Subject: Organization and Management (4th year 1st semester)

1. **What is organization and explain its system approach? Why is it necessary?**

   **Organization** is a social entity in which two or more people work interdependently through deliberately structured patterns of interaction to accomplish a set of goals. In a dynamic sense, **organization** is the process of holding together a framework of position which can be used as management tool for the most effective pursuit of the goals of an enterprise.”

   **An organization** is a collection of people working together in a coordinated and structured fashion to achieve one or more goals.

   Organizations are:
   - As old as human race
   - Require at least two people interacting with each other
   - Cooperative efforts
   - Common objective
   - Coordination of man, machine and materials
   - Goal oriented system
   - Psychosocial system-working in group
   - Technological system-using the knowledge and technique
   - An integration of structure activities, people are working together

**System approach**

![System approach diagram]

*Fig: System approach*
According to this approach, an organization is considered as a unified, purposeful entity directed toward the common goal. This approach advises the managers to apply the holistic approach and also consider it as a part of the large external environment. Every system is goal-oriented. A system has different interrelated parts- sub-systems. A system has interactions with internal and internal environment forces, a system has certain boundary to differentiates it from its environment. A system runs through input-transformation process-output-feedback mechanism. A system may be considered a closed or open system. Open system has flexible boundary. A system has continuous inflow of information capital, equipment, human, technology, materials and energy etc. These come from environment. The input is taken for transformation process within the system and the final result is output from it. The output goes out in the environment. It has a feedback mechanism. Feedback is taken as the key to control. As the operation proceeds, the information through feedback is available for necessary adjustments and corrections.

A good organization is therefore necessary for the following reasons:

- Complexity of Industry
- Growing competition
- Optimum utilization of resources
- Reduced labor problem
- Fixation of authority and responsibility
- Co-ordination and directing efforts
- Facilitates Administration
- Stimulates Creativity

2. **What are the important principles to be followed for developing sound and efficient organization? Differentiate formal and informal organizations?**

Some of the important principles to be followed for developing sound and efficient organization structure are:

i. **Organizational structure**

The way managers design their firms to achieve their organization’s mission and goals. The objectives must be clearly defined for the entire enterprise, for each department and even for each position in the organization structure. There must be *unity of objectives* so that all efforts can be concentrated on achieving the set goals- at minimum cost.

ii. **Division of Labor and Departmentalization**

- **Division of labor** - Degree to which tasks are subdivided into separate jobs.
- Specialization can lead to efficiency and increased performance, but if jobs become too specialized and boring, performance can decrease.
• **Departmentalization** – Grouping of related activities into units.

iii. **Chain of Command**
- **Line of authority** from the top to the bottom of the organization. Tells you who your boss is and who to go to for help.
- To work quickly, employees at all levels need to communicate directly, and who the boss is can change according to the task to be performed.

iv. **Span of Management**
- It is the number of employees reporting to a manager.
- The number of employees reporting to one manager affects the number of levels of managers.
- With downsizing, the trend has clearly been to increase the span of management.

v. **Centralized and Decentralized Authority**
- With centralized authority, top managers make important decisions.
- With decentralized authority, middle and first-line managers make important decisions where the action is.
- Decentralization allows more input into decision making and greater employee commitment to carrying out the decisions.

vi. **Coordination**
- With the division of labor and departmentalization comes the need to coordinate the work of all departments.
- Is difficult with wider spans of management and decentralization.

vii. **Simplicity**
The organization structure should be simple with *minimum number of levels*. If the organization structure has a large number of levels, the problem of effective coordination and communication may arise.

viii. **Flexibility**
The organizational structure should be flexible enough to permit slight alternations and expansions whenever needed, due to changed circumstances.

ix. **Communication**
Not only executive should pass down information to the subordinates, there should be feedback i.e., replies should come from those who receive information. For better results it should have *free two-way communications*. 
The difference between formal and informal organization are:

<table>
<thead>
<tr>
<th></th>
<th>Formal organization</th>
<th>Informal organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Creation</td>
<td>Managers formally decide what working relationship is required to attain the goals.</td>
<td>There is no formal decision as to the informal organizations.</td>
</tr>
<tr>
<td>2. Basis</td>
<td>It has the base of authority delegated from the top level management.</td>
<td>Likings become the basis for developing informal groups. Like-minded people associate to form a group.</td>
</tr>
<tr>
<td>3. Focus</td>
<td>Formal organization focuses on comprehensive and effective work performance for attaining the goals.</td>
<td>Informal groups focus on the satisfaction of individual needs not satisfied through formal relations.</td>
</tr>
<tr>
<td>4. Size</td>
<td>Formal groups are moderate or large in common.</td>
<td>Informal groups are generally small in size. If the size grows larger, it may split.</td>
</tr>
<tr>
<td>5. Life</td>
<td>Life of formal groups is determined by the goals for which they are created. It is generally long.</td>
<td>Life of informal groups is quite uncertain. It is in existence for a short period of time.</td>
</tr>
<tr>
<td>6. Rules and Regulations</td>
<td>Well developed formal rules govern the activities of formal groups.</td>
<td>The groups norms, values and culture govern the conduct of its members. It is unwritten.</td>
</tr>
<tr>
<td>7. Communication</td>
<td>Formal channel of communication is wielded to fit the need of the organization.</td>
<td>The channel of communication is not specific. Anybody has free access to knowledge and</td>
</tr>
</tbody>
</table>
3. **What are the functions of management? List out the steps followed for planning and its advantages.**

   The functions of management are as follows:
   
   a. Planning  
   b. Organizing  
   c. Staffing  
   d. Directing  
   e. Motivating  
   f. Controlling  
   g. Coordinating  
   h. Communicating  

   **The steps followed for planning are**
   
   a. Determination of objectives.  
   b. Establish planning premises and constraints.  
   c. Decide the planning period.  
   d. Collection, classification and processing of information.  
   e. Deciding alternative courses of action.  
   f. Evaluation of alternative.  
   g. Selection of best plan.  
   h. Subsidiary plans to aid master plan.  
   i. Controlling plans.  

   **Advantages of planning**
   
   a. Maximum utilization of resources.  
   b. Reduces uncertainty.  
   c. Basis for managerial action.  
   d. Basis for control.  
   e. Encourages innovation and creativity.
4. Explain different levels of management? What are the qualities of good manager?

The different levels of management are

i. **Top level management**
   - Responsible for the performance of all departments and have cross-departmental responsibility.
   - Establish organizational goals and monitor middle managers
   - Decide how different departments should interact
   - Ultimately responsible for the success or failure of an organization
   - Includes Board of Directors, CEO, Chairman, Officer etc.

ii. **Middle level management**
   - Responsible for finding the best way to organize human and other resources to achieve organizational goals
   - Establish organizational goals and monitor middle managers
   - Includes Head of Department, Section officer etc.

iii. **Lower level management**
   - Responsible for daily supervision of the non-managerial employees who perform many of the specific activities necessary to produce goods and services.
   - Includes Foreman, Supervisor, Inspector, Superintendent, Workers
   - The qualities of good manager are
     a. Technical skills
     b. Analytical skills
     c. Decision-making skills
5. **What are the different models of management?**

   Based on the different practices, there are seven different models of management.
   1. Hierarchical management Model
   2. Task oriented management model
   3. Allocational management model
   4. Transactional management model
   5. Team effort management model
   6. Knowledge oriented management model
   7. Goal concentrates management model

6. **Differentiate between scientific and administrative management approach?**

   The difference between scientific and administrative management approach are

   **Scientific management approach**

   The utility of scientific methods to problems of management was first of all introduced by F.W. Taylor in America (1865-1915). He is regarded as a “Father of Scientific Management”.

