Chapter : 8

Managing Small Business

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Owner-managers hiring professional or highly qualified staff for the first time are often reluctant to delegate full authority and responsibility to the newcomer(s): having previously been responsible for tasks themselves, they find it difficult to abandon them to others. Equally, new entrants often felt they must demonstrate their expertise by reorganizing the area of the organization for which they have assumed authority. The owner-manager may well take this as implicit criticism of his previous efforts, leading to friction with the new employee. In addition, functional experts are often 'cosmopolitans', whose commitment to there specialist skills may override their commitment to any particular firm. In the extreme case, their current employer is regarded merely as a stepping-stone in their career, to be rejected when further possibilities for career advancement occur elsewhere. Unless the owner-manager can master this new element of personal independence), integrating his linger-standing managers with his new specialists, and coping with the occasional loss of specialists, a quest for growth may be transformed into a battle for survival.

It has also been suggested that certain kinds of employees, for example highly qualified and professional people, will be reluctant to work for small firms as small firms are often unable to offer the rewards and career progression opportunities available in the larger firm. Also, such staff may feel that experience gained with a household name company in industry or commerce will carry more weight when they subsequently offer themselves to other employers. Unfortunately, there is relatively little evidence to indicate the strength of these points but that which is available does support them broadly. One study, reported that almost half of the small and medium-sized enterprises in the research sample employed no professionally qualified staff at all. Some respondents also indicated that they were reluctant to encourage managerial staff to develop their skills for fear they would leave and start up their own businesses as competitors. Management by the owner-manager is important because he

remains more careful than a salaried manager. But whether owner or salaried manager, management does the same role without any dispute. Now we endeavour to understand management. Management is :

i. Doing through others;
ii. Allocating scarce resources;
iii. Decision making; and
iv. Objectives are reached.

Management is that what a manager does. A manager usually gets the things done by others. These 'others' are his employees. If the employees are efficient and reliable, they are said to be good employee.

8.1 Good Employees are Valuable Assets

Everyone recognizes that good employees are a firm's most valuable assets. Many customers are "turned off" and do not come back to a business where employees have been discourteous or incompetent or have given other bad impressions. It is often said that a retailer can lose establish customers with much more easily then he or she can gain new ones. Customers are the life blood of any business; as such their continued patronage is essential to the firm's profit objectives. Good employees can do much to ensure this objectives. Even those in contract with customer contribute much to keeping the entire organization efficient and able to render proper service.

With this in mind, small firm owners should begin their personnel training programs with a review of those things that are important to customers. These personnel programs with a review of those things that are *human resource programs* that seek to communicate company goals and information to employees. An example is the need for employment. Regular communication with employees is necessary in these areas.

8.2 Human Involvement in Different Stages of Small Business

Managing small business will differ in each of the three stages such as the following:

First Stage – One person operation, where the owner does all the activities. It is the simplest of all the forms- the owner himself if acting as both the manager and the worker. Here lies no employer – employee problem. It is the owner who does everything – there is no problem of communication & payment of benefits, hence no question of motivation arises.

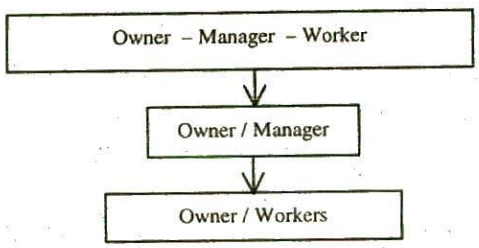


Figure-8A: Showing One Person Operation in Small Business

Second Stage – Separation of management and non-management functions; hired subordinates to do some of the manual and/or mental activities while owner manages. Here, there is need to manage one/ two subordinates. The problem of offering benefits, that of motivation, the need for communication and disciplining remain though in a simple manner.

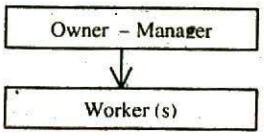


Figure-8B: Showing the Owner and One or Two Assistants in the Small Business Operation

Third Stage – Separation of ownership and management functions; owner begins to relinquish the responsibilities for the day-to-day running of the business activities to a professional manager.

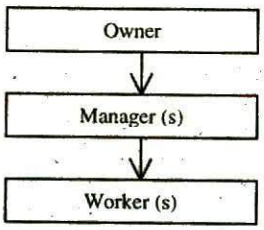


Figure –8C: Showing the Owner, Manager(S) and Some Assistants or Workers

In the first stage there is no problem of management as the owner does everything himself. He is supposed to take all the decisions for the best interest of the business. In the second stage owner is also the manager but more than one worker and employees need be managed. Here also managing the subordinates is not very difficult since the size is seemingly smaller. In the third stage where there is separation of management from owners & workers, there appears the necessity of plan, instructions, control, coordination, motivation etc that speak of the style of traditional management.

