage them to establish and run business successfully.

COMPETENCY REQUIREMENT FOR ENTREPRENEUR

The business operation is considered to be very complex in a competitive business environment which is constantly changing with fast technological advancements. An entrepreneur is expected to interact with these environmental forces which require him to be highly competent in different dimensions like intellectual, attitudinal, behavioral, technical, and managerial aspects. Entrepreneurs are therefore permanently challenged to deploy a set of competencies to succeed in their entrepreneurial endeavors

Entrepreneurial Competencies can be defined as underlying characteristics such as generic and specific knowledge, motives, traits, self-images, social roles, and skills which result in venture birth, survival, and growth.

1. **Opportunity-seeking and initiative**
   Entrepreneurs seek opportunities and take the initiative to transform them into business situations.
2. **Persistence**
   When most people tend to abandon an activity, successful entrepreneurs stick with it.
3. **Fulfilling of commitments**
   Entrepreneurs keep their promises, no matter how great the personal sacrifice.
4. **Demand for quality and efficiency**
   Entrepreneurs try to do something better, faster, or cheaper.
5. **Calculated risk-taking**
   Taking calculated risks is one of the primary concepts in entrepreneurship.
6. **Goal-setting**
   This is the most important competency because none of the rest will function without it. Entrepreneurs set goals and objectives that are meaningful and challenging.
7. **Information-seeking**
   Entrepreneurs gather information about their clients, suppliers, technology, and opportunities.
8. **Systematic planning and monitoring**
   Systematic behavior means acting in a logical way. Planning is deciding what to do. Monitoring means checking.
9. **Persuasion and networking**
   Entrepreneurs influence other people to follow them or do something for them.
10. **Independence and self-confidence**
    Entrepreneurs have a quiet self-assurance in their capability or potential to do something.

Reasons for growth of Entrepreneurship:

There has been a very high incidence of entrepreneurship throughout the world and especially in Asia. Some of the major reasons for the growth of entrepreneurship are as follows:

1. **Industrial structure:**
   The performance of the prevalent industry structure is shaped by the degree in which the scarce resources are efficiently utilized. Technological changes had previously favoured the performance of the large centralized units. But recent changes have led to an industry structure that is shifting to towards bigger role for small firms. The employment share of large companies has been steadily decreasing. Concentration on core competencies is leading to divestments. Many larger companies find it much more desirable to promote ancillaries and vendors rather than get into the activity directly.
2. **New Technologies:**
   Instability in the markets led to decrease of mass production and move towards flexible specialization. Small technology based companies are now able to challenge larger companies which are dependent on economies of scale.
3. **Deregulation and Privatisation:**
   Private sectors that have been deregulated have given rise to small firms that are dominant in the entrepreneurial activity. Many state owned enterprises have also been privatized leading to a greater role for entrepreneurs.
4. **Increased demand for variety:**
   Increased wealth has led to increase in the demand for variety. The increasing demand for new products is of advantage to smaller firms, which is being innovative and coming up with new products. Changes in consumer tastes are a major reason for growth of entrepreneurship. People are inclined to products that are specifically designed to meet their special needs. Mass produced homogenous goods do not enjoy a wide appeal anymore.
5. **Service sector:**
   Increase in per capita income leads to greater share of the service sector in the national economy. The average size of firms in many sections of the service sector is relatively small. This in turn promotes entrepreneurial activity across a number of service sector industries.
6. **Government Incentives and subsidies:**
   In India, there are incentives being given by both the state and central government. Many of the incentives are often sector specific, being given by the concerned ministry. Similarly, entrepreneurship is being encouraged in many countries with a variety of incentives such as tax breaks, or grants.

7. Entrepreneurial Education:

Many universities and institutes are offering entrepreneurship education. A number of institutes have set up successful entrepreneurship centres, which provide help to budding entrepreneurs by conducting formal training and structured mentoring programmes.

8. Increasing Flow of Information:

Information is the lifeblood of business. Information is being increasingly democratized. The Internet has become the chief source of varied information. Search engines such as Google and Yahoo enable you to access information from trade bodies, academic or research institutions, news networks, corporate sites, etc.

