

BALAJI INSTITUTE OF I.T AND MANAGEMENT KADAPA

**MANAGEMENT & ORGANIZATIONAL
BEHAVIOUR (17E00101)**

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1ST INTERNAL EXAM



Name of the Faculty: B.VENKATA LAKSHMI

Units covered: 1st & 2nd unit, half of 3rd Unit

E-Mail: lakshmireddy.sl@gmail.com

(17E00101) MANAGEMENT & ORGANIZATIONAL BEHAVIOUR

Objective of the course is to give a basic perspective of Management theories and Practices. This will form foundation to study other functional areas of management and to provide the students with the conceptual framework and the theories underlying Organisational Behaviour.

1. Role of Management – Concept – Significance – Functions – Principles of Management - Patterns of Management: Scientific – Behavioural – Systems – Contingency.

2. Decision Making & Controlling – Process – Techniques. Planning – Process – Problems — Making It Effective. Controlling - System of Controlling – Controlling Techniques – Making Controlling Effective

3. Individual Behaviour & Motivation – Understanding Individual Behaviour – Perception – Learning – Personality Types – Johari window- Transactional Analysis- Motivation – Concept of Motivation - Motivational Theories of Maslow, Herzberg, David Mc Clelland, and Porter and Lawler

4. Group Behavior & Leadership: Benefits of Groups – Types of Groups – Group Formation and Development. Leadership and Organizational Culture and Climate: Leadership – Traits Theory – Managerial Grid – Transactional Vs Transformational Leadership – Qualities of good leader- Women Leadership in India.

5. Organisational Behaviour–Organizing Process – Departmentation Types – Making Organizing Effective – Organisational culture- Types of culture – Organisational Culture Vs Organisational climate - Conflict management - Change Management

Textbooks:

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References:

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- Behaviour in Organizations, Hiriyappa .B.New Age Publications
- Organisational Behaviour, Sarma, Jaico Publications.
- Principles of Management ,Murugesan ,Laxmi Publications

UNIT-I

ROLE OF MANAGEMENT

1.CONCEPT:

CONCEPT / INTRODUCTION ABOUT MANAGEMENT: Companies of the same industry are being affected same environment factors. Some companies attract a number of customers while some other companies repel them. Why do companies perform differently when they operate under the same environmental conditions serve the customer, use the same raw material and technology and employ the people with similar skills? The answer for this question invariably is management practices. Thus management makes remarkable difference between the companies regarding their performance in terms of productivity sales profitability etc. Management plays a vital role in deciding the destiny of business as well as non-business organizations.

Management is the co-ordination of all resources through the process of planning, organizing, directing and controlling in order to attain stated goals. Management is the process of planning, organizing, staffing, directing, co-coordinating and controlling the activity of business enterprises. Management deals with both internal and external environment. Management is applicable to all kinds of organizations i.e. both profit and non-profit oriented organization.

1.1 DEFINITION OF MANAGEMENT

“Management is a distinct process consisting of planning, organizing and controlling, utilizing in each both science and arts and followed in order to accomplish pre-determined objective.”- George Rterry

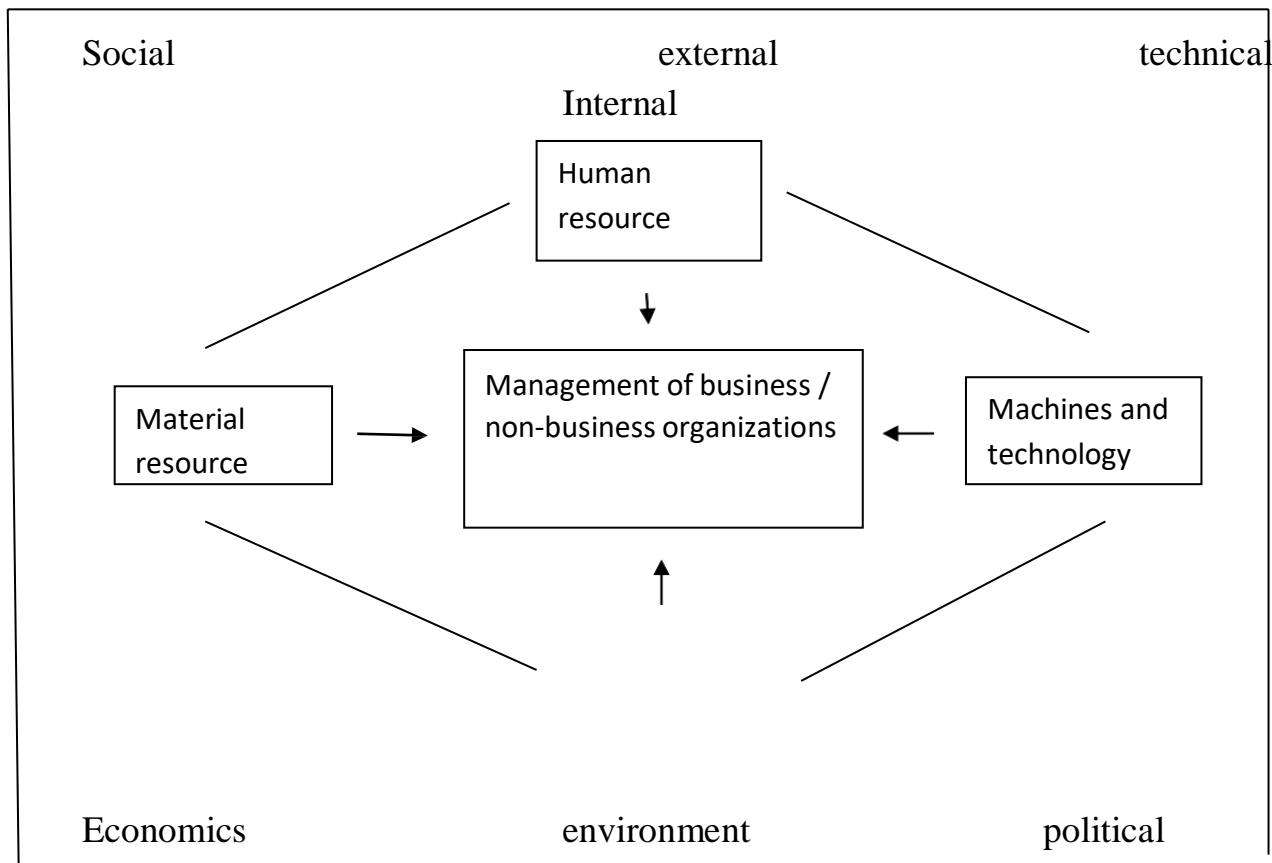
1.2 MANAGEMENT IN BOTH SCIENCE AND ART &SCIENCE

A manager to be successful in his profession must acquire the knowledge of science & the art of applying it. Therefore management is a judicious blend of science as well as an art because it proves the principles and the way these principles are applied is a matter of art. Science teaches to ‘know’ and art teaches to ‘do’. **E.g.** “A person cannot become a good singer unless he has knowledge about various ragas & he also applies his personal skill in the art of singing.” Same way it is not sufficient for manager to first know the principles but he must also apply them in solving various managerial problems that is why, science and art are not mutually exclusive but they are complementary to each other (like tea and biscuit, bread and butter etc.).

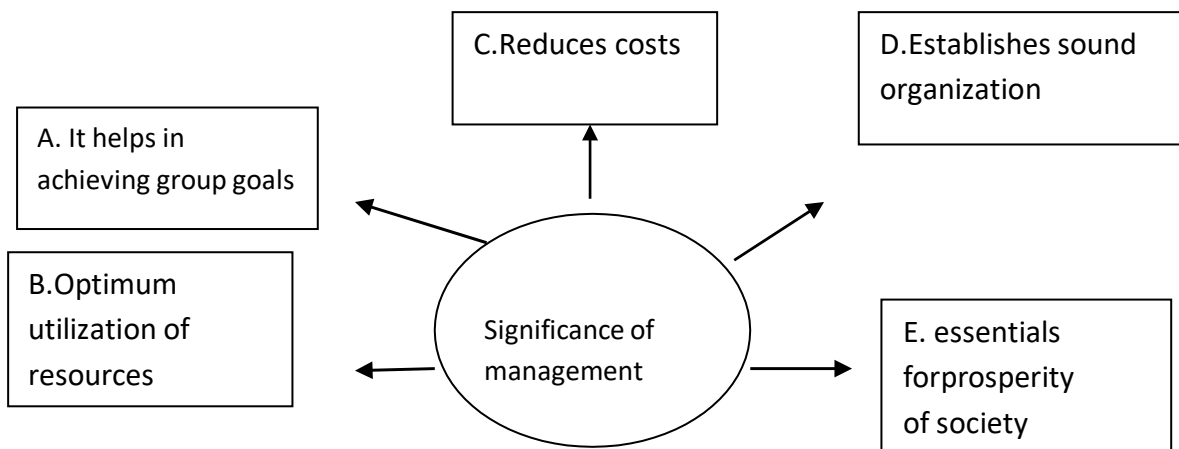
Science is a body of knowledge developed systematically based on observation, measurement, experimentation and drawing inferences based on data. Management is a developing science. However, management can't be equated with exact sciences like physics and chemistry. Most of the managerial activities like decision making, planning, organizing and directing can't be an exact science.

B.ART

Art is understanding how a particular activity can be done. Art can be acquired by conscious effort and practice. Management is getting things done by and through other people. They have to consciously analyze the environment and formulate the plans and strategies.



2. SIGNIFICANCE OF MANAGEMENT:



A.IT HELPS INACHIEVING GROUP GOALS: Management arranges the factors of production, assembles and organizes the resources, integrates the resources in effective manner to achieve goals. Management converts dis-organized resources of 3M’s (men, machines, money) into useful enterprise. These resources are coordinated, directed and controlled in such a manner that enterprise work towards attainment of goals.

B.OPTIMUM UTILIZATION OF RESOURCES: Management utilizes all the physical and human resources productively. The planning and controlling function of management should be efficient, so that the resources are utilized in an efficient manner.

