

# [POM] planning

UNIT-II

# PLANNING

- Meaning of Planning
- Planning is ascertaining prior to what to do and how to do. It is one of the primary managerial duties. Before doing something, the manager must form an opinion on how to work on a specific job. Hence, planning is firmly correlated with discovery and creativity. But the manager would first have to set goals. Planning is an essential step what managers at all levels take. It needs holding on to the decisions since it includes selecting a choice from alternative ways of performance.



# PLANNING

- Planning
- Planning is the primary function of management.
- It is the important process of deciding business objectives and charting out the method to accomplish these goals.
- This includes decision of what type of activity is to be done, where to be done and how the results to be analyzed.
- Planning includes various features such as Planning is mainly concerned with looking into future. In planning process, management team has to select suitable course of action under particular business environment. It means there are several ways to achieve objectives. Planning is done at all levels of the organization because managers at all levels are concerned with determination of future course of action. Planning is persistent and constant managerial function.

## Definitions of planning

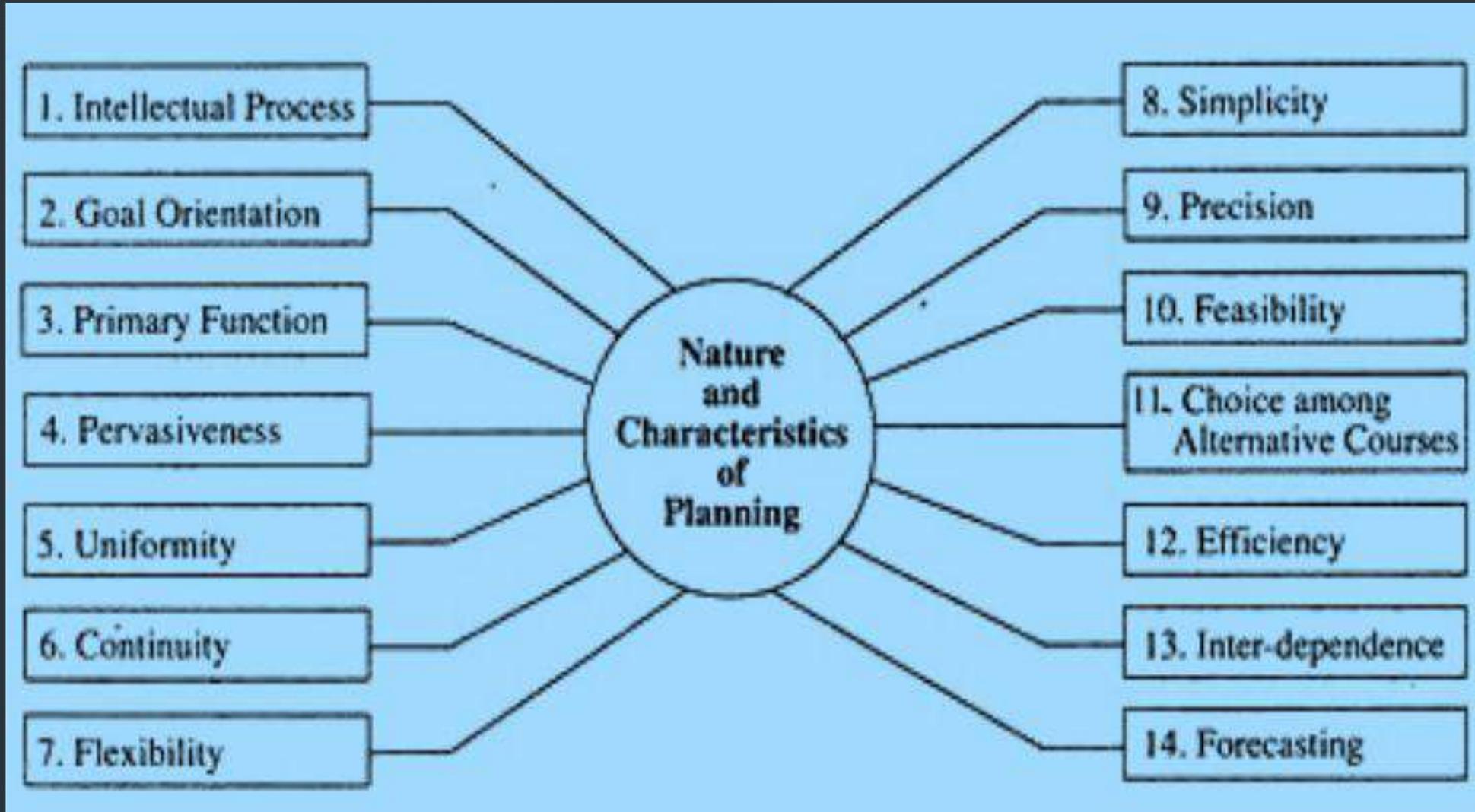
- Many theorists thoroughly describe the planning process of management function.
- Koontz and O'Donnel stated that "Planning is deciding in advance what to do, how to do it, when to do it and who is to do it. It bridges the gap from where we are and to where we want to go. It is an essence of the exercise of foresight.
- Another management theorist, M.S. Hardy explained "Planning is deciding in advance what is to be done". It involves the selection of objectives, policies, procedures and programs from among alternatives.
- Heying and Massie defined "It can be said that planning is first function of the manager in which he has to decide in advance action that is to be done."
- It is an intellectual process in which managers must have to use their imaginative mind. Planning is an attempt to foresee the future in order to get high performance.