8.3 The Principles of Organization and Small Business Success

The organization principles examined were the following:

1. Unity of objectives.
2. Organizational balance.
3. Responsibility.
4. Span of management
5. Delegation of authority.
6. Stability.
7. Flexibility.
8. Parity of authority and responsibility, and
9. Unity of command.

The aforementioned principles though largely applicable in case of relatively larger firms, these are also found to be applicable in case of the small of the third stage nature as indicated in 8.2 above.

8.4 Management Functions and their Applicability

The general functions of management are: planning, organizing, staffing, directing, coordinating, controlling and evaluating. Effective performance of these management functions calls for ability to lead and inspire other people. It is the manager who must integrate divisional, departmental, and personal goals with those of the enterprise as a whole.

In the truly small enterprise, of course, there will be no divisions or departments, but only the owner-manager and perhaps one or two managerial assistants. However, the assistants might have personal goals divergent from enterprise objectives. It is the entrepreneur who must reconcile such divergences, persuading the subordinates of a mutuality of interests.

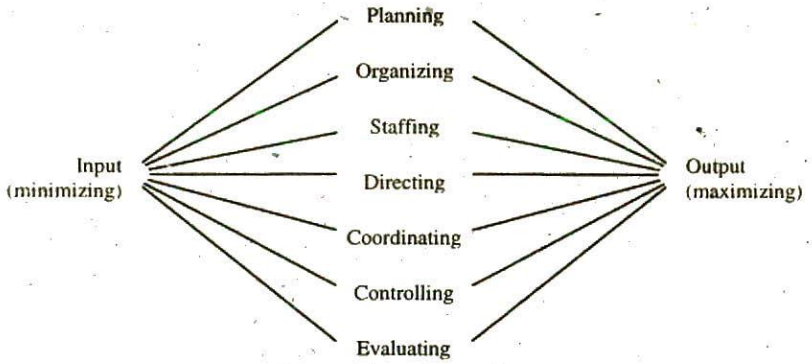


Figure-8D: Showing the General Functions of Management in Small Business

Planning

Planning is decision making on a future course of action. It is primarily the responsibility of the manager. The functional process of management is the same for all types of business whether big or small.

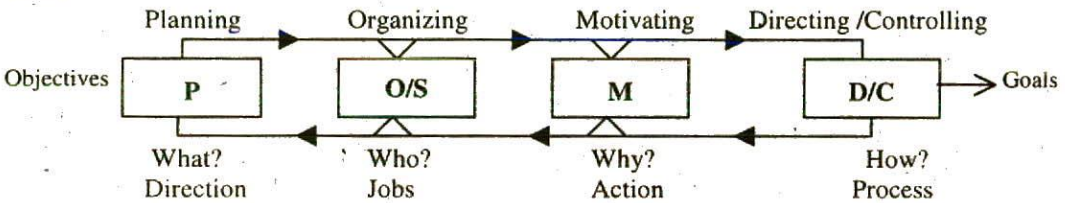


Figure – 8E: Showing the Functional Process of Management

Organizing

Organizing involves the assignment of functions and tasks to divisional or departmental components and to individual employees. It includes the delegation of authority to subordinate managers and operating employees so that they can properly carry out their duties.

For the typical small business, the management group may, and probably will, consist of a very few persons. It will grow as the small business itself grows.

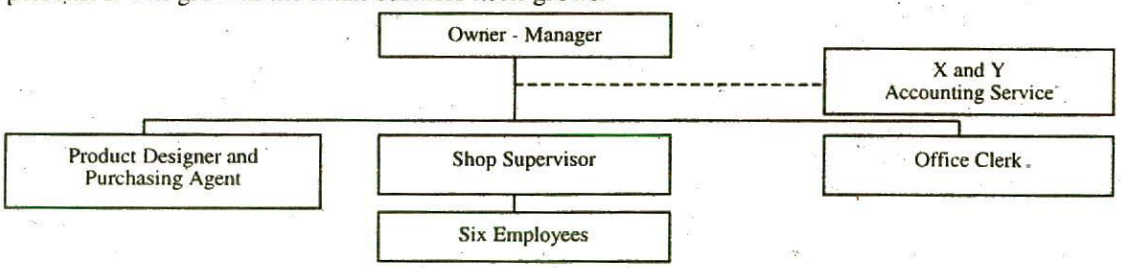


Figure – 8 F: Showing the Organization Chart of a Moderate Small Business

A miniature type small business's organization pattern is depicted in the picture above. Here owner is seen acting as the manager as well. The employee size not beyond fifteen but still traditional management approaches need applied.

