



Qn. 1. (a) State with reasons in brief, whether the following statements are correct or incorrect.

Attempt any five :

- (i) Performance of the terms and conditions of an offer amounts to acceptance.
- (ii) Agreement to sell is an executed contract.
- (iii) Post-dated cheque is a valid negotiable instrument.
- (iv) A sleeping partner is not liable to the third parties for the debts of the firm.
- (v) An agreement entered into with a minor may be ratified on his attaining age of majority.
- (vi) A company can be appointed as a director of another company.
- (vii) An agent is a mere connecting link between the principal and a third party. (2 marks each)

Ans. 1(a)

- (i) True, when a offeree perform according to terms & condition of an offer, it amounts to implied acceptance.
- (ii) False, Agreement to sell is an executory contract.
- (iii) True, In post dated cheque, the date of the cheque is a future date. As per Negotiable Instruments Act, 1881 a cheque is not invalid if it is post dated or ante dated.
- (iv) False, A sleeping partner is one who do not participate in the functioning of the partnership but his liability is unlimited and thus, liable to the third parties for the debt of the firm.
- (v) False, An agreement entered into with a minor is void – ab – initio hence it cannot be ratified on his attaining age of majority.
- (vi) False, According to section 253 of the companies Act, 1956 no company, association or firm can be appointed as director of any company, only individuals can be appointed.
- (vii) True, As agent has authority only to contract on behalf of principal. Hence an agent indirectly connects the contract between third party and principal.

Qn 1. (b) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figure(s) :

- (i) The person who gives the guarantee is called the
- (ii) When neither the bailor nor the bailee is entitled to any remuneration, such a contract is known as bailment.
- (iii) A government company is one in which not less than per cent of the paid-up share capital is held by the government.
- (iv) The communication of the offer may be general or
- (v) Delivery of goods means transfer of possession of goods from one person to another. (1 marks each)

Ans. 1(b)

- (i) Surety
- (ii) Gratutious
- (iii) 51
- (iv) Specific
- (v) Voluntary

Qn. 1 (c) Aman, Raman and Chaman were joint-owners of a truck and possession of the said truck was with Raman. Sudhir purchased the truck from Raman without knowing that Aman and Chaman were also co-owners of the truck. Decide in the light of the provisions of the Sale of Goods Act, 1930 whether the sale between Raman and Sudhir is valid. (5 marks)

1(c) Ans:-

According to provision of section 27 of sale of goods Act 1930, only the owner of goods can sell the goods. Conversely the sale of an article by a person who is not or who has not the authority of the owner, gives no title to the buyer. But according to exception to the general rule, A buyer who buys in good faith from one of the several joint owner who is in sole possession of the goods with the permission of his co-owner, but has not been rescinded at the time of sale, then the buyer gets good title.

Now as per question Sudhir purchased the truck from Raman without knowing that Aman and Chaman were also co-owners of the truck. Since Truck is in sole possession with the Raman. Hence he can sell truck with the permission of other co-owners.

Hence, sale between Raman and Sudhir is valid

Qn. 2. Distinguish between **any three** of the following :

- (i) 'Void agreement' and 'illegal agreement'.
- (ii) 'Negotiability' and 'assignability'.
- (iii) 'Company' and 'club'.
- (iv) 'Sale' and 'hire-purchase'.

(5 marks each)

Ans. 2(i) :- Difference between void and illegal agreement are:-

(a) Scope :- An illegal agreement is always void while a void agreement may not be illegal being void due to some other factor.

eg:- an agreement the terms of which are uncertain is void but not illegal.

(b) Effect on Collateral transaction :- If an agreement is merely void and not illegal, the collateral transactions to the agreement may be enforced for execution but collateral transaction to an illegal agreement also becomes illegal and hence cannot be enforced.

(c) Punishment :- unlike illegal agreement, there is no punishment to the parties to a void agreement.

(d) Void-ab-initio:- Illegal agreements are void from the very beginning, but sometimes valid contracts may subsequently become void.

Ans.2(ii)

	Negotiation	Assignment
1	Negotiation requires 'delivery' in case of bearer instruments and 'endorsement & delivery' in case of order instruments.	Assignment requires a written document signed by the transferor.
2	Notice of transfer is not necessary in case of negotiation.	Notice must be served by the assignee on his debtor.
3	Consideration is always presumed in case of negotiable instruments.	The transferee must prove consideration for the transfer.
4	The transferee acquires all the rights of a holder-in- due course	The assignee does not acquire the rights of a holder-in-due-course.
5	In negotiation, transferee can sue the third parties in his own name.	In assignment an assigner cannot sue in his own name.
6	Negotiation of instruments requires stamp duty to be paid.	Assignment does not require payment of stamp duty.