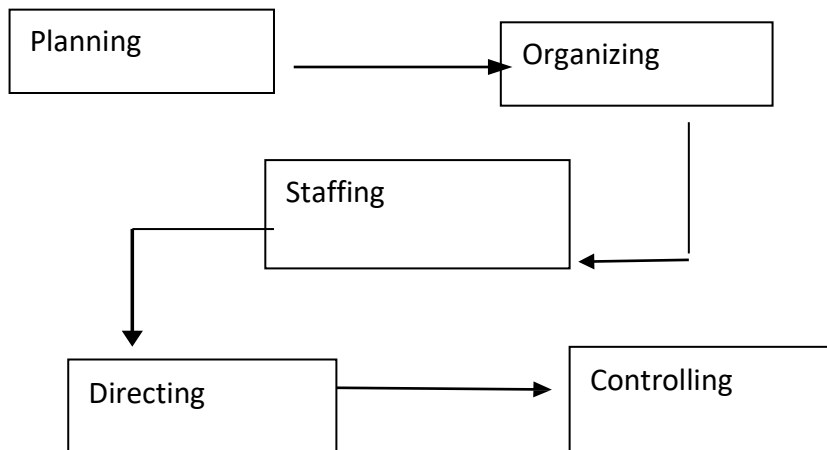
C.REDUCES COSTS: Management gets maximum results through proper input. Management uses physical human and financial resources to achieve best results. This helps in cost reduction and managerial activities bring prosperity to the organization and provide benefits to the employees.

D.ESTABLISHES SOUND ORGANIZATION: To establish sound organizational structure is one of the objectives of management and to fulfillment of organizational goals. It establishes effective authority and responsibility relationship i.e. “who is accountable to whom”, Management fills up various positions with right persons, having right skills, training and qualification.

Who can give instructions to whom -who are superiors and who are subordinates.

E.ESSENTIALS FOR PROSPERITY OF SOCEITY: Efficient management leads to better economical production which helps in welfare of people. It improves standard of living. It increases the profit which is beneficial to business and society will get maximum output at minimum cost by creating employment opportunities. Organization comes with new products and researches beneficial for society.

3.FUNCTIONS OFMANAGEMENT :



A.PLANNING: Planning consists of the activities involved in choosing courses of action to achieve organizational objectives. It is deciding in advance. Planning is an ongoing step and can be highly based on organizational goals, division goals, departmental goals and team goals. Both long-term and short-term plans are necessary to achieve goals.

“It bridges the gap from where we are & where we want to be”

“what to do, when to do, how to do and who will do it”

B.ORGANISING: Organizing is the process of linking and arranging activities in a sequence. It is important to prioritize which resources are essential at any given time. According to Henry Fayol, “To organize a business is to provide it with everything useful or its functioning i.e. raw material, tools, capital and personnel’s”.

Organizing as a process involves:

- ✓ Identification of activities.
- ✓ Classification of grouping of activities.
- ✓ Assignment of duties.
- ✓ Delegation of authority and creation of responsibility.
- ✓ Coordinating authority and responsibility relationships.

C.STAFFING : Staffing is planning ,organizing, directing and controlling of procurement, development, compensation, integration and maintenance of people for the purpose of contributing to individual, organizational and social goals. Staffing function is also known as human resource management. Once the employee is employed, his development needs are identification through performance appraisal.

- ✓ Staffing involves:
- ✓ Manpower Planning (estimating man power in terms of searching, choose the person and giving the right place).
- ✓ Recruitment, Selection & Placement.
- ✓ Training & Development.
- ✓ Remuneration.
- ✓ Performance Appraisal.
- ✓ Promotions & Transfer.

D.DIRECTING: Direction is the key to achieve required goal directing motivates the employees to perform their responsibilities in realizing the organizational goals. The willing and effective co-operation of employees for the attainment of organizational goals is possible through direction. Tapping the maximum potentialities of the people is through motivation and command. Thus, direction is an important managerial function in securing employees contribution.

E.CONTROLLING: Controlling also involves checking, verifying and comparing the actual performance with the plans, identifications of deviation if any and correcting of identified deviations. The purpose of control is ensure the effective operation of an organization by focusing on all resources human, material, finance and matching.

4. PRINCIPLES OF MANAGEMENT:

1. DIVISION OF LABOR:

HENRY FAYOL has stressed on the specialization of jobs. He recommended that work of all kinds must be divided and subdivided and allotted to various persons according to their expertise in a particular area. This division makes the task much easier and improves the efficiency of individuals.

2. AUTHORITY AND RESPONSIBILITY:

These are the two key aspects of management. Authority facilitates the management to work efficiently, and responsibility makes them responsible for the work done under their guidance or leadership. A manager should never be given authority without responsibility and also should never be given responsibility without the authority to get the work done.

3. PRINCIPLE OF ONE BOSS:

A sub-ordinate should receive orders and be accountable to one and only one boss at time. In other words a sub-ordinate should not receive instruction from more than one person because, It undermines authority, Weakness, discipline, Divides loyalty, Creates confusion, Duplication of work, Escaping responsibilities. Therefore dual sub-ordination should be avoided unless and until it is absolutely essential.

4. UNITY OF DIRECTION:

According to this principle efforts of all the members of the organization should be directed towards a common goal. Without unity of direction, units of action can't be achieved; unity of command is not possible without unity of direction.

5. EQUITY:

Equity means equality of fair treatment equity results from a combination of kindness and justice. Employees expect management to be equally just to everybody. It requires managers to be free from all prejudices, personal likes or dislikes. It ensures healthy industrial relations between management and labor which is essential for the successful working of the enterprise.

6. ORDER:

It refers to the arrangement of people and things at the right place. There should be a fixed place for everything in the organization and everything should be in its own place in the organization. Social order involves right person at the right place.

7. DISCIPLINE:

Discipline is absolutely essential for the smooth running of business. The rules should be clearly defined and in case of any disciplines imposed penalties should be fair. Clear and fair agreement between the employees and the employer. In order to follow and maintain discipline organization must have good supervisor at all levels.

8. INITIATIVE:

Initiative means freedom to think out and execute a plan. Innovation which is the hallmark of technological progress is possible only where the employees are encouraged to take initiative. At all levels of the organizational structure, zeal, enthusiasm and energy are enabled by people having the scope for personal initiative.

9. FAIR SALARY ADMINISTRATION TO EMPLOYEES:

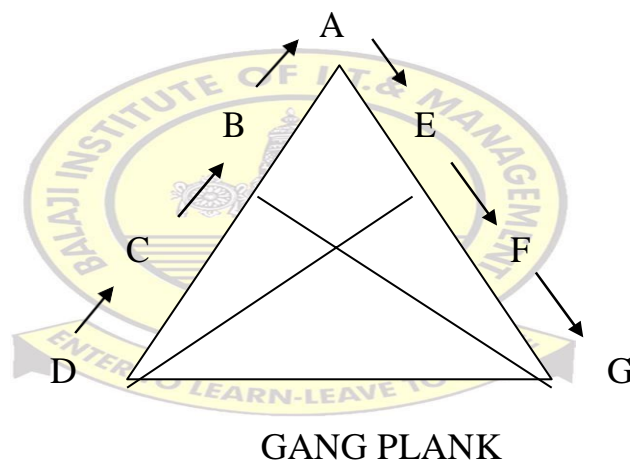
Wages should be determined on the basis of cost of living, work assigned, financial position of the business, wage rate prevailing etc. Employee satisfaction depends on fair salaries / wages for everyone. This includes financial and non-financial compensation.

10. STABILITY OF TENURE:

The time period of service in a particular position should be fixed and employees should not shift from the allotted position repeatedly. It is necessary that they should be assured security of job by the management.

11. SCALAR CHAIN:

Scalar chain means the hierarchy of authority from the highest executive to the lowest one for the purpose of communication. According to FAYOL every organization should have a distinct chain of authority from top to bottom linking all the managers at all levels. A gang plank is temporary arrangement between and different points to facilitate quick and easy communication.



12. SUBORDINATION OF INDIVIDUAL INTEREST TO GENERAL INTEREST

The interest of the organization should be kept at the highest priority over the interest of individuals. Every employee has certain individual interests which motivates the employees to work for the organization. According to FAYAL the management should make efforts to unite the interest in general (both employee and employer).

13. ESPRIT DE CORPS:

Esprit de corps means team spirit. The management should create team spirit among the employees. Managers should promote team work to achieve common goals of the company. This will raise the level of trust between the members.

14. CENTRALISATION AND DE-CENTRALISATION:

The concentration of decision making authority in the hands of the top management leads to **centralization**. If the authority is shared with the lower level management then it leads to **decentralization**. In small organization centralization of authority exists as the number of activities is less compared to large organization. Whereas, in large organization the level of decentralization is high.

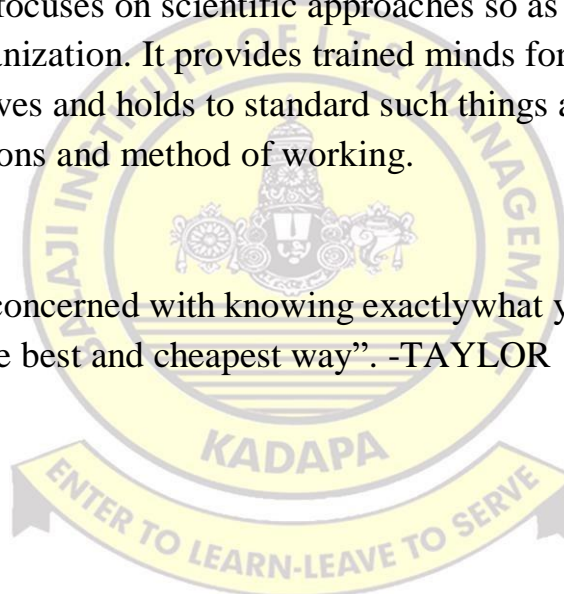
5. PATTERNS OF MANAGEMENT

5.1 SCIENTIFIC MANAGEMENT/APPROACH

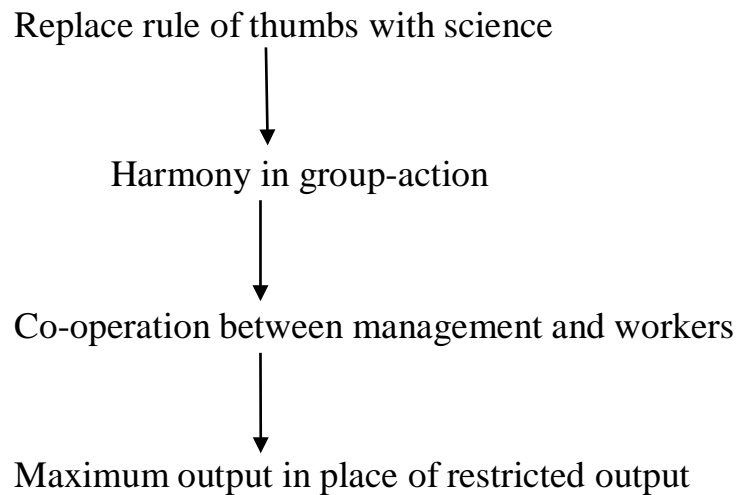
Scientific management was used widely by the managers in the early 1900s. It is a classical management study which focuses on scientific approaches so as to improve the efficiency level of workers in an organization. It provides trained minds for attaining a higher degree of excellence. a) It improves and holds to standard such things as equipment, tools and materials, working conditions and method of working.