9. Easier Access to Resources:

Now a day, it is easier for an entrepreneur to access debt and equity finance than ever before. Not just capital, most other factors of production are now easily available to entrepreneurs. With greater flow of information, it is easier to contact and to deal with resource providers such as raw material suppliers and dealers of capital goods.

10. High Regards for Self-Employment:

Self-employment is not looked down upon and is thought of as the best way to achieve a variety of personal goals.

11. Rising Dissatisfaction at Job:

Employers are finding it hard to retain talented employees. People now have confidence in their abilities, which in turn prompts them to find alternate employment. For example, the BPO sector in India witnesses employee turnover rates in excess of 60 per cent per annum.

12. Acceptance of Ex-entrepreneurs in the Job Market:

Companies are willing to re-employ people who have been entrepreneurs. Their experience in creating and starting a new enterprise is highly valued by many employers. As a result, a potential entrepreneur perceives a lower risk as there is always the security of a well-paid job in case the venture does not fare well.

GOVERNMENT SUPPORT FOR ENTREPRENEURSHIP

Startup India – A Government Initiative

Startup India Scheme is an initiative by the Government of India for generation of employment and wealth creation. The goal of Startup India is the development and innovation of products and services and increasing the employment rate in India.

Startup India was launched by Prime Minister Shri. Narendra Modi on 16th January 2016. Let us learn more about Benefits and Eligibility of Startup India.

Benefits of Startup India

1. Financial Benefits

Most of the startups are patent based. It means they produce or provide unique goods or services. In order to register their patents, they have to incur a heavy cost which is known as the Patent Cost.

Under this scheme, the government provides 80% rebate on the patent costs. Moreover, the process of patent registration and related is faster for them. Also, the government pays the fees of the facilitator to obtain the patent.

2. Income Tax Benefits

Startups enjoy a good amount of benefits under the Income Tax head. The government exempts their 3 years income tax post the incorporation year.

But they can avail it only after getting a certificate from the Inter-Ministerial Board. Also, they can claim exemption from tax on Capital Gains if they invest money in specified funds.

3. Registration Benefits

Everyone believes that incorporation and registration of business are far more difficult than running it. It is because of the long and complex steps of registration.

Under the Startup India scheme, an application is there to facilitate registration. A single meeting is arranged to at the Start-up India hub. Also, there is a single doubt and problem-solving window for them.

4. Government Tenders

Everyone seeks to acquire Government tenders because of high payments and large projects. But it is not easy to acquire the government tenders.

Under this scheme, the startups get priority in getting government tenders. Also, they are not required to have any prior experience.

5. Huge Networking Opportunities

Networking Opportunities means the opportunity to meet with various startup stakeholders at a particular place and time. The government provides this opportunity by conducting 2 startups fests annually (both at domestic as well as the international level).

Startup India scheme also provides Intellectual Property awareness workshop and awareness.

Registration of the Startup can be done only from following types of companies

- Partnership Firm
- Limited Liability Partnership Firm
- Private Limited Company

Eligibility for Registration under Startup India Scheme

1. The company to be formed must be a private limited company or a limited liability partnership firm.
2. The firms should have obtained approval from the Department of Industrial Policy and Promotion.
3. It must have a recommendation letter by incubation.
4. The firm must provide innovative schemes or products.
5. It should be a new firm or not older than five years.
6. The total turnover of the company should be not exceeding 25 crores.
7. It should not be a result of splitting up, or reconstruction, of a business already in existence.

Challenges faced by Startup India

1. People generally believe startups are just about thinking about a new idea or plan. But in reality, execution of such plan is more necessary than just thinking about it.
2. The view or perspective of the government on startup India plan is quite short-term in nature. It does not look at the long-term path of the startups.
3. For the success of any new business, competent workforce is necessary. But in case of startups, skilled workforce is not possible due to the lack of funds at the initial phase.
4. The risk of reaching failure is greater in the startups as compared to other organizations. It is because they tend to take steps quite fast.

