SHRIMATHI INDIRA GANDHI COLLEGE

DEPARTMENT OF BANK MANAGEMENT

SECTION –C

1. **Briefly elaborate the FAYOL'S theory of management?**

Henry FAYOL (1841_1925) was rather a late starter in so far as his contribution to the management theory is concerned. He came long after Frederick W. Taylor had launched his scientific management Movement. Henry FAYOL evolved general theory of administration to be applied in any field of Organidsed Activity, particularly at the top level of management.

FAYOL was French industrialist. His observations on the principals of management were brought out in 1916 in the form of monograph in French. It was titled. Administration Industriell etc,. Generale, though its English version was published as late as 1949.

❖ CLASSIFICATION OF BUSINESS ACTIVITIES:

According to FAYOL, activities of all industrial Concerns, irrespective of the differences in their size, nature or complexity of operations, may be divided into six groups, namely-

a) Technical (production).
b) Commercial (buying, selling and exchange).
c) Financial(search for and optimum use of capital)
d) Security (production of property optimum use of capital).

e) Accounting (including statistics).
f) Managerial (planning, organization, command, coordination and control).

❖ **GENERAL PRINCIPLES OF MANAGEMENT**

1. **Division of work:**

   Man acquires greater skill when he specialises operation. This also in avoiding the waste of time caused by change from one work to another, or from one process to another. Division of work makes it possible to specialise in a single thing rather than doing everything by oneself. According to FAYOL, the principle of work should be applied to all kinds of work—technical as well managerial.

2. **Authority and responsibility:**

   Authority and responsibility go hand in hand. One flows from, and is directly the result, of the other. A manager's authority may be official or personal. It is official, when it is derived from his position or status. It is personal, when it arises from his "intelligence, moral worth, ability to lead past services, etc." to be a good manager both, official and personal authority are required.

3. **Discipline:**

   According to FAYOL," discipline is in essence obedience, application, energy, behavior and out ward marks of respect observed in accordance with the standing agreements between the firm and its employees." It is immaterial whether these agreements are imposed on the employees or reached with their consent.

To sum up, discipline can be enforced only if the following conditions exist:

1. Good superiors at all levels.
2. Agreements as clear and fair as possible.
3. Sanctions (penalties) judiciously applied.

4. **Unity of command :**

An employee should receive orders from only one superior. If there are two more superiors as regards any employee, it will only undermine authority, endanger and disturb order and stability.

To avoid the undesirable consequences of such duality of command, it is essential that relationships in the organization structure are clearly defined and functions of different departments clearly laid down.

5. **Unity of direction:**

FAYOL advocates one head and one plan for a group of activities having the same objective.

Unity direction (one head, one plan) is not the same thing as unity of command (one employee to receive orders from one superior only). Unity of direction means that efforts of all members of the organization should be directed towards the achievement of common goals.

Without unity of direction," unity of action, coordination of strength and focusing of effort" cannot be achieved.

6. **Subordination of individual interests to group interests:**

Interests of the group, be it a family or a business undertaking, should be accorded priority over the interests of its individual members. Due to ignorance, ambition, selfishness, laziness, weakness or suchlike human passions, general interests may sometimes be ignored in favour of individual interests.

How ever, if the following factors exist, it should not be too difficult to do it;

1. Firmness and good example on the part of superiors.
2. Agreements as fair as possible.
3. Constant supervision.

7. **Remuneration of personnel:**

   In Fayol's view, remuneration of employees should be fair and ought to afford satisfaction to both—employer and employees. The rate of remuneration depends on a number of factors, not just what the employer will pay or what the employee is worth.

   1. It should assure fair remuneration
   2. It should encourage keenness by rewarding well-directed effort.
   3. It should not lead to over-payment beyond reasonable limits.

8. **Centralization:**

   According to fayol, the question of centralization or decentralization is a simple question of proportion, a matter of finding the optimum degree for a particular concern. In his view, everything that increases the importance of the subordinates' role is decentralization and that which reduces it is centralization.

2. **Explain the importance of management?**

   1. **Body of knowledge:**

      There is body of knowledge peculiar to the study of management. The study of management is multi-disciplinary because the subject draws heavily on sociology, social psychology, economics, commerce, Geography, anthropology, and so on.

   2. **Social obligation:**

      Like a doctor or a lawyer, a manager is also engaged in serving the society, in the sense that he uses scarce resources for production of socially useful goods and services.

   3. **Code of conduct:**

      Unlike members of other recognized professions, such as medicine or law, managers have no enforceable code of conduct, though the Indian management association has prescribed certain obligations, such as non- disclosure of employer's trade secrets abstaining from making any personal gain at the expense of the employer.

