

Satish Chandra Memorial School

Pumlia, Chakdaha, Nadia

BUSINESS STUDIES

CLASS : XII- COMMERCE

Important question-answer from chapter 2 (Principle of management)

A. Explain the nature of principle of management.

Ans:

1. **General guidelines:** The management principles are general guidelines and not a definite set of principle which can be applied to get certain specific result as is the case with Science. This principle acts as a guide for the manager's in a given situation only and does not guarantee any absolute and predictable result.
2. **Universal applicability:** The management principles have universal applicability, which means that they can be used in business as well as non- business environment's and issues, as well as at profit & nonprofit making units, these principles are helpful for all and can be applied and used by all in general. They can be used by anyone depending upon the availability of factors and nature of the issue.
3. **Relationship between the cause and effect:** The management principles establish a relationship between the cause and effect i.e. they specify the probable outcome for a particular situation if, certain suitable principle for that situation is applied. The principle also states, what will be the effective result in a given situation if the activities are performed in accordance.
4. **Formed by practice and experience:** The management principles are formed by practice and experience of the managers, scholars and researchers. Initially in a given situation, the managers face the problems with priority of attention need. At this juncture, the researchers conducted the study of the whole system and process involved, to find some useful solutions which come out in the form of these principles, and hence adopted by all.
5. **Management principles are flexible:** The management principles are flexible in nature, i.e. they can be modified and applied according to the changing situation of the dynamic business environment. As we all know that the environment in which business exist and operates, is effected by the geographical, social, political, economic factors and also has some inherent factors, which keep on changing and the managers have to use the principles in a modified form rather than in their original form.
6. **Management principles are contingent:** The management principles are contingent to the happening of a given situation. The manager is free to decide whether to apply them or not, when any problem arises. This implies that the principles are dependent on the nature of situation and cannot be applied blindly on any situation. These need to be modified according to the problem and then to be applied.

B. Explain the significance of principle of management.

Ans. :

Six significance of principles of management for organizational decision making are: 1. providing Managers with Useful Insights into Reality 2. Optimum Utilisation of Resources and Effective Administration 3. Scientific Decisions 4. Meeting Changing Environment Requirements 5. Fulfilling Social Responsibility 6. Management Training, Education and Research.

1. Providing Managers with Useful Insights into Reality:

Principles of management help in increasing managerial efficiency by adding to their knowledge and ability to understand the various situations. The principles help the managers to use their and others' past experiences in delegating routine problems and focus on major issues instead.

For example, by following the principle of delegation, a manager can leave routine decision making activities to his subordinates and deal with only those situations which require his unique expertise. Hence, the principles help managers to learn from past experiences and take right decisions at right time.

2. Optimum Utilisation of Resources and Effective Administration:

Resources, both human and physical, available in an organization are very limited. Thus, these resources should be used fully in such a manner as it gives maximum benefit with minimum cost. Managerial principles help the management to come out with the methods that help in reducing wastages. Along with this, the principles of management also help in establishing effective administration by limiting the boundary of managerial discretion so that their decisions may be free from personal biases.

For example, while deciding the annual budget for different departments, a manager is required to follow the principle of contribution to organisational objectives and not personal preferences. Similarly, where 'Unity of Command' helps to avoid confusion and conflicts, 'Unity of Direction' ensures unity of actions to facilitate coordination.

3. Scientific Decisions:

An effective decision must be based on facts, thoughtful and justifiable in terms of the required purpose. Decisions must be timely and realistic. Principles of management help the managers in taking decisions based on the objective assessment of the situation, free of any bias and prejudice. Thus, they approach various problems scientifically, leading to timely implementation of right decisions.

4. Meeting Changing Environment Requirements:

As the principles can be modified, thus, they help the managers to meet the changing environment requirements. For example, at present the principle of division of work has been extended to the whole business. Of late however, companies are specializing in their core competency and are outsourcing their non core business.

