Unit 2nd

(Topic 1) Planning, Its Feature, Importance

Planning can be defined as "thinking in advance what is to be done, when it is to be done, how it is to be done and by whom it should be done". In simple words we can say, planning bridges the gap between where we are standing today and where we want to reach.

Planning involves setting objectives and deciding in advance the appropriate course of action to achieve these objectives so we can also define planning as setting up of objectives and targets and formulating an action plan to achieve them.

Features/Nature/Characteristic of Planning:

1. Planning contributes to Objectives:

Planning starts with the determination of objectives. We cannot think of planning in absence of objective. After setting up of the objectives, planning decides the methods, procedures and steps to be taken for achievement of set objectives.

2. Planning is Primary function of management:

Planning is the primary or first function to be performed by every manager. No other function can be executed by the manager without performing planning function because objectives are set up in planning and other functions depend on the objectives only.

3. Pervasive:

Planning is required at all levels of the management. It is not a function restricted to top level managers only but planning is done by managers at every level. Formation of major plan and framing of overall policies is the task of top level managers whereas departmental managers form plan for their respective departments.

4. Planning is futuristic/Forward looking:

Planning always means looking ahead or planning is a futuristic function. Planning is never done for the past.

5. Planning is continuous:

Planning is a never ending or continuous process because after making plans also one has to be in touch with the changes in changing environment and in the selection of one best way.

6. Planning involves decision making:

The planning function is needed only when different alternatives are available and we have to select most suitable alternative.

7. Planning is a mental exercise:

It is mental exercise. Planning is a mental process which requires higher thinking that is why it is kept separate from operational activities by Taylor.

Advantage

1. Planning provides Direction:

Planning is concerned with predetermined course of action. It provides the directions to the efforts of employees. Planning makes clear what employees have to do, how to do, etc.

2. Planning Reduces the risk of uncertainties:

Organisations have to face many uncertainties and unexpected situations every day. Planning helps the manager to face the uncertainty because planners try to foresee the future by making some assumptions regarding future keeping in mind their past experiences and scanning of business environments.

3. Planning reduces over lapping and wasteful activities:

The organisational plans are made keeping in mind the requirements of all the departments. The departmental plans are derived from main organisational plan.

4. Planning Promotes innovative ideas:

Planning requires high thinking and it is an intellectual process. So, there is a great scope of finding better ideas, better methods and procedures to perform a particular job.

5. Planning Facilitates Decision Making:

Planning helps the managers to take various decisions. As in planning goals are set in advance and predictions are made for future.

6. Planning establishes standard for controlling:

Controlling means comparison between planned and actual output and if there is variation between both then find out the reasons for such deviations and taking measures to match the actual output with the planned.

7. Focuses attention on objectives of the company:

Planning function begins with the setting up of the objectives, policies, procedures, methods and rules, etc. which are made in planning to achieve these objectives only.

(TOPIC 2) Planning Process & Step:

1. Setting up of the objectives:

In planning function manager begins with setting up of objectives because all the policies, procedures and methods are framed for achieving objectives only. The managers set up very clearly the objectives of the company keeping in mind the goals of the company and the physical and financial resources of the company.

2. Developing premises:

Premises refer to making assumptions regarding future. Premises are the base on which plans are made. It is a kind of forecast made keeping in view existing plans and any past information about various policies.

3. Listing the various alternatives for achieving the objectives:

After setting up of objectives the managers make a list of alternatives through which the organisation can achieve its objectives as there can be many ways to achieve the objective and managers must know all the ways to reach the objectives.

For example, if the objective is to increase in sale by 10% then the sale can be increased:

(a) By adding more line of products;

(b) By offering discount;

(c) By increasing expenditure on advertisements;

(d) By increasing the share in the market;

(e) By appointing salesmen for door-to-door sale etc.

So, managers list out all the alternatives.

4. Evaluation of different alternatives:

After making the list of various alternatives along with the assumptions supporting them, the manager starts evaluating each and every alternative and notes down the positive and negative aspects of every alternative. After this the manager starts eliminating the alternatives

with more of negative aspect and the one with the maximum positive aspect and with most feasible assumption is selected as best alternative. Alternatives are evaluated in the light of their feasibility.