   Scientific management may be defined as ‘art of knowing exactly what is to be done and the best way of doing it”.

   It is the result of applying scientific knowledge and the scientific methods to the various aspects of management and the problems that arise from them. It tries to make the best use of production resources (men, materials, machines, capital etc.)

   The scientific management approach advocated that rationally on the part of management improves economic efficiency of an organization.

   The primary emphasis of scientific management was on planning standardizing and improving human effort at the operative level in order to maximize output with minimum input.

   **Principles of scientific management**

   i. Development of science for each element of work.
   ii. Scientific selection, placement and training of workers.
   iii. Division of labor.
   iv. Standardization of methods, procedures, tools and equipment.
   v. Use of time and motion study.
   vi. Differential wage system.
   vii. Co-operation between labor and management.
   viii. Principle of management by exception.
**Administrative management approach**

Administrative theory of management was initiated by H. Fayol, a French engineer-cum-manager in Europe and his followers contributed a lot to the administrative theory of management.

*H. Fayol* is known as a “Father of Modern Management”. First person to analyze the functions of management.

He established the pattern of management and the pyramidal form of organization. He pointed out the technical ability is more dominating on the lower level of management whereas managerial ability is more important on the higher level of management.

Fayol analyzed the process of management and divided the activities of an industrial undertaking six groups:

i. **Technical activities** (production, manufacture, adaptation)

ii. **Commercial activities** (purchasing, selling and exchange)

iii. **Financial activities** (optimum use of capital)

iv. **Security** (protection of property and persons)

v. **Accounting** (stock taking, balance sheet, costing, statistics)

vi. **Managerial** (planning, organizing, commanding, coordinating and controlling)

**Principles of administrative management approach**

i. Division of work

ii. Authority and responsibility

iii. Discipline

iv. Unity of command

v. Unity of Direction

vi. Emphasis on subordination of personal interests to general or common interest.

vii. Adequate remuneration to personnel.

viii. Centralization.

ix. Scalar chain or line of authority.

x. Order

xi. Equity

xii. Stability of workers

xiii. Initiative.

xiv. Team spirit.

7. **What is behavioral management approach? Write down its significance in management?**

*A.H. Maslow* developed a need hierarchy to explain human behavior within an organization. The knowledge of individual and group behavior enables to develop
suitable work atmosphere or situations which can increase productivity as well as employee satisfaction.

Behavioral approaches have clearly pointed out that job conditions and the job itself are the motivators that can satisfy the needs of both employees and the organization.

These motivators are recognition, sense of belonging, challenging job, independence, participation achievement, enlargement and enrichment of job itself.

The significance of management are
a. The more efficient and effective use of scarce resources that organizations make of those resources, the greater the relative well-being and prosperity of people in that society.
b. Helps people deal with their bosses and coworkers.
c. Opens a path to a well-paying job and a satisfying career

8. **What are the four streams under modern management approach?**
   The four streams under modern management approach are
   i. Quantitative approach to management.
      The scientific approach of Taylor could be classified as an early form of **quantitative approach to management**.
      The basic approach is the construction of a quantitative model. The construction of the model expresses the effectiveness of the system under study as a function of a set of variables at least one of which is subject to control.
      **Essential features of quantitative approach:**
      a. Management must make use of **mathematical tools** and techniques (e.g. Use of equations) for problem solving.
      b. Operational research, mathematical tools, simulation and model building are the basic methodologies developed by this approach. It has helped the management in **systematizing thinking**.

   ii. System approach to management.
      **The system approach** is the recent contribution to management thought developed in the late 1960s.
      The prominent contributors to this approach are Kenneth, Boulding, Johnson, Rosen Zweig and Churchman. In relation to organization, system is defined as, ‘an established arrangement of components which leads to accomplishment of particular objectives as per plan’.
iii. Contingency approach to management.

The major contributors to this thought are Joan Woodward, Fiedler, Lorsch and Lawrence. **The contingency approach to management** is based upon the fact **there is no one best way to handle any of the managerial problems**.

The application of management principles and practices should be appropriate to specific situations (existing circumstances) in order to achieve best possible result. **Process, behavioral, quantitative and systems tools of management should be applied situationally.**

There are three major parts of the overall conceptual framework for contingency management:

a. Environment.

b. Management concepts, principles and techniques.

c. Contingent relationship between a) and b) above

iv. Operational approach to management.

Knootz, O’Donnell and Weihrich eminent writers of management have adopted the **operational approach to management**.

The operational approach regards management as **a universally applicable body of knowledge that can be brought to bear all the levels of managing and in all types of enterprises.**

**The approach further recognizes that the actual problems which managers face and the environment in which they operate may vary between different enterprises and levels and it also recognizes that the application of science by a perspective practitioner must take this into account in drawing and designing practical problem.**

9. **Differentiate between single ownership and partnership business with advantages and disadvantages.**

The differences between single ownership and partnership are as follows:
<table>
<thead>
<tr>
<th>Single ownership</th>
<th>Partnership business</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. It has single owner who is responsible for making decision for the company.</td>
<td>i. It consists of two or more individuals who share the responsibilities of running the company.</td>
</tr>
<tr>
<td>ii. It starts when a single owner decides to open a business from his own investment.</td>
<td>ii. It starts when two or more individuals decide to go to business with individual investments.</td>
</tr>
<tr>
<td>iii. Profit and losses are not distributed among partners as it has only single owner.</td>
<td>iii. Profit and losses are shared among partners.</td>
</tr>
<tr>
<td>iv. It has high risks because the owner alone hat to suffer the losses.</td>
<td>iv. It has minimized risks.</td>
</tr>
<tr>
<td>v. Single ownership business is difficult to manage as all decisions are taken by the owner himself.</td>
<td>v. It is easy to start and manage because multiple partners are involved in making decisions.</td>
</tr>
</tbody>
</table>

10. Describe Joint Stock Company with their types, formation, advantages and disadvantages.

- **Joint-Stock Company** is a business entity where different stakes can be bought and owned by shareholders. Each shareholder owns company stock in proportion evident by his or her shares.
- It allows for the unequal ownership of the business for example some shareholder owns larger proportion of the business and some owns smaller proportion of the business.
- The profit of each shareholder is determined by the proportion owned by the shareholder.

The types of the joint stock companies are as follow:

I. **According to incorporation:**
   a. **Chartered companies:**
      These types of companies are incorporated under royal charter issued by king or head of state. Under the charter, certain exclusive rights and privileges are granted to the company for undertaking certain commercial activities. Example “East India Company”.

   b. **Statutory companies:**
      These companies are formed under special act of parliament. A parliament passes special act to form such companies. The objects,
power, rights are clearly defined in the act. For example Nepal Rastra Bank, RNAC etc.

c. **Registered companies:**
   In general these companies are established under the company act of the country concerned. In our countries most of the companies has been established under the provisions of company act.

II. **According to liability:**
   a. **Companies limited by shares:**
      Capital of the company is divided into shares and the capital is also divided into shares. Any person can become member of a company by purchasing shares.
   
   b. **Companies limited by guarantee:**
      These companies are formed by giving a written guarantee that members will pay up to certain fixed amount in the event of liquidation of the country. They may or may not have share capital.
   
   c. **Unlimited companies:**
      The companies registered without limiting the liability of shareholders to the values of shares are called unlimited companies. Such companies are not usually found.