Ans. 2(iii)

Difference between company and club are as under:-

- (a) A company is a trading association. A club, on the other hand, is a non-trading association.
- (b) Registration of a company is compulsory. Registration of a club is not compulsory.

2(iv) Ans.

	Sale	Agreement to sell
(1)	In a sale, the property in goods passes to the buyer immediately at the time of making of contract.	(1) In 'agreement to sell', there is no transfer of property to the buyer at the time of the contract but passes only when it becomes sale.
(2)	In case of sale, if the goods are destroyed, the loss falls on the buyer even if the possession has not passed to the buyer.	(2) In 'agreement to sell', if goods are destroyed, the loss has to be borne by the seller though the goods are in the possession of the buyer.
(3)	A sale is executed contract.	(3) An agreement to sell is an executory contract.
(4)	In sale, if seller commits a breach, the buyer has not only a personal remedy i.e damages but also other remedies like suit for conversion, etc.	(4) In agreement to sell, if seller commits a breach, the buyer has only a personal remedy i.e. damages.
(5)	In sale, if the seller is adjudged insolvent, the buyer is entitled to recover the goods from the Official Receiver or Assignee.	(5) In agreement to sell, if the seller is adjudged insolvent, the buyer can claim a rateable dividend and not the goods as property in goods still rests with the seller

Qn. 3. Attempt **any three** of the following :

- Explain the provisions of the Companies Act, 1956 relating to appointment of directors by the Board of directors.
- What is 'customary law' ? How will you classify customs ?
- Suresh, an agent, has authority from his principal Bhupesh to sell goods on credit. Suresh sells goods on credit to Chandan without making proper enquiries about Chandan's financial status. At the time of sale, Chandan was insolvent. Is Suresh under a liability to compensate his principal Bhupesh? Why ?
- Explain the essentials of partnership. (5 marks each)

3(i) Ans:-

Under the Companies Act, 1956, the Board of Directors of the company, subject to the provisions of articles, is empowered to appoint directors in the following cases :-

- Under section 260 of the Act, the Board is empowered to appoint Additional directors who hold office up to the date of the next Annual General Meeting.
- Under Section 313 of the Act, the Board can appoint alternate directors to act for a director who is absent for a period of not less than three months from the state in which the meetings are ordinarily held. Such director will vacate the office when the original director returns.
- Section 262 of the Act empowers Board to fill casual vacancies if the office of any director is vacated due to death, inability, resignation, etc. Such director will hold office up to the date up to which the original director would have held office if he had not been so vacated.

3(ii) Ans:-

Custom is the most ancient of all the sources of law and has held the most " important place in the past, though its importance is now diminishing with the growth 'of legislation and precedent.

A study of the ancient law shows that in primitive society, the lives of the people were regulated by customs which developed spontaneously according to circumstances. It was felt that a particular way of doing things was more convenient than others. When the same thing was done again and again in a particular way, it assumed the form of custom.

Customs have played an important role in moulding the ancient Hindu Law. Most of the law given in Smritis and the Commentaries had its origin in customs. The Smritis have strongly recommended that the customs should be followed and recognised. Customs worked as a re-orienting force in Hindu Law.

Custom as a source of law has a very inferior place in the Mohammedan Law. However, customs which were not expressly disapproved by the Prophet were good laws. It was on the basis of such customs that Sunnis interpreted many provisions of the law, especially the law of divorce and inheritance. In India, many sects of Mohammedans are governed by local customary law.

Classification of Customs



The customs may be divided into two classes:

- (1) Customs without sanction.
- (2) Customs having sanction.

1. Customs without sanction are those customs which are non-obligatory and are observed due to the pressure of public opinion. These are called as "positive morality".

2. Customs having sanction are those customs which are enforced by the State. It is with these customs that we are concerned here. These may be divided into two classes: (1) Legal, and (2) Conventional.

3(iii) Ans.

Extent of Agent's Authority

The extent of the authority of an agent depends upon the terms expressed in his appointment or it may be implied by the circumstances of the case. The contractual authority is the real authority, but implied authority is to do whereas incidental to carry out the real authority. Thus, an agent having an authority to do an act has authority to do everything lawful which is necessary for the purpose or usually done in the course of conducting business. But it is not implied authority or duty to make proper enquiries about buyer's financial status unless it is contrary intention.