   4. **Conclusion:**

      To conclude: While management may not be regarded as a profession in the strict sense of the term, it is fast acquiring the attributes of becoming one. as a matter of fact, in a sense it is good that it is not formally recognized as a profession because in the case of management, the emphasis is rightly on performance rather than on academic training.

3. **What are the various level of management?**
    1. **Ownership:**
    In a sole proprietorship, owner and management will vest in the same person. In the case of a partner firm, its general partners are both its owners and management.
    2. **Top management:**
    It is difficult to give a precise definition of the term" top management." In a technical sense, it means the owners of an organization, i.e., sole proprietor, partners or shareholders.
    3. **Chief executive:**
    The chief executive, being himself a part of the top management, is responsible for accomplishing the objectives and broad policies determined by the top management.
    4. **Senior middle management:**
    Departmental heads, such as the production manager, marketing manager, finance manager and personal manager, constitute the senior middle management.
    5. **Junior middle management :**
    Mangers immediately below the departmental heads constitute the junior middle management. Deputy production manager, deputy sales manager, office manager, works manager, transport manager, etc. fall under this category.

6. **Supervisor management:**
   The supervisor staff constitutes the lower rung of the management ladder. The main job of managers at this level is to supervise the operative staff.
   a) Planning of day-to-day work.
   b) Assignment of jobs.
   c) Keeping a watch on worker's performance.
   d) Sending reports and statements to superiors.

4. **Discus about nature of planning?**

Nature of planning:

1. **A thinking process:**
   Planning is an intellectual exercise. It is concerned with thinking in a creative way as to how the existing combination of resources may be adjusted and adapted to match the emerging opportunities.
2. **Forecasting v. planning:**
   Forecasting and planning have little in common. Forecasting describes what one expects to happen if no changes are made to escape that happening planning describes what one wants to happen.
3. **Accomplishment of group objectives:**
   A work organisation is an assorted group of widely varied human being each with a different personality, attitudes, learning, motivation, etc.

4. **Choice between alternatives:**
   Modern business environment is marked by rapid and sweeping changes. The mix of resources which was worked out to meet business opportunities in the past may no longer be effective in the present.
5. **Pervasiveness of planning:**
   Planning is a basic condition for a goal-directed organization. However, it would be wrong to regard planning as an exclusive occupation of the top-level managers only.

5. **What are the effectiveness of planning?**
   1. **Uncertainty:**
      Planning concerns the future, and nothing about the future is certain, except that it must be different from the present. Assessment of future can only be in terms of guesswork, probabilities, speculations, assumptions and conjectures.

   2. **Action-packed routine:**
      Managers are ever preoccupied grappling with the day – to-day problems. This leaves them little time to think and plan about the problems of tomorrow. it is common to be over-concerned with the issue at hand which, if left unattended, might cause an immediate loss.

   3. **Abstraction:**
      The planning process involves thinking about vague alternatives and concern with “what it” questions. Almost every conceivable thing is included in the realm of possibility.

4. **Rigidity :**

   Planning involves setting of objectives, and determination of the ideal course of action for their implementation. It implies that there will be no deviation from the chosen path.

5. **Costly :**

   Planning is an expensive exercise, both in terms of time and money. It necessitates the formulation of estimates, collection of necessary information and facts, and a careful analysis and evaluation of the various courses of action.

6. **What are the major steps take for planning?**

   1. **Identification of the opportunity or problem:**

      While the environment affects the planning process, in the sense that it imposes constraints or limitation on the organization action, at the same time it also provides opportunities and challenges which the organization could exploit to its advantage.

   2. **Collection and analysis of relevant information:**

      Effective planning depends on the quality, relevance and validity of the information on which it is based. But quality and validity of information is not easy to determine because the skill to do so is acquired by experience.

3. **Establishment of objectives:**
   Analysis and interpretation of the information will serve to define the objectives and goals with desired clarity and also make the objectives free from individual bias.

4. **Determination of planning premises or limitations:**
   Uncertainties relating to the external environment are beyond the control of management. These may be in respect of
   (a) Fiscal policies of the government;
   (b) Economic condition;
   (c) Population trends;
   (d) Consumer tastes and preferences;
   (e) Competitors plans and activities; and
   (f) Personnel practices.