ATAL INNOVATION MISSION (AIM)

The Atal Innovation Mission (AIM) is a flagship initiative set up by the NITI Aayog to promote innovation and entrepreneurship across the length and breadth of the country.

AlM's objectives are to create and promote an ecosystem of innovation and entrepreneurship across the country at school, university, research institutions, MSME and industry levels.

The AIM along with Self-Employment and Talent Utilization (SETU) are Government of India’s the leading ventures to promote a culture of innovation and entrepreneurship. The Atal Innovation Mission has two core functions:

1. **Entrepreneurship promotion** through Self-Employment and Talent Utilization, wherein innovators would be supported and mentored to become successful entrepreneurs.
2. **Innovation promotion:** to provide a platform where innovative ideas are generated

SUPPORT TO TRAINING AND EMPLOYMENT PROGRAMME FOR WOMEN (STEP)

(Ministry of Women & Child Development)

The Ministry has been administering 'Support to Training and Employment Programme for Women (STEP) Scheme' since 1986-87 as a 'Central Sector Scheme'. The STEP Scheme aims to provide skills that give employability to women and to provide competencies and skill that enable women to become self-employed/entrepreneurs.

The Scheme is intended to benefit women who are in the age group of 16 years and above across the country. The grant under the Scheme is given to an institution/ organisation including NGOs directly and not the States/ UTs.

The assistance under STEP Scheme will be available in any sector for imparting skills related to employability and entrepreneurship, including but not limited to the Agriculture, Horticulture, Food Processing, Handlooms, Tailoring, Stitching, Embroidery, Zari etc, Handicrafts, Computer & IT enable services along with soft skills and skills for the work place such as spoken English, Gems & Jewellery, Travel & Tourism, Hospitality.

PRADHAN MANTRI JAN DHAN YOJANA (PMJDY)

Pradhan Mantri Jan Dhan Yojana (PMJDY), is financial inclusion program of Government of India which is applicable to 20 to 65 years age group, that aims to expand and make affordable access to financial services such as bank accounts, remittances, credit, insurance and pensions.

This financial inclusion campaign was launched by the Prime Minister of India Narendra Modi on 28 August 2014. He had announced this scheme on his first Independence Day speech on 15 August 2014.

An individual can consider opening an account under this scheme with any bank branch. Further, accounts opened under PMJDY can be opened with Zero balance. However, if the account-holder wishes to get a cheque book, he/she will have to fulfill minimum balance criteria. The account holders under this scheme will be given a RuPay debit card which can be used across all ATMs for cash withdrawal.

Benefits

1. **Opening of no-frills accounts:** The Bank accounts opened under PMJDY do not require minimum balance. An overdraft facility up to ₹10,000 (US$140) is also available after six months. Interest is on deposit. Free RuPay debit card for account.
2. **Relaxation on know-your-customer (KYC) norms:** Persons who do not have valid identification document can also open bank account. This type of account call "Small Account" , can be regularized within one year.

3. **Engaging business correspondents (BCs):** Account opening and bank transactions are through business correspondent. Business correspondents are usually appointed in remote areas where banks do not have physical branches.
4. **Use of technology:** Bio-metric based account opening and transaction are available through business correspondent. This eases banking operations for illiterate people.
5. **Direct Benefit Transfer:** The government subsidies are directly transferred to the beneficiary's account. This reduces delay and leakage to get service.
6. **Insurance:** Accidental insurance cover of ₹200,000 (US$2,900) provides life cover of ₹30,000 (US$430) payable on death of the beneficiary.

AADHAAR

Aadhaar number is a 12-digit random number issued by the UIDAI (“Authority”) to the residents of India after satisfying the verification process laid down by the Authority. Any individual, irrespective of age and gender, who is a resident of India, may voluntarily enrol to obtain Aadhaar number. Person willing to enrol has to provide minimal demographic and biometric information during the enrolment process which is totally free of cost. An individual needs to enrol for Aadhaar only once and after de-duplication only one Aadhaar shall be generated, as the uniqueness is achieved through the process of demographic and biometric de-duplication.