In the given question, Suresh has real authority to sell goods on credit, but not to make proper enquiry about financial status. When Chandan became insolvent, then Suresh is not under a liability to compensate his principal Bhupesh.

3(iv) Ans:-

According to Section 4 of the Indian Partnership Act, 1932, partnership is the relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all. Persons who have entered into partnership are called individually 'partners' and collectively 'a firm' and the name under which their business is carried on is called as 'firm name'. The main elements of a partnership are as follows :-

- (a) Association of two or more persons: There must be a contract between two or more persons who are competent to contract. They may all be natural or artificial or some natural and other artificial persons.
- (b) Agreement: As per Section 5 of the Partnership Act, 1932, relation of partnership arises from contract and not from status. But such an agreement must be for a lawful object and between the persons competent to contract.
- (c) Sharing of profits: To constitute a partnership, the parties must have agreed to carry on some lawful business and to share profits in common. Sharing of profits is an essential element of partnership but sharing of losses not. It is very open to the partner to agree to share the profits in the manner they like.
- (d) Mutual agency: Each party is both an agent and principal for himself and others. He can bind the other partners by his acts and can be bound by the acts of other partners, in the ordinary course of business. In *Cox Vs. Hickman* it was rightly observed that the public have a right to assume that every partner has authority from his copartner to bind the whole firm in contracts made according to ordinary usage of trade. For determining the existence of partnership, there is no single test that would be sufficient to prove the existence of partnership. All the elements mentioned must co-exist in order to constitute a partnership. Section 6 of the Partnership Act, 1932, lays down that in determining whether a group of persons is or is not a firm or whether a person is or is not a partner, regard shall be had to the real relation between the parties as shown by all relevant facts and circumstances.

Qn. 4. Attempt **any three** of the following :

- (i) Summarise the provisions of the Companies Act, 1956 relating to an extra-ordinary general meeting of a public limited company.
- (ii) What is the concept of *quantum meruit* ?
- (iii) When must the banker refuse payment of a cheque ?
- (iv) "Registration of partnership firm is not compulsory, yet it is desirable." (5 marks each)

Ans. 4 (i) Under Section 169 of the Companies Act, 1956

- (1) The Board of directors of a company shall, on the requisition of such number of members of the company as is specified in Sub-section (4), forthwith proceed duly to call an extraordinary general meeting of the company.
- (2) The requisition shall set out the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists, and shall be deposited at the registered office of the company.
- (3) The requisition may consist of several documents in like form, each signed by one or more requisitionists.
- (4) The number of members entitled to requisition a meeting in regard to any matter shall be:
 - (a) In the case of a company having a share capital, such number of them as hold at the date of the deposit of the requisition, not less than one-tenth of such of the paid-up capital of the company as at that date carries the right of voting in regard to that matter;
 - (b) In the case of a company not having a share capital, such number of them as have at the date of the deposit of the requisition, not less than one-tenth of the total voting power of all the members having at the said date a right of vote in regard to that matter. (For details see Section 169)



Ans.4(ii) The expression "Quantum Meruit" literally means "as much as earned" or reasonable remuneration. It is used where a person claims reasonable remuneration for the services rendered by him when there was no express promise to pay the definite remuneration. Thus, the law implies reasonable compensation for the services rendered by a party if there are circumstances showing that these are to be paid for.

The general rule is that where a party to a contract has not fully performed what the contract demands as a condition of payment, he cannot sue for payment for that which he has done. The contract has to be indivisible and the payment can be demanded only on the completion of the contract.

But where one party who has performed part of his contract is prevented by the other from completing it, he may sue on a quantum meruit, for the value of what he has done.

The claim on a quantum meruit arises when one party abandons the contract, or accepts the work done by another under a void contract.

Ans.4(iii) In the following cases the authority of the banker to honour customer's cheque comes to an end, he must refuse to honour cheques issued by the customer:

- (a) When a customer countermands payment i.e., where or when a customer, after issuing a cheque issues instructions not to honour it, the banker must not pay it.
- (b) When the banker receives notice of customer's death.
- (c) When customer has been adjudged an insolvent.
- (d) When the banker receives notice of customer's insanity,
- (e) When an order (e.g., Garnishee Order) of the Court, prohibits payment.
- (f) When the customer has given notice of assignment of the credit balance of his account.
- (g) When the holder's title is defective and the banker comes to know of it.
- (h) When the customer has given notice for closing his account.