## Objectives of Planning

- (a) An improvement in the standard of living of the people through a sizable increase in national income within a short period of time;
- (b) A large expansion of employment opportunities for the removal of unemployment and for creating jobs and incomes;
- (c) A reduction in all types of social, economic and regional inequalities;
- (d) An efficient utilisation of the country's resources for faster growth;
- (e) Removal of mass poverty within a definite time limit through land reform, employment creation, and provision of educational and medical facilities;
- (f) Attainment of self-reliance by reducing dependence on foreign capital and foreign aid.

# Nature & characteristics of planning





## Nature of planning

1. **Planning is goal oriented**-plans arise from objectives.objectives provide guidelines for planning.
2. **It is a primary function**-planning provides the basic foundation from which all future management functions arise.
3. **It is persuasive**-it is required at all levels of management.it is not an exclusive function of any management level or department.managers have to plan for every change that occurs in an organization.however,the scope of planning differs at all levels and among different department.
4. **It is mental activity**-planning is a mental process involving-imagination,foresightedness and sound judgement.plans are based on careful analysis of internal and external factors influencing business activities.it is carried out in a logical and systematic manner.
5. **It is a continuous process**-it is an ongoing process of adapting the organization with the changes in business environment. Since a business exist in a dynamic environment it is necessary to continuously plan based on changing business needs and situations.

## Nature of planning

- 6. **It involves choice**-it is essentially a choice among various alternative course of action.a manager has to select the best alternative after careful analysis and evaluation.
- 7. **it is forward looking**-planning means looking ahead and preparing for future.it involves analysis of the future needs and requirements of the business and preparing for it.
- 8. **it is flexible**-planning is based on future forecast of events and situations.since future is uncertain.plans are flexible enough to adapt with future change of events.
- 9. **it is an integrated process**-plans are structured in a systematic and logical sequence where each plan or step is highly inter-dependent and mutually supportive.
- 10. **it includes effective and efficient dimentions**-plans aims at optimum utilization of resources to be efficient and are based on predetermined objectives to measure effectiveness of the plan

### **11. Uniformity:**

- There may be separate plans prepared in different levels in the organisation, but all the sub-plans must be united with the general plan so as to make up a comprehensive plan for operation at a time. So, uniformity must be there in all levels of planning to match the general plan.

### **12. Feasibility:**

- Planning is neither poetry nor philosophy. It is based on facts and experience, and thereby realistic in nature. It represents a programme which is possible to execute with more or less existing resources.

### **13. Precision:**

- Precision is the soul of planning. This gives the planning exact, definite, and accurate meaning in its scope and content. Any mistake or error in planning is sure to upset other functions of management and, thus, precision is of utmost importance in every kind of planning.

### **14. Simplicity:**

- The language of the work schedule or programme in the planning should be simple so that each and every part of it may easily be understood by the employees at different levels, specially at the lower level.

