



Delhi Public School Guwahati

"Under the aegis of the Delhi Public School Society, Delhi"

BUSINESS STUDIES CLASS XII

Chapter 1: Nature & Significance of Management

- **Management** is the art of **getting things done through and with others**.
- Successful **organisations** do not **achieve** their **goals** by chance but by following a **deliberate process** called '**management**'.
- Management is **essential for all organisations** big or small, profit or non-profit, services or manufacturing.
- **Management**, has therefore, been defined as a process of getting things done with the aim of **achieving goals effectively and efficiently**
- **Effectiveness** in management is concerned with doing the right task, **completing** activities and achieving **goals**.
- **Efficiency** means doing the task correctly and with **minimum cost** by utilizing resources optimally

Objectives of Management :

Management seeks to **achieve** certain **objectives** derived from the basic purpose of the business.

Objectives of Management include **Organisational** objectives, **Personal** objectives and **Social** objectives.

Organisational Objectives

- **Survival**-Management aims at ensuring the **survival of the organization**
- **Profit**-Management ensures the organization makes **good profits** that in turn help build its **goodwill**
- **Growth**-Management helps increasing the **sales, no. of employees, capital, investment and goodwill** of the organization

Personal Objectives

- Management ensures that employees earn **competitive wages, allowances** and other **incentives**
- Management provides opportunity for **development and training** and **promotion** of the employees
- Management helps provide **recognition to meritorious employees**

Social Objectives

Management helps in achieving the following social objectives-

- **Environment Protection**
- **Employment Generation**
- **Women Empowerment**
- **Community Welfare, etc**

Importance of Management

- Management helps in achieving **Group Goals**
- Management enhances **Efficiency**
- Management establishes a **Dynamic Organisation**
- Management helps in achieving **Personal Objectives**
- Management helps in **Development of the Society**

Answer the Following Questions:

1. Volvo Ltd's target is to produce 10000 shirts per month at a cost of Rs. 100/- per shirt. The Production Manager achieved this target at a cost of Rs. 90/- per shirt. Do you think the 'Production Manager' is effective or efficient? Give reasons in support of your answer. 3

2. Sooraj works as a salesman in a company selling pet accessories and food. He has been given a target of selling 1200 units of the food packets in a month by offering a maximum of 10% discount to his customers. In order to meet his monthly sales target, on the last two days of the months, he offers 15% discount to his customers.

In the context of the above case:

Is Sooraj effective in his work? Explain by giving a suitable reason in support of your answer. 1

3. Sujata works as a designer in an export house. As per the terms of an order received by the export house, she has to get 100 units of denim jackets made in 15 days @ Rs. 2000 per jacket. She is able to complete her target production in 20 days because in order to complete the order in 15 days she would have made the workers work over time. As a result, the cost of production per jacket may have increased by Rs. 100.

In the context of the above case:

Is Sujata efficient in her work? Explain by giving a suitable reason in support of your answer. 1

4. Define management. 1

5. Define efficiency. 1

6. Define effectiveness. 1

7. Discuss the importance of management. 5

8. Discuss the three organizational objectives of management. 3

9. Discuss any three personal objectives of management. 3

10. Give any three examples of social objectives of management. 3

11. Highlight the importance of management being highlighted in the statements below:

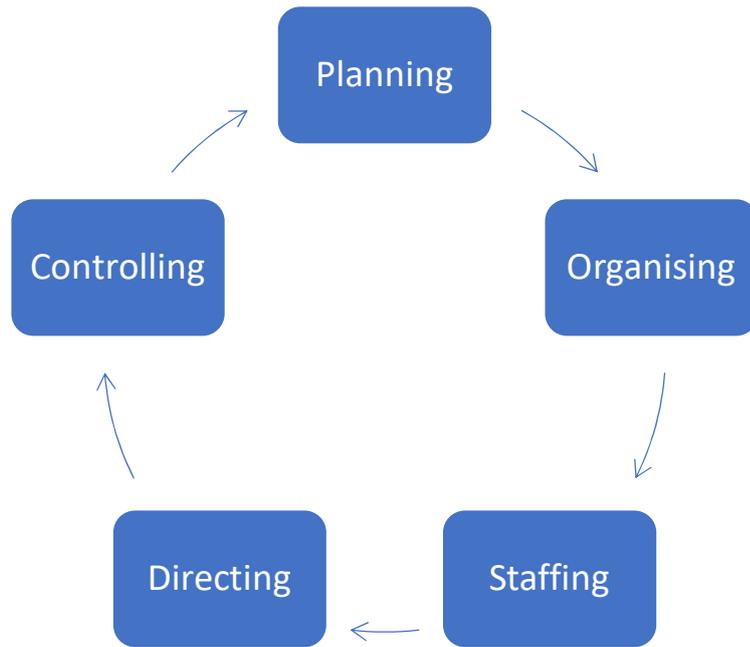
a. "Through motivation and leadership the management helps individuals to develop team spirit, cooperation and commitment to group success."

b. "Management helps people adapt to changes so that the organisation is able to maintain its competitive edge."

c. "The task of a manager is to give a common direction to the individual effort in achieving the overall goal of the organization." 3

Functions of Management

- **Planning** is about **setting goals** in advance and **developing a way** to achieving them efficiently and effectively
- **Organising** is the process of **assigning duties, grouping jobs** to be performed, establishing **authority-responsibility relationships** and **allocating the resources** to carry out the assigned tasks.
- **Staffing** refers to finding the **right person** for the **right job** and covers areas like **manpower planning, recruitment, selection, training and development**
- **Directing** involves **leading, influencing, guiding, influencing and inspiring** subordinates to successfully accomplish the tasks assigned to them. It involves supervising, motivation, leadership and communication on part of every manager
- **Controlling** is a function which involves **monitoring organizational performance**



Functions of Management

Levels of Management

- **Authority-Responsibility** relationship in an organization **binds individuals** and gives rise to different **levels of management**.
- The **chain of command** consisting of a series of managerial positions is called **Management Hierarchy**
- **Every individual** in the hierarchy is **responsible** for successful completion of a **particular task**.