Ans.4(iv) Consequence of Non-registration of a partnership firm :

The following are the effects of non -registration of a firm :

- (a) Section 69 (1) places a bar on the rights of the partner to sue each other or the firm for enforcing any right arising from a contract, if the firm is not registered under the Partnership Act, 1932.
- (b) Section 69(2) also bars on the institution of a suit by or on behalf of a firm against a third party, if the firm is not registered and the persons are or have not been shown as partners in the firm.
- (c) The third parties are at liberty to sue even an unregistered firm.

Section 69 provides that registration is a condition precedent to the right to institute a suit and if the firm is unregistered, the court will dismiss the suit. However, an unregistered firm can bring a suit to enforce a right for an injunction against a person for infringement of trade -mark, copyrights, patent, etc.

Qn. 5. (a) State with reasons in brief, whether the following statements are correct or incorrect.

Attempt any five :

- (i) Planning is removing uncertainties and risk about future.
- (ii) Informal organisations exist away and outside the formal organisations.
- (iii) Organisational structure should not be static.
- (iv) Organisation development includes management development.
- (v) Co-ordination is the essence of management.
- (vi) Recruitment means rejection of candidates.
- (vii) Decision making involves choosing the best among various alternatives. (2 marks each)

(b) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figure(s) :

- (i) management is an System because it is affected by and affects environment.
- (ii) Planning is an process because it involves conceptualisation of the problem. Identification and selection of options and design of action programme.
- (iii) Informal communication is also known as
- (iv) Two important means of directing are (a) orienting the employees, and (b) (1 mark each)
- (v) zero base budgeting means budgeting from

(c) Explain *either* of the following :

- (i) Essential elements of controlling
- (ii) *Laissez faire* approach of leadership.

(5 marks)

**Ans. 5(a)**

(i) False, Planning premises provide the basis and framework for predictions. Since the future cannot be predicted with absolute accuracy, premising is always subject to a margin of error and guess work which are reflected in various plans based on them. Hence, planning is not only removing uncertainties and risk about future.

(ii) False, Informal organisation refers to the relationship between people based not on procedures but on personal attitudes, prejudices, likes and dislikes. There always exist informal organisation in a formal organisation and every management has to recognize this fact.

(iii) True, An enterprise operates under highly dynamic environment and people managing the organisation are continually in afflux. Therefore the organisation structure has to be such, to adopt changing situation, for its survival and growth.

(iv) True, organisation development includes management development which is concerned with upgrading the managers skills and abilities.

(v) True, Coordination is the essence of management because management and its functions are an exercise in co-ordination. Different functions of management where effectively carried out lead to better co-ordination.

(vi) False, Recruitment is not rejection of candidates because Recruitment is a positive function which helps identifying and stimulating candidates to apply for jobs.

(vii) True, Decision making signifies actual selection of a course of action from among a number of alternatives. It is so important to the job of managing that management is sometimes described as consisting essentially of the decision-making process.

Ans. 5(b)

(i) Open

(ii) Intellectual

(iii) The Grapevine

(iv) Issuing orders and instructions.

(v) Zero.

Ans.5(c) (i)

Control, comprises of those activities that are under taken to force events to conform to predetermined plans. The essence of control is action which adjusts operations to predetermined standards, and its basis is information in the hands of managers. A process control mechanism adjusts operations to predetermined standard on the basis of information it receives. In a parallel way, information reaching a manager gives him the opportunity for corrective action and forms the basis for control.

Control may also be defined as, what results from having objectives, plans, policies, procedures, etc and these elements of the management system are being referred to as means of control. Objectives fulfill the need to assure that the results of operations conform as closely as possible to set standards of goals or issued instructions.

Essential Steps in Control Procedure :

1. Establishment of Standards: Standards are fixed against which results can be measured. The actual performance of the business enterprise is judged against the target and objectives set. Such standard must be clear and meaning ful and should be understood by the person concerned.

2. Checking and Reporting on Performance : In this step, arrangements are made for the measurement of performance, for the purpose of comparison with standards.

As long as operation go on according to plans, there is no need to submit any report. Only when unexpected results occur, there is a need for reports and corrective action.

3. Corrective Actions : The data collected through observation have to be analysed and reviewed. Immediate steps are taken for corrections of deviations from standards.

Thus a system of business control is used to isolate those faults which relate to the area in which decision has to be made. With the help of control information managers may develop data for future plans. The manager may study and note the pitfalls of the past and avoid them in future with a view to preventing their reoccurrence.