DEFINITION

“Scientific management is concerned with knowing exactly what you want men to do and then see in that they do it the best and cheapest way”. -TAYLOR



5.2 PRINCIPLES OF SCIENTIFIC MANAGEMENT



1. REPLACING RULE OF THUMBS WITH SCIENCE:

It consists of observation and analysis of each work determination of standard of work and ensure that works is done best possible way. Rule of thumbs means decisions taken by management as per their personal judgments. This approach can be adopted in all aspects of management.

2. HARMONY IN GROUP-ACTION:

Management should always be ready to share the gains of the company with the workers. It helps to produce synergy effect both management and workers work in unison (simultaneous performance). It becomes possible by sharing a part of surplus with workers. Trying of employee's team spirit and positive attitude.

3. CO-OPERATION:

Both management and workers should realize the importance of each other. All the activities done by different people must be carried on with a spirit of mutual co-operation.

4. MAXIMUM OUTPUT:

Maximum production ensures more wages to worker more profit to owner. It involves continuous increase in production and productivity increase production by management.

6.BEHAVIOURAL THEROY / BEHAVIOURAL APPROACH:

6.1BEHAVIOUR DEFINITION:

“Behavior is defined as the way a person conducts themselves towards other. When workers are treated as humans rather than machines, they will responsible to their particular work to complete in positive way by increasing individual productivity.

6.2BEHAVIOURAL APPROACH:

The core concepts of behavioral approach are leadership motivation participative management communication and group dynamics. According to the Behaviorists, behavior can be systematically studied and analyzed, irrespective of the internal mental conditions like moods, emotions and cognitions which are relatively too subjective. Key stress of behaviorists is on conditioning. They believed that any individual can be trained to handle any task irrespective of genetic traits or internal feelings by way of effective conditioning. The behavioral approach emphasizes the scientific study of observable behavioral responses and their environmental determinants. In other words it's the study of the connection between our minds and behavioral.

7.SYSTEM THEORY/APPROACH

System is a set of interrelated but separate parts working towards a common purpose. An organization as a system is consisting of several interconnected interactions and interdependent parts. An organizational system has a boundary that determines which parts are internal and which are external. CHESTER BARNARD was the first person to utilize the system approach in the field of management. It helps to the general managers to maintain balance among various subsystems and the organization. The arrangement of elements must be orderly and there must be proper communication facilitating interaction between the elements and finally this interaction should lead to achieve a common goal. System approach helps the dynamic and inters related nature of organizations to plan for action and anticipate consequences and mutual effects.

KEY CONCEPTS OF SYSTEMS APPROACH

A. SUBSYSTEM:

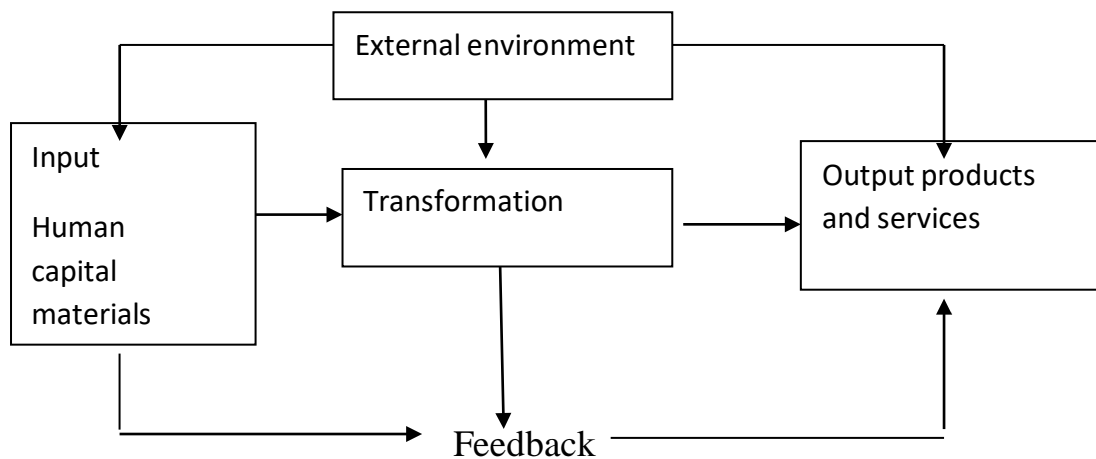
Sub systems are those parts which make up the whole system. Each system turn may be sub systems of a still larger system.

B. SYNERGY:

Synergy is the situation in which the whole is greater than the sum of its parts. In organizational terms synergy means that departments that interact co-operatively are more productive than they would be.

C. FLOWS

A system has flows of information material and energy. These enter the system from the environment as inputs (like raw material) undergo transformation process within the system (like production process) and exist in the system as outputs (like products and services).



8. CONTINGENCY APPROACH:

Contingency approach is also called situational approach. This approach was developed by managers, consultants and researchers who tried to apply the concepts of the major schools to real life situations. The ‘Contingency Approach to Management’ is relatively a new approach to management. It is an extension of the system approach. The basic idea of the contingency approach is that the organization has to come up with different situations in different ways. It helps to devise motivational and leadership approaches to motivate the workers. Wide range of external and internal factors must be considered. There is no one best way to structure a corporation and solve employee problems. It all depends on the situation. The contingency approach has a wide-ranging applicability and practical utility in organization and management. This approach gives importance to the managers’ understanding, knowledge, and leadership styles and lets them take different decisions depending upon the different situations. It helps an organization to operate under different environmental conditions. It helps to design the organization structure and plan the information decision systems. A small-sized organization may be centralized and a large-sized organization may be decentralized in structure.

Case Study:

Ajay, 23 year old, fresh MBA with HR, starts his career as a junior HR executive at Raj Manufacturing House. His boss is a simple B.Com. degree holder with 4 years of hands-on experience. He does not like Ajay's joining the company and therefore tortures him by different ways. He wants Ajay to resign so he almost harasses him by playing politics in the background. Ajay comes to know about this.

Question:

If you were a consultant, what advice would you give him?

What is the reason for the boss' negative behaviour?

Answer:

1) Problems:

Two problems have been clearly mentioned in the question

1) The reason for boss' negative behaviour 2) The problem of Ajay, who is to be consulted.

2) Assumptions:

Here, no information has been given about the background of the boss like how he has been as a boss in the past and how has been his score of performance appraisal. Therefore, we assume that the boss has not been a successful one and he generally misbehaved with the juniors. We also assume that Ajay is a hard-working, committed and talented employee.

3) Probable reasons' for boss' negative response:

1) His self-image is low in his own eyes and his perception of looking-glass image in the eyes of Ajay seems to be negative. All these things indicate that his self-esteem is at the lower side right now. He seems to have a perception that this situation is existing due to Ajay and thus, he is behaving negatively.

2) He may be having a perceptual error namely Halo Effect. The MBA degree of Ajay may be its reason

3) Other perceptual errors could be also playing some role like recency or primacy. If Ajay has made a mistake recently or if Ajay's first impression is not good in the eyes of the boss, that impression may be the reason for bad behaviour.

4) Other problems related to personality cannot be denied having an existence as a reason for boss' negative behaviour.

4) Possible solution or advice for Ajay:

First of all, Ajay should try and find out the “reality” about the boss’ real personality by Enquiring about it. He should avoid building any wrong negative perception for the boss. Ajay should never leave the job immediately or should restrain from any reaction. The boss may be tasting him too! As many boss adopts this style in the beginning while dealing with an employee to control him in the long run. The boss may have his own personal problems too. Based on the findings, Ajay should decide whether to continue the job or leave it or talk to boss “directly” or go to higher authorities. Meanwhile, he should practice stress-relieving exercises!

UNIT I:

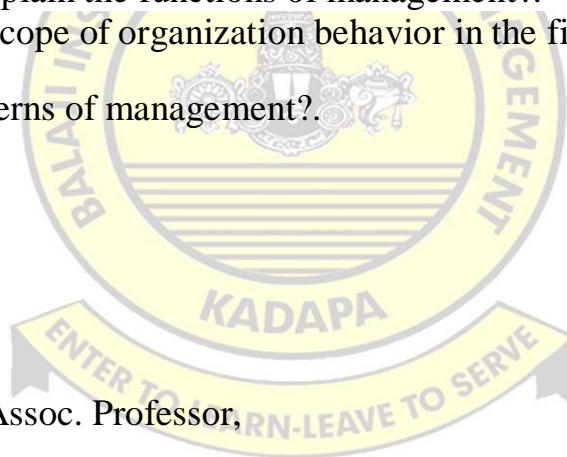
External Questions: (Old Question papers)

1. What is the contribution of Henri Fayol to management thought? Explain 14-principles of management thought?.
2. Define management. Explain the functions of management?.
3. Discuss the nature and scope of organization behavior in the field of management?.
4. Discuss the various patterns of management?.