III. **According to number of members:**
   a. **Private company:**
      Can be formed with one member but the maximum number of shareholders cannot exceed 50. Shares are sold among its members only.
   
   b. **Public company:**
      A minimum of seven members is required to register a public company. There is no restriction on number of shareholders. The shareholders are free to sell their shares in the market.

**Advantages:**

I. Company is managed on behalf of the shareholders by the board of directors elected at annual general meeting.
II. Shareholders have the right for voting either to reject or accept the annual report.
III. Individual shareholder can sometime stand for directorship of the company.
IV. Efficient management of profit and losses among the shareholders.
V. Better management system.
Disadvantages:
I. Profit depends on the proportion owned by the individual shareholder.
II. Unequal distribution of profit and losses among shareholders.
III. Shareholders are responsible for any debt that exceeds the company ability to pay.

11. Explain co-operative societies with advantages and disadvantages.
Co-operative society is an autonomous association of persons united voluntarily to meet their common economic, cultural and social needs and aspirations through jointly-owned and democratically controlled enterprises.

Co-operative society is another means for forming a legal entity to conduct business rather than forming a company.

There are certain principles in which co-operative society operates.
I. Voluntary and open membership.
II. Democratic control, one member one vote.
III. Autonomy and independence.
IV. Promoting economic activities.
V. Promoting education and information technologies.
VI. Co-operations among co-operatives.
VII. Concern for the economical and ecological environment.

Advantages:
I. Open membership for people.
II. It is subjected to control so as to prevent fraud and ensure that every member enjoys equal rights and benefits.
III. Easy to form and organize.
IV. Pools human resources in the spirit of self and mutual help.
V. Improves co-operation among members.

Disadvantages:
I. There are restrictions on profit disposal and rules to sustain co-operate governance.
II. Other than registered co-operative society or unless approved by the chief executive no one shall trade or carry out business under any name or title of which the word co-operative is part of.
III. Contains certain rules that are to be followed at any cost.

12. Explain public corporations with advantages and disadvantages.
• It is the corporations owned and operated by the government, established for the administration of certain public programs.
• It is also called state-owned enterprises and nationalized industries.
• The chairman and board of managers are appointed by the government.
• They are responsible for day to day management but are accountable to the government.
• The funds come from the government, from government approved loans and from the private sectors.
• Public corporations do not seek to make profit but their aim is to work in public interest.

Advantages:

I. They base their decisions on the full costs and benefits involved.
II. They can be used to influence economic activities. To boost the country output, public corporations can be directly encouraged to increase their output.
III. Ownership of the whole industries by the government makes planning and coordination much easier.
IV. Their main purpose is to charge low price and produce good quality as other domestic industries depends on them. (For example electricity and transport).

Disadvantages:

I. For larger organization it may be difficult to manage and control.
II. They may be insufficient, produce low product and charge high price, due to lack of competition and the knowledge that they cannot go bankrupt.

III. What is purchasing? Write down the functions of purchasing department?
IV. What are the different methods of purchasing?

13. What is organizational structure? Differentiate between line and functional organization?

Organizational Structure:

¬ Skeleton or a framework designed to divide the total activities into related groups, develops superior and subordinate relationship among the persons by prescribing the authorities.
¬ Structure of the employee hierarchy, authority and reporting relationships.
¬ Organizational structure varies with Industry & is controlled by:
  ¬ Size of the organization.
  ¬ Nature of the product being manufactured.
Complexity of the problems being faced.

**Line Organization V/S Functional Organization:**

**Line Organization**

- Also called as Military or Scalar organization.
- Line of Authority:
  - Top-down Flow
- Line of Responsibility:
  - Bottom-Up Flow.
- Business Activities are grouped into three classes.
  - Finance or accounts
  - Production
  - Sales (distribution)
- Each then further divided into sections (self-contained departments)

**Functional Organization:**

- An upgrade to line organization; to overcome its main disadvantage of difficulty in finding all-round qualified persons to work at middle management levels.
- Division of managerial activities so that a next level manager has a least possible functions to perform with intense specialty.
- The specialists include production engineer, design engineer, maintenance engineer, purchase officer, etc.
- Each specialist is chosen to give his functional advice to all other foreman and workers in regard of his field of specialization.
Fig. Line Organization
14. What are advantages of line and staff organization over line organization and functional organization? Explain committee organization and its types.

Advantages of Line and Staff Organization:

- Planned specialization.
- Well defined authority and responsibility.
- Availability of specialized knowledge.
- Adaptability to progressive business.
- Less wastage.
- Improved quality.
Committee Organization:

• Not a separate type of organizations but is a formal part of organization structure found at all hierarchies.

• A formally organized group of individuals formed for the purpose of giving advice on certain important problems, which cannot usually be solved by an individual.

• Committee members meet repeatedly, discuss, decide and recommend solution to certain problems of the organization.

Types of Committee Organization:

• Ad-HOC Committee:
  formed temporarily for some specific temporary function only.

• Permanent Committee:
  formed when the nature of work is of repetitive type.

eg. Research Committee, Purchase Committee.

Purchasing & Functions of Purchasing Department:

Purchasing:

First phase of materials management
A function responsible for getting the materials, supplies and equipments of right quality, in the right quantities from the right source, at the right prices and at the right time (5R’s of efficient purchasing)

Functions of Purchasing Department:

➤ Maintain records of materials indicating materials that can be used as substitute.
➤ Maintain records of reliable source of supply and prices for each type of material required in the organization.
➤ Review material specifications with a view to simplifying and standardizing them.
➤ Calling quotations.
➤ Analyze quotations and making contacts with right sources of supply.
➤ Placing order and necessary follow up of supplies.
➤ Maintain records of all purchases.
➤ To make sure through inspection that right quality of material in right quantity has been purchased.
 Checking and approving choices.  
 Checking requisitions.  
 To prepare purchase budget.  
 To ensure that the material is purchased at right time and at economical rates.  
 To prepare up-to-date list of materials required for different departments/sections.  
 To maintain uninterrupted supply of materials to various production sections.  
 To act as liaison between the vendors and different departments of the concern such as production, quality control, finance, maintenance etc.  
 To ensure prompt payment to vendors. This will help to improve vendor-vendee relations and increase in reputation of the firm.  
 To handle sub-contracts at the time of high business activity.  
 Develop new sources of supply.  
 To maintain inventory at optimum level.  
 To take decision about disposal of salvage and a scrap.  

16.  
**Methods of Purchasing:**  
Methods of purchasing depend on size of industry and nature & quantity of materials & are discussed below:  

**Purchasing by Requirements:**  
- Also called as ‘hand-to-mouth buying’  
- Purchased whenever the need arises  

**Purchasing for Specified Period:**  
- Standard materials required regularly for the operation and maintenance of the plants, offices and departments are purchased in quantities sufficient for specific future period,  
- Production schedules are usually the controlling factors in determination of the period.  

**Market purchasing:**  
- Material requirements based on production planning are calculated and market trends are analyzed before making purchases.  
- The materials are purchased in advance of future need when the prices are low and likely to rise in future.  
- Analyses the prevailing market conditions and price fluctuations.  

**Speculative purchasing:**  
- An attempt to gain considerable profit by buying an excess of materials when prices are considered to be at low point.  
- It makes price trends the primary factor in buying and gives less regard to the strict material requirements of the business.  

**Rate contract purchasing:**
Contracts are given to suppliers to supply the material at agreed prices for a certain period (say 2-3 years).

Contract is subjected to review with an appropriate period of notice.

Many concerns dealing in large quantities of basic materials prefer to supply the materials on the contract basis over a period of time.