WORKERS ARE NOT MANAGERS

- **Top Management** includes top or senior most positions in an organization like BODs, MDs, chairman, the chief executive officer, chief operating officer, president and vice-president, chief finance officer, vice president (marketing), etc.

Functions Performed by Top Management:

- a. They formulate overall organisational goals and strategies for their achievement
 - b. They coordinate the activities of different departments
 - c. They are engaged in overall policy framework for the organization
 - d. They are responsible for the welfare and survival of the organisation.
 - e. They analyse the business environment and its implications for the survival of the firm.
 - f. They are responsible for all the activities of the business and for its impact on society.
- **Middle Management** includes department heads, regional heads, divisional heads etc who are subordinate to the top management and superiors for the first line or supervisory management

Functions Performed by Middle Level Management:

- a. They are concerned with interpreting the policies framed by the top management and executing plans laid.
 - b. They are responsible for implementing and controlling plans and strategies developed by top management.
 - c. They are responsible for all the activities of first line managers
 - d. They ensure that their department has the necessary personnel
 - e. They assign necessary duties and responsibilities to the personnel in their department
 - f. They motivate the personnel of their department to achieve their goals
 - g. They co operate with other departments for smooth functioning of the organisation.
- **Supervisory or Operational Management** includes foremen, line managers, superintendent, section officers etc that are subordinate to the middle level managers and superiors for the workers

Functions Performed by Supervisory Level Management:

- a. They are mainly concerned with overseeing the activities of the workers by providing them necessary training and other facilities
 - b. They interact with the actual work force and pass on instructions of the middle management to the workers
 - c. They make sure that quality of output is maintained, wastage of materials is minimised and safety standards are maintained by all the workers
 - d. They serve as a link between the workers and middle level managers.
 - e. They ensure sufficient availability of resources and good quality of output.
- **WORKERS ARE NOT MANAGERS**

Features of Management

- Management is **Goal Oriented**
Management unites the efforts of different individuals in the organisation towards achieving these goals.
- Management is a **Group Activity**
An organisation is a collection of diverse individuals with different needs. Every member of the group has a different purpose for joining the organisation but as members of the organisation they work towards fulfilling the common organisational goal.
- Management is **All Pervasive**

The activities involved in managing an enterprise are common to all organisations whether economic, social or political.

➤ Management is an **Intangible Force**

The effect of management is noticeable in an organisation where targets are met according to plans, employees are happy and satisfied, and there is orderliness instead of chaos.

➤ Management is a **Dynamic Function**

An organisation interacts with its external environment which consists of various social, economic and political factors. In order to be successful, an organisation must change itself and its goals according to the needs of the environment.

➤ Management is a **Continuous Process**

The process of management is a series of continuous, composite, but separate functions (planning, organising, directing, staffing and controlling).

➤ **Management is Multi-Dimensional**

Management is a complex activity that has three main dimensions.

○ Management of **People**

Human resources are an organisation's greatest and "getting work done through people" is a major task for the manager. Managing people has two dimensions

(i) it implies dealing with employees as individuals with diverse needs and behavior;

(ii) it also means dealing with individuals as a group of people

○ Management of **Work**

All organisations exist for the performance of some work. Management translates this work in terms of goals to be achieved and assigns the means to achieve it.

○ Management of **Operations**

This is interlinked with both the management of work and the management of people. This requires production of a desired output through a process of conversion of raw materials to finished goods with the help of human resource

Answer the Following Questions:

1. Discuss the functions of management. 5
2. Define the levels of management. 4
3. List the functions performed by Top level Management. 4
4. List the functions performed by Middle level Management. 4
5. List the functions performed by Supervisory level Management. 4
6. Discuss the features of management. 7
7. Explain why management is said to be multi-dimensional. 3
8. Dheerj is working as 'Operations Manager' in Tifco Ltd. Name the managerial level at which he is working. State any four functions he will perform as 'Operations Manager' in this company. 5

9. Govinda Ltd. is a highly reputed company. Different functions are performed by different individuals in this company, who are bound together in a hierarchy of relationships. Every individual in the hierarchy is responsible for successful completion of a particular task. Mr. Gauranga is responsible for the welfare and survival of the organization. He formulates overall organizational goals and strategies for their achievement. MR. Nityanand ensures that quality of output is maintained, wastage of materials is minimized and safety standards are maintained. Mr. Sanatan assigns necessary duties and responsibilities to the personnel and motivates them to achieve desired objectives

At what levels of management are MR. Gauranga, Mr. Nityanand and Mr. Sanatan working in Govinda Ltd.? justify your answer.

10. Sanjana is the branch manager of ABC Handicrafts Pvt. The company's objective is to promote the sales of Indian handloom and handicraft products. Its sells fabrics, furnishings, ready-mades and household items are made out of traditional Indian fabrics. Sanjana decides quantities, variety, colour and texture of all the above items and then allocates resources for their purchase from different suppliers. She appoints a team of designers and crafts people in the company, who developed some prints for bed covers in bright colour on silk. Although they looked very impressive, they were more expensive than they had planned to sell. Average customer could not afford to buy it. Praising their effort, Sanjaja suggested that they should keep the silk bed covers for special occasions like Diwali and Christmas and offer the cotton bed covers on a regular basis to keep costs under control.

5

Identify the functions of management which Sanjaja performs by quoting the lines the above para.

11. Nishtha is the marketing manager of a company selling laptops. She plans the target sale of 2000 laptops per month. She allocates necessary resources to carry out the plan. She has six salesmen working under her. She works with them, guiding and motivating them to achieve the target sales. At the end of the month, after comparison of actual sales with the target sales she found that actual sales exceeded the target sales. She rewards the efficient employees to motivate them.