Staffing

Staffing refers to the selection and development of personnel who make up the business organization. The best techniques of selection and development should be used in order to get a work team that functions effectively.

The Staffing Function

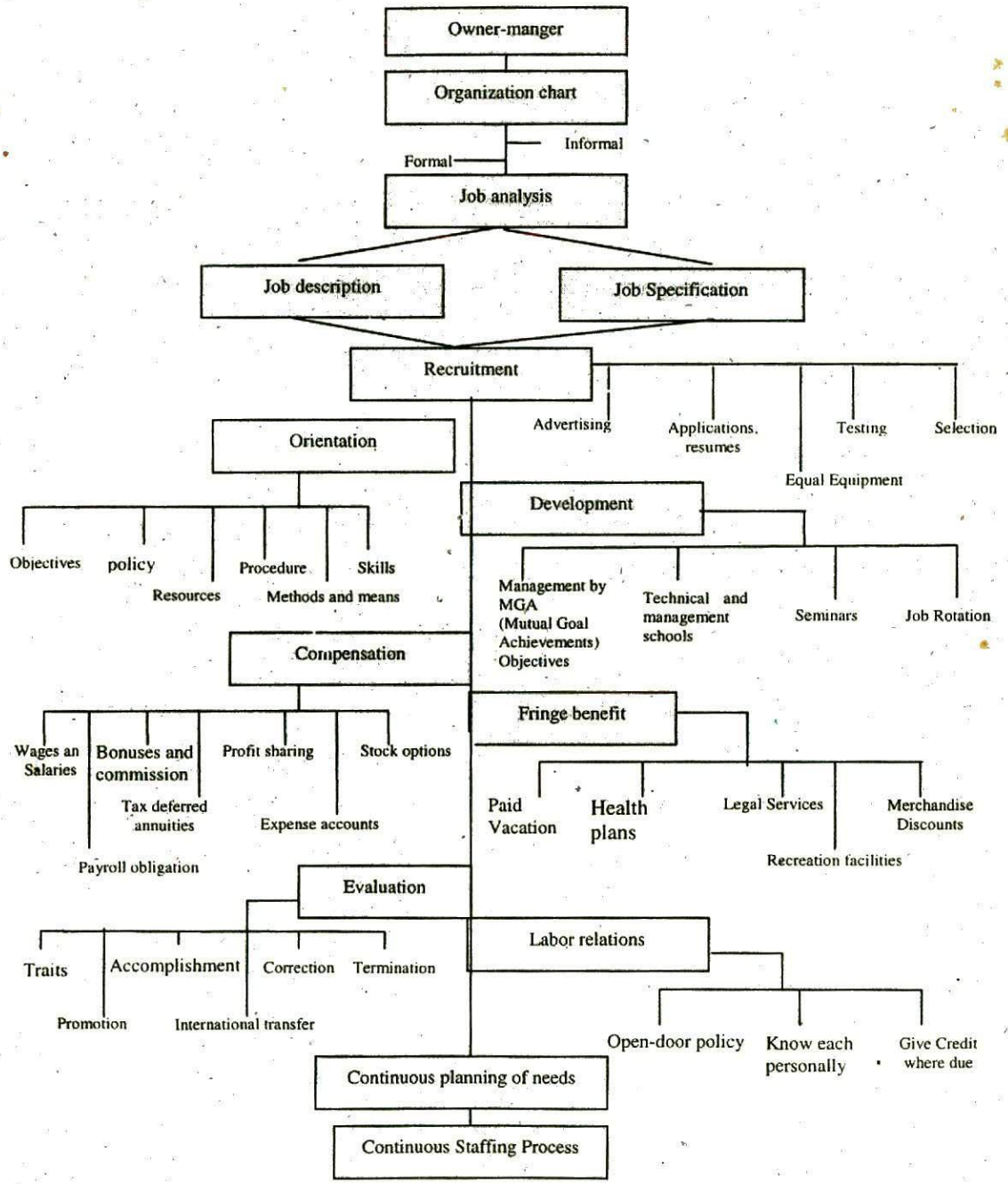


Figure – 8 G: Showing the Organization Chart of a Growing Small Business

Directing
The directing function involves several activities whose purpose is to achieve the organization's objectives and at the same time build an organizational climate that is conducive to superior performance.

Controlling
Controlling involves the establishment of standards and appraisal of operating results, followed by prompt remedial action when results deviate from the standard. Management functions must be performed regardless of the degree to which the small business subdivides its operations.