PREPARED BY,

B.V.LAKSHMI, M.B.A, Assoc. Professor,

BALAJI INSTITUTE OF IT & MANAGEMENT, KADAPA.



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UNIT-2

DECISION MAKING AND CONTROLLING

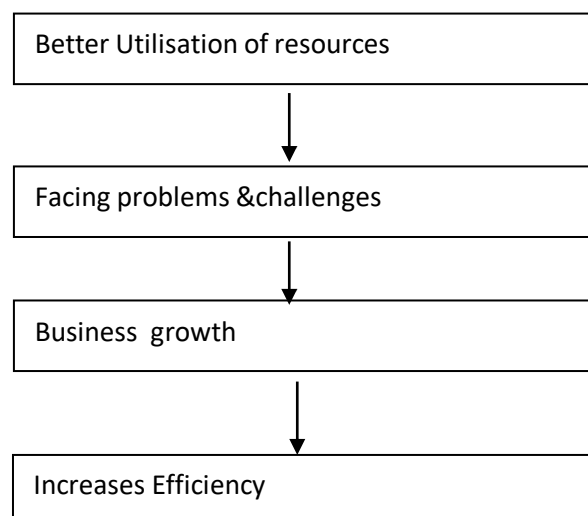
1.PROCESS OF DECISION MAKING:

1.1INTRODUCTION ABOUT DECISION MAKING: Decision making is a process of choosing the best from among the alternative solutions under a given set of circumstances. All managers continuously make decisions regarding all kinds of problems issues opportunities threats etc. Hundreds of decisions are made by the manager consciously and sub consciously every day. Decision making involves a certain commitment. This commitment may be short run or long run depending upon the types of decisions.

DEFINITION

“A decision is an act of choice where in executive forms a conclusion about what must be done in a given situation. A decision represents a course of behavior chosen from a number of alternatives”. - MACFARLAND

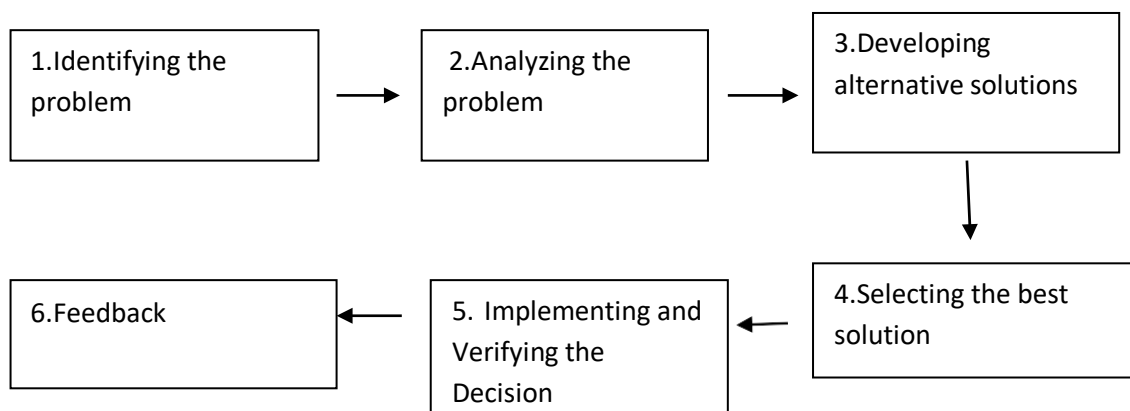
1.2IMPORTANCE OF DECISION MAKING



- A. BETTER UTILISATION OF RESOURCES:** Decision making helps to utilize the available resources for achieving the objectives of the organization. Organization has various resources like man, money, methods, materials, machines and markets. The manager has to make correct decisions for all the 6 Ms. This will result in better utilization of these resources.
- B. FACING PROBLEMS AND CHALLENGES:** Decision making helps the organization to face and tasks new problems and challenges. Quick and correct decisions help to solve problems and to accept new challenges.
- C. BUSINESS GROWTH:** Quick and correct decision making results in better utilization of the resources. It also helps to achieve its objectives. All this results in quick business growth.

D. INCREASES EFFICIENCY: Rational decisions help to increase efficiency. Efficiency is the relation between returns and cost. If the returns are high and the cost is low, then there is efficiency and vice versa. Rational decisions result in higher returns at low cost.

1.3 PROCESS OF DECISION MAKING



1. IDENTIFYING THE PROBLEM: The decision-making process begins when a manager identifies the real problem. It is essential to first recognize that a problem exists. Identification of the problem involves three stages: scanning, categorization, and diagnosis. The scanning stage involves monitoring the work environment for changes. The categorization stage attempts to understand this performance gap. The diagnosis stage involves gathering relevant facts and other additional information pertaining to the problem. It also specifies both the nature and the causes of the problem.

2.ANALYSING THE PROBLEM: Once the problem has been correctly diagnosed, the next logical step is analyzing it. Sound decisions are based on proper collection, classification and analyze of facts and figures.

3.DEVELOPING ALTERNATIVE SOLUTIONS: After the problem is diagnosed clearly the tendency of managers is that of searching for readymade solutions (tendency = type of behaviors).They start designing or developing solutions through a vague idea, gradually improve it, refine it by recycling.

4.SELECTING THE BEST SOLUTION: Selecting the best solution is done by comparing each alternative solution with one another in terms of predetermined objectives. Drucker Suggests 4 criteria for selecting the best among the possible alternative like, risk, economy of effort, timing and limitation of resources. Timing is a very important factor in decision making. The most precious resource of an organization is its manpower abilities, motivation, vision and level of aspiration of its employee.

5.IMPLEMENTING AND VERIFYING THE DECISION: Effectiveness of decision in achieving the desired goals depends on its implementation. The manager should secure the support of the top management for allocation of resources time etc, regarding the implementation of the decision. A detailed programme of action should be formulated specifying the minute details of action, **people who will execute it, when it will be implemented, who will be implemented and who will co-ordinate the work.**

6.FEED BACK: Feedback is necessarily to decide whether the decision is already taken should be continued or be modified in the light of changed conditions.Feedback is possible in the form of organized information reports and personal observations.

2.TECHNIQUES OF DECISION MAKING

A. THE DELPHI
TECHNIQUE

B. NOMINAL GROUP
TECHNIQUE

C. BRAIN
STROMING

D.DECISION TREE

A.THE DELPHI TECHNIQUE: Questionnaire is sent to the group members who record their answers in writing. The group members don't meet face-to-face. Replies of all the members to the questionnaires are summarized and feedback are sent for review. This process is repeated until a satisfactory decision is made. This technique is mostly used for decisions relating to demand forecast future problem etc.

SUCCESS OF THIS TECHNIQUE DEPENDS ON

- ✓ Seriousness of the group members.
- ✓ Expertise of the group member's availability of adequate time.
- ✓ Written communication skills of the member's use of information technology like e-mail, voice mail etc.
- ✓ Level of involvement and motivation of the members.

B.NOMINAL GROUP TECHNIQUE:

The steps involved in nominal group decision making are :

- + Group members are brought together presented with a problem.
- + Members ask questions just to get clarification during brief sessions.
- + They share their ideas with each other in a structured format (all members get an opportunity in a round table format).
- + Members ask questions just to get clarification during brief sessions members develop the solution independently and write them on card.

Advantages/Benefits

- A. All members get equal opportunity for participation no member can dominate the discussion.
- B. Ego problem and interpersonal problems are solved decision can be taken in the right time due to control of time.

Disadvantages:

- a) The procedure is too rigid. Members may be frustrated.
- b) Members can have interpersonal relations. Group cohesiveness cannot be ensured.

C.BRAIN STORMING TECHNIQUE: This technique is used to encourage creative thinking in groups of around and members. The success of this technique depends upon the member's ability to listen to others. More members of ideas should be encouraged so that eventually higher quality ideas would be generated.

GUIDE LINES FOR BRAIN STROMING:

1. Record all ideas i.e. on a piece of flipchart paper.
2. There is no criticism. Everyone must be encouraged to participate.
3. Individually rank ideas.
4. Decide as a group which idea will be enacted first.
5. Quantity is more desirable then quality.
6. Evaluation, judgment (or) defense of ideas during the brainstorming session.
7. Begin the brainstorming process again as necessary.

Advantages

1. Broader participation of the members. Members have a sense of belongingness and the final product is the team effort.
2. Brainstorming builds involvement, commitment, loyalty, and enthusiasm. Participating in the sessions stimulates and unlocks people's creative talents.
3. Brainstorming also builds self-esteem.