Ans.5(c) (ii)

Laissez-faire of Leadership: Under this style the leader depends largely upon the group and its members to establish their own goals and make their own decisions. The leader is passive and assumes the role of just another member of the group. Tasks are assigned in general terms.

Laissez-faire approach is meant for selective application: If the subordinate is intelligent, highly qualified and experienced, and desires self-fulfillment a manager may follow this approach without much risk. This style of leadership is, therefore, confines to a small creative or development group.

Qn 6. Distinguish between the following :

(i) 'Motivation' and 'morale'

(ii) 'Delegation' and 'decentralisation'

(iii) 'Policies' and 'procedures'

(5 marks each)

Ans. 6(i)

Motivation	Morale
<ul style="list-style-type: none"> It is an individual's state of disposition and decision to do or not to do things or behave in a particular way. It explains the 'why' of an individual's behaviour and performance. A well motivated individual tends to have a high degree of morale also. An individual or group can be motivated through rewards or punishments. Motivational level are taken into considerations 	<ul style="list-style-type: none"> Morale is an overall state of group's emotional health, arousal and enthusiasm. It explains the totality of impact of several interacting forces in the atmosphere of the group. A group with high morale mayor may not have high motivation. The morale can be built up through favourable means only. i.e. Rewards. Morale levels are not so considered.

Ans. 6 (ii)

Delegation	Decentralisation
<p>(i) Delegation involves two persons superior and subordinates. It is individualistic in nature.</p> <p>(ii) Controlling capacity lies with the supervisor.</p> <p>(iii) Delegation is essential to get things done by others. No responsibility can be assigned without the delegation of authority.</p> <p>(iv) Responsibility cannot be delegated.</p>	<p>(i) Decentralisation is totalistic in nature. It involves delegation from top management to the department</p> <p>(ii) All controlling powers are given to the concerned departments.</p> <p>(iii) Top level may or may not opt for decentralization or disperse authority.</p> <p>(iv) The head of department is responsible for all activities under him.</p>

Ans. 6 (iii)

Policies	Procedures
<ul style="list-style-type: none"> Policies are guides to decision making. Policies are determined by the top-management in general Policies form part of organizational strategies which in combination with objectives enhance the capability of the organization to cope with rapidly changing environment. Policies are relatively flexible and allow managers a measure of discretion of attitude in deciding relevant issues. Policies serve as bridges between organizational purpose and performance. 	<ul style="list-style-type: none"> Procedures are guides to action. Procedures are formulated relatively at lower levels of managerial hierarchy. Procedures are more tactical, they are operational devices for efficient guidance of routine activity. Procedures are more determinative and are meant to be observed as faithfully as possible. Procedures serve a bridge between activities and outcome.

Qn. 7. Attempt **any three** of the following :

- (i) What is 'manpower planning' ? What are its main benefits ?
- (ii) Define 'span of control'. What factors influence the span of control ?
- (iii) Discuss briefly misuse of committees.
- (iv) "Effective co-ordination is a matter of judicious application of general principles ."

Discuss.

(5 marks each)

Ans. 7(i)

The concept of Manpower Planning (MPP) has originated only after the world war II, when the rapid development of the industrially advanced countries took place. The economical and efficient use of materials resources depends upon the existing man-power.

Man-Power planning is directly related to the quality of the product, the market demand for the same and the type and level of skill necessary to produce a product required by the general consumer in the area of operation of an enterprise.

Man power planning flows from the setting up of organisational goals, as the manpower planner is required to determine gross manpower needs depending upon the goals of an organisation. Man power Planning is done with the two main objectives in mind :-

- To utilize the present employees fully and
- To meet successfully the future man power needs, in terms of skills, numbers, ages, etc.

Thus, manpower planning may be defined as, the integration of man power policies, practices and procedures so as to achieve the right numbers of the right people in the right job at the right time.

The importance of man power planning has been recognized in India, also and if practised in true perspective, following gains can be achieved.

- Arrangements for recruitment of new employees or for training the current employees can be made keeping future man-power needs in mind. As a result, the company's production or any work relating to the same does not stop for lack of employees.
- The spirits of present employees so as higher, when trained for some higher positions such psychological effects are much desired in the firm to keep up the worker's morale.
- Training programme conducted help in over-coming the deficiencies of the personnel in the organisation.
- Man power planning encourages the company to review and modify its manpower policies and practices and to examine the way of utilizing the manpower for better utilization.
- Manpower resources can be procured, developed and utilized effectively and efficiently with the help of man power planning.
- Future man power needs for top management position can be full filled by imparting training to intelligent and efficient people in the organization.
- To control labour costs in manufacturing units, manpower planning plays a fruitful role.
- Man power planning can guarantee the availability of person with required skills for long term plans. As a result, the company can proceed confidently with its long term plans.