For example, most of the big giants are now outsourcing some of their operations through 'Business Process Outsourcing' (BPO) and 'Knowledge Process Outsourcing' (KPO).

5. Fulfilling Social Responsibility:

Every business has to fulfill many social responsibilities. Thus, principles of management and management theory have been devised in such a way that they help in fulfilling these responsibilities. However, over a period of time, these principles have assumed new and contemporary meaning.

For example, the principle of equity at present is applicable not only to wages alone but it also includes the care of environment; values of the customer etc. Shri Mahila Greha Udyog Lijjat Papad, besides working on the 'concepts of business' and concepts of devotion', has given due emphasis on the 'concept of family' too. All the functions of the organisation are dealt with in a manner similar to that of a family providing full support for the development of its member sisters, employees and well-wishers.

6. Management Training, Education and Research:

Principles of management are the central point of management theory. So they are used as a basis for management training, education and research. These principles are an integral and important part of the curriculum of various management courses at Bachelor level such as B.B.A (Bachelor of Business Administration) and Master level such as M.B.A (Master of Business Administration).

Moreover, management principles lay due emphasis on sound judgment achieved through proper research. Research helps to find out innovative methods in the fields of marketing, production, finance etc. which eventually lead to effective performance. Thus, management principles serve as a guide to research for effective and efficient performance.

C.Explain briefly Fayol's principle of management.

Ans.

Henri Fayol was a prominent scientist who was considered to be among the first few who laid a foundation for scientific management. He gave us 14 principles of Management which are based on certain fundamental truths and act as guiding principles for decision making and other managerial responsibilities.

1] Division of Work:

Dividing work among the workforce helps improve the quality of the overall product. Henri Fayol said that specialization in work increases the productivity and improves efficiency. Division of labour also leads to the specialization, accuracy, and speed of the workers. This principle is applicable both in

managerial as well as technical work.

2] Authority and Responsibility:

These are the two key things in management. They work hand in hand. While authority enables the management to delegate work, responsibility makes them accountable for any work done under their leadership. Henri Fayol said that the power of authority accompanying responsibility gives the management the right to order subordinates along with a duty to be liable for acts of their subordinates.

3] Discipline:

Nothing good was ever achieved without discipline. The third principle propagated by Henri Fayol was discipline. It is one of the core values in any system. Good behavior and civilized interactions make the management work smoothly and efficiently. Good conduct by employees also helps them smoothly progress in their careers.

4] Unity of Command:

It basically means following a chain of command. A person should ideally answer to just one boss. If an employee is given work from more than one boss, there arises a conflict of interest. This can lead to confusion among the employees and hard to pin accountability. Thus, it is very crucial to follow unity of command.

5] Unity of Direction:

For any corporate to prosper, there must be a unified goal. This principle is crucial as it incorporates the idea of a workforce working in a singular direction with a unified aim. The responsibility of planning falls on the manager and he also must monitor the progress towards said goal.

6] Subordination of Individual Interest:

The standard rule for any organization is the work on the collective interest of the organization as a whole rather than personal interest of an individual. This principle states that the interest of an individual will be subordinate to the objectives of the organization. This applies to the entire chain of command in the organization.

7] Remuneration:

We all love an appreciation for our efforts. Remuneration in an organization plays as a motivational force that keeps the employees fuelled to do well. This remuneration should be in tandem with the efforts that they put in. Remuneration may be monetary or non-monetary. At the end, the employee must feel that he was appropriately rewarded for his efforts.

8] Centralisation:

Depending on the size of the organization, it is important that the power is centralized to an extent that the decision making is judicious at all levels and not arbitrary. This will also depend on the size of the

organization. Henri Fayol said that there must be a balance in the hierarchy and division of power.

9] Scalar Chain:

Henri Fayol talks about a clear line of hierarchy from the top rung to the lowest. So that every employee knows who is their immediate senior in the times of conflict or crisis. But also the employee must be able to contact any person in the hierarchy without hesitation during a time of crisis.