# Planning process



# Planning process

- Planning Process
- As planning is activity there are certain reasonable measures for every manager to follow:
- **(1) Setting Objectives**
- This is the primary step in the process of planning which specifies the objective of organisation i.e. what an organisation wants to achieve.
- The planning process begins with the setting of objectives.
- Objectives are end results which the management wants to achieve by its operations.
- Objectives are specific and are measurable in terms of units.
- Objectives are set for the organisation as a whole for all departments and then departments set their own objectives within the framework of organisational objectives.
- Example:
- A mobile phone company sets the objective to sell 2,00,000 units next year, which is double the current sales.

## ■ 2) Developing Planning Premises[base]

- Planning is essentially focused on the future and there are certain events which are expected to affect the policy formation.
- Such events are external in nature and affect the planning adversely if ignored.
- Their understanding and fair assessment are necessary for effective planning.
- Such events are the assumptions on the basis of which plans are drawn and are known as planning premises.
- Example:
  - The mobile phone company has set the objective of 2,00,000 units sale on the basis of forecast done on the premises of favourable Government policy towards digitization of transactions.



### ■ **(3) Identifying Alternative Courses of Action**

- Once objectives are set, assumptions are made.
- Then the next step is to act upon them.
- There may be many ways to act and achieve objectives.
- All the alternative courses of action should be identified.
- Example:
- The Mobile company has many alternatives like reducing price, increasing advertising and promotion, after sale service etc.,



## ■ (4) Evaluating Alternative Course of Action

- In this step, the positive and negative aspects of each alternative need to be evaluated in the light of objectives to be achieved.
- Every alternative is evaluated in terms of lower cost, lower risks, and higher returns, within the planning premises and within the availability of capital.
- Example:
- The mobile phone company will evaluate all the alternatives and check its pros and cons.



- **(5) Selecting One Best Alternative**

- The best plan which is the most profitable plan and with minimum negative effects is adopted and implemented.
- In such cases, the manager's experience and judgement play an important role in selecting the best alternative.
- Example:
- Mobile phone company selects more T.V advertisements and online marketing with great after sales service.



## ■ (6) Implementing the Plan

- This is the step where other managerial functions come into the picture.
- This step is concerned with “DOING WHAT IS REQUIRED”
- In this step, managers communicate the plan to the employees clearly to convert the plans into action.
- This step involves allocating the resources, organising for labour and purchase of machinery.
- Example:
- Mobile phone company hires salesman on a large scale, creates T.V advertisement, and starts online marketing activities and set up service workshops.

## ■ (7) Follow Up Action

- Monitoring the plan constantly and taking feedback at regular intervals is called follow-up.
- Monitoring of plans is very important to ensure that the plans are being implemented according to the schedule.
- Regular checks and comparisons of the results with set standards are done to ensure that objectives are achieved.
- Example
  - A proper feedback mechanism was developed by the mobile phone company throughout its branches so that the actual customer response, revenue collection, employee response, etc. could be known.

# Management Principles - Types of plans

- Plans commit the various resources in an organization to specific outcomes for the fulfillment of future goals. Many different types of plans are adopted by management to monitor and control organizational activities. Three such most commonly used plans are hierarchical, frequency-of-use (repetitiveness) and contingency plans.
- **Types of Plan**
  1. **Hierarchical Plans:**
    - These plans are drawn at three major hierarchical levels, namely, the institutional, the managerial and the technical core. The plans for these three levels are;
      - a) Strategic plan.
      - b) Administrative or Intermediate plan.
      - c) Operational plans can also be categorized according to frequency or repetitiveness of use.

## Types Of Plans

### Strategic plans

- Involves analyzing competitive opportunities & threats, as well as the strengths & weaknesses of the organization, & determining how to position the organization to compete effectively in their environment.

### Tactical plans

- Creates the blueprint for the larger strategic plan. These plans are often short term and are carried out by middle-level managers.

### Operational plans

- Covers the entire organization's goals & objectives and puts into practice the ways & action steps to achieve the strategic plans. Very short term plans, usually less than a year.