5. Selecting an alternative:

The best alternative is selected but as such there is no mathematical formula to select the best alternative. Sometimes instead of selecting one alternative, a combination of different alternatives can also be selected. The most ideal plan is most feasible, profitable and with least negative consequences.

6. Implement the plan:

The managers prepare or draft the main and supportive plans on paper but there is no use of these plans unless and until these are put in action.

7. Follow-up:

Planning is a continuous process so the manager's job does not get over simply by putting the plan into action. The managers monitor the plan carefully while it is implemented.

(TOPIC 3) Types of Plan

- **On the basis of Nature**
1. **Operational Plan:** Operational plans are the plans which are formulated by the lower level management for a short term period of up to one year. It is concerned with the day to day operations of the organization. It is detailed and specific. It is usually based on past experiences. It usually covers functional aspects such as production, finance, human resources, etc.
2. **Tactical Plan:** The tactical plan is the plan which is concerned with the integration of various organizational units and ensures implementation of strategic plans on day to day basis. It involves how the resources of an organization should be used in order to achieve strategic goals. The tactical plan is also known as a coordinative or functional plan.
3. **Strategic Plan:** A strategic plan is a plan which is formulated by top-level management for a long period of time of five years or more. They decide the major goals and policies to achieve their goals. It takes in a note of all the external factors and risks involved and makes a long-term policy of the organization. It involves the determination of strengths and weaknesses, external risks, missions, and control systems to implement plans.

- **On the basis of the Managerial Level**

1. **Top-level Plans:** Plans which are formulated by general managers and directors are called top-level plans. Under these plans, the objectives, budget, policies, etc. for the whole organization are laid down. These plans are mostly long term plans.
2. **Middle-level Plans:** The managerial hierarchy at the middle level includes the departmental managers. A corporation has many departments like the purchasing department, sales department, finance department, personnel department, etc. The plans formulated by the departmental managers are called middle-level plans.
3. **Lower level Plans:** These plans are prepared by the foreman or the supervisors. They take the existence of the actual work and the problems connected with it. They are formulated for a short period of time and called short term plans.

- **On the basis of Time**

1. **Long Term Plan:** The long-term plan is the long-term process that business owners use to reach their business mission and vision. It determines the path for business owners to reach their goals. It also reinforces and makes corrections to the goals as the plan progresses.
2. **Intermediate Plan:** Intermediate planning covers 6 months to 2 years. It outlines how the strategic plan will be pursued. In business, intermediate plans are most often used for campaigns.
3. **Short-term Plan:** The short-term plan involves pans for a few weeks or at most a year. It allocates resources for day-to-day business development and management within the strategic plan. Short-term plans outline objectives necessary to meet intermediate plans and the strategic planning process.

- **On the basis of Use**

1. **Single Plan:** These plans are connected with some special problems. These plans end the moment of the problems to be solved. They are not used, once after their use. They are further re-created whenever required.
2. **Standing Plan:** These plans are formulated once and they are repeatedly used. These plans continuously guide managers. That is why it is said that a standing plan is a standing guide to solving the problems. These plans include mission, policies, objectives, rules, and strategy.

(Topic 4) Decision, Nature and Importance

Decision making may be reviewed as the process of selecting a course of action from among several alternatives in order to accomplish a desired result. The purpose of decision making is to direct human behaviour and commitment towards a future goal.

Decision-making is the act of making a choice among available alternatives. There are innumerable decisions that are taken by human beings in day-to-day life. In business undertakings, decisions are taken at every step. It is also regarded as one of the important functions of management. Managerial functions like planning, organizing, staffing, directing, co ordinating and controlling are carried through decisions.

Types of Decisions

Decision making and problem solving is a continuous process of analyzing and considering various alternatives in various situations, choosing the most appropriate course of action and following them up with the necessary actions.

There are two basic types of decisions –

- **Programmed Decisions**

- **Non-programmed Decisions**

  1. **Programmed Decisions** Programmed decisions are those that are made using standard operating procedures or other well-defined methods. They are situations that are routine and occur frequently.

  2. **Non-programmed Decisions** Non-programmed decisions are unique and one-shot decisions. They are not as structured as programmed decisions and are usually tackled through judgment and creativity. They are innovative in essence, as newly created or unexpected problems are settled through unconventional and novel solutions.