Ans.7 (ii)

Span of management implies the number of subordinates reporting directly to a superior. It refers to the number of people which an executive can supervise (manage) effectively and efficiently, there is usually a limit to the number of subordinates that each executive can supervise effectively. This limit arises because of

- limitations of time,
- Energy and
- ability of the supervisor to dispose off work.

Difficulties arise when the subordinates reporting to superior become large due to lack of coordination and also when their number becomes too small, as the optimum use may not be made of the executives (superiors) abilities.

The effective span depends upon several factors such as :

- (1) Capacity of the superior : It is the manager's ability to reduce the frequency and time impact of superior subordinate relationships.
- (2) Ability of subordinates: Less supervision is required if the subordinates are well experienced, with high degree of ability and skills, possess high degree of motivation.
- (3) The Nature of the job : Fully structured and standardised jobs require less supervision and therefore the span is narrow.
- (4) Effective communication and control system: whereby the supervisor can continuously monitor, guide and help subordinates require less span of control.



- (5) Degree of decentralisation : The manager can process more time to supervise if the organisation is working under decentralised set up, But if the manager is engaged in too many jobs all by himself, he is left with less time for supervision.
- (6) Clarity of plans : If the plans are clear and subordinates authority and responsibilities are well defined, subordinates do not need frequent guidance from the superior.
- (7) Location of operations : Where the operations are geographically dispersed, span tends to be narrow. Territorial separation of operations make personal contacts difficult.
- (8) Level of management : Span at lower levels of management tends to be wider than at the higher levels.

Ans. 7(iii)

The committee form has often fallen into disrepute through misuse. The following abuses should be avoided when setting up committees:

- (1) In place of manager: A committee shouldn't substitute a manager. The advantages of group thinking and participation in policy matter can be gained in most cases through advisory committee. Real decision making and managing should be left to the line executives. Thus, the committees should not be used to make decisions which individuals should make.
- (2) For research or study: Research or study is an individual function. Even though individuals may be coordinated into a team when the solution to a problem requires data not available to a committee, no amount of discussion can turn up the missing information. Most committees, therefore, need research staff to provide analysis of alternative courses of action.
- (3) For unimportant decisions: Committee's use should be limited to important matters only otherwise a lot of time will be wasted deliberating at length on trivial subjects.
- (4) For decision's beyond participant's authority: The agenda should deal with matters within the competence of the members of the committee. Usually executives send their subordinate who has not been delegated the superior's authority or who hesitates to bind the superior. The result is that the committee can't function as intended.
- (5) To consolidate divided authority: Sometimes the authority is so splintered, that group meetings are necessary to consolidate authority for making decisions. If divided authority can be eliminated by changing the organisation structure and redelegation of authority, recourse to a committee is certainly a misuse of the device.

Ans.7. (iv)

The general principles are as follows:-

1. Co-ordination through effective supervision.
2. Co-ordination through the process of organisation.
3. Co-ordination by personal contact.
4. Co-ordination through effective communication.
5. Co-ordination by group meetings.
6. Liaison men to facilitate co-ordination.

Co-ordination through Effective Supervision

The manager's skill in effectively supervising the work of subordinates will bring about co-ordination. Supervision is concerned with attaining harmonious and reciprocal performance of responsibility by subordinates. While supervising, the manager is to see that subordinates synchronise and coordinate their efforts among themselves and also in relation to other groups. It is through the process of supervision that the manager guides and determines the quality of collaborative efforts.

Co-ordination through the Process of Organisation

Organisation is a very powerful device for achieving co-ordination. Mooney even goes to the extent of pointing out co-ordination as the essence of organisation.

Whenever activities are grouped and assigned to subordinates, the idea of coordination is uppermost in the mind of the manager. Proper authority delegation, for example, ensures vertical co-ordination.

Co-ordination by Personal Contact

Personal contact is another important technique of achieving co-ordination. Mary Parker Follett, for example, points out that all factors in a situation are reciprocally related and the co-ordination is best achieved through interpersonal, horizontal relationships of people in the organisation. People cooperate better when they understand each other's tasks.