**Group purchasing:**

- In this method, the materials are purchased in groups or lots in one order instead of placing separate orders for each item

**Purchasing through Directorate General of supplies and disposal:**

- Purchases through contract with various firms for supply of certain materials to government departments during the year at agreed rates.
- The firms have to certify that they are not supplying the same materials at rates lesser than the mentioned in the contract.
- Whenever the various government departments require the materials under rate contract, they place the orders directly to the concerned firms and purchase the material at rate contract prices.

---

17. What is marketing? Write down its functions.

Marketing is the management process through which goods and services move from concepts to the customers. **Marketing** is communicating the value of a product or service to customers, for the purpose of selling that product or service.

**Marketing** is defined as the process of determining the needs and wants of consumers and being able to deliver products that satisfy those needs and wants

**FUNCTIONS OF MARKETING**

Marketing adds value to the product by the specific functions it performs. The basic functions of marketing are:

1. **Involving ownership transfer.**
   
   i. **Buying** - people have the opportunity to buy products that they want.
   
   ii. **Selling** - producers function within a free market to sell products to consumers.

2. **Involving physical distribution.**
   
   i. **Transport** - products must be physically relocated to the locations where consumers can buy them. This is a very important function. Transportation includes rail road, ship, airplane, truck, and telecommunications for non-tangible products such as market information.
ii. **Storage** - products must be stored and protected until they are needed. This function is especially important for perishable products such as fruits and vegetables.

iii. **Storage** - products must be stored and protected until they are needed. This function is especially important for perishable products such as fruits and vegetables.

3. **Facilitating (A and B functions)**

   i. **Standardization and Grading** - Many products are graded in order to conform to previously determined standards of quality. For example, when you purchase US No. 1 Potatoes, you know you are buying the best potatoes on the market.

   ii. **Financing** - banks and other financial institutions provide money for the production and marketing of products.

   iii. **Risk bearing** - insurance companies provide coverage to protect producers and marketers from loss due to fire, theft, or natural disasters.

   iv. **Market Information** - information from around the world about market conditions, weather, price movements, and political changes, can affect the marketing process. Market information is provided by all forms of telecommunication, such as television, the internet, and phone.

18. What is advertising? Write down the purpose and significance of advertising?

   The word ‘Advertising’ has been derived from Latin term ‘*adverto*’. ‘ad’ means towards and ‘verto’ meaning to turn i.e. to turn the attention of the people towards the product.

   Advertising and promotion are integral part of the marketing effort. It is a form of marketing communication used to persuade an audience to take or continue some action, usually with respect to a commercial offering, or political or ideological support.

   **Purpose of advertising**

   The purpose of advertising may also be to reassure employees or shareholders that a company is viable or successful. Advertising messages are usually paid for by sponsors and viewed via various old media; including mass media such as newspaper, magazines, television advertisement, radio advertisement, outdoor advertising or direct mail; or new media such as blogs, websites or text messages.

   **Significance of advertising**
Advertising has great significance in launching a new product, as people might not know about the product. Advertisement can also greatly increase the selling of the product. Advertisement can make a product’s income to grow.

e.g. In Nepal people refer soft drink as “coke” due to its name in the market.

19. Suppose you are an executive head of a hydropower project. Which type of ownership would you prefer? And why? Suggest suitable organizational structure for it with figure.

If I were an executive head of a hydropower project, I would prefer joint stock company because a hydro-power project requires a large capital and time and requires many human resources also. In joint stock company there are many shareholders and the capital is accumulated by the joint effort of these shareholders. There is managing body known as “Board of directors”, elected by shareholders, to take important decision of the company.

Advantages of joint stock company

i. Huge capital.
ii. Economies of large scale.
iii. Democratic.
iv. Permanent existence.
v. Legal control.
vi. Share transferable.

20. What is personnel management? Write down its functions.

Personnel Management is that part of total management of an organization which specifically deals with human resources of

i. their procurement,
ii. their development in terms in skills, knowledge and attitude,
iii. their motivation towards the attainment of organizational objectives,

by creating and maintaining an organizational climate conductive to such development.

Personnel management has the following functions.
i. Development of personnel policy.

ii. Proper Manpower planning.

iii. Recruitment and effective selection of manpower.

iv. Analysis, description and valuation of the work.

v. Compensation and schemes of appraisal of the work.

vi. Keeping records of personnel.

vii. Welfare and safety programs.

viii. Training and development of manpower.

ix. Wages and salary administration.

x. Collective bargaining (negotiations with trade unions).

xi. Promotions, transfers and retirement of employees.

21. What are the objectives of personnel policies? What must a good personnel policy include?

Personnel policies serve as a guide to the subordinates in taking quick decisions. Policies are not objectives. They are only means to end. Policies are formulated to achieve personnel and organizational objectives. For example, the policy of promotion from within may be formulated with the objective of individual development.

The chief objectives of personnel policies are:

- maximum development of workers, maximum use of their abilities, skill and talents.
- Good labor relations.
- safeguard the interest of labor and customers etc.

22. What is manpower planning? What are the factors and steps in manpower planning?

Manpower planning may be defined as, the scientific process of allocating the right quantity of right men to be required in future at right time on the right job. Manpower planning helps to utilize the present employees fully and to fill up future manpower requirements. As
Manpower is very crucial part of a company. So, manpower planning is a very important aspect in a development of a company.

**Factors affecting Manpower planning.**

i. Total Working hours.

ii. Number of shifts a worker does in a day.

iii. Classification according to the Nature of production.

iv. Performance rate.

v. Hours lost.

**Steps in Manpower planning.**

i. Understanding the business activities.

ii. Identification of tasks.

iii. Manpower forecast.

iv. Job analysis

v. Reviewing the existing manpower.

vi. Anticipating the availability of manpower from external sources.

vii. Manpower management.

**23. What is recruitment? What are the steps in selection of manpower?**

Recruitment is the hiring of the new employee in a company, considering the qualification, experience, etc of a person. The sources of manpower supply for different categories of workers (unskilled, semi-skilled and highly skilled) can be broadly classified as:

i. Internal i.e. recruitment from within the industry.

ii. External i.e. recruitment from outside. (former employees, recommendations, employment exchange, advertisement, applications at the gate, educational and academic institutions, labor unions).

“Recruitment is the development and maintenance of adequate manpower resources. It involves the creation of a pool of available labor upon whom the organization can depend when it needs additional employees.” – Dales S. Beach
Scientific selection

A scientific selection procedure ensures the selection of suitable candidate for a particular job. The object of scientific selection is to place on each job a worker who can maintain a given output with minimum expenditure of energy and who will be best fitted to the job, “right person for the right job”.

Methods of Selection (Selection procedure)

1. Receipt of applications.
2. Scrutiny of applications (preliminary screening)
3. Preliminary interview.
4. Application blank.
5. Employment (intelligence, trade, psychological, aptitude, interest, personality) test
7. Reference check.
8. Medical examination.

24. What are the benefits of training? Write the different methods of training workers?

Training may be defined as a well thought and well planned processes of conscious learning of new knowledge and skills for improving the learner’s ability to perform certain tasks and activities, more efficiently and effectively, in immediate/near future, with active support of some other individuals.

Benefits/advantages of training

1. Increased productivity.
2. Higher Employee morale.
3. Reduced accidents.
4. Reduction in spoilage, wastage and optimum utilization of resources.
5. Reduced supervision.
6. Increased organizational stability and flexibility.
7. Self Development versatility and adaptability.
8. Reduced turnover and absenteeism.
9. Reduction in machine breakdown and maintenance cost.
10. Increase in earning of the employees.