Nature or Characteristics of Decision Making

The nature of decision-making may be clearly understood by its following characteristics features:

1. Decision making is an intellectual process, which involves imagination, reasoning, evaluation and judgement.

2. It is a selection process in which best or most suitable course of action is finalized from among several available alternatives. Such selected alternative provides utmost help in the achievement of organizational goals. The problems for which there is only one selection are most decision problems.

3. Decision making is a goal oriented process. Decisions are made to attain certain goals. A decision is rated good to be extent it helps in the accomplishment of objectives.

4. It is a focal point at which plans, policies, objectives, procedures, etc., are translated into concrete actions.

5. Decision making is a continuous process persuading all organizational activity, at all levels and in the whole universe. It is a systematic process and an interactive activity.

6. Decision making involves commitment of resources, direction or reputation of the enterprise.

7. Decision making is always related to place, situation and time. It may be decision not act in the given circumstances.

8. After decision making it is necessary and significant to communicate its results (decisions) for their successful execution.

9. The effectiveness of decision-making process is enhanced by participation.

Importance:-

1. **Achievement of Goal/Objectives:** Decision making is important to achieve the organizational goals/objectives within given time and budget. It searches the best alternative, utilizes the resources properly and satisfies the employees at the workplace. As a result, organizational goals or objectives can be achieved as per the desired result.

2. **Employees Motivation:** Decision making is important to motivate the employees within an organization. It provides an overall framework of operation and guidelines to the operating level of staff. It also provides different types of facilities and benefits on time. As a result, employees are motivated to their job or work as per the organizational requirement.

3. **Proper Utilization of Resources:** An organization has various resources like man, money, method, material, machine, market and information. All these resources are properly utilized without any leakage and wastage with the help of the right decision at the right time. As a result, an organization can operate at a minimum cost.

4. **Selecting the Best Alternative:** As we know that the problem has multiple solutions. Decision making is important to select the best alternative among various alternatives by analyzing them one by one using various financial, statistical, and accounting tools/techniques.

5. **Evaluation of the Managerial Performance:** Decision making is not only important to select the best alternative but also essential for evaluating the performance of a manager. The quality/success of the manager largely depends upon the number of right decisions that he/she can take for organizational success. Therefore, decision making is important to judge the performance of the top level of management.

6. **Indispensable Element/ Component:** Decision making is an indispensable element/ component for organizational success because without taking the right decision at the right time, nothing can be performed as per the plan.

(TOPIC 5) behavioral aspects of decision making

Behavioral aspects are very important in every decision making process. The inter-and multidisciplinary decision-making theories distinguish two main typologies of research directions: The first one consists of two lines: the normative and descriptive (behavioral). Under the direction of the normative approach attention is taken to what and how to decide, with an emphasis on decision-making methods and areas of application of these methods. It seeks also to determine the optimal solution for the ideal decision-maker, which completely uses the available information, determines the benefits of perfect accuracy and operates in a fully rational manner.

(a) Rationality:
Decision-making is a mental process. The Human brain has the ability to learn, grasp, think, analyze, synthesize, evaluate and relate complex facts and variables which leads to rationality in decision-making.

(b) Commitment:
Sometimes people continue to try to implement a decision despite clear and convincing evidence that plenty of problems exist. This tendency to persist in an ineffective course of action when evidence reveals that the plan/activity/decision cannot succeed is known as escalation of commitment.

Sometimes, group norms, social structure and pressure and group cohesiveness is too strong and provides tremendous support so that cancelling the decision is impossible. Organizational inertia may also lead to continuation of the decision.

(c) Ethics:
Ethics are an individual's beliefs about what constitutes good and bad or right and wrong behaviour. Ethical behaviour is that which conforms to generally Some managerial decisions such as selecting or removing a teacher, dealing with students and parents, dealing with corruption concerning examination and students' marks, assigning tasks to teachers and maintaining financial accounts properly involve ethical issues.accept social norms.

(TOPIC 6) forms of group decision making in organizations.

Group decision-making commonly known as collaborative decision-making is a situation faced when individuals collectively make a choice from the alternatives before them.

The decision is then no longer attributable to any individual group member as all the individuals and social group processes like social influence contribute to the decision outcome

Advantages of Group Decision Making

Group decision making has two advantages over individual decision making.