10] Order:

There must be a proper defined order maintained at the work premises so that it makes for a conducive work environment. The right environment in the place of work will boost productivity.

11] Equity:

Employees should be treated with equality and respect. This is among the core values of management. It will fall on the manager to ensure that there is no discrimination of any kind happening in the workplace.

12] Stability:

An employee is able to deliver better when he is secure in his job. It is the duty of the management to offer job security to their employees along with a promise of growth. Minimizing employee turn over is important and beneficial to the management as well.

13] Initiative:

Sometimes groundbreaking ideas come from unexpected places. The management must encourage its employees to take initiatives in the organization. It will make them feel valued and develop their interest.

14] Esprit de Corps:

This is one of the core principles. The management must ensure that the team remains constantly motivated and are cooperative with each other. It is very important to develop mutual trust among employees as it leads to a positive work environment.

D.State the F.W Taylor's Principles of Scientific Management.

Ans.

Principles of Scientific Management by Taylor:

F.W. Taylor or Fredrick Winslow Taylor is also known as the 'father of scientific management' proved with his practical theories that a scientific method can be implemented to management. Taylor gave much concentration on the supervisory level of management and performance of managers and workers at an operational level. Let's discuss in detail the 5 principles of management by F.W Taylor.

1. Science, not the Rule of Thumb-

This rule focuses on increasing the efficiency of an organisation through scientific analysis of work and not with the 'Rule of Thumb' method. Taylor believed that even a small activity like loading paper sheets into box cars can be planned scientifically. This will save time and also human energy. This decision should be based on scientific analysis and cause and effect relationships rather than 'Rule of Thumb' where the decision is taken according to the manager's personal judgments.

2. Harmony, Not Discord-

Taylor indicated and believed that the relationship between the workers and management should be cordial and complete harmony. Difference between the two will never be beneficial to either side. Management and workers should acknowledge and understand each other's importance. Taylor also suggested the mental revolution for both management and workers to achieve total harmony.

3. Mental Revolution-

This technique involves a shift of attitude of management and workers towards each other. Both should understand the value of each other and work with full participation and cooperation. The aim of both should be to improve and boost the profits of the organization. Mental Revolution demands a complete change in the outlook of both the workers and management, both should have a sense of togetherness.

4. Cooperation, not Individualism-

It is similar to 'Harmony, not discord' and believes in mutual collaboration between workers and the management. Managers and workers should have mutual cooperation & confidence and a sense of goodwill. The main purpose is to substitute internal competition with cooperation.

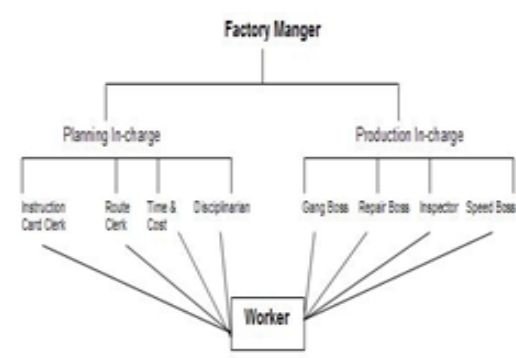
5. Development of Every Person to his Greatest Efficiency-

The effectiveness of a company also relies on the abilities and skills of its employees. Thus, implementing training, learning best practices and technology, is the scientific approach to brush up the employee skill. To assure that the training is given to the right employee, the right steps should be taken at the time of selection and recruiting candidates based on a scientific selection.

E. Briefly explains the technique of scientific management by F.W.TAYLOR.

Ans.

Techniques of Scientific Management by F.W.TAYLOR



1) Functional Foremanship

Taylor advocated functional foremanship for achieving ultimate specification.

This technique was developed to improve the quality of work as single supervisor may not be an expert in all the aspects of the work.