8.5 Expected Attributes & Traits of a Successful Small Business Manager

The small business manager in order to be successful should have some attractive attributes. These make acceptable to both the owner as well to the subordinates. These are:

Attributes Expected	Typical Participant Comment
1. Empathic	"Sensitive to the needs of others"
2. Delegates authority	"lets others have control & freedom over something"
3. Self- confident	"acts positively and decisively with the available facts"
4. Trusting, fair & honest	"Open and honest in dealing with others"
5. Encourages innovation	"wants people to come forward with their ideas"
6.Good listener	"sincerely listens, reacts & give due weightage"
7. Loyal & supportive	"backs up employees on controversial things"
8. Creative & technically competent	"knows the business inside and out and has good ideas"
9. Good planner & organizer	"looks ahead and can pull together what's needed to get there"
10. Gives feedback on performance	"tells people how they are doing and is a good teacher"

The manager remain sensitive to the needs & expectations of those related to the enterprise of which he is the manager. He does everything following management principles.

One survey of top managers revealed that they possessed most of the following traits:

1. A great sense of independence
2. A strong sense of enterprise
3. Jealously guards his time
4. Limited formal education
5. Expects quick and concrete results
6. Enters small business more by chance than design
7. Dominated as much by personal and family considerations as by professional choices

Small business manager also must have the following:

1. Drive
2. Initiative and enthusiasm
3. Thinking ability
4. Flexibility
5. Objectivity
6. Decisiveness
7. Imagination
8. Emotional stability
9. Mental alertness and analytical skill
10. Human relation ability
11. Communications ability
12. Technical Knowledge

A Balance Between *Doing* and *Being* by a Owner-Manager

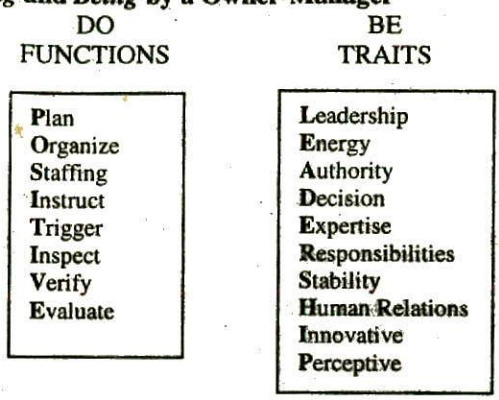


Figure- 8H: Showing the Balance Between *Doing* and *Being* by a Owner-Manager

The first alphabets of the DO functions if taken together make the word **positive,** meaning direction under control while the first alphabets of the BE traits if taken together make the word **leadership,** meaning again under control ensuring desired efficiency and productivity.

8.6 Causes of Failure as a Small Business Manager

In the preceding section we have seen the attributes and traits that help the Small Business manager to become successful. In the current section some causes are identified consequent upon which small business managers are most likely to be unsuccessful in the discharge of his duties:

Personal characteristics

- Exhibits exaggerated opinion of business competency based on knowledge of some skill.
- Orientated to past, ignores future.
- Limited formal education.
- Inflexible to change and not innovative.
- Uses own personal taste and opinion as standard to follow.
- Decision-making based on intuition, emotion and non-objective factors.
- Does little reading in literature associated with business.
- Resists advice from qualified sources but, paradoxically, accepts it from the least qualified.

Managerial deficiencies

- Cannot identify target market or target customers.
- Cannot delineate trading area.
- Does not plan.
- Cannot delegate.
- Believes advertising is an expense not an investment.
- Only rudimentary knowledge of pricing policy and strategy.
- Immature understanding of distribution channels.
- Believes problems not his making and a loan would solve everything.

The personal characteristics of the entrepreneur interact with the management defects inherent in the firm. However, the crisis that triggers the decline to failure is often brought about by some outside factors. Berrymen talks simply of economic, and seasonal conditions, personal problems and fraud, but more generally the outside factors.

A perusal of the above shows that to be successful managers need to have well balanced personality as well as managerial competency. If personal in capacities and managerial deficiencies remain, they are likely to make defective decisions, unable to develop congenial human relations, suffer from wrong market ideas & trading areas, miss conception about advertisement as an expense not as an investment. Such managers are unlikely to be consultative, do not like to delegate. All these are some of the causes indicated above when coupled with external unfavorable factors cause small business managers fail in their endeavor.

8.7 Areas of Personnel Management

People are the most valuable asset of an enterprise and this asset does not depreciate. An entrepreneur has to make the following decisions concerning the personnel.