# Strategic Plans

1. Strategic plans define the framework of the organization's vision and how the organization intends to make its vision a reality.
2. It is the determination of the long-term objectives of an enterprise, the action plan to be adopted and the resources to be mobilized to achieve these goals.
3. Since it is planning the direction of the company's progress, it is done by the top management of an organization.
4. It essentially focuses on planning for the coming years to take the organization from where it stands today to where it intends to be.
5. The strategic plan must be forward looking, effective and flexible, with a focus on accommodating future growth.
6. These plans provide the framework and direction for lower level planning.

# Tactical Plans

1. Tactical plans describe the tactics that the managers plan to adopt to achieve the objectives set in the strategic plan.
2. Tactical plans span a short time frame (usually less than 3 years) and are usually developed by middle level managers.
3. It details specific means or action plans to implement the strategic plan by units within each division.
4. Tactical plans entail detailing resource and work allocation among the subunits within each division.

# Operational Plans

1. Operational plans are short-term (less than a year) plans developed to create specific action steps that support the strategic and tactical plans.
2. They are usually developed by the manager to fulfill his or her job responsibilities.
3. They are developed by supervisors, team leaders, and facilitators to support tactical plans.
4. They govern the day-to-day operations of an organization.
  - Operational plans can be –
    - a) Standing plans – Drawn to cover issues that managers face repeatedly, e.g. policies, procedures, rules.
    - b) Ongoing plans – Prepared for single or exceptional situations or problems and are normally discarded or replaced after one use, e.g. programs, projects, and budgets.



## 2. Standing Plans:

- Standing plans are drawn to cover issues that managers face repeatedly. Such a standing plan may be called a standard operating procedure (SOP). Generally, five types of standing plans are used;
- Mission or purpose
- Strategy
- Policies
- Rules
- Procedures

### 3. **Single-use Plans:**

- Single-use plans are prepared for single or unique situations or problems and are normally discarded or replaced after one use. Generally, four types of single-use plans are used. These are;
- Objectives or Goals
- Programs
- Projects
- Budgets

### 4. **Contingency Plans:**

- Contingency plans are made to deal with situations that might crop up if these assumptions turn out to be wrong. Thus contingency planning is the development of alternative courses of action to be taken if events disrupt a planned course of action.

# Advantages of planning

- Planning facilitates management by objectives.

## 1. Planning begins with determination of objectives.

- It highlights the purposes for which various activities are to be undertaken.
- In fact, it makes objectives more clear and specific.
- Planning helps in focusing the attention of employees on the objectives or goals of enterprise.
- Without planning an organization has no guide.
- Planning compels manager to prepare a Blue-print of the courses of action to be followed for accomplishment of objectives.
- Therefore, planning brings order and rationality into the organization.

- **2.Planning minimizes uncertainties.**
- Business is full of uncertainties.
- There are risks of various types due to uncertainties.
- Planning helps in reducing uncertainties of future as it involves anticipation of future events.
- Although future cannot be predicted with cent percent accuracy but planning helps management to anticipate future and prepare for risks by necessary provisions to meet unexpected turn of events.
- Therefore with the help of planning, uncertainties can be forecasted which helps in preparing standbys as a result, uncertainties are minimized to a great extent.

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- **3.Planning facilitates co-ordination.**
  - Planning revolves around organizational goals.
  - All activities are directed towards common goals.
  - There is an integrated effort throughout the enterprise in various departments and groups.
  - It avoids duplication of efforts. In other words, it leads to better co-ordination.
  - It helps in finding out problems of work performance and aims at rectifying the same.

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- **4.Planning improves employee's moral.**
  - Planning creates an atmosphere of order and discipline in organization.
  - Employees know in advance what is expected of them and therefore conformity can be achieved easily.
  - This encourages employees to show their best and also earn reward for the same.
  - Planning creates a healthy attitude towards work environment which helps in boosting employees moral and efficiency.

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- **5.Planning helps in achieving economies.**
  - Effective planning secures economy since it leads to orderly allocation of resources to various operations.
  - It also facilitates optimum utilization of resources which brings economy in operations.
  - It also avoids wastage of resources by selecting most appropriate use that will contribute to the objective of enterprise. For example, raw materials can be purchased in bulk and transportation cost can be minimized. At the same time it ensures regular supply for the production department, that is, overall efficiency.