**Methods of training workers**

1. **Demonstration:** In this, the supervisor/instructor actually demonstrates how to do a certain task which can be seen in small concerns like workshops, auto repair shops etc. E.g. the instructor shows how to perform a certain job on a center lathe.

2. **On-the-job training:** In this, the supervisor gives instructions to a new worker, explains the nature of work, the use of machine and tools, safety precautions etc. and shows how it is being done by an experienced worker.

3. **Vestibule training:** It is a special training school for training the employees. An attempt is made to duplicate as nearly as possible the actual equipment, material and conditions in a real work situation.

4. **Apprenticeship:** It is used to develop all round craftsmen (machinist, tool makers, millwrights, fitters, welders). It is generally best suited to the large firm with a steady demand for skilled labor.

25. **Differentiate between job analysis, job evaluation and merit rating?**

**Job analysis** is a family of procedures to identify the content of a job in terms of activities involved and attributes or job requirements needed to perform the activities. Job analysis provides information to organizations which helps to determine which employees are best fit for specific jobs. Through job analysis, the analyst needs to understand what the important tasks of the job are, how they are carried out, and the necessary human qualities needed to complete the job successfully.

**A job evaluation** is a systematic way of determining the value/worth of a job in relation to other jobs in an organization. It tries to make a systematic comparison between jobs to assess their relative worth for the purpose of establishing a rational pay structure.

Job evaluation needs to be differentiated from **job analysis**. Job analysis is a systematic way of gathering information about a job. Every job evaluation method requires at least some basic job analysis in order to provide factual information about the jobs concerned. Thus, job evaluation begins with job analysis and ends at that point where the worth of a job is ascertained for achieving **pay equity** between jobs.

**Merit rating.**
Merit rating is computation of an insurance premium for a particular risk on the basis of its individual loss-causing characteristics.
the rating of an employee by systematic evaluation of his proficiency in a job.

26. What are the factors affecting wages? Illustrate different types of incentives.

- The Factors affecting the wages are:

1. Demand and supply position in labor market.
2. Legal or statutory provisions.
3. Capacity to bargain.
4. Cost of living index.
5. The nature of employment/the nature of risk involved.
6. Organization’s ability and willingness to pay.
7. Regularity and irregularity of employment.
8. Supplementary incomes.
9. Working hours.
11. Period and cost of training.

An incentive scheme may be defined as, “A system of wage payment under which the earnings of an employee, or a group of employees, or all employees in an organization is directly related to the output of an acceptable quality and over and above a standard laid down by means of predetermined formula.” The different types of incentives are:

1. Financial incentives -(Bonus - Profit sharing)
2. Non-financial incentives- (praise of work, service security, training)
3. Semi- financial incentives-(subsidized lunch, recreational and medical facilities, pension)
4. Individual incentive scheme- (based on the individual performance)
5. Group incentive scheme- (based on the collective performance of his work group)

27. What is motivation? Describe Maslow’s hierarchy of human needs.

- The term motivation is derived from the word ‘motive’ which may be defined as needs, wants, drives or impulses within an individual.

‘Motivation is a general term applying to the entire class of drives, desires, needs, wishes and similar forces that induce an individual or a group of people to work.’

From the definitions, it is clear that motivation has two aspects:
1. The knowledge of human needs.

2. To inspire the employees to their best towards the goals of the enterprise. The employers use the finding of the study of motivation in making their employees’ work more and better in the accomplishment of the organization’s objectives through satisfaction of the employee’s needs.

Maslow’s hierarchy of human needs:

Maslow advanced three important propositions about human behavior.

1. Men are wanting being: Their needs are unlimited and continuous. As soon as one need is satisfied, another appears in its place. The process is unending. It continues from birth to death. It keeps man to work continuously.

2. Fresh needs can motivate persons to work: A satisfied need is not a motivator of behavior, only the needs which are not satisfied are capable of motivating individuals.

3. Man’s needs have a hierarchy of importance: According to Maslow man’s needs are arranged in a series of levels. He classified the needs into five ascending levels, in which each level must be satisfied before going on to the next. The lower level needs have priority over higher level needs.

The needs can be broadly classified into two categories as follows:

1. Primary needs:
   i. Physiological (basic): Satisfying basic needs for food, shelter, clothing, water, air, sleep, sex etc.
   ii. Safety: Safety from physical harm. Protection against deprivation, danger, threat etc.

2. Secondary needs:
   i. Social: Desire to be accepted, liked and loved.
   ii. Ego/esteem: Recognition and need for self-respect, status, independence etc.
   iii. Self-realization: Ability to realize one’s capabilities and to work for one’s interest (self-development, self-advancement).
28. What makes the study of motivation complicated? What are the different types of motivation?

There are many different forms of motivation. Each one influences behavior in its own unique way. No single type of motivation works for everyone. People’s personalities vary and so accordingly does the type of motivation, that is most effective at inspiring their conduct.

- **Incentive**: A form of motivation that involves rewards, both monetary and nonmonetary is often called incentive motivation. Many people are driven by the knowledge that they will be rewarded in some manner for achieving a certain target or goal. Bonuses and promotions are good examples of the type of incentives that are used for motivation.

- **Fear**: Fear motivation involves consequences. This type of motivation is often one that is utilized when incentive motivation fails. In a business style of motivation often referred to as the, “carrot and stick,” incentive is the carrot and fear is the stick.

- **Achievement**: Achievement motivation is also commonly referred to as the drive for competency. We are driven to achieve goals and tackle new challenges. We desire to improve skills and prove our competency both to others and to ourselves. Generally, this feeling of accomplishment and achievement is intrinsic in nature.
• **Growth:** The need for self-improvement is truly an internal motivation. A burning desire to increase our knowledge of ourselves and of the outside world can be a very strong form of motivation. We seek to learn and grow as individuals.

• **Power:** The motivation of power can either take the form of a desire for autonomy or other desire to control others around us. We want to have choices and control over our own lives. We strive for the ability to direct the manner in which we live now and the way our lives will unfold in the future.

• **Social:** Many people are motivated by social factors. This may be a desire to belong and to be accepted by a specific peer group or a desire to relate to the people in our sphere or in the larger world. We have an innate need to feel a connection with others. We also have the need for acceptance and affiliation.

29. Differentiate between attitude, group and executive motivation. List the techniques of motivation.

- The differences between attitude, group and executive motivation are:-

  **Attitude or self motivation:** Being self-motivated means being ready for driven, focused discussion and behavior. It also means being sharp and smart enough not to be manipulated and to be open to positive learning. Being in this state of mind is the challenge!

  **Causes of decrease in self-motivation.**
  1. Monotonous work.
  2. Driven by boss.
  3. Bad physical condition.
  4. Does not get along with associates.
  5. Financial problem

  **Effects of decrease in self-motivation.**
  1. Unwilling to work.
  2. Creates sympathy.
  3. Inferiority complex.

  **Solutions to decrease in self-motivation.**
  1. Making the job more interesting.
  2. Thinking constructively.
  3. Making the best possible use of one’s strong points and not dwelling on weakness.
  4. Adopting oneself to the situation.
  5. Acquiring the sensible and worthwhile principle of life.

  **Group Motivation:**
  Motivated by group of people
**Necessities of Group Motivation**

- Fairness
- Truthfulness
- Honesty
- Loyalty
- Stability
- Tolerance
- Ability to assume responsibility and co-operation
- Constructive criticism
- Compromise when necessary
- Orderliness in mind and action
- A sense of humor

**Executive Motivation**

- Greater degree of the need for achievement.
- Concerned more about actualization, esteem and social needs.