How does Nishtha prove the importance of management? Explain.

Which functions of manahgement are being performed here?

12. Anju and Manju are good friends. Considering the cast that the activities involved in managing an enterprise are common to all organizations, after completing their masters in business management, both of them take up a job at managerial level in different organizations as per their individual areas of interest. Anju takes up a marketing job in a retail company and strives to increase sales where as Manju joins an NGO and works diligently to realize its objective related to providing employment to specially abled persons. Both of them have to perform a series of continuous, composite, but separate functions. On some days, Anju may spend more time in planning a future display layout and on another day, she may spend time in sorting out an employee's problem. Both Anju and Manju make conscious efforts to build a feeling of team spirit and coordination among diverse individuals with different needs who work under them. The effect of their management is noticeable in their respective departments as the targets are met according to plans, employees are happy and satisfied, and there is orderliness in its functioning rather than chaos.

In context of the above case:

Identify by quating lines, the various features of management highlighted in the above paragraph by quoting lines form it.

5

13. Esha works as the cost and risk management head of a company in power sector. As a result of her excellent managerial competence, the company is able to reduce costs and increase productivity. The company belongs to infrastructure sector, where is regular amendments are made in the government regulations and policies. She holds regular meetings to ensure that people in her department are not only aware of the related changes but are also able to adapt to these changes effectively. This helps the company to maintain its competitive edge. She motivates and leads her team in such a manner that individual members are able to achieve personal goals while contributing

to the overall organizational objective. In the process of fulfilling her duties for the growth of the organization, she helps in providing competitive services, adopting new technology, creating more employment opportunities etc. for the greater good of the people at large.

In context of the above case:

Identify the various reasons that have made management so important by quoting lines from the paragraph.

14. Sridhar's father is working as a section in-charge in a government office. Identify the level of management at which he is working? State any four functions that he has to perform at this level.

5

Nature of Management

A. Management as an Art

The basic features of any art are as follows:

a. Existence of theoretical knowledge:

Experts in their respective areas of art have derived certain basic principles which are applicable to a particular form of art. For example: Painting, Classical Dance, Classical Music etc have their own theoretical guidelines for learners.

b. Personalised application:

Every individual learner applies their own style in a personalized manner. For example: Two musicians with similar background may compose very different music.

c. Based on practice and creativity:

Each individual learner has their own personalized style which evolves with their creativity, practice and experience. For example: A musician with 15 years of experience may be more evolved than a someone who is just starting.

Management can be said to be an art since it satisfies the following criteria:

a. It has a theoretical knowledge base

There is a lot of literature available in various areas of management like marketing, finance and human resources which the manager has to specialise in. There is existence of theoretical knowledge.

b. It has a personalized application

There are various theories of management, as propounded by many management thinkers, which prescribe certain universal principles. A manager applies these scientific methods and body of knowledge to a given situation, an issue or a problem, in his own unique manner.

It is based on practice and creativity of the manager

A manager applies this acquired knowledge in a personalised and skillful manner in the given situation.

A good manager works through a combination of practice, creativity, imagination, initiative and innovation. A manager achieves perfection after long practice.

B. Management as a Science

The basic features of any science are as follows:

a. Systematised body of knowledge:

All Sciences have a systematic body of knowledge and principles are based on a cause and effect relationship. For example: Laws of motion , Law of gravity etc

b. Principles based on experimentation:

Scientific principles are first developed through observation and then tested through repeated experimentation under controlled conditions.

c. Universal validity:

Scientific principles have universal validity and application.

Management is Not an exact Science because of the following criteria:

a. It has a systematic body of knowledge

Management has its own theory and principles that have developed over a period of time.

b. The principles of management are not supported by research although they are sometimes based on experimentation

The principles of management have evolved over a period of time based on repeated experimentation and observation in different types of organisations. However, since management deals with human beings and human behaviour, the outcomes of these experiments are not capable of being accurately predicted or replicated.

c. The principles of management do not have universal validity

Principles of management have to be modified according to a given situation and are not as exact as the principles of science, their application and use is not universal.

B. Management as a Profession

A profession has the following characteristics: a

a. Well-defined body of knowledge:

All professions are based on a well-defined body of knowledge that can be acquired through instruction. For example: There are many Management Institutes which offer a specialized Programme leading to a Masters in Business Administration(MBA).

b. Restricted entry:

The entry to a profession is restricted through an examination or through acquiring an educational degree. For example: To become a chartered accountant in India a candidate has to clear a specified examination conducted by the Institute of Chartered Accountants of India.

c. Professional association:

All professions are affiliated to a professional association which regulates entry, grants certificate of practice and formulates and enforces a code of conduct. For example: To be able to practice in India lawyers have to become members of the Bar Council which regulates and controls their activities.

d. Ethical code of conduct:

All professions are bound by a code of conduct which guides the behaviour of its members. For example: All doctors, for example, take the oath of ethical practice at the time they enter the profession.

e. Service motive:

The basic motive of a profession is to serve their client's interests by rendering dedicated and committed service. For example: The task of a lawyer is to ensure that his client gets justice.

Management does not meet the exact criteria of a profession but its on way to becoming one because:

a. Management is supported by a well-defined body of knowledge

This knowledge can be acquired at different colleges and professional institutes and through a number of books and journals. The subject of management is taught at different institutions.

b. Managers are aware of their social responsibility

The basic purpose of management is to help the organisation achieve its stated goal. However, profit maximisation as the objective of management

c. There are some organisations like AIMA and IMT that have been established to professionalise management

There is, however, no compulsion for managers to be members of such an association nor does it have any statutory backing.

d. There is no restriction on anyone being appointed as a manager in an organisation

Anyone can be called a manager irrespective of the educational qualifications possessed and good management team that is efficient and effective it automatically serves society by providing good quality products at reasonable prices.