Demographic information

Name, Date of Birth (verified) or Age (declared), Gender, Address, Mobile Number (optional) and Email ID (optional), in case of Introducer-based enrolment- Introducer name and Introducer’s Aadhaar number, in case of Head of Family based enrolmen- Name of Head of Family, Relationship and Head of Family’s Aadhaar number; in case of enrolment of child- Enrolment ID or Aadhaar number of any one parent, Proof of Relationship (PoR) document

Biometric information

Ten Fingerprints, Two Iris Scans, and Facial Photograph

Why is it important to have Aadhaar?

Aadhaar program was launched with a main objective to provide universal identity to every Indian resident. People can now get the card with much ease as its acceptance as a mandatory document for various initiatives has been officially made. In addition to this it will help in reducing the corruption since every individual carries only one unique number.

Considering the increasing acceptance of Aadhaar card it is must for everyone to get it issued. It is believed that the card will further be given more importance as more and more government schemes are being launched requiring it as a mandatory document.

Most important benefits of Aadhaar

Listed below are the most important benefits of Aadhaar (12 digit unique identity number).

1. **Aadhaar based Direct Benefit Transfer (LPG Subsidy) :**

   The 12 digit individual identification number on Aadhar card is used to get LPG subsidy amount directly in the bank account. This DBTL scheme is named as PAHAL. To get this benefit you need to visit your area's distributor and get Aadhar number linked to the 17 digit LPG consumer number. Although now you can get direct benefit transfer by linking bank account to the LPG number.

2. **Jan Dhan Yojana :**

   Pradhan Mantri Jan Dhan Yojana (PMJDY) accepts Aadhaar card/number as the only document sufficient to open the bank account. Although you can open PMJDY account after producing other documents as well. The benefits offered are RuPay card, free zero balance savings account, life and accident insurance and many others.

3. **Passport in 10 days :**

   This benefit of Aadhaar card will relieve you the most! If you have an Aadhaar card, you can get passport in just 10 days. Under this format, police verification will be done at a later date as opposed to the previous rule requiring police verification which used to be time consuming. Also under the new government's rule, if you need a passport, Aadhaar number is compulsory.

4. **Digital Locker :**

   Government of India has launched digital locker (DigiLocker) system for everyone for storing all personal document on the government's server. And sign-up process for DigiLocker requires person to link his/her 12 digit Aadhaar card number.

5. **Voter Card Linking :**

   Starting 9th March 2015, Aadhaar number has been linked to the voter ID's. This action is taken to eliminate bogus voters. Once an Aadhaar number is linked, it would become impossible for a voter to have multiple voter ID cards. It's illegal use is also curbed, as registration requires voter ID card holder to be physically present and produce Aadhaar card to the polling booth officer for linking.

6. **Monthly Pension :**

   All the pensioners from select states will now have to register their Aadhaar card number to their respective department in order to receive monthly pension. This move was initiated to avoid fraudulent incidents of fake beneficiaries.

7. **Provident Fund** :

   Similar to pension, Employee Provident Fund Organization (EPFO) has also rolled out Aadhaar Based Online Claim Submission for PF account holders.

8. **Opening new bank account :**

   Aadhaar letter provided by UIDAI is now acceptable by banks as a valid proof to open bank account. In fact, it can serve both as an address and identity proof, hence avoiding the need to produce bunch of documents to the banks for opening an account.

9. **Digital Life Certificate :**

   Aadhaar linked digital life certificate is another initiative which was launched by Ministry of Electronics and IT. Named as "Jeevan Praman for Pensioners", this system will end the process where pensioner had to be physically present at Pension Disbursing Agency to renew his / her life certificate. Instead all the details of pensioner will be accessed digitally by the agency.

10. **SEBI :**

    It is now accepted as a proof of address and identity by Securities and Exchange Board of India for investing in stock market.

11. **Mobile number :**

    All existing mobile subscribers (prepaid and postpaid) are required to link Aadhaar to their mobile number. All new connections will require Aadhaar linking.