**Techniques**

- They are doing something that they call their own.
- They do tasks they have set for themselves.
- They can see what they have done.
- They feel that their job is important.
- They are secure.
- Challenge in work.
- Belief in the value of the work.

**Reasons for low executive motivation.**

- Unsatisfactory bosses.
- Advancement is limited.
- Poor pay.
- Security threatened.

30. Describe McGregor’s theory X & Y. What is fear and punishment theory?

According to Michael J.Jusisus “**motivation, simply defines as the act of stimulating someone to take a desired course of action.**”

The concept of Theory X and Theory Y managers was first developed by Douglas McGregor. He was able to show that Theory Y managers are better able to create employee engagement.

**Theory X workers:**

- Don’t like working
- Do as little as they can get away with
• Don’t like things to change
• Need to be told what to do
• Can’t be trusted to make a decision
• Are only interested in MONEY
• Must be closely watched
• Can’t be trusted or relied on

**Theory Y workers:**

• Enjoy their work
• Will work hard to get rewards
• Want to see new things happening
• Will work independently
• Can be trusted to make decisions
• Are motivated by things other than money
• Can work unsupervised

**Technique of motivation:**

1. **Money:** Almost all the employee work for money. Monetary rewards motivate them. It should be based on performance. It should be sufficient to maintain daily necessities and save for future. One thing is crystal clear that the desire to earn more money is a never ending greed for almost all people. So how much money motivates for how long is a debate with no end.

2. **Job Redesigning:** People like to work with the job they like and are efficient for. Some like job simplification, other prefers job rotation, and still other feels joy in job enlargement. Some people opt for advanced roles through job enrichment. No single way out is fit for all of them.
3. **Modified work Schedule**: socio-cultural environment level of employment personal needs etc. determine how many days a week, and how much time a day people want work. Number of holidays, flex time, job sharing, group work, homework etc. should be altered to motivate employee.

4. **Behavior Modification**: It is planned change in employee work behavior without the use of force. Managerial policies and programmers are set to influence employees and get improved and quality work output from their behavioral change. The steps involved are:
   a. Know expected employees work behaviors.
   b. Measure employee present performance levels.
   c. Evaluate employees work output of performance.
   d. Design intervention strategy.
   e. Implement the strategy and find employees behavior change on the job.

5. **Employee Participation**: It may take any or more than one of the techniques listed below:
   a. Suggestion schemes
   b. Joint consultation
   c. Representation
   d. Co-ownership
   e. Quality circle
   f. Self-managed team
   g. MBO
   h. Job engineering
   i. Quality of work life

**Fear and punishment theory**

**Deterrence** is a theory from behavioral psychology about preventing or controlling actions or behavior through fear of punishment. Deterrence can be divided into two separate categories.

- **General deterrence** manifests itself in policy whereby examples are made of deviants. The individual actor is not the focus of the attempt at behavioral change, but rather receives punishment in public view in order to deter other individuals from deviance in the future.

- **Specific deterrence** focuses on the individual deviant and attempts to correct his or her behavior. Punishment is meant to discourage the individual from recidivating.

31. Briefly describe Herzberg’s hygiene maintenance theory and Vroom’s expectancy/valence theory.

- Herzberg’s team recognized two factor theory of motivation.
a. Maintenance factor  
b. Motivational factor

<table>
<thead>
<tr>
<th>1. Maintenance factor</th>
<th>2. Motivational factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Company policy &amp; administration</td>
<td>- Achievement</td>
</tr>
<tr>
<td>- Technical supervision</td>
<td>- Recognition</td>
</tr>
<tr>
<td>- Salary</td>
<td>- Advancement</td>
</tr>
<tr>
<td>- Interpersonal relation</td>
<td>- Work</td>
</tr>
<tr>
<td>- Working relation</td>
<td>- Responsibility</td>
</tr>
<tr>
<td>- Security</td>
<td>- Growth</td>
</tr>
<tr>
<td>- Personal life etc.</td>
<td></td>
</tr>
</tbody>
</table>

Maintenance factors are known as hygiene factors because these factors are preventive factors not motivators. But they are important. Motivational factors are real motivators for actual motivation. For actual motivation motivational factors are to be considered by management. By fulfilling maintenance factors people cannot be motivated. Motivators are required for motivation.

Herzberg has given importance to person rather than to organization. According to him organization structure should be changed for increasing staff morale.

Following figure show Herzberg’s theory:
From the above diagrams we can see that Maslow’s lower level needs and Herzberg’s hygiene factors are same and Maslow’s higher level needs and Herzberg’s motivation are equal.

**Vroom’s Expectancy /Valance Theory:**

Victor Vroom’s Theory is built around the concept of valence and expectancy. According to him Valance is the strength of a person’s performance for a particular outcome. The strength may be negative or positive. That means the person is motivated to do best when the valence is positive. Expectancy is supposed to be the probability that the desired outcome will come out by this effort. Therefore, motivation is the product of the value he seeks and expectancy he perceives in formula:

\[
\text{Motivation} = \text{Valance} \times \text{Expectancy}
\]

The personal motivation may be increased by changing the perception or by boosting the expectancy level through better communication and increasing the actual rewards. Vroom stresses on the closeness of the actual reward with the employee expectancy.

To elicit good performance from the individual three characteristics are essential to work situation such as:

c. The individual must receive proper feedback from his performance of job.
d. The individual must think that the jobs to be performed need use of abilities which he considers valuable.
e. The individual must feel that if higher order needs are fulfilled then the goals are achieved and he has higher degree of self-control in setting goals.

The practical application of Victor Vroom expectancy theorem may be difficult in case there is a conflict between the individual’s expectancy and organization goals.

32. Briefly describe Alderfer’s ERG theory and McClelland’s theory of learned needs.

- Clayton Alderfer's ERG (Existence, Relatedness, Growth) theory is built upon Maslow's hierarchy of needs theory. To begin his theory, Alderfer collapses Maslow's five levels of needs into three categories.

  **Existence needs** are desires for physiological and material well-being. (In terms of Maslow's model, existence needs include physiological and safety needs)

  **Relatedness needs** are desires for satisfying interpersonal relationships. (In terms of Maslow's model, relatedness correspondence to social needs)

  **Growth needs** are desires for continued psychological growth and development. (In terms of Maslow's model, growth needs include esteem and self-realization needs)

  After lower level needs satisfied, person seeks higher needs. When unable to satisfy higher needs, lower needs motivation is raised.

<table>
<thead>
<tr>
<th>Need Level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>Self-development, creative work</td>
</tr>
<tr>
<td>Relatedness</td>
<td>Interpersonal relations, feelings</td>
</tr>
<tr>
<td>Food, water, shelter</td>
<td>Basic pay level to buy items</td>
</tr>
</tbody>
</table>

**McClelland’s theory**

David McClelland's acquired needs theory recognizes that everyone prioritizes needs differently. McClelland identifies three specific needs:

- **Need for achievement** is the drive to excel.

- **Need for power** is the desire to cause others to behave in a way that they would not have behaved otherwise.
• Need for affiliation is the desire for friendly, close interpersonal relationships and conflict avoidance.

McClelland associates each need with a distinct set of work preferences, and managers can help tailor the environment to meet these needs.