Therefore workers are to be supervised by specialist foreman.

The scheme of functional foremanship is an extension of principle of specialization at the supervisory level.

Taylor advocated appointment of 8 foremen, 4 at the planning level & other 4 at implementation level.

The names & function of these specialist foremen are: -

Instruction card clerk concerned with tagging down of instructions according to which workers are required to perform their job

Time & cost clerk is concerned with setting a time table for doing a job & specifying the material and labor cost involved in it.

Route clerk determines the route through which raw materials has to be passed.

Shop Disciplinarians are concerned with making rules and regulations to ensure discipline in the organization.

Gang boss makes the arrangement of workers, machines, tools, workers etc.

Speed boss concerned with maintaining the speed and to remove delays in the production process.

Repair boss concerned with maintenance of machine, tools and equipments.

Inspector is concerned with maintaining the quality of product.

2) Differential Piece Wage Plan

This tech of wage payment is based on efficiency of worker.

The efficient workers are paid more wages than inefficient one.

On the other hand, those workers who produce less than standard no. of pieces are paid wages

at lower rate than prevailing rate i.e. worker is penalized for his inefficiency.

This system is a source of incentive to workers who improving their efficiency in order to get more wages.

It also encourages inefficient workers to improve their performance and achieve their standards.

It leads to mass production which minimizes cost and maximizes profits.

3) Work study:

Time Study

It is a technique which enables the manager to ascertain standard time taken for performing a specified job.

Every job or every part of it is studied in detail.

This technique is based on the study of an average worker having reasonable skill and ability.

Average worker is selected and assigned the job and then with the help of a stop watch, time is ascertained for performing that particular job.

Taylor maintained that Fair day's work should be determined through observations, experiment and analysis by keeping in view an average worker.

Standard Time × Working Hours = Fair Day's Work

Motion Study

In this study, movement of body and limbs required to perform a job are closely observed.

In other words, it refers to the study of movement of an operator on machine involved in a particular task.

The purpose of motion study is to eliminate useless motions and determine the best way of doing the job.

By undertaking motion study an attempt is made to know whether some elements of a job can be eliminated combined or their sequence can be changed to achieve necessary rhythm.

Motion study increases the efficiency and productivity of workers by cutting down all wasteful motions.

4) Standardization and Simplification:

It implies the physical attitude of products should be such that it meets the requirements & needs of customers.

Taylor advocated that tools & equipment as well as working conditions should be standardized to achieve standard output from workers.

Standardization is a means of achieving economics of production.

It seems to ensure -

The line of product is restricted to predetermined type, form, design, size, weight, quality. Etc

There is manufacture of identical parts and components.

Quality & standards have been maintained.

Standard of performance are established for workers at all levels.

And simplification means it is the elimination of unwanted and unnecessary varieties, sizes, products and types.

F. Differentiate between Fayol's principle of management and Taylor's Principles of Scientific Management.

Ans.

Basis	Henry Fayol	F.W. Taylor
Meaning	Henry Fayol, father of modern management contributed fourteen management principles, accomplishing managerial efficiency.	F.W. Taylor, father of scientific management contributed four management principles, for enhancing overall productivity.
Concept	The general theory of management	The scientific theory of management
Concentrated	Top-level management	Low-level management
Approach	Top management based on top downward approach.	Supervisory viewpoint and bottom upward approach
Focus	Focused on delivering managerial efficiency.	Increasing productivity of labour
Theory-based	Personal experience	Observation and experiment.

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G. State some similarities between Taylor and Fayol Theory of Management.

Ans.

1. Both of them felt the universality of management.
2. Both applied scientific methods to the problems of management.
3. Both observed the importance of personnel and its management at all levels.
4. Both wanted to improve the management practices.
5. Both of them developed their ideas through practical experiences.
6. Both of them explained their ideas through their books.
7. Both of them stressed mutual co-operation between employers and employees.

By, Bhabani Sankar Sir