- **6.Planning facilitates controlling.**
- Planning facilitates existence of certain planned goals and standard of performance.
- It provides basis of controlling.
- We cannot think of an effective system of controlling without existence of well thought out plans.
- Planning provides pre-determined goals against which actual performance is compared.
- In fact, planning and controlling are the two sides of a same coin. If planning is root, controlling is the fruit.

- **7.Planning provides competitive edge.**
- Planning provides competitive edge to the enterprise over the others which do not have effective planning. This is because of the fact that planning may involve changing in work methods, quality, quantity designs, extension of work, redefining of goals, etc.
- With the help of forecasting not only the enterprise secures its future but at the same time it is able to estimate the future motives of it's competitor which helps in facing future challenges.
- Therefore, planning leads to best utilization of possible resources, improves quality of production and thus the competitive strength of the enterprise is improved.
- **8.Planning encourages innovations.**
- In the process of planning, managers have the opportunities of suggesting ways and means of improving performance.
- Planning is basically a decision making function which involves creative thinking and imagination that ultimately leads to innovation of methods and operations for growth and prosperity of the enterprise.

# Disadvantages of planning

- Internal Limitations
- There are several limitations of planning. Some of them are inherit in the process of planning like rigidity and other arise due to shortcoming of the techniques of planning and in the planners themselves.
- **Rigidity**
  - Planning has tendency to make administration inflexible.
  - Planning implies prior determination of policies, procedures and programmes and a strict adherence to them in all circumstances.
  - There is no scope for individual freedom.
  - The development of employees is highly doubted because of which management might have faced lot of difficulties in future.
  - Planning therefore introduces inelasticity and discourages individual initiative and experimentation.

- **2. Misdirected Planning**

- Planning may be used to serve individual interests rather than the interest of the enterprise.
- Attempts can be made to influence setting of objectives, formulation of plans and programmes to suit ones own requirement rather than that of whole organization.
- Machinery of planning can never be freed of bias. Every planner has his own likes, dislikes, preferences, attitudes and interests which is reflected in planning.

- **3. Time consuming**

- Planning is a time consuming process because it involves collection of information, it's analysis and interpretation thereof. This entire process takes a lot of time specially where there are a number of alternatives available.
- Therefore planning is not suitable during emergency or crisis when quick decisions are required.



- **4. Probability in planning**
- Planning is based on forecasts which are mere estimates about future.
- These estimates may prove to be inexact due to the uncertainty of future.
- Any change in the anticipated situation may render plans ineffective.
- Plans do not always reflect real situations inspite of the sophisticated techniques of forecasting because future is unpredictable.
- Thus, excessive reliance on plans may prove to be fatal.



- **5.False sense of security**

- Elaborate planning may create a false sense of security to the effect that everything is taken for granted.
- Managers assume that as long as they work as per plans, it is satisfactory.
- Therefore they fail to take up timely actions and an opportunity is lost.
- Employees are more concerned about fulfillment of plan performance rather than any kind of change.

- **6.Expensive**

- Collection, analysis and evaluation of different information, facts and alternatives involves a lot of expense in terms of time, effort and money
- According to Koontz and O'Donell, ' Expenses on planning should never exceed the estimated benefits from planning. '

## External Limitations of Planning

- **Political Climate-** Change of government from Congress to some other political party, etc.
- **Labour Union-** Strikes, lockouts, agitations.
- **Technological changes-** Modern techniques and equipments, computerization.
- **Policies of competitors-** Eg. Policies of Coca Cola and Pepsi.
- **Natural Calamities-** Earthquakes and floods.
- **Changes in demand and prices-** Change in fashion, change in tastes, change in income level, demand falls, price falls, etc.