7. **Explain the nature& charactisties of organisation?**
   1. **Division of labour:**
      It is at the root of any organisation structure. For effective pooling of its efforts to accomplish the stated objectives, every group of persons joined together for common purpose, has to divide into different functions.
      For example, in a manufacturing enterprise, its total activities may be divided and grouped under:
      a) Production,
      b) Marketing,
      c) Finance, and
      d) Personnel.

2. Coordination:

In any organisation, different persons are assigned different functions. And yet all these function have only one aim: accomplishment of the enterprise objectives. To this end, an organisation has to adopt suitable methods to ensure that there is proper coordination of the different activities performed at various work points.

3. Objectives:

Any organisation structure is bound together by the pursuit of specific and well-defined objectives. In fact, just as objectives cannot be accomplished without an organisation, similarly an organisation cannot exist for long without objectives and goals.

4. Social system:

An organisation is a social system. Its activities are governed by social and psychological lows. People working in an organisation are influenced in their actions and behavior by their and psychological needs.

8. **What is line & staff organiation?**

Line authority:

In any large the responsibility for proper performance of duties continues to lie with the person who assigns them.

Staff authority:

The dictionary meaning of “staff” is a stick carried in the hand for support. By extension, the term “staff authority” means authority” means authority to support the line authority.

Types of staff:

Staff support to line executives may be in any of the following ways:

- **Personal staff:**
  Personal staff consists of a personal assistant or adviser attached to the line executive at any level.

- **Specialized staff:**
  The staff in this case has expert knowledge in specific fields such as accounting, personnel management, public relations, chemical or industrial engineering, etc.
- **General staff:**
  The staff in this case also consists of experts in different fields. But generally, this category of staff operates and is meant to aid and advice the top management.

Evaluation: Merits

1. **Expert advice:**
   Line executives, and through them the enterprise as a whole, benefit a great deal from the expert advice and guidance provided by the staff officers.
2. **Relief to line executives:**
   Staff executives carry on detailed analysis of each important analysis of each important managerial activity.
3. **Training:**
   A line and staff organisation offers an opportunity to young staff executives to acquire expertise in their respective fields of activity.

Demerits:

1. **Confusion:**
   It may not always be possible to determine the pattern of authority relationships between line and staff executives, which might create confusion.
2. **Expertise not aided by authority:**
   Staff executives may be experts in their fields of activity but they only have an advisory role.
3. **Centralization:**
   In a line and staff organisation, line executives alone have the power to make and execute decisions.

9. Principles of organization- Discuss?

1. **Objectives:**
   The objectives of an organization are decisive in the deter - mination of its structure. Does it plan to manufacture a single product to manufacture a single product to begin with, and then go on adding to its product-line as the financial resources permit? Does it intend to stick to a pre-determined line in products? Does it propose to diversify?

2. **Clarity in lines of authority:**
   Authority may be defined as the formal right to give instructions to subordinates to perform specific activities and achieve defined objectives. It provides the basis for getting done in an organization.
3. **Unity of command:**
   The "unity of command" principle stipulates that each subordinate is responsible to only one superior. If a subordinate is made to follow the orders from more than one boss, he will be in a perpetual dilemma and not know whose orders should be carried out first, how to allocate his time between different bosses, such that he satisfies them all displeases none, and what to do in the case conflicting orders.
4. **Clear definition of authority and responsibility:**
   The authority and responsibility of each manager should be clearly defined in writing such that he knows what is expect of him and the limits of his authority to get it done. This will help in

eliminating any overlapping of authority and gaps between responsibilities.

5. **Balance between authority and responsibility:**
   If any responsibility assigned to a manager is not matched by the authority delegated to him, he will not be able to get desired performance from his subordinates. In such a case, his subordinates may not obey his instructions, to the detriment of well- directed performance on their part.
6. **Absolute responsibility of managers for acts of subordinates :**
   While authority is delegatable, responsibility is not. Even when a manager has delegated his authority to a subordinate, he cannot wash his hands of the responsibility for proper performance on the part of the subordinate concerned.

10. Determine the kinds of training programmers?

Broadly training programmes may be classified as follows:

i. **Internal training or on-the-job programmes**
   1. Orientation or induction training.
   2. Apprenticeship training.
   3. Delegation.
   4. Promotions and transfers.
   5. Refresher training or retraining.
   6. Vestibule training
   7. Job rotation.
   8. “Assistants” to positions.
   9. Committee or board membership.

ii. External training or off-the-job programmes

1. Management institutions.
2. Lectures, conferences, etc.
3. Case studies.
4. Role playing.
5. Management games.
6. Brainstorming.
7. Sensitivity training.
8. Assertiveness training.
9. Transactional analysis.