Disadvantages

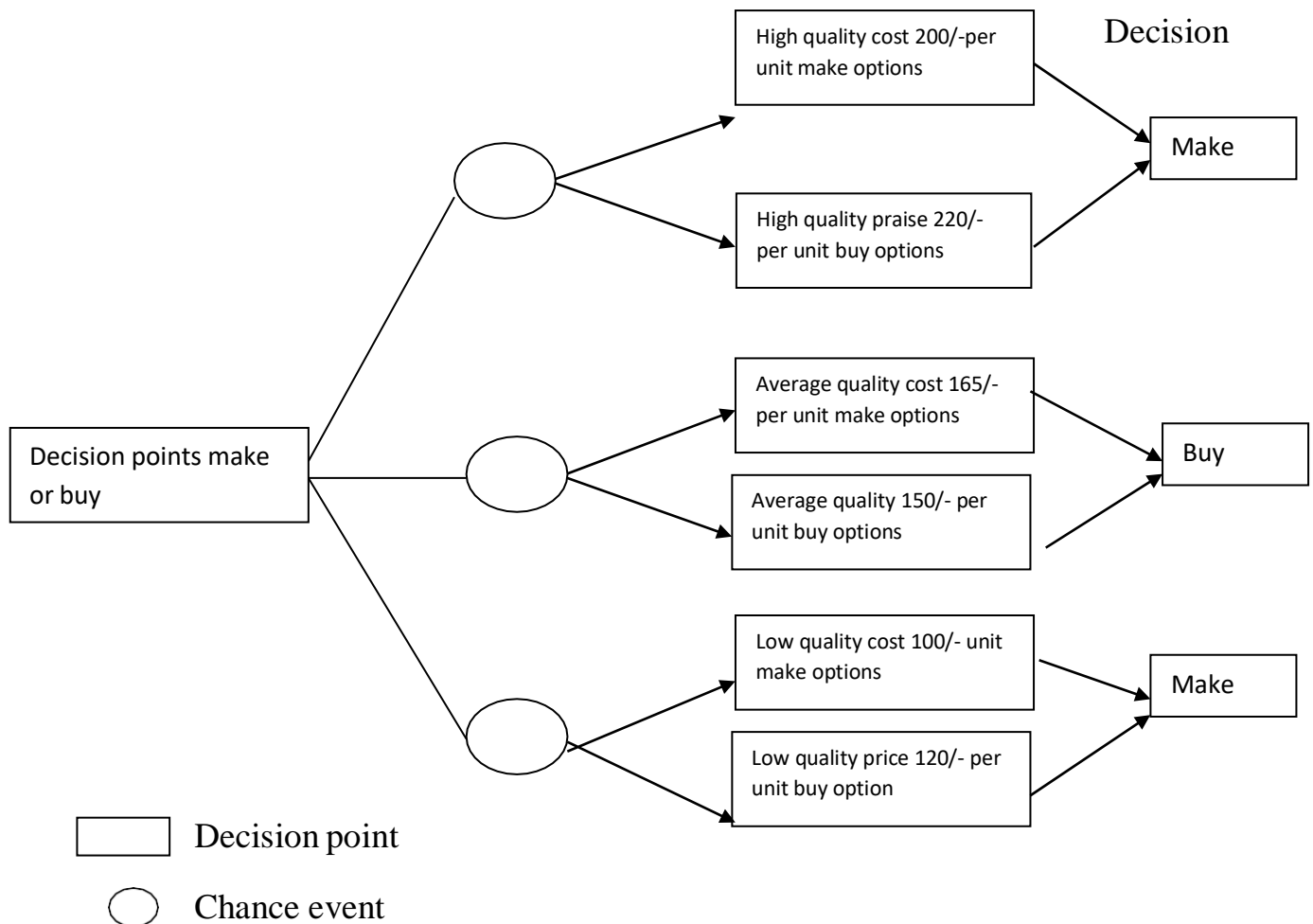
1. Some members may fear that their ideas may be looked down by others. Criticism of ideas kills creativity some people may dominate the process of decision making.
2. If brainstorming is done in an organization that has an authoritarian structure, it would basically be useless since everyone just waits for their boss to dictate what they'd talk about.

D.DECISION TREE

- The decision tree is a model in the form of a graphical tool that charts the steps to consider in evaluating each alternative solution in decision making.

THE MAIN POINTS OF THE DECISION TREE ARE,

- Using the information acquired in preparing to make the decision
- Decision tree helps managers to evaluate and arrange the information in order.
- Decision tree enables managers to introduce a degree of justifiability.



- It is observed from the figure that the car manufacturing company has to take decision whether to make the wipers or to pay them from other companies.
- Managers make the decision based on the information and quantified data provided in the decision tree.

3. PLANNING:

Planning starts with defining the objectives and the formulation of the specific goals or targets to be achieved. Planning is concerned with the future. It is done by managers at all levels of organizations. Planning is a primary function of corporate management. It is a bridge between the present and the future. It helps in the process of motivation and provides a framework for decision making.

3.1 DEFINITION

- A. “Planning is deciding in advance what is to be done in future. Plan bridges the gap between where we are and we want to go”. -HAROLD KNOONTZ and O’DONNEL,

4. PROCESS OF PLANNING:

Planning is a continuous process. Planning is an organizations plan for the total business or any part of the business includes the departments or any part of it.

STEPS IN PLANNING PROCESS

1. Being Aware Of Opportunities & Strength

2. Establishing Objectives & Goals

3. Fulfill Promises and Developing premises

4. Determining Alternatives

5. Evaluating Alternative Courses

6. Selecting A Course

7. Formulating Derivative Plans

8. Budgeting

1. BEING AWARE OF OPPORTUNITIES AND STRENGTHS: Business firms Analyze both internal and external environment. Analysis of internal environment reveals organizations strength and weakness. Analysis of external environment includes the factors which are characterized as technological, economic, political, & international. Analysis of these factors reveals the opportunities offered by the external environment and threats posed by the external environment. Business firms can plan to match the organizations strength with the environment opportunities.

2. ESTABLISHING OBJECTIVES AND GOALS: Business firms have to formulate objectives. Objectives are the ends towards which activity is aimed. The organizations formulate objectives not only for the entire enterprise but for each department. Objectives provide directions to the organization plans. Managers and subordinates formulate the objectives in collaboration by exchanging their ideas and view.

3. FULFILL PROMISES AND DEVELOPING PREMISES: The next step is getting acceptance from the employers regarding the planning premises like forecast & promises like fulfillment of employee needs . All managers involved in planning should have a common understanding about the planning premises, forecast is an important planning premises. These planning premises are also of two types – internal and external. External assumptions deal with factors such as political environment, social environment, the advancement of technology, competition, government policies, etc. Internal assumptions deal with policies, availability of resources, quality of management, etc. All managers should be aware of these premises and should agree with them.

FORECASTING PREMISES INCLUDE:

- A. What will be the population?
- B. What will be the new products? & What new market will emerge?
- C. What will be the new technologies?
- D. What political factors will affect the business?
- E. What will be the salary level of employees?

4. DETERMINING ALTERNATIVES: The managers have to develop alternative courses. There would be several ways to achieve the predetermined objectives.

The objective of profit maximization can be achieved through the following courses.

- a. Through forward linkage of the business and joint ventures.
- b. Through expansion of the capacity and diversification.
- c. Through mergers and acquisition .

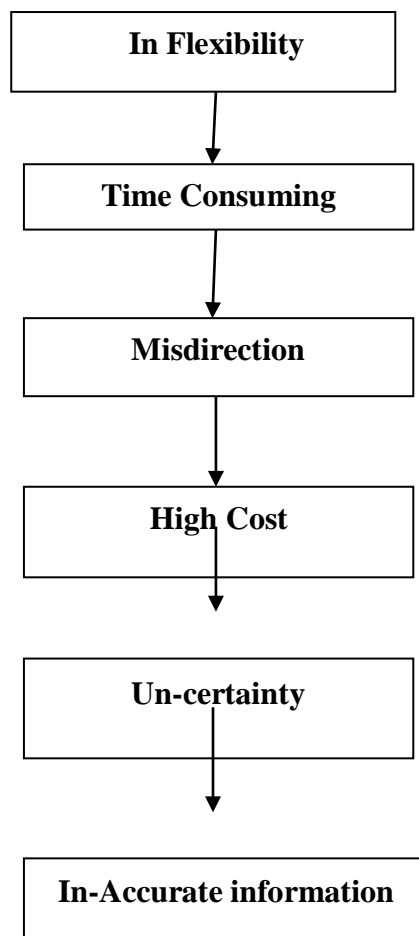
5.EVALUATING ALTERNATIVE COURSES: Managers have to evaluate the alternative course each alternative course has to be analyzed in terms of strength and weaknesses. Each alternative course of action has to be evaluated in terms of strength, weakness, opportunity and threat (SWOT) analysis.

6.SELECTING A COURSE: After SWOT analysis a manager has to rank them based on relative strength and opportunities of each alternative. The alternative with highest strength and opportunities and with the lowest threats and weakness would be ranked as number one.

7.FORMULATING DERIVATIVE PLANS: Managers have to prepare derivative plans after finalizing the main and basic plan. These plans are essential to support and achieve the basic plan.

8.BUDGETING: The final step is converting the plans and derivative plans into budgets. The budgets provide clear direction in numerical terms. These budgets include capital budgets financial budgets, sales budgets, human resource budgets etc.

5.PROBLMES OF PLANNING



A. IN FLEXIBILITY: Once a plan has been done or finalized, it is not easy to deviate from the selected course of action. This rigidity acts as a barrier for the employees in successful implementation of their functions. Liberalization and globalization made the change and adaptability as the order of the day in the business world.

B. TIME CONSUMING: Planning process requires a lot of time to perform all these activities and to make planning effective and systematic. Planning involves collection of data, its analysis, forecasting and making assumption. Forecast of future events is based on a number of statistical tools.

C. MISDIRECTION: Sometimes planning efforts are not successful due to the misdirection of an individual or group of individuals. Planner or manager try to formulate the objective and plans to serve their personal interests rather than achieving the overall goals of the organization.

D. HIGH COST: The planning process is not only time consuming but also expensive. The planning process requires complete data and information to be collected and processed. It requires use of statistical techniques. As such planning is an expensive activity.

E. UN-CERTAINITY: Planning process also suffers from the un-certainty of change. Planning is for the future but is based on present business conditions. Changes in business conditions like anticipated risks, absorption of technology, unfavorable market conditions etc, limit the successful execution of plans.

F. IN-ACCURATE INFORMATION: Planning is essentially a futuristic exercise that is based on assumption and forecasts made by the planners or managers.

6. MAKING IT EFFECTIVE

A. Establishing climate for planning

B. Wider participation

C. Effective communication of planning information

D. Integration of long term & short term planning

E. Involvement of top management

F. An open system approach

G. Cost – benefit analysis

A. ESTABLISHING CLIMATE FOR PLANNING: Managers should create a climate where every person in the organization takes planning action. Every superior manager should remove obstacles to planning. Managers at every level should be encouraged and give necessary facilities to plan their goals and activities with active participation of the workers.

B. WIDER PARTICIPATION: The most effective way of planning is where every manager is granted freedom to plan in respect of his areas of activities.

Participation By The Subordinates May Be Made Possible Through Various Ways Like:-

Formation of planning committee at various level which may be made responsible for providing planning information, inviting suggestions and reactions from subordinates managers of plans. Management by objectives under which common goals at each level of activity are established by managers and workers together.

C. EFFECTIVE COMMUNICATION OF PLANNING INFORMATION: Many Planning efforts fail because managers do not really understand their goals and other planning promises. The organization should have an effective network to communicate all the information that is relevant for planning of the goals at events level. This should include specific and clear information regarding resource availability organizational policies strategies.