Answer the Following Questions:

1. Discuss why management is considered an art. 3

2. Is management considered a science? Discuss. 3

3. Is management considered a profession? Discuss. 5

4. Aman, Ahmad and Ally are partners in a firm engaged in the distribution of dairy products in Maharashtra state. Aman is a holder of Senior Secondary School Certificate from Central Board of Secondary Education with Business Studies as one of his elective subjects. Ahmad had done his post graduation in History and Ally in dairy farming. One day there was a serious discussion between Ahmad and Ally regarding the nature of management. Ahmad argued that management was a profession whereas Ally argued against it saying that the legal and medical professions are the only professions because they fulfill all the conditions of profession.

Aman on the basis of his knowledge of business studies explained the nature of management as a profession to Ahmad and Ally.

Explain, how Aman would have satisfied both Ahmad and Ally. 6

5. Ramarajuna joins an IT firm as a system analyst after completing his masters in Computer Science. As the nature of his work demands he has to work in very close coordination with all the departmental heads in the firm, very soon Ramarajuna realizes that each departmental head has own individual style of working. They differ greatly in their day-to-day approach to work. They tend to deal with a given situation, an issue or a problem through a combination of their own experience, creativity, imagination, initiative and innovation.

In the context of the above case:

Identify and explain the nature of management highlighted in the above case. 3

6. Dharam is a well-known businessman in the field of publishing. He owes the success of his business to his own education in business management and his team of certified management consultants. Therefore, he decides to send both his children Danush and Damini abroad to acquire a degree in business management in their individual area of expertise. He feels that all over the world there is marked growth in management as a discipline, but still it is not considered to be a full-fledged profession for certain reasons.

In the context of the above case:

7. Mr. Nitin Singhania's father has a good business of iron and steel. He wants to go to the USA for his MBA but his father thinks that he should join the business. On the basis of emerging trends, do you think that Mr. Singhania should send his son to the USA? Give any three reasons in support of your answer.

Coordination aims at synchronizing group efforts to provide unity of action in pursuit of organizational goals.

Nature of Coordination

- Coordination integrates group efforts
- Coordination ensures unity of action
- Coordination is a continuous process
- Coordination is an all pervasive function
- Coordination is the responsibility of all managers
- Coordination is a deliberate function

Importance of Coordination

- **Growth in Size** – With growth in the number of employees, coordination is needed to harmonize individual goals with organizational goals
- **Functional Differentiation** – Coordination is needed to maintain harmony between departmental goals and organizational goals
- **Specialisation-** Coordination is needed to resolve any conflicts arising amongst departmental specialist, keeping in mind the organizational goals

Coordination is the essence of management because on the right job.

OR

Coordination involves synchronisation of the different actions or efforts of the various units of an organisation.

a. Helps in Planning

- The process of coordinating the activities of an organisation begins at the planning stage itself. Top management plans for the entire organization.
- Coordination helps in balancing the master plan with plans of different departments.

b. Helps in Organising

- Based on planning, coordination helps in developing the organisational structure.
- Coordination therefore helps in avoiding duplication of work

c. Helps in Staffing-

- Based on planning and organizational structure, coordination helps in staffing.
- Coordination therefore helps in placing the right person on the right job

d. Helps in Directing

- In order to ensure that plans are executed according to organizational goals laid, directing is required.
- Coordination therefore helps in effective balancing of motivation, supervision, leadership and communication

e. Helps in Controlling

- Any discrepancies between planned and actual activities are taken care of at the stage of controlling.
- It is through the process of coordination that a manager ensures the orderly arrangement of individual and group efforts to ensure **unity of action** in the realisation of organisational objectives.
- Coordination thus makes sure that the actual results confirm to the plans

Answer the Following Questions:

1. Define coordination. 1
2. Discuss the nature of coordination. 6
3. Discuss the importance of coordination. 3
4. Coordination is implicit and inherent in all functions of an organisation. Explain the given statement. 5

5. Yash Ltd. is facing a lot of problems these days. It manufactures electronic goods like washing machines, microwave ovens, refrigeration and air-conditioners. The company's margins are under pressure and the profits and market marketing department blames production department for producing goods, which are not of good quality to meet customers' expectations. The finance department blames both production and marketing departments for declining return on investment and bad marketing.

1. What quality of management do you think the company is lacking? Justify your answer.
2. State the importance of the concept identified in (a). 5

5. Sonali is the manager of a large company manufacturing garments for kids. She plans her winter collection in the month of August itself. Then, she ensures that there is adequate workforce. She continuously monitors whether production is proceeding according to plans. She asks the marketing department to prepare their promotional and advertising campaigns also.

1. Identify and explain the concept of management explained in the above para.
2. What characteristic feature does the above para highlight? State. 5

6. The management of Vrinda Ltd. strongly believes that the members of an organization should work towards fulfilling the common organizational goals. This requires team work and integration of efforts of all individuals, departments and specialists. This is because all the individuals and departments depend on each other for information and resources to perform their respective activities. Managers need to reconcile differences in approach, timing, effort or interest. At the same time it should enable all its members to grow and develop. Thus, there is a need to harmonize individual goals and organizational goals.

1. Identify the concept of management discussed above.
2. State any three features of the concept identified in (a).
3. Identify and explain the characteristic of management which is reflected from the above para. 6

7. Kartik joins a garment factory as a plant supervisor in Lucknow. He observes that the output of some workers is very low as compared to the standards set for their performance. On analyzing the reasons for the same, he finds out that a lot of time of the workers is wasted in getting the requisite materials issued from the store. Whereas on asking, the store keeper complains that there is no harmony in the working of the production department as a whole. Every day the workers approach him at the least minute to procure different kinds of threads, laces, mirrors, buttons etc. if it is not available in the store then he has to place an order with the purchase officer. As a result, a lot of time of the workers is wasted. So, in order to integrate the various production activities, henceforth, Kartik ensures that the store keeper is informed well three days in advance about the requisite materials. Consequently, the store keeper is able to keep the materials ready for the workers every morning in accordance with their requirements.