I. INTERNAL TRAINING OR-ON-THE-JOB PROGRAMMES:

There is no dearth of universities and other professional bodies providing management training in specialized areas. The business enterprises generally do not wholly depend on them and seek to supplement the training imparted by outside agencies with their own internal training programmes, which will have an added advantage of being tailor-made to suit their own particular requirements.

1. **Orientaionor induction training:**
   It is meant for the new employees and its sole object is to adapt them to the specialized job requirements and work methods of the enterprise.
2. **Apprenticeship:**
   It is one of the oldest forms of training. Under it, a worker is appointed as an apprentice. He is placed

under the charge of a qualified senior worker. The apprentice learns the methods of work by observing and assisting and assisting his senior.

3. **Delegation:**
   Delegation as a form of training has several advantages. It enables the superiors to train their subordinates in specific jobs by making them take their own decisions and also feel a sense of accomplishment when a given task is successfully performed.

II. EXTERNAL TRAINING OR OFF-THE-JOB PROGRAMMES:

These are formal management training programmes, which can be run within organisation, by training institutions or by consultants to provide specific types of training. The various techniques of such training are as follow:

1. **Training by management institutions**:
   In countries of the west, business personnel, including those belonging to the managerial cadres, are generally better educated, but not as well as those in other distinguished professions such as law, accountancy, etc. however, during the last few decades, a great deal of attention has been given to equipping the business personnel in the various tasks by them at their places of work.

2. **Lectures, conferences, seminars, etc**:

   Lecture courses may be used to impart as also develop analytical abilities among workers. Large enterprises may employ qualified and trained persons to conduct specific lecture courses suited to the needs of different categories of workers. However, small undertakings which cannot afford such expenditure can avail the services of experts employed by educational and other professional bodies for such lecture courses.

3. **Case study:**
   Case study as a method of training has been developed by the Harvard business school of U.S.A. it is widely used as a training method for business executives.

11. **Explain about the sources of recruitment?**

INTERNAL SOURCES:

1. Transfers
2. Promotions
3. Present employees

EXTERNAL SOURCES:

1. Advertising
2. Personnel consultants
3. Jobbers and contractors

Internal sources:

Transfers:

"Transfers" of an employee from one place to another may be

(a) to avoid retrenchment at the place of excess and fresh recruitment at the place of shortage of personnel
(b) to rotate employees between convenient and not so convenient work places
(c) to correct any faulty placement of workers at the time of selection
(d) To provide varied experiences to employees with a view to their training and development.

Promoters:

A promotion means appointing an employee to a position of greater responsibility or authority. It is yet another internal source to meet personnel demand. While promotion brings about a change in the nature of duties and authority of the employee concerned as also his emoluments, it does not alter the number and kinds of employees of the enterprise.

Present employees:

It is an internal source of recruitment of personnel. In the event of any vacancy, employees of the enterprise may be asked to recommend their friends and relatives of employment. It will not keep the employees happy and morale, but also ensure recruitment of competent and sincere person.

External source:

Advertisement:

When an enterprise desire to inform or announce to the public that it has a vacancy, it issues an advertisement for this purpose. The medium and content of each advertisement is chosen by the personnel department.

Personnel consultants:

A consulting firm acts as an intermediary between an applicant and the enterprise, it is specialized agency which on receiving requisitions from companies advertise the job descriptions in leading national newspapers and periodicals without disclosing the name of the client companies concerned.

Jobbers and contractors:

It is common to avail the services of jobbers and contractors for recruitment of unskilled workers and for filling casual vacancies at the factory gate. At short notice and for a small fee, these people provide the required number of workers to any enterprise that approaches them.

12. **Discuss about the nature of leadership**

Leadership as a status group:

It refers to situation where a person acquires leadership by reason of his heredity or election or appointment to a position.

Leadership as focal person:

According to these view leadership vests the in people who are traditionally regarded as a leaders by virtue of managerial positions held by them. Such as in the case of directors, executives, administrators, managers, chiefs, etc...

Leader ship as a function:

The leadership function consists in facilitating the achievement of group goals. The person who performs this function is regarded as a leader. as a result while there are several people involved in working towards of group goals and many complex factors including a sheer luck, which may affect the outcome the credit or discredit for success or failure of the collective Endeavour is attributed to the leader of the group.

Leader ship as a process:

According to this view leadership is an interactive process in which leaders and followers exchange influence i.e.; the leader influence the followers by his ideas, direction and support, and the followers influence the leader but their contribution to the achievement of a group goals. In this sense a person can be an effective leader only so long as his followers accept his power or authority.