12. **Driving license :**

    To make Aadhaar, a digital identity, very soon driving license is planned to be linked to Aadhaar number. The objective of doing this is to check prevalence of multiple license.

13. **PAN card and IT return:**

    This is considered to be the best step to curb black money. Linking of PAN card with Aadhaar has been made mandatory. The last date for linking is 31.08.2019.

14. **Investments :**

    Submitting Aadhaar to financial institutions is mandatory where you are doing mutual fund and other investments.

15. **Existing bank account holders :**

    Account holders are to provide Aadhaar to the banks where they hold account six months from the date of commencement of bank account.

16. **Book Upto 12 tickets in IRCTC website in a month by linking Aadhaar** :

    Now users are allowed to book upto 12 tickets in a month, if users get themselves verified through their Aadhaar number along with at least one passenger also being verified through Aadhaar. However, No Aadhaar Verification required for booking up to 6 tickets in a month.

JAM (Jan Dhan-Aadhaar-Mobile)

JAM (short for Jan Dhan-Aadhaar-Mobile) trinity refers to the government of India initiative to link Jan Dhan accounts, Mobile numbers and Aadhar cards of Indians to plug the leakages of government subsidies.

Ingredients of JAM

1. Government → Beneficiary: the challenge of identification

To identify beneficiaries, the government needed databases of eligible individuals. In this direction, the step of creating Aadhar card of all the individuals was initiated.

2. Government → Bank: the challenge of payment

After identifying beneficiaries, the government had to transfer money to them. For that every beneficiary needs a bank account and the government needs their account numbers. This constraint was significantly eased by the Pradhan Mantri Jan Dhan Yojana opening zero balance accounts.

3. Bank → Beneficiary: the last-mile challenge of getting money into people's hands

To get the money into people's hands, greater use of mobile payments technology is to be done. Mobiles can not only transfer money quickly and securely, but also improve the quality and convenience of service delivery.

TREAD

Trade Related Entrepreneurship Assistance and Development (TREAD) Scheme for Women

Women have been among the most disadvantaged and oppressed section of our country with regard to access to and control over resources. Problems faced by them continue to be grave particularly for illiterate & semi literate women of rural and urban areas In order to alleviate their problems, Govt. of India launched a scheme entitled " Trade Related Entrepreneurship Assistance and Development" (TREAD) during the 9th plan period which has slightly been modified and is now put in operation. The scheme envisages economic empowerment of such women through trade related training, information and counseling extension activities related to trades, products, services etc.

SALIENT FEATURES OF THE REVISED TREAD SCHEME FOR EMPOWERMENT OF WOMEN

1.Credit to Projects - Government Grant up to 30% of the total project cost as appraised by lending institutions which would finance the remaining 70% as loan Assistance to applicant women, who have no easy access to credit from banks due to their cumbersome procedures and the inability of poor & usually illiterate/semi-literate women to provide adequate security demanded by banks in the form of collaterals. GOI Grant and the loan portion from the lending agencies to assist such women shall be routed through eligible NGOs engaged in assisting poor women through any kind of income generating activities in non farm sector. For example if an NGO submits project(s) for a number of individual or group(s) women say for Rs. 50,000 each for a group of 50 women, then the loan amount required by 50 women would be Rs. 25 lakhs.

To it would be added the expenditure that the NGO will make in training / counseling of staff, part expenses on operationalising a management and monitoring system, vehicles, charges for legal documentation, training of loaners, auditors fees charged. Say duly approved by lending institutes, it works out to be Rs. 15 lakhs. Then the total project cost would be Rs. 25 + 15 = 40 lakhs. The GOI grant would be maximum up to Rs. 12 lakhs (30% of Rs. 40 lakhs).

2.Training & Counseling

Training organizations viz. Micro, Small and Medium Enterprises (MSMEs), Entrepreneurship Development Institutes (EDIs), NISIET and the NGOs conducting training programmes for empowerment of women beneficiaries identified under the scheme would be provided a grant upto maximum limit of Rs. 1.00 lakh per programme provided such institutions also bring their share to the extent of minimum 25%(10% in case of NER) of the Government grant. The batch size for such a training activity will be at least 20 participants. Duration of the training programme will be minimum one month. For example if a mention institution or eligible NGO wants to conduct a pre or post project training programme for a group of women then the maximum GOI grant can be Rs.1.0 lakh provided the NGO also raises 25% of the requested grant i.e. the total expenditure of the training expenditure can be up to Rs. 1.25 lakhs for availing full assistance of GOI grant.