(i) Number of personnel required for management, technical and other positions in the enterprise
(ii) Qualifications and experience required in the personnel to perform the jobs effectively
(iii) Policies and procedures for the transfer and promotion of staff
(iv) Policies and methods for remunerating the personnel
(v) Facilities to be provided for the safety, health, welfare of the staff
(vi) Participation of personnel in the management of the enterprise.
(vii) Sources of recruitment from which the needed staff will be procured
(viii) Procedure and methods of selecting the best candidates
(ix) Methods of orientation and training to be employed for the selected personnel
(x) System and criteria for evaluating the performance of employees

It is advisable to develop a personnel policy and some procedure guidelines. These should at least consider the following areas:

1. Working hours	5. Grievance Procedures
2. Compensations	6. Terminations
3. Fringe benefits	7. Promotions
a. Employee discounts	8. Evaluations
b. Life insurance	9. Sick leave
c. Health insurance	10. Maternity benefits
d. Pension plans	11. Vacations
e. Automobiles	12. Time off with pay
4. Retirement	13. Time off without pay

Personnel concentration areas for making policy decisions with regard to the human resources in the organizations are shown. For a better understanding and work environment a small business manager should be able to give unconfused decisions with regard to personnel matters. He should rise above discrimination, favoritism, biasness and need be always consistent in making such decisions. This will make the managers acceptable to the people.

8.8 Human Resources and Personnel Policy Suggestions

Guide lines about major personnel matters in terms of policies if remain spelled, the small business mangers may take correct decisions when call for without much of time and inaccuracies. Some of such policy guidelines with regard to human resources are presented.

The small firm owner can take certain steps to assure a good human resource and personnel policy.

1. Selection of the best employee can happen only if an applicant's skills and talents are determined before he or she is hired. The firm should determine physical qualifications such as strength, stamina, vision, and movement by physical examination. Psychological tests are also helpful in some cases. Selection must be fair to all applicants and must meet the federal government's Equal Employment Opportunity guidelines. In general terms, this means no one can be denied employment based on race, age, sex, religion, or ethics group.
2. Even small firms should have job descriptions available to discuss with applicants. These should be carefully explained, including salaries. The normal sequence of advancement, including opportunities for such advancement and salary ranges and average time at each level, should be described. If the firm has an organization chart, it should be shown and explained to the applicant.
3. Create an image that this is a good firm for which to work. Work of mouth from employee to employee can do much to aid this objective.
4. It is advantageous to seek out employees through a planned recruiting and talents of several individuals and select the best one from a group. Recruiting can be aided by using public and private employment agencies, university placement services, vocational schools, labor unions, and through the referrals from friends and other business firms. Advertising in newspapers or other media can provide a large group from which to select the best possible employee.
5. A positive programs of orientation of new employees should be established, preferably in writing. When new employees first come to work, a supervisor should be assigned to introduce them to fellow employees, the company layout, the facilities of the firm, and show them their own work areas. Any printed material for employees should be given to them.
6. If training programs are desirable or necessary, establish them for regular presentation. No exceptions should be made for employees deemed able to benefit. Most small firm will do actual job training on the job.
7. Provide at least an annual review of each employee's progress and productivity. Such reviews should be discussed with employees, so they know how they stand with the firm.
8. Have all applicants fill out a detailed application form and give references. Check references carefully, including credit references or other personnel data. Check further than references whenever possible.
9. Always have an extended interview with the applicant, in pleasant surroundings, and have his or her application in front of you. The interview should enable you to rate the applicant. The interview should direct the discussion into various channels to find out as much as possible about the applicant: background, previous employment experience, ambition, sincerity, likes and dislikes, hobbies, sporting interests, responsibilities etc. The applicant's self-evaluation is important also. Discuss past salaries and expected future salaries.
10. Keep salaries in line with the competition or better than elsewhere- if this can be justified. Have a merit system of pay raises within a rank to be put into effects if they were earned. Be sure that all new and current employees know the salary ranges available to them if they are promoted.
11. Have regular meetings with employees to discuss matters of mutual interest. Invite opinions even contrary ones.
12. Have a specific trial period for each new employee. Be sure that he or she knows about it. Do not hesitate to terminate a new employee whose work is unsatisfactory during this period. Weak employees hurt the morale of all who carry their share.

8.9 Finding Right Man for the Right Position

Employee productivity has become a very important item in the field of small business. Rising labor cost and increased competition from home and outsite have required the successful business owner to emphasis increased output per hour worked.

Using the concept of *job design*, worker productivity can be increased by matching individual worker abilities and capacities in the individual jobs. The business owner can then use three techniques for increasing productivity by getting the best people in to the appropriate job. These three techniques are :

1. **Job analysis :** It is the first techniques which provide a written summary of the functions entering into the performance of each job.
2. **Job description**: It gives the objectives of the job, the work to be performed, the responsibilities involved, the skills needed, the general working conditions, and the relationship of the job described to other jobs can then be developed.
3. **Job specification:** These are written to define the special qualification require to fill a particular job, including experience, special skills and any physical requirements.