33. Describe different leadership style? What are the qualities of leaders?

The different Leadership Style are as follows:

1) Autocratic

- A leadership style where the leader makes all decisions independently or without consulting with others.
- Thinks that he is only the competent and capable individual.
- When decision must be made & acted on quickly and without questions
  - Advantages: good in certain circumstances, such as urgent tasks or military actions
  - Disadvantages: poor decisions, poor level of employee motivation

2) Democratic

- A leadership style where a leader encourages employee participation in decision-making
- Co-operation in attainment of goals.
- Delegate as much responsibility as their experience & knowledge will permit.
- Takes all the decisions and accepts full responsibility.
- Persuasive or consultative
  - Advantages: better decisions, employee motivation
  - Disadvantages: delayed decision, long consultation

3) Laissez-faire

- A leadership style where employees are encouraged to make their own decisions within limits.
- Expects his sub-ordinates to assume responsibility for their own motivation guidance and control.
- Discipline and control are not enforced.
Managers give employees almost total authority in all matters.

Advantages: more freedom for employees

Disadvantages: few guidelines, little incentive, poor motivation, maybe a mess

Quality of leader

A good leader must have:

Guiding vision: Effective leaders know what they want to do, and have the strength of character to pursue their objectives in the face of opposition and in spite of failures. The effective leader establishes achievable goals.

Passion: Effective leaders believe passionately in their goals. They have a positive outlook on who they are, and they love what they do. Their passion for life is a guiding star for others to follow, because they radiate promise!

Integrity: Because they know who they are, effective leaders are also aware of their weaknesses. They only make promises they can follow through on.

Honesty: Leaders convey an aura of honesty in both their professional and their personal lives.

Trust: Effective leaders earn the trust of their followers and act on behalf of their followers.

Curiosity: Leaders are learners. They wonder about every aspect of their charge. They find out what they need to know in order to pursue their goals.

Risk: Effective leaders take calculated risks when necessary to achieve their objectives. If a mistake is made, the effective leader will learn from the mistake and use it as an opportunity to explore other avenues.

Dedication: The effective leader is dedicated to his or her charge, and will work assiduously on behalf of those following. The leader gives himself or herself entirely to the task when it is necessary.

Charisma: This may be the one attribute that is the most difficult to cultivate. It conveys maturity, respect for your followers, compassion, a fine sense of humor, and a love of humanity. The result is that leaders have the capability to motivate people to excel.

Listening: Leaders Listen! This is the most important attribute of all, listen to your followers.

33. Explain Blake’s & Mouton’s managerial grid? Describe different leadership approach?

A popular framework for thinking about a leader’s ‘task versus person’ orientation was developed by Robert Blake and Jane Mouton in the early 1960s. Called the Managerial Grid, or
Leadership Grid, it plots the degree of task-centeredness versus person-centeredness and identifies five combinations as distinct leadership styles.

Understanding the Model The Managerial Grid is based on two behavioral dimensions:

**Concern for People** – This is the degree to which a leader considers the needs of team members, their interests, and areas of personal development when deciding how best to accomplish a task.

**Concern for Production** – This is the degree to which a leader emphasizes concrete objectives, organizational efficiency and high productivity when deciding how best to accomplish a task.

Using the axis to plot leadership ‘concerns for production’ versus ‘concerns for people’, Blake and Mouton defined the following five leadership styles:

The Leadership Grid

<table>
<thead>
<tr>
<th>Concern for Production</th>
<th>Concern for People</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>High</td>
</tr>
<tr>
<td>8</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Low</td>
</tr>
</tbody>
</table>

Leadership Approach

1. Trait-oriented approach:
   - Leaders are born not made.
- Maximum intelligent, better educated, stronger power needs, independent activities, intense thought and some risks, high self-actualization.

- Hard working, self-confident.

2. Situational approach:

   - Specific and always relative to particular situation.

   - Leadership is a function of situation, the culture, the context and the customs of a group or an organization.

3. Functional approach:

   - It considers both individual and situation.

They must resolve the task problems

35. What is entrepreneurship? Why is there is need for promotion of entrepreneurship in developing nation?

Entrepreneurship is the purposeful activity of an individual or a group associated individuals, undertaken to initiate, maintain or aggrandize profit by production on distribution of economic goods and services. It is based on purposeful and systematic innovation. It includes not only the independent businessman nut also company directors and managers who carry out innovative function. It is also an 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.

The need for promotion of entrepreneurs are as follows:

- Entrepreneurship promotes capital formation by mobilizing the idle saving the public.

- It provides immediate large-scale employment. Thus it helps reduce the unemployment problem in the country.

- It promotes balanced regional development

- It help reduce the concentration of the economic power.

- It stimulates the equitable redistribution of wealth, income and even political power in the interest of the country.

- It encourages effective resources mobilization of capital and skill which might otherwise remain unutilized and idle.

- It also induces backward and forward linkages which stimulate the process of economic development in the country.

- It also promotes country’s export trade i.e. an important ingredient to economic development.
What are the factors influencing entrepreneurship? List the steps for establishing small scale unit.

The factors influencing entrepreneurship are:

a. **Opportunity**
   There will be periods when opportunities seem to magically appear for you. For example, a central location opens up for rent where you can put your small antiques shop. Other times, however, you must make an effort to create opportunity. You might have to cold-call 30 different businesspeople to find one willing to help you provide inventory for your store. According to Inc. magazine, opportunity is the one thing you have as an entrepreneur. You need to get others vested in your opportunity, which is your plan and vision for a start-up enterprise.

b. **Funding**
   Obtaining financial help for the equipment and other start-up costs determines when you can begin your business. If you don't have sufficient capital saved yourself, you must depend on loans, grants or investors. Funding is a key factor determining whether you are able to dedicate yourself full time to your personal venture or if you will need to work for someone else for the present. Create a viable business plan, talk to your banker, petition for a small-business grant or loan and schedule meetings with businesspeople who can come to your aid. Entrepreneur magazine reports that you can sell assets or borrow against your personal property or insurance to start you off. There is risk involved, of course, but don't let this challenge destroy your plans.

c. **Knowledge**
   Knowing what you are doing and how to get it done greatly influences whether or not you can succeed as an entrepreneur. You cannot jump into full entrepreneurship without doing your homework. Research your state's laws regulating small businesses and self-employment in your location. Next, study the feasibility of starting a business in your particular field. Look at information regarding competition, start-up costs, availability of locations and, most importantly, whether your business is needed or desired in your area. Once you have determined the feasibility of your project, learn as much as possible about the field itself.

d. **Persistence**
   Persistence is the only way to maintain entrepreneurship. Determine not to quit despite the obstacles you encounter and your stumbles during your self-employed journey. Persistence separates visionaries who fail from those who stay in business. Keep your motivation high by eliciting the support from those around you, attending conferences that will teach you more about succeeding as an entrepreneur and build your confidence by acquiring new skills and abilities in your field.

e. **Persuasiveness**
   One ability that influences whether a person can be an entrepreneur is persuasiveness. You must develop this talent in order to stay viable in the difficult realm of starting your own company. Typically, entrepreneurs talk to dozens of people each week to try to sell them something. Most often you are selling your ideas, services or products to various types of individuals or companies. Your viability depends on persuading others that they should invest in what you have
to offer because it can meet a need of theirs. Work on your interpersonal skills, including eye contact, positive body language and engaging language.

f. Creativity
Do not be dissuaded by the challenge to be creative. You need not be the original wheel creator to improve upon a stone cylinder. By standing on the shoulders of giants, you can take existing ideas and make small improvements upon them. Your best ideas may come to you as you are falling asleep or while you are taking a shower. Recognize when you have a fresh idea and do not let them get away from you. Write them down! Not every idea has to be a home run. By accumulating your ideas, you will be able to distill the great ones from the rest and be ready to run with the best.