1. **Synergy** It is the idea that the whole is greater than the aggregate of its parts. When a group makes a decision collectively, its judgment can be powerful than that of any of its members. Through discussing, questioning, and collaborative approach, group members can identify more complete and robust solutions and recommendations.

2. **Sharing of information** Group decisions take into account a wider scope of information as each group member may contribute distinct information and expertise. Sharing information increases understanding, clarifies issues, and facilitates movement towards a collective decision.

Disadvantages of Group Decision Making

The major disadvantages of group decision making are as follows –

1. **Diffusion of Responsibility** Group decision making results in distribution of responsibility that results in lack of accountability for outcomes. In this way, everyone is responsible for a decision, and no one really is. Moreover, group decisions can make it easier for members to refuse personal responsibilities and blame others for bad decisions.

2. **Lower Efficiency** Group decisions can sometimes be less efficient than individual decisions. It takes additional time because there is a need of active participation, discussion, and coordination among group members. Without good facilitation and structure, meetings can get eliminated in trivial details that may matter a lot to one person but not to the others.

3. **Groupthink** One of the biggest disadvantage of effective group decision making is groupthink. It is a psychological phenomenon that occurs within a group of people in which the wish for harmony or conformity results in an illogical or dysfunctional decision-making outcome.

Group Decision-Making Techniques

In order to eliminate group think and group shift from a group, we can use four different techniques that will help us make a collaborative decision that is best for the group. These techniques are –

- Brainstorming
- Nominal group thinking
- Didactic technique
- Delphi technique

1. **Brainstorming**

This technique includes a group of people, mostly between five and ten in number, sitting around a table, producing ideas in the form of free association. The main focus is on generation of ideas and not on evaluation of these ideas.

If more ideas can be originated, then it is likely that there will be a unique and creative idea among them. All these ideas are written on the blackboard with a piece of chalk so that all the team members can see every idea and try to improvise these ideas.

Brainstorming technique is very effective when the problem is comparatively precise and can be simply defined. A complex problem can be divided into parts and each part can be dealt with separately at a time.

2. Nominal Group Thinking

This technique is similar to brainstorming except that this approach is more structured. It motivates individual creativity. Members form the group for namesake and operate independently, originate ideas for solving the problem on their own, in silence and in writing. Members do not communicate well with each other so that strong personality domination is evaded.

The group coordinator either collects the written ideas or writes them on a large blackboard so that each member of the group can see what the ideas are. These ideas are further discussed one by one in turn and each participant is motivated to comment on these ideas in order to clarify and improve them. After all these ideas have been discussed, they are evaluated for their merits and drawbacks and each actively participating member is needed to vote on each idea and allot it a rank on the basis of priority of each alternative solution.

3. Didactic Interaction

This technique is applicable only in certain situations, but is an excellent method when a situation actually demands it. The type of problem should be such that it generates output in the form of yes or no. Say for example, a decision is to be made whether to buy or not to buy a product, to merge or not to merge, to expand or not to expand and so on. These types of decision requires an extensive and exhaustive discussion and investigation since a wrong decision can have serious consequences.

There are many advantages as well as disadvantages of this type of situation. The group that makes the decision is divided into two sub-groups, one in favor of the "go" decision and the opposing in favor of "no go" decision.

The first group enlists all the "pros" of the problem solution and the second group lists all the "cons". These groups meet and discuss their discoveries and their reasons.

4. Delphi Technique

This technique is the improvised version of the nominal group technique, except that it involves obtaining the opinions of experts physically distant from each other and unknown to each other.

This isolates group members from the undue influence of others. Basically, the types of problems sorted by this technique are not specific in nature or related to a particular situation at a given time.

For example, the technique could be used to explain the problems that could be created in the event of a war. The Delphi technique includes the following steps −

- The problem is first identified and a panel of experts are selected. These experts are asked to provide potential solutions through a series of thoughtfully designed questionnaires.

- Each expert concludes and returns the initial questionnaire.

- The results of the questionnaire are composed at a central location and the central coordinator prepares a second set of questionnaire based on the previous answers.

- Each member receives a copy of the results accompanied by the second questionnaire.

- Members are required to review the results and respond to the second questionnaire. The results typically trigger new solutions or motivate changes in the original ideas.

- The process is repeated until a general agreement is obtained.