Co-ordination through Effective Communication

Communication is also a very useful method to achieve co-ordination. Organisation is constantly being modified by internal and external changes. Communication through letters, procedures, reports, bulletins and a number of modern mechanical devices ensures that people in the organisation are well informed of the changing situation and provided with information necessary to ensure coordination. Newman is right when he says: "Since co-ordination is concerned



with the inter-relationships of separate activities, it can be not better than the transfer of information about those activities to some common point or points, where the dovetailing takes place".

Co-ordination by Group Meetings

The essential requirements for effective co-ordination are not always present in the organisation. Henri Fayol points out three symptoms of lack of co-ordination:

- (i) each department knows or wants to know nothing of the others and of the enterprise as a whole;
- (ii) Water-tight compartments exist between the divisions and offices of the same department;
- (iii) no one thinks of the general interest. Initiative and loyalty are mostly nonexistent.

Liaison Men to Facilitate Co-ordination

The device of liaison men or expeditors is sometime used to facilitate co ordination. Under certain circumstances when direct personal contact between the managers of various units and functions is not frequent, the gap may be filled through the use of liaison officers. The general manager is in a better position to act as a liaison man. However, because of his preoccupation with other important matters, recourse must be had to experts or other employees of ordinary ability to act as liaison men.

Liaison men should in no case be considered as a substitute to other direct means of securing co-ordination. This device is justified for temporary use only. Constant need for liaison men is an evidence of poor organisation.

Qn. 8. Attempt **any three** of the following :

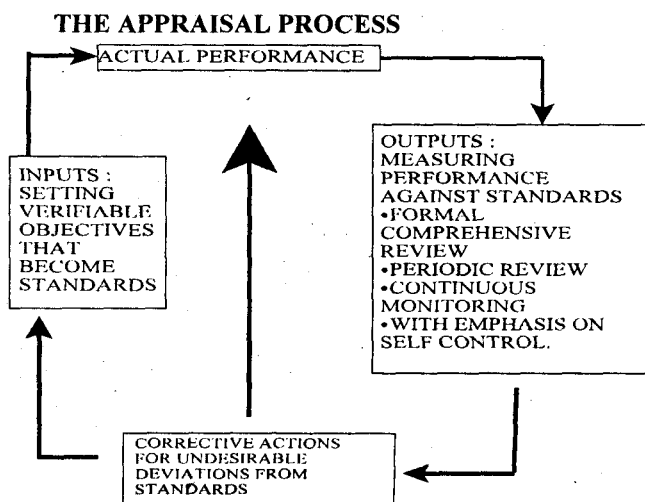
- (i) What is 'performance appraisal' ? Explain the method of appraisal by results.
- (ii) What is 'resistance to change' ? How can it be overcome by management ?
- (iii) Expalin 'financial audit' and 'management audit'.
- (iv) Discuss the steps involved in the effective communication process. (5 marks each)

Ans. 8 (i)

Performance Appraisal has some times been referred to as the **Achilles'** heel of managerial staffing, but it is probably a major key to managing itself. It is the basis for determining who is promotable to a higher position. It is also important to management development, because if a manager's strengths and weaknesses are not known, it is difficult to determine whether development efforts are aimed in the right direction. Appraisal is, or should be an integral part of a system of managing.

Effective performance appraisal should also recognize the legitimate desire of employees for progress in their professions. One way to integrate organizational demands and individual needs is through career management -a part of performance appraisal.

The appraisal should measure performance in accomplishing goals and plans as well as performance as a manager. No one wants a person in a managerial role who appears to do everything right as a manager but who cannot turn in a good record of profit making, marketing, controllership or what ever the area of responsibility may be.



Traditional Trait Appraisals

Typical trait-rating evaluation systems may list personal characteristics such as ability to get along with people, leadership, analytical competence, industry, judgement and initiative. However, personal traits have outnumbered work related characteristics such as-job knowledge, ability to carry through on assignments, production or cost results or success in seeing that plans and instructions are carried out.



On the basis of such standards, the rater appraises subordinates, rating them from unacceptable to outstanding. To make trait rating as deficiency free, attempts are made to give meanings to various grades under each category. Attempts have also been made to improve the effectiveness of the rating process. In some systems, subordinates are required to rate themselves, and superiors must compare their own ratings with those made by subordinates. Sometimes, the ratings have been done through the use of critical incidents that are assumed to give meaning to the grades given.

Appraising Managers as Managers :

The best approach to appraise managers is to utilize the basic, techniques and principles of management as standards. If they are basic, as they have been found to be in a wide variety of managerial positions and environments, they should serve as reasonably good standards. They are definitely more specific and more applicable than evaluations based on such broad standards as work and dress habits, cooperation, intelligence, judgement or loyalty. They at least focus attention on what may be expected of a manager as a manager. And when used in conjunction with appraisal of the performance of plans and goals, they can help remove much of the weaknesses in many management appraisal systems.