Three stages of finding right person

One can find right person when recruitment is made following the three stages as under:

1. Define the duties and responsibilities of the position to be filled in and the skills, knowledge, and experience required for meet them;
2. Finding and attracting those people who have the set qualifications for the position; and
3. Screening the candidates to identify the most promising and then hiring them.

Small business can profit a lot by pursuing a sound hiring policy which should make sure that the candidates can do the job for which they are sought The candidates on hire should be able to work well with others in a team.

Hiring right person for the right position is the important task of the small business manager or an entrepreneur. He can succeed in getting the right person for hire productivity if he follows the process as under:

1. Involve other key employees in the hiring process, (i.e., employees who have a stake in the success or failure of the job). Then compare notes, remembering that yours is not the only discerning eye in town.
2. Never interview a candidate without first preparing a written job description. The good interviewees will want to know exactly what the job entails. It is best to develop a routine system for interviewing, hiring, training, and dismissing employees.
3. The interviewing process is an extended meeting over an extended period of time. Prepare for it as you would any other important meeting. Have an agenda, a time frame, and include handouts where necessary.
4. The candidate will be both talking and listening during the course of the interview (hopefully more of the former than the latter). Take note of his or her capacity to do both, remembering that if the interviewee can't listen, he or she won't be able to work in a crowed. (You're hiring a team member here, not an individual performer.)
5. Look for a match in such cultural issues as ethics, principles, and values, especially when hiring staff employees. Cultural mismatches are deeply ingrained and always difficult to overcome in the team-building process.
6. Listen carefully, then dissect the applicant's questions. Can you tell from the questions what's important to him or her? Can you tell what isn't? Are these sensible questions or busy-work questions? In other works, how well the candidate prepares for the interview is an indication of how badly he or she wants the job.

7. Be cautions of ex-government or ex-Fortune employees. They are accustomed to working in an environment light years from that of small businesses. Office politics, resistance to change, and dealing with hierarchies and "lowarchies" are a part of their cultural background. Adaption to the small business environment won't come easily for these folks.
8. Look close to home first, and when in doubt, hire the insider. Insiders require less training, and their promotion sends the right message to the rest of the team.
9. Remember, the job you are offering isn't the only opportunity in town. If the candidate is a potential superstar, he or she will have other options in addition to yours. Be ready to assume the role of seller in the hiring process.
10. The stronger the candidate, the more difficult he or she will be to accept the job offer & sign. The negotiation process may be rough and turbulent, but hold your temper, and understand what's going on here. The two of you aren't conflicting, you're negotiating – a key ingredient in the team-assembling process. Besides, wouldn't you prefer to have a tough negotiator on your team?
11. Don't trust the candidate's references, they are usually friends. Find references of your own using the candidate's past job connections, past customers, or your own internal networks. Take notes during the course of the interview and look for clues to these non-resume references.
12. Employees are the most expensive item and a great deal of time and consideration should be given to selecting, training, and supervising them.
13. It is most important to train every new employee in the way of operating tasks expected of him and to keep him away from the main tasks as much as possible until this is accomplished.
14. Promote employees as much as possible, but keep the policy be flexile.
15. Although employees need more then wages to be contented, money is most important. Sales personnel can be paid a straight salary, straight commission, a combination of salary plus commission, a straight salary plus spiffs, or any combination of these plans.
16. To work well, any wage plan must be easy to understand and must be fair to both employer and employee.
17. In addition to wages, employees might receive bonuses, discounts on purchases/sales, vacations, and sick leave with pay. Whenever possible, life and hospital insurance plans should be provided. However, nothing equals employers' interest in their personal welfare.
18. Installed pension schemes that have proved useful in reducing employee turnover and building store morale.
19. Try to create employee group activities outside of business, for example, bowling, picnics, etc.

Small business managers should be very careful about how to negotiate with unions. And finally, they should remember that hiring's no art, it's a science, and, like any other science, it requires time and repetition to do it right. They should not dabble with the process, rather dive into it.

8.10 Comprehensive Factors of Employees' Morale

Employee morale refers to the state of mind suitable to work with minimum rejection. Hire the level of employee morale better the volume & quality of production. Factors that generate and environment favourable for raising high morale among the employees are grouped in to five and presented here under:

A. Satisfaction with working conditions -

1. Adequacy of equipment
2. Reasonable hours of work
3. Adequacy of working conditions
4. Absence of physical and mental pressures
5. Effects of these conditions on work efficiency

B. Satisfaction with financial reward -

1. Adequacy of payment
2. Effectiveness of personnel policies with respect to payment
3. Benefit programs and pay in comparison with other companies.