13. **What are the factors that made the control possible?**

1. **Planning:**

Control is not possible in the absence of planning. Planning involves the setting of objectives to be accomplished, as also the action that needs to be taken to accomplish them. It is necessary that the goals and objectives are specific. Also the course of action that has been charted to reach them should be specific. Only then it will be possible to know if the action is proceeding along the right lines and whether the objectives achieved are as per the plans.

2. **Action:**

Prevention is better than cure. It is the duty of the manager to guide operations along the desired lines. He must tell his subordinates what to do and teach and them to do it. Certainly he should not assume the role of a fire brigade which moves into action only when fire actually breaks out.

But deviations may occur in spite of the best of guidance from the manager. In such a situation the manager should be quick to act. And he should be quick not only in identifying deviations, but also in rectifying them.

3. **Delegation of authority:**

Control implies authority to detect deviation and authority to take the necessary corrective action. In such a case it is only proper that he should also be given authority:

(a) To appoint salesman

(b) To organize advertising

(c) To offer inducement to dealers

(d) To take action against those of his subordinates who are lax or indifferent in performing their allotted duties.

4. **Information feedback:**

For control to be effective there must be a prompt flow of information to the manager. Reports on the performance at the lower levels must be available to hill on a regular basis. And instruction from him as to the necessary corrective action should also should also promptly reach the persons concerned. He can then order prompt reach the person remedial action.

14. **Steps in control process-discuss**

1. **Determination of standards:**

A standard may be defined as a yardstick consisting of a specific set of factors relating to a particular entity, which may be in the form of a specification or measurable quantity to provide guidelines for acceptable levels of performance.

The overall goals or objectives of an organization represent the standards for organizational performance as a whole. These goals are broken down into sub-goals for individual department of the organization which becomes standards of performance for the respective department. The departmental goals are further translated into standards as to quality production cost time standards sales quotas schedules budgets and such other specific standards.

For examples, an organizational goal to increase market share may be translated into a standard of performance for the senior managers as to increase in the market share by 10 per cent within twelve-month period. This standard may serve as the basic for the standard of performance for the middle-level managers so as to increase sales in the southern religion by Rs.two corers within twelve-month period.

2. **Measurement and appraisal of task:**

Having set the standards the next task in the control process is to ensure that the performance at various levels is as per those standards.

The involves the laying down of the methods of evaluating performance, ex: observation, inspection, and reporting.

` Of course, an ideal situation would be where measurement of performance can be done on a future basis so that deviations are anticipated and necessary corrective measures are planned in advance. But this may not performance.

If the standards are property set, and if it is possible to get the necessary feedback as to what exactly is happened at the different levels of activity measurement of actual performance may not be difficulty.

3. **Correction of deviations:**

Measurement and appraisal of the actual performance is done with a view to detecting deviations from the pre-determined standards. But more important than this is to take the necessary corrective action, not only to rectify the present deviations but also to prevent any deviations in future.

This calls for an analysis of the causes of deviations and may be a review of the plan itself. Reports and explanations received from the subordinates are of great help in the diagnosis deviations.

15. **Write about the characteristics of an ideal control system?**

1. **Suitability:**

No two firms can be exactly alike in every respect. Likewise, no two areas of activity even in the same organization can be exactly similar. Therefore a control system that is good enough for a small firm may be quite inadequate in the case of a larger firm. Again the control system for the sales manager has to be different from that for the production or personnel manager.

2. **Quick reporting feedback:**

Time is an important element in enforcing the control. System subordinates should keep the superiors with the feedback as to performance of work at different levels. Delay in sending reports might prove harmful to the undertaking.

3. **Forward planning:**

A good control system is one that makes it possible to think of deviations even before they have taken place. As far as possible it should try to prevent rather than remedy, the situation arising from deviation.

4. **Pragmatic:**

The control system should concern itself with practical result and view things in a matter of fact and practical way. It can do so only when it has enough flexibility so that it can adjust to suit the needs of any modifications or alteration in a plan.

5. **Objective:**

A control system can be effective only when it is objective and impersonal and not subjectivity and arbitrary. for this it is necessary that the standards to judge the actual performance are clear definite and stated in numerical terms.

6. **Economical:**

A good control is one that can be easily installed and inexpensively maintained. What any concern will be willing to spend to operate its control system will depend on what benefits it expects to derive from it.

7. **Simple:**

To be effective a control system should be easy to understand and operate. A complicated system will not only create hurdles in the proper performance of activities, but also not able to deliver the result expected of it.