D.INTEGRATION OF LONG TERM AND SHORT TERM PLANNING: Short term Plans of an organization should contribute to the accomplishment of its long term plans.

E.INVOLVEMENT OF TOP MANAGEMENT: In any organization the role of top management in planning is quite unique and important. Effective planning may start at top level and get support from lower level managers. But, this should not mean that subordinate managers can do nothing in initiating the planning process.

F.AN-OPEN SYSTEM APPROACH: It suggests that managers must take into account interaction with their total environment in every aspect of planning premises represent a clear recognition.

G.COST-BENEFIT ANALYSIS: The planners must undertake cost benefit analysis. This can be achieved by establishing measurable objectives, proper decision making and formulation of derivative plans for the changing environment.

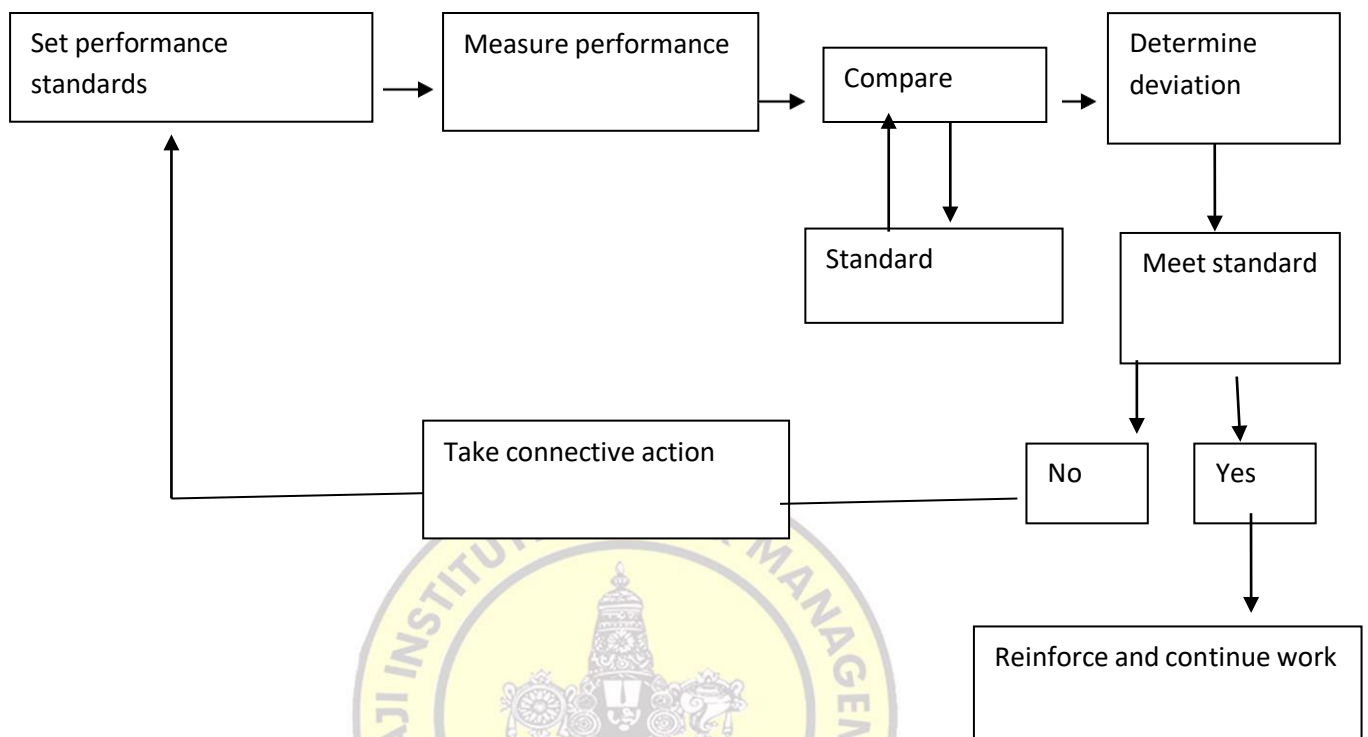
7.CONTROLLING:

Just as every automobile require brakes to stop the vehicle and a steering system to give a direction to it. Each and every organization requires a control system to direct the organization towards the goals also enhance effectiveness. Organizations use the technique of controlling to ensure that they are making a considerable progress towards their goals and utilizing the available resources. Controlling is a function of management that strives to measure the performances and take the remedial actions when needed. Controlling also ensure that an organizations resources are being used effectively and systematically for the achievement of pre-determined goals.

7.1DEFINITION OF CONTROLLING

“Control consists in verifying whether everything occurs in conformity with the plan adopted, the instructions issued and principles established”.- **HENRY FAYOL**

8. SYSTEM OF CONTROLLING



A.SETTING PERFORMANCE STANDARDS: Evaluating an organizational performance is normally based on certain standards. These standards may be previous year's achievement or the competitor's records or the fresh standards established by the management.

Companies should establish the standards for evaluating the performance of the strategies taking several factors into consideration like,

- Quality of products /services.
- Quality of management.
- Creativity.
- Ability to attract develop and retain competent and skilled people.
- Corporate image among the customers and general public.
- Soundness of human resource management in terms of percentage of employee grievances redressed employee satisfaction rate, employee turnover rate etc.

B.MEASURE PERFORMANCE: Performance may be measured through quantitative terms or qualitative terms. Reports and statements help to measure the actual performance through quantitative terms and managerial observations help to measure performance through qualitative terms.

FOLLOWING ARE THE 3 SOURCES

WRITTEN REPORTS: With the help of computer and its data can be gathered and analyzed easily. This technology can provide enormous benefits to the managers in presenting written reports.

ORAL REPORTS: Oral reports are the presentations or summary provided by the managers to their superiors.

PERSONAL OBSERVATION: The person or manager goes to the place where the work is going on and observes what exactly is happening. It is possible for the manager personally observe methods adopted by the personnel (employee) their non-verbal language.

C.COMPARE PERFORMANCE WITH STANDARDS: Organization standards are yard sticks and bench marks that place organizational performance. The manager should set standards for all performance areas of the organization based on organizational goals and strategies. Normally the standards vary from one company to the other company. They also vary from time to time in the same company.

The Standards Developed By General Electrical Can Be Used Model Standards It Includes:-

1. PRODUCT LEADERSHIP STANDARDS:

They include the innovations and modifications in products to increase the new uses of existing product developing new products with new uses etc.

2. EMPLOYEE ATTITUDE STANDARDS:

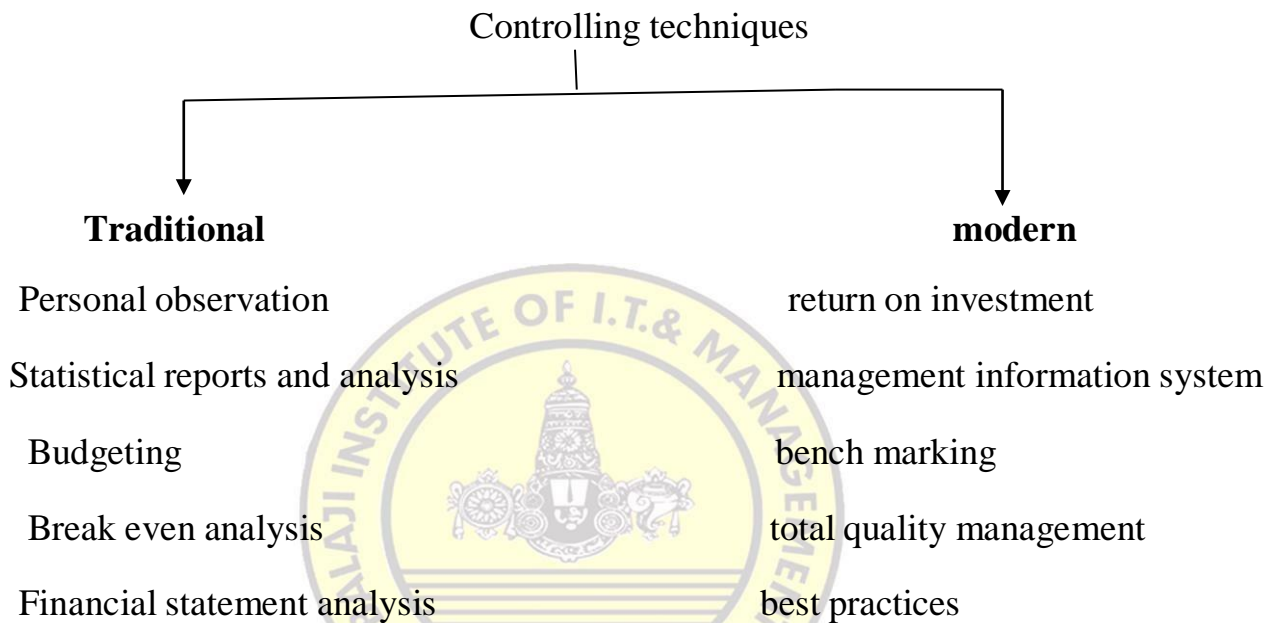
They include employee's favorable attitude towards the nature of work organization salaries quality of work like treatment by superiors etc.

3. PRODUCTIVITY STANDARDS

These standards indicate the performance of the organization in terms of convention of inputs into output. These standars include capital productivity, labor productivity material productivity etc.

D.TAKE CORRECTIVE ACTIONS: Managers should take necessary corrective action if performance is not in harmony with standard. The choice of the remedial measures relies on the nature of the issue.

9.CONTROLLING TECHNIQUES



1. TRADITIONAL TECHNIQUES:

A.PERSONAL OBSERVATION: In this the supervisor monitor the performance of employees as well as inspects the proper execution of operations by observing the situation. Many problems are solved during supervision. It helps a manager to collect first hand information about the performance of the employees and it is time consuming process.

B.STATISTICAL REPORTS AND ANALYSIS: In this technique the managers compare and analyze various ratios, percentages, averages etc. this technique is widely used in inventory control production control etc.