C. Confidence in management -

1. Interest in employees
2. Employee benefit policies
3. Management's organizing ability
4. Adequacy of two-way communications

D. Opinion about immediate supervisor -

1. Supplying adequate equipment
2. How well he organi e his work
3. Emphasizing proper training
4. Treating employees fairly
5. Keeping his promises
6. Giving his promises
7. His knowledge of the job
8. Interest in employee welfare
9. Ability to get things done on time
10. Making employees work together
11. Letting employees know what is expected

E. Satisfaction with self-development -

1. Growth on the job
2. Feeling of belonging
3. Pride in the company
4. Feeling of participation
5. Pride in doing something worthwhile

Small business managers should be cautious in creating favorable environment for high morale. Else, employees with low morale will remain reluctant in accomplishing their tasks with desired skill and quality.

8.11 Management Style- X, Y, Z Theories

Theory X, Theory Y, and Theory Z are widespread sets of assumptions that entrepreneurs and business executives keep in mind to decide the strategy to motivate their workers & employees.

The motivators should first identify the workers & employees by type viz X, Y, Or Z type and then to decide the motivating tools for them. Some people hate work and perform only if threatened with punishment, they need be bullied and threatened even to fire them. On the other hand, some are responsible while others are moderately responsible, their motivating tools may differ by type as also by proportion.

Comparison of Theories "X", " Y" and "Z"

Theory X	Theory Y	Theory Z
1. Employees dislike work and will try to avoid it	Employees view work as a natural part of life	Employee involvement is the key to increased productivity
2. Employees prefer to be controlled and directed	Employees prefer limited control and direction	Employee control is implied and informal.

Theory X	Theory Y	Theory Z
3. Employees seek security, not responsibility	Employees will seek responsibility under proper work conditions	Employees prefer to share responsibility and decision making
4. Employees must be intimidated by managers to perform	Employees perform better in work environments that are non-intimidating	Employees perform better in environments that foster trust and cooperation
5. Employees are motivated by financial rewards	Employees are motivated by many different needs	Employees need guaranteed employment and accept slow evaluations and promotions
6. Employees have little ambition	Employees crave responsibility	Employees desire moderate responsibility
7. Employees avoid all responsibility	Employees want to satisfy their needs of various types	Employees combine work for better their life

8.12 Maslow's Hierarchy of Needs for Motivation

Dr. Abraham Maslow classified all human needs in order of their importance to the individual and presented them as a pyramid of the five levels. Small business managers should attempt to motivate employees under him rightly identifying the status of the individuals on the basis of these hierarchy of needs. Motivating tools and incentives be selected and applied after the individuals are identified on the basis of their need status.

According to Maslow, we, as human beings, strive to satisfy these needs in ascending order. Once a lower level is satisfied, we try to satisfy the next level of need. Note that the first level is the satisfaction or physiological needs-air, water, and food. One these needs have been satisfied, we need protection from hostile forces, such as criminals and cold weather. These needs form the second level, safety and security.

Needs	Ways to satisfy needs
Physiological	Pay Company Breakfast or lunch programs
Safety and Security	Pay Pensions Seniority Company benefits plans
Belongingness and Love	Pay Work teams Sports teams Coffee breaks Company picnics and social events
Esteem	Independence Responsibility Pay as symbol of status Prestigious office location and furnishings
Self-actualization	Challenge Independence

The third level, belongingness and love, refers to our need for attention and the acceptance of others. The fourth level, esteem, refers to the need for self-respect, self-esteem, and the esteem of others. The fifth and highest level has to do with self-actualization. Activated only when all other needs have been satisfied, this level of needs reflects only when all other needs have been satisfied, this level of needs reflects our desire to fulfill our highest potential as individuals. Self-actualization refers to our need to do what we are best suited to do, just as athletes must compete and entrepreneurs must create.

Everyone needs to be motivated, even entrepreneurs. The difference is that the typical entrepreneur's motivation comes from within (i.e., the internal drive for growth, power, or money), while the typical employee is not so internally inclined. His or her motivation must come from without.

Enter the entrepreneur-turned-motivator.

There are a number of motivational tools available, all of which are necessary for small business's survival and all of which are entrepreneurially unfriendly. But to the entrepreneurs who is willing to spend the most time and money motivating his or her employees will go the most committed team.