# Decision making

- Decision-making is an indispensable part of life. Innumerable decisions are taken by human beings in day-to-day life. In business undertakings, decisions are taken at every step. All managerial functions viz., planning, organizing, staffing, directing, co-ordinating and controlling are carried through decisions. Decision-making is thus the core of managerial activities in an organisation.
- ***“the selection of a future course of action from various alternatives”***

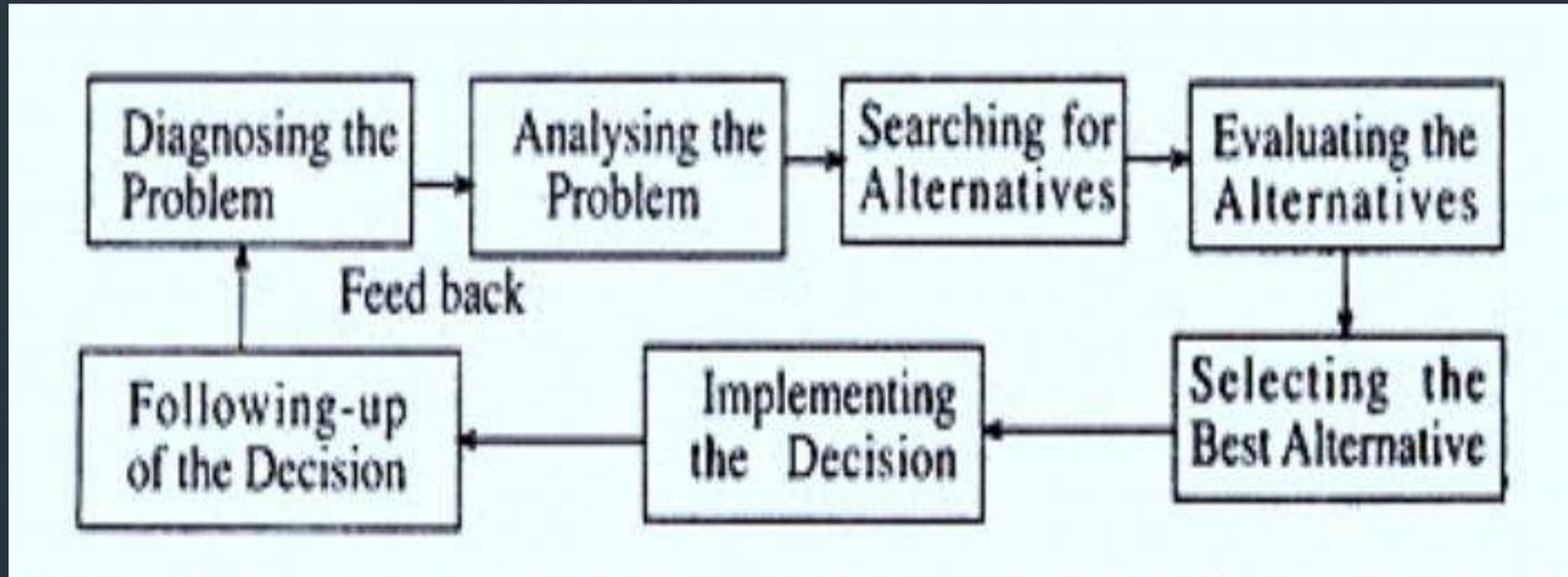
## Definitions of Decision-making

- Decision-making is the selection based on some criteria from two or more possible alternatives. “—George R.Terry
- A decision can be defined as a course of action consciously chosen from available alternatives for the purpose of desired result —J.L. Massie
- A decision is an act of choice, wherein an executive forms a conclusion about what must be done in a given situation. A decision represents a course of behaviour chosen from a number of possible alternatives. — D.E. Mc. Farland

# Characteristics of decision making

- Following are the characteristics of decision-making:
  - 1. Decision-making is based on rational thinking. The manager tries to foresee various possible effects of a decision before deciding a particular one.
  - 2. It is a process of selecting the best from among alternatives available.
  - 3. It involves the evaluation of various alternatives available. The selection of best alternative will be made only when pros and cons of all of them are discussed and evaluated.
  - 4. Decision-making is the end product because it is preceded by discussions and deliberations.
  - 5. Decision-making is aimed to achieve organizational goals.
  - 6. It also involves certain commitment. Management is committed to every decision it takes.

# Process of decision making





- **1. To diagnose the problem:**
- The first step in decision-making is to understand the exact problem.
- Just as a disease cannot be cured without proper diagnosis, so also no decision-making is possible unless the problem is properly diagnosed or known.
- It is told that a disease is half cured if it is correctly diagnosed. Similarly, if the problem is correctly understood, its solution will be easier.
- For example, when a company is faced with declining profits, it shows the symptom and not the disease.