Managers are rated on how well they perform the activities. The scale used is from "0" for 'inadequate' to '5' for 'Superior'. Each rating is defined, as 'Superior' means a standard of performance which could not be improved under any circumstances or conditions known to the rater. By focussing on the essentials of management, such methods of evaluation gives operational meaning to what management really is also, the use of a standard reference text for interpretation of concepts and terms removes many of the semantic and communication difficulties so commonly encountered. Such things as variable budgets, verifiable objectives, staff, functional authority, and delegation take on consistent meaning.

Such appraisal programmes have been found useful in pin pointing areas in which weaknesses exist and to which development may be directed.

Ans.8(ii)

Well documented findings from studies of individual and organisational behaviour have revealed that organisation and their members resist change. And this resistance can be overt, implicit, immediate or deferred. As for example, while threat to go on strike is an overt expression of resistance to change, increased errors or mistakes is an implicit resistance to change. Likewise, resistance to change may be an immediate response or it may be deferred and stockpiled. While resistance to change is not always dysfunctional, rather at times it can contribute to better decision-making and can be a source of functional conflict, it often obstructs beneficial changes. Hence, management needs to identify the sources of individual and organisational resistance to change.

Resistance to change is likely to be minimised if the management help employees to adjust to contemplated change with a supportive conduct and behaviour. The imperative need is to make the employees feel that their interest in the work situation is being adequately considered and fully protected by the management. It should be impressed upon the employees that in the long run they will gain from change and the management will, by all means, help them to achieve these gains. If the supportive climate exists, the employees are likely to be more receptive to change.

However, that apart, the following considerations should further be kept in view:

- (i) The nature of change should be properly understood with all its ramifications by those who are affected by it.
- (ii) Changes should be introduced by stages; further change should be introduced when the earlier change has been fully assimilated.
- (iii) Change should not cause security problems to the employees.
- (iv) Change is more effective if it is developed after due participation by all concerned.
- (v) Change should be properly planned.
- (vi) As far as possible, change should not carry individual overtones.
- (vii) Display of effective leadership skills and proper motivation of employees will help management minimize resistance to change.
- (viii) Introduction of change should be supplemented by systematic training of personnel. Sensitivity training can also be very useful to overcome resistance to change.
- (ix) Advice to specialized staff may be sought while introducing change.
- (x) Possibility of introducing change through outside management consultant may also be explored.

Ans.8(iii)

Management audit should not be confused with accounting or statutory audit. Accounting audit is concerned with verification and confirmation of financial data, and is essentially historical in character. But management audit looks to the past, the present and the future. Its basic purpose is to appraise the management performance of the departments and the company on the whole. In terms of scope, financial audit is largely concerned with financial records and results of company's operation for the year, while management audit goes further and covers areas of



management on asset potential, capacity utilisation, executive evaluation, personnel practices, physical facilities, financial procedures, and others not directly covered by the former. Rights and duties of company auditors are well defined in the statute governing them, and are also governed by judicial pronouncements. So far as management audit is concerned, there are no clearly defined rights and duties of such an auditor; nor is there any uniformity in the depth of the audit. Statutory audit is conducted by an independent qualified auditor but management audit may even be undertaken by management itself; the qualifications of those conducting management audit are not prescribed by any law.

Ans.8(iv) .

The steps for the effective communication process are:-

- (1) Develop "an idea: This is the idea or thought which the sender wishes to transmit. This is the key step, because unless there is a worthwhile message, all other steps are somewhat useless.
- (2) Encode: In this, the idea is encoded with suitable words, charts, or symbols for transmission. At this point, the sender determines the method of transmission.
- (3) Transmit: The finally developed message is transmitted by the method chosen. Senders also choose certain channels and communicate with careful timing. Senders also try to keep their communication channels free of barriers.
- (4) Receive: Clear reception of message is a condition precedent to its effective interpretation, storage and use. In an interpersonal mode, it would involve attentive listening.
- (5) Decode: Step five is to decode the message so that it can be understood. The sender wants the receiver to understand the message exactly as intended. Let, due to different perceptions of two different people, the receiver may not understand exactly what the sender intends. The more realistic goal in most situations is for creating communication to become successful.
- (6) Use: The last step is for the receiver to use the communication. He may ignore it, perform the task assigned, store the information provided, or do something else.