Those motivational tools include:

1. *The organization chart.* Employees need to know where they stand today and where they can potentially stand tomorrow if they chose to expend the effort.
2. *Job descriptions.* Employees need to know what is expected of them.
3. *Compensation plans.* Employees need to be compensated. Compensation plans should be designed to motivate as well as to reward.
4. *Accountability.* Employees must be held accountable to achieve those goals.
5. *Performance review.* Employees need feedback on their ongoing performance.
6. *Positive reinforcement.* Employees must be publicly appreciated and recognized when their performance deserves it.
7. *Goal setting.* Employees need defined goals to pursue
8. *Negative reinforcement.* Sometimes the bleeding must stop. Think about it. If our machinery squeaks, we oil it.

8.13 Rules of Conduct and Standards of Performance to Maintain Discipline

Rules of conduct and standards of performance should be specified clearly in a company policy manual and communicated properly to employees. They should be administered fairly. Some rules for rules are:

1. Rules or standards should be flexible to adapt to unique situations.
2. Rules should be reasonable.
3. Employee should be able to express, without bias, their dissatisfaction of any rule or standard.
4. Rules should be communicated both orally and in written policy form, and they should be understood by all employees.
5. The procedure and consequences of infractions should be clearly understood by all, through cautions, warnings, written reprimands, suspensions, or transfer.
6. Provision for appeals should be made.
7. Employees should participate in making rules and standards.
8. Employees should be expected to comply with the standards
9. Favoritism or special privileges should not be extended capriciously.
10. Recognition should be given for good performance, reliability, and loyalty.

8.14 Summing Up

In many small businesses, managers work only part-time at management. They then devote the rest of their time to selling, production, or some other business function. Small businesses usually have one or two managers who are responsible for the diverse management duties needed to keep the business running. Typically, the owners of a small company are the direct managers. The range of a manager's function extends from deciding to buy new stationery for TK.10 to deciding to buy a new store for TK.500,000. Large companies, on the other hand, have staffs of professional managers who specialize in particular facets of the overall operation. One person may be responsible for production, another for sales, another for advertising, and so forth. All of these functions must then be integrated and evaluated by top management. All managers, however, regardless of the nature of the company, try to achieve the same thing: to work effectively with people so that the business achieves its objectives. Standards of performance be set realistically, made flexible wherever possible in order to accommodate justified adjustments. Employees should be allowed to express, without bias, their dissatisfaction of any rule or standard so that needed modifications be included to create a favorable work environment for motivation resulting in better performance & higher productivity..

The procedure and consequences of infractions should be clearly understood by all, through cautions, warnings, written reprimands, suspensions, or transfer.

Provision for appeals should be made.

Employees should participate in making rules and standards.

Recognition should be given for good performance, reliability, and loyalty.

The Production Function in Relation to the Firm The Exterior Rings Represent the Planning Function. The Three Interior Circles are the Inputs, and the Triangle is the Control Function.

Model Questions

Broad Questions

1. Distinguish between the terms "Managerial employees" and "Professional employees" What are the general functions of management?
2. " To be successful small business managers need essential traits" – Explain.
3. "Good employees are valuable assets" – Justify your answer. Describe the different sorts of personnel decisions.
4. What standards criterion of human resources and personnel policy should be performed by small firm owner?
5. "Effective hiring is so important, it is the one job the entrepreneur should never delegate" – Justify the title.
6. Do you agree that finding right man for the right position is a difficult job? Mention the comprehensive factors of employees morale.
7. Differentiate between the theories of "X", "Y", & "Z".
   "Human needs in the other of their importance to the individual and presented them as a pyramid of the five levels.- explain.
8. What are the tools for monitoring small business employees? "Rules of conduct are verily involved with the company policy" – Explain.
9. Is provision for management succession of greater importance in the small or the large firm? Why?
10. Is the budget more closely related to planning or to controlling? Why?
11. Is small firms, should authority ever be granted to a committee organization structure? If so, specify the circumstances.

Short Questions

1. Mention the different stages of small business that one involved in human.
2. What are organization principles followed for small business success?
3. Draw the chart of staffing function.
4. What expectations can be found from a successful small business manager?
5. Describe the features of small business managers.
6. List the personal characteristics of a failure small business manager.
7. What are the sound hiring policy?
8. What guidelines are consider the major areas?
9. What three techniques increasing productivity to get the best people in the perfect job?
10. Delineate the five levels of Maslow's hierarchy of needs for motivation.
11. Are happy workers always productive workers? Explain your answer?
12. What kind of manager is likely to earn the respect and loyalty of workers?

Strong reasons make strong actions.
-William Shakespeare

Make the most of yourself, for that is all there is to you.
- Ralph Waldo Emerson

We may give advice,
but we can never prompt behaviour.
- Duc de la Rochefoucauld

It is with our passions
as it is with fire and water,
they are good servants,
but bad masters.
- Sir Roger L'estrange