- **2. To analyse the problem:**

- After correct diagnosis of the problem, the next task is to analyse the problem. This means splitting up of the problem into its different elements based on collection of facts, data and relevant information. For instance, if there is a declining trend in sales, it should analyse its extent in regard to market, price, product line, etc.

- **3. To search for alternative solutions:**

- After ascertaining and analysing the problem, different possible alternatives are to be found out for its solution. A problem can be solved in several ways. However, all the ways cannot be equally satisfying. Further, if there is only one way of solving a problem, no question of decision-making arises.
- That particular way is to be accepted. Therefore, the decision-maker must try to find out the various alternatives available in order to get the most satisfactory result of a decision.



- **4. To evaluate the alternatives:**
- After the various alternatives are identified, the decision-maker will go for evaluating them to find out how each alternative may contribute towards the objectives supposed to be achieved by implementing the decision. In evaluating an alternative both tangible and intangible factors have to be taken into account.
- Tangible factors are those which can be quantified because they are quite obvious like the cost per unit, investment required, output to be received, etc. Such factors can be measured easily. As against these, intangible factors are mostly qualitative and cannot be measured in terms of quantity.
- For example, in a plant location, various non-economic factors like psychological problem arising out of displacement of persons from the plant site, ecological balance, etc. have to be considered which cannot be quantified.



- **5. To select the best alternative:**
- The evaluation of various alternatives presents a clear picture as to how each one of them contributes to the objectives under question. A comparison is made among the likely outcomes of various alternatives and the best one is chosen. Choice aspect of decision-making is related to deciding the most acceptable alternative which gives the greatest number of wanted consequences to fit with the organisational objectives.
- A manager with sound knowledge, long experience and considerable ability may choose the best course of action easily. When there is any confusion, some criteria may be useful for picking up the best solution.



- **6. To make the decision effective:**
- Once the alternative is selected, it is put into action. Truly speaking, the actual process of decision-making ends with the choice of the best alternative through which the objectives can be achieved. However, decision-making, being a continuous and on-going process, must ensure that the objectives have been achieved by the chosen alternative. Unless this is done, the managers will never know what result their choice has contributed.
- The decision, in order to be implemented must be communicated to the employees concerned in clear and simple language and their acceptance of the decision must be secured. All decisions affect the employees and their work. It is, therefore, necessary to secure their willing support and whole-hearted participation.

- **7. To follow-up the decision:**
- When the decision is put into action, it brings certain results. If a good decision is taken and implemented properly, its results should correspond with the objectives. So, results of the decision indicate whether decision-making and its implementation are proper. But all decisions cannot be said to be perfect and flawless.
- Decisions are not always based on facts, some guesswork may be necessary for this purpose. Moreover, there is the human limitation associated with each decision-making process. In order to provide safeguards against incorrect, bad and inappropriate decisions, it is desirable to introduce a system of follow-up in the light of feedback received from the results.
- This provides the scope of rectifying the wrong decisions and modifying similar future decisions to tune them up with environmental changes. It is clear from the above discussion that decision-making is not a simple affair. Its formulation and effectiveness depend upon a number of factors stated above.

## Techniques or Basis for Decision-Making:

- Decision-making has become a complex problem. A number of techniques, extending from guessing to mathematical analyses, are used for decision-making process. The selection of an appropriate technique depends upon the judgment of decision-maker.
- Following techniques of decision-making are generally employed:
- **1. Intuition:**
- Decision-making by intuition is characterized by inner feeling of the person. He takes a decision as per the dictates of his conscious. He thinks about the problem and an answer is found in his mind. The decision-maker has his own preferences, influences, psychological make-up and these things play a vital role in taking a decision. The past knowledge, training and experience of the decision-maker plays an important role in intuitive decisions.



- **2. Facts:**

- Facts are considered to be the best basis of decision-making. A decision based on facts has its roots in factual data. Such decisions will be sound and proper. The increasing use of computers has helped in systematic analysis of data. The information has become a major tool in managerial decision-making. It may not be possible to secure all relevant facts for taking decisions. Managers, generally, complain of insufficient information. It is also essential that facts should be properly diagnosed, classified and interpreted. Facts alone may not be sufficient for decision-making. The imagination, experience and beliefs of the decision-making also required to comprehend the facts in proper perspective.