3.Eliciting Information on Related Needs

Institutions such as Entrepreneurship Development Institutes (EDIs), NIMSME, NIESBUD, IIE, MSME-DIs EDIs sponsored by State Govt. and any other suitable institution of repute will be provided need based Government grant primarily for undertaking activities aiming at empowerment of women such as field surveys, research studies, evaluation studies, designing of training modules, etc. etc. covered under the scheme. The grant shall be limited up to Rs. 5 lakhs per project.

Pradhan Mantri Kaushal Vikas Yojana (PMKVY)

Pradhan Mantri Kaushal Vikas Yojana (PMKVY) is the flagship scheme of the Ministry of Skill Development & Entrepreneurship (MSDE). The objective of this Skill Certification Scheme is to enable a large number of Indian youth to take up industry-relevant skill training that will help them in securing a better livelihood. Individuals with prior learning experience or skills will also be assessed and certified under Recognition of Prior Learning (RPL). Under this Scheme, Training and Assessment fees are completely paid by the Government.

Key Components of the Scheme:

1. Short Term Training

The Short Term Training imparted at PMKVY Training Centres (TCs) is expected to benefit candidates of Indian nationality who are either school/college dropouts or unemployed. Apart from providing training according to the National Skills Qualification Framework (NSQF), TCs shall also impart training in Soft Skills, Entrepreneurship, Financial and Digital Literacy. Duration of the training varies per job role, ranging between 150 and 300 hours. Upon successful completion of their assessment, candidates shall be provided placement assistance by Training Partners (TPs). Under PMKVY, the entire training and assessment fees are paid by the Government. Payouts shall be provided to the TPs in alignment with the Common Norms. Trainings imparted under the Short Term Training component of the Scheme shall be NSQF Level 5 and below.

2. Recognition of Prior Learning

Individuals with prior learning experience or skills shall be assessed and certified under the Recognition of Prior Learning (RPL) component of the Scheme. RPL aims to align the competencies of the unregulated workforce of the country to the NSQF. Project Implementing Agencies (PIAs), such as Sector Skill Councils (SSCs) or any other agencies designated by MSDE/NSDC, shall be incentivized to implement RPL projects in any of the three Project Types (RPL Camps, RPL at Employers Premises and RPL centres). To address knowledge gaps, PIAs may offer Bridge Courses to RPL candidates.

3. Special Projects

The Special Projects component of PMKVY envisages the creation of a platform that will facilitate trainings in special areas and/or premises of Government bodies, Corporates or Industry bodies, and trainings in special job roles not defined under the available Qualification Packs (QPs)/National Occupational Standards (NOSs). Special Projects are projects that require some deviation from the terms and conditions of Short Term Training under PMKVY for any stakeholder. A proposing stakeholder can be either Government Institutions of Central and State Government(s)/Autonomous Body/Statutory Body or any other equivalent body or corporates who desire to provide training to candidates.

4. Kaushal and Rozgar Mela

Social and community mobilisation is extremely critical for the success of PMKVY. Active participation of the community ensures transparency and accountability, and helps in leveraging the cumulative knowledge of the community for better functioning. In line with this, PMKVY assigns special importance to the involvement of the target beneficiaries through a defined mobilisation process. TPs shall conduct Kaushal and Rozgar Melas every six months with press/media coverage; they are also required to participate actively in National Career Service Melas and on-ground activities.

5. Placement Guidelines

PMKVY envisages to link the aptitude, aspiration, and knowledge of the skilled workforce it creates with employment opportunities and demands in the market. Every effort thereby needs to be made by the PMKVY TCs to provide placement opportunities to candidates, trained and certified under the Scheme. TPs shall also provide support to entrepreneurship development.