g. Risk Tolerance
Rewards rarely come without risk. Your ability to take advantage of an opportunity will depend, in part, on your tolerance for risk. As the founder of a start-up, investors will expect you to have a vested interest in your business. If you will not bet on your idea, why should anybody else? If you cannot afford the risk, financially or emotionally, then you might make decisions that are too tepid to be successful. To do well, an entrepreneur needs the strong sense of self-efficacy to believe the risk will be surmountable.

h. Responsiveness
Opportunity can leave quickly. With the Internet, the spread of information and ideas has led to deeper, faster competition to be the first mover. The ability to respond to the market and new business opportunities can be the difference between a successful entrepreneur and a failed business model. To be responsive, an entrepreneur must have the flexibility of mind and resources necessary to see and take advantage of new and upcoming possibilities. Learning from your mistakes and those of others to implement change can keep businesses afloat. Calcifying rigidity, on the other hand, can turn a start-up into dust.

i. Leadership
It is up to the entrepreneur to marshal assets. Leaders are challenged with taking possibilities and turning them into inspiring visions for others. You will inevitably have to sell either your idea or your product to begin your entrepreneurship. It will be up to the entrepreneur to take the idea and turn it into actions and products to capitalize on the opportunity. Leadership can come in many forms, but it is nevertheless essential to entrepreneurship. You must take the lead for your ideas to come to fruition.

j. Rights
Intellectual property laws can provide you with exclusive business rights to your ideas. If you do not protect your ideas, they may be copied -- cheaply. Once an idea is in the public domain, it may no longer be possible to use that idea as a competitive advantage. Society values ideas being shared. In exchange for sharing ideas, governments provide limited monopolies that will allow you to capitalize on them for a period, making up in part for the costs you have incurred in research and development. Intellectual property professionals can aid you in seeking such rights.
Some important steps that one must follow to set up a small scale industrial unit are discussed below:

First of all, one need to prepare the description for the small scale industry one want to set up. **One have to decide whether one wish to have a corporation, proprietorship or partnership.**

Next, **one need to describe the product one wish to manufacture or the service one wish to offer.** While choosing the product or service one want to offer, one must conduct a good market research and learn about the prevailing competition in the market.

The next step is to **choose a location to set up ones small scale industry.** Make sure one consider things like availability of raw materials, labor, transportation services and other such things while choosing the location.

The next big step is to **arrange for finance.** If one don’t have enough finance, the best way is to borrow a loan. One may learn about financial aid offered by the government of one’s state or country. However, one must simultaneously plan on how one would repay the loan in future.

Production management is the next step, once one are able to start ones small scale industry. This includes allocating space for different operations and choosing ones production methods. Make sure that one follow the practices for quality testing and keep on improving. One have to purchase required machinery and hire employees and workers for different departments.

Marketing and business advertising form the next big step of setting up a small scale industry. Online business directories and various traditional forms of advertising can be used to gain exposure for one’s business. One have to decide prices for ones products or services, keeping in mind the profit margin.

37) **What are the objectives of case study? Describe its different types.**

A case study is an account of an activity, event or problem that contains a real or hypothetical situation and includes the complexities we would encounter in the workplace. Case studies are used to help you see how the complexities of real life influence decisions. According to Kardos & Smith Analyzing a case study requires us to practice applying your knowledge and your thinking skills to a real situation. To learn from a case study analysis we will be "analyzing, applying knowledge, reasoning and drawing conclusions".

**Objective of case study**

The main objective of the case study is to analysis the real case situation with the organization perspective so that organization can take correct decision in the management development program. Some of the objective of the case study is describe below with brief explanation.

1. To distributes knowledge and facts
The theoretical knowledge can lead to failure in the organization so that we need to market research and analysis the facts of the market so that we can be safe.

2. To improve participant’s skill in problem analysis, communication and decision-making. The case study leads to the improvement of the participation’s skills on decision because of the detailed study about the specific field while decision making and manage the project to success. The case study can make the participant’s confident so that they can work with their full effort.

3. To build the perfect planning about any project
   The case study can make the planning better because each participant knows the fact of the real case so that they can give the better performance.

4. It affects attitude formation and student think that nothing is absolutely ‘right’ or ‘wrong’ in the field of human behavior.

5. It is taken from real life (true identities may be concealed).

6. It consists of many parts and each part usually ends with problems and points for discussion. There may not be a clear cut off point to the situation.

7. It includes sufficient information for the reader to treat problems and issues.

8. It is believable for the reader (the case contains the setting, personalities, sequence of events, problems and conflicts)

Types of case studies

The more generalized category of case study exist several subdivisions, each of which is custom selected for use depending upon the goals and/or objectives of the investigator. These types of case study include the following:

1. **Illustrative Case Studies:**
   Illustrative Case Studies are primarily descriptive studies which typically utilize one or two instances of an event to show what a situation is like. Illustrative case studies serve primarily to make the unfamiliar familiar and to give readers a common language about the topic in question. Illustrative case studies manages the conflicts of interest for Guidance of public entities.

2. **Exploratory (or pilot) Case Studies:**
   These are condensed case studies performed before implementing a large scale investigation. Their basic function is to help identify questions and select types of measurement prior to the main investigation. The primary pitfall of this type of study is that initial findings may seem convincing enough to be released prematurely as conclusions.
This type of case study would be used if you were seeking to answer a question that sought to explain the presumed causal links in real-life interventions that are too complex for the survey or experimental strategies. In evaluation language, the explanations would link program implementation with program effects.

3. **Cumulative Case Studies:** These serve to aggregate information from several sites collected at different times. The idea behind these studies is the collection of past studies will allow for greater generalization without additional cost or time being expended on new, possibly repetitive studies.

4. **Critical Instance Case Studies:** These examine one or more sites for either the purpose of examining a situation of unique interest with little to no interest in generalizability, or to call into question or challenge a highly generalized or universal assertion. This method is useful for answering cause and effect questions.

38) **What are the steps of case study? Explain the statement ‘Case study is one of the best learning tools.’**

Answer: The steps of case study are described below:

1. **State the problem**

   The first step of case study is to form a statement of the problems after a thorough analysis of the case. The outcome of this step are the questions like: what is the case about, what is to be done, what actions have to be taken and so on.

2. **Collection and Analysis of data**

   The next step of case study is to collect and arrange the data related to the case for its effective analysis and evaluation.

3. **Formulate tentative solutions**

   After analysis of the collected data, we must try to form solutions to the case. There may be several ideas regarding the solution, there might as well be many tentative solutions all of which must be considered.

4. **Select a recommended solution**

   From the list of tentative solutions, a single solution is selected in this stage of case study. The selected solution must be best for the problem, based upon the given data.

5. **Report preparation**
The next step is to present the result of the case in the form of a report.

6. Checklist

We must always be sure that we are going in the right way. In other words, we must be sure that the solution chosen is actually the best alternative among others in the list of tentative solutions. We must check the limitation of the solution, check if there is another better alternative, check if the solution proposed achieves what is needed etc.

Case study is one of the best learning tool.

Case study enables one to improve his/her skill in problem analysis communication and decision making. When a person does a case study, he/she gathers all the pertinent facts, arranges them, and then puts them into effective writing. Even though this is a very long and tedious process, the participants learn a lot form it. He/she learns to collect data from sources, various methods used to collect data, he/she arranges the data. Each step mentioned above is a learning chance. Any person doing a case study learns to think of not only single solution but create a list of tentative solution and consider each one of them no matter how long the process is. He/she learns about decision making while choosing one amongst the tentative solutions. The last step in the case study is checklist. This step helps the person to reconsider his/her decision, ask questions about the solution he/she choose including the limitation of the problem and other hindrances to apply the solution he/she recommends.