- **3. Experience:**

- Past experience of a person becomes a good basis for taking decisions. When a similar situation arises then the manager can rely on his past decisions and takes similar decisions. The person sees and understands things in terms of concepts with which he is familiar. Experience should not be followed blindly. The new situations should be analyzed on the basis of past knowledge. A successful decision in the past may not prove useful this time also, on the other hand, a decision once failed need not be avoided for all times in future. Though past experience is a good basis but present situations should be properly analyzed and assessed before taking a decision.



- **4. Considered Opinions:**

- Some managers use considered opinions as a basis for decision-making. Besides pertinent statistics, opinions are also given due weightage. Something discussed and considered by more persons become logical and may form a sound basis for decision-making. A marketing manager, before deciding whether to market a new product or not, will like to see marketing statistics as well as considered opinions before finally making a choice.

- **5. Operations Research:**

- The traditional methods of taking decision on the basis of intuition, experience, etc. are replaced by systematic techniques based on analysis of data. The operations research is one of the techniques used by modern management for deciding important matters. It helps managers by providing scientific basis for solving organizational problems involving interaction of components of the organization.

- **6. Linear Programming:**

- This technique is used to determine the best use of limited resources for achieving given objectives. This method is based on this assumption that there exists a linear relationship between variables and that the limits of variations could be ascertained. Linear programme can be used for solving problems in areas like production, transportation, warehousing, etc.

# Types of decisions

- Decisions taken by managers may be classified under various categories depending upon the scope, importance and the impact that they create in the organization. The following are the different types of decisions
- Programmed and Non-programmed
- Operational and strategic
- Organizational and personal
- Individual and group

## I. Programmed and Non-Programmed Decisions:

- ↗ Programmed decisions are normally repetitive in nature.
- ↗ Easiest to make
- ↗ Usually these decisions are taken in consultation with the existing policy, rule or procedure.
- ↗ Ex: making purchase orders, sanctioning of different types of leaves, increments in salary etc.

## Non-Programmed

- ↗ Non-Programmed decisions are different in that they are non-routine in nature.
- ↗ Ex: Issues related to handling a serious industrial relations problem, declining market share, increasing competition etc.
- ↗ The solutions may widely differ in the case of non-programmed decisions.
- ↗ The effectiveness of the manager lies in handling exceptional situations.

## II. Operational and strategic decisions

- ↗ Operational or Tactical decisions relate to the present.
- ↗ The primary purpose is to achieve high degree of efficiency in the company's ongoing operations.
- ↗ Ex: Better working conditions, effective supervision, better maintenance of the equipment etc.
- ↗ The focus in the operational decisions is on the short-run

## Strategic decisions

- ↗ Expanding the scale of operations, entering new markets, changing the product mix, shifting the manufacturing place from one place to other etc. Are strategic in nature.
- ↗ Such decisions will have far impact on the organization.
- ↗ Strategic decisions require extensive deliberations and huge resources and are taken by top level managers.
- ↗ It is on the long-run in the case of strategic decisions.

### III. Organizational and Personal Decisions

- ↗ Decisions taken by managers in the ordinary course of business in their capacity as managers relating to the organizational issues are organizational decisions.
- ↗ Ex: Decisions regarding introducing a new incentive system, transferring an employee, reallocation etc. Are taken by managers to achieve certain objectives.

# Personal Decision

- ↗ Managers do take some decisions which are purely personal in nature.
- ↗ However, their impact may not exactly confine to their selves and they may affect the organization also.
- ↗ Ex: The manager's decision to quit the organization, though personal in nature, may impact for the organization.

## IV. Individual and Group Decisions

- ↗ It is quite common that some decisions are taken by a manager individually while some decisions are taken collectively by a group of managers.
- ↗ Individual decisions are taken where the problem is of routine nature.
- ↗ Important and strategic decisions which have a bearing on many aspects of the organization are generally taken by a group.
- ↗ Group decision making is preferred these days.
- ↗ It contributes for better coordination among the people.