C.BUDGETTING AND BUDGETERY CONTROL: Budget would be basis for delegation of authority and responsibility without loss of control. The budgetary control denotes the process of establishing the budgets for different operations and comparing the actual outcome against the budgets. Budgetary control helps in planning and decision making processes of an organization. The best is a techniques and budgetary control is the outcome.

D.BREAK-EVEN ANALYSIS : The techniques used by managers to study the relationship between sales volume, cost and profit are known as break-even analysis. It helps in making important managerial decisions. It is beneficial because it provides the information regarding the market potential and profit of products which helps in creating and deleting product lines. Break-even analysis finds out the sales mix, channels of distribution and sales promotion.

E.FINANCIAL STATEMENT ANALYSIS : Financial statement plays a vital role some of the important financial statements like profit and loss statement, balance sheet etc. These statements also help in analyzing the ratios that highlight the financial status of an organization.

2.MODERN TECHNIQUES:

A.RETURN ON INVESTMENT: It is very useful techniques for determine whether the capital invested in business has been effectively used or not for generating reasonable amount of return. The prime motive of calculating ROI is to optimize the revenue on investment capital rather than increasing the revenue.

$$\text{The formula is – ROI} = \frac{\text{Net income}}{\text{Sales}}$$

B.MANAGAEMENT INFORMATION SYSTEM: In MIS raw data are collected from direct and indirect sources after that data are classified. It provides timely information to the managers, so that they can take appropriate corrective measures in case of deviations from standards.

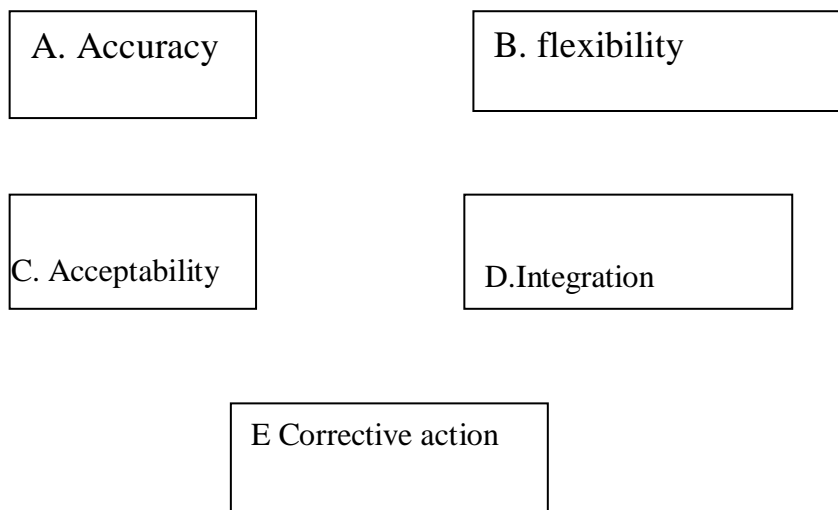
C.BENCH MARKING: Bench marking has become embedded in most organizations as part of the way they stay competitive. Bench marking is the process determines who is the very best ,who sets the standard and what that standard is. Now bench marking is a management tool that is being applied almost anywhere.

D.TOTAL QUALITY MANAGEMENT: TQM is a concept which is based on the notion of responsibility towards quality maintain throughout the firm. The primary objective of TQM is the active participation of the production staff to quit for quality and to inculcate the attitude of constant improvement them.

E.BEST PRACTICES: A best practice is the process of finding and using ideas and strategies from outside your company and industry to improve performance in any given area.

F.THE STEPS FOR INSTALLING BEST PRACTICES INVOLVES: Identifying one business process or service to improve ,looking for one metric to measure. Collecting information on the successful best practices of other companies modifying the best practices for the situation. The benefits of best practices for small business include reduced cost, avoidance of mistakes, finding new ideas and improving performance.

10. MAKING CONTROLLING EFFECTIVE



A. ACCURACY: Effective controls generate accurate data and information. Accurate information is essential for effective managerial decisions. Inaccurate controls would divert management efforts and energies on problems that do not exist

B. Flexibility:

The business and economic environment is highly dynamic in nature. Technological changes occur very fast. A rigid control system would not be suitable for a changing environment. These changes highlight the need for flexibility in planning as well as in control. Managers must make modifications in controlling methods, techniques and systems as they become necessary. An effective control system is updated quickly as the need arises.

C. Acceptability: employees must agree that such controls are necessary and appropriate and will not have any negative effects on their efforts to achieve their personal as well as organizational goals.

D. Integration:

When the controls are consistent with corporate values and culture, they work in harmony with organizational policies. These controls become an integrated part of the organizational environment and become effective.

E. Corrective action:

An effective control system not only checks and identifies deviation For example, a computer keeping a record of inventories can be programmed to establish “if-then” guidelines. Effective controls should be placed and emphasized critical and strategic control points where failures cannot be tolerated and where time and money costs of failures are greatest.

CASE STUDY:

Krishnamurthy, Plant Manager Of Frame Manufacturing Company, Is The Chairperson Of The Ad Hoc Committee For Space Utilization. The Committee Is Made Up Of Various Departmental Heads Of The Company. The General Manager Of The Company Has Given Murthy The Responsibility For Seeing Whether The Various Office, Operations And Warehouse Facilities Of The Company Are Being Optimally Utilized. The Company Is Beset By Rising Costs And The Need For More Space. However, Before Okaying An Expensive Addition To The Plant, The General Manager Wants To Be Sure That The Currently Available Space Is Being Utilized Properly. Murthy Opened Up The First Committee Meeting By Reiterating The Charge Of The Committee. Then Murthy Asked

The Members If They Had Any Initial Observations To Make. The First To Speak Was The Office Manager. He Stated “Well I Know We Are Using Every Possible Inch Of Room That We Have Available To Us. But When I Walk Out Into The Plant I See A Lot Of Open Spaces. We Have People Piled On Top Of One Another, But Out In The Plant There Seems To Be Plenty Of Room.” The Production Manager Quickly Replied, “We Do Not Have A Lot Of Space. You Office People Have The Luxury Facilities. My Supervisors Don’t Even Have Room For A Desk And A File Cabinet. I Have Repeatedly Told The Plant Manager We Need More Space. After All, Our Operation Determines Whether This Plant Succeeds Or Fails, Not Like You People In The Front Office Pushing Paper Around.’ Murthy Interrupted At This Point And Said, “Obviously We Have Different Interpretations Of The Space Utilisation Around Here. Before Further Discussion I Think It Would Be Best If We Have Some Objective Facts To Work With. I Am Going To Ask The Industrial Engineer To Provide Us With Some Statistics On Plant And Office Layots Before Our Next Meeting. Today’s Meeting Is Adjourned.

QUESTIONS:

1. What Perceptual Principles Are Evident In This Case ?

SOLUTION:

- a. Perception of persons vary from each other as every individual view comports as the prime interest. In this case it is evident that perception of production manager differs from that of office manager.
- b. Office manager said the space has been utilized in their department to the maximum extent and state that in plant, spaces are left without being made use of efficiently.
- c. Production manager emphasize on his point of view that the space has been made best use in his department where as in office department they are not utilizing the space provided and he also stressed that failures or success of an organization will be determined by the operating of the plant.

2. What Concept Was Brought Out When The Production Manager Labelled The Office Personnela Bunch Of “Paper Pushers” ?

SOLUTION: The Production manager thinks that the office personnel's will be only having paper works they won't be having any much work to do physically they are enjoying the comforts without doing much physical work. According to production manager he feels that the office people is having more space just to keep their paper and files etc. He also thinks that the space giving for the office people is more for their nature of working comparing to his production work. He believes there is no much work to be

performed compared to production department they just deal with paper work like recording day to day's activity which is an easy task.

UNIT II:

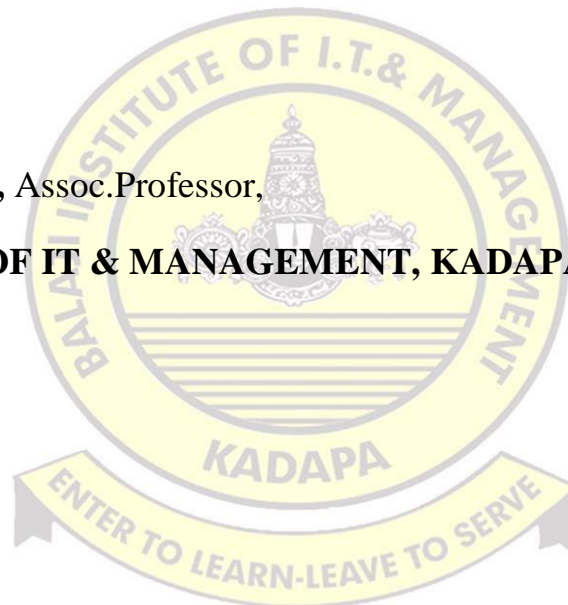
External Questions: (Old Question papers)

1. Enumerate on types of plans?.
2. Define planning. Discuss the approaches to planning?.
3. Elaborate on the steps involved in decision making?.
4. Describe the process of controlling. Also state the essentials of control process?.
5. What are the techniques of decision making?
6. Discuss the need for managerial control and explain various kinds of control?
7. Bring out the importance of control as a function of management. Write a brief note on controlling techniques?.

PREPARED BY,

B. V. LAKSHMI, M.B.A, Assoc. Professor,

BALAJI INSTITUTE OF IT & MANAGEMENT, KADAPA.



(17E00101) MANAGEMENT & ORGANIZATIONAL BEHAVIOUR

Objective of the course is to give a basic perspective of Management theories and Practices. This will form foundation to study other functional areas of management and to provide the students with the conceptual framework and the theories underlying Organisational Behaviour.

1. Role of Management – Concept – Significance – Functions – Principles of Management - Patterns of Management: Scientific – Behavioural – Systems – Contingency.