In context of the above case:

- a) Identify and explain the quality of management that Kartik has introduced in the working of the production department as a corrective measure to control the output of the workers.
 - b) State briefly and two points highlighting the importance of quality of management identified in part (a).
-

Chapter 2: Principles of management

Meaning of Principles of Management- Principles of Management are broad or general guidelines for decision making and behavior.

- Management principles are not as rigid as principles of pure science.
- Principles of Management deal with human behaviour and are applied creatively keeping in mind the given situation.
- Human behaviour is complex and never same and same can be said about technology which affects business.
- Principles of Management keep pace with these changes.

For Example:

To decide policy for promotion of an employee one manager may give preference to seniority and experience while another manager may consider meritorious candidates.

Henry Fayol's 14 Principles of Management

- Henri Fayol (1841-1925) was a French management theorist
- His theories deal with organisation of production in the context of a competitive enterprise that has to control its production costs.
- Based largely on his own experience, he developed his concept of administration
- The 14 principles of management propounded by him are widely considered a foundational work in classical management theory.

1. Division of Work – It implies division and sub division of tasks among persons in different positions in the hierarchy to enable specialisation.

Positive Effects

- Specialisation
- Enhanced Efficiency
- Task simplified
- Speed and Accuracy of Work Performance

Negative Effects

- Lack of Specialisation
- Wastage of time and effort
- Lack of efficiency in work performance

2. Discipline -It refers to obedience to organizational rules and employment agreement by employees and judicious application of penalties when necessary.

It also refers to respect of authority and managers honouring their commitment without prejudice.

Positive Effects

- Better labour management relationship
- Improved efficiency as individuals focus on organizational rules

Negative Effects

- Atmosphere of doubt and suspicion prevails
- Decline in the efficiency levels or unsatisfactory work performance

3. Order - This principle states that the material objects and human resource should be at appropriate and suitable places to avoid hindrances in business activities.

Positive Effects

- Effective and efficient utilisation of physical, financial and human resource
- Systematic and smooth functioning of the organization
- Time is not wasted in looking for things and people

Negative Effects

- Misuse and wastage of resources available
- Time wasted in looking for men and material
- Lack of effective coordination resulting in chaos

4. Equity – This principle emphasizes fair, just and unbiased treatment of all subordinates and avoidance of discrimination of any kind.

Positive Effects

- Cordial and smooth relations between employers and employees
- Satisfaction amongst employees who work with devotion

Negative Effects

- Dissatisfaction and frustration amongst employees
- Unhealthy human relations leading to a decline in efficiency levels

5. Stability of Tenure of Personnel – Employees once appointed must be kept in one position or post for a minimum tenure and be given a reasonable amount of time to show results.

Positive Effects

- Provides job security to employees
- Increases the confidence levels of the employees
- Wastage of time and resources avoided

Negative Effects

- Ineffective work performance
- Lack of job security among employees
- High labour turnover leading to a dent in the organisations's reputation

6. Subordination of Individual Interest to General Interest- Organisational interest should receive an overriding priority over personal interests and efforts should be made to merger both.

Positive Effects

- Harmonious achievement of organizational goals
- Coordination between organizational and personal goals

Negative Effects

- Organisation will fall short of achieving its organizational goals
- Favouring personal interest would lead to jealousy, ego clashes an unnecessary disputes

Answer the following Questions:

- | | |
|---|-----|
| 1. Define the meaning of principles of management. | 1 |
| 2. Define the following POM : | 2X6 |
| a. Division of Work | |
| b. Discipline | |
| c. Order | |
| d. Equity | |
| e. Stability of Tenure of Personnel | |
| f. Subordination of Individual Interest to General Interest | |

3. What are the positive outcomes when the following POMs are followed in an organization: (any two) 1X6
- a. Division of Work
 - b. Discipline
 - c. Order
 - d. Equity
 - e. Stability of Tenure of Personnel
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Positive Effects

- Effective and efficient utilisation of physical, financial and human resource
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Positive Effects

- Harmonious achievement of organizational goals
- Coordination between organizational and personal goals

Negative Effects

- Organisation will fall short of achieving its organizational goals
- Favouring personal interest would lead to jealousy, ego clashes an unnecessary disputes

7. Fair Remuneration – The amount of remuneration given to the employees must be just, fair and reasonable keeping in mind factors like cost of living, nature of work and financial capacity of the organization.

Positive Effects

- Healthy employer-employee relationship
- Improved devotion and commitment on the part of the employees
- Decline in labour turnover

Negative Effects

- Encouragement of dishonest practices
- Dissatisfaction and lack of devotion among employees
- Increase in labour turnover

8. Centralisation and Decentralisation – Centralisation refers to the concentration of decision making power at the top management, and

- Decentralisation refers to the systematic dispersal of authority at all levels of management.
- Fayol suggested that there must be a balance between 'subordination involvement' and 'retention of final authority'

- To strike a balance, nature and size of the organization, competency of managers and skills and capabilities of the subordinates must be kept in mind.

Positive Effects

- Better and quick decisions
- Reduction in work load
- Employees encouraged to work effectively

Negative Effects

- Delays in decision making
- Increase in work load of superiors
- Complete centralization may discourage the employees to give their best work performance

9. Initiative – Workers should be encouraged towards self-motivation to develop and carry out plans within the established practices of the organization.

Positive Effects

- Develop a sense of belongingness amongst employees
- Enhances efficiency levels
- Creates an atmosphere of cooperation

Negative Effects

- Lack of attachment to the organization
- Dissatisfaction and frustration among employees

10. Scalar Chain – This principle focuses on the formal lines of authority from highest to the lowest ranks.

- In case of emergencies, gang planks permits direct communication between two managers at the same level.

Positive Effects

- Smooth flow of communication throughout the organization
- Quick solutions to problems
- Each member identifies his or her superior

Negative Effects

- Authority-responsibility relationships are not clear
- Communication gaps within the organization

11. Authority and Responsibility – Authority is the right of the superior to command over his subordinates and take action, and Responsibility is the obligation of a subordinate to perform the assigned tasks.

- Fayol recommended a fine balance between authority and responsibility.
- Too much authority without sufficient responsibility leads to misuse of power.
- Too much responsibility without necessary authority leads to frustration and demoralizes the employees.

Positive Effects

- Leads to effectiveness
- Increases the confidence level of employees

Negative Effects

- Misuse of power by superiors
- Demotivation and frustration amongst employees

12. Unity of Command – This implies that each subordinate must receive orders and instructions from only one superior at a given point in time, i.e. Dual Subordination must be avoided under all circumstances.

Positive Effects

- No confusion in the minds of subordinates as dual subordination is avoided
- It is easy to fix responsibilities
- Authority-responsibility relations become clear

Negative Effects

- Confusion and chaos in the minds of the subordinates

- Authority may be undermined and order, discipline and stability may be disturbed
- Dual subordination may result in loyalty of employees getting divided

13. Unity of Direction –This principle calls for ‘one head one plan’ to ensure unity of action through coordination.

Positive Effects

- Achieving organizational goals becomes easier
- Ensures unity of action
- Enhances overall efficiency

Negative Effects

- Efficiency levels go down
- Unnecessary duplication of work

14. Espirit De Corps – Fayol suggested that management must promote a sense of team spirit and a feeling of unity & harmony amongst employees

Positive Effects

- Develops team spirit, mutual trust and understanding
- Harmonious achievement of group goals
- Fosters cooperation, a sense of belongingness and unity

Negative Effects

- Kills team spirit
- Lack of cooperation leading to ego clashes
- Unhealthy human relationships and lack of attachment towards accomplishment of group goals

Answer the following Questions:

1.. Define the following POM :

2X10

- a. Stability of Tenure of Personnel
- b. Subordination of Individual Interest to General Interest
- c. Fair Remuneration
- d. Centralisation and Decentralisation
- e. Scalar Chain
- f. Initiative
- g. Authority and Responsibility
- h. Fair Remuneration
- i. Unity of Command
- j. Unity of Direction

2. What are the positive outcomes when the following POMs are followed in an organization:

(any two) 1X10

- a. Stability of Tenure of Personnel
- b. Subordination of Individual Interest to General Interest
- c. Fair Remuneration
- d. Centralisation and Decentralisation
- e. Scalar Chain
- f. Initiative
- g. Authority and Responsibility
- h. Fair Remuneration
- i. Unity of Command
- j. Unity of Direction

4. What are the positive outcomes when the following POMs are followed in an organization:

- a. Stability of Tenure of Personnel (any two) 1X10
- b. Subordination of Individual Interest to General Interest
- c. Fair Remuneration
- d. Centralisation and Decentralisation
- e. Scalar Chain
- f. Initiative
- g. Authority and Responsibility
- h. Fair Remuneration
- i. Unity of Command
- j. Unity of Direction

Nature of Principles of Management

- a. Universal Applicability – **POM apply in all types of organisations**
- b. General Guidelines – **POM are guidelines for actions but do not provide readymade solutions**
- c. Formed by Practice and Experimentation –**POM are formed by experience, experimentation and collective wisdom**
- d. Flexible –**POM are not rigid prescriptions; instead they can be used by managers to suit their situations and circumstances**
- e. Cause and effect relationships – **POM intend to establish a cause and effect relationship so that they can be used in similar situations conveniently**
- f. Contingent – **Application of POM are dependent on the circumstances on hand and may have to be adjusted to suit them**

Importance of Principles of Management

- a. POM provides managers into useful insights into reality
- b. POM help in optimal utilization of resources and effective administration
- c. POM help in taking scientific decisions
- d. POM help in adjusting to changing environment
- e. POM help in fulfilling the firm's social responsibility
- f. POM are used as the basis for management training, **education and research**

Answer the following questions:

- 1. Discuss the nature of principles of management. 6
- 2. Discuss the importance of the principles of management. 6
- 2. The production manager of Harsh Ltd. instructs a salesman to go slow in selling the product, where the marketing manager is insisting on fast selling to achieve the target. Which principle of management is being violated in this case? 1
- 3. Kanika and Priyanka are typists in a company having same educational qualifications. Kanika is getting Rs. 16000 per month and Priyanka Rs. 10000 per month as salary for the same working hours due to personal biases of the manager who hired them. Which principle of management is violated in this case ? 1
- 4. The management and workers have entered into an agreement that workers will do overtime to cover up losses of the company. In return, the manager will increase the wages.

But management later refused to increase the wages. Name the principle violated in this situation. 1

5. In Simran Ltd., an employee has the objective of maximizing his salary, but the organizational objective is to maximize output at competitive cost. There was some dispute on this for a while. Eventually, the organization's interest was given priority over employees' interest. Name the principle related to this situation. 1

6. In your school, you observe that books are kept in office, chalks in the library and office records in the staff room.

- Which principle of management is violated here and why?
- How will that affect the achievement of school objectives?
- As a manager how will you rectify the problem at hand?

3

7. The production manager of an automobile company asked the foreman to achieve a target production of 200 scooters per day. But he did not give him the authority of requisition tools and materials from the stores department. Can the production manager blame the foreman if he is not able to achieve the desired target? Explain briefly the principle relating to the situation. 3

8. Soniya Ltd. was engaged in the business of manufacturing auto components. Lately, its business was expanding due to increased demand for cars. The competition was also increasing. In order to keep its market share intact, the company directed its workforce to work overtime instead of increasing the workers in the short run. But this resulted in many problems.

Due to increased pressure of work the efficiency of workers declined. Sometimes, the employees had to take instructions from heads of different departments to meet the specifications of the huge orders on hand. The workers showed disrespect for rules and took breaks as and when they liked for chats, tea etc. There was a marked decline in the teamwork of different groups due to confrontations and disagreements that stemmed from less time for leisure.

Identify any three principles of management (as given by Henry Fayol) which were begun violated, quoting the lines from the above case. 3

9. Workers should be encouraged to develop and carry out their plans for improvements." Identify the principle of management formulated by Fayol. 1

10. The plant superintendent of a company is very sad. When he was on leave he was expecting his subordinates to take the remaining work to the finish. However he finds a new way of dealing with this problem. He develops a system of suggestion building from the side of workers. For this a suggestion/complain box is to be kept where the workers can drop their advice and hence take steps from their side.

Which principle of management has been implemented here off late by the plant superintendent? 1

11. Bhatkaav Enterprises is facing huge losses. The owner of the company is an MBA pass out. Even then many things in the organisation are happening which are indicative of lack of proper management in the company. First of all there is no specific sharing of work and any time any employee is asked to do anything. This has led to wastage of efforts. Further due to negligence in proper work sharing there has been no specialisation development in the nature of the jobs done by the employees.

There are no clear and fair agreements between the workers and the management. This has led to a lot of frustration in the workers. Management has quite often been found to be ignorant of not fulfilling promises done by it. There are also no strict rules and regulations binding on the conduct of the workers.

The departmental heads who are the middle level managers in the company and hold key positions always favour their relatives. They quite often don't turn up for job on time. They are always looking for special

relaxations from the top management. This has led to feeling of resentment among the employees who are also demanding special favours and threatening strike in the coming days.
Identify the three principles of Fayol violated in the above case. 3

12. Ramesh is the owner of a printing press. The size of his organisation has y/increased during the recent past. There are many employees who work in his organisation. The organisation is considered good and has earned a lot of reputation in the market. However when it comes to making key decisions in the organisation related to many things he never considers the opinions of his subordinates. Even though the size of the organisation has increased yet he tries to take all the key decisions on his own.
Which principle of Fayol has been violated by him? 1

13. Mohan works on the floor of a mall as a manager. He is very hard working but is unable to produce results for his organisation. His target for last month was a sale of 10 lakh rupees from his floor. However by the end of the month the sale was only 8 lakh rupees. He is very regular and takes all the necessary steps to complete the target. However his staff is not as competent as he himself is. When he tries to take action against disobedient employees the top management doesn't allow him to do so. They haven't given him the power to fire employees or take any strict action against them.
Which principle of Fayol is violated here by the Organisation? 1

14. Enlightened Souls Pvt. Ltd. is a tube light manufacturing company. Before the start of the year they had promised their employees for bonus for extra production. It was also decided that those who will put extra time will be paid extra according to the number of hours. However people in the HR department who worked very hard later complained that they were not compensated for the extra number of hours that they used to stay in the office.
Which principle of Fayol is violated here? 1

Rohan and Amit are working in the purchase department of a company. Rohan is the brother-in-law of the managing director of the company whereas Amit has been recruited from an external source. They both have been performing below average for the last couple of months. Many people in the organisation talk about their lack of responsibility. When the managing director of the company came to know about their irresponsible behaviour he immediately suspended Amit but did not take any action against Rohan.
Identify the principle of Fayol which has not been followed by the managing director in the above case. 1

15. Aditi who is heading the campus recruitment program of the firm that she is working in, gets an immediate order from the marketing head of the organisation. Mr. Rupesh asks her to hire only those candidates who have two years experience in the field of marketing and offer them a higher package. Moments later when she is about to enter the campus she gets another call from the HR head who asks her to hire candidates with zero experience. He gives her the logic that such candidates would be expecting lower packages in comparison to the candidates having experience in the industry.
Which principle of Fayol stands violated here? What is the immediate outcome of the violation of this principle? State the principle. 3

16. Twenty new employees have started their career in XYZ Ltd. The employees are new to the environment of the organisation and have no idea about the demanding jobs. The management has decided to give them three months of time to show their results.
Which principle of Fayol is followed here? How does this principle help the organisation? 1

17. Radhika opens a jewellery showroom in Jaipur after completing a course in jewellery designing. She has employed eleven persons in her showroom. For greater productivity, she divides the work into small tasks and each employee is trained to perform his/her specialised job. The sales persons are allowed to close a deal with a buyer by giving a maximum of 10% discount, whereas the decision to give any further discount rests with

Radhika as the final authority. In the earlier days of starting of the business, five of her employees were asked to put in extra hours of work. In return she had promised to give them a special incentive within a year. Therefore, after six months when the business was doing well, she awarded a cash bonus to each of these employees to honour her commitment. However, when it comes to settling the conflicts among her employees, she tends to be more biased towards her female employees.

In context of the above case:

Identify and explain the various principles of management that are being applied by Radhika by quoting lines from the paragraph. 3

1. Identify and explain the principle of management which is being violated by Radhika by quoting lines from the paragraph. 1
2. State any one effect of the violation of the principle of management by Radhika as identified in part(b) of the question. 1

18. Rajveer works as a plant superintendent in a carpet making factory. In order to complete the export orders on time, the production manager asks him to make the workers work over time whereas the finance manager is strictly against this practice because it will increase the cost of production. Moreover, Rajveer feels that since the company is manufacturing handmade carpets as well as machine made carpets there is a lot of overlapping of activities. Therefore, there should be two separate divisions for both of them wherein each division should have its own in charge, plans and execution resources.

In context of the above case:

1. Identify and explain the principle of management which is being violated. 1
2. Also identify the principle of management that Rajveer feels should be implemented in the factory. 1
3. Give any two differences between the principle of management as identified in part (a) and part (b) respectively. 2

19. Neeraj is selected for the post of software developer in an IT Company. On the first day of his joining Mehul, his project manager tells Neeraj that during the course of his work he will come across many such opportunities which may tempt him to misuse his powers for individual or family's benefit at the cost of larger general interest of the company. In such situations, he should rather exhibit exemplary behaviour as it will raise his stature in the eyes of the company. Also, for interacting with anyone in the company on official matters, he should adopt the formal chain of authority and communication.

In context of the above case:

1. Identify and explain the various principles of management that Mehul is advising Neeraj to follow while doing his job. 2

20. Gurpreet is running a retail mart in Varanasi to provide various types of products of daily use under one roof to the buyers. The employee turnover in his business is very high and he is perpetually on a look out for new staff. The fact of the matter is that he lacks managerial skills and assigns work to his employees on adhoc basis without letting them settle down in a specific work. This approach of his creates a sense of insecurity among the employees and they tend to leave the job very quickly. However, he is a very god fearing person and offers fair wages to his employees so they can afford a reasonable standard of living.

In context of the above case:

1. Identify and explain the principle of management which Gurpreet is unable to apply and is perpetually on a look out for new staff. 1

2. "He is a very god fearing person and offers fair wages to his employees so they can afford a reasonable standard of living." Name and explain the relevant principle of management will has been brought into effect by Gurpreet
-

F.W.Taylor's Scientific Management

- F.W.Taylor suggested scientifically analyzing work to find '**one best way**' of doing it that reshaped the factory system of production.
- It lead to **doing away** of 'rule of thumb' which led to increased efficiency
- **Rule of Thumb means** the factory owners used to attend to problems faced by them through **personal judgment** or **trial and error method**.
- Scientific management means knowing exactly what you want men (workers) to do and seeing that they do it in the best and cheapest way.

Principles of Scientific Management

1. Science, Not a Rule of Thumb

- Substitution of Rule of Thumb
- Introduction of method of Scientific Enquiry through Work Study
- Develop a Standard Method or one best method to maximize efficiency
- Helps in Saving human energy and avoids wastage of time and material (efficiency)

2. Harmony, Not Discord

- Emphasis on harmony between management and workers
- Avoidance of class conflict
- **Mental Revolution** necessary as both management and workers must transform their thinking and realize each other's importance.
- Trade unions must not halt work and workers must work whole heartedly
- Management must also share the gains of the company with the workers

3. Cooperation, Not Individualism (*Extension of Harmony, Not Discord)

- Cooperation between management and workers
- Individualism or competition must be avoided
- This requires an open communication system
- Management must listen to workers' suggestions and workers should avoid making unreasonable demands

4. Development of Each and Every Person to his or her Greatest Efficiency and Prosperity

- Industrial Efficiency depends on employees' competencies
- Scientific approach in Selection of the right employees, assigning the right work to them and improving their productivity through training
- Efficient employees have higher productivity which improves the efficiency of the organization

Techniques of Scientific Management

1. Method Study

- Objective is to find '**One Best Method**' for each and every single activity
- This includes all activities from purchase of raw material to delivery of finished products to customers
- Taylor established the concept of '**Assembly Line**'
- This minimizes costs of production and maximizes quality and customer satisfaction
- Tool used for method study can be CCTV

2. Motion Study

- Refers to study of movements like lifting, sitting, changing positions etc

- Aim is to identify and allow motions that are productive or incidental
- Aim is also to eliminate motions that are unproductive
- Tool used for Motion Study is Stop Watches

3. Time Study

- Determines 'standard time' taken to perform a job
- Objective is to determine the number of workers to be employed, decide suitable incentives for workers and determine labour costs

4. Fatigue Study

- Determine the amount and frequency of rest intervals necessary for workers in completing a task
- Objective is to remove obstacles in good performance, like long working hours, unsuitable work, uncordial relations with superior etc
- Helps in increasing productivity

5. Differential Piece Wage System

- Classify workers as efficient and inefficient on the basis of standards established in work study
- Compensation or Wages should be according to efficiency
- Reward for workers who perform above standards

6. Standardisation and Simplification

- **Standardisation** refers to the process of setting standards for every business activity
- There are benchmarks or standards for processes, raw materials, time, product etc
- Standardisation helps produce products of specific type, size and features
- Standardisation establishes standards of excellence and quality in materials, men and machines
- **Simplification** aims at eliminating unnecessary diversity of products

7. Functional Foremanship

- Taylor suggested **separation of planning and execution** functions which is extended to the lowest level in the organizational structure (known as functional foremanship)
- There are **two incharges under the factory manager**: Planning Incharge and Production Incharge
- **Planning Incharge** has **four** personnel:
 - a. **Instruction Card Clerk** (draft instructions for workers)
 - b. **Route Clerk** (specify the route of production)
 - c. **Time and Cost Clerk** (prepare time and cost sheet)
 - d. **Disciplinarian** (ensure discipline)
- **Production Incharge** has **four** personnel:
 - a. **Speed Boss** (timely and accurate completion of job)
 - b. **Gang Boss** (keeping machines, tools etc ready for operation by workers)
 - c. **Repairs Boss** (ensure proper working condition of machines, tools etc)
 - d. **Inspector** (check the quality of work)
- Functional foremanship is an extension of **Fayol's Division of Work**
- Functional foremanship **violates Fayol's Unity of Command** because multiple qualities like intelligence, tact, education, special knowledge, etc cannot be found in a single foreman

Answer the following questions:

1. What is F.W.Taylor's scientific management?
2. Discuss the principles of scientific management propounded by F.W.Taylor.

3. Discuss the following techniques of scientific management:

- a. Method Study
- b. Motion Study
- c. Time Study
- d. Fatigue Study
- e. Differential Piece Wage System
- f. Standardisation and Simplification
- g. Functional Foremanship

4. Mention Fayol's principles of management followed and violated by the technique of functional foremanship proposed by F.W.Taylor.