6. Monitoring Guidelines

To ensure that high standards of quality are maintained by PMKVY TCs, NSDC and empaneled Inspection Agencies shall use various methodologies, such as self-audit reporting, call validations, surprise visits, and monitoring through the Skills Development ManagementSystem (SDMS). These methodologies shall be enhanced with the engagement of latest technologies.

The scheme will be implemented through the National Skill Development Corporation (NSDC).

NATIONAL SKILL DEVELOPMENT MISSION (NSDM)

The National Skill Development Mission was approved by the Union Cabinet on 01.07.2015, and officially launched by the Hon'ble Prime Minister on 15.07.2015 on the occasion of World Youth Skills Day.

The Mission has been developed to create convergence across sectors and States in terms of skill training activities. Further, to achieve the vision of 'Skilled India', the National Skill Development Mission would not only consolidate and coordinate skilling efforts, but also expedite decision making across sectors to achieve skilling at scale with speed and standards. It will be implemented through a streamlined institutional mechanism driven by Ministry of Skill Development and Entrepreneurship (MSDE).

Key institutional mechanisms for achieving the objectives of the Mission have been divided into three tiers, which will consist of a Governing Council for policy guidance at apex level, a Steering Committee and a Mission Directorate (along with an Executive Committee) as the executive arm of the Mission. Mission Directorate will be supported by three other institutions: National Skill Development Agency (NSDA), National Skill Development Corporation (NSDC), and Directorate General of Training (DGT) – all of which will have horizontal linkages with Mission Directorate to facilitate smooth functioning of the national institutional mechanism.

Seven sub-missions have been proposed initially to act as building blocks for achieving overall objectives of the Mission.

They are:

(i) Institutional Training,
(ii) (ii) Infrastructure,
(iii) (iii) Convergence,
(iv) (iv) Trainers,
(v) (v) Overseas Employment,
(vi) (vi) Sustainable Livelihoods,
(vii) (vii) Leveraging Public Infrastructure.

SYLLABUS

1.4: BUSINESS DYNAMICS AND ENTREPRENEURSHIP

Objective:

The objective of this course is to help students to understand the conceptual framework of management and to know about the entrepreneurial culture and industrial growth to manage in 21st century organizations.

UNIT 1: INTRODUCTION TO MANAGEMENT: **8 hours**

Concept and Nature –Types of Managers- Responsibilities and skills of Professional Manager- Functions of Management – Fayol's Principles of Management – Administration vs. Management– Management Process – Levels of Management – Approaches to the study of Management - Challenges of managing 21st century Corporations/Organisations.

UNIT 2: MANAGERIAL FUNCTIONS: **14 hours**

Planning - Concept, Significance, Types; Organizing -Concept, Principles, Theories, Types of Organizations; Authority; Responsibility; Power; Delegation; Decentralization; Staffing; Directing; Coordinating; Control - Nature, Process, and Techniques.

UNIT 3: HUMAN RESOURCE MANAGEMENT: **14 hours**

Meaning, Objectives, Functions, HRM Process, Job Analysis, Job Design, Recruitment, Selection, Placement, Training and Development, Retention of Employees, Performance Appraisal

UNIT 4: INTRODUCTION TO ENTREPRENEURSHIP: **12 hours**

Evolution of Entrepreneurship – Introduction to the concept of Entrepreneurs, Entrepreneurship and Enterprise - Reasons for growth of Entrepreneurship - Characteristics and Classification of Entrepreneurs – Intrapreneurs; Women Entrepreneurs - Problems and Challenges; Competency requirement for entrepreneurs

UNIT 5: GOVERNMENT SUPPORT FOR ENTREPRENEURSHIP: **8 hours**

Start-up India, Make in India, Atal Innovation Mission (AIM), Support to Training and Employment Programme (STEP), Jan Dhan, Aadhaar, Mobile (JAM), Digital India, Trade Related Entrepreneurship Assistance and Development (TREAD), Pradhan Mantri Kausalya Vikasyojana (PMKVY), National Skill Development Mission (NSDM). (Concepts only)