2. Decision Making & Controlling – Process – Techniques. Planning – Process – Problems — Making It Effective. Controlling - System of Controlling – Controlling Techniques – Making Controlling Effective

3. Individual Behaviour & Motivation – Understanding Individual Behaviour – Perception – Learning – Personality Types – Johari window- Transactional Analysis- Motivation – Concept of Motivation - Motivational Theories of Maslow, Herzberg, David Mc Clelland, and Porter and Lawler

4. Group Behavior & Leadership: Benefits of Groups – Types of Groups – Group Formation and Development. Leadership and Organizational Culture and Climate: Leadership – Traits Theory – Managerial Grid – Transactional Vs Transformational Leadership – Qualities of good leader- Women Leadership in India.

5. Organisational Behaviour–Organizing Process – Departmentation Types – Making Organizing Effective – Organisational culture- Types of culture – Organisational Culture Vs Organisational climate - Conflict management - Change Management

Textbooks:

- Organisational Behaviour, Stephen P. Robbins, Pearson Education
- Management and Organisational Behaviour, Subbarao P, Himalaya Publishing House
- Principles of Management, Koonz, Wehrich and Aryasri, Tata McGraw Hill.

References:

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- Organisational Behaviour , Mishra .M.N ,Vikas
- Management and Organisational behaviour, Pierce Gordner, Cengage.
- Behaviour in Organizations, Hiriappa .B.New Age Publications
- Organisational Behaviour, Sarma, Jaico Publications.
- Principles of Management ,Murugesan ,Laxmi Publications

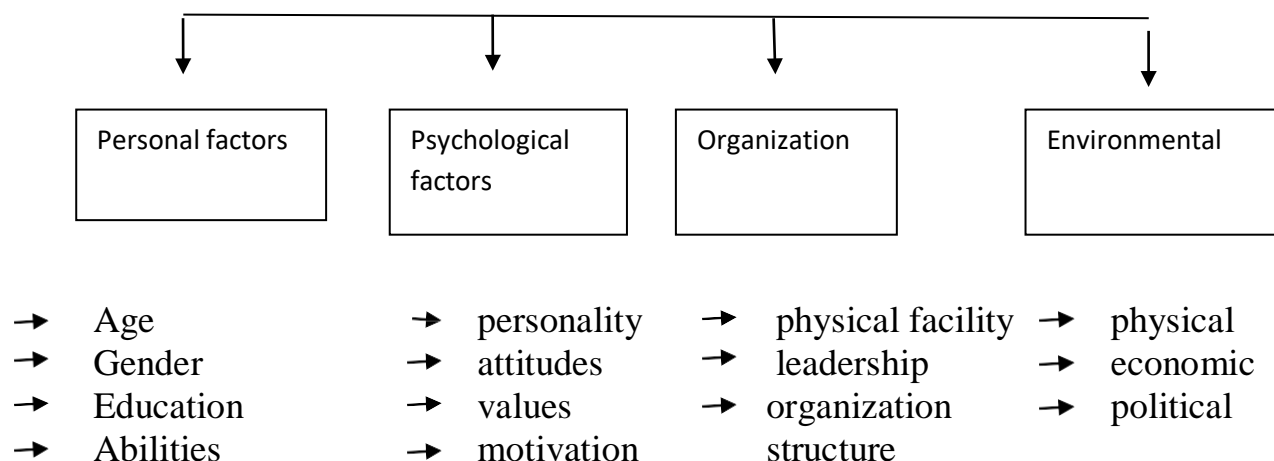
UNIT-3

INDIVIDUAL BEHAVIOUR & MOTIVATION

1. UNDERSTANDING INDIVIDUAL BEHAVIOUR:

Individual behavior is the set of actions performed by an individual. Performance of an organization depends on the individual behavior. Human behavior is affected by numerous factors like attitudes, culture, emotions, ethics, values etc. Humans may be physically but not behaviorally, in fact the same person behaves differently in different situations. This is due to the influence of various factors. It is the responsibility of managers to ensure accomplishment of organization goals. Understanding of human behaviors is necessary for managers to become aware of how to motivate and encourage employees for better performance.

1.1 FACTORS AFFECTING INDIVIDUAL BEHAVIOUR



1. PERSONAL FACTORS

AGE: Age is a very important factor. Performance is dependent on age. With regard to productivity old age results in reduced productivity skill as he or she grows older in age. Age can also be factor of adaptability.

GENDER: Experts say that in terms of job performance and mental abilities, men and women are equal. Without any male-female differences, some of the people have competitive drive, leadership, motivation, learning ability, analytical skills or problem solving ability..

EDUCATION: Systematic knowledge and learning is called education. Increased levels of education serve to increase an individual's expectations about positive outcomes.

ABILITY: Ability refers to an individual's capacity to perform various tasks in a job. It has a great impact on the performance and satisfaction level of employees.

1.PSYCHOLOGICAL FACTORS:

PERSONALITY: Personality generally refers to personal traits like aggressiveness, behavior and other qualities. Personality has both internal and external elements. The External traits are the observable behaviors that we notice in an individual's personality for example sociability. Internal states represent the thoughts, values.

ATTITUDES: Attitudes are evaluative statements either favorable or un-favourable attitudes or values interrelated.

VALUES : The fundamental beliefs about the way should behave or communicate are called values. Values affect an individual's personalities as well as his perception.

MOTIVATION: Motivation is a process that starts with a physiological or psychological deficiency or need that activities behavior or a drive that is aimed at a goal or incentive.

2.ORGANISATIONAL FACTORS:

PHYSICAL FACILITIES: Physical facilities like air conditioning, space lighting, equipment given to employee's environment etc. also affect the employee's performance and his or her approach towards their work and the organization.

ORGANISATION STRUCTURE AND DESIGN: Organizational configuration like line, staff functional organizations, duties and responsibilities of organization towards its employees that constitute the organizational structure.

LEADERSHIP: Leader plays a pivotal role in an organization. Leadership is defined as the process whereby one individual influences other group's members towards the attainment of defined group or organizational goals.

3.ENVIRONMENTAL FACTORS:

ECONOMIC FACTORS: Economic position of a person influence different aspects of his development like motivational emotional social education carrier living with other etc.

POLITICAL FACTORS : Political factors influence investment, fiscal policy and job opportunities within a country. political environment of the country will affect the individual behavior not directly, but through several other factors.

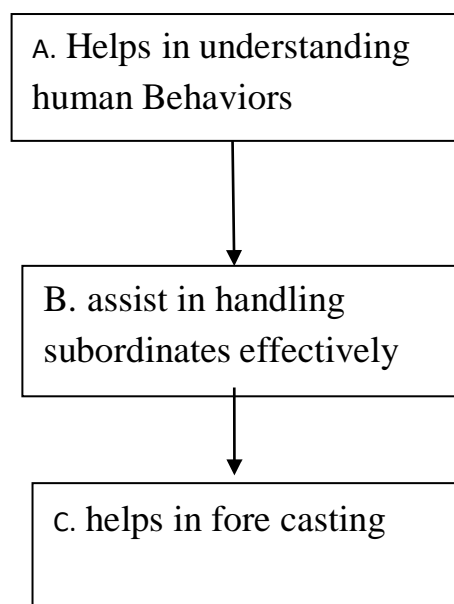
2. PERCEPTION:

Perception is the process of receiving information about and making sense of the world around us. Perception includes all those process by which an individual receives information about the environment seeing, hearing, feeling, tasting and smelling. Perception is the process of receiving, selecting, organizing, interpreting, checking and reacting to sensory stimuli or data. Perception is based on the psychology of individuals. Behavior of a person depends on how he perceives reality rather than what the reality actually it.In an organization people respond according to their perception about the fact rather than the actual fact.

DEFINITION OF PERCEPTION

“A process by which individuals organize and interpret their sensory impressions in order to give meaning to their environments.” STEPHAN P.ROBBINS

2.1 IMPORTANCE OF PERCEPTION



A.HELPS IN UNDERSTANDING HUMAN BEHAVIOURS: Every individual observes the world in a different way and clears with the problems differently. If a person purchase fruits from a particular vendor it's not due to the fact that vendor is selling the best fruits in the whole market. People's behavior is based on their perceptions.

B.ASSIST INHANDLING SUBORDINATES EFFECTIVELY: Perception is very important for managers who want to avoid making errors when dealing with peoples and events in the work setting. In order to clear with the subordinates effectively, the managers must understand their perceptions property.

C.HELPS IN FORECASTING BEHAVIOURS: Different individuals behave differently when facing the same situation as they view the same situation differently. A person's behavior can be predicted by understanding his current situation and current perception about the environment.

3. LEARNING:

Human resources play a critical role in implementing organizational strategies & need different kinds of employee behavior. Employees change their behaviors by learning new competencies, knowledge beliefs and values. Learning is a relatively permanent change is knowledge or observable behavior that results from practice or experience. This learning influences the individuals to change their knowledge or wisdom and / or observable behavior. Learning takes place through education, training, management development programmes, self-observation etc. Various organizations provides job training to prepare the candidates for jobs. Individuals learn by observing others while performing various activities. Similarly individuals learn through converting the ideas, imaginations and assumptions into practice as well as through various research activities.

LEARNING PRINCIPLES

The principles of learning development by Sikulaare as follows,

- a. All human being can learn
- b. Learning is active and not passive
- c. Time must be provided to practice learning.
- d. Learns may acquire knowledge more rapidly with guidance.
- e. Learning is based on past experience.
- f. Appropriate material (like case studies, tools, problem etc) should be provided is essential to effective learning.
- g. Learners need reinforcement of correct behaviors.
- h. Learning is a cumulative process.
- i. The rate of learning decreases when complex skills are involved.

- j. Standards of performance should be set for the learner.
- k. The learner must secure from learning.
- l. Learning is closely related to attention and concentration, learning requires motivation.
- m. Learning should be goal-oriented. Learning involves long-run retention and immediate equation of knowledge.
- n. Early success increase chances for effective learning. Continues evaluation is essential to effective learning.

UNIT III:

External Questions: (Old Question papers)

1. What do you mean by learning? Discuss the elements which form the part of learning process?
2. Define the term organizational behavior. Explain the features of organizational behavior?
3. What is individual behavior? What are the factors that affect on individual behavior?

PREPARED BY,

B.V.LAKSHMI, M.B.A, Assoc. Professor,

BALAJI INSTITUTE OF IT & MANAGEMENT